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**An update on recent European Investment Bank
activity in Africa, the Caribbean and Pacific**

Introduction

Secretary General Chambas,
Chairman Baraya,
Your Excellencies,
Colleagues from the European Commission,
Ladies and gentlemen,

As European Investment Bank Vice President responsible for our operations in Africa, the Caribbean and Pacific regions it is an honour to follow President Maystadt's warm words and to welcome old friends and new faces to the EIB headquarters in Luxembourg.

My colleagues and I greatly appreciate you coming to the Grand Duchy for the third time. We look forward to

providing an update on our current engagement in your countries, discussing planned activities and sharing views on priorities and areas of common concern.

To gain a greater insight into topics and issues related to your own countries, this afternoon will be devoted to discussion on the Mid-Term Review of the Investment Facility and use of the EIB's Own Resources.

I am pleased that the final report recognises that the European Investment Bank is fulfilling its mandate to support private sector growth and infrastructure investment across Africa, the Caribbean and Pacific since the mandate was originally defined. Time has come to assess what has been achieved, and what can be done better.

Operational highlights

Let me put our recent activities into perspective.

In 2010 the EIB signed commitments to provide nearly EUR 1 billion for 25 projects in the ACP region. This record support compares with EUR 863 million the previous year.

Direct lending to the private sector, representing 68% of all ACP lending activity, shows the European Investment Bank's engagement to stimulate economic growth during challenging economic times.

Focus on the financial sector last year was robust, with 56% of EIB ACP loans provided to financial institutions. This has provided not only timely support, but will improve skills and increase opportunities for banks in the region.

I am particularly pleased with the leading role of the European Investment Bank in supporting microfinance, working with experienced microfinance institutions. We have supported the first pan-African microfinance fund that targets poor rural communities. The development impact of rural lending to organic farmers, is impressive.

Specific technical assistance and guidance for microfinance has been provided under the Cotonou Technical Assistance facility. This has enabled 24 microfinance institutions to receive specialist technical support since 2007.

Continued strategic focus

During 2010 the European Investment Bank reinforced support for infrastructure, in particular energy and climate action, alongside enabling development of the financial sector.

The EU-Africa Infrastructure Trust Fund has enabled crucial regional infrastructure projects. The fund has contributed to better project preparation and providing an interest rate subsidy for projects such as the new internet connection to the Seychelles and improvements to the Kampala water system.

Over EUR 70 million of grant funding was provided for European Investment Bank funded projects last year, including EUR 7 million for specialist technical support to improve project implementation. One example is the planned refurbishment and extension of Jomo Kenyatta airport in Nairobi where building works will take place whilst airport operations continue

Project highlights

2010 also marked the year in which the European Investment Bank increased its focus on lending to climate action projects, with activity in the African, Caribbean and

Pacific regions surpassing the Bank-wide target of 20% of overall projects and representing 24% of signatures.

The EIB financed flagship renewable energy schemes including the Olkaria geothermal power station in Kenya and the largest wind farm in sub-Saharan Africa in Cape Verde, the first public private partnership funding for renewable energy in the region.

The importance of using a range of financial instruments, and blending EIB loans with grant funds from the European Commission and EU member states, using the EU Water Facility and EU Africa Infrastructure Trust Fund managed by the Bank has become paramount during challenging economic times. This allowed us to support the first fibre optic cable to Mauritania and the Caprivi Interconnector in Namibia.

We recently signed credit lines with experienced local financial institutions to fund for Small & Medium-sized enterprises and stimulate broader economic development.

The Bank has also supported greater regional economic integration. In Africa we have supported expansion of the pan-African, Bank of Africa. A second loan to United Bank

of Africa will support financial sector development in post-war Ivory Coast and Sierra Leone, as well as help to develop the financial sector in Benin, Chad, DRC and Gabon.

Spirit of partnership

Ladies and gentlemen, the European Investment Bank is committed to enhancing and increasing cooperation and collaboration to improve the effectiveness of its lending activity in the ACP region. Greater cooperation with the European Commission, EU bodies and bilateral donors will enable enhanced development impact of projects we finance. The EU Consensus on Development, Paris Declaration on Aid Effectiveness and Accra Agenda for Action provide useful blueprints to achieve this goal and we are committed to making this a reality.

Earlier this year the effective division of labour and delegated project preparation defined under the Mutual Reliance Initiative started to take effect. Under this framework we are working closely with Agence Française de Développement and KfW to reduce the burden for borrowers in projects in Uganda, and under EIB leadership with the Mooi-Umgenei water supply project in South Africa.

Looking ahead

Half way through the current Cotonou mandate the European Investment Bank will continue to concentrate lending on infrastructure and supporting cross-border initiatives, as well as helping financial sector growth. Engagement to support these twin goals will be reinforced through greater use of blending technical assistance grants with loans to improve project preparation and implementation.

We are currently working closely with the European Commission and member states to develop a joint package for Africa's newest state in South Sudan. We are also looking at ways to ensure the Bank make a meaningful contribution to post conflict Ivory Coast.

Within the broad framework of the EU-Africa Partnership on Infrastructure the European Investment Bank will continue to manage the EU-Africa Infrastructure Trust Fund, a role of which we are proud. This body is frequently cited as a model for efficient use of blending. This afternoon we will see the Premiere of a new film highlighting success stories across Africa that have benefited from the Trust Fund.

Feedback from Mid-Term evaluation

The Mid-Term Evaluation of the Investment Facility and use of the Bank's Own Resources in the ACP region has concluded that the EIB has fulfilled its mandate defined by the Cotonou Agreement and contributed clear added value to financing development. At the same time the report recognised specific challenges of the Investment Facility as a revolving fund.

The report also suggests enhancing the Bank's engagement in the ACP region and ensuring long-term sustainability of the Investment Facility. It proposes increased synergy with the European Commission, improved non-financial monitoring of projects and greater visibility of individual schemes. The EIB and the European Commission are already working together to address these concerns and to improve coordination.

Close

Ladies and Gentlemen, before giving the floor to Secretary General Chambas allow me to conclude on a positive reflection. A year ago, Haiti was devastated by an earthquake. This year, as early as possible, the Bank approved two financial sector operations which help rebuild institutional capacity in the island.

We are committed and look forward to working closely with ACP Ambassadors to continue to improve our engagement and I look forward to fruitful discussions this afternoon on how this can be achieved.

Many thanks for your kind attention.