



## **The European Investment Bank in Africa, the Caribbean and Pacific Business Strategy 2016-2018**

The EIB is committed to supporting EU Development Policies outside the European Union. Under the Cotonou Agreement, our priorities for sub-Saharan Africa, the Caribbean and the Pacific (ACP) are set out in line with the EU Agenda for Change. To achieve these, we use three sources of financing: the ACP Investment Facility, the ACP Impact Financing Envelope (IFE) and our own resources.



## ACP Priorities

The prevailing conditions in the ACP countries indicate that while they have a lot of potential, and are developing, more has to be done in terms of poverty reduction and inclusive growth. The private sector is a key driver of this growth, which comes with job creation, increased revenues and economic sophistication. In the longer term, this is the means to ensure political stability and sustainable social development.

The world faces certain challenges, but the Sustainable Development Goals provide a framework for addressing these. The approach is comprehensive. The EIB has sectoral priorities and financial instruments to tackle these challenges and contribute to achieving these goals, as well as ensuring our investments have a real impact.

In this context, the EIB has pledged to increase the share of climate action as a proportion of overall lending outside the European Union from 25% to 35% by the year 2020. This will have an impact on the EIB's strategy, and we are building up a pipeline of projects to meet these targets. These projects include climate change mitigation and adaptation measures, and can focus on large-scale renewable energy and electricity distribution schemes, or equity investments into smaller-scale regional facilities. They also cover schemes impacting on the resilience of vital infrastructure in sectors ranging from road networks and aviation to telecommunications, water and sanitation, and agriculture.

**Local private sector development**



Enhancing **access to finance**, particularly for SMEs and micro-enterprises



**Development of social and economic infrastructure**



Responding to **strategic infrastructure** needs in sectors such as energy, transport, water, urban development, education and health



**Climate change mitigation and adaptation**



**Climate action** focusing on renewable energy, energy efficiency, sustainable transport, sustainable use of natural resources and climate resilience



**Regional integration**



A **cross-cutting objective**, improving links amongst partner countries and with the EU





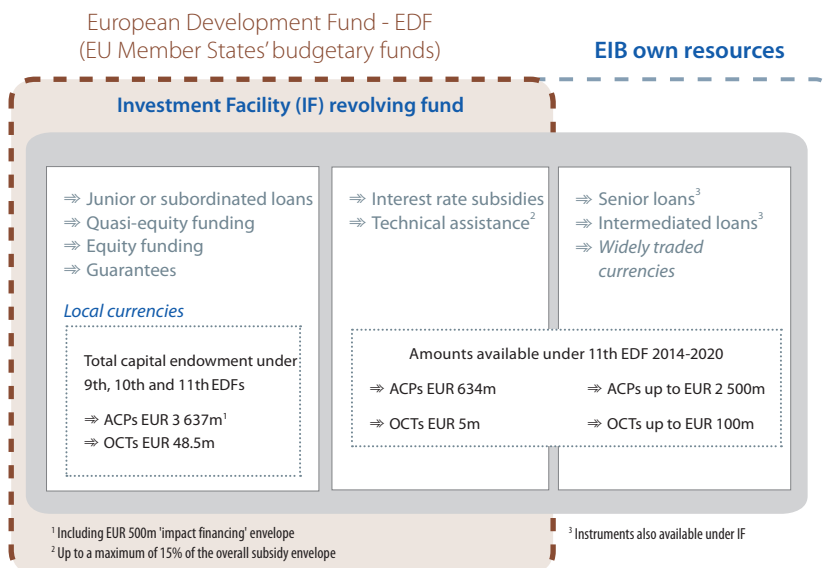
## ACP financial resources

The financial resources to invest in projects in ACP regions and Overseas Countries and Territories (OCTs) are outlined below. Although these are not hard and fast rules, the ACP Investment Facility revolving fund, which the EIB is mandated to manage by the EU Member States, is used primarily to support private sector development. This includes loans to the financial sector to enhance access to finance for SMEs, larger-scale operations with corporates, public-private partnerships and project finance initiatives.

As a complement to this, EIB own resource lending is targeted towards enabling infrastructure, especially projects with a regional integration component. These are the prerequisites for private sector development. Two thirds of our

total lending goes to the private sector. Much of that is in local currency and targets micro, small and medium-sized enterprises: the economic drivers of today and the vehicles for the sustainable prosperity and stability of tomorrow.

Regional development encourages harmonious progress and maximises exchanges and opportunities for all. The Impact Financing Envelope is dedicated to higher risk projects which bring about greater benefits, and is geared specifically to young people, rural populations and women. It goes beyond traditional types of operation. By using this facility, the EIB can go deeper and further, providing access to finance and productive investment to community organisations, remote populations and those affected by conflict and displacement.





## Our ambitions for 2016-2018

The EIB works closely together with its fellow European institutions, the European Commission and the European External Action Service. We are committed to supporting EU policy objectives outside the Union.

Our broad priorities remain the same as they have been for some time, but we are striving to show more diversification in what we do – from our suites of financial instruments to the projects and countries we support.

If we consider the Sustainable Development Goals, we can see that there are particular areas where the EIB can make a direct contribution over the next decade and a half or so. These are beginning to inform what the Bank is now doing across all its mandates. The regions and territories covered by the Cotonou Mandate are no exception to this.



The EIB stands behind all 17 goals. Some we can support directly; others can be achieved through a joined-up approach involving all stakeholders.



## Changing the ways we do things

The Bank is looking to diversify its portfolio. This not only means branching out into new sectors, but also refocusing on existing ones. A good example here is agriculture and agribusiness. We have the sectorial knowledge, but we are looking to increase investments as agriculture is a huge employer in the ACP regions, while food security is a growing issue and must be ensured.

The Bank is increasing efforts to operate in more fragile states, notably those emerging from conflict and those which bore the brunt of the Ebola epidemic. We invested in the Investment for Health Fund for Africa II, which provides equity and quasi-equity funding for private sector companies in healthcare, health insurance, etc.

We also maintained support for AccessBank Liberia and signed a new loan to upgrade the country's main airport, while also financing the OMVG energy interconnection project in Gambia, Guinea, Guinea-Bissau and Senegal.

These countries are the ones that need investment most. The EIB is aware of this, and is de-

ploying increasingly flexible measures to ensure they are not economically paralysed by the crises they have faced.

Migration is a growing challenge, and the Bank has made tackling the root causes of migration a priority. To this effect, it is continuing to help the private sector to develop, thereby creating jobs both directly and indirectly in our focal areas and ensuring that infrastructure projects have a pro-poor emphasis. The Impact Financing Envelope allows us to take more risk for more impact. Our regional approach seeks to benefit a wider range of locations.

The EIB uses the Results Measurement Framework, or ReM, to assess the potential impacts of projects before they get off the ground, and to monitor the actual results achieved. This has been in place since 2012, and has been expanded by the ReM+ and ReM TA with their own unique metrics, designed specifically to gauge the impacts on the ground of IFE investment outcomes and the benefits brought about by technical assistance programmes. The Bank is also developing indicators to measure SDG impact.



## Working with our partners

We maintain strong relationships with our fellow European Union institutions, and are part of the MDB Group, but as we diversify our operations, we are forging new partnerships as well. We will continue to work with other financing partners such as the African Development Bank and the Caribbean Development Bank to develop innovative financing mechanisms. We are adding to our formal partnerships, notably through links with organisations under the umbrella of the United Nations, including FAO, IFAD, UNIDO and UNOPS. In addition, the EIB has teamed up with KfW and AFD to form

the Mutual Reliance Initiative, a system which allows one institution to take on the role of lead financier and harmonise processes throughout the project cycle by applying its own practices, for the benefit of all co-financiers.

These partnerships are a good way for us to explore new forms of investment in sectors such as sustainable industrialisation, support for value chains in agriculture and food security. In some cases, they involve a technical assistance component, while in others there could be a co-financing element.





## Real impact

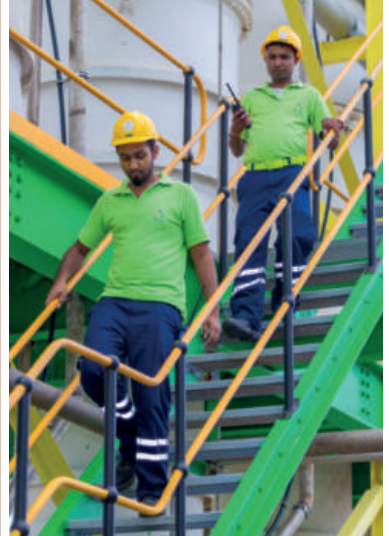
The EIB is determined to do more, and to bring more to a project. This applies throughout the whole project lifecycle, and to any kind of project we invest in. As a European institution, we are well placed to blend EU grants with EIB loans to bring further investment on board and ensure financial sustainability. The Bank can also add essential technical assistance components to project preparation or implementation. This applies to any project, across all sectors, whenever it is needed. Interest rate subsidies, meanwhile, can make the difference by making a project financially sustainable. Alternatively, grant funding can be made available to support particular social or environmental benefits.

A core element of developing the private sector is adding capacity and sophistication to financial sectors, as well as bringing informal enterprises into the formal economy through financial inclusion. Technical assistance comes to the fore here as well, bringing best practices to partner financial institutions, and business skills to the enterprises to which they on-lend the funds.

We are increasing our impact on the ground and reinforcing our local presence in the ACP regions. The Bank is opening new offices in Yaoundé, Cameroon, and Abidjan, Côte d'Ivoire. These complement the recently opened office in Addis Ababa, Ethiopia, and will be joined by regional representative offices in Barbados and Papua New Guinea.










## About us

The EIB is the bank of the European Union and is owned by its shareholders, the 28 EU Member States. In a typical year, the Bank invests around EUR 77bn in over 400 sound, good quality projects. Our operations in sub-Saharan Africa, the Caribbean and the Pacific and the Overseas Countries and Territories are carried out under the Cotonou Agreement and the Overseas Association Decision.

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