



The European Investment Bank in Central and East Africa

Between 2010 and 2014, the EIB invested EUR 1.3bn in 25 projects across 17 countries in Central and East Africa to support development and create jobs and economic growth.

As the EU bank, we act in a catalytic way by offering financing conditions that cannot be provided by the market alone, and by supporting project preparation and implementation. The use of an innovative and constantly evolving range of financial instruments which leverage additional funding is crucial to ensuring the long-term results of projects in Central and East

Africa. Our role goes beyond lending to include blending, combining EIB loans with EU grants and subsidies, and bringing our expertise to bear throughout the project cycle through technical assistance. We finance operations across Africa, the Caribbean and the Pacific (ACP) through the ACP Investment Facility, a revolving fund, in addition to our own resources.





Our priorities:

Local **private sector** development



Enhancing **access to finance**, particularly for SMEs and microenterprises

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 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



Novastar: Higher risks for more benefits

Novastar Ventures East Africa Fund is the EIB's first operation under the Impact Financing Envelope (IFE). This EUR 8m investment is going towards a total fund of around EUR 60m, which will be dedicated to local entrepreneurs involved in early stage private sector MSMEs, for whom obtaining credit is a challenge.

This Fund will provide equity or quasi-equity finance to around 20 such small businesses involved in education, healthcare, basic financial services, agribusiness, and access to food and water. In terms of impact, the Novastar East Africa Fund aims to reach at least two million individuals from low-income households, who will benefit either directly or indirectly from the activities of the target investee companies. It also aims to create around 40 000 new jobs, of which 25 000 will go to those low-income households or individuals, with at least half of the jobs directly created going to women.



Novastar, like other IFE operations, bears a higher level of financial risk than traditional equity operations in the ACP regions but also seeks to have a bigger developmental impact and reduce poverty, among other benefits. It will focus on developing a portfolio of primarily minority equity interests in businesses located in East Africa, mainly in Kenya but also to some extent in neighbouring Ethiopia, Rwanda and Uganda. As early as 2011, the EIB was the first major financial institution to assist Novastar in designing and structuring the Fund, and the Bank's support has had an important effect in catalysing investment from other parties.



PTA Bank: Helping SMEs and midcaps across the region

Despite reforms and strong economic growth in recent years, the banking systems in most East and Central African countries are still underdeveloped, with low and inefficient intermediation and limited competition. Access to finance is worse than almost anywhere else on the planet, with around 30% to 50% of the population finding themselves excluded from financial services. This is a major barrier to private sector development.

The EIB has agreed to provide EUR 80m for a EUR 160m initiative with PTA Bank, a Kenya-based multilateral regional development bank. It is the first EIB-intermediated loan to specifically address the needs of African midcaps (companies with 250 to 3 000 employees) and SMEs.

Under the terms of this initiative, SMEs and midcaps will be able to avail themselves of long-term credit in the local currency but also USD and EUR, across several countries in the region. The operation will strengthen a development bank that supports employment, trade and regional integration in economically important sectors such as agribusiness, energy, manufacturing and services. The investment projects will be mainly located in Tanzania, Uganda, Rwanda, Burundi, Malawi, Kenya and Mauritius.

The EIB is bringing more to the table via a technical assistance programme worth around EUR 2m, which will enable PTA Bank to strengthen its staff's assessment skills in social and environmental matters, money laundering awareness as well as the economic impacts of projects financed through this scheme.





Developing hydropower in Cameroon

While Cameroon possesses considerable wealth in terms of natural resources, economic activity is hampered by an unfavourable business climate, weak governance and severe infrastructure gaps. The electricity supply is limited and unreliable despite the country's significant potential for hydropower generation. Only 50% of Cameroonians currently have access to electricity.

A EUR 30m loan from the EIB, together with the World Bank, Agence Française de Développement, the African Development Bank and the Central African States Development Bank, is financing the construction of the Lom Pangar dam, a 46 m-high regulating facility on the Sanaga river, a 30 MW hydropower plant at the foot of the dam and a 105 km high-voltage transmission line for the rural electrification of the east of the country. The project includes a technical assistance component to help with implementation by local utilities.

The project addresses the power shortage that is impeding the country's development while at the same time avoiding recourse to more polluting alternatives. It will open up half of Cameroon's hydropower potential, estimated at 6 000 MW, by reducing the seasonal flow fluctuations downstream of the dam and will increase access to electricity. Annual revenues will rise as more hydropower plants are developed on the Sanaga River. The project's economic rate of return is estimated at 14%. This expansion will help address the country's growing demand for energy while reducing costs as well as carbon emissions.



General information

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