EIB: a powerful multiplier of EU External Policy in Africa

Founded in 1958 by the Treaty of Rome, the EIB is the largest supranational borrower and lender in the world, and the only international financial institution owned by and representing the interests of the European Union Member States. We work closely with other EU institutions and the Member States to implement EU policies.

While the majority of the EIB’s activity is focused on the EU Member States, the Bank is also active in some 130 countries around the world. This makes the EIB a unique institution, with sound and extensive experience of financing development and supporting operations designed to catalyse prosperity in a wide range of countries globally. As the EU bank, the EIB is an active partner and integral part of the EU toolbox in making the EU Global Strategy and the European Consensus on Development a reality.

EIB in North and sub-Saharan Africa

The EIB has been active in Africa since 1963, investing over EUR 25 billion in support of more than 1 200 public and private sector projects. These investments focus in particular on vital infrastructure and financial sector development in order to improve access to finance for micro, small and medium-sized enterprises.

The EIB has been the leading financier in the North Africa region for decades, operating under the External Lending Mandate (ELM). EIB operations in the region focus on the
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key EU priority areas, namely: supporting private sector development; improving strategic infrastructure; tackling climate change; fostering regional integration; and, more recently, addressing the root causes of migration. The EU budget guarantee provided by the ELM is the most efficient of all EU financial instruments, allowing EIB loans to support investment of around 40 times the EU budgetary provisions, while at the same time mobilising significant financial resources from other international donors and private financiers. With offices in Rabat, Tunis and Cairo fully integrated into the EU Delegations, the EU bank is part of the local business community.

Our operations in sub-Saharan Africa support the EU’s efforts to combat climate change, eradicate poverty and generate inclusive growth. In response to evolving EU priorities, the Bank is also seeking to tackle the displacement crisis in this region. EIB operations in sub-Saharan Africa are carried out under the Cotonou Agreement. Our projects are financed through our own resources and using EU Member States’ resources channelled through the ACP Investment Facility and the ACP Impact Financing Envelope. The EIB has offices within the EU Delegations in Abidjan, Addis Ababa, Dakar, Nairobi, Pretoria, and Yaoundé.

Active partnerships increase our impact

The EIB is the natural partner of the European Commission, European External Action Service and EU Member States active in the region. As over 50% of our projects are co-financed with other financiers, our success also relies on strong partnerships with the World Bank Group, Agence Française de Développement (AFD), the African Development Bank, Germany’s KfW Development Bank and other institutions.

More than money

Successful projects need more than money. They need staff with the appropriate technical know-how, financial expertise and project management skills. The EIB provides technical assistance to support the preparation and implementation of the projects we finance in North and sub-Saharan Africa. We aim to promote best practice amongst financial institutions, but we also look at maximising the benefits for the end-users of the financing available. We apply sector expertise gained in Europe and elsewhere and work closely with the European Commission, as well as several other institutions and UN agencies which build on that expertise, enabling us to support projects that deliver sustainable social, economic and environmental benefits whilst ensuring the application of strict EU standards and accountability for public funds.

Venture capital to stop the brain drain

Many of Africa’s most talented entrepreneurs leave for Europe or the US. Boost Africa is a new programme – funded by the EIB and the African Development Bank, with the support of the European Commission – to counter the brain drain. It helps venture capitalists, whose role is key to innovation and job creation in African cities, move from an original idea through to development, scaling-up and eventual exit. The EUR 150 million investment programme is complemented by EUR 20 million in technical assistance and advisory services, and ultimately targets the next generation of entrepreneurs with great ideas in the digital economy.
The Economic Resilience Initiative

Its decades of experience across Africa have given the EIB a longstanding and solid understanding of the requirements for investment in countries of origin, transit and destination when it comes to the challenge of migration.

The EIB’s Economic Resilience Initiative (ERI) was developed in direct response to the request of the European Council to devise a “specific initiative aimed at rapidly mobilising additional financing in support of sustainable growth, vital infrastructure and social cohesion in Southern Neighbourhood and Western Balkans countries.” The Council endorsed the ERI proposal in June 2016 and asked the Member States to explore how to make the necessary resources available.

The ERI aims to bring EUR 15 billion of new investment to these regions to improve social and economic infrastructure. Based on patterns of recent EIB lending, the ERI could bring about:

- Improved access to quality infrastructure and services: over 800,000 households with improved water supply/sanitation; enough energy generated for over 400,000 households; 150,000 MWh of energy efficiency savings; 400,000 people benefiting daily from improved urban and rail transport; 600 km of roads built or upgraded; 240,000 households benefiting from improved waste management
- Employment generated during construction and operation of infrastructure projects: 150,000 person-years of employment generated during construction; 7,000 additional direct jobs during operations
- Increased availability of finance for the private sector, particularly SMEs: around 14,000 SMEs and midcaps accessing finance; around 230,000 micro-enterprises receiving micro-loans
- Employment sustained in supported enterprises: almost 660,000 jobs preserved in SMEs and midcaps supported; microfinance investments helping the smallest enterprises maintain employment for an additional 160,000 people
- Smooth and timely preparation and implementation of projects with lasting enhanced local capacity and increased investment readiness in the private sector: 3-4 infrastructure projects ready for investment per annum.

The EIB has launched a fund-raising exercise to secure the necessary grant financing and is looking in the first instance to its shareholders – the EU Member States. The EIB has established a dedicated trust fund – the Economic Resilience Initiative Trust Fund – to channel donors’ contributions in support of the ERI’s objectives and to provide a framework for facilitating donor engagement and coordination in a transparent, effective and cost efficient manner. Further information and contact details are available on the ERI website at www.eib.org/resilience-initiative.

The EUR 800 million ACP Migration Package

Sub-Saharan Africa’s development is also being hampered by displacement. In response to this, the EIB is increasing the capacity of the ACP Impact Financing Envelope and turning it into a revolving fund, with EUR 300 million dedicated to dealing with migration directly by supporting private sector

Support for microfinance in Liberia

Access Bank Liberia provides micro-loans to small retailers, street vendors and craftsmen, and continued lending throughout the Ebola epidemic. 98% of its loans are for less than USD 7,000 and some 68% of its clients are women. Having benefited from a founding equity investment from the EIB, it is now considering a further capital injection to cushion against unexpected events.

The Lake Turkana wind farm, Kenya

The Lake Turkana wind farm will be the largest single wind farm in sub-Saharan Africa, expected to generate around 20% of Kenya’s power and provide over 300 MW of reliable, low cost electricity to the national grid. The EIB blended its loan with grant financing from the EU-Africa Infrastructure Trust Fund.
Siti hydropower project Uganda, backed by Geeref

By the end of 2018, the hydroelectric project on the Siti River in the Elgon area of Uganda will be producing 2.5% of Uganda’s electricity. The project is backed by the EIB’s Global Energy Efficiency and Reliable Energy Fund. Geeref uses public funds to cushion private investors against risk, generating EUR 50 of investment for every EUR 1 it puts into private sector energy projects.

Mobile connectivity for remote communities in the DRC and Cameroon

240 million people in sub-Saharan Africa have no access to telecom services. Africa Mobile Networks, with EIB backing, is installing solar-powered mobile telecom towers across the DRC and Cameroon, potentially connecting 3.6 million people. This will allow even the smallest, most remote communities to access business, health and education services.

The GLOBAL player

8.4bn in loans outside the EU in 2016

- Enlargement countries and EFTA EUR 3.35bn
- Africa EUR 2.14bn
- Eastern neighbours EUR 1.65bn
- Asia and Latin America EUR 0.98bn
- Caribbean and Pacific EUR 0.28bn