ANNUAL REPORT 2018

AFRICA CARIBBEAN PACIFIC

AND THE OVERSEAS COUNTRIES AND TERRITORIES

European Investment Bank

The EU bank

EUROPEAN INVESTMENT BANK

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European Investment Bank Annual Report 2018 on EIB Activity in Africa, the Caribbean, the Pacific, and the Overseas Countries and Territories

Flowers from around the world decorate the covers of the European Investment Bank's main publications for 2019. Flowers remind us of life's diversity and beauty, and reinforce the importance of protecting our natural environment.

This report has been written with the active assistance of many individuals in operational and internal divisions of the EIB and EIF. Our cordial thanks go to all of them for their support.

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You can also contact our Info Desk, info@eib.org

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The EIB report on Africa, the Caribbean, the Pacific, and the Overseas Countries and Territories offers an overview of our work to fight poverty and lift developing economies through new investment tools that support private and public sector projects.

Africa, the Caribbean and the Pacific have different needs that require different solutions. But they all need help investing in roads, bridges, renewable energy, climate resilience, water, sanitation, telecommunications, as well as increasing and diversifying the financial sector's capacity to support small businesses. The European Investment Bank is addressing these issues and many more to help developing countries create the conditions for vibrant, sustainable economic growth. Our total signed deals in the regions covered in this report reached €1.572 billion in 2018, a record level for the Bank.

One key way we help developing regions is by assisting areas of society that are sometimes forgotten – the young population, women and rural communities. We want our technical assistance and financing to reach all people, whether they live in the biggest cities or the smallest villages. If everyone is involved, everyone has a chance to succeed.

Take time to flip through this report and learn about the many people in developing countries working hard to get ahead in life and make their corner of the world more sustainable. You will find stories describing inspiring female entrepreneurs in Ethiopia, how Gambia is securing energy for vital public services, funding for small businesses in Haiti and the Federated States of Micronesia, and irrigation assistance for farmers working the dry land in the small country of Eswatini.

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FOREWORD

Ambroise Fayolle
EIB Vice-President

In recent years there have been calls for more investment in emerging countries as the world takes proactive steps in the fight against poverty. Various international entities have designed frameworks that act as pathfinders for global ambitions, such as the United Nations' Sustainable Development Goals, the European Union's own Consensus on Development, the African Union's Agenda 2063 and the Paris Agreement on climate change. What all of these initiatives have in common is the premium they place on partnerships. This is a belief that we at the EIB share. Put simply, if organisations do not work together more closely, we stand no chance of reaching the ambitious targets set out by the Sustainable Development Goals or the Paris Agreement.

Back in 2015, when Agenda 2030, which lays out the Sustainable Development Goals, was formally adopted, there was also a commitment made by all multilateral development banks to boost financing for development by engaging the private sector, so we can move from billions in investment to trillions. There is an estimated shortfall of $2.5 trillion per year in development investment. Speaking on behalf of the EIB, to close the huge financing gap we need to do more. We are ready to play our part in identifying good quality, sound projects and attracting finance from other sources to give projects the support they need.

On the continent of Africa, we invested a record €3.3 billion in 2018. Of this, €1.55 billion is going to projects in sub-Saharan Africa. Stakeholders have called on the EIB to do more outside of the European Union, and we have set a target to do more. In the case of the countries in Africa, the Caribbean and the Pacific (ACP), we are meeting our goal. The 41 signed projects accounted for a record €1.572 billion, while the 39 approved projects were worth €1.925 billion. For this, I thank all colleagues in Luxembourg and in our regional offices.

It goes without saying that sub-Saharan Africa, the Caribbean and the Pacific are very different regions with very different challenges. There is no one-size-fits-all policy to support their development, but the regions share the same broader concerns and ideas for tackling their problems. Our overarching priorities for the ACP regions are to develop the private sector and to create conditions that will improve vital infrastructure, address climate action and promote regional integration.

The Bank has the capacity and the financial flexibility to support projects of all shapes and sizes, if they meet our stringent criteria. In 2018, our many financial instruments helped us provide a credit line of €200 million to Afreximbank with a focus on climate action projects, but also a credit line of €4.4 million to the Federated States of Micronesia Development Bank. We supported banks and microfinance institutions in the Dominican Republic with various operations totalling €5.8 million. We invested €130 million in the Guinea-Mali electricity interconnector and €16 million to roll out fibre-optic cable in Eastern and Central Africa. The interconnector will help harness Guinea's enormous potential for exporting renewable energy, while also playing a part in ensuring the energy supply for West Africa. The fibre links will bring internet services to over nine million people across five countries, with a focus on rural areas. This is crucial for Africa, where digitalisation is a key factor in securing a prosperous future.

Our financing tools help us invest in a wide range of sectors and initiatives that support EU policy. The ACP Investment Facility revolving fund has been a very successful means for the European Union to finance development in the private sector. The Impact Financing Envelope has enabled us to enter riskier markets and sectors. These different financing options are a cost-effective way for European money to make a difference in the ACP regions. We tend to use our own resources to provide loans to the public sector. This lending supports vital infrastructure and boosts economic development.

The European Investment Bank has accumulated a wealth of experience – 61 years of operating in the European Union and 56 years in sub-Saharan Africa. We apply the lessons learned around the world to improve our instruments and operations. We are responsive to people's needs on the ground in our partner countries.

To create opportunities in Africa for the vibrant young population, support private sector development and build resilience across the Caribbean and the Pacific, we must continue to work more with others. It is also crucial that we explore new approaches to financing, along with the European Commission and the European External Action Service. We need to make a concerted effort to bring in the private sector and forge financing relationships with new partners. We can create tools that share the risk, and use guarantees and first-loss pieces more extensively. These approaches could have a significant impact. They would lower the risks of projects and make them attractive to more investors. We can create opportunities for investors who saw only barriers in the past.

Public and private institutions of all sizes need to be involved in development through as many means possible and across all sectors. The European Investment Bank is ready to play its part.

SINCE 2003, THE EIB HAS INVESTED OVER €12 BILLION IN SUB-SAHARAN AFRICA, THE CARIBBEAN AND THE PACIFIC AND THE OVERSEAS COUNTRIES AND TERRITORIES

IMPACTS OF PROJECTS IN 2018

PRIVATE SECTOR

EIB credit lines will support 477 small businesses and 26 mid-caps with a total of 503 loans. The average loan sizes will be €532 162 and €5.46 million respectively. These will sustain 17 300 jobs in small businesses and 22 700 jobs in mid-caps.

The Bank is contributing towards microfinance credit lines with a total value of **€49 million**. This will result in 26 300 loans to microenterprises and individuals, with an average size of €5 295. The majority (95%) of beneficiaries will be women, and these loans will sustain 19 500 jobs.

Microfinance investment vehicles will support **16 different microfinance institutions** and support 588 000 loans to final beneficiaries – 73% of these will be women.

Equity investments will provide funding for 1 360 companies. These will **create 15 990 jobs**.

AGRICULTURE, FISHERIES AND FORESTRY

40 000 hectares of forest land under improved management and **40 000 hectares** of new forest planted.

13 500 cubic metres of water for irrigation, benefitting 2 300 additional farmers.

505 750 hectares of agricultural land under improved management (worldwide figure, including Land Degradation Neutrality Fund. Please see p.36).

ELECTRICITY AND ENERGY

2 590 MW of generation capacity from renewable energy, capable of serving **26 236 310 households**.

1 853 kilometres of new/upgraded power lines. **345 kilometres of new/upgraded power lines** to connect renewable power facilities to grids.

Energy saving of 12 500 MWh through efficiency investments.

HEALTH, WATER AND SANITATION

Improved health services for **3 850 000 people** across Africa.

Reduced risk of flooding for 460 000 people in Benin.

20 kilometres of sewer/storm pipes. **400 kilometres of new/upgraded water mains and pipes**. 40 000 new/upgraded domestic water connections benefitting 200 000 people.

TELECOMMUNICATIONS

5 000 kilometres of fibre-optic cables installed. 858 additional 4G signal sites. 266 additional 3G signal sites.

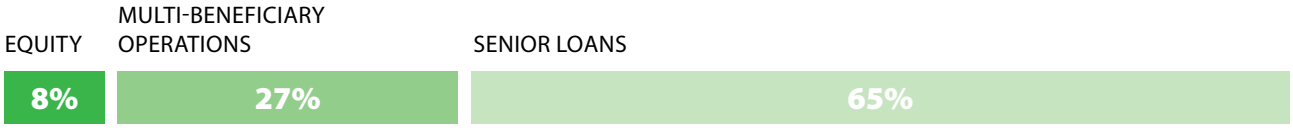
2 810 000 anticipated new mobile data subscriptions. 3 400 000 new standard mobile subscriptions.

INFRASTRUCTURE

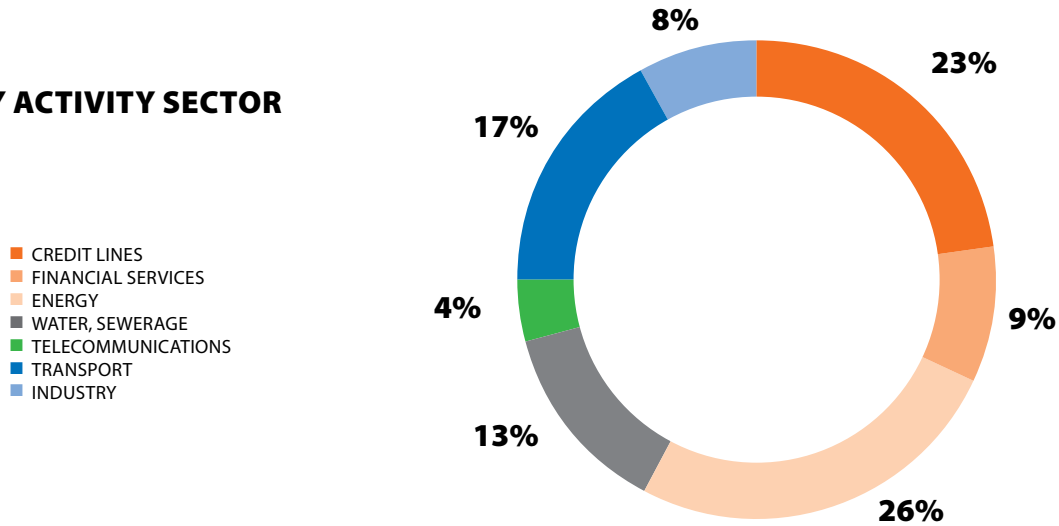
69 300 full-time jobs created during construction. 2 630 permanent jobs created.

THE YEAR IN REVIEW

BREAKDOWN BY FINANCIAL INSTRUMENT

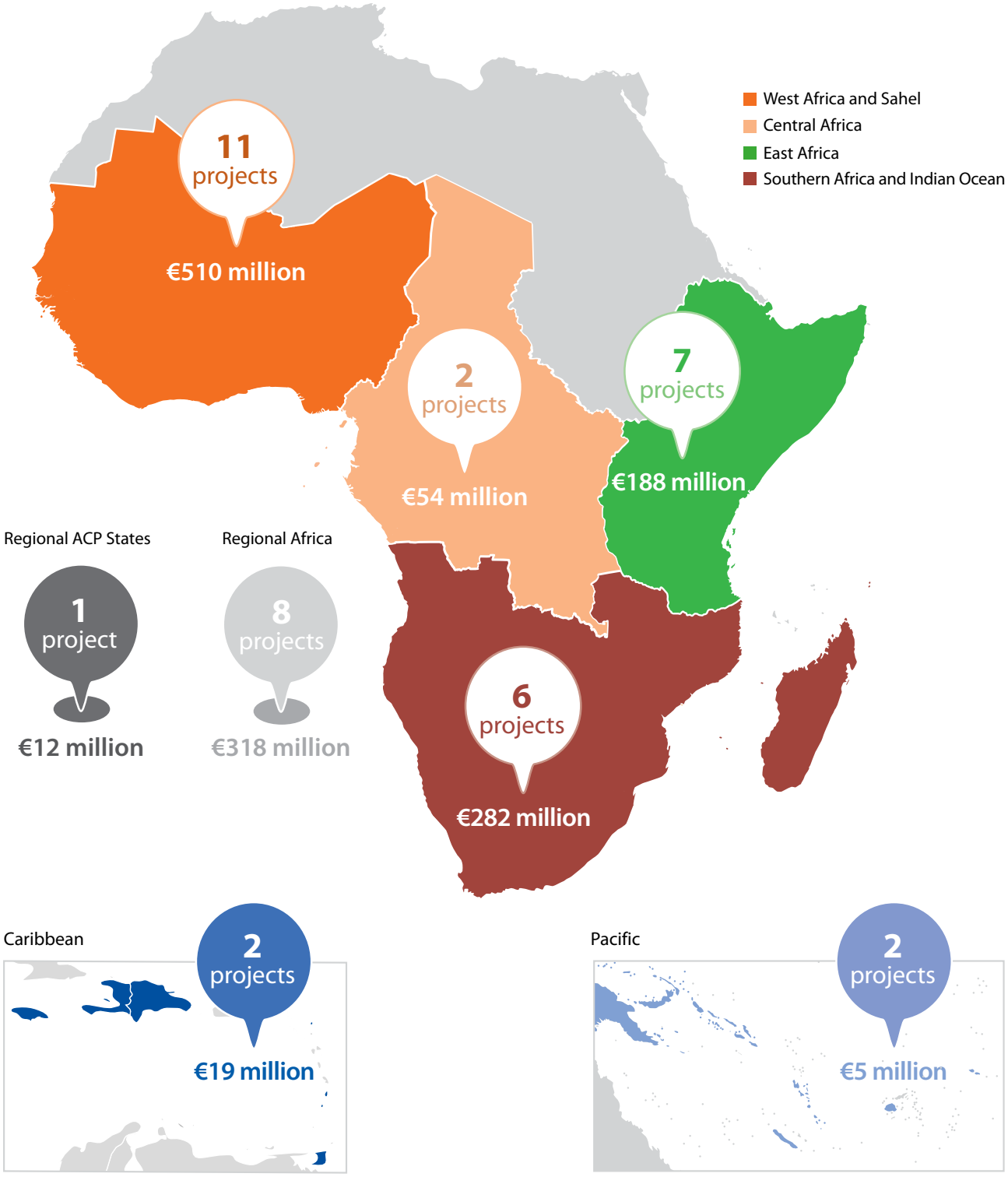


BREAKDOWN BY ACTIVITY SECTOR



BREAKDOWN BY FUND

REGIONAL BREAKDOWN



A DETAILED LOOK AT 2018 FINANCING

Total EIB investment in sub-Saharan Africa, the Caribbean, the Pacific, the Overseas Countries and Territories, and the Republic of South Africa reached a new record, with signatures totalling €1.572 billion, surpassing the previous record of €1.468 billion in 2017.

Approvals also hit a record level of €1.925 billion, compared with €1.277 billion in 2017. Disbursements for 2018 were €643 million, almost identical to the €642 million recorded in 2017.

The European Investment Bank usually finances the private sector, a priority for the ACP regions, from the ACP Investment Facility. Our own resources are generally used to finance public sector operations, which are mostly infrastructure projects. The private sector cannot develop without these. The Impact Financing Envelope, a separate window of the Investment Facility, is used for higher-risk private sector operations that have the potential to make a larger impact.

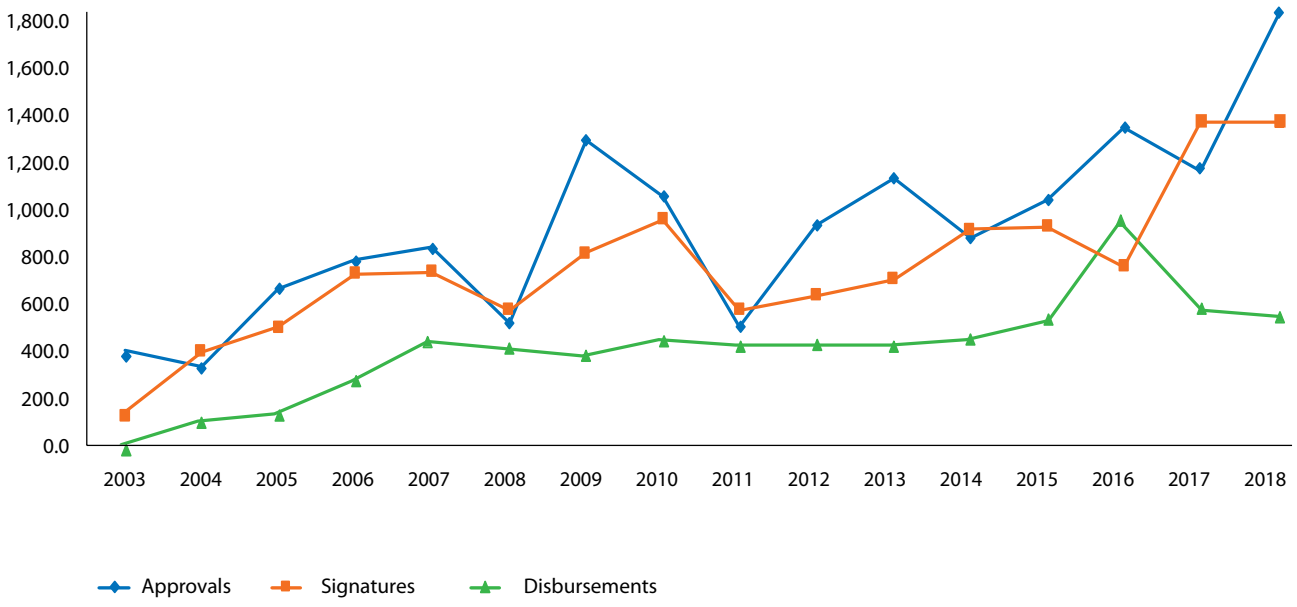
The signatures break down as follows: of the €1.572 billion signed, €814 million came from the ACP Investment Facility, including €110 million from the Impact Financing Envelope. A further €573 million came from the EIB's own resources and the ACP Infrastructure Package. Finally, the remaining €115 million was invested from the EIB's own risk facilities. Here we refer specifically to the Climate Action and Environment Facility, where a number of funds focused on the ACP regions received financing, including the Land Degradation Neutrality Fund, the Sustainable Ocean Fund, the Africa Sustainable Forestry Fund and the Green Bond Cornerstone Fund.

From the Investment Facility, €366 million went to credit lines for banks, demonstrating our continued support for the financial sector in ACP regions, although the amount of money going to credit lines was less than in 2017. Of these funds, €200 million went to Afreximbank, the EIB's largest operation in an ACP region in the last five years. Equity operations fell from a record €153 million in 2017 to €111 million in 2018. These included operations with first-time EIB clients as well as follow-up operations with previous clients like Novastar Ventures and APIS. The Bank invested €49.1 million in microfinancing operations in West Africa and Ethiopia, and in the Caribbean and the Pacific through the Caribbean and Pacific Impact Finance Facility.

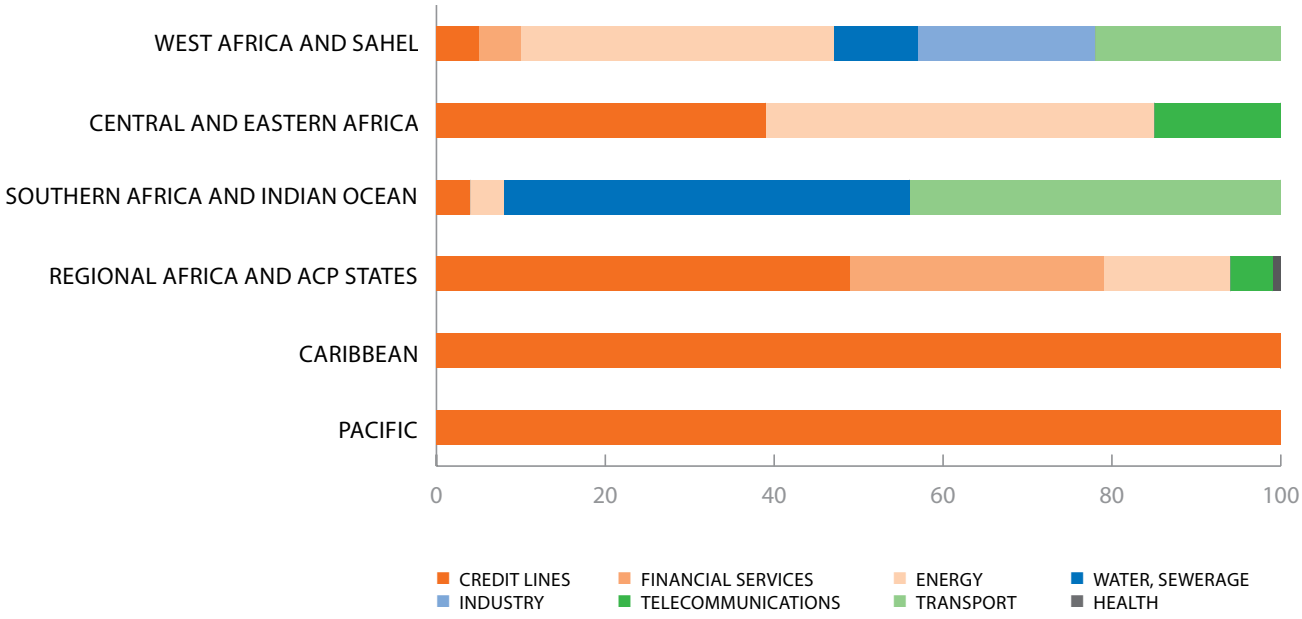
From our own resources, we signed deals for nine separate projects for a total of €573 million. These deals range in size from €12 million for FDI Haiti, a financial institution which supports economic advancement through private sector development, to €130 million for the Guinea-Mali interconnector project. In keeping with our commitment to do more for climate change mitigation and adaptation, 45% of the funds we invested are going towards projects in these fields.

The Bank signed off on investments of €70 million in the Republic of South Africa, where projects are financed from a country-specific window of the EIB-managed External Lending Mandate as opposed to the Investment Facility or the EIB's own resources. In South Africa, we are financing a credit line to support small business and investments in the private sector.

ACP TOTALS FROM ALL FUNDING SOURCES SINCE 2003 (€M)



BREAKDOWN BY SECTOR AND REGION



CONTRACTS SIGNED IN 2018 UNDER COTONOU AGREEMENT (€M)

IF contracts signed in 2018					
ACPs					
Benin	LIGNE DE CREDIT MULTI BANQUES BENIN SG	Credit lines	Private		12.0
Ethiopia	FINANCING WOMEN ENTREPRENEURS IN ETHIOPIA ✔	Credit lines	Private		30.0
Kenya	KENYA TELECOM EXPANSION	Telecommunications	Private		35.0
Kenya	RADIANT AND ELDOSOL SOLAR PV POWER PLANTS	Energy	Private	*	22.6
Kenya	RADIANT AND ELDOSOL SOLAR PV POWER PLANTS B	Energy	Private	*	22.6
Mauritania	SNIM VIII	Transport	Private		50.0
Micronesia, Federated States of	FSMDB SME FOCUSED FACILITY	Credit lines	Private	*	4.4
Nigeria	NIGERIA FERTILIZERS	Industry	Private		106.0
Regional - ACP	SOFID – ACP FACILITY FOR SMES	Credit lines	Private		12.0
Regional - Africa	AMETHIS AFRICA GROWTH EQUITY FUND II	Financial services	Private		25.0
Regional - Africa	ETHOS MEZZANINE PARTNERS III	Financial services	Private		17.0
Regional - Africa	AFREXIMBANK TRADE AND CLIMATE ACTION LOAN ▲	Credit lines / Energy	Private		200.0
Regional - Africa	APIS GROWTH FUND II	Financial services	Private		30.7
Regional - Africa	INSIDE EQUITY FUND	Financial services	Private		12.3
Regional - Central Africa	WEST AND CENTRAL AFRICA PEFF TMB DRC ▲	Credit lines	Private		3.8
Regional - East Africa	EAST AND CENTRAL AFRICA PEFF II BANQUE RWANDAISE D	Credit lines	Private	*	15.0
Regional - East Africa	I AND M BANK REGIONAL FINANCING FACILITY KENYA	Credit lines	Private	*	16.4
Regional - East Africa	EAST AFRICA SME FOCUSED FACILITY BANK OF KIGALI ▲	Credit lines	Private	*	30.0
Regional - Southern Africa	SOUTHERN AFRICA AND INDIAN OCEAN SMERF ZANACO	Credit lines	Private	*	12.5
Regional - West Africa	WEST AFRICA MICROFINANCE FACILITY (GCAMF) ▲	Financial services	Private	*	12.0
Regional - West Africa	WEST AND CENTRAL AFRICA PEFF TMB DRC ▲	Credit lines	Private		11.3
Regional - West Africa	SYNERGY PRIVATE EQUITY FUND II	Financial services	Private		12.8
Zambia	SCALING SOLAR PV ZAMBIA I	Energy	Private	*	10.1
					703.5

IFE-IF ACP Cotonou III					
ACPs					
Cameroon	NACHTIGAL HYDROPOWER PLANT	Energy	Private	*	50.0
Dominican Republic	CARIBBEAN AND PACIFIC IMPACT FINANCE FACILITY E ▲	Credit lines	Private	*	0.8
Dominican Republic	CARIBBEAN AND PACIFIC IMPACT FIN FAC F (BANFONDE) ▲	Credit lines	Private	*	3.4
Dominican Republic	CARIBBEAN AND PACIFIC IMPACT FIN FAC G (FONDESA) ▲	Credit lines	Private	*	1.6
Ethiopia	OFF-GRID SOLAR ACCELERATION	Energy	Private	*	4.0
Kenya	OFF-GRID SOLAR ACCELERATION	Energy	Private	*	4.0
Nigeria	OFF-GRID SOLAR ACCELERATION	Energy	Private	*	4.0
Regional - Africa	MEDICAL CREDIT FUND	Financial services	Private		2.1
Regional - Africa	MEDICAL CREDIT FUND	Health	Private		2.1
Regional - Africa	NOVASTAR VENTURES AFRICA FUND II	Financial services	Private		13.1
Regional - Africa	EAST AND CENTRAL AFRICA OPTICAL FIBER ROLL OUT	Telecommunications	Private		15.8
Regional - Caribbean	CARIBBEAN AND PACIFIC IMPACT FINANCE FACILITY E ▲	Credit lines	Private	*	1.0
Regional - Pacific	CARIBBEAN AND PACIFIC IMPACT FINANCE FACILITY E ▲	Credit lines	Private	*	0.3
Tanzania, United Republic of	OFF-GRID SOLAR ACCELERATION	Energy	Private	*	4.0
Uganda	OFF-GRID SOLAR ACCELERATION	Energy	Private	*	4.0
					110.3
IF TOTAL					**813.8**

EIB own resources contracts signed in 2018					
ACP States					
Angola	PRIORITY WATER SUPPLY INVESTMENTS	Water, sewerage	Public	*	100.0
Benin	DRAINAGE EAUX PLUVIALES COTONOU ✔	Water, sewerage	Public		50.0
Gambia	GAMBIA RENEWABLE ENERGY COMP 1 2 ✔	Energy	Public	*	57.0
Guinea	INTERCONNEXION ELECTRIQUE 225KV GUINEE MALI ✔	Energy	Public	*	130.0
Haiti	FDI MBIL ✔	Credit lines	Private		12.0
Kingdom of Eswatini	LOWER USUTHU SMALLHOLDER IRRIGATION II ✔	Water, sewerage	Public	*	36.4
Senegal	CORRIDOR COTIER SECTION SUD	Transport	Public	*	65.0
Seychelles	PORT VICTORIA REHABILITATION AND EXTENSION ▲	Transport	Public	*	12.5
Zambia	GREAT NORTH ROAD (T2) UPGRADE ✔ ▲	Transport	Public	*	110.0
					572.9
EIB OR TOTAL					**572.9**
GRAND TOTAL	**36 projects**	**39 contracts**			**1,386.7**

✔ Operations receiving/to receive an interest rate subsidy appropriation and/or an EU-Africa Infrastructure Trust Fund grant.

▲ Operations receiving a technical assistance grant.

* Operations supporting climate action. Climate action is recorded as a percentage of EIB financing operations signed, to the extent of their compliance with climate action definitions, sectors and activity types, in a granular manner (i.e. counting the relevant component, sub-component or proportion). For credit lines, unless a dedicated climate action window has been set up, the Bank applied in 2018 an estimate of 2% as the likely climate content that will be found in future allocations under credit lines signed in 2018.

PROJECTS IN FOCUS

CLEAN ENERGY: NOW THAT'S A BRIGHT IDEA

To meet the energy needs of its growing population, Africa has to diversify its production and modernise its grids to cut power losses.

In Kenya, the EIB is investing €45.2 million in the Radiant and Eldosol solar plants, to be built in Eldoret, in the west of the country. These two separate plants are located on adjacent sites, and although they are being financed as private projects, the output will be fed into the national grid. With a combined capacity of 96 MW, it is estimated that Radiant and Eldosol will be able to power 303 000 homes when fully operational.

A similar project is also underway in Zambia, where the EIB is investing in another solar plant under the Scaling Solar programme, a World Bank initiative that is being managed by the International Finance Corporation. Scaling Solar pools resources to finance private solar projects in developing countries. The programme's first project is in Zambia. The EIB is investing €10.1 million in the solar plant, which will be located in the industrial zone south of the capital, Lusaka. The plant will be able to power an estimated 15 000 homes.

It can be argued that off-grid solar kits are the best way to bridge Africa's power gap. These kits can address shortfalls in grid supply and can act as a stopgap when power cuts occur. As the market for off-grid solutions develops, the products are becoming more sophisticated, allowing people to move away from kerosene lamps and diesel generators, which are unreliable, unsafe and polluting. The EIB has made €50 million of Impact Financing Envelope funds available for a number of off-grid solar energy providers to expand operations. The first transactions were signed in 2018, all with d.light. The company is active in the manufacture and distribution of off-grid solar kits in several countries, and the EIB had previously supported it indirectly through the Energy Access Ventures Fund. Each tranche of the operation is valued at around €4 million, and will support the company's expansion in Ethiopia, Kenya, Nigeria, Tanzania and Uganda. These operations will benefit millions of families and microenterprises in both urban and rural areas, not least thanks to the subscription payment model, which removes upfront costs for the customer and is making light and heat available to more low-income households.

The Gambia Renewable Energy programme combines both on-grid and off-grid solar power in an attempt to tackle emissions from fossil fuels and a chronic lack of access to electricity. Less than half of the country's population is currently served. In rural areas, this figure

drops below 10%. The four-part programme, which is co-financed by the World Bank and the European Union under the Africa Investment Platform, will benefit from a €57 million EIB loan. Installed generation capacity in Gambia will be increased thanks to a 20 MW solar plant, while around 430 kilometres of new power lines will help expand the grid and cut losses (in 2017, it was estimated that 22% of the energy in the Gambian grid was lost due to poor infrastructure). These lines will also help Gambia integrate more comprehensively with the regional power pool in West Africa.

Institutional support will be provided to ensure projects can be implemented with the required expertise. The final component of the project makes the programme even more innovative. The project will combine on and off-grid solar panels and batteries and provide power to 1 100 schools and health centres across the country, with a particular focus on rural areas. The new infrastructure will address blackouts, which frequently hit the national power system, and benefit people across the country.

Located at the waterfalls for which it is named, the Nachtigal hydropower plant in Cameroon will improve electricity access for about six million people, while bringing electricity to 1.4 million people previously unserved. The hydropower plant will generate about 420 MW of energy, which will be fed into the national grid through a new transmission line. The project will increase Cameroon's installed generation capacity by 30%, but the country is a long way from reaching its potential hydropower output of 12 GW. The operation is structured as a public-private partnership between Electricité de France International, the International Finance Corporation and the Government of Cameroon. Financing is being provided by no less than ten Development Finance Institutions and four local commercial banks. The EIB is investing €50 million of IFE funds in the project, which has an estimated cost of €1.2 billion.

INTEGRATING POWER NETWORKS IN GUINEA AND MALI

Through the West African Power Pool, 14 countries are seeking to integrate their electricity networks to improve access to power.

The West African Power Pool (WAPP) is being rolled out in phases, and the Guinea-Mali electricity interconnector is the third section to receive EIB funding after the CLSG and OMVG interconnectors, signed in 2012 and 2015. CLSG connects Côte d'Ivoire, Liberia, Sierra Leone and Guinea, while OMVG (Organisation pour la Mise en Valeur du Fleuve Gambie) will link Gambia, Guinea, Guinea-Bissau and Senegal. For Guinea, the project is strategically important. The country is not living up to its potential for hydropower generation. With an EIB loan of €130 million, the Guinea-Mali project will install 714 kilometres of 225kV transmission lines. As well as connecting Guinea with Mali, it will increase trade in electricity. The project will also bring electricity for the first time to some rural areas of Guinea, helping to reduce people's reliance on diesel generators. In the coming years, a new 450 MW hydropower plant is set to come online in the country. The new infrastructure will help integrate this clean electricity with the existing grid.

SISTERS ARE DOING IT FOR THEMSELVES (AND EACH OTHER) IN ETHIOPIA

To create jobs and improve lives, Ethiopia is taking an active interest in supporting female entrepreneurs. The EIB is investing €30 million in the Women Entrepreneurship Development Programme.

The Ethiopian government is making a concerted effort to support female entrepreneurs and to help them get access to finance. Under the auspices of the Development Bank of Ethiopia (DBE), different programmes are emerging to create opportunities for businesses in the country. The EIB is investing in some of these. The Bank signed loans for the SME Leasing and Lending programme in 2016 and then for the Women Entrepreneurship Development Programme (WEDP) in 2018. These programmes, both designed by the World Bank, use local intermediaries to provide support for businesses at different stages of their evolution. They are helping to expand the range of financing options for small businesses in Ethiopia.

Sara inspires people

Sara Mohamed always had an entrepreneurial streak. It is something she learned from her mother, who built a life for herself and her children by running a small business when it was almost impossible. The experience made an indelible impression on Sara. Having taken an interest in fashion and design from childhood, she became a model in Ethiopia and eventually left the family home in Dire Dawa to pursue that dream. Her modelling career took her first to Addis Ababa and then to Paris. But since the age of 12, her dream had been to start her own fashion business in Ethiopia.

Mohamed founded her company, Next Fashion Design, in 2004. The company is a mix of design school, garment producer and a modelling agency. It was never just about making clothes, she says, although she does enjoy showcasing the best of Ethiopian design and fabrics. Next Fashion Design is split between two different locations in Addis Ababa: the design school has a direct view of the city's Bole airport, while the shop and studio are downtown. Ultimately, the plan is to put everything under one roof, and Mohamed has received a loan to do just that from ENAT Bank, through the EIB-backed SME Leasing and Lending programme.

While Mohamed wants to put Ethiopian design on the international map, you get the feeling that her heart belongs to the design school. The school offers several different courses, from a short, three-month programme on design basics for people who are pressed for time or

who may just want to earn a little extra money through sewing jobs, and a longer-term, two-and-a-half-year course. According to Mohamed, graduates "are capable of doing whatever they are asked. Patterns, design, and stitching."

"They are very influential. And they are also setting up great businesses," she says of the graduates.

Maki Dikgole advises Sara Mohamed and helps her run the courses. Maki, who is from South Africa, credits Sara with starting a new wave of designers. "She teaches all aspects,'' Maki says. "She is very inspiring, and that is why I think about 95% of the designers who are doing well in Addis Ababa came out of Next Design."

Financing opportunity

Marashet Tsehay had a business idea when she was an IT student at university. She became interested in how graphic design software could be used in manufacturing and thought about opening a printing shop. "I started this business from scratch," she says. "I needed a small amount to open a small shop. Probably around €500 initially."

She says she did not know how to raise the money, and approached a bank. "As a student I had no collateral. But they accepted a letter of guarantee. You can get one if you work in a big company or for the government. My mother is a teacher. My brother is also a teacher and an artist, and luckily I managed to get the capital like that."

Tsehay's business, Impact Printing and Graphics, creates custom designs for clients printing on paper, textiles and other materials. At its Addis Ababa studio, the company also creates design concepts for business clients. Like Sara Mohamed of Next Design, Tsehay is also eager to grow her business, but finding the right type of loan is hard.

The WEDP programme focuses on firms like Impact Printing and Graphics that are looking to expand their offering and take on more employees but need capital to do it. Under the programme, the average loan size is expected to be around €7 700, which is too large for most microfinance institutions but too small for commercial banks. The programme seeks to address this gap, and expects to provide around 17 000 loans to businesses like Tsehay's over its lifespan.

- EIB loan of **€30 million** from ACP Investment Facility (programme total of €88 million).
- Directly targets small businesses owned by women.
- Contribution to the following sustainable development goals:

- **32 954 jobs** sustained in beneficiary companies.

Follow your passion

The businesses Sara Mohammed and Marashet Tsehay run concern more than the bottom line – they are also about helping women. "If I can suggest anything to a young female entrepreneur, it would be to focus on what inspires her and what she is passionate about," Tsehay says.

She says that she can help with the business side of things: how to get a loan, or how to run a company.

This advice and support is part of the Next Design ethos. "We actually have 80% women and 20% men coming out of our school," Mohamed says. "Personally I like to be a backbone for women. My inner being loves to support women. To empower them. If I teach a woman the skills, she will go and start her own business. And she will do it for others."

Empowering women and having an impact on their lives is Mohamed's passion. "When you see women who have a good salary, who are able to send their kids to school and are able to come back home to good food and shelter. They have a good life. That makes me satisfied because that is my mission in life. That is my vision. Changing lives and at the same time changing the way we dress ourselves here in Ethiopia."

RESPONSIBLE WATER INVESTMENT

Water and sanitation infrastructure is a priority for the EIB across the ACP regions. In many countries, water networks do not serve the population adequately or are strained and vulnerable to the effects of climate change. These constraints apply to urban and rural areas. To improve access, new projects need to improve the infrastructure's resilience and to use resources more intelligently.

Adapting to new realities in Cotonou

Cotonou is the largest city in Benin, as well as its economic heart. It has a population of around 700 000 people and is located on a low-lying, narrow coastal strip between the Atlantic Ocean and Lake Nokoué, close to the Ouémé River Delta. Two rainy seasons a year make flooding in the city commonplace. In 2010, heavy rains turned into disaster as much of the city was submerged. The flooding prompted a mass evacuation and spread waterborne diseases such as cholera and diarrhoea. Those scenes were repeated in much of West Africa.

Climate change is leading to more extreme weather. The West African floods of 2010 can no longer be considered one-off occurrences. People must adapt accordingly. The situation prompted Benin's government to put together a rainwater collection master plan, which resulted in a new programme for dealing with flooding in Cotonou. In 2018, the EIB agreed to invest €50 million in the project, which has a total cost of €128 million. The economic damage from the 2010 floods was estimated to have cost the city €262 million in lost revenue.

The project aims to improve Cotonou's ability to resist extreme weather. The city is expanding quickly, especially to the west. Much of the expansion is made up of semi-formal and informal settlements. Clean water and sanitation services are fragile across the city, but even more so in these areas, and rainwater can quickly overwhelm the districts without adequate drainage. The project in Cotonou plans to construct 34 retention basins in different locations around the city. EIB financing will cover 20 of these. In addition to the basins, flood channels will also be installed. This new infrastructure will prevent floodwater from invading the streets and settlements of Cotonou. Heavy rain is a fact of life here, but this project will protect two-thirds of the population from the elements.

Agricultural heritage in Eswatini

One of Africa's smaller countries, Eswatini is geographically diverse with mountains, rainforest and savannah. A large proportion of the inhabitants of Eswatini, formerly Swaziland, make their living through difficult subsistence farming. Farmers in the Lowveld region of the country, which is both the driest and the poorest, are particularly challenged.

To counteract this, the Eswatini Water and Agriculture Development Enterprise (eSWADE) was created by the country's Ministry of Agriculture to help commercial agriculture and socio-economic development. Managing water and extending irrigation is a huge part of the project. The EIB invested in the building of the Lubovane dam and reservoir, as part of the first phase of the Lower Usuthu Smallholder Irrigation Project (LUSIP). This reservoir stores the excess water from overruns of the Usuthu River, irrigating an extra 6 500 hectares of dry land and letting local farmers grow food year-round.

The Bank is now investing €36 million in LUSIP's second phase. The idea is to extend irrigation canals and water distribution networks to bring water to an additional 5 217 hectares of land. In addition to this, new pumping systems will replace old ones, improving crop yields on an additional 533 hectares of farmland. The project is expected to create about 1 500 permanent jobs and will benefit 2 300 farmers directly. The project will improve the lives of 10 000 people. eSWADE aims to combat poverty and promote sustainable development by grouping smallholder farmers together into companies, which will both manage the irrigation systems and use water and energy resources more efficiently through modern farming technology.

The main crop grown in the Lowveld region around the Usuthu River is sugarcane, for which Eswatini is an established producer and exporter. The country relies on imports of other crops, notably staples such as maize. Efforts are underway to grow maize and bananas to cut expensive imports.

HOW FISHERIES, CROPS AND HOTEL ROOMS CAN BUILD A SUSTAINABLE FUTURE IN THE PACIFIC ISLANDS

The Federated States of Micronesia Development Bank is helping to build a sustainable future in the remote island nation.

The Federated States of Micronesia (FSM), with a total population of around 110 000, are under threat because of climate change, their remoteness and poor infrastructure links. The country is made up of over 600 islands and atolls. The government has identified four priority sectors to drive growth. Through the ACP Investment Facility, the EIB is supporting the Federated States of Micronesia Development Bank (FSMDB) as it works with the private sector to build a sustainable and resilient economic future.

Changing mentalities

"Our government has prioritised tourism, fisheries, agriculture and energy," says Anna Mendiola, CEO of the development bank. The four sectors are threatened by climate change, and they struggle because of the nation's remoteness. The development bank sees opportunities and is supporting local entrepreneurs as they grow their businesses. "FSMDB is the primary financier for the private sector in the islands," Mendiola explains. "We are present on the four major ones: Pohnpei, Chuuk, Yap and Kosrae, and our clients are made up of about two-thirds of the business owners in FSM."

The development bank's 37 employees serve the whole country. The small population is spread out across diverse islands, with different climates, different cultures and different demands. "Yap and Kosrae have very small populations," Mendiola explains. "The former is very traditional, the latter very religious. We have to work on a case-by-case basis on the projects that will really help those islands." There are promising signs. Yap has untapped potential as a tourist destination, with extensive reefs that are perfect for scuba diving. Yap Day, which is held on 1 March every year, showcases the island's unique culture and attracts visitors from all over.

- EIB loan of **$5 million**
- Expected to sustain **802 jobs** in the Federated States of Micronesia and small and medium-sized enterprises
- Contribution to the following sustainable development goals:

Catch-22

Their remoteness puts the Federated States of Micronesia at the mercy of the airlines when it comes to attracting visitors. Airlines recognise the islands' potential but see a lack of hotel rooms as an obstacle to regular air services. Hoteliers, meanwhile, would like to refurbish or expand but are reluctant to do so without more flights. This conundrum applies to all of the islands, and it is not just about adding capacity, but also about becoming more resilient. Rising sea levels and volatile weather are already part of everyday life in these islands.

"On Yap we just finished a project, the ESA Bay View Hotel," Mendiola says. The renovation elevated the restaurant floor to prevent ocean water from splashing into the restaurant during high tides, which are rising with sea levels. The restaurant's roof and windows were changed to allow sufficient light and breeze, promoting energy efficiency. There is a growing demand by hotel owners to carry out such projects and the development bank has other financing requests that it is actively considering.

Diversification

An additional factor is clouding the future: the expiry in 2023 of the Compact of Free Association with the United States. There are negotiations to replace this, but the uncertainty has had an impact. "If that compact ends, there would be an overnight impact, especially in the wholesale, retail and trading sectors," Mendiola says.

This is not something that should provoke doom-mongering. Mendiola sees gaps in local production that could be filled. "In general, I find myself wondering why things are the way they are," she says. "Why are we importing produce like vegetables? We can grow them here."

She ponders that restaurants linked to hotels and grocery stores could sign independent contracts with farmers. The development bank could then finance farmers based on those contracts. "We can do a lot more for our domestic market and look at exporting to Guam, the Marshall Islands, Nauru and Kiribati," she says.

Developments in telecommunications are also prompting the rise of new businesses. The installation of fibre-optic cables has led to an increase in service providers who can "compete actively with the existing FSM Telecommunications Corporation in terms of packages for consumers, from television to cell phones to internet." With the improved infrastructure, "we see a rise in small businesses, shops selling and repairing cell phones, iPads and computers," Mendiola adds.

The development bank is also supporting local businesses, such as System Resources, which started out making customised office furniture: counter tops, cabinets and other woodwork. An investment by the development bank allowed System Resources's owner, Oliver Nanpei, to branch out and offer a wider range of designs and products, as well as to take on larger-scale projects, from small renovation works to new buildings. "FSMDB really supports our business by offering options for payment plans," he says. By bringing skills and expertise to the local market, the development bank is helping to end the dependence on external providers and difficult transport links.

There is a movement towards more sustainable development across the islands, on the micro and macro levels. FSMDB is in the process of seeking Green Climate Fund accreditation, while the government has submitted its country programme. The accreditation would unlock concessional loans and grant funding for projects that help the islands adapt to climate change by making that financing part of a wider framework.

The development bank has a strong pipeline of projects. In fact, there is more demand than the bank's lending capacity can cover. FSMDB is on the lookout for new investment so that it can increase its own impact. The public sector is recognising that the private sector is the backbone of the islands' future, and the bank is expected to give entrepreneurs the means to seize the opportunities. As Mendiola points out, "We have been given fish all these years. Only now are we teaching ourselves to fish."

THE DIGITAL KEYSTONE FOR ECONOMIC DEVELOPMENT IN EAST AND CENTRAL AFRICA

Digitalisation will be the cornerstone of Africa's development, and the internet will be an important driver for the 17 Sustainable Development Goals. The EIB is supporting the roll-out of fibre-optic networks in Eastern and Central Africa.

It has been estimated that the internet could add $300 billion to Africa's GDP by the year 2025. But we need a concerted effort to ensure access for all, to enable impact for all. Through the Impact Financing Envelope, the EIB is investing $18 million in Bandwidth and Cloud Services Group (BCS Group), which will bring high-speed and affordable access to millions of underserved people.

Yonas Maru founded the company in 2010. "I had a fundamental belief that reducing the cost and improving the quality of telecommunications infrastructure are central to improving the lives of people in Central and Eastern Africa," he says. The company installs fibre-optic cables, which are then used by retail telecommunications operators to improve their own coverage and range of services. BCS Group infrastructure currently serves customers in Uganda, Kenya, Rwanda and Zambia. In addition to these markets, the company's infrastructure also runs to border points in Burundi, the Democratic Republic of Congo and South Sudan, where local carriers can bring data traffic towards their own networks. The company's philosophy is pretty simple: internet coverage should be as complete as possible and reach the people who need it most.

Serving millions of people

BCS Group is prepared to roll out high-capacity cable where others will not go – in rural and remote areas and in places with poor road connections. "We are enabling operators to grow their networks sustainably by expanding ours in underserved and landlocked regions of the continent," Maru says. This is where the EIB comes in. The Bank is helping to finance the next phase of network expansion, which will ultimately serve nine million people. As part of that, submarine cables have been laid under Lake Tanganyika and Lake Albert. "These are exciting times," Maru says, smiling. "Submarine cables allow us to bypass traditional continental borders and avoid laying cables in places without the right road infrastructure."

The two lakes are of genuine importance to the project. Lake Tanganyika is effectively BCS Group's connection between Northern and Southern Africa.

Maru says that the company's existing network in Uganda and Rwanda will pass through the lake's international waters to reach Zambia. From there, it will extend to the southern border of the Democratic Republic of Congo. Lake Albert, he says, will allow the company to connect Uganda to the eastern border of the Democratic Republic of Congo.

One of Africa's Great Lakes, Tanganyika presents its own challenges. After Lake Baikal in Russia, it is the world's oldest, deepest and largest freshwater lake by volume. "At its deepest point, Lake Tanganyika goes down over 1.5 kilometres," Maru says. "We have to methodically plan our construction and maintenance strategies. We have also taken extensive measures to understand the potential environmental and social impacts of submarine cabling for both lakes. We need to minimise the impacts on wildlife and local communities."

Benefits on several levels

BCS Group's direct clients are the telecom operators. The group's cabling enables those operators to link cities with each other, boosting connectivity. The ultimate beneficiaries, however, are small businesses and individuals. "Our operators serve local communities," Maru says. "From voice services, data and fibre to the home, mobile network operators and internet service providers provide millions of consumers with access to reliable and affordable fibre connectivity. Among those, I include educational institutions, hospitals and businesses."

On the individual level, the benefits become more apparent. For Africa in general, mobile communication has made a leap forward in a way that fixed lines never achieved. Affordability is a factor here and 98% of internet traffic in Africa is over mobile systems, while subscriptions to mobile services are growing three times faster here than on any other continent. Because mobile penetration in Africa is lower, many of these new clients are

first-time subscribers. Another reason is the convenience that mobile networks provide. "The case has been made countless times that mobile connectivity has driven our continent's growth. We are mobile-first," Maru says. "And cutting-edge technology allows us to leapfrog the development ladder, jumping over the need for 400 years of physical industrial development by sinking a four-inch fibre tube four feet into the ground!"

Maru says that BCS's networks make different services available to different groups of people. "The small business owner who gains access to 3G or 4G has a family who will enjoy the benefits of the growth in his or her business. The relatives who are able to contact family in other provinces and countries benefit. And the elderly who receive mobile payments from their next of kin as opposed to cash payments – these are real, tangible advantages."

- EIB loan of **$18 million** (project cost $46 million).
- Contribution to the following sustainable development goals:

- Direct benefits for **9 241 000 people** – of which **4.6 million** are women.

Only the beginning

While Africa is moving towards 100% market penetration when it comes to mobile communication, there is still a lot of work to be done. Across the continent, digital businesses and mobile services remain few and far between, impeding the development of tech start-ups. In the short term, those start-ups may be waiting for the infrastructure to catch up with demand, but in the longer term, their growth is limited by access to finance or difficulties in scaling up their operations. "Disruption in education, health and financial services has really just begun," Maru says. He points to Kenya's M-PESA, a digital money transfer service, as an exception to the rule. Kenya's M-PESA is very successful, and it had a significant influence on the EIB-supported M-Birr in Ethiopia, but Maru says there is still "room for innovation in that area. We see solar-powered buses in Uganda and drone deliveries in Rwanda. These developments are still in their infancy."

The uptake of smartphones in Africa is increasing as networks expand. Although not all essential mobile services rely on smartphone technology, the importance of smartphones is growing. Smartphone penetration, which was 15% in 2015, is expected to reach 50% in 2020. Handset prices are coming down, along with the cost of data.

BCS Group plans to finish construction of its new networks by 2020. The company estimates that the new infrastructure will serve over nine million people. There is a particular focus on underserved and landlocked areas of the Democratic Republic of Congo, Uganda, Rwanda, South Sudan and Zambia, where innovative digital solutions are required to meet every day needs, especially in banking and educational services.

Before the expansion, the company's networks covered three million people. "It makes me incredibly proud to say that, in just two years, we will have tripled our impact on this continent and that we are part of moving Africa forward. After all, access to data is not a luxury, it is a keystone in a country's development," Maru says. "Our networks are part of the foundation that underpins development for the advancement of all citizens on all economic levels. Beyond the economic benefits of increased connectivity, they serve as a needle that stiches our continent together though trade, commerce and play without regard to manmade borders."

NO SHORTAGE OF BUSINESSES, BUT FUNDING IS ANOTHER STORY

How a public sector not-for-profit institution with EIB support is changing the landscape for small businesses in Haiti, the poorest country in the western hemisphere.

Fonds de Développement Industriel (FDI) was set up in Haiti in 1981 to support the country's small businesses and to strengthen the economy, which has been fragile for several decades. The €12 million credit line extended by the EIB is the Bank's first investment in the fund.

Haiti does not have a shortage of small enterprises. "The general conditions for creating a business here are pretty good," says FDI General Manager Edgard Jeudy. "People are not short of ideas. There is just a lack of funding." The country has nine commercial banks but they are run very conservatively. Business loans tend to go to a small number of existing clients, to the detriment of new entrepreneurs or cooperatives. Banks also tend to focus on trade financing and urban populations, leaving rural communities behind. This dearth of financing needs to be addressed if Haiti is to take advantage of its abundant natural resources. The private sector can tap the country's potential, but first the structures need to be put in place.

- EIB loan of **€12m** to the public sector, destined for the private sector.
- Significant technical assistance programme designed to increase promoter capacity.
- Expected to sustain **20 100 jobs** in final beneficiary companies.
- Contribution to the following sustainable development goals:

Higher standards

"Our private sector actually works when it comes to commerce, but the productive sector remains too small," Jeudy says. FDI is trying to address this. As a development fund, FDI's priorities are different from commercial banks, even if it finances some of the same businesses. Jeudy points out that the fund is not interested in profit as much as in projects that show the potential to develop into sustainable businesses. For the productive sector to be more efficient, the mind-set needs to evolve. The EIB is helping to achieve this through a technical assistance programme.

"We've spoken to financiers who want to work with us, and we realise we needed to change the way we do things, and make our institution stronger," Jeudy says. "Technical assistance will enable us to do that by improving governance and risk management, for example." Jeudy says that improving standards would attract other institutions and help FDI to grow.

"Haiti has strong points, and it is up to us, and up to the private sector to take advantage of them," he says. "Look how close we are to the biggest market in the world, the United States. There's huge potential there for us to export our produce. Our climate is tropical. There are fruits that we produce that other places just can't."

Pierre Lubin, FDI's Director of Operations, feels that the lack of financing is limiting the country, along with infrastructure problems like roads, ports and electricity networks. "I believe that when those issues are addressed, it can really take off," he says.

Vetiver, sisal and mangoes

The capital of Port-au-Prince is Haiti's most important economic centre, and home to much of the country's commercial interests. FDI is making a concerted effort to include rural communities in the country's development. How does the rest of the country differ? The north of Haiti is becoming a tourist destination. "That is developing quite well," Jeudy says. "The south is too, but a bit more slowly." FDI does get requests to finance hotels, but initiatives in agriculture are sometimes more interesting. He points to the southern region of Les Cayes, which produces products in high demand worldwide. Haiti, for example, is the world's largest producer and exporter of vetiver, an essential oil used in per-

fumes. "In the south of Haiti, we have quite a few clients who are involved in the production of vetiver oil," Jeudy says. "This is a genuine potential growth area."

Another example is Cap-Haïtien in the country's north, where sisal, a fibrous plant used to makes ropes and carpets, is grown. "We are financing a sisal project. This one is also quite important because it concerns a whole value chain," Jeudy says. "It starts at the plantation and continues to the processing and transformation activities and finally to the commercialisation of the end products."

The rural projects have potential, but right now the countryside is dwarfed by the economic clout of Port-au-Prince. "Port-au-Prince accounts for about 70% of Haiti's economic activity," Lubin points out. "The sisal plantations are in the north but the textile industry is in the capital, save for one small cluster. That is how things are at the moment."

Mangoes, which Haiti is known for and which grow in abundance in the centre of the country, are another possible cash crop. "There's a variety here, the francique mango which is extremely popular in the United States," Lubin says. "There's an association of producers who process and export the fruit themselves. One company we have financed is installing an orchard, and a processing facility, as well as buying mangoes from local people. That's a success story."

It is also a canny move. Exports to the US require standards and traceability. Formalising procedures enables exports to grow. "It's not just about mangoes," Lubin says. "You can put your facilities to use all year round. What about peppers and chillies as well?"

The next generation

Economic inclusion in Haiti is a difficult problem that needs to be addressed if the country is to develop. FDI is making a concerted effort to finance start-ups and businesses founded by young people. This is an area that can be addressed with the EIB credit line. FDI also funds a separate credit line that exclusively targets female entrepreneurs. Haiti's infrastructure problems create a vicious circle in which the countryside offers huge potential, but the neglected infrastructure means that people are leaving, instead of staying and starting businesses.

"This is a real shame," Jeudy says. "There are thousands upon thousands of hectares of arable land that could be put to use for agriculture. But, for whatever reasons, it doesn't work. We need to look at how to finance rural projects with specialised instruments with the right provisions for risk – for investors and for producers."

PARTNERSHIPS

The European Investment Bank is the lending arm of the European Union. Our shareholders are the EU Member States, and it is these countries that shape our approach to the projects we finance and help steer policy. It would be impossible for the EIB to finance the large range of projects without the backing of the EU Member States and the European Commission. This applies to both Investment Facility operations and the activities funded from our own resources. For these reasons, the Investment Facility Committee is a hugely important point of contact between the Bank and the EU countries.

A HUMAN-SIZED FACILITY WITH MAJOR IMPACTS

The Investment Facility Committee was set up in 2002. It is made up of representatives from each of the EU states and the European Commission.

The Investment Facility Committee (IFC) delivers opinions on financing proposals for all EIB projects in Africa, the Caribbean and the Pacific, and the Overseas Countries and Territories prior to submission to the Bank's Board of Directors, whether projects are funded under the ACP Investment Facility or from the EIB's own resources, and it is consulted on policy and strategic issues. The Committee's chairwoman and Finnish representative, Anne af Ursin, is a financial counsellor at the Finnish Ministry of Finance and has been involved in the Committee since 2004. She says the Investment Facility has evolved a lot since the beginning and has had a significant influence on projects.

Evolving projects

"Back in the early 2000s, the Investment Facility was innovative. It really was," af Ursin says. "Now we have other facilities doing similar things, but then it was grant financing all the way. The Investment Facility is revolving – reflows are being used to finance new initiatives – and it is doing very well. Its track record is quite impressive."

The Investment Facility has certainly evolved since it began operations. This applies to the profile and scope of projects financed and also to the Committee's work. "During the first years, our discussions were often about the plumbing of the facility. There were a lot of questions regarding pricing and risk management. It is my impression we started with those," she says. "From a project point of view, things have changed as well, although the emphasis on the private sector has always been there. To give examples of the difference, I remember back in the day we used to discuss hotel projects in the Caribbean, and extraction – major sustainable mining projects. I don't see many of those anymore."

Does that mean appetite has changed? "I just think that over the past five years, the perspectives have been quite different. Now we have the Impact Financing Envelope, which is a new development. There seems to be a lot more intermediated lending, and SMEs have become a real area for emphasis." This is a natural part of the diversification process, however, and is not necessarily about replacing one project style with another. "I have noticed a wider spread of sectors, absolutely," af Ursin explains. "Perhaps not in every sector that comes to mind. I don't think there has been much in food security yet, but, again, the Impact Financing Envelope certainly provides new possibilities to expand there. Also, the Investment Facility is not huge. It is human-sized so it cannot be doing everything."

Breaking new ground

The fact that representatives from every EU country make decisions on the Investment Facility renders it a truly European instrument for development. The facility has also contributed to changing mind-sets. "I really do believe the Investment Facility has been an inspiration for others," af Ursin says. "Everybody now understands the importance of leverage and catalysing private investment – the European Commission started their blending facilities in 2010. I think it's a pity that the Investment Facility is not better known in the Member States as it presents a rare opportunity for them to have a really close look at projects. Speaking for myself, I feel very engaged with what we are doing. I also think that the developmental elements have been getting stronger in the EU ministries and at the EIB itself."

A European approach

Agenda 2030 and the UN's Sustainable Development Goals tend to dominate discussions about improving lives across the world. The Investment Facility provides the European Union with an efficient way to contribute to these goals. "If you look at the financing side of things, it would be unwise to let this facility go. I think all of the Committee members would agree with this," she says. "The Member States get so much for so little thanks to the revolving structure. Capital consumption is minimal and a lot of know-how has been invested."

It is clear that Africa in particular needs a lot more investment, and Anne af Ursin believes that the European Union can do more, but reiterates the need for a "European approach." The Investment Facility is a way to do that. "I really don't see an option going forward that does not involve continuing with the Investment Facility.It is important to have a long-term view, beyond the 2020 expiration of the Cotonou Mandate," she says. There may be tweaks here and there, but 16 years and almost 500 projects later, the Investment Facility has catalysed significant financing and improved millions of lives in the ACP regions. That is something that all of Europe can proud of.

Anne af Ursin

PEER INSTITUTIONS

In the context of the 2030 Agenda, the multilateral development banks – including the European Investment Bank – have committed to bolstering financing for development by "crowding in" the private sector in the spirit of the narrative that we must move from "billions to trillions."

While the MDB Group focuses primarily on closing the annual financing gap of nearly $2.5 trillion in developing countries to achieve the Sustainable Development Goals, we are increasingly turning our attention towards investment quality as well, raising environmental, social and governance standards, targeting the poorest and most vulnerable groups, and enhancing the sophistication of our understanding and assessment of impact.

Infrastructure remains among the top global priorities: Japan's presidency of the Group of 20 in 2019 has identified this as a driver of development, with a renewed focus on quality. Under the umbrella of the G20 Infrastructure Working Group (IWG), the multilateral development banks will work together through their joint Platform for Collaboration on Infrastructure on three main topics: standards, credit enhancement and project preparation. These banks have also forged a joint initiative on infrastructure data, partnering with a broad range of actors, including long-term investors. Regionally, the focus is on Africa, especially from the resilience viewpoint: investment in sustainable infrastructure and equitable access to services will be crucial in catering for a population set to double by 2050.

At the same time, the multilateral development banks (MDBs) are stepping up their efforts to address forced displacement and migration. Through a joint Coordination Platform on Migration and Forced Displacement, the institutions are focusing on four areas: a common framework, data and knowledge-sharing, operational coordination and financing instruments.

Coordination between the MDBs is particularly intense in the area of climate action. The EIB tracks climate finance using definitions developed and harmonised in cooperation with peer institutions. Five Voluntary Principles have been agreed upon: 1) committing to climate strategies; 2) managing climate risks; 3) promoting climate-smart objectives; 4) improving climate performance; and 5) accounting for climate action. As part of those efforts, the development banks are forming a common approach to meeting goals set out under the Paris Agreement.

THE EU FAMILY

As the EU bank, the EIB plays a key role in implementing EU policies inside and outside the Union. In ACP countries, EIB activity is fully in line with EU external and development policies as well as specific objectives in the ACP-EU Cotonou Agreement.

The Bank has initiated several strategic and technical discussions with counterparts in the European External Action Service (EEAS), the European Commission's Directorates-General for International Cooperation and Development (DEVCO) and Economic and Financial Affairs (ECFIN), and a number of other directorates. These discussions are aimed at enhancing cooperation in ACP regions and identifying synergies for financing and blending. Most recently, these efforts have included annual coordination meetings by region with the DEVCO's geographic departments (EEAS also attends) as well as meetings between EC and EIB counterparts by sector and by strategic horizontal priority issues (post-Cotonou negotiations, EU-Africa Alliance).

Cooperation with the European Commission – and with the EEAS since its creation in 2010 – is also strong at country level. Setting up EIB local offices within EU

delegations for countries outside the EU as well as the overall expansion of the network of EIB external offices has resulted in much closer cooperation, especially on the ground.

EUROPEAN DEVELOPMENT FINANCE INSTITUTIONS

At the operational level, the EIB and the other European Development Finance Institutions (EDFIs) cooperate through joint financing, mostly in the context of three initiatives:

The European Financing Partners initiative

As of the end of 2018, EIB/IF had committed €490 million for European Financing Partners. After cancellations, a total of €303 million was made available, with €245 million committed to 32 projects. The bulk of these commitments were to financial intermediaries (34%), telecommunications infrastructure (19%) and industry (16%). Nigeria and Kenya have benefitted most from the funds.

Interact Climate Change Facility

The €300 million fund to address climate change was set up in 2011 with a €50 million commitment from the European Investment Bank, through the ACP Investment Facility. It is built on the concept of the European Financing Partners initiative with the participation of the Agence Française de Développement (AFD). As of 31 December 2018, nine projects in the ACP regions with a value of €135 million had been approved or were under appraisal. The EIB is participating in two of these projects through the Interact Climate Change Facility (ICCF), with a commitment of €12.8 million. In addition, the Bank is co-financing three others alongside the development bank of the Netherlands, FMO, and ICCF. The bulk of ICCF projects are in the wind (43%) and solar (27%) sectors. Existing EIB commitments are valid until November 2019.

EU-EDFI Private Sector Development Facility

Since 2014, European Commission has entrusted the EIB with the management of the EU-EDFI Private Sector Development Facility (EEDF), which has €45 million of funding. The facility provides partial credit guarantees for eligible projects under the Sustainable Energy for All (SE4All) initiative. These projects are then submitted to the EFP or the ICCF for financing. To date, the EIB has issued one guarantee for €5.35 million for an ICCF project with Mobisol, which sells pay-as-you go solar energy systems for low-income customers in Rwanda and Tanzania. This facility is currently being restructured to allow more flexible deployment of guarantees, in line with EDFIS' evolving business plans.

The Bank also provided a €12 million credit line in 2018 to the Portuguese development agency, SOFID, to finance small businesses in the ACP regions, with a focus on Portuguese-speaking countries. Marta Mariz, the CEO of SOFID, told us what she hopes to achieve with the partnership.

FINANCE FOR DEVELOPMENT, MADE IN PORTUGAL

Sociedade para o Financiamento do Desenvolvimento, Instituição Financeira de Crédito S.A. (SOFID) is Portugal's development bank. Founded in 2007, the bank's mission is to support private sector development outside the EU.

In 2018, the EIB signed its first operation with SOFID, the Portuguese Development Finance Institution. As one of the smaller members of the European Development Finance Institutions (EDFI) association and a donor to the EU-Africa Infrastructure Trust Fund, SOFID is presenting opportunities for the EIB to support small businesses in new ways and in new markets where we have not been active until now. The new facility will focus on Angola, Mozambique, São Tomé e Príncipe and Cape Verde. By working with the EIB, SOFID can also diversify its own operations and, quite simply, do more.

- An EIB loan of **€12 million** is expected to mobilise €24 million of investment for the private sector.
- The operation is expected to sustain **1 600 jobs** in small and medium-sized enterprises.
- SOFID will offer tenors of about five years, longer than existing market players.

SOFID's early years were not exactly plain sailing, however. "We were founded in 2007, and then the whole world went through some challenging years!" says CEO Marta Mariz. "In our case, this was intensified by our bank's relative youth as well as the crisis in the Portuguese economy, but we weathered the storm and emerged stronger."

Founded with €10 million, SOFID's capacity has subsequently developed and its capital has gradually been increased to reach €18 million in 2018. The Portuguese State remains the main shareholder, alongside four major commercial banks and Corporación Andina de Fomento (CAF), the Development Bank of Latin America, which joined in 2017. SOFID also manages the €94 million InvestimoZ fund, which supports investment in Mozambique. Its approach is all-encompassing, as is befitting of policies that guide the EDFIs. Mariz explains, "Our priority is to support the private sector. What all projects financed by SOFID have in common is that they contribute to the sustainable development of the local economy and populations. We are not limited to working in Portuguese-speaking countries, but the reality is that our clients tend to focus on the markets they know best, which are those with close ties to Portugal. These clients are mainly SMEs, and we pay particular attention to the challenges they face when entering new markets, especially in developing countries."

This means that in addition to Brazil, Morocco, Mexico and Algeria, SOFID also supports projects in Mozambique, Angola and Cape Verde. The projects vary widely. "We approved a guarantee to support Angola's information highway and then a pharmaceutical group has chosen SOFID to support its first steps in the internationalisation process – with the construction of a logistics base in Mozambique," Mariz says. "This will improve the supply and lower the costs of medicines that are needed."

SOFID is a relatively new player as well as a relatively small one, and working in partnership with others ensures that the development bank does not exist in a vacuum, a situation that both European and international initiatives seek to avoid. "The EDFI association is a key element of our strategy. Working with similar organisations helps our clients access new markets, find new partners and create new partnerships," Mariz says. "In addition to the scope it provides for sharing experiences and knowledge, the EDFI network enables SOFID to contribute to the common goal of sustainable development around the globe."

The EIB shares this goal and has refocused its operations accordingly. As Mariz points out, "The key development in the past few years has not been the end of the financial crisis but the substantial change in the role that the private sector is expected to play under Agenda 2030 – the Sustainable Development Goals, the Climate Change Agenda and the Addis Ababa Action Plan."

Global initiatives, like these frameworks for financing sustainable development, are ambitious and wide-ranging. To achieve all of their complementary goals, organisations of all sizes will have to work together. For the EIB and SOFID, the support for small businesses is both welcome and timely.

TECHNICAL ASSISTANCE, INTEREST RATE SUBSIDIES AND BLENDING

Technical assistance

Blending resources with grants, including for **technical assistance**, enables the Bank to provide its expertise to projects and guidance on how to finance them. On the local level, the EIB's technical assistance programmes can help develop the skills of our local partner banks, which can then work directly with small businesses and microentreprises. The value of technical assistance is also evident in the public sector, where our guidance helps implementers of public infrastructure projects conduct feasibility studies, flesh out detailed designs and assess a project's environmental impact.

In 2018, 13 technical assistance operations were approved under the ACP Cotonou subsidy envelope for a total of €14.5 million. Of these, six TA operations were signed for a total of €4.77 million. The technical assistance funds available under the Cotonou III subsidy envelope have been almost fully allocated.

We will therefore pursue alternative sources of funding in 2019, especially from the EU, also applying a thematic approach. EU blended resources, which can take the form of investment grants, technical assistance or interest rate subsidies, add flexibility to our lending operations by enabling us to lend in local currencies or by reducing the risk profile of investments. They also boost cooperation with EU bilateral partners, such as national development banks or implementing agencies.

Interest rate subsidies

Interest rate subsidies are explicitly called for in the Cotonou Agreement and are crucial for making some public sector projects bankable. Like other blending instruments, interest rate subsidies relate in particular to the concessionality requirements imposed on ACP countries that are subject to restrictive borrowing conditions under debt-relief programmes such as that for the HIPC, a group of 37 developing countries with high levels of debt and poverty, which are eligible for special assistance. Accordingly, interest rate subsidies address debt sustainability to bring real added value. The EIB takes into account the relevant concessional rules to avoid over-subsidising projects.

In the ACP regions, over 90% of the technical assistance and interest rate subsidy envelope has been allocated.

As regards the OCT subsidy envelope, only €25 000 of the initial endowment of €5 million has been used for one signed operation concerning an interest rate subsidy for a project in Tahiti.

BLENDING FACILITIES

Trust funds

Given the increasing importance of trust funds in financing for development, the EIB has set up a number of new facilities that use donor funds to support projects outside the EU, including the ACP countries, throughout their lifecycle. The Bank's new Partnership Platform for Funds provides a scalable structure to govern new trust funds and simplify procedures. As things stand, the platform includes three funds. The largest is the Economic Resilience Initiative Fund, which concerns projects in North Africa, the Middle East and the Western Balkans. The other two funds are the Water Sector Fund and the Luxembourg-EIB Climate Finance Platform. Both of the latter are in their infancy, but they can be expected to play a key role in getting projects off the ground in Africa, even though their focus is global.

The Water Sector Fund (WSF) was established at the end of 2017 with €2 million from the Netherlands. Its objective is to provide technical assistance to accelerate water projects in poor and emerging countries, by bringing small entrepreneurs into water provision services and by involving local institutional investors in financing clean water projects. The fund has not yet disbursed any money, but it has a solid pipeline of projects, particularly in sub-Saharan Africa. The WSF aims to become a multi-donor trust fund so that financial instruments like loan guarantees and equity investments can be used to support water projects.

The Luxembourg-EIB Climate Finance Platform (LCFP) is further along in its evolution. The idea behind LCFP is to catalyse private sector investment in climate change mitigation and adaptation projects, which remain underfunded on a global scale. Luxembourg has made €30 million available as subordinated funding, which will in turn entice other investors to participate. As well as approving financing for the Green for Growth Fund, LCFP is also supporting the Land Degradation Neutrality Fund (in which the EIB is already involved as a senior investor). The objective of this $300 million fund is to reverse land degradation and rehabilitate around 500 000 hectares of land on several continents, which will be used for purposes such as sustainable forestry and agriculture.

Africa Investment Platform

The Africa Investment Platform (AIP) is providing up to €1.8 billion for projects in sub-Saharan Africa from 2016 to 2020. Infrastructure projects such as renewable energy and transport are eligible, as are small businesses and agricultural initiatives. In response to the European Commission's increased focus on blending financial resources, the Bank secured grant financing for three operations in sub-Saharan Africa under the Africa Investment Platform in 2018: for infrastructure projects and for agricultural value chains. In early 2018, EU countries also approved a forestry project using blended funds provided by the intra-ACP programme, but the project still needs to be approved by the ACP Secretariat. In the Caribbean, one project was approved for post-disaster reconstruction and climate change resilience. There were no requests for grant funds in the Pacific region.

Under the guarantee of the European Fund for Sustainable Development (EFSD), three funding applications were conditionally approved, covering investments in sub-Saharan Africa. The approvals include a joint application with the French development agency AFD under the Sustainable Energy Window; one application with the Gates Foundation on digital health under the Digitalisation Window; and an application under the Sustainable Cities Window, which covers both the European Neighbourhood and sub-Saharan Africa. No further calls for proposals for the EFSD guarantee are expected to be issued under the current Multi-Annual Financial Framework (MFF), as no more funds are available.

Further applications to the Africa Investment Platform are expected by end-2019, which is the deadline for funding under the current MFF. These potential applications have been included in the AIP priority pipeline. However, given that blending funds for some regions have been exhausted under the current MFF, there are a number of projects in the EIB's pipeline that are reaching maturity at a time when the availability of grant funds is uncertain, despite these projects being in line with EU priorities.

The Bank was also successful in securing grant financing from the EU-Africa Infrastructure Trust Fund (EU-AITF), the predecessor to the AIP, for an electrification project in Niger. Founded in 2007, the EU-AITF went on to become the largest trust fund under EIB management, with contributions exceeding €800 million. The fund helped finance almost 90 projects through 120 operations.

Caribbean Investment Facility

The Caribbean Investment Facility (CIF) supports sustainable economic growth in the region by unlocking finance for infrastructure projects in the transport, water and sanitation, energy and telecommunications sectors. One EIB-led operation in the Dominican Republic for post-disaster and climate change resilience is currently benefitting from CIF grant support. The Delegation Agreement was signed in December 2018 with the European Commission for a total of €17 million of grant support in the form of technical assistance and investment grants Co-financing opportunities are also being sought, with the EIB or other eligible financial institutions assuming the leading role vis-à-vis the CIF.

Investment Facility for the Pacific

The Investment Facility for the Pacific (IFP) supports inclusive and sustainable growth in the Pacific region. It focuses on infrastructure projects dealing with climate change and green investments in the areas of energy, transport, water and sanitation, the environment and telecommunications. The facility also provides funding for small businesses. At present, the EIB, as lead financier, has two ongoing technical assistance operations under IFP for a total grant amount of €10 million. In Fiji, the goal of the technical assistance is to make the island's power supply system more climate-resilient and contribute to a project preparation study for hydropower development on the Qaliwana River. The second operation in Timor-Leste, for project preparation and implementation in selected sectors of intervention, still has to be relaunched with the Government of Timor-Leste.

Co-financing and crowding-in

Operations co-financed by Development Finance Institutions (DFIs) represent a significant share of the Bank's lending outside the EU. The largest share occurs in the ACP countries and OCTs, with 62% of EIB signatures by volume under the IF and the Bank's own resources in 2018 going to projects benefitting or expected to benefit from DFI co-financing. In total, the Bank contributed €859 million for 17 projects, with a total project cost of approximately €5 billion.

Furthermore, it is estimated that for projects signed in 2018, the ACP Investment Facility was able to attract about 60% in private investment, and 40% in funding from the public sector, playing a catalysing (and to a large extent anchoring) role in operations that focus on private sector development and aim to crowd-in private resources.

The EIB co-financed nine projects with European National Promotional Banks and bilateral DFIs in 2018, namely France's AFD and Proparco, Germany's KfW and DEG, the Netherlands' FMO, and the UK's CDC. The projects in question represent 27% of our total financing in countries covered by the Cotonou Agreement, i.e. €370 million of €1.39 billion. These numbers exclude our own risk facilities and the Republic of South Africa. Our European partners contributed a total of €838 million for these projects, which include the Medical Credit Fund under the IFE, the APIS Growth Fund and the Radiant and Eldosol solar plants.

Cooperation with the United Nations

The EIB is collaborating increasingly with a number of UN agencies in specific sectors. For example, we are working with the United Nations Industrial Development Organization (UNIDO), which focuses on supporting industrialisation and improved value chains, in Ethiopia, where the EIB has been asked by the government to finance two projects relating to the country's industrialisation strategy (Modjo Leather City and the Agri-Business Parks). For the first operation, UNIDO will assist value-chain projects using EC funding. The partnership with UNDP is also expanding rapidly, at both the institutional and operational levels. UNDP intends to play an increasing role in involving development banks and DFIs in the early stages of national development plans to help mobilise international resources. The EIB and UNDP hold regular discussions on operating regions (Africa/Caribbean), and on potential joint operations, in particular under the Green Climate Fund (GCF). Other promising exchanges are developing with the UN Capital Development Fund (UNCDF), the Food and Agriculture Organisation (FAO) and the International Fund for Agricultural Development (IFAD).

Mutual Reliance Initiative

In the ACP countries, 24 operations have adopted the Mutual Reliance Initiative (MRI) approach since the completion of the pilot phase. Three operations had to be withdrawn as the investment project stalled or the lenders' financing approach changed. The EIB is participating in 15 of the remaining 21 operations. The Bank is involved as Lead Financier in seven of these, including water sector projects in the Seychelles, Tanzania and Zambia, an electricity project in Mozambique and a port infrastructure development project in Kenya. Overall, the MRI contributes to building stronger ties with our partners AFD and KfW, and to improving the effectiveness of European finance distributed outside the EU. The initiative facilitates the relationship with project promoters and contributes to reducing their administrative burden. It also inspires the design of other (more limited) cooperation frameworks such as that with the African Development Bank.

WHAT SETS THE EIB APART

The EIB is one of the largest multilateral borrowers and lenders in the world. We are active in around 160 countries, investing in bankable and sustainable projects that create jobs and reduce poverty. The European Union and the EIB set the highest environmental and social standards. We wish to see these values adopted more broadly across the world.

BEYOND LOANS

The Bank stands apart from other financial institutions in four main areas.

Long-term resources adapted to project needs: we use five indicators to determine funding conditions, such as extension of the typical maturity, match with the asset's life, local currency funding (which can account for up to 40% of the Investment Facility), grant elements and innovative products.

Technical contribution: we not only provide financing but also often contribute to improving a project's characteristics in business, developmental, social, environmental or corporate governance terms.

Standards and resource mobilisation: our participation in a transaction adds value by providing a demonstrable catalytic effect, raising standards and mobilising other financial resources, particularly among our European financial partners.

Flexibility: we continually develop innovative financing instruments to ensure that our lending best meets borrowers' needs and addresses financing gaps. Examples include the ACP Migration Package, the ACP Infrastructure Package, Sustainability Awareness Bonds, Green Bonds and the Economic Resilience Initiative.

Sources of funding

The EIB employs different instruments to finance different kinds of operations in sub-Saharan Africa, the Caribbean and the Pacific. In general, our own resources are used for public sector operations, mainly in the infrastructure sector, in the form of senior loans. These funds can also be used for intermediated loans. The envelope for own resource lending is backed by guarantee agreements between the EIB and the individual EU countries. The ACP Investment Facility is geared towards private sector investment. In addition to senior and intermediated loans, we also carry out equity and quasi-equity investments, make junior and subordinated loans, and provide guarantees, interest rate subsidies and technical assistance. The Investment Facility's resources come directly from the EU countries under the 9th, 10th and 11th European Development Funds.

The Impact Financing Envelope is a separate window of the Investment Facility, and is used for higher impact projects that have higher risks with higher returns. This window is used to reach initiatives that go beyond the financial, geographical or sectoral scope of other instruments. It can also be used for loans to financial intermediaries in riskier markets, or for projects in riskier sectors.

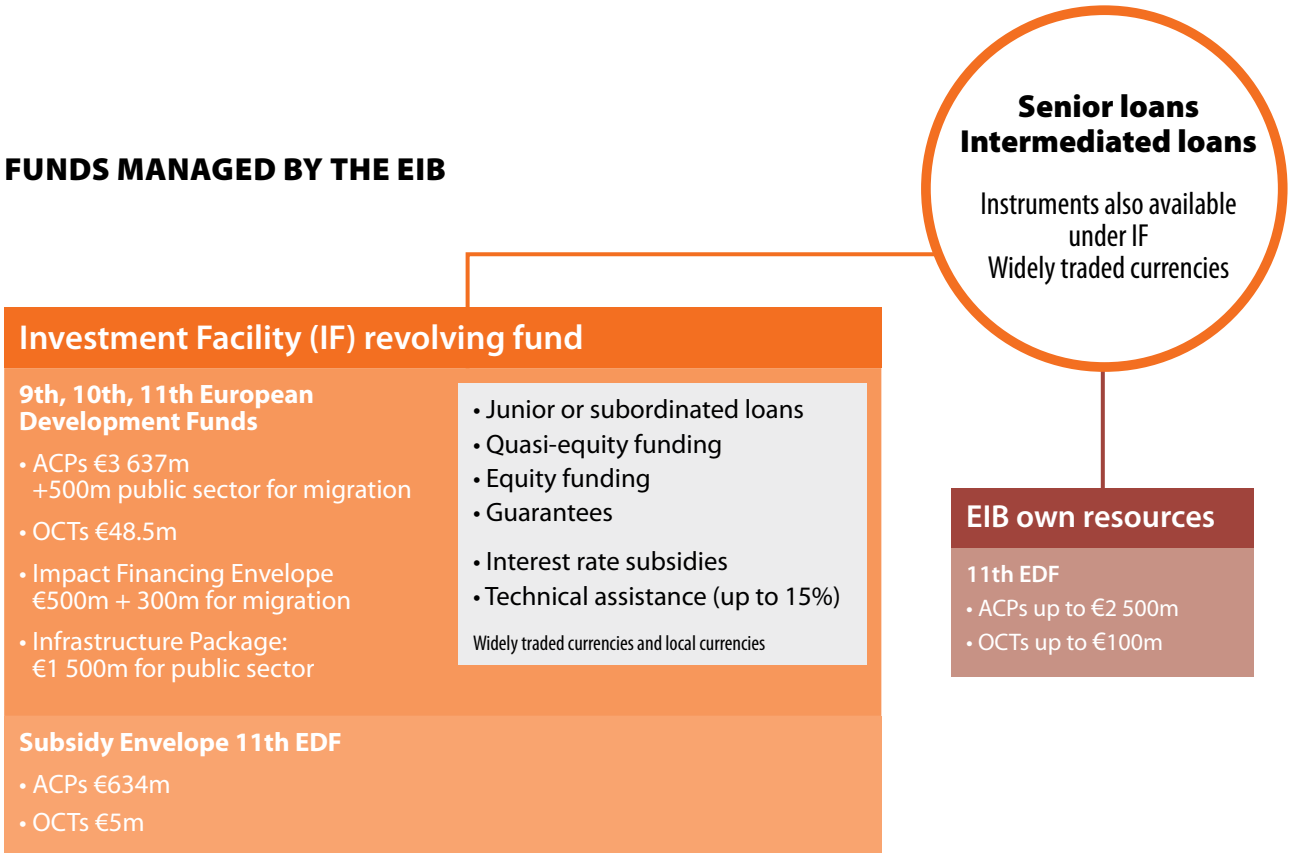
Transparency

The EIB is guided by very high standards when it comes to transparency, as well as institutional respect for democratic accountability. As a public financial institution that is driven by policy, and not by profit, the Bank must be transparent about how it makes decisions and implements EU policies in partner countries.

We are accountable to citizens and must remain credible. Our guiding principles are openness, good governance, participation and democratic accountability. To enhance this, our data are published in line with the International Aid Transparency Initiative (IATI) standard. This is a technical framework for publishing information and data on development cooperation activities. We have been doing this since 2014. Anyone can download from the EIB's website the details on how the information we publish on our activities compares to these international standards.

The EIB launched the public register in the same year. This contains the social and environmental project assessments of our operations. Again, this information is open to everyone.

FUNDS MANAGED BY THE EIB



The Results Measurement Framework

We use the Results Measurement (ReM) Framework to track the results of projects outside the EU, the contribution to EU and country objectives, and the difference that EIB involvement makes relative to what local markets offer. The framework strengthens the appraisal process, supports the monitoring of the project cycle and complements the EIB's due diligence.

At the beginning of the project cycle, we identify indicators for each project and estimate the outputs and outcomes expected. We then monitor the project's performance at different stages of its life. For infrastructure projects, for example, we monitor results at project completion and again three years after completion. An enhanced "ReM+" framework is used for projects financed under our Impact Financing Envelope.

Since this framework was introduced in 2012, about 600 projects have been subjected to ReM assessment at appraisal. Financial sector projects and some infrastructure projects approved under the framework are now reaching completion.

As far as possible, we have harmonised our ReM indicators with those of other international financial institutions to simplify client-reporting requirements for co-financed operations. We have also harmonised indicators with the European Commission within the framework of the EU "blending platform" for development projects that require a mix of grant and loan funding. We work continuously with other development agencies and financial institutions to improve the coordination and harmonisation of the results indicators we use.

ReM Framework

Pillar 1	Checks eligibility under EIB mandates and rates the contribution to the EU and country priorities.	impacts
Pillar 2	Rates the quality and soundness of the operation, based on the expected results.	outcomes outputs
Pillar 3	Rates the expected EIB financial and technical contribution, beyond the market alternative.	inputs

THE COTONOU AGREEMENT AND THE BANK

EIB operations in Africa, the Caribbean and the Pacific (ACP), and those in Overseas Countries and Territories (OCTs), are carried out under the ACP-EC Partnership Agreement (the "Cotonou Agreement", 2000-2020), and the Overseas Association Decision, the legal framework for EU relations with these regions. Financing under these agreements is provided from the European Development Fund (EDF) – EU countries' budgets – and the EIB's own resources, which the Bank raises on the international capital markets.

The Bank is entrusted with the management of the Investment Facility, a revolving fund that meets the financing needs of investment projects in the regions with a broad range of flexible risk-bearing instruments. To support the preparation and implementation of the projects it finances, the EIB is also able to provide grants in the form of interest rate subsidies and technical assistance to its borrowers and final beneficiaries.

Under the Cotonou Agreement (signed in 2000, revised in 2005 and 2010), the central objective of ACP-EU cooperation is poverty reduction, sustainable development, and the progressive integration of the ACP countries into the world economy (Article 19.1).

The agreement further provides that "ACP-EU cooperation strategies [...] shall aim at achieving rapid and sustained job-creating economic growth, developing the private sector, increasing employment, improving access to productive economic activities and resources, and fostering regional cooperation and integration." (Article 20.1)

In line with the EU Consensus on Development, the UN Millennium Development Goals and now the UN Sustainable Development Goals, the EIB's activities in the ACP support projects that deliver sustainable social, economic and environmental benefits while ensuring strict accountability for public funds.

ORGANISATION AND STAFFING

The Global Partners Department manages all of the Bank's activities in sub-Saharan Africa, the Caribbean, the Pacific, the Republic of South Africa and the Overseas Countries and Territories.

The department is also responsible for implementing ACP-relevant activities under special mandates. In addition, staff in the Projects Directorate, General Secretariat, Mandate Management Department, Transaction Management and Restructuring, Monitoring, Equity and Microfinance, Trust Funds and Blending and Legal services are also dedicated to ensuring the success of ACP operations.

At the end of 2018, there were nearly 100 staff members working on ACP operations. They are divided between the EIB's Luxembourg headquarters and the external regional offices and desks in the ACP regions.

The EIB's external representations help promote the Bank's activities, covering institutional relations, business development and the monitoring of the project cycle. They also manage relationships at all levels of decision-making in the public and private sectors.

The EIB has six regional representations covering West, East and Central Africa, Southern Africa and the Indian Ocean region, the Caribbean region and the Pacific. The representation in Addis Ababa covers Ethiopia and relations with the African Union.

The first two EIB desks for the ACP regions were set up in 2017 in Barbados and Dakar to strengthen the EIB's local outreach.

The EIB shares space, when possible, with EU offices. Such arrangements exist in Abidjan, Addis Ababa, Yaoundé, Barbados and Dakar.

No more external offices or desks will be opened until there is greater clarity on the future of the Cotonou Mandate.

COTONOU BENEFICIARY COUNTRIES

AFRICA

- Angola
- Benin
- Botswana
- Burkina Faso
- Burundi
- Cameroon
- Cape Verde
- Central African Republic
- Chad
- Comoros
- Congo
- Democratic Republic of Congo
- Côte d'Ivoire
- Djibouti
- Equatorial Guinea*
- Eritrea
- Ethiopia
- Eswatini
- Gabon
- Gambia
- Ghana
- Guinea
- Guinea-Bissau
- Kenya
- Lesotho
- Liberia
- Madagascar
- Malawi
- Mali
- Mauritania
- Mauritius
- Mozambique
- Namibia
- Niger
- Nigeria
- Rwanda
- São Tomé and Príncipe
- Senegal
- Seychelles
- Sierra Leone
- Somalia
- South Africa**
- Sudan*
- South Sudan*
- Tanzania
- Togo
- Uganda
- Zambia
- Zimbabwe

CARIBBEAN

- Antigua and Barbuda
- Bahamas
- Barbados
- Belize
- Cuba*
- Dominica
- Dominican Republic
- Grenada
- Guyana
- Haiti
- Jamaica
- Saint Kitts and Nevis
- Saint Lucia
- Saint Vincent and the Grenadines
- Suriname
- Trinidad and Tobago

OCTS

- Anguilla
- Aruba
- Bermuda
- Bonaire
- British Antarctic Territory
- British Indian Ocean Territory
- British Virgin Islands
- Cayman Islands
- Curaçao
- Falkland Islands
- French Polynesia
- French Southern and Antarctic Territories
- Greenland
- Montserrat
- New Caledonia and Dependencies
- Pitcairn
- Saba
- Saint Barthélemy
- Saint Helena and Dependencies
- Saint Pierre and Miquelon
- Sint Eustatius
- Sint Maarten
- South Georgia and the South Sandwich Islands
- Turks and Caicos Islands
- Wallis and Futuna

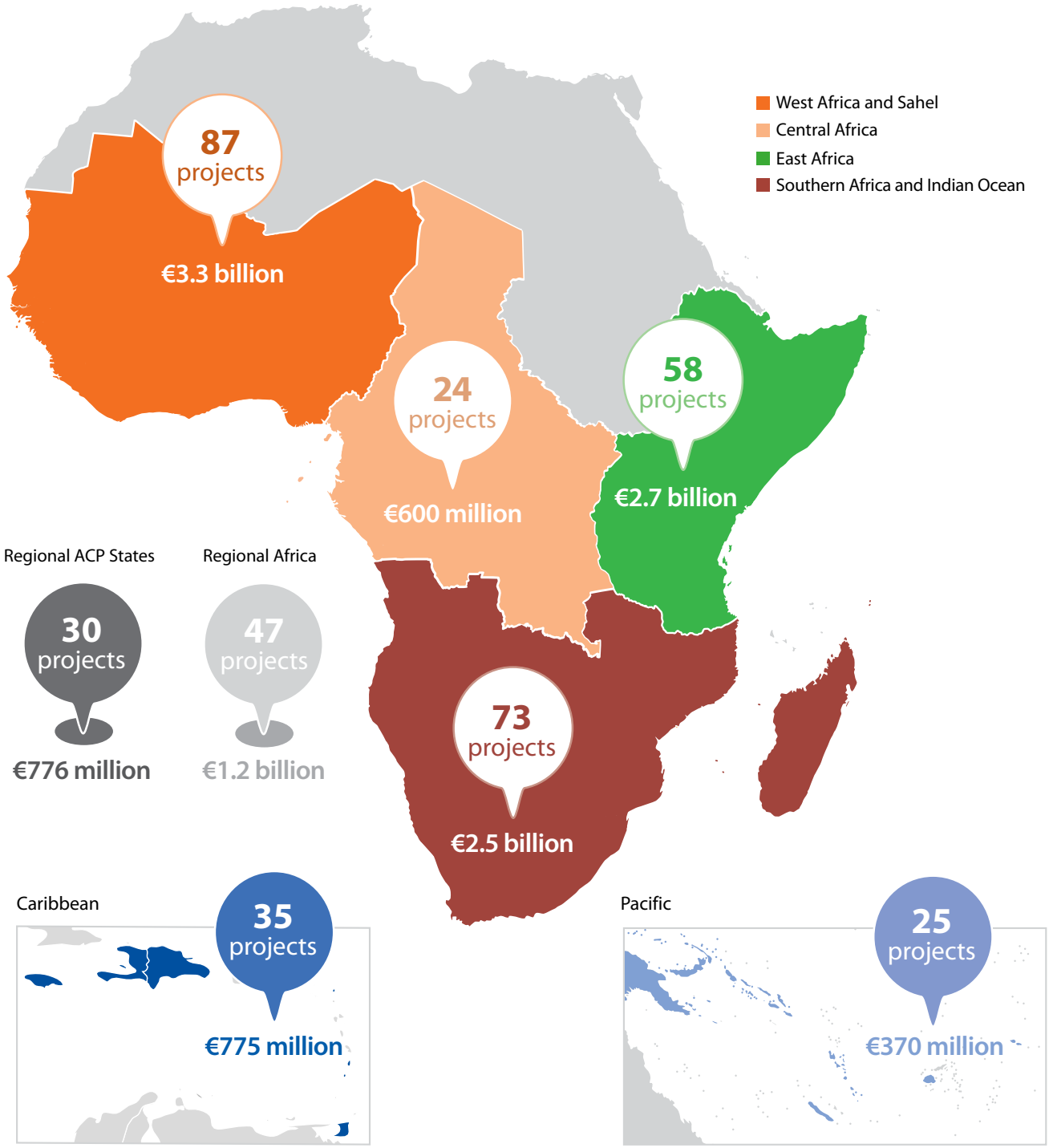
PACIFIC

- Cook Islands
- Fiji
- Kiribati
- Marshall Islands
- Micronesia
- Nauru
- Niue
- Palau
- Papua New Guinea
- Samoa
- Solomon Islands
- Timor-Leste
- Tonga
- Tuvalu
- Vanuatu

* ACP country not signatory to or not having ratified the revised Cotonou Partnership Agreement.
** RSA: although part of the ACP regional grouping and signatory to the Cotonou Partnership Agreement, South Africa receives assistance from the EIB under a different mandate.

OUR OPERATIONS UNDER THE COTONOU MANDATE IN FIGURES

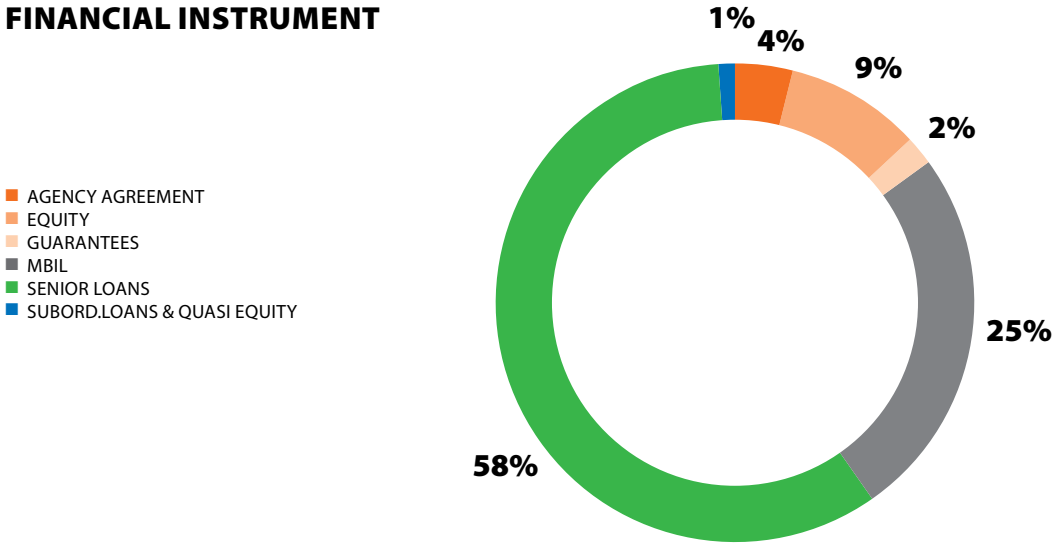
REGIONAL BREAKDOWN SINCE 2003



CUMULATIVE SIGNATURES UNDER COTONOU IF AND OR, ACP AND OCT (FROM 04/2003 TO 12/2018)

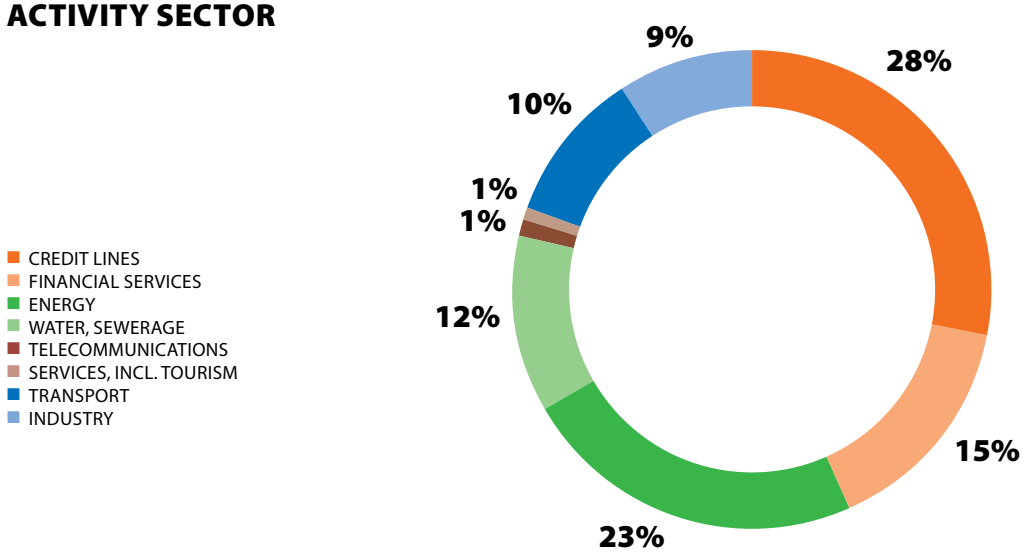
BREAKDOWN BY FUNDS

BREAKDOWN BY FINANCIAL INSTRUMENT

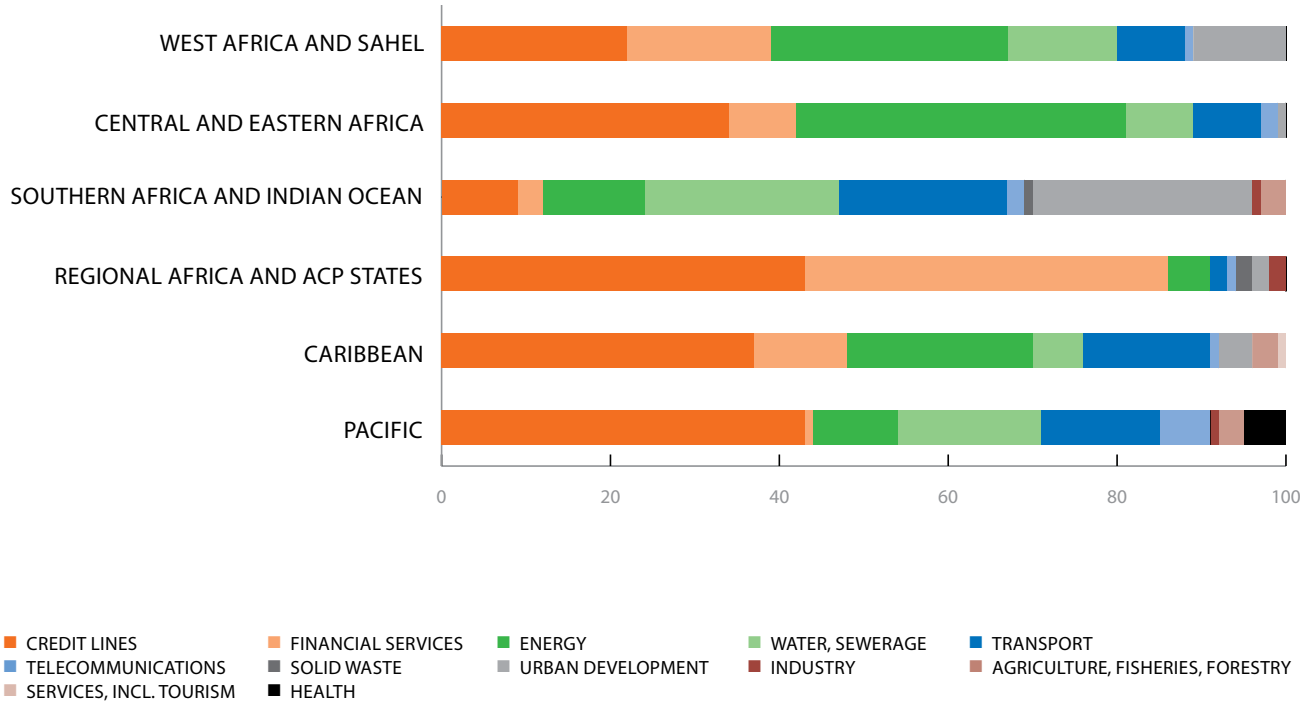


PRIVATE SECTOR VS PUBLIC SECTOR

BREAKDOWN BY ACTIVITY SECTOR



BREAKDOWN BY SECTOR AND REGION



THE YEARS AHEAD

MARIA SHAW-BARRAGAN, DIRECTOR OF THE EIB GLOBAL PARTNERS DEPARTMENT

If I look back over the last year, indeed the last 17 years, what really strikes me about the EIB's lending in sub-Saharan Africa, the Caribbean and the Pacific is how much our projects have changed and diversified. As the priorities of the ACP regions and the EU Member States' development policies have changed, the EIB's role has also evolved. We are responding more proactively to people's needs on the ground.

Thanks to our climate strategy, we are taking a more holistic view of our projects' impacts on the environment. The EIB is aligning its activities with the Paris Agreement, along with our peer institutions. We consider the climate and risk factors in each project. With our gender action plan, we also take into account the needs of women and girls across the world and promote more inclusive financing. This is the right thing to do, and it also makes financial sense. For economies to develop sustainably, it is illogical to marginalise half of the population.

We are doing more for fragile economies, the countries that face difficulties arising from conflict or natural disasters. Working with other financiers and European partners allows us to diversify more in new countries and new sectors and put more funding to work for the benefit of people.

As our instruments have evolved and we have been able to take more risks for more impact, our operations have become more targeted and more specialised. This has given the EIB a versatility that we did not have before and that is timely: Africa is a continent in transformation. A young generation is emerging with ambitions and ideas to make things better for themselves and their communities. These women and men have so much potential, but the conditions for them to thrive are not in place. In the Caribbean and the Pacific, we are also bringing about a more conducive business environment and more resilient infrastructure.

Over the coming year, the EIB wants to help ensure a successful conclusion to the Cotonou Mandate. We want to ensure that the instruments at our disposal, the ACP Investment Facility, the Infrastructure Package and the Impact Financing Envelope, continue to be used for high quality and diverse projects across many sectors. Discussions are continuing, but the right steps are being taken to make an orderly transition.

For the longer term, we hope to forge closer ties with our partners at the European External Action Service and the European Commission as we seek to maintain our role as the European Union's financing arm for sub-Saharan Africa, the Caribbean and the Pacific.

AFRICA CARIBBEAN PACIFIC
AND THE OVERSEAS COUNTRIES AND TERRITORIES

ANNUAL REPORT 2018

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The EU bank

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EN 06/2019