



## Investing in Central Africa

The European Investment Bank has been active in Central Africa since 1965. During this period, we have invested more than EUR 1.3bn (XAF 853bn) in over 130 separate projects. The Bank's regional office for Central Africa opened in Yaoundé, Cameroon, in October 2016, bringing us closer to our clients, potential clients and partners in the region, and our colleagues at the EU Delegation.

### Investing for real impact

The EIB is the financial arm of the European Union and is owned by the EU Member States. Our role in Central Africa is to provide financing for viable projects which adhere to our standards and support the EU's policy objectives and regional strategies. The EIB catalyses investment and has a genuine impact on the ground, making a difference to people's lives. Our overall priorities are private-sector development, basic and essential infrastructure, climate action and regional integration. Currently, we carry out our operations under the Cotonou Mandate, which allows EIB investments in Africa, the Caribbean and the Pacific to be covered by a special guarantee from the EU Member States.





Since the Cotonou Mandate came into force in 2000, the Bank has invested almost EUR 540m (XAF 354bn) in 22 projects in Central Africa. The EIB supports the implementation of the Sustainable Development Goals and we are eager to work with our partners, forge new relationships and leverage more investment in order to ensure the world succeeds in achieving these goals between now and 2030.

## Laying the foundations

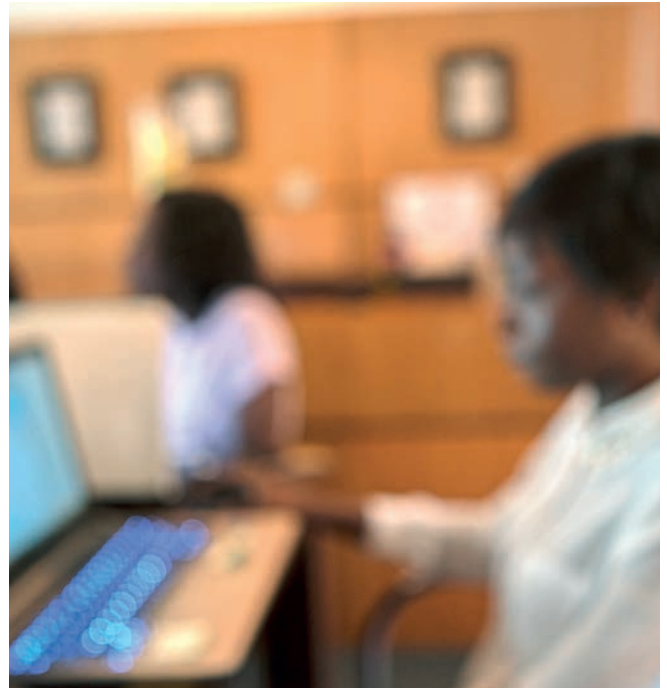
Supporting the private sector is the most effective way to create good jobs and promote sustainable economic development for young and growing populations, but small businesses need certain conditions to thrive. The EIB therefore invests in building capacity in financial sectors, both to address gaps in financing for businesses and to boost capabilities in the financial institutions themselves. EIB loans typically have more flexibility and longer tenors than commercial market alternatives, thus promoting economic diversification, and the Bank also lends directly to larger corporate companies looking to expand in Central Africa or establish a presence in the eight countries in the region.

By funding infrastructure projects in areas such as sustainable energy production, electricity distribution, water and sanitation and transport, the Bank and its partners are laying the foundations for economic development. In addition, we also invest in ICT infrastructure and mobile technology, which are of critical importance to urban and rural populations alike.

## Green and inclusive

Climate change is one of the great global challenges of our times and Central African countries are very vulnerable to its effects. As the world's largest climate financier, the EIB has made climate action a priority and has pledged to increase investments in climate change mitigation and adaptation projects from 25% to 35% of total lending volumes outside the EU by 2020. This includes clean energy projects (mitigation) and also measures to upgrade water and transport infrastructure and connect more people to modern electricity distribution infrastructure (adaptation).

The EIB is also keen to invest in projects which promote regional integration. This can apply across the financial sector, extending credit lines to multiple beneficiary banks and financial institutions, and also to physical infrastructure as part of a regional scheme. These can be cross-border power schemes and transport facilities, which promote safe and more efficient travel from one place to another. Further examples are road networks and airline hubs that facilitate trade between countries and regions, as well as between urban and rural environments.



## Boost Africa

The EIB has teamed up with the African Development Bank and the European Commission and invested EUR 50m (XAF 33bn) to create Boost Africa, a project which will blaze a trail in the development landscape on the continent by bringing funding and advice to African entrepreneurs in the technology and innovation sectors. Targeted sectors include agribusiness, financial services, healthcare and renewable energy. This initiative is open to funds operating in our partner countries across the African continent, and will provide real momentum to the emerging venture capital scene here.

**The EUR 250m (XAF 164bn) facility will leverage EUR 1bn (XAF 656bn) of new investment by investing in funds which in turn invest in businesses.** As a result, it will support 1 500 small, cutting-edge start-ups and innovative businesses, and help create 25 000 direct and 70 000 indirect jobs, while bringing a platform to Africa's next generation of technology companies and business leaders. It is hoped that Boost Africa will really kick-start a sector primed for huge growth and opportunity throughout the continent as a whole, including Central Africa.



## Vital clean energy in Cameroon

While Cameroon possesses considerable wealth in terms of natural resources, the electricity supply is scarce and unreliable despite the country's significant potential for hydropower generation. As it stands, only 50% of Cameroonians have access to electricity, but this is a situation the country is addressing.

A EUR 30m (XAF 19.7bn) loan from the EIB, together with the World Bank, Agence Française de Développement, the African Development Bank and the Central African States Development Bank, is financing the construction of the Lom Pangar dam, a 46 m high regulating facility on the Sanaga river, a 30 MW hydropower plant at the foot of the dam and a 105 km high-voltage transmission line for the rural electrification of the east of the country. The project includes a technical assistance component to support the implementation by local utilities.

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

## Financing small businesses in the Democratic Republic of Congo

Small businesses are the driving force for any economy, and yet in the Central African region they are often underserved due to capacity shortfalls in local financial sectors. A lack of penetration for local banks means that it is very difficult for these small businesses to access the credit they need to evolve. One way of addressing the issue and bridging the finance gap is microfinance. The EIB has invested in several funds which in turn invest in local financial institutions. This can be done in several different ways, but the desired impact is the same: to bring funding to those small businesses in the form of micro and small loans, and provide the means for them to bank their earnings safely.

Taking the Democratic Republic of Congo as an example, the Bank is an investor in the European Solidarity Financing Fund for Africa, known as FEFISOL. This fund supports a range of financial institutions across Africa, including PAIDEK (Promotion et Appui aux Initiatives de Développement Économique du Kivu), which is dedicated to improving lives in northern and southern Kivu by providing small loans to urban and rural micro-enterprises. These can be smallholder farmers, growers, traders and artisans. Around 50% of the beneficiaries of loans from PAIDEK are women, and the institution can also hold savings, making it an available first port of call for more formal banking services.



### Countries in Central Africa

- Cameroon
- Chad
- Congo
- Central African Republic
- Democratic Republic of Congo
- Equatorial Guinea
- Gabon
- São Tomé and Príncipe



## About the EIB

The EIB is the bank of the European Union and is owned by its shareholders, the 28 EU Member States. In a typical year, we invest around EUR 75bn in over 400 sound, good quality projects around the world.

The EIB is committed to supporting European Union development policies outside the European Union. Under the Cotonou Agreement and the Overseas Association Decision, our priorities for Africa, the Caribbean and the Pacific (ACP) are set out in line with the EU Agenda for Change.

The Bank deploys several funding sources in Central Africa. These are the ACP Investment Facility, including an Impact Financing Envelope for highly developmental projects, and our own resources.



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