



The EIB is contributing to development across Africa, the Caribbean and the Pacific

The EIB's involvement in the African, Caribbean and Pacific States and overseas dependencies concentrates on activity that fosters private sector initiatives and promotes economic growth, whilst benefiting the wider community and region. Public sector projects are supported where they are crucial for private sector development and for creating a competitive business environment. Projects are selected to deliver sustainable economic, social and environmental benefits.

The EIB operates in these regions under the Cotonou ACP-EU Partnership Agreement, the Trade, Development and Cooperation Agreement with the Republic of South Africa, the Overseas Association Decision and the European Consensus for Development.

Recent developments

In 2009, the European Investment Bank increased its support by providing EUR 863.3m for infrastructure, the development of the financial sector and regional integration activities in 29 development projects in Africa, the Caribbean and the Pacific. It also supported four new projects totalling EUR 280m in the Republic of South Africa, bringing total signatures to EUR 1.1bn in 2009.

The Bank provides a broad range of financing instruments, including loans, guarantees and risk capital, for African, Caribbean and Pacific projects, using repayable aid from the European Development Fund via the Investment Facility. EU aid for financing development cooperation in these areas is mainly channelled through the European Development Fund. Financing for EIB operations under the ACP-EU Partnership Agreement and Overseas Association Decision is provided from EU Member States' budgets alongside EIB own resources, which the Bank manages on a self-financing basis by borrowing on the international capital markets. Loan signatures under the Investment Facility increased from EUR 336.3m in 2008 to EUR 450.1m in 2009. A further EUR 413.2m was provided for ACP projects from the Bank's own resources in 2009, compared with EUR 224.8m in 2008.

To optimise the investment impact and efficiency, 72% of African, Caribbean and Pacific projects, excluding those under the South African mandate, were financed with other European and international development finance institutions. Activities also focused on cross-border schemes, promoting greater economic integration and access to funding for smaller states that did not have suitable investment activities by themselves. Such projects represented 41% of signed commitments. Recognising the economic impact of the private sector, 76% of investments were in this field. Some 59% of projects were focused on the financial sector, including microfinance and investment funds, and helped to strengthen and diversify local financial markets.

Responding to the challenges of the economic crisis around the world: the global financial turmoil has interrupted sustained economic growth in sub-Saharan Africa, the Pacific islands and parts of the Caribbean. For this reason support for the private sector remains paramount. The EIB expects to increase lending to help restore confidence and provide the basis for future growth.

Investing with and for partner countries – EIB support for regional equity funds: the Bank supports local entrepreneurs and businesses through venture capital, early-stage investment or expansion funding. By providing long-term capital through investment funds and similar vehicles, the Bank not only supports economic growth and the development of the financial market but also encourages the transfer of skills and good governance in local businesses. The EIB participates in the GroFin Africa fund, the largest growth finance fund in Africa, which is helping more than 500 companies over a five-year period.

Greater sectoral focus and institutional best practice: the Bank prioritised infrastructure initiatives, notably regional trade corridors. Projects that strengthened cooperation with financing partners, donor agencies and the European Commission were given priority. Where possible, efforts were made to harmonise the appraisal and



monitoring of projects with other donors to encourage greater efficiency and reduce the administrative burden on recipients.

Responsible financing of mining operations: projects in the mining sector bring value to indigenous natural resources, increasing export revenues and generating fiscal income for the country through royalties and corporate taxes. These projects create permanent direct and indirect jobs, offer training that contributes to local skills, and provide health, education and sanitation infrastructure to local communities. The EIB has funded a number of mining operations in Africa and the Pacific that have contributed to economic growth, reduced toxic emissions or improved environmental standards. Through transparent disclosure of these operations the Bank monitors taxes paid in relevant jurisdictions. The European Investment Bank is closely involved in the Extractive Industries Transparency Initiative –, the global mining transparency standard aimed at distributing the benefits of natural resources and encouraging companies to publish what they pay and governments to disclose what they receive.

As for 2010, the EIB is committed to performance and stands ready to embrace the challenges and changes that will flow from the review of the Bank's external mandates, the mid-term review of the Investment Facility and the second revision of the ACP-EU Cotonou Partnership Agreement. The Bank will continue to highlight climate change mitigation activities in areas where other daily challenges may prove a distraction and to promote energy efficiency, renewable energy generation and help adaptation to climate change. Given the wealth and diversity of intriguing investment opportunities, the region's natural and human assets and ambitious policy and institutional reforms embarked upon in recent years, the EIB is convinced that African, Caribbean and Pacific economies will recover rapidly. Support for countries to cope with the crisis will continue. The European Investment Bank will continue to back good projects and emphasise best practice, even in difficult environments where institutions may be weak and risks are high. The Bank will, now more than ever, strive to make a difference in areas where it has the remit, expertise and suitable financial instruments.

Key projects in 2009

Throughout 2009 the EIB's activities in the African, Caribbean and Pacific States focused on two specific areas: infrastructure (including energy, and climate change mitigation and adaptation activities) and the financial sector. Indeed, many projects were intended to help develop the financial sector. This included supporting microfinance and reform of the banking sector. The Bank also participated in a number of multilateral initiatives to help developing countries cope with the economic crisis, such as the "Joint Action Plan for Africa." Key projects included:

- **Climate change mitigation in Vanuatu:** a EUR 4.3m loan and interest rate subsidy for the country's first wind farm. The EIB's contribution represented 75% of the project cost, a higher than usual share, as envisaged under the Bank's climate change strategy. Once installed, 10 new wind turbines will provide renewable energy for the capital and reduce the use of imported diesel, diversify sources of electricity supply, cut the cost of maintaining generators and lower CO₂ emissions. Lower costs will be passed on to consumers through lower tariffs. The turbines are also designed to fold and withstand tropical typhoons, a major hazard in this part of the Pacific.
- **Boosting regional integration in Mozambique:** EUR 65m rehabilitation of the port of Beira and the strategic rail link with the southern African network after 20 years of civil war. Cooperation with the World Bank, the Danish Development Agency and other development institutions.
- **Increasing safe water supply in Cameroon:** EUR 40m of funding and technical assistance, with AFD co-financing, to provide access to drinking water for 380 000 people in Yaoundé and across Cameroon through a large-scale post-privatisation investment programme and develop a pioneering national wastewater master plan.
- **Promoting clean energy and economic growth in Benin and Togo:** EUR 35m to increase the electricity generating capacity of the binational public utility, improve supplies, and reduce the use of generators and network losses. Increasingly close donor cooperation, with shared EIB, KfW and International Development Agency monitoring.



- Promoting reform of the sugar market and coping with the challenges of global markets in Mauritius: EUR 28m to restructure the local sugar industry, enable the refining of high-value white sugar for export and consolidation of production in two modern regional sugar refineries with associated social schemes, following the Port Moresby Reforms concerning global sugar price protection.
- Regional cement production in a state-of-the-art plant in Namibia: a EUR 82.3m loan to fund the country's only cement plant. Creating livelihoods for 1 200 people and promoting regional exports and the use of alternative fuel sources, the plant will reduce the local cost of cement, use state-of-the-art European production techniques and comply with environmental, emissions and safety best-practice standards.
- First public-private partnership in the Dominican Republic: a EUR 32m loan for a 130 km toll road funded by the EIB, the Inter-American Development Bank, and French and regional development agencies. A key transport link to a remote part of the Caribbean island, agreed during severe economic turmoil.
- Renewable energy, cogeneration and energy efficiency in South Africa: EUR 40m for a dedicated energy efficiency loan to enhance economic development and South Africa's contribution to combating climate change through small and medium-scale projects.

The EIB's response to the Haitian earthquake

The Bank will contribute its resources and expertise to helping the Haitian people rebuild their country and provide long-term support for reconstruction and development through a specific project (currently being identified).

For further information on the EIB, visit its website www.eib.org

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