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President of the European Investment Bank

Opening address

Africa Day 2018

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Addis Ababa

Check Against Delivery
Seul le texte prononcé fait foi
Es gilt das gesprochene Wort

Thank you, Mr. Diong!

President Sahle-Work

Director General Li,

Chairperson Faki Mahamat,

Distinguished guests,

Colleagues,

It is a great pleasure to welcome you all to the 4th EIB Africa Day in Addis, co-hosted this year by UNIDO [the United Nations Industrial Development Organization].

The EU Bank is delighted to be here in Ethiopia, and we are grateful for your hospitality.

We are also delighted to partner with UNIDO, as we work together to strengthen Africa's industrial base, and the opportunities for inclusive private sector development.

Ladies and Gentlemen,

Africa's youth provides it with an enormous demographic dividend.

Half of the population of Sub-Saharan Africa is below 25 years of age. By 2035, the flow of people reaching working age in Sub-Saharan Africa will exceed that of the rest of the world combined.

Moreover, Africa is diverse, with great potential across sectors, regions and industries.

We must help this potential flourish!

But the pace of economic growth and job creation is insufficient to meet the pressing needs of the continent and turn a corner on extreme poverty.

It is on the African continent, that investment needs are the greatest.

And it is on the African Continent that we must step up our efforts the most, in order to attain the UN Sustainable Development Goals.

Remember how proud we all were when the Sustainable Development Goals were approved by the United Nations. How are we doing in achieving those goals? I would say we are on the right track but behind schedule. We must accelerate, speed up our efforts. Just like we must accelerate the implementation of the Paris Accord.

Indeed, to achieve the Sustainable Development Goals, up to USD 2.5 trillion annually of additional investment is needed in developing countries alone.

No amount of public funds and grants can bridge this gap! You will never be able to finance the Sustainable Development Goals by raising taxes.

We need to have the right structures in place to facilitate private sector development and 'crowd-in' private sector finance for public goals.

Together, we need to support a shift from aid to investment... from poverty to prosperity!

As the EU Bank, and as the investment arm of EU external action, we are deeply committed to this.

Ladies and gentlemen,

This year, the EIB is celebrating its 60th anniversary. For 55 of these 60 years we have been active on the African Continent.

The Bank's first investment in Sub-Saharan Africa was in 1963, when we supported a banana packaging and export business in the Côte d'Ivoire. Since then the EIB has supported around 1300 projects on the continent.

Across Africa, the Bank supports projects in all regions and multiple sectors using an array of financing instruments.

These include the ACP Investment Facility, which catalyses investment in private sector projects, as well as the EU-Africa Infrastructure Trust Fund, which provides grant funding to get complex infrastructure projects off the ground.

In addition, the EIB has designed and implemented the EUR 500 million Impact Financing Envelope, which supports higher risk, high-impact projects.

We also invest our own resources in Africa, mainly for public sector initiatives.

In North Africa, the Bank works actively within the framework of the European Union's External Lending Mandate and EU Neighbourhood Policy.

Ladies and gentlemen,

At the Bank we place private sector development, the engine for sustainable economic growth and jobs, at the forefront of our operations. Indeed, almost two thirds of EIB's recent activity in Africa has targeted the private sector.

Access to finance and financial inclusion are critical for the development of our partner countries in Africa, and the EIB approach is very comprehensive.

We provide the necessary financing to cover a wide range of requirements - from microfinance to equity to long-term finance. And we combine this with capacity building for financial intermediaries and entrepreneurs themselves.

A unique value proposition of the EIB is the fact that we operate globally in developed and less developed markets. This enables us to take decades of in-depth experience with complex projects and structured finance and share these lessons across partner countries.

The way we are doing things at the Bank is also changing.

We are focusing on impact, adding more upstream advisory services and capacity building measures, in addition to blending our financing with grant money where required.

In the case of the Economic Resilience Initiative, EIB is responding to the migration crisis systematically: by investing in particular in the private sector, small businesses and entrepreneurs, as well as the conditions to help their development.

This is something we are doing in other areas too. The potential benefits of the Boost Africa initiative are enormous.

We are empowering the next generation of business leaders and providing the platforms for them to develop their ideas. In terms of local job creation and innovation, these cutting-edge projects yield the best results.

Ladies and gentlemen,

In the last four years, we have provided close to EUR 10bn of financing to the continent, mobilizing investments of close to EUR 30bn.

With this, we are having a significant impact on private sector development and the lives of millions.

We have invested in 217 microfinance institutions with over 4 million clients, and supported 302 high potential African companies through equity funds, creating 77,600 jobs.

All of these activities enable the private sector to thrive, and create the diverse and vibrant economies upon which Africa's future will be built.

Dear friends, this is what has brought us here today. The central theme of today's conference is Sustainable Industrialisation in Africa.

We could not have asked for a better co-organiser for this event than UNIDO. Our organisations are working together on some very interesting projects on the ground.

Sustainable Industrialisation is an area that has huge potential for job creation.

One area of potential is in the creation of industrial zones. We have seen this in a recent project in Lebanon, where land prices are high and it is difficult to find financing. In addition, many industrial areas around the country lack proper access to electricity, communications and transport.

The Bank is supporting a government plan to build three modern industrial zones in an aim to attract companies. Early results seem encouraging.

We are looking at similar operations in Morocco, Senegal and Cote d'Ivoire, as well as here, in Ethiopia.

But, we cannot just invest in plants or infrastructure. We must invest in people too!

One of the best means we have to do this is to invest in universities, technical and vocational schools alongside our projects.

Africa needs more investment in human capital so that local knowledge and expertise can flourish.

Investing in human capital, while strengthening the appropriate legal and regulatory frameworks, will enhance project quality, improve sustainability and create an even brighter future for the African continent.

One of the findings of the EIB Banking in Africa report released today is unsurprisingly that access to finance remains at the top of the list of constraints for companies in Sub-Saharan Africa.

Another is that the importance of strengthening the legal, regulatory and supervisory structures in the financial sector cannot be overstated.

As Sub-Saharan economies continue to recover, there will be an increased need to deepen the regions financial sectors, which will require a stronger focus on governance.

Ladies and gentlemen,

EIB is fully committed to supporting Ethiopia and Africa.

We are proud to have brought together so many inspiring young people and women for Africa Day, which reflects the kind of inclusive growth we want to support alongside our regional partners.

I enthusiastically welcome the Ethiopian government's efforts in this regard and congratulate the new President on her decision to prioritise gender equality and equal opportunity.

In Addis today, I will be signing a new operation to do just that - the Ethiopia Women Entrepreneurship Development Project - which aims to help women-owned micro and small enterprises.

In recent years, we have financed several excellent projects here in Ethiopia.

We have been working very closely with the Ministry of Finance and Economic Cooperation to support access to finance for SMEs, collaborating with our friends from the World Bank and the Development Bank of Ethiopia.

Together with Agence Française de Développement and the Italian Development Cooperation, we provided EUR 81 million to improve water services around the country benefitting more than 120 000 households.

We are always looking for local talent!

Last year we invested USD 10 million of equity in Cepheus Growth Capital Fund, founded by two Ethiopian born partners. This fund will invest in private sector companies all over Ethiopia

involved in manufacturing, consumer goods, agriculture and agro-processing.

And we are always looking for game-changing investments. For this reason, I am very proud of the EUR 4 million direct equity investment in M-BIRR, the first mobile money service in Ethiopia.

As you are aware, M-BIRR allows its customers to perform a wide range of financial transactions conveniently, in a fast and safe manner, just by sending a text from their mobile phones.

Instead of spending an entire day trekking to a Bank, people can now walk to a nearby agent, usually local shop owners, to make a withdrawal using a mobile phone.

They can also send money to family members living far away quickly and without having to miss a day at work.

This is fantastic!

Technology is a clear driver of change as it enables new business models that disrupt and drive the innovation cycle. We must embrace this!

Ladies and gentlemen, colleagues and friends,

Sustainable industrialisation is of huge importance to Africa.

Funding innovative production methods will improve output and efficiency. Investment across value chains can create vibrant centres of excellence across the continent and help Africa deliver on its promise of inclusive growth and employment.

The EIB is very eager to support these efforts and work directly with UNIDO, leveraging on UNIDO's expertise, and our development banking know-how, in order to bring bankable investment projects to the market.

I look forward to listening to you over the course of today. Learning from you where you see the challenges and potential for Africa's industrialisation.

EIB is fully dedicated to investing in high quality, sustainable projects that strengthen Africa's private sector development.

... projects that boost Africa's growth potential.

... that further inclusive job creation for men and women alike,

... and make a difference in peoples' lives.

We will continue to serve as a long-term financing partner for Africa for decades to come, working with our EU colleagues and our peer institutions on great projects.

Thank you very much. And have a great day!