2020

AFRICA CARIBBEAN PACIFIC

AND THE OVERSEAS COUNTRIES AND TERRITORIES

European Investment Bank
The EU bank

EUROPEAN INVESTMENT BANK

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Annual Report 2020 on European Investment Bank Activity in Africa, the Caribbean, the Pacific, and the Overseas Countries and Territories

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Our investments support sustainability everywhere, including in the oceans, where the rich diversity of coral reefs is threatened by human activity and climate change. Coral reefs are an essential ecosystem. About 25% of all ocean fish depend on them. They protect the coasts and provide a source of income for millions of people. For a long time, their degradation was ignored. Now they symbolise the shift in thinking needed to stop climate change. That's why they deserve a place on the covers of our major reports this year.

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THE EUROPEAN INVESTMENT BANK's annual report on Africa, the Caribbean, the Pacific, and the Overseas Countries and Territories offers an overview of our work to fight poverty and develop economies through investment tools that support private and public sector projects.

Africa, the Caribbean and the Pacific are vastly different regions that face different challenges and need different solutions. What they have in common is a need for investment. This has been brought into sharp focus by the COVID-19 pandemic, but everything is connected: a lack of basic infrastructure impedes the development of companies which, in turn, is a barrier to improving quality of life. We need to keep investing in climate resilience, renewable energy, healthcare, sustainable transport, water and sanitation and telecommunications, as well as supporting the small businesses that drive economies forward.

The European Investment Bank is helping African, Caribbean and Pacific countries create vibrant and sustainable economic growth. In 2020, our total signed deals in these regions reached €2.1 billion.

We assist areas of society that are sometimes forgotten — young people, women and girls, in big cities or in small villages. We want to create opportunities for all to succeed.

In this report, you can meet the people who are making a difference for themselves and for others. There are stories on the Bank's rapid response to the COVID-19 pandemic as well as healthcare challenges in Africa. We speak to Achim Steiner, administrator of the United Nations Development Programme, about the next steps for achieving the Sustainable Development Goals, and how the coronavirus pandemic is making institutions like ours work together to speed up development impact. There are stories about how we are supporting female entrepreneurs in the Dominican Republic and how we are part of a European effort to bring financing to farmers in Malawi.

CONTENTS

FOREWORD

Ambroise Fayolle
Vice-President
European Investment Bank

Thomas Östros
Vice-President
European Investment Bank

For many of us, 2020 has been the most challenging year of our lifetimes. The COVID-19 pandemic has had grave consequences across the world. The loss of millions of people is by far the most serious consequence, but the effects of the pandemic on day-to-day life, on our economies and on global development will be felt for years to come. We must continue to work together in partnership. It is the only way that we can lessen the worst impacts of the crisis and emerge into a strong recovery.

We are putting our financing to work as part of Team Europe to increase assistance around the world and develop more partnerships. In 2020, EIB signatures in sub-Saharan Africa, the Caribbean and the Pacific, the Overseas Countries and Territories and South Africa reached €2.1 billion, for 47 projects, across all sources of financing. For the ACP Investment Facility alone, the figure is over €1 billion. These figures are our highest on record in the regions. Of our total investment, 71% went to less-developed countries and fragile states. This too is a record. We also approved loans for projects for just over €3 billion. This is another record. The Bank also disbursed €963 million. This is the second highest yearly total.

There are several ways in which institutions like ours can support recovery from a pandemic. In the healthcare sector, to help minimise the short-term impacts of COVID-19, the Bank has helped to finance vaccine research programmes. We have joined forces with the European Commission to support the COVAX programme to help everyone get access to vaccines. COVAX will offer affordable vaccines to as many as a billion people. We are also financing vaccine manufacturing, as well as providing funding to cover costs for staff and protective equipment. This work is building health resilience in several countries in sub-Saharan Africa.

We need to work harder on economic resilience and climate change mitigation and adaptation. Our experience in the fields of climate change mitigation and adaptation is significant, including not only large-scale wind and solar power generation, but also solar power kits in homes, small solar power parks in communities, and other off-grid power solutions. We also do a lot of work in energy efficiency and resilient water and sanitation infrastructure. The Africa, Caribbean and Pacific (ACP) regions are amongst the most threatened by climate change — ranging from environmental degradation to increased drought, flooding and coastal erosion — but they do not always have the resources to deal with these problems. The Bank can help to support these projects. This year, we are financing a large operation to tackle soil erosion in Nigeria, as well as several water projects in Malawi, Barbados and Burkina Faso.

The most effective way to reduce poverty around the world is to support private sector development. In the ACP regions, the EIB therefore places a premium on supporting financial ecosystems and sharing knowledge of best practices to enhance them. We help provide the necessary financing for businesses of all shapes and sizes, from startups and microenterprises up to large corporates. Smaller businesses are the drivers of the economy and the principal job creators. Local financial institutions enable these companies to grow. They need support now, more than ever, as they deal with the economic fallout of the COVID-19 pandemic. Special efforts also are needed to improve access to finance for people who are underserved: young people, rural populations and women.

We seek to invest where we can achieve the most impact. For every euro lent to a woman, the impact on the community is multiplied many times over. We are seeing this extra impact in many instances, especially through our SheInvest initiative focused on Africa. We have invested over €1 billion to help women and girls in Africa since November 2019 under SheInvest, improving access to finance for female-owned businesses in particular. Likewise, our focus on digitalisation creates opportunities for young people, women and rural populations by connecting them to essential services, financing, and customers.

The conditions to support private sector development have changed. If anything, the situation in 2020 has reinforced the point that public sector investment remains critical. It is here that the EIB and its partners, whether fellow European institutions, multilateral development banks or local and regional financial institutions, have had to demonstrate more flexibility. It is of vital importance that investment in emerging economies does not go down during this period, and the Bank has offered a lot of finance to countries in need. This has enabled initiatives that benefit the public good, such as investment in water and sanitation, clean energy and electricity distribution.

This is not the time to be restrictive in development finance. The UN Sustainable Development Goals seek to improve lives across the world by 2030. This is not far away, and calls for more partnerships and more action. In a few months in 2020, we demonstrated what we can do together as part of Team Europe. The Bank has been investing in Africa, the Caribbean and Pacific for almost 60 years. We are ready to do more than ever to improve lives, fight climate change, create opportunities for millions of women and men, and build a greener and smarter future, where pandemics and poverty can be addressed quickly by strong economies and resilient societies.

HUNDREDS OF PROJECTS AND BILLIONS INVESTED FOR BETTER LIVES

Looking back over the story of our activities in sub-Saharan Africa, the Caribbean and the Pacific in the era of the Cotonou Mandate (see page 64 for more information), I see intensive evolution. Since the ACP Investment Facility started operating in 2003, the Bank has financed 440 projects across 58 countries and ten regions. We have invested some €15.3 billion, of which €8.7 billion comes from the ACP Investment Facility revolving fund, and €6.6 billion from the Bank's own resources. We had already been active in these regions since 1963, but with the Investment Facility, the Bank was ready to do much more.

The goal has been to use long-term financing to reduce poverty and help integrate ACP countries into the world economy. The pillars on which this is built are private sector development, vital infrastructure, regional integration and climate action. The Investment Facility met these goals and priorities successfully. It would have been impossible to achieve if we did not work with many partners and peers, follow the guidance of other European institutions and, crucially, adapt to the needs of people.

Our work in 2020 is a good example of how we work together to help everyone. The Bank and the European Union joined forces under the Team Europe banner to fight the COVID-19 crisis and the economic downturn at the same time, inside and outside Europe. But this is not the only example. In the past, it was common to think of us as an investment bank that provided loans to countries and regions to install water pipes and power lines. These are things that we still do, but we have expanded over the years to meet new needs and development priorities. Global initiatives such as the United Nations Sustainable Development Goals have provided the Bank and other financial institutions with a new direction. The EU Consensus on Development, inspired by the Sustainable Development Goals, has similarly given us a wider focus to work with more partners and finance more projects.

The Impact Financing Envelope has had a huge influence on our operations. Since its launch as a dedicated window of the Investment Facility in 2014, it has enabled the Bank to take on more risk and help more projects. Using Africa as an example, millions of people still have no electricity in their homes and businesses. Installing power lines and electricity infrastructure across the whole continent would be a herculean and costly challenge. That is not possible. So we are supporting a wide range of energy solutions. In areas that are beyond the reach of power lines, we are backing off-grid ideas, like the inexpensive home solar kits that have taken off around the world. The Bank has been able to provide financing for these types of projects through direct operations and investment funds alike, thereby bringing other investors on board. By filling a financing gap, we are also able to fill an energy gap. That is down to the Impact Financing Envelope.

The same goes for supporting startups and small businesses in Africa, the Caribbean and the Pacific. There has always been a clear need for financing here, but there has not always been an appetite for investing on the part of banks and other financial institutions. Venture capital is growing quickly, particularly in Africa, while we are also in the midst of a youth-driven wave of great ideas that tackle many local and regional problems. It is imperative that these entrepreneurs get financing and good advice. This makes sure ideas get off the drawing boards to help everyone in society. The Bank is in

Maria Shaw-Barragan visiting the EIB-financed Lake Turkana wind farm

the fortunate position to be able to support companies from their inception, while they grow, and when they reach maturity. Boost Africa and the SheInvest initiative are good examples of this. Through these programmes, the Bank is able to place a premium on supporting both the young founders of the next generation of digital companies in Africa and female entrepreneurs.

We cannot lose sight of the fact that climate change is the overarching issue facing the world today. Its effects are being felt everywhere, and most seriously in the ACP countries. The coming decade is crucial if we are to avoid the most catastrophic consequences. Under our Climate Bank Roadmap for 2021 to 2025, we have pledged to increase the share of projects for climate change mitigation and adaptation to 50% of overall lending. We are also ensuring that our activities are Paris-aligned and that we consider the climate in everything we do.

The Bank has moved with the times. The Cotonou Mandate has enabled us to keep putting our financing to work where it is most needed. By creating the Impact Financing Envelope, we have reached more great projects, despite the higher risks. By making it a revolving fund under the ACP Migration Package, we were able to extend it to meet more investment needs. Also under the Migration Package, we were able to use the Investment Facility capacity to support more public sector projects.

Together with the European Commission and EU Member States, we have boosted economies, reduced poverty and improved millions of lives, and we have done this together in constant dialogue through the Investment Facility Committee. We are looking forward to the next chapters of stronger cooperation in Africa, the Caribbean and the Pacific. We will meet new challenges and help more people succeed.

Maria Shaw-Barragan, director of the Global Partners Department at the European Investment Bank, is responsible for lending in sub-Saharan Africa, the Caribbean, the Pacific, Asia and Latin America.

The EIB supports the 2X Challenge, which aims to show the benefits of investing in female entrepreneurs and the economic empowerment of women.

THE IMPACT OF EIB PROJECTS IN SUB-SAHARAN AFRICA, THE CARIBBEAN AND THE PACIFIC

Agriculture and forestry

- **26 500 hectares** of newly irrigated land
- **3 076 hectares** of newly planted forest

Energy

- **40.63 megawatts** of new electricity generation capacity from renewable sources
- **62.51 gigawatt** hours per year of electricity produced from renewable sources
- **595 400 households** to be supplied with new generated energy
- **334 megavolt amperes** apparent power capacity in new or upgraded substations
- **8 136 km** of new power lines
- **189 051 households** connected to electricity networks

Health

- **€10.78 million** worth of equipment for healthcare facilities
- **55** new or rehabilitated healthcare facilities
- **16 679** COVID-19 patients treated
- **210 million people** vaccinated against COVID-19

Telecommunications

- **600 km** of high-capacity cables installed with a capacity of 6 000 gigabytes per second.

Urban development and housing

- **4 135 social housing** units built for **13 645 people**
- **3 273 megawatt** hours saved per year through energy efficiency
- **104 km** of city streets and associated infrastructure built or upgraded

Water: supply

- **778 000 people** benefiting from safe drinking water
- **685 000 people** with reduced drought risk
- Capacity of **73 000 m^3** per day in better water treatment
- Capacity of **50 650 m^3** of better reservoirs and raw water storage facilities
- **513 km** of water mains or distribution pipes built or upgraded
- **39 870** new or rehabilitated connections to water supply

Water: flooding and sanitation

- **43 flood** prevention and protection structures built
- **51 307 hectares** of land served by new flood protection
- **843 000 people** benefiting from reduced flood risk
- **30 km** of sewer and stormwater pipes built or upgraded

Multi-beneficiary loans

- **€584.5 million** disbursed to small businesses and mid-caps…
- …through **51 324** sub-loans
- Average loan size of **€11 388**
- Average loan length of **5.74 years**
- **279 837 jobs** sustained

Microfinance institutions

- **94 353 loans**, including **50 957** to women (54% of the total)
- Average loan size of **€1 280**
- **51 472 jobs** sustained
- **27 778** women employed
- **9 707** young people employed

The EIB has invested in the Grameen Crédit Agricole Foundation in 2018 and 2020. This money supports micro investment in Africa.

Microfinance vehicles

- **€184 million** investment in funds supported
- **€171 million** invested in 77 microfinance institutions
- **67 189 loans** to final beneficiaries, of which 76% are women
- Average loan size for final beneficiaries of **€2 545**
- **34 550 jobs** created

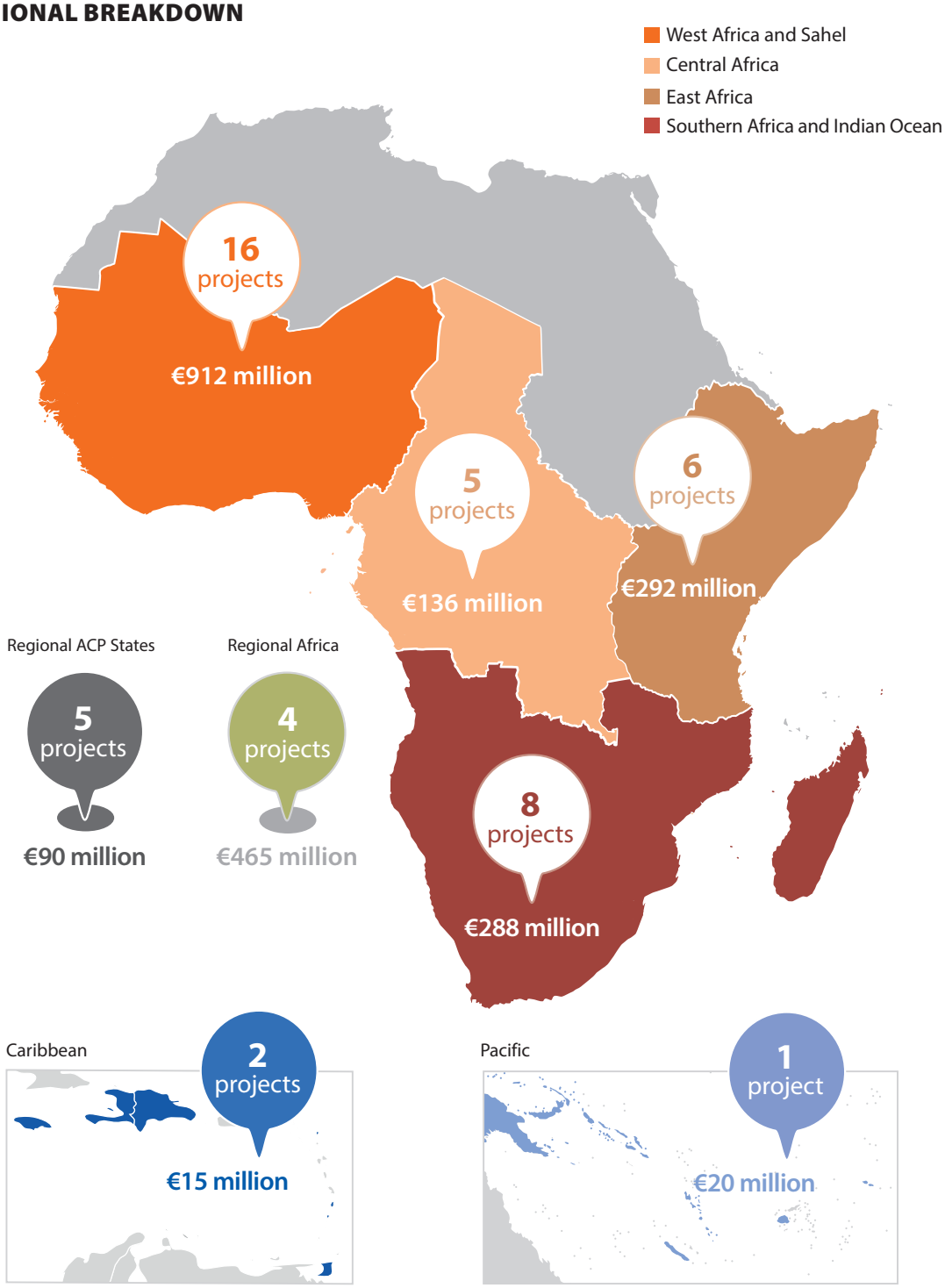
Private equity funds

- Total size of funds supported of **€416 million**
- **€365.5 million** invested in supported companies
- **56** investee companies
- Average investment of **€6.5 million** for investee companies
- **5 249 jobs** supported in investee companies
- **5 368 jobs** created in investee companies

EIB support for d.light has helped to provide off-grid solar power for over 850 000 people in Kenya.

SUSTAINABLE DEVELOPMENT GOALS PROGRESS

REGIONAL BREAKDOWN



WEST AFRICA AND THE SAHEL

The EIB is investing **€8 million** to install solar panels that will supply electricity to **1 100 public schools and healthcare facilities** in The Gambia, as part of a wider renewable energy operation. This will support SDGs 1, 3, 4, 7, 10 and 11.

We are lending **€15 million** to Benin, Burkina Faso, Chad and Senegal, and **€11.4 million** to Cameroon, to finance their equity contributions to the African Trade Insurance Agency. These operations will help each country to **build economic resilience and private sector development** by allowing them to use the agency's trade investment instruments and financial guarantees, which make investments safer in each country.

We are investing **€15 million** in the Janngo Capital startup fund to support startups and small businesses in the digital and technology sectors in sub-Saharan Africa, with a particular focus on West Africa and Côte d'Ivoire. The fund will help to create an estimated **3 600 jobs across over 20 investee companies**, and will help SDGs 1, 5, 8 and 9.

The Bank is investing up to **$30 million** in the $200 million Uhuru Growth Fund, which targets companies in the financing services and consumer-facing sectors. The fund will help create **4 976 jobs** in investee companies across Côte d'Ivoire, Ghana and Nigeria, supporting SDGs 1, 3, 4, 8 and 9.

Under the Afrique Centrale Facilité de Financement, we are lending Société Générale's subsidiaries in Cameroon and Congo **€15 million** each, and Société Générale Chad **€10 million**. Together, these will sustain **6 250 jobs** across the three countries, and support private sector small and medium-sized enterprises and mid-caps with loans averaging €250 000 each. The operation will help to achieve SDGs 1 and 8.

The Bank is investing **€15 million** to improve drainage infrastructure in Ouagadougou, Burkina Faso. This will **reduce flood risks for 100 000 people** in the district of Tanghin, and contribute to SDGs 1, 3, 6, 11 and 13.

A **€170 million** loan to the Development Bank of Ghana will help to strengthen the country's economic resilience in the face of the COVID-19 pandemic. This money will in turn be lent to several financial institutions in the country, and the operation is expected to sustain **247 823 jobs in small companies and 2 834 jobs in mid-caps**. This is a large operation, and will contribute to SDG 8.

We are investing **€25 million** in a submarine cable to reinforce Mauritania's digital connection with the rest of the world. The project will support economic resilience in the country by reducing the risks arising from loss of connection through existing systems and keeping access to international communication networks. The 600 km cable will help to **provide digital access for more people**, and therefore supports SDGs 5, 8 and 9.

The Bank is investing **€45 million** to help upgrade power distribution around Bamako, the capital of Mali, with 103 km of 225 kilovolt lines and improved substations. This will make the network more efficient, help the country to connect more deeply with the West African Power Pool, and give reliable transmission lines for **future development in renewable energy generation**. The project contributes to SDGs 1, 7 and 9.

The Bank is providing Benin and Niger with long-term loans of **€30 million and €15 million**, respectively, to help both countries' healthcare sectors to deal with the COVID-19 pandemic, as part of the Team Europe global response. The loans will be used to address staff shortages and the acquisition of **personal protective equipment and other equipment for diagnostics and treatment**. The operation supports SDGs 1, 3 and 5.

The Bank is lending the Senegalese government **€75 million** to help build economic resilience in the face of the COVID-19 pandemic. The money is being used for a dedicated financing mechanism for the country's **small businesses and mid-caps**. This is contributing to SDGs 1 and 8.

We are lending **€175 million** to Nigeria to support a programme to reduce soil erosion and improve watershed management in several locations across the country. This will reduce land degradation on a large scale, **protect over 50 000 hectares from flooding**, and add over 3 000 hectares in new forests. **743 000 people will benefit directly** from the programme and it will contribute to SDGs 1, 6, 13 and 15.

The Bank is investing **€250 million** in creating a digital identification system in Nigeria. By having a standard digital form of ID, millions of Nigerian citizens will be able to access essential services such as education, healthcare, social safety nets and financial services. These are essential in reducing poverty and creating opportunities for people. Nigeria is home to about 200 million people. Five years after launch, the programme aims to **cover 65% of the population**. This operation will contribute to several SDGs, including SDG 16.

Under the West Africa Microfinance Facility, the Bank signed several new operations in 2020:

- A **€5 million** loan to **ACEP Burkina Faso** will cover 95 038 small loans to microenterprises in the country over its lifetime, sustaining **44 378 jobs**.
- A **€7 million** loan to **Baobab Senegal** will finance an expected 803 923 small loans, of which 369 804 will go to women. This will help sustain **242 877 jobs**.
- A **€4 million** loan to Benin's **Vital Finance** will allow this microfinance institution to give 77 520 loans to its clients. 70% of these will go to women, sustaining **47 732 jobs**.
- A **€3 million** top up of our existing operation with the **Grameen Crédit Agricole** Microfinance Foundation has been agreed. The original €12 million operation was signed in 2018.

These projects together will all contribute to SDGs 1, 5, 8 and 17.

EAST AFRICA

A **€35 million** loan is helping to improve water and sanitation services in Kisumu, Kenya, as part of a wider programme around Lake Victoria. The project will **bring safe drinking water to an additional 130 000 people** in the area, and contribute to SDGs 1, 3, 6 and 11.

Under the Kenya Agriculture Value Chain Facility, we are lending **€25 million** to Equity Bank Kenya to on-lend to small businesses involved in **agriculture and agri-food**. This will sustain **3 640 jobs across about 20 companies**, and contribute to SDGs 1, 2, 3, 5 and 8.

A **€36 million** EIB investment will help with the construction of **8 270 energy efficient homes in Kenya**. This will help save 6 546 megawatt hours a year, and contribute to SDGs 1, 6, 7, 8 and 11.

We are investing **$12 million** in a pay-as-you go solar panel kit programme in Uganda. The project could give **276 000 households and 14 000 small businesses in the country electricity** through solar kits. This contributes to SDGs 1, 5, 7, 8 and 13.

We signed two operations under the East Africa SME-focused Regional Facility in 2020, which are destined for sectors that remain underfunded, notably agriculture and agribusiness:

- A **€30 million** loan to Uganda's dfcu Bank will cover financing for larger companies to undertake different projects. The operation will sustain **660 direct jobs** in investee companies.
- A **€75 million** loan to Equity Bank Kenya will help fund larger companies in the agribusiness sector. The operation will cover about **75 loans and help to sustain 3 750 jobs**.

These operations contribute to SDGs 1, 5 and 8.

CENTRAL AFRICA

A **€50 million** credit line with the Development Bank of the Central African States (BDEAC) will support small businesses and mid-caps in the private sector across the five member countries, Cameroon, Central African Republic, Chad, Congo and Gabon. The project will help to **sustain 2 900 jobs**, mainly in mid-caps, and contribute to the achievement of SDG 8.

Under the West and Central Africa COVID-19 Rapid Response Facility, the Bank will lend up to **€200 million** to financial institutions in the regions under a multi-beneficiary investment loan. This is designed to **give loans to small businesses affected by the COVID-19 pandemic**, to ensure that they can keep operating and growing. The operation contributes to SDGs 1, 5, 8 and 10.

SOUTHERN AFRICA AND INDIAN OCEAN

An investment of **€15 million** in a water treatment plant in Lilongwe, the capital of Malawi, will help improve water supply and offset the effects of drought. It will increase **water supply resilience for 1.2 million people, and ensure supply for 280 000 additional people**. The project will support SDGs 3, 5, 6 and 13.

We are investing **€26.5 million** to improve water infrastructure for the southern Malawian cities of Balaka, Liwonde and Mangochi, including new pipes, water treatment and metering. We expect **181 000 people to benefit from improved drinking water supplies**, contributing to SDGs 3, 5, 6 and 13.

We are helping to improve water supplies in Maputo, Mozambique.

The Bank is lending the government of Mozambique **€100 million**. This will be used to r**econstruct water, wastewater and drainage infrastructure** damaged by cyclones Kenneth and Idai, which hit the country in spring 2019. The project covers different kinds of water infrastructure, and supports SDGs 3, 5, 6, 10, 11 and 13.

In Rwanda, the Bank is supporting an electricity distribution programme with a loan of **€80 million**. This will **connect 179 746 households and 9 305 businesses** to the power grid, supporting SDGs 1, 7, 8, 9, 10 and 11.

We are lending up to **€38 million** to Cape Biologix Technologies to finance the expansion of the manufacture of reagents essential in the testing, vaccination and treatment of COVID-19, as well as other diseases such as dengue fever, ebola, HIV and yellow fever. The Mauritius-based company will **manufacture up to 100 million testing kits per month**. This operation supports SDGs 3, 5, 9 and 11.

Under the Kulima access to finance programme, we are lending Ecobank Malawi **€12.5 million** to finance agriculture value chains in Malawi. This will support **small businesses throughout the agricultural process**, and will contribute to SDGs 1, 2 and 12.

PACIFIC

The Bank has established a **€50 million** facility to support the financial sector in the Pacific overseas countries and territories of New Caledonia and French Polynesia, to provide **support to small businesses affected by the COVID-19 pandemic**. The Banque Calédonienne d'Investissement is receiving **€20 million** in funding under the facility. Overall, the facility will support SDGs 1, 3, 9 and 10.

CARIBBEAN

A **€12 million** investment will help rehabilitate water distribution systems in Barbados, and make them more climate-resilient. This will benefit **285 000 people, almost the entire population**, and contribute to SDGs 6 and 13.

The Bank is lending **€5 million** to the Development Bank of St. Lucia to boost access to finance for small businesses affected by the COVID-19 pandemic. This will **sustain 561 jobs on the island**, and contribute to SDGs 1, 8 and 10.

Under the ACP Microfinance Facility, we are lending Banco Ademi and Banco Adopem **€10 million and €7 million**, respectively. The Adopem operation will help **to sustain 262 544 jobs, of which 66% are held by women**, while the Ademi operation will **sustain 137 329, including 61 798 female jobs**. The operations are part of the **2X Challenge** and support SDGs 1, 5, 8 and 10.

REGIONAL AND MULTI-COUNTRY PROJECTS

We are investing **€8.3 million** in the InsuResilience Investment Fund, managed by BlueOrchard. The fund supports financial institutions that wish to offer their clients financing and insurance against damage and losses arising from weather and climate-related events, as well as agricultural insurance. The fund will **support 39 429 loans to final beneficiaries. We expect 29 029 of these loans to go to women**. The operation contributes to SDGs 1, 5, 8, 10 and 13.

A **€10 million** investment in small-scale solar power facilities will see **8 000 homes in Chad and 9 000 homes in the Comoros gaining access to clean energy**. This is in line with SDGs 1, 7, 10 and 13.

The Bank is investing **€35 million** in Électricité de France's off-grid electricity programmes in Africa. The programmes cover several countries across the continent, and will see a rollout of solar home systems, renewable energy mini grids and solar-powered irrigation pumps. The project is **expected to benefit over 1.5 million people, half of whom are women**. It contributes to SDGs 1, 5, 7 and 13.

The Bank is providing up to **€400 million**, from the ACP Investment Facility and through a European Commission guarantee, for the COVAX initiative. This will help to ensure fair and equitable distribution of COVID-19 vaccines around the world. COVAX is managed by Gavi, the Vaccine Alliance, and will enable the acquisition of up to **1 billion doses of COVID-19 vaccinations**. This supports SDGs 1, 3 and 10.

We are lending the Serum Institute of India up to **€45 million** for research, development and clinical trials of a **tuberculosis vaccine and the prevention and treatment of HIV**, targeting countries in sub-Saharan Africa. Almost **1 billion people could benefit** from this operation. It supports SDGs 1, 3 and 5.

The Luxembourg Microfinance and Development Fund provides liquidity to microfinance institutions across Africa. The Bank invested €5 million in the fund in 2015, and we agreed to invest a further **€5 million** in 2020. The fund will cover **27 760 loans to microenterprises, of which 64% will go to women**. This operation supports SDGs 1, 5, 8 and 10.

The EIB has invested in several solar projects in South Africa.

The Bank made a third **€50 million** contribution to the Interact Climate Change Facility (ICCF) in 2020. The facility provides long-term financing for **renewable energy, energy efficiency and clean technologies in developing countries**. Thus far, 15 projects have been approved for financing in the ACP regions. The ICCF supports SDGs 7 and 13.

SOUTH AFRICA

The Bank is lending the Development Bank of South Africa **€22 million**. This will be used to give many small loans for climate action investments by small businesses and mid-caps. These focus on **renewable energy, energy efficiency and water management**. We estimate that these operations will sustain about **1 000 jobs**. They contribute to SDGs 7, 12 and 13.

We are also lending Nedbank up to **€92 million** to provide long-term financing for private sector projects in South Africa. The funding will go to small companies and mid-caps in the country, and will help sustain **1 478 jobs in small businesses, and 1 784 jobs in mid-caps**. This operation contributes to SDGs 8 and 10.

The COVAX initiative is helping to vaccinate up to 1 billion people against COVID-19.

PROJECTS IN FOCUS

COVAX: HELPING EVERY COUNTRY GET VACCINES

COVAX is a ground-breaking global initiative to help African countries and other parts of the world get COVID-19 vaccines. The Bank, backed by the European Commission, is supporting COVAX through several financial instruments, including the ACP Investment Facility.

Infectious diseases do not respect borders. To protect everyone, it is important that all countries can get vaccines. That is the mission of the COVAX initiative — jointly led by Gavi, the Vaccine Alliance, the World Health Organization and the Coalition for Epidemic Preparedness Innovations. Supported by the Bank and the European Commission, COVAX aims to ensure equitable access to a COVID-19 vaccine for everyone.

Fair distribution of COVID-19 vaccines is key to tackling the pandemic and alleviating a dire situation in developing countries. The Bank is investing €400 million in the COVAX Advanced Market Commitment, the financing instrument that will support 92 low- and middle-income countries. €170 million of this investment is coming from the ACP Investment Facility. Nearly 100 countries have contributed to COVAX.

COVAX will make sure the most vulnerable people in all countries can be protected in the short term, regardless of income. It will also accelerate development and manufacture of COVID-19 vaccines. It provides support for vaccination campaigns, including the freezers needed to keep vaccines at a cold temperature.

UNPRECEDENTED CRISIS

Half of low-income countries and a quarter of middle-income countries face a high risk of serious economic impact due to COVID-19. For many of those countries, the pandemic is one of the severest blows to economic growth on record. The World Health Organization estimates that 132 million could be added to the world's total of hungry people because of the pandemic.

EQUAL ACCESS TO VACCINES

A vaccine is one of the best tools to overcome the impact of the pandemic on health and the economy. COVAX is funding the development of a range of potential vaccines. It is supporting the expanded manufacture of vaccines and negotiating better prices. COVAX's investments enable manufacturers to expand manufacturing immediately, producing the vaccine even while it is being evaluated in clinical trials and before it has a licence. If the vaccine is successful, those doses will be available right away.

The aim is to ensure that all countries can access doses at roughly the same time, which is essential to bring the pandemic under control and reduce its impact on economies, communities, individuals, trade and travel.

In the acute phase of the pandemic, COVAX's focus will be on securing sufficient supply and resources to protect people most at risk — health and social care workers, the elderly and those with health conditions. Vaccines are already being delivered and allocated equally to countries, based on the World Health Organization's Fair Allocation Framework.

STRENGTH IN UNITY

The Bank's loan is backed by a guarantee from the European Commission under the European Fund for Sustainable Development, which promotes development aid primarily in the European Union neighbourhood and Africa. This is in addition to €100 million of European Union support for COVAX. COVAX shows that there is truly strength in unity.

- Helping ensure fair access to a range of vaccines in almost 100 countries
- Vaccines for up to 20% of those countries' populations
- Promoting quicker economic rebuilding

THE OTHER MEDICAL EMERGENCY

The main tuberculosis vaccine currently used is almost a century old, and losing effectiveness. The Bank is supporting research on a new tuberculosis vaccine, which targets countries in sub-Saharan Africa that are affected by high numbers of cases.

Tuberculosis has been a global emergency for the past 30 years. Approximately a quarter of the world's population carries the infection and are therefore prone to get ill, and cases are concentrated primarily in sub-Saharan Africa. It is a big problem in developing countries, where poverty and government instability hurt programmes that can control it. But most of the biotechnology sector is ignoring it. Not Leander Grode, managing director of Vakzine Projekt Management. "I'm working on the number one single killer and, therefore, the most dangerous infectious disease in the world," he says.

There is a big need for safer and more effective tuberculosis vaccines. The main vaccine used today, BCG, is about 100 years old. The Bank signed a €30 million loan under the Impact Financing Envelope with Vakzine Projekt Management to finance late-stage research on VPM1002, the company's new vaccine designed to prevent tuberculosis in babies.

A COMPLICATED BATTLE

Many people who take the old vaccine still end up catching tuberculosis. The company hopes its new drug offers more protection. The Bank's loan is part of a larger deal that includes €15 million to support a medicine for HIV, the virus that causes AIDS. In Africa, tuberculosis is the most common illness among people who have contracted HIV.

For much of 2020, the Bank has been searching for companies that need support for vaccine research and development related to the pandemic. But we never stopped supporting other infectious disease projects. Tuberculosis has been around for 200 000 years. The fight in this field is still a work in progress.

Tuberculosis and COVID-19 spread in similar ways, from one person to another through tiny droplets released into the air by coughs and sneezes. Like the coronavirus, tuberculosis causes big problems in the lungs if untreated, but it also attacks the brain, kidneys and spine. If people think the coronavirus is insidiously smart, they should see how tuberculosis operates, says Sina Brückner, a project manager working on Vakzine Projekt Management's new vaccine.

"Tuberculosis is a very smart disease, very much adapted to humans," Brückner says. "It is very difficult to fight and can cause many health problems. People starve, they get very thin, they can't eat. Compared to the coronavirus, fighting tuberculosis is much more complicated. It's a completely different level."

LEARNING TO REFOCUS ON VACCINES

Funding is one of the biggest hurdles to the development of new tuberculosis vaccines. This type of vaccine mainly helps developing countries, so it is not a big money-maker for pharmaceutical companies, unlike cancer drugs, which have higher potential financial returns.

And yet there remains a big need for finance agreements from the European Commission or European Union countries to help companies like Vakzine Projekt Management. The Bank would not have been able to support this project without the Impact Financing Envelope, as it is riskier than what we normally would do. The loan is a venture capital agreement that will be repaid based on the trials and market performance of the medicine. If the medicine doesn't work out, the loan can be written off, but it is essential that we keep supporting projects like this one. There is a real financing gap for clinical research in infectious diseases, and investments for high-threat pathogens are too often reactive.

Vakzine Projekt Management is a subsidiary of the Serum Institute of India, the largest vaccine maker in the world. The company was founded by Cyrus Poonawalla, who has said his goals are to make medicine affordable for the developing world and to vaccinate as many people as possible. Vakzine Projekt Management´s new medicine will be targeted primarily at sub-Saharan African countries that have high numbers of tuberculosis cases. The clinical trials will take place in Uganda, Gabon, Kenya, Tanzania and Lesotho.

Grode, Vakzine Projekt Management's managing director, says the future finally looks brighter for vaccine research into tuberculosis and other infectious diseases, and this is partly because of the coronavirus. "COVID changed the story," he says. "People are realising that we can't afford to wait for the diseases and then try to treat people with new medication. The future of the world lies in better vaccinations." The United Nations has made the end of the tuberculosis epidemic one of its priorities under SDG 3 (good health and well-being). This project's potential contribution to that ambition is vast.

- A new way to fight an ancient disease
- Putting developing country priorities first
- Innovative financing for tuberculosis and HIV research

The Kulima Access to Finance programme is helping to diversify Malawi's agriculture sector, and improve lives in rural areas.

EUROPEAN SUPPORT FOR MALAWI'S FARMERS

Malawi's economy is reliant on agriculture, but it is held back by a lack of structure and diversification, and is beginning to feel the effects of climate change. The Kulima promoting farming in Malawi programme is a European Union initiative that is helping to address that, and the Bank is putting its finance to work to support it.

It is difficult to overstate the importance of agriculture for the people of Malawi. At the last count, the sector accounted for 63% of export earnings and 65% of employment. Poverty remains rife in the country, and there is a notable urban/rural divide. Agricultural production for export is dominated by a small group of larger companies, but most of Malawi's producers are smallholder, family-run farms who do not have access to commercial value chains.

As things stand, this is just one of several challenges the agricultural sector and its employees face. The European Commission and the Bank are supporting a programme to help address this, by providing grant and loan financing with a view to bringing resilience and inclusiveness to agriculture in Malawi.

THREE MAIN GOALS

Kutukula Ulima m'Malawi means "promoting farming in Malawi" in the local language, Chichewa. This is the origin of the name of the Kulima access to finance programme, which is providing finance for small businesses as well as technical assistance and advice on best practice for Malawi's agriculture sector. Kulima has three major objectives. These are to increase agricultural productivity and diversify production in an inclusive, sustainable and climate-friendly way, to establish and develop agricultural value chains and the creation of opportunities for employment and income generation, and to strengthen governance across the sector. The aim is to support the producers and the buyers, manufacturers, and distributors. Because all of them have the potential for growth.

NEW PLANTS AND NEW PRACTICES

"Kulima is financed by the European Development Fund and is receiving €100 million in grant funding from the European Commission because it is supporting the backbone of Malawi's economy," says Joost Bakkeren, of the agriculture team at the European Union Delegation in Lilongwe. Kulima is already making a difference on the ground. Bakkeren points to the fact that Malawi's main crops are tobacco, sugar cane and tea, but under the programme, the country's banana industry is also being revitalised, with 13 different varieties being grown on study plots.

By putting funding and know-how to work for more crops, the country's food security situation will be improved. Training programmes on the ground are equipping Malawi's farmers with the skills to get more from what they are already doing by providing them with training on farming as a business. Over 20 000 smallholder farmers and 376 small businesses have already taken advantage of this.

UNLOCKING MONEY FOR SMALL BUSINESSES

At a local level one of Kulima's most important ambitions is to establish and improve links between all players in the value chains. This includes connecting small businesses with sources of financing, but the agricultural sector is underserved by local banks as it is seen as too risky. The Bank is playing an important part here. Under the Kulima programme, local banks have access to an EIB credit line and are supported by technical assistance, which will help the banks to develop and provide tailored financial products for clients involved in the sector, while those clients will also benefit from advice on how to further develop their business.

To help achieve this, the Bank is lending Ecobank Malawi €12.5 million to support projects that help companies to develop, create jobs and bring farmers into the formal economy. Our loan will help Ecobank to serve companies all along the agriculture value chain, improving incomes for smallholder farmers. But in order to do this, you first have to become visible to your clients and potential clients. As things stand, Ecobank's client base is heavily tilted towards residents of Malawi's cities, where the bank's eight branches are located. There's a lack of penetration in rural areas. Ecobank are addressing this in two major ways. "We are in the process of rolling out agency banking with companies that have shops all over the country," explains George Phuza, Country Head of Credit at Ecobank Malawi. This will enable customers to access banking services without making the trip to a branch.

The second strand is a mobile banking app. Digital platforms for financial services have been successful in Africa, not least because of the relative difficulty in travelling around. “This technology is at the heart of our expansion drive,” says Phuza. “It is a more cost-effective way to reach more customers than having a wider branch network, and the platforms we are using are of international standards. They have shown themselves to be robust and advantageous.”

Ecobank is also taking steps to be more inclusive. In December 2020, the bank launched a programme called “Ellevate”. This aims to bring financial services to companies that are fully or majority owned by women, employ a large proportion of women and manufacturers of products that benefit women.

CUSHIONING THE PANDEMIC BLOW

The digital platforms Ecobank is putting in place can only be of benefit in the era of the COVID-19 pandemic. Phuza says that the situation has affected Ecobank as an institution, but he is also optimistic that business will return once national restrictions are removed. On a broader level, as Bakkeren points out, part of the Kulima programme was repurposed to serve as a COVID-19 response for agriculture in the country, by funding new digital services for farmers and providing personal protective equipment for 425 essential field workers, whose tasks were needed to prevent hold-ups in the production process.

There are challenges ahead for the agricultural sector in Malawi, but it is far too important for the country and its people not to meet these. Investment is required to protect natural resources and the environment. The right infrastructure needs to be put in place to create a climate-smart, resilient and diversified agricultural sector. Investment is also required to evolve from subsistence farming to farming as a business. Developing cooperatives and providing skills will help with this, but it still requires partnerships and funding arrangements between government, financial institutions and the private sector. Younger people in rural areas will be more inclined to stay if their incomes are better, but they also need access to essential services such as financial products as well as healthcare, electricity and mobile services. These require targeted funding. Kulima has demonstrated it can adapt with the times in the short term. The programme is also looking at the long term, and supporting a modern, evolved and vibrant agriculture sector in Malawi.

- Improving food security in Malawi
- A true European initiative
- Multifaceted support for farmers and small businesses

The EIB has been supporting small businesses in the Caribbean for almost 30 years. In 2020, we reinforced our support for two banks in the Dominican Republic: Ademi and Adopem.

A WIN-WIN FOR WOMEN ENTREPRENEURS

Empowering female-led businesses is essential for sustainable economic growth. The Bank is doing exactly that across the ACP regions. In these pandemic times, it is also important to support those who are providing finance to underserved population groups and small businesses.

Marta Soda Perdomo makes over 650 cakes and small pastries every day, Monday through Saturday. She starts at five o'clock every morning, and usually sells out by midday. After that, she goes to the market and buys ingredients for the next day. Her dough is prepared from scratch. She does not like the flavour of processed products. It seems that her customers do not, either.

Kilsy Angelina Abreu Montas started making jewellery some years ago. When her friends and family started asking if she could make some for them, she began to think of it as a means to support herself and her son, who has special needs. She always liked fashion and bright colours. She started out making simple necklaces, but has branched out into bracelets and keyrings. Although she works from a template, she uses different materials, meaning that every piece she makes is unique.

Both Perdomo and Montas received loans from Banco Adopem to help set up their small businesses. Perdomo is the main earner in her family — her husband helps distribute her pastries — and is raising five children. "This is the result of my effort," she says. "Banco Adopem supported me when I needed it most. They believed in my project and they help those who are starting out with very little. Being poor does not mean losing dignity."

In 2020, the EIB signed a €7 million local currency loan with them under the ACP Microfinance Facility. "We have always maintained this service for the most impoverished sections of the population, from passive financial products like bank accounts, to microloans that seem small, but can change lives," explains Mercedes Canalda de Beras-Goico, Banco Adopem's President.

SUPPORTING THE JOB CREATORS

Tropijugos started operating in 1983. Based out of the capital, Santo Domingo, the company takes advantage of the Dominican Republic's tradition and climate for growing fruit and vegetables: they prepare, package and freeze local produce for export markets, including grated coconut, coconut milk, mango, yams and sapote, all destined for customers in the Caribbean, the United States of America and Europe. Today, the company employs about 110 people, over half of whom are women. Tropijugos had ambitions to evolve further in 2020, notably in increasing production and sales of a new fried breadfruit product. The company received financing to do this from Banco Ademi, a longstanding EIB client, with which we signed a new €10 million local currency loan, also under the ACP Microfinance Facility, last year.

"Our mission is the sustainable development of our customers and to have a positive impact on the most disadvantaged sectors of Dominican society," explains Banco Ademi CEO Guillermo Rondon. In 2020, times were harder than they usually are, for banks and companies alike. For Banco Ademi, this meant a drop of 32% in loans disbursed, but it also meant showing flexibility for clients. As the COVID-19 crisis started to bite, Tropijugos requested a grace period on loan repayments to help deal with cashflow in the face of reduced business. Banco Ademi agreed to this, which allowed the company to absorb the worst effects and keep pushing ahead with its ambitions.

Pandemic or not, going on a journey with clients is Banco Ademi's way. "We have clients who received their first loans as subsistence microenterprises but are now job-creating companies with large incomes," says Rondon. "We see this in garments and textiles. We had clients whose companies were one or two people, using basic production methods. Fairly quickly, they become garment factories, producing merchandise with state-of-the-art equipment and employing 50 people."

FLEXIBILITY AND TECHNOLOGY

Investing in technology pays off for their clients, but it also plays a key part in Banco Ademi's offer to its 175 000 clients across the Dominican Republic. Rarely has this been brought into sharper focus than it has been during the pandemic, and it affects the bank's female clients in particular. With schools, childcare services and sports facilities forced to close during the pandemic, women have been burdened by extra domestic tasks on top of running their businesses. This brings an added pressure on top of the societal and structural obstacles women business owners face, from difficulties in acquiring properties and collateral, through to barriers in accessing formal services and business training.

This is also part of Banco Adopem's mission. They have around 400 000 clients across the Dominican Republic, which is about 10% of the entire economically active population. Canalda says that 67% of the bank's clients are women, and 35% of them live in rural areas. "We respond to this by having programmes that are tailored to women and take their needs into account, but it also goes further. We look at what sector of activity they are in, where they live and what services they can access. That is how we can best serve our clients." By being flexible, Banco Adopem is well-placed to support women entrepreneurs like Marta Perdomo and Kilsy Montas. The bank has had to temporarily close 25 branches during the pandemic. No businesses are immune from its effects, whether they are financial institutions or microenterprises.

"Especially in the case of female clients, adding all of these obstacles together creates a serious challenge for running a business," Rondon says. Banco Ademi's response has been to restructure repayments so that operating is less onerous, and clients have more time to deal with their tasks, while also extending new loans to help them steer their business through the downturn. Digital platforms are also enabling clients to manage their loans more quickly and easily, saving time and money. These have also been factors for Banco Adopem. "At this stage, our challenges are to relaunch our ccustomers' business activities with new, attractive products and better conditions as well as incorporating simple and robust digital platforms at the bank and customer level," explains Canalda.

Together, the Banco Ademi and Banco Adopem operations are helping to sustain about 400 000 jobs in the Domincan Republic.

LOCAL CURRENCIES FOR LOCAL ADVANTAGES

Under the West Africa Microfinance Facility, the Bank has also agreed a €4 million local currency loan to Vital Finance in Benin. Like in the Dominican Republic, small companies in Benin are the ones suffering most from the consequences of the COVID-19 pandemic, but as we saw in the cases of Banco Ademi and Banco Adopem, financial institutions are affected too. Local currency lending is very useful in this context. By removing the institution's risk when it comes to foreign exchange rates, an element of volatility is eliminated from the equation. The institution can then offer stable small loans to small companies, and is free to ensure that the right financial products are in place and are accessible for their clients. Those clients may be a one-woman operation, looking to make a better life for themselves and their family, or a larger company, looking to grow and take on more employees. What is important is that the conditions are in place to give them the best chance to thrive. Through our microfinance loans, we are playing a part in that.

- Using local currency lending to change lives
- Helping female business owners thrive
- Backing the job creators of tomorrow

Andreata Muforo is a partner at TLcom. The EIB invested in TLcom's Tide Africa fund, which supports small and innovative businesses that use technology to solve problems.

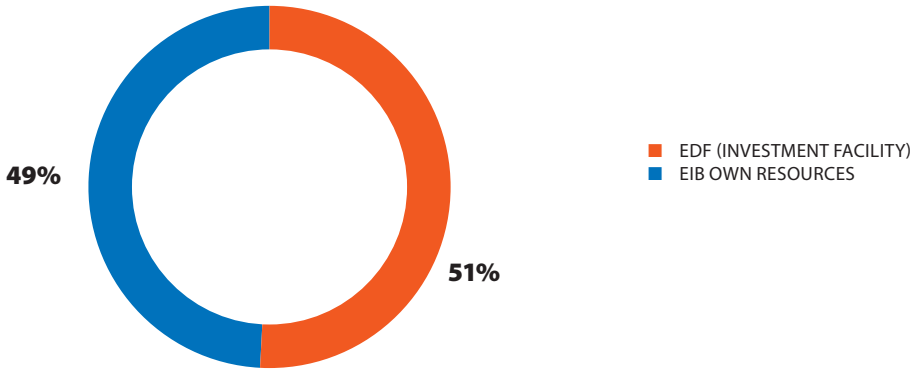
PROFILES OF DEALS SIGNED

Total Bank investment in sub-Saharan Africa, the Caribbean, the Pacific, the Overseas Countries and Territories reached €2.1 billion in 2020 (2019: €1.36 billion). Approvals came to a total of €3.03 billion (2019: €1.9 billion), while disbursements reached €963 million (2019: €816 million). For signatures and approvals, these are the highest totals the Bank has achieved in a calendar year. For disbursements, it is the second highest total, €9 million short of 2016's €972 million.

The Bank generally finances private sector operations, our priority for the ACP regions, out of the ACP Investment Facility. We typically use our own resources to finance public sector operations, often infrastructure projects, which help encourage private sector development. The Impact Financing Envelope, a separate window of the Investment Facility, is used for higher-risk private sector operations with the potential to have a larger impact.

Of the €2.1 billion signed, €1.07 billion came from the ACP Investment Facility, of which €130 million comes from the Impact Financing Envelope. A further €920 million came from the Bank's own resources and the ACP Infrastructure Package. Finally, the remaining €130 million concerns an investment in the COVAX facility from the Strategic Projects Facility 2014-2020. 71% of our financing in 2020 went to less-developed countries and fragile states. Again, this is a record figure and a notable increase on the 2019 total of 50%.

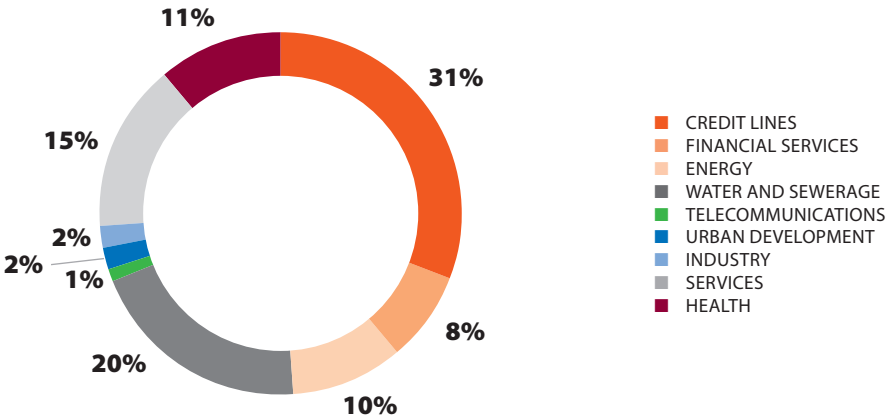
2020 SIGNATURES BY FUNDS USED



The Bank also signed off on €92 million of investment in 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 Bank's own resources.

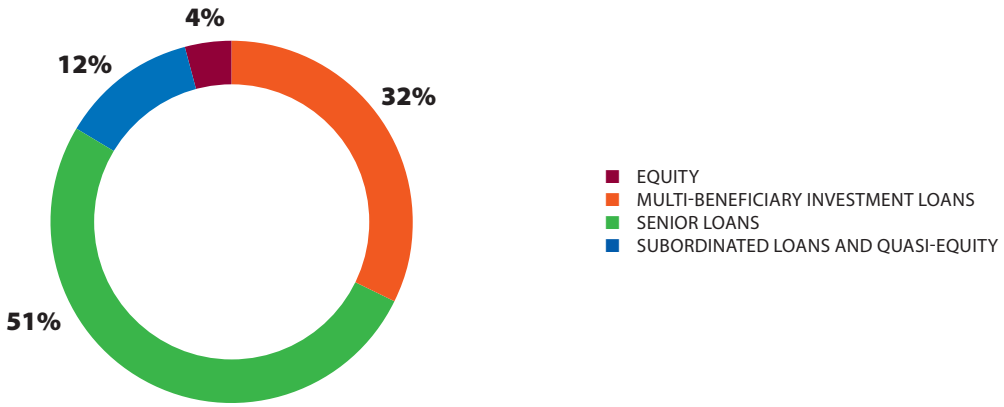
The private sector accounted for 49% of our investment in 2020, with public sector projects making up the remaining 51%. Although private sector projects are a priority for the Bank in the ACP regions, this figure is somewhat skewed by the exceptional response to the COVID-19 pandemic.

BREAKDOWN BY ACTIVITY SECTOR



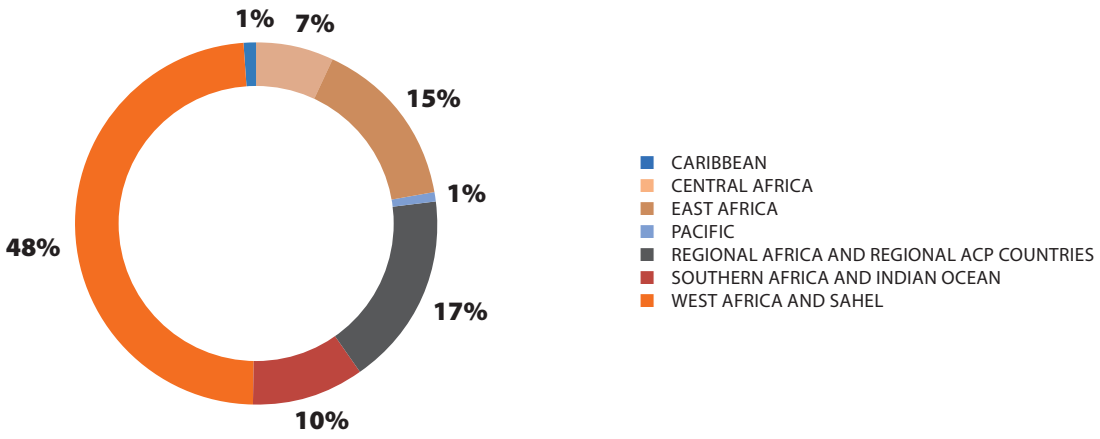
With a combined total of €733 million, financial services and credit lines accounted for the largest share of operations signed in the ACP regions in 2020. Clean water and sanitation (€381 million), services (€280 million) and health (€215 million) followed.

2020 SIGNATURES BY FINANCIAL PRODUCT



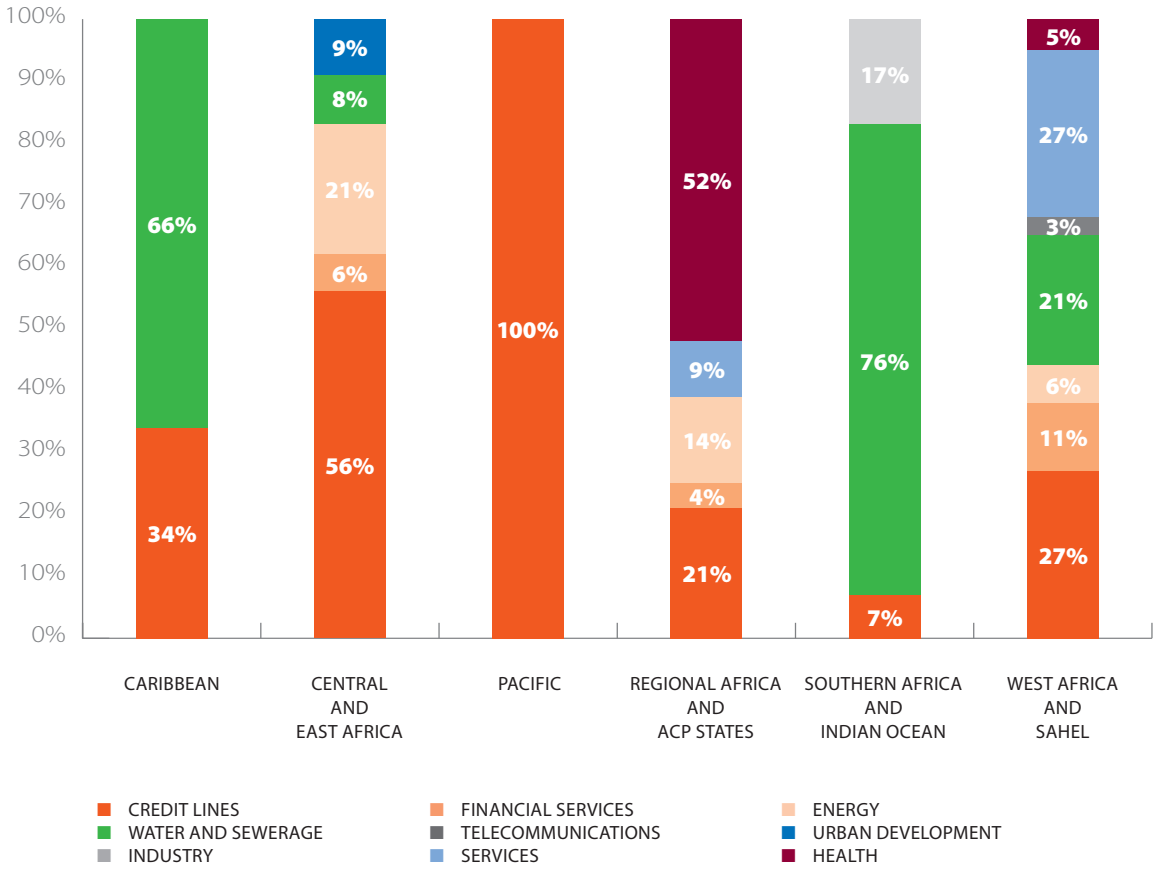
Senior loans were the largest category of financial product used in operations under the Cotonou Mandate in 2020. These are often loans to governments or local authorities. This follows the general trend across the past 18 years of ACP activities. Multi-beneficiary investment loans often take the form of credit lines, which can be drawn down by financial institutions in order to give smaller loans to their customers. Equity operations typically involve much smaller amounts of money than our other investments, and target microfinance and venture funds, which support very small businesses and startups. Subordinated loans and quasi-equity operations are provided by the Bank to enable clients to have longer-term financing as a basis to attract other investors to their projects.

2020 REGIONS OF OPERATION



West Africa and the Sahel received the most Bank investment in 2020, taking up almost half of our signatures in the ACP countries. This was followed by regional African and multi-country operations. East Africa received the next most funding.

2020 ACTIVITIES BY REGION AND BY SECTOR



We are investing in renewable energy in The Gambia, and solar power for remote schools and hospitals.

PARTNERSHIPS

We are the European Union's bank. Our shareholders are the European Union's Member States. These states shape our approach to the projects we finance, while also helping to steer policy. It would be impossible to finance such a range of projects without the backing of EU countries and the European Commission. This applies to both Investment Facility operations and those from our own resources. We work with other institutions as well. In this section, we explain how the Bank partners with others to increase development work in many different ways.

TEAM EUROPE

The Bank has a key role to play in supporting European Union policies inside and outside Europe. In ACP countries, the Bank follows EU policies and the objectives set out in the Cotonou Agreement. In 2020, the Bank was an instrumental part of Team Europe's response to the COVID-19 pandemic, supporting many projects around the world, notably in sub-Saharan Africa.

The Bank engages in discussions at the strategic and technical levels with the European Union's External Action Service. Likewise, we frequently work with the European Commission's Directorate-General for International Cooperation and Development (DEVCO), now known as the Directorate-General for International Partnerships (DG INTPA), the Directorate-General for Economic and Financial Affairs (DG ECFIN) and a number of other directorates to enhance our work in ACP regions. In particular, we identify synergies for co-financing and grants.

Cooperation with the European Commission and External Action Service is also extensive in each country. Placing our local offices within European Union delegations' offices in countries outside the European Union, and the overall expansion of Bank offices, has resulted in much closer cooperation with public officials and local clients. The Bank has been involved in several elements of the Africa-Europe Alliance for Sustainable Investment and Jobs, notably the task forces on digital economy, sustainable energy and transport; sectors where we have a strong history of investment. The idea behind the alliance is to create a comprehensive continent-to-continent free trade agreement between Africa and the European Union.

EUROPEAN DEVELOPMENT FINANCE INSTITUTIONS

The European Development Finance Institutions Association is made up of 15 different institutions from the European Union and European Free Trade Association countries. The European Investment Bank and the other European development finance institutions cooperate through joint financing, mostly in the context of two initiatives:

THE EUROPEAN FINANCING PARTNERS INITIATIVE

This initiative is a co-financing vehicle, established by the Bank and several other European development finance institutions in 2003. It supports sustainable private sector development in ACP countries and strengthens cooperation between financiers and the Bank, and enables them to co-finance individual debt or equity operations. As of 31 December 2020, the initiative has received endowments totalling over €1.4 billion from its 13 members. Through the ACP Investment Facility, the Bank has committed €598 million. The latest tranche was a €50 million contribution, approved in December 2019. After cancellations, a total of €352 million was made available, with €281 million committed to 36 projects. The bulk of these commitments have been to financial intermediaries (37%), telecommunications infrastructure (18%) and industry (15%). Nigeria and Kenya have benefited most from the funds.

INTERACT CLIMATE CHANGE FACILITY

This facility was set up in 2011 by the Bank and the Agence Française de Développement. It uses the same model as the European Financing Partners initiative, and supports renewable energy, energy efficiency and clean technologies in emerging countries by providing long-term financing. The Bank has committed €100 million to the €942 million fund through the Investment Facility. The Agence Française de Développement and 11 other European development finance institutions have contributed the rest. The Bank replenished its allocation to this facility in 2020 with an additional €50 million. The existing Bank commitments are valid until October 2022.

As of 31 December 2020, 15 projects in the ACP region with a value of €198 million have either been approved or are under appraisal. The Bank is participating in five (of which two have already been approved and disbursed) of these projects through the Interact Climate Change Facility, committing €18.1 million. In addition, the Bank is exploring co-financing of other renewable energy projects in sub-Saharan Africa alongside the development bank of the Netherlands, FMO, the private sector development bank of France, Proparco, and other institutions. The bulk of climate change projects are in the wind (35%) and solar (49%) sectors.

MUTUAL RELIANCE INITIATIVE

The Mutual Reliance Initiative is a joint programme from the EIB, KfW and AFD. Established in 2013, it sees one institution take on the mantle of lead financier of a given project, and apply its standards and practices to the project, with the agreement of the others. This reduces the administrative burden on the project and enables it to proceed more quickly because essential tasks are carried out by one partner and not all partners. 27 operations have adopted the Mutual Reliance Initiative

approach since completion of the pilot phase. Four operations had to be withdrawn as the investment project stalled or the lenders' financing approach changed. The Bank is participating in 14 of the remaining 23 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 port infrastructure development in Kenya. Overall, the Mutual Reliance Initiative builds stronger ties with our partners AFD and KfW, and improves the effectiveness of European finance outside the European Union. The initiative facilitates the relationship with project promoters and inspires the design of other cooperation frameworks such as with the African Development Bank.

PEER INSTITUTIONS

In the context of the 2030 Agenda and the Paris Agreement, the multilateral development banks are committed to boosting financing for the Sustainable Development Goals, and the global fight against the climate crisis, by attracting finance from the private sector. This commitment has now focused on a more nuanced approach towards investment quality and high common standards. In 2020, the development banks released their first joint report on financing of these goals. This is part of a joint effort from the banks to devise a new, harmonised methodology to measure and report on SDG contributions.

While the multilateral development banks are focusing on the mobilisation of finance from public and private financiers, this exercise also looks at the standards outlining how that money is used, the best strategic use of scarce concessional finance resources, the targeting of the poorest and most vulnerable people, and how the different SDGs are interlinked. The aim is to ensure no one is left behind, while also enhancing our understanding of project impact.

We are playing a significant role in migration issues. The Bank can contribute further to the European Union Agenda on Migration and help with other international efforts to build resilience in the face of economic shocks and crises, including the hardships that arise from the forced displacement of people. The EIB focuses on the long-term investment needs of countries of origin, transit and destination of migrants and forcibly displaced people. We are not trying to curb or stop migration. We are working to support sustainable economic growth. Thus far, the Bank has played a key role in steering the multilateral development bank community in the areas of migration and forced displacement. The MDB Coordination Platform on Migration and Forced Displacement is helping to create more impact together on migration issues. The platform is managed by the European Investment Bank and the World Bank. The member banks have improved cooperation in four main areas: common frameworks, data and knowledge sharing, operational coordination and financial instruments.

Coordination among development banks is particularly intense for climate action. The Bank tracks climate finance using definitions developed 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 developing a common approach to meeting goals set out in the Paris Agreement.

FINANCING WITH PARTNERS

Trust funds

Given the increasing importance of trust funds in financing for development, the Bank has set up a number of new ways to use donor funds for projects outside the European Union. The trust funds provide funding for technical assistance across the lifespan of projects, making them more appealing and less risky for the Bank and for other investors. The Bank's Partnership Platform for Funds provides a scalable structure to govern new trust funds and simplify the procedures. Currently the platform has six funds. The largest is the Economic Resilience Initiative Fund, which concerns projects in North Africa, the Middle East and the Western Balkans. The other five funds are active in the ACP regions, and are outlined below.

The Water Sector Fund was established at the end of 2017 and has received commitments of €3.3 million from the Netherlands. This fund provides technical assistance to water projects in poor and emerging countries. The fund is looking at solutions such as promoting solar-driven water systems, enticing small entrepreneurs into water provision services and involving local institutional investors in clean water projects. By the end of 2020, the fund had approved four technical assistance operations: one in Niger, one in São Tomé and Principe, and two in Malawi. The Niger project is vitally important for local people, and is explored in more detail below. One of the Malawi projects is especially notable because it explores the use of renewable energy to run water pumps. This technology could have significant implications globally by cutting emissions and increasing resilience in water supply. It is hoped that the fund can attract other donors so that financial instruments like loan guarantees and equity investments can be used to support water projects as well.

The Luxembourg-EIB Climate Finance Platform supports private sector investment in climate change mitigation and adaptation projects, which remain underfunded on a global scale. The Luxembourg government has made €70 million available as subordinated funding, which will in turn entice other investors to participate in projects. It is hoped that other donors will also contribute to the platform. The platform is involved in three different funds that are active in the ACP regions. The Land Degradation Neutrality Fund is a $300 million facility, devised to reverse land degradation and rehabilitate territory, which will then be used for sustainable forestry and agriculture. The platform is also supporting the $250 million Climate Resilience Solutions Fund, known as CRAFT, which supports private sector solutions for climate adaptation projects around the world. Also benefiting from the platform's financing is the Access to Clean Power Fund, which has a target size of $200 million, and will contribute to the electrification of underserved homes and businesses through supporting small companies that provide renewable energy solutions ranging from off-grid to captive generation. All of these funds have also received financing from the Bank.

The Financial Inclusion Fund was devised by the government of Luxembourg and is managed by the Bank. It was formally launched in November 2019. The Bank has a longstanding partnership with the country, especially in microfinance and financial inclusion. This fund supports technical assistance programmes and capacity building for microfinance institutions across Africa, the Caribbean and the Pacific, as well as Asia and Latin America. 15 operations have been approved. The fund provides financing where it is most needed: microenterprises and small businesses, notably those owned and run by women and young people, and those located in rural communities. Poor households, micro-entrepreneurs and small enterprises have trouble getting loans on good terms, particularly in remote rural areas. By supporting financial institutions, this fund will bring these services to more people. Luxembourg is currently the sole donor to the fund, with a contribution of €4.5 million.

The City Climate Finance Gap Fund, or Gap Fund, was established in 2020 to offer technical assistance for cities around the world and help them meet climate goals. It turns their ideas about climate action into strategies and finance-ready projects, and ultimately attracts more investment. The urban focus is important, as cities in developing countries are growing quickly, and it is estimated that $93 trillion worth of sustainable infrastructure will need to be built by 2030 to help control global warming. The Gap Fund is made up of two financing blocks, one managed by the European Investment Bank and Germany's development agency, Gesellschaft für internationale Zusammenarbeit, and the other by the World Bank. Both blocks provide technical assistance for project pre-preparation and preparation in climate change mitigation and adaptation projects in renewable energy, water supply and wastewater treatment, sustainable transport and energy efficiency. The Gap Fund has received pledges of a total of €55 million from Germany and Luxembourg. Out of this, the Bank is managing €23 million through a dedicated trust fund.

The International Climate Initiative Fund, known as the IKI Fund, was set up in 2019 by the Bank and BMU, Germany's Federal Ministry of the Environment. With total pledges so far of €17 million, the IKI Fund provides grant financing for projects in climate change mitigation and adaptation around the world. These grants can take the form of technical assistance or financial instruments, notably partial portfolio guarantees and investments in junior tranches of layered funds. The overall aims of the fund are to help reduce greenhouse gas emissions and increase partner countries' resilience to the effects of climate change by making projects in these fields more attractive to the Bank and other investors. Focus areas for the IKI Fund are sustainable transport, renewable energy and energy efficiency, as well as lowering the risks posed by climate change for agriculture, water and wastewater systems, energy, transport, coastal areas and rivers.

The EU-Africa Infrastructure Trust Fund provides grants for infrastructure projects in sub-Saharan Africa intended to reduce poverty and improve economic growth. The grants can support projects financed by the Bank as well as other investors. Its focus areas are energy, transport, water and information and communication technologies. By far the largest EIB-managed trust fund, this infrastructure fund was established in 2007 and received donor pledges of €813 million, supporting 123 operations. It has two major sectors of activity. The €483 million regional envelope helped fund cross-border and national infrastructure projects in the energy, transport, water and information and communications technology sectors. A separate €330 million envelope supports renewable energy and energy efficiency projects that are in line with the United Nations Sustainable Energy for All initiative. This fund is no longer accepting grant applications.

The EIB has signed loans to help improve water and sanitation in Niamey, capital of Niger.

IMPROVING WATER SUPPLIES IN NIGER

Investing in water and sanitation projects across the ACP regions has long been a priority for the Bank, but the sector has many challenges. Improving the water supply in Niger's western border region is a perilous task. Militants have been active in the area for years and violence is common along the border with Mali and Burkina Faso.

But Niger needs help to improve its water supply. The availability of clean drinking water is low by global standards, with large disparities between urban and rural areas, many of which are threatened by drought and desertification. Clean water is, of course, a necessity for healthy societies and economies. In the Tillabéri region near the western border, 92% of the population lives in rural areas and there is a chronic shortage of clean water, especially during the hot season when temperatures often rise above 40 °C.

The Bank is working with the Niger water authority to find solutions for these problems, backed by the Water Sector Fund (see previous page) and supported by the Dutch government. Niger is one of 18 countries in sub-Saharan Africa on the World Bank's list of fragile regions. These are the places that require the most urgent investment in basic infrastructure.

A NECESSITY FOR DEVELOPMENT IN FRAGILE REGIONS

Niger's water problems are still growing. In Téra, a city of 30 000 inhabitants, only 40% of residents are connected to a functioning public water system. In 2018, Niger's water authority, Société de Patrimoine des Eaux du Niger, opened ten boreholes and installed a water treatment plant to supply Téra and nearby areas with potable water. A year later, the water source dried up and the water treatment plant was forced to close.

The country's water authority needs a tenfold increase in clean water provisions over the next 20 years just to keep up with Téra's rapidly growing population. "The goal is to find a definitive solution to the city's water problems and provide water to nearby villages," says the managing director, Amadou Mamadou Sekou.

ADDRESSING WATER SHORTAGE

The impacts of safe water supplies go beyond health. Access to basic water services can help stabilise the political and security situation in Niger and reduce the number of people moving to Niamey, the capital or within the region. Economic and social development in the Tillabéri region will help prevent radicalisation in a high-priority area for the government of Niger and the European Union.

The Bank and Niger water officials are exploring two plans to improve water in Téra. The first option is to rehabilitate the water reservoir outside the city. A second option is to treat and convey water from the Niger River, over 100 km to the east. This would also supply water to villages between Téra and the Niger River. The Bank will also explore using solar energy to reduce operational costs.

DONOR FUNDS FOR NIGER WATER DEVELOPMENT

The Water Sector Fund is financing a study to identify the most sustainable technical solution. Karin Roelofs, head of the Water Division in the Dutch Foreign Ministry, says providing access to drinking water in countries like Niger is a priority for her team. "Investment in local infrastructure is needed to secure water supplies to secondary cities like Téra," Roelofs says. "By working with the EIB through the Water Sector Fund, we are able to link such priorities to the Bank's financial and technical capacities."

- Technical assistance to help improve water supply in remote areas
- Exploring sustainable infrastructure
- Improving security and quality of life

EIB investment is helping to extend and modernise electricity grids in Senegal.

GRANTS AND LOANS WORK TOGETHER

AFRICA INVESTMENT PLATFORM

The Africa Investment Platform was created to provide grants for projects in sub-Saharan Africa from 2016 to 2020 under the European Fund for Sustainable Development. Infrastructure projects such as renewable energy and transport are eligible, as are small businesses and agriculture initiatives. In response to the European Commission's increased focus on blending grants and loans, the Bank secured grants for five operations in sub-Saharan Africa focusing on infrastructure and agriculture value chains. Further applications to the Africa Investment Platform received by the end of 2020, which is the deadline for funding under the current multiannual financial framework, are included in this platform's priority pipeline. However, given that blending funds for some regions have been exhausted under the current multiannual framework, there are a number of projects in the Bank's pipeline that are coming to maturity at a time when the availability of grant funds is uncertain, despite these projects being in line with European Union priorities.

Under the European Fund for Sustainable Development guarantee, three funding applications were approved covering investments in sub-Saharan Africa. Further applications are expected to be launched under the 2021-2028 multiannual financial framework.

With the agreement of the European Commission and the donors, returning funds in the EU-Africa Infrastructure Trust Fund, the predecessor to the Africa Investment Platform, will be available in the medium to long term to support projects in sub-Saharan Africa.

CARIBBEAN INVESTMENT FACILITY

This facility supports sustainable economic growth in the region by unlocking finance for infrastructure projects in transport, water and sanitation, energy and telecommunications. There are currently two EIB-led operations in the Dominican Republic that benefit from this facility's grants. One agreement to support an energy distribution and loss reduction programme was signed in 2015 with the European Commission for €9.33 million, and another grant supports post-disaster and climate change resilience intervention. The agreement for the latter operation was signed in December 2018 with the European Commission for €17 million in the form of technical assistance and an investment grant. Co-financing opportunities are also being sought with the Bank or other finance institutions.

INVESTMENT FACILITY FOR THE PACIFIC

This 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 Bank, as lead financier, has two technical assistance operations under this facility for a total grant amount of €10 million. In Fiji, the technical assistance programme's goal is to make the island's power supply system more climate-resilient and also provide a project preparation study for hydropower development on the Qaliwana river. The latter operation was relaunched with the government of Timor-Leste in 2019 for project preparation and implementation.

WORKING WITH THE UNITED NATIONS

The Bank has two main streams of cooperation with the United Nations. We work with a number of UN agencies on broad and global thematic issues such as climate goals and the Sustainable Development Goals, and then cooperate with them in specific sectors and individual projects on the ground. Examples of this include working with the World Health Organization on the best ways to fight the COVID-19 pandemic, but also how to prevent and deal with future pandemics, and a formal partnership with Unicef to increase access to quality education for children, while also reducing the impact of climate change on them.

In 2020, the Bank strengthened its relationship with the United Nations Development Programme (UNDP) to work more closely on issues relating to sustainability awareness bonds, as well as recovery operations after the crisis in ACP countries. UNDP is playing a major role in encouraging development banks and institutions to help increase private sector finance, which further supports the Sustainable Development Goals. In 2020, the Bank and UNDP agreed to scale up support for countries facing emergency situations arising from natural disasters, pandemics and conflict. For more on how we work with the UNDP, see our interview with the agency's administrator, Achim Steiner, on p.53.

The Bank has a longstanding partnership with the United Nations Industrial Development Organization (UNIDO). We work together in the field of industrialisation and the development of associated value chains. In the ACP regions, this has been most prominent in Ethiopia, where the government has requested that the Bank finance two projects of significance for the national industrialisation strategy: Modjo Leather City and Agri-Business Parks. In the case of the former, UNIDO would work on the value chain aspects under funding from the European Commission.

Other UN bodies that work with us include the UN Office for Project Services, the UN Capital Development Fund, the Food and Agriculture Organization of the United Nations (FAO), the International Fund for Agricultural Development (IFAD), UN-Habitat, and the UN Refugee Agency.

"THE WELL-BEING OF PEOPLE AND THE PLANET"

AN INTERVIEW WITH ACHIM STEINER ON THE UNITED NATIONS AND DEVELOPMENT

Achim Steiner was appointed administrator of the United Nations Development Programme (UNDP) in 2017. In this interview, he tells us how the agency is playing a vital role to fight the pandemic in some of the world's poorest regions, explains how his organisation and the European Investment Bank work together on the Sustainable Development Goals, and outlines how technology will be a key driver for Africa's future.

What do you see as the UNDP's role, and how is this evolving?

We operate across 170 countries on all continents with a workforce of 17 000 people. Since the outset of the pandemic we have been supporting governments, and learning from them, to prepare, respond and recover better. That includes everything from helping countries procure vital medical supplies to digital support to keep the lights of government on. We have continued to deliver on the ground in some of the toughest places in the world despite the constraints. We have colleagues in Saa'na, Bangui and Mogadishu. The challenges can be onerous!

We are now ramping up support for developing countries to move towards a green economy. This capacity is illustrated by our Climate Promise. The Climate Promise is being implemented in 118 countries, and is the world's largest offer of support for the enhancement of countries' climate pledges. We are helping developing countries to move away from fossil fuels and embrace clean, renewable technologies — towards a *green economy* that creates new jobs.

In the wake of this pandemic, we have the opportunity to *reimagine* the economies and societies we want — the future of development. And we are seeing opportunities to accelerate innovative forms of governance, digital transformation, and green economies, while ensuring that social protection and equity are not something we only think about during crises.

Since 2012, the European Investment Bank and UNDP have worked together on several operations — one notable example is the Ukraine early recovery programme. How have these experiences been, and how can they transfer to new operations in other regions, for instance in Africa?

Our partnership model for Ukraine on early recovery focused on making investments in critical infrastructure in conflict-affected areas — including water and power supply systems as well as educational and health facilities, which were affected by decades of underinvestment and neglect. This can serve as an example to expand our collaboration in Africa, where UNDP has several early recovery and stabilisation initiatives, such as those in Lake Chad and the Sahel. The Bank announced its aim to provide new financial and technical support in 11 Sahel countries to back sustainable agriculture, clean energy, water, infrastructure and private sector financing. And UNDP has finalised its offer for the Sahel, with four pillars that are closely aligned with the areas that the Bank also identified as priorities.

After an initial memorandum of understanding signed in 2016, our organisations explored further ways of working together in 2020. Has the COVID-19 pandemic accelerated partnerships?

The pandemic has urged us to find innovative and rapid solutions to respond to countries' demands. In 2020, UNDP and EIB teams explored cooperation opportunities in more than 32 countries in three strategic sectors: strengthening the health sector, investing in digital infrastructure in Africa, and accompanying the green recovery. The challenges we are facing — COVID-19 and climate change — are of unprecedented scale. For a common framework to achieve the required transformational change, it will be essential for the EIB and UNDP, and more broadly Team Europe and the UN system, to work together.

How has the COVID-19 pandemic further highlighted the importance of achieving the Sustainable Development Goals?

The COVID-19 pandemic is starting to reverse decades of progress made in human development and highlighted massive inequalities. Half of the world's population lacks access to essential health services and 3.6 billion people are still offline. Indeed, entire countries are being left behind when it comes to the distribution of COVID-19 vaccines. But we now have the opportunity to "build forward better". This crisis has laid out — in the starkest way possible — just how interconnected our world is. A "People's Vaccine" is also the *fastest way* to end this pandemic. We must act in borderless solidarity to defeat the virus with a focus on people, planet, prosperity and peace.

The pandemic is likely to change our approach to development. We see a significant shift towards renewable energy, economic diversification and technological adaptation, led by the private sector. UNDP is helping countries to reimagine the post-COVID-19 future, and fundamental structures are being set up to strengthen fiscal space at a time when resource flows diminish.

The 17 Sustainable Development Goals were born out of an analysis of the major risks that all economies and societies are facing — and the need for integrated approaches that advance the well-being of people and planet hand-in-hand.

Digitalisation was already hugely important for growth across Africa before the pandemic struck. Do you see it further changing and improving lives in the coming years?

Technology can be a catalyst for transforming African economies and service delivery, as we have seen during the pandemic. It has helped to deliver health services, increase access to and quality of education and improve productivity in agriculture. Digitalisation is progressing fast in the financial sector and some countries, such as Kenya, are global leaders in mobile money. Leapfrogging in digitalisation is a must for Africa not only to take advantage of global development megatrends for its own economic transformation but also to avoid lagging behind. Governments have to facilitate these positive trends by developing the necessary infrastructure, including the provision of stable power supply, affordable broadband, digital skills development and improving access to capital, especially by startups.

UNDP is engaging with these issues from both a programmatic and policy perspective. Building upon our digital strategy, we're harnessing technology and innovation to deliver better results in the communities where we work and seeking opportunities to put transformative technologies in the hands of the poor and marginalised. An example here is the UNDP Accelerator Labs initiative. In Rwanda, our team worked with health authorities to deploy robots in COVID-19 treatment centres. The robots help to minimise contact between health workers and COVID-19 patients and to disinfect key locations like hospitals.

Which other sectors do you see as growth areas for Africa?

There are several sectors that are about to take off and have very high potential. The Africa Continental Free Trade Area, an agreement that could create a single market of 1.2 billion people, will create many openings. It will bring benefits to women, who represent 70% of cross-border traders in Africa. Agriculture and manufacturing could be critical here too. Technology and diversification will play important parts. In addition, moving away from fossil fuels in the medium to long term and prioritising a shift towards renewable energy, especially solar, makes practical sense from both an economic and environmental point of view. For regions like sub-Saharan Africa where half of secondary schools have no power — this new momentum will literally turn on the lights. For others, renewable, clean energy will help to increase access to services like affordable broadband — the "nervous system" of tomorrow's green economy.

On a practical level, how can the EIB and UNDP's partnership improve development impact? How can it help both organisations as we seek to achieve our common goals in developing countries and fragile contexts?

Our complementarity is clear. We share a framework for action — the Sustainable Development Goals — and bring to the table different sets of expertise and networks. UNDP, as the UN's development agency, help countries to develop institutional capabilities and build resilience in order to sustain development results. The EIB, as the European Union's lending arm, leverages the financing required for transformational change through various engagements with the private and public sectors.

Together, we have a powerful combined offer of financial and policy support to ensure developing countries play a comprehensive role in a fair and inclusive global green recovery. UNDP and the EIB have also joined forces to define new standards at the global level.

To achieve the Sustainable Development Goals, we need $2.5 trillion of additional annual investment in developing countries. No amount of public funds and grants can bridge this gap. Cooperation between institutions like the EIB and UNDP contributes to building the right structures to crowd-in private sector finance so that everyone can help to shape a global green economy.

AFIG Funds have been investing in small and medium businesses in West and Central Africa across several sectors, including manufacturing, financial services, and agribusiness.

HOW WE WORK IN AFRICA, CARIBBEAN AND THE PACIFIC

The European Investment Bank is one of the largest multilateral lenders in the world. We are active in around 160 countries, investing in projects that support sustainable development, create jobs and reduce poverty. The European Union sets high environmental and social standards, and we spread these values broadly.

BEYOND LOANS

The Bank stands apart in four areas:

Long-term financing adapted to each project: We use five indicators to determine funding conditions: extension of the typical maturity, match with the asset's lifetime, local currency funding (which can account for up to 40% of the Investment Facility), grants and innovative features in the financial product.

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

Mobilising other financing: Our involvement in a project attracts other investors, particularly among European financial partners.

Flexibility: We continually develop financing instruments to ensure our lending best meets borrowers' needs and addresses parts of the economy not supported by the private sector. Examples include the ACP Migration Package, the ACP Infrastructure Package, sustainability awareness bonds, climate awareness bonds and the Economic Resilience Initiative.

SOURCES OF FUNDING

The Bank has various instruments to finance different kinds of operations in sub-Saharan Africa, the Caribbean and the Pacific. In general, our own resources are used for the public sector, mainly in the form of senior loans given to large infrastructure projects. These funds can also be used for intermediated loans given to banks, which then give out many smaller loans to clients. The envelope for our own resource lending is backed by guarantee agreements between the Bank 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, junior and subordinated loans, and provide guarantees, interest-rate subsidies and technical assistance. The Investment Facility's resources come directly from the EU Member States 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 bring about higher risks with higher returns. It reaches 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.

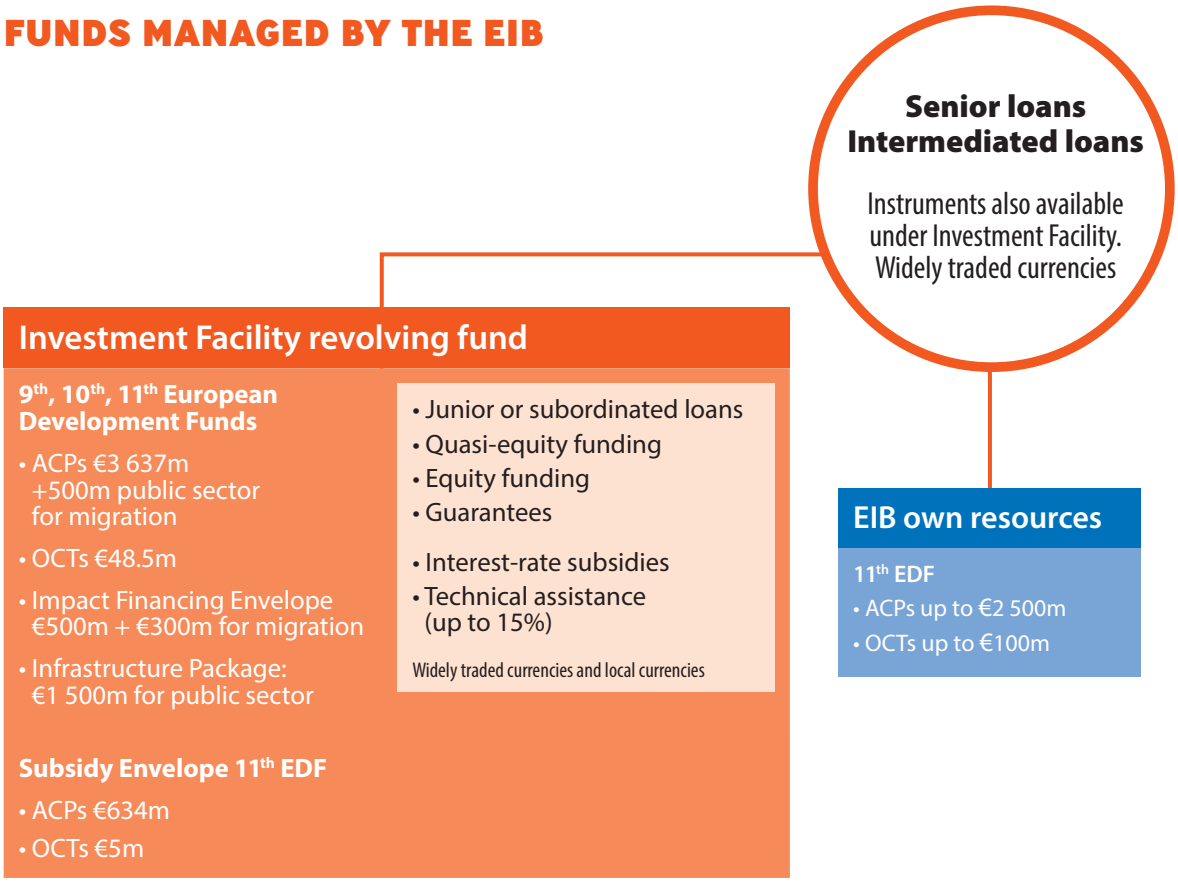
GOVERNANCE: THE INVESTMENT FACILITY COMMITTEE

The Investment Facility Committee was set up in 2002. It is made up of representatives from each EU state and the European Commission. Representatives of the General Secretariat of the Council, the European External Action Service, and the United Kingdom are also invited to this committee's meetings as observers. The chairwoman of the committee is the Finnish representative, Anne af Ursin. The Bank supports the committee with technical and financial expertise, and by providing secretariat services.

The committee sets policy and strategic matters concerning the Bank's activity in ACP states and Overseas Countries and Territories (OCTs). Members also give opinions on financing proposals from the Bank's own resources and committee resources prior to their submission to the Bank's Board of Directors.

The committee guides and supports the Bank in its financing for a broad range of projects in ACP states and OCTs. The Investment Facility Committee has an important role in the project approval process, and provides an excellent forum in which the Bank can have in-depth discussions on non-EU activities with Member States, our partners at the European Commission, and the observers to the committee.

FUNDS MANAGED BY THE EIB



TRANSPARENCY

The Bank has high standards of transparency and accountability. As a public institution, the Bank must be open about the ways we make decisions and implement European Union policies in partner countries.

We are accountable to citizens and must remain credible. Our guiding principles are openness, good governance, participation and democratic accountability. Since 2014, we have been publishing data in line with the International Aid Transparency Initiative standard, an initiative to improve the transparency of development activities.

In 2014, we also launched our public register. It contains the social and environmental project assessments of our operations.

THE RESULTS MEASUREMENT FRAMEWORK

Since 2012, the Bank has used the Results Measurement (ReM) Framework to track the impact of projects outside the European Union. The framework helps us understand our contribution to European Union and country objectives, and it allows us to understand the difference that European Investment Bank involvement makes compared to what local markets can offer. The framework strengthens our appraisals of projects and helps us monitor the whole project cycle.

At the beginning of the project cycle, we identify indicators for the project and outline the expected results. We then monitor the project at different stages of its life. For infrastructure projects, for example, we measure the results when the project is complete and we do this again three years later. A more detailed framework is used for projects financed under our Impact Financing Envelope.

Since this framework was introduced, about 800 projects have gone through 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 ReM indicators with those of other international financial institutions to simplify clients' reporting requirements for co-financed operations. We have also harmonised indicators with the European Commission within the framework of the European Union "blending platform" for development projects that require a mix of grants and loans. We work continuously with other development agencies and financial institutions to improve the coordination and harmonisation of results indicators.

From 2021 onwards, the ReM framework and the 3 Pillar Assessment (the Bank's impact assessment for operations within the European Union) will be incorporated into one Additionality and Impact Measurement (AIM) framework. The idea is to harmonise project indicators across all regions, and make them easier to compare. The new framework will take into account the different economic and social contexts in which the Bank operates, and further make sure that the projects we support match our goals and improve lives across all regions of activity.

EIB investment helped to install wind farms in Cape Verde, bringing electricity to more people and businesses on the archipelago.

THE REM FRAMEWORK

Pillar 1	Checks eligibility under Bank mandates and rates the contribution to the European Union 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 Bank financial and technical contribution beyond the market alternative.	inputs

A DEEPER UNDERSTANDING: WORKING WITH THE GLOBAL DEVELOPMENT NETWORK

The Bank is investing in in-depth research on selected projects or portfolios to deepen its understanding of impact at the level of final beneficiaries. For example, in a pilot programme carried out in partnership with the Global Development Network, the Bank assembled a set of researchers from Africa and the Caribbean to carry out impact studies of private sector projects in Africa, focusing on impact investment. The network brought in globally renowned experts to provide technical advice to the programme and to ensure that the studies are carried out with the maximum rigour and using up-to-date methods. This approach has boosted the capacity of the research communities in Africa and the Caribbean, and has been a valuable learning experience for the Bank and its clients. So far, the programme has supported researchers from Ethiopia, Rwanda, Senegal, Mali, Cameroon, Ghana, Nigeria, Kenya and The Gambia, and four studies from the first of three cycles have been published on the Bank website, with further studies to be published in 2021. The researchers' findings bring a different perspective on our understanding of our development impact, and therefore can help the Bank to improve its effectiveness in development.

TECHNICAL ASSISTANCE AND INTEREST-RATE SUBSIDIES

TECHNICAL ASSISTANCE

Blending loans with grants, including grants for technical assistance, enables the Bank to bring its expertise to projects and to provide guidance on how to finance them. On the local level, the Bank's technical assistance programmes develop the skills of our local partner banks, which can then work directly with small businesses or microenterprises. The value of technical assistance is also evident in the public sector, where our guidance helps the implementers of public infrastructure projects conduct feasibility studies, flesh out detailed designs or assess a project's environmental impact. 21 operations were signed under the ACP Cotonou Subsidy envelope in 2020 for a total of €28.7 million. Notably, these include initiatives in sub-Saharan Africa supporting women's economic empowerment, digitalisation and the Clean Oceans Initiative.

Nine operations were approved for a total of €11.4 million. These include water and sanitation programmes, digitalisation and support for startups and entrepreneurs.

INTEREST-RATE SUBSIDIES

Interest-rate subsidies are explicitly called for in the Cotonou Agreement and are vital to making some public sector projects bankable. Like other blending instruments, interest-rate subsidies relate in particular to concessionality requirements imposed upon many ACP countries. Restrictive borrowing conditions apply under debt-relief programmes like the Heavily Indebted Poor Country Initiative, a group of 39 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 Bank takes into account the correct concessional rules to avoid over-subsidising projects. In 2020, 19 operations were signed in the ACP regions, including the OCTs, adding up to a total subsidy of €34 million. 21 operations were approved, for a total of €48 million, also including the OCTs.

The EIB is a long-standing partner of FEFISOL, which supports rural African businesses through microfinance.

ORGANISATION AND STAFFING

The Bank's Global Partners Department manages all EIB activities in sub-Saharan Africa, the Caribbean, the Pacific, South Africa and the Overseas Countries and Territories. Global Partners also implements ACP activities under special mandates. In addition, staff in the projects directorate, the general secretariat, mandate management department, transaction management and restructuring, monitoring, equity and microfinance, trust funds and blending and legal services help ACP operations succeed.

At the end of 2020, there were 109 staff members working on ACP operations. They are based at the Bank's Luxembourg headquarters and in the external regional offices and desks in the ACP regions.

The Bank's external representations play several vital roles. They promote and facilitate the Bank's mission and activities, covering institutional relations, business origination and follow-up through the project cycle, and manage relationships at all levels in the public and private sectors.

The Bank 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 Bank desks for the ACP region were set up in 2017 in Barbados and in Dakar to strengthen our local outreach.

When possible, the Bank shares space with the European Union Delegation. Such arrangements are in place for Abidjan, Addis Ababa, Nairobi, Santo Domingo, Yaoundé, Barbados and Dakar.

Off-grid solar acceleration in Uganda.

THE COTONOU AGREEMENT

EIB operations in Africa, the Caribbean and the Pacific, and those in Overseas Countries and Territories are carried out under the ACP-EU Partnership Agreement (the "Cotonou Agreement", 2000-2020), and the Overseas Association Decision, the legal framework for European Union relations with these regions. Financing under these agreements is provided from the European Development Fund — EU countries' budgets — and the Bank's own resources, which we raise on 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 projects further, the Bank provides grants in the form of interest-rate subsidies and technical assistance.

Under the Cotonou Agreement (signed in 2000, revised in 2005 and 2010) our main objectives are poverty reduction, sustainable development, and the integration of ACP countries into the world economy (Article 19.1).

The agreement further provides that we 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 Bank's activities in the ACP support projects that deliver sustainable social, economic and environmental benefits while ensuring strict accountability for public funds.

ACP PARTNER COUNTRIES AND OVERSEAS COUNTRIES AND TERRITORIES

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
- Gabon
- 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**
- Swaziland
- Tanzania
- The Gambia
- 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

PACIFIC

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

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

* *ACP country not signatory to or not having ratified the revised Cotonou Partnership Agreement.*

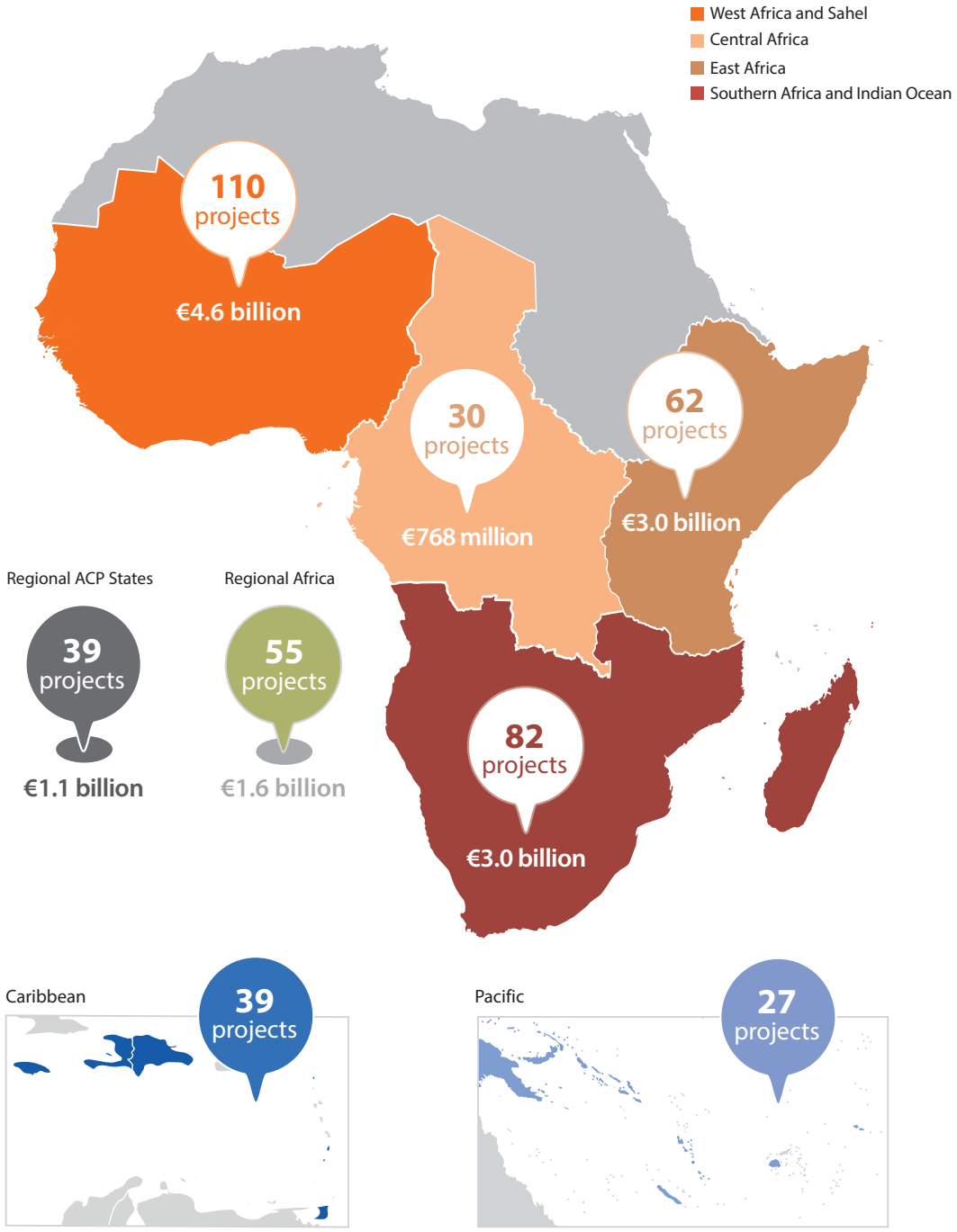
** *RSA: Although part of the ACP regional grouping and signatory to the Cotonou Partnership Agreement, South Africa receives assistance from the European Investment Bank under a different mandate.*

*** *The number of OCTs associated with the European Union went from 25 to 13 on 20 February 2020, when the United Kingdom left the EU. UK OCTs are relevant to the data in this report and are marked in italics.*

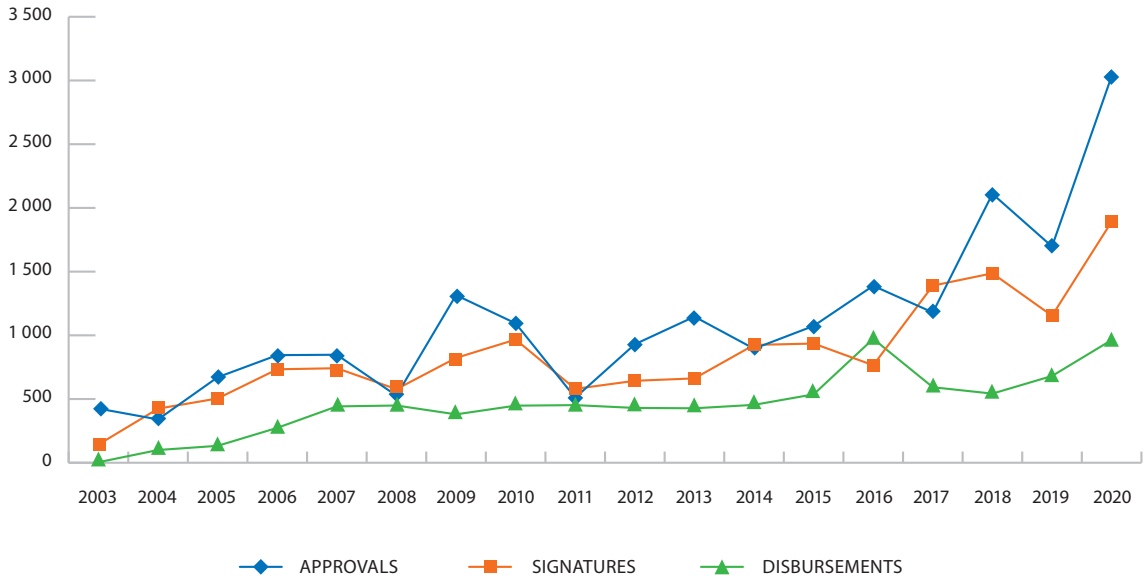
Nairobi resident Phyllis Muthoni set up her shop, Jophy Cosmetics, thanks to an EIB-supported microfinance facility.

THE STORY OF THE COTONOU MANDATE IN FIGURES: 2003 TO 2020

REGIONAL BREAKDOWN SINCE 2003

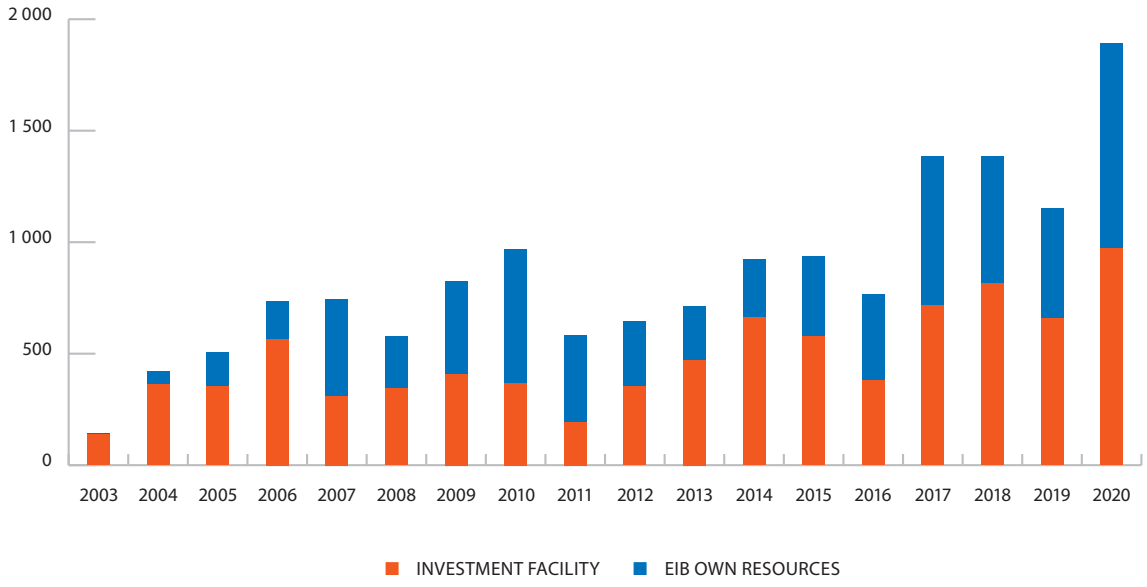


EVOLUTION OVER TIME: ACP APPROVALS, SIGNATURES AND DISBURSEMENTS UNDER COTONOU FROM 2003 TO 2020 (IN € MILLIONS)

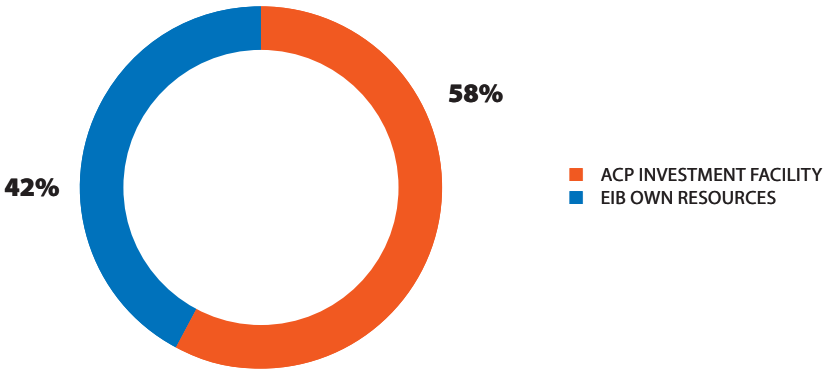


Since the Bank started managing the ACP Investment Facility in 2003, we have used both it and our own resources, backed by a guarantee from the European Union, to support projects across all regions. At the end of 2020, we had invested a total of €15.346 billion in 440 projects across sub-Saharan Africa, the Caribbean and the Pacific. The ACP Investment Facility was extended to provide a bridge to the next financing mandate. These operations cover all major sectors of activity and priority areas. Here, we look at how that investment breaks down.

YEAR-BY-YEAR INVESTMENT FACILITY AND OWN RESOURCE LENDING SINCE 2003 (IN € MILLIONS)

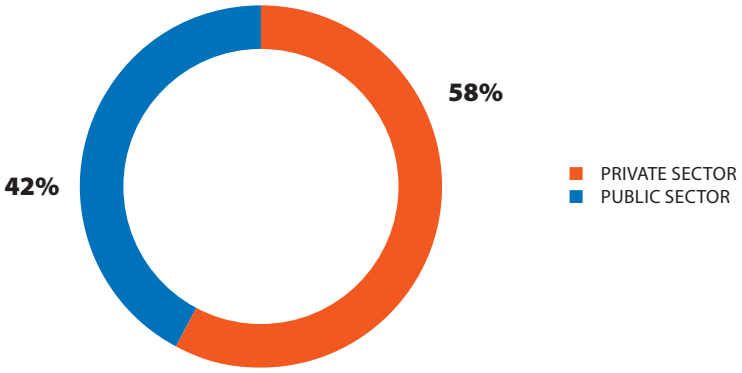


SOURCES OF FINANCING: ACP INVESTMENT FACILITY AND EIB OWN RESOURCES



Of the €15.346 billion that the Bank has invested in the ACP countries and the OCTs since 2003, €8.695 billion came from the ACP Investment Facility, and €6.651 billion was from the Bank's own resources.

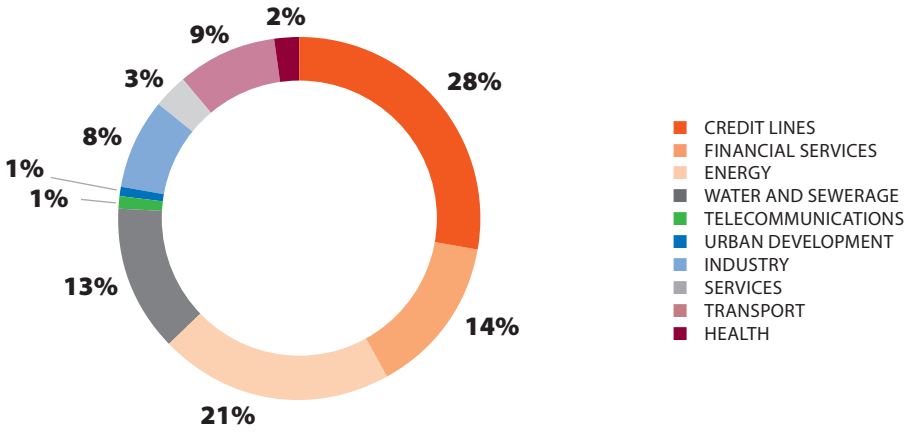
ALL OPERATIONS: PUBLIC SECTOR AND PRIVATE SECTOR



88% of Investment Facility financing went to the private sector, with the other 12% going to public sector projects. For our own resource lending, 81% went to the public sector, with the other 19% going to the private sector.

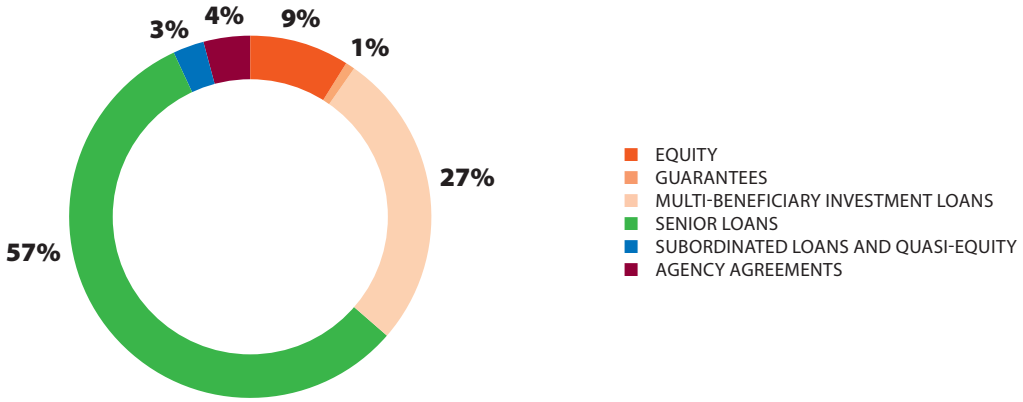
Sisal is one of the world's most versatile crops. The EIB supported this plantation in Kenya under the Private Enterprise Finance Facility for East Africa.

ALL OPERATIONS: BREAKDOWN BY SECTOR

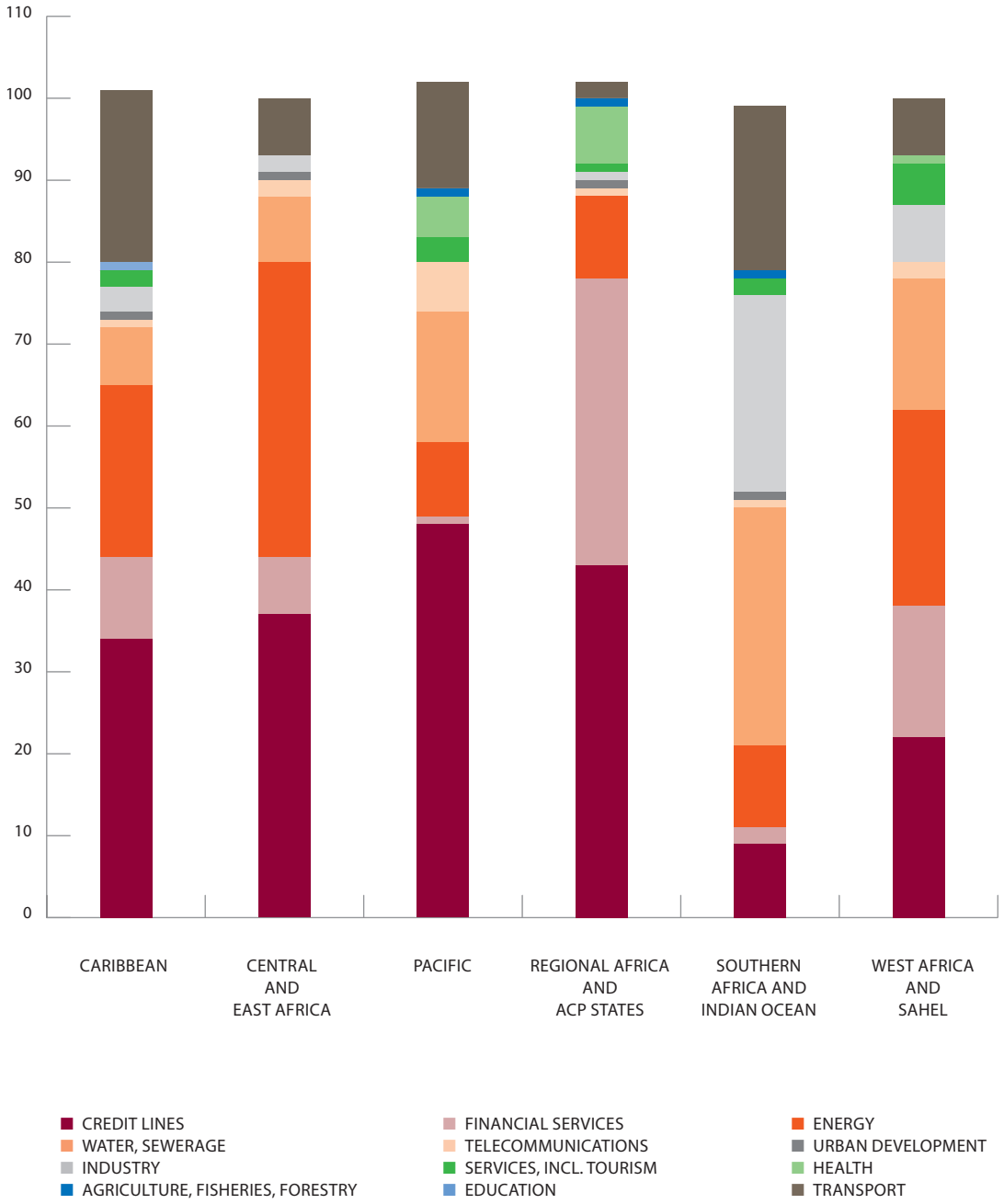


Credit lines, energy, financial services, and water and sewerage are the sectors that have received the most Bank funding since the start of the Cotonou Mandate. The Bank has invested small amounts in some other sectors representing less than 1% of the total amount committed. These are agriculture, fisheries and forestry, solid waste, and education.

ALL OPERATIONS BY FINANCIAL INSTRUMENT



ALL ACTIVITIES BY REGION AND BY SECTOR



AFRICA CARIBBEAN PACIFIC

AND THE OVERSEAS COUNTRIES AND TERRITORIES

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