Most developing countries are facing rapid population growth, leading to an increase in demand for modern infrastructure and better living standards that often cannot be met by the current level of investment. When faced with conflicts, natural disasters or pandemics like COVID-19, developing countries are at even higher risk of humanitarian and economic tragedy. The European Investment Bank, together with the international community and other financial institutions, contributes to protecting the most vulnerable populations.

The development of climate-resilient infrastructure and support for local economies is crucial to creating sustainable and inclusive growth and generating employment opportunities in the developing world.

Climate action is a key area of investment for the EIB in developing countries. Many regions around the globe are facing issues such as rising sea levels, coastal erosion, wildfires and storms. According to the International Monetary Fund, climate change is considerably lowering the world’s gross domestic product, especially in disadvantaged regions and vulnerable countries in Asia and Africa. Even if we manage to limit the global temperature increase to 2°C by 2050, at least 570 cities and some 800 million people worldwide will be exposed to rising sea levels and more frequent and destructive storms. The dangers will increase as temperatures climb. Some small island states and coastal communities might simply cease to exist.

The European Union plays an essential role in climate action, diplomacy, the promotion of human rights, trade, development and humanitarian aid. It is the largest single donor of development assistance. Together, the European Union and its members provide more than half of official development assistance globally.

As the financial arm of the European Union, the European Investment Bank is the natural tool for implementing European external investment policy. EIB projects also support the UN Sustainable Development Goals (SDGs). The EU bank’s lending accounts for close to 30% of the EU institutions’ official development assistance.

This contribution makes a huge difference to millions of people’s livelihoods around the world.

“The right to development is the measure of the respect of all other human rights. That should be our aim: a situation in which all individuals are enabled to maximise their potential, and to contribute to the evolution of society as a whole.”

Kofi Annan, seventh Secretary-General of the United Nations
FACTS AND FIGURES

The EIB has financed investment outside the European Union for more than 50 years. It is active in 160 countries, including enlargement and EFTA countries, Eastern and Mediterranean neighbours, African, Caribbean and Pacific (ACP) countries, Overseas Countries and Territories (OCT) and South Africa, as well as countries in Asia, Central Asia and Latin America. EIB operations cover 43 of the 59 least-developed countries and fragile states worldwide. The 27 EIB offices located in Africa, Latin America and Asia help the Bank to deliver on its mission outside Europe.

In 2019 alone, the EIB provided €7.9 billion of financing in 50 developing and emerging countries – around 12.5% of its overall lending.

The EIB operates under different EU mandates such as the External Lending Mandate, which enables the Bank to do business in 68 countries in the EU’s Southern and Eastern Neighbourhood, Asia, Central Asia, Latin America and South Africa. The Cotonou Partnership Agreement covers operations in 78 African, Caribbean and Pacific states as well as the Overseas Countries and Territories.

Many projects we support are co-financed with other development finance institutions such as the World Bank, the European Bank for Reconstruction and Development (EBRD), Germany’s development bank KfW, Agence Française de Développement, Asian Development Bank, African Development Bank and the Inter-American Development Bank, among others.

These projects aim to develop industry, innovation and infrastructure, with the ultimate goal of addressing imbalances and promoting a stable economy. EIB projects create jobs, generate cheaper and cleaner energy, and bring about greater gender equality and regional integration.

Thanks to the projects financed by the EIB outside the European Union in 2019:

- **6 million people** will benefit from improved water supply and sanitation
- **4.9 million hours** will be cut from road journey times
- **3.3 million households** will be served by clean energy
- **192 000 jobs** will be sustained in small and micro enterprises
- **337 million new passengers** will use urban transport each year
KEY EIB LENDING CRITERIA OUTSIDE THE EUROPEAN UNION

Climate
Climate change can bring significant disruption to less advanced economies. For this reason, the EIB has committed to dedicating at least 35% of its loans outside Europe to projects that have a climate security component. We exceeded this target in 2019 with €3 billion of investment, representing 43% of total EIB lending outside Europe.

One distinctive feature of the EIB when operating outside the EU is that it applies the same environmental and social principles and quality standards as for lending within the Union.

Health and response to the COVID-19 pandemic
Through its work, the EIB helps reduce healthcare inequalities and social exclusion, particularly by supporting underserved or sparsely populated regions. Sanitation and healthcare infrastructure projects such as the Lake Victoria Water and Sanitation Programme and Santé Maroc are just some examples of the Bank’s activities in this sector.

To respond to the coronavirus pandemic outside the European Union, the EIB Group has further increased its healthcare financing. It has committed to providing up to €6.7 billion (as of 30 June 2020) for urgent healthcare investment and private sector support, as part of the “Team Europe” response set up by the European Commission. (See here for updates).

The EIB Group will also provide €1.7 billion to support the social and economic recovery of the Western Balkans from the COVID-19 pandemic, as a contribution to the €3.3 billion EU package for the region (as of 30 June 2020).

The EU bank works closely with key partners such as the World Health Organization (WHO) and UN-Habitat to strengthen public health, supply of essential equipment, training and hygiene investment in countries most vulnerable to the COVID-19 pandemic.
Financing resilient strategic infrastructure

In transport infrastructure, the Bank focuses on projects offering lower carbon transport alternatives that provide increased capacity, reduce travel times and improve connectivity for both people and goods.

The EIB’s support for energy infrastructure is twofold: more renewable energy and higher energy efficiency. This helps reduce energy consumption and diversify energy resources, and provides energy customers with more supplier options.

Enhancing social infrastructure, particularly healthcare, housing and education, is needed to improve people’s lives and develop a well-educated and skilled workforce that can create and seize growth opportunities. That is why the Bank also invests in these sectors.

Urban infrastructure such as local transport, water, wastewater and solid waste management is indispensable for the development of smart cities. Modern telecommunication and internet infrastructure contributes to economic development and better education standards, particularly in rural areas, thus strengthening competitiveness and employability.

Supporting economic resilience, growth and jobs

The EIB set up the Economic Resilience Initiative (ERI) to support countries of origin, transit and destination of migrants in North Africa, the Middle East and the Western Balkans. Likewise, the ACP Migration Package supports such countries in sub-Saharan Africa.

The Economic Resilience Initiative came to life in 2016 at the request of EU leaders. It substantially increased EIB financing in the Western Balkans and Europe’s Southern Neighbourhood, adding €6 billion to the €7.5 billion originally planned. To date, 93% of the target amount has been approved, some €5.6 billion for 59 projects.

The initiative combines support for the private sector, particularly for young people and women, with more investment in water, health and education. According to EIB estimates, the initiative will trigger around €15 billion in additional investments between 2016 and 2020. Current projects under the ERI should create around 8 800 new permanent jobs, bring safer water to 4.5 million people and improve sanitation for a further 6.5 million people.

Also set up in 2016, the ACP Migration Package offers financing to address various challenges faced by poorer communities in Africa. It seeks to improve the availability of much needed longer-term funding in local currencies to micro firms and SMEs, and supports additional migration-focused lending. By the end of 2019, a total of €372 million had been signed under this package.
Enhancing gender equality

Gender equality and women’s economic empowerment drive inclusive and sustainable development. The EIB works to protect the rights of women and to invest in female entrepreneurship.

At the end of 2019, the EIB launched SheInvest, an initiative to boost gender equality in Africa. Its aim is to mobilise €1 billion of investment that can benefit millions of women across Africa by granting them better access to finance and by making sustainable infrastructure services and products work for them. In the context of the initiative, the EIB puts particular emphasis on projects that deliver innovative digital solutions and financial products for women and girls, who are often excluded from such services. SheInvest also focuses on climate and gender-responsive infrastructure projects, which can enhance women’s access to water, clean, reliable and affordable energy, as well as to sustainable public transport.

Boosting investment for the Sustainable Development Goals – Sustainability Awareness Bonds

Harnessing financial support from global investors and capital markets is essential to achieving the Sustainable Development Goals and improving people’s daily lives. The United Nations estimates that $6 trillion of new annual investment is needed to achieve the SDGs.

The EIB issued its first Sustainability Awareness Bond in 2018 with a €500 million transaction. The bond supports sustainable finance and builds on the EIB’s pioneering role unlocking investment through green bonds. Initially, the Sustainability Awareness Bonds focused on investment in water supply, sanitation and flood protection. Now they also cover other sectors such as health and education.
Santé Maroc
The Santé Maroc project is an ambitious hospital reconstruction, rehabilitation and equipment programme covering 16 hospitals, as an integral part of the Moroccan Ministry of Health’s hospital reform initiative. The EIB financed €70 million out of a total budget of €141 million. The programme will upgrade the quality of buildings and equipment and therefore improve the quality of healthcare in Morocco.

Gambia Renewable Energy
The EIB is supporting Gambia in increasing access to reliable and competitively priced electricity, which is essential for business development, job creation, income generation, social inclusion and international competitiveness. Access to electricity will improve children’s education and health services, especially in remote areas. The project will improve energy provision using photovoltaic/battery systems for sustainable energy supply and services in the education and health sectors.

Kenya Agriculture Value Chain Facility
Around two out of three Africans live off farming. However, they often lack access to finance, markets and inputs. A €50 million EIB project in Kenya, guaranteed by the European Commission under the AgriFI programme, helps farmers and smallholders unlock their potential in the agricultural value chain.

BCS Group – Bandwidth and Cloud Services
A €15 million EIB loan to Bandwidth and Cloud Services Group is financing the deployment of fibre optic networks in Zambia, Uganda and in border towns of the Democratic Republic of the Congo. Thanks to this loan, these regions, which currently have limited broadband access, will receive fast and reliable internet.

Bakheng water supply, Cambodia
An €85.9 million EIB loan to the Phnom Penh Water Supply Authority is set to deliver improved access to clean drinking water for 2.5 million people in Phnom Penh. The project, supported by the European Commission and the French development bank AFD, will help increase the city’s water production capacity and extend the distribution network. Around 71 billion litres of clean water per year will be supplied in and around Phnom Penh, home to 10% of Cambodia’s population.
RESOURCES

WEBPAGES
- The EIB and development
- Tackling global challenges together
- EIB’s regions of activities
- Microfinance across the globe
- Economic Resilience Initiative
- EIB’s Sustainability Awareness Bonds
- EIB COVID-19 page

PUBLICATIONS
- The EIB outside the European Union – 2018
- Annual Report 2019 on EIB Activity in Africa, the Caribbean, the Pacific, and the Overseas Countries and Territories
- Resilient Africa: Opportunities for action
- The EIB in the Southern Neighbourhood
- The EIB in Asia and the Pacific

BLOGS
- Development solutions
- Does this change everything? The developing pandemic in the developing world
- Microfinance on the streets
- Action for impact
- Access to energy is development key
- Mobile money: Where Ethiopia leads Europe
- Arab women chart a new business path
- Stemming Tunisia’s brain drain

VIDEOS
- Clean water at key for public health around Lake Victoria
- Microfinance in Mali: Opportunities for farmers and cooperative
- Microfinance in Mali: Opportunities for women entrepreneurs
- Lake Turkana video
- Gambia renewable energy
- Clean water for Cambodia
- Shelnvest
- Twiga Foods – innovative solutions for the Kenyan food supply chain
- Boosting SME finance – Best practices through training
- 2X Challenge – Invest in women, invest in the world
- An initiative to build economic resilience
- Supporting entrepreneurship in Jordan
- EIB supporting entrepreneurship – Microfund for Women
This overview, with links to stories, brochures and videos, is available at:
https://www.eib.org/development-overview