

2019

# AFRICA CARIBBEAN PACIFIC AND THE OVERSEAS COUNTRIES AND TERRITORIES



European  
Investment  
Bank

*The EIB bank*



**EUROPEAN INVESTMENT BANK**

**2019**

**AFRICA  
CARIBBEAN  
PACIFIC  
AND THE OVERSEAS  
COUNTRIES AND TERRITORIES**

## **Annual Report 2019 on European Investment Bank Activity in Africa, the Caribbean, the Pacific, and the Overseas Countries and Territories**

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Published by the European Investment Bank.

Editors: Brian Power, Sonia Leonardo, Sabine Kayser.

Layout: EIB GraphicTeam

Printed on Munken Polar, bouffant 1.13, FSC Mix blanc.

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Printed by Imprimerie Centrale

print: QH-AG-20-001-EN-C ISBN 978-92-861-4666-4 ISSN 1725-924X doi:10.2867/435140  
eBook: QH-AG-20-001-EN-E ISBN 978-92-861-4662-6 ISSN 2443-6828 doi:10.2867/309667  
pdf: QH-AG-20-001-EN-N ISBN 978-92-861-4653-4 ISSN 2443-6828 doi:10.2867/41169



## ABOUT THIS REPORT

**THE EUROPEAN INVESTMENT BANK**'s annual report on sub-Saharan Africa, the Caribbean, the Pacific, and the Overseas Countries and Territories offers an overview of our work to fight poverty and develop these economies through our 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 in climate resilience, renewable energy, sustainable transport, water and sanitation, and telecommunications. They must also increase their financial sector capacity to support businesses of all sizes, from the single entrepreneur to the corporate player looking to grow and hire more people. This, along with investments to scale up healthcare systems, will become especially relevant in 2020 as the entire world will struggle to deal with the crisis caused by Covid-19.

The European Investment Bank, the EU bank, is dedicated to helping address these challenges so that African, Caribbean and Pacific (ACP) countries can create the conditions for vibrant and sustainable economic growth. In 2019, our total signed deals in these regions reached €1.355 billion.

Along with our partners, we are determined to assist areas of society that are sometimes forgotten – young people, women and girls, and rural populations. The EIB wants to reach as many people as possible, in big cities or small villages. We want to create opportunities for all to succeed.

This report is organised in five sections: the highlights outline our main activities in 2019. Our key numbers illustrate the evolution of our business in the past year, while the section on partners presents our integrated delivery model and our main achievements to strengthen the local delivery of our services. We also give an overview of some of our flagship assignments.

In this report, **YOU CAN MEET THE PEOPLE WHO ARE MAKING A DIFFERENCE FOR THEMSELVES AND OTHERS.** We speak to EU Commissioner Jutta Urpilainen on the next steps for achieving the Sustainable Development Goals. We have stories of supporting female entrepreneurs in Uganda, extending digital services across Guinea using green technologies, developing a new programme to reinforce housing and vital infrastructure in the hurricane- and the earthquake-vulnerable Dominican Republic, and helping a greengrocer in Burkina Faso to keep selling fresh, seasonal fruit and vegetables.



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# FOREWORD



**Ambroise Fayolle**  
EIB Vice-President

**T**he spread of COVID-19 poses a particular threat for fragile countries and those in conflict. The international community is taking steps to improve the resilience of these countries and mitigate the worst socio-economic consequences of the pandemic. At the same time, we continue to see a global push for institutions and governments to do more to support populations threatened by the climate crisis. The target delivery date of the United Nations' Sustainable Development Goals is 2030. The targets set out by the Paris Agreement for emissions, finance for climate action and adaptation require us to act fast. Developing and emerging economies across the world require investment to give them the wherewithal to provide opportunities for their people and resilience to economic shocks, such as the one caused by the coronavirus.

The European Union is at the forefront of these efforts. As the financial arm of the European Union, it is the EIB's role to support these policies, and some of the most impactful work the EIB Group does is in sub-Saharan Africa, the Caribbean and the Pacific (ACP). Over the course of 2019, we approved 39 new operations for a combined potential investment of €1.895 billion. Signatures for the year reached €1.355 billion for 42 projects worth a total of €5.784 billion across all of our sources of financing: the ACP Investment Facility revolving fund – including the Impact Financing Envelope, our own resources, risk facilities and the dedicated window of the External Lending Mandate for the Republic of South Africa. My colleagues at the EIB's Luxembourg headquarters and in our regional offices across the ACP regions make this happen year after year. Once again, I congratulate them wholeheartedly.

The EIB has four major priorities in the ACP regions: private sector development, vital infrastructure, climate action and regional integration. These are our cornerstones. We believe that the best way to tackle poverty is to invest in the private sector and the conditions that enable it to grow. Financial institutions need to have the capacity to lend to small businesses. Populations in cities and rural areas across the ACP regions lack access to essential services such as water, sanitation, electricity, transport links and telecommunications. Sub-Saharan Africa, the Caribbean and the Pacific all face different challenges to meet these needs. The EIB is flexible enough to finance impactful projects that address these needs.

If we look at some of the operations signed in 2019, we can see that the average size of our loans has gone down since 2018. This is because the proportion of smaller, higher-impact, riskier operations has increased. 53% of our total financing in the ACP regions is going to less developed and fragile countries. This proportion is higher than usual and indicates that we are putting our funds to work for populations that need it most: the countries that are most vulnerable to economic shocks and that need to build resilience to give their people a chance to fulfil their ambitions.

We also signed the first two operations under the ShelInvest for Africa initiative. This initiative is of crucial importance. Put simply, sustainable economic development cannot happen if population groups are marginalised. Women and girls are underfunded and underbanked: the world needs to take proactive steps to address this. ShelInvest for Africa aims to catalyse €1 billion in funding for projects that support women and girls. The Women's World Banking Fund and the investment in the Uganda Development Bank under the East Africa SME-focused Regional Facility are doing precisely that, by providing financing for female entrepreneurs in Africa. The former will provide thousands of small loans to micro-entrepreneurs; the latter focuses on larger employers.

A cornerstone of economic development is having access to electricity, and one of the EIB's priorities is renewable energy. Several of the projects we have financed in 2019 showcase this and demonstrate our commitment to a clean energy mix. Using our own resources, we are investing in an upgrade to Ghana's Kpong hydropower plant, which will help power over 1.7 million households in the country. At the same time, we are also investing in photovoltaic solar plants in Senegal, supporting the World Bank's Scaling Solar initiative, as well as off-grid, individual solar power kits for homes and businesses in Mozambique and Malawi. These can benefit millions of people who may otherwise not get access to grid power.

We already feel the effects of climate change on a global scale, and the ACP regions are more vulnerable than most. In the Dominican Republic we are supporting the construction of climate-resilient social infrastructure to ensure safe housing and transport for people and services. In São Tomé and Príncipe, we are helping make the main road in the capital city safer. Digitalisation is also a primary means of economic development. We are investing in an energy-efficient mobile telecommunications project in Guinea that will both extend data services for urban and rural populations and make significant emissions savings.

The EIB is in the privileged position to be able to invest in projects of all shapes and sizes. We have the financial instruments to support large-scale public sector initiatives like water and sanitation services in Niger and Madagascar and a significant road upgrade in Malawi, emerging equity investors like the LeapFrog Emerging Consumer Fund, and microfinance institutions like Kafo Jiginew in Mali.

Since its launch in 2003, the ACP Investment Facility has proven to be an efficient and effective tool to support European Union development policies in our partner countries. During this time, the EIB has financed 402 projects with total investment of €13.4 billion across the ACP regions. €7.7 billion of this has been through the Investment Facility, with the other €5.7 billion coming from our own resources. €8 billion has gone to private sector projects, and €5.4 billion to the public sector.

Over the coming years, we will all need to work together more if we are to ensure that developing and emerging economies get the support and investment they need to thrive. As the EU bank, the EIB is ready to deepen our engagement with the European Commission and the European External Action Service to help fulfil our shared goals. As a financial institution, we are prepared to work with our partner countries and our fellow multilateral development banks and development finance institutions to create opportunities for as many people as possible. The EIB is a long-term financier and partner for sub-Saharan Africa, the Caribbean and the Pacific. We remain committed to helping all three regions meet their challenges and improve lives for all people.



# OVERALL IMPACTS OF OUR 2019 OPERATIONS

## ENERGY

**1 860 MW**  
of new electricity generation capacity, 100% from renewables.

**2 900 GWh/year**  
of new electricity generation capacity, 100% from renewables.

**2 040 km**  
of new power lines, 361 new or upgraded electricity substations.

**716 000**  
households to be served by electricity produced.

**100 000**  
additional households can be connected to the grid.

## WATER AND SANITATION

**1 780 km**  
of new or upgraded water mains and pipes.

**41 300 m<sup>3</sup>**  
of new or upgraded water storage capacity.

**4.37 km**  
of dykes rebuilt or rehabilitated.

**147 000**  
new or upgraded water connections.

**8 000**  
people benefiting from reduced flood risk, 20 400 people benefiting from improved sanitation services.

**147 000**  
new or upgraded water connections.

**2.76 million**  
people benefiting from improved water supply.

## TRANSPORT

**858 km**  
of new roads, benefiting 3 330 road users per day, reducing road journeys by 1.69 million hours per year and saving 87 lives per year.

Increased air terminal capacity by **1.5 million** passengers, resulting in an initial expected increase of 1 million air passengers.

## TELE-COMMUNICATIONS

**47**

additional 3G sites and 105 additional 4G sites to improve mobile services.

Infrastructure for

**29 200**

new mobile subscriptions without data services and for 38 500 with data.

**75 km**

of fibre-optic cables.

**24 500**

homes to be served by broadband.

## CREDIT LINES FOR BANKS

Credit lines with total EIB investment of

**€382 million.**

2 189 loans to small and medium businesses and sustain 34 433 jobs.

**2 169**

loans to small businesses, at an average size of €127 200, will sustain 24 928 jobs.

**20**

loans to larger companies, at an average size of €5.3 million, will sustain 9 505 jobs.

## MICROFINANCE INVESTMENT VEHICLES

A microfinance investment vehicle is raising a fund of

**€88 million.**

- This will provide financing for 15 microfinance institutions.
- It will support 5.85 million loans to microenterprises and small companies.
- 45% of final beneficiaries will be women.

## URBAN DEVELOPMENT AND HOUSING

**83 000**

people benefiting from new or improved urban infrastructure.

**1 200**

new social housing units to be built.

## MICROFINANCE

Credit lines with total EIB investment of

**€141 million**

will support 193 520 loans to microenterprises.

The average loan size will be

**€728.**

These loans will sustain

**106 890 jobs.**

**30%**

of final beneficiaries will be women.

## EQUITY FUNDS

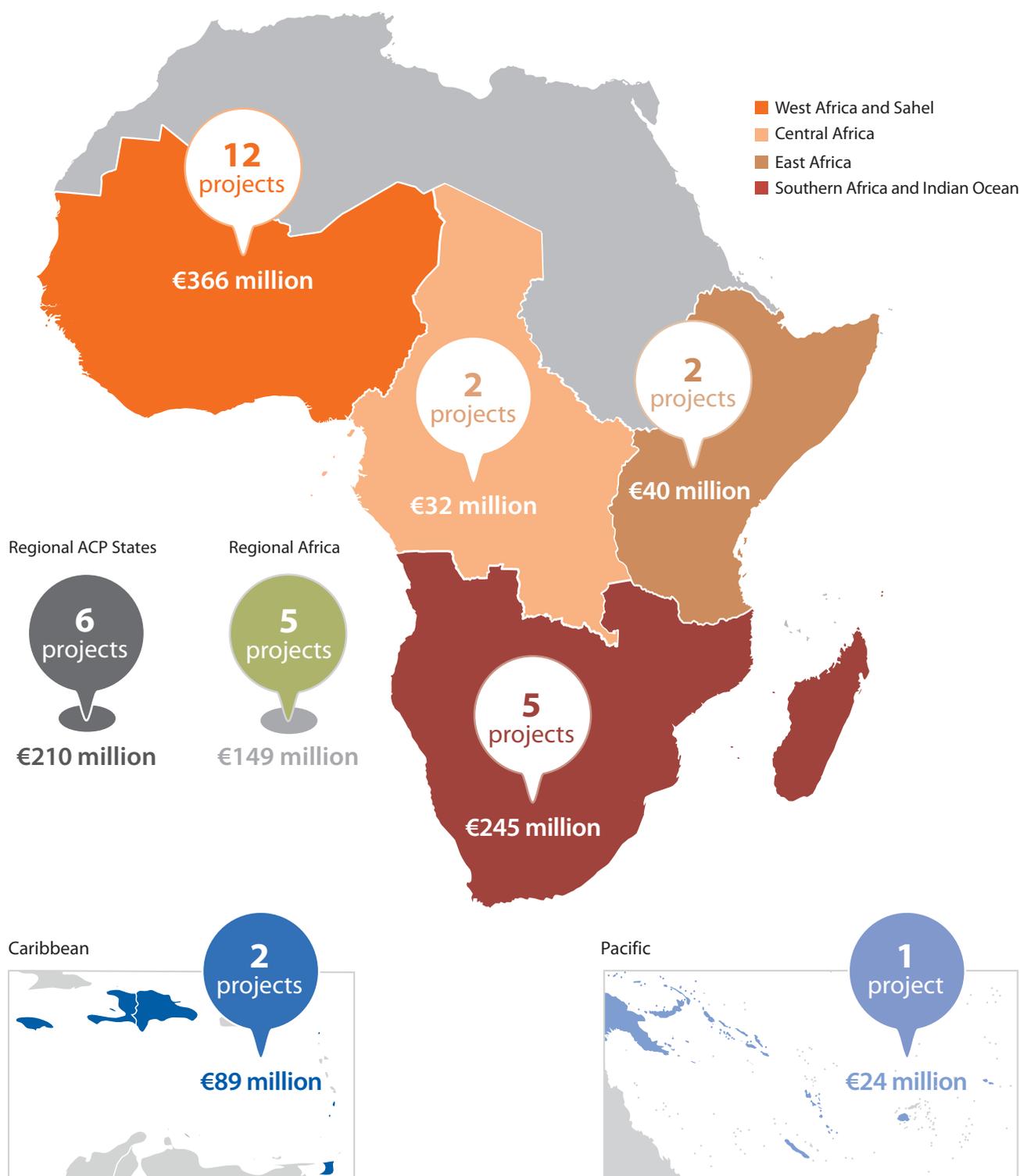
The EIB is investing in equity funds with a total value of

**€2.7 billion.**

- These funds will support 182 investee companies.
- The average investment in each of these will be €10.25 million.
- The companies will create 25 298 jobs.

# A SNAPSHOT OF OUR PROJECTS

## REGIONAL BREAKDOWN



## WEST AFRICA AND SAHEL

A **€60 million** loan to Access Bank under the Nigeria Private Enterprise facility will **sustain 805 jobs** in small businesses.

We are investing **€95.5 million** in rehabilitation of Malawi's M1, which will see **694 km of new road** installed, shortening journey times, cutting emissions and reducing road fatalities by 86 per year.

A **€12.5 million** investment in the rehabilitation of Ghana's Kpong hydropower plant will see reliable energy supplied to **1.74 million households** in the country.

The EIB, the **European Union and the African Development Bank** are co-financing the paving of **47 km** of Liberia's Mano River Union road, saving time for road users and cutting emissions thanks to easier traffic flow. The project **will employ 3 200 people** in the construction phase, and will link Liberia and Côte d'Ivoire.

A project to boost fresh water supplies in Niamey, Niger, will **benefit 1.63 million people**. The EIB is investing **€105 million** to help make it happen.

We are lending **€61 million** to help improve access to electricity in Niger. The project will **benefit 700 000** lower income people in the country.

We are investing **\$30 million** in Guinea's programme for energy efficiency in telecoms. By extending mobile networks and powering the masts through solar energy, the programme will connect millions more people to services, and **avoid the consumption of 10.7 million litres of diesel per year** – which is what has typically been burned to power the mobile grid. *See page 20 for more.*

A **\$25 million** loan will help connect Cape Verde's telecommunications networks to Brazil and Portugal via submarine cable. The project will also bring improved data services to **234 000 people** in the islands.

A **€12 million** loan will provide on-grid solar power to **115 700 households** in Senegal. The two plants we are investing in are part of the World Bank's Scaling Solar initiative.

Two **\$12.5 million** sovereign loans to Niger and Togo will finance the countries' equity participation in Africa Trade Insurance, an institution providing political risk insurance for companies and institutions looking to do business in Africa, making the continent more attractive to investors.

We have invested **\$14.5 million** in the Verod Capital Growth Fund, which will invest in **100 small businesses** in Gambia, Ghana, Liberia, Nigeria and Sierra Leone. This will **sustain 3 020 jobs** over the course of the fund's lifespan.

Under the West Africa Microfinance Facility, the EIB is lending Mali's microfinance cooperative Kafo Jiginew **€10 million**. This should unlock 50 149 loans to micro-entrepreneurs, mainly smallholder farmers, and **sustain 40 873 jobs**.

## CENTRAL AFRICA

Under the West and Central Africa Private Enterprise Financing Facility, the EIB is lending **€5 million** to Pro-PME Financement in Cameroon. This will enable the credit institution to invest in 56 small businesses in the country. These loans will have an average size of €90 000 and **sustain 3 597 jobs**.

Also under this regional facility and again in Cameroon, we are lending the Commercial Bank of Cameroon (CBC) €14 million. This will finance loans to 23 larger companies (20 SMEs and three mid-caps) and **sustain 2 745 jobs**. The SME loans will average **€560 000** while those for mid-caps will come in at **€950 000**.

The EIB is lending **€25 million** to help **reconstruct the coastal road** in São Tomé, capital of São Tomé and Príncipe. The road will be protected against coastal erosion and ensure goods and people can move around the island.

## EAST AFRICA

**4 000 jobs** will be sustained in small and medium-sized businesses thanks to a **€25 million** loan to Equity Bank Kenya under the Kenya Agriculture Value Chain Facility, also supported by the European Commission.

Through the East Africa SME-focused Regional Facility, the Bank is lending **€15 million** to the Uganda Development Bank, with a focus on female-owned and led small businesses, in line with the 2X Challenge. This will help to **sustain 3 335 jobs** in some 29 companies in the country. *See page 24 for more.*

## SOUTHERN AFRICA AND INDIAN OCEAN

A **€10 million** loan to Fincorp under the Southern Africa and Indian Ocean SME-focused Regional Facility will **sustain 4 311 jobs** in 718 small companies in eSwatini.

Also under the same regional facility, a **€10 million** loan will help the Development Bank of Seychelles support 348 small companies and **sustain 1 740 jobs**.

In a third operation under the same regional facility, we are lending FDH Bank Malawi **€3.5 million**. This will **sustain 2 650 jobs** in companies of all sizes, from microenterprises to mid-caps.

**353 000 people** will get safe drinking water thanks to Lesotho's Lowlands Water Development Project. We are investing **€82 million** to help make it happen.

We are investing **\$10 million** in off-grid solar power for Malawi and Mozambique. The project could provide power to **107 000 homes and 12 000 small enterprises**.

We are lending **€35 million** for an upgrade to water supply services in Antananarivo, Madagascar. The project will benefit **1.4 million people** currently connected to the network, and will see **850 000** additional residents of the city get **new connections**.

## REPUBLIC OF SOUTH AFRICA

The EIB has extended a **€100 million** credit facility to Nedbank, in the Republic of South Africa. Loans to small businesses and mid-caps will help to **sustain 6 500 jobs** in the country.

## REGIONAL AFRICA

The Metier Sustainable Capital Fund is looking to support about **10 renewable energy projects** in sub-Saharan Africa, with generation capacity of 426 MW from solar and 132 MW from hydropower. The EIB is investing **\$44 million** in the fund.

The LeapFrog Emerging Consumer Fund is targeting fast growing companies in financial services and healthcare in Africa. The EIB is investing **\$40.5 million** in the fund, which is expected to **sustain 29 000 jobs** by the time it closes.

A **€15 million** EIB investment in the Meridiam Infrastructure Fund will help boost financing for **15 to 20 private sector projects** in clean energy, transport and environmental infrastructure.

We are investing a preliminary **\$5 million** in the CRAFT fund, the first fund to focus on private sector solutions for climate adaptation and resilience. Across the world, the fund will help **create 3 000 jobs** in investee companies.

A **€50 million** framework loan to Enel Green Power will see **460 000 households** connected to electricity from solar power plants in Zambia and surrounding countries.

The **\$800 million** African Development Partners fund will **sustain 50 000 jobs** and **create 25 000 new ones** over its lifetime. The EIB is investing **\$50.5 million** in the fund, which targets small businesses across the whole continent.

The Blue Orchard Resilience Fund is looking to invest in technological solutions for climate resilience in agribusiness across Africa, Latin America and Asia. The EIB is investing **\$25 million** in the fund, which is expecting to see the **creation of 1 200 jobs** in portfolio companies.

Our **€15 million** stake in the Africinvest Venture Capital Growth Fund will help support sub-Saharan Africa's nascent venture capital space, and create over **1 100 jobs for women** and young people in investee small businesses.

The responsAbility Access to Clean Power fund aims to help fill the energy access gap by investing in off-grid solar power companies. 60% of the beneficiaries of the final **171 MW capacity** will be in sub-Saharan Africa, and the EIB is investing **\$18 million** in the fund to support these operations from the Climate Action and Environment Facility.

The Evolution II fund is looking to invest in **13 renewable energy and energy efficiency projects** across sub-Saharan Africa, with a total capacity of **900 MW**, producing **1 150 gigawatt hours** per year. The EIB is investing **\$30.5 million** in the fund through the Climate Action and Environment Facility, with a focus on West Africa.

## CARIBBEAN

A **\$50 million** loan is helping to reconstruct Sint Maarten's Princess Juliana International Airport, which was badly damaged by hurricanes Maria and Irma. The works will bring the airport's capacity back to pre-disaster levels and beyond, **from 800 000 passengers to a potential 2.2 million per year**, and enable it to withstand future extreme weather events.

We are investing **\$4.3 million** in the MGM Sustainable Energy Fund for renewable energy projects in the Caribbean. Worldwide, the fund's investee companies will generate enough electricity to power almost **220 000 households**.

The EIB is investing **\$50 million** in post-disaster reconstruction and resilient infrastructure in four provinces of the Dominican Republic. Part of the project will see the construction of **1 200 units of social housing**. This is our first operation of this type in the country. *See page 22 for more.*

## REGIONAL ACP

A **€50 million** EIB investment in the EDFI European Financing Partners fund will unlock **€266 million** worth of financing for small and medium businesses across the ACP regions in the form of loans, equity, quasi-equity and guarantee financing.

An **\$11.5 million** investment in the Women's World Banking Capital Partners Fund will unlock **2.6 million** in microloans for female entrepreneurs across Africa.

Under the ACP Microfinance Facility we are lending Alterfin **€6 million**. Their on-lending to microfinance institutions will generate **59 556 loans** to micro-entrepreneurs for an average amount of **€440**, and **sustain 19 227 jobs**.

Under the ACP Smallholder Financing Facility, the EIB is lending Pride **€5 million**. This will help the Ugandan microfinance institution to provide **39 220 loans** to smallholder farmers. 40% of these will go to women.

Also thanks to the ACP Smallholder Financing Facility, and also in Uganda, we are lending Centenary Rural Development Bank **€10 million**. This will sustain **33 692 jobs**.

The EIB is putting **\$15 million** towards a capital increase for The Currency Exchange Fund, TCX. The fund increases local currency lending capacities across Africa.

The EIB is lending **\$120 million** to Trade and Development Bank for investment in climate action and small businesses. This will provide long-term financing for companies in sub-Saharan Africa at longer tenors than are traditionally available. The investment will **sustain 3 470 jobs**.

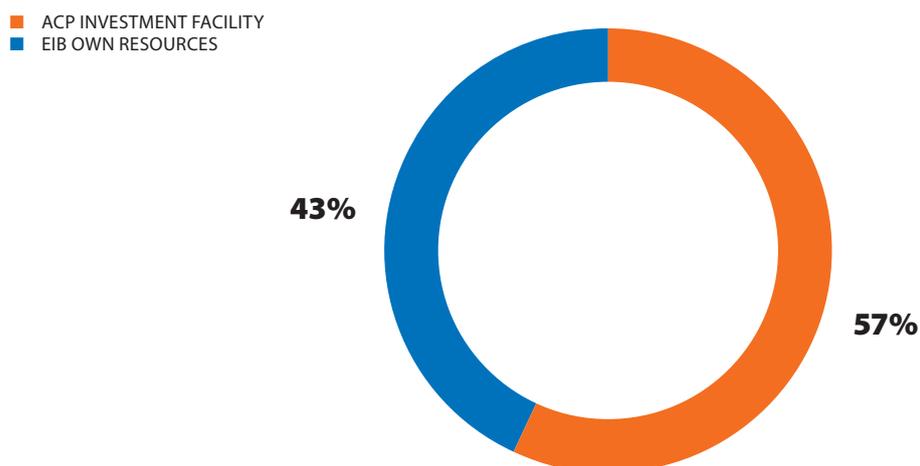
## PACIFIC

A **€24 million** loan to BCI will target very small and remote enterprises in New Caledonia. This will provide loans with an average size of **€35 700** and **sustain 1 484 jobs**. *See page 26 for more.*



# 2019 SIGNATURES PROFILED

## 2019 SIGNATURES BY FUNDS USED



**Total EIB investment in sub-Saharan Africa, the Caribbean, the Pacific, the Overseas Countries and Territories and the Republic of South Africa reached €1.355 billion in 2019 (2018: €1.572 billion).** Approvals came to a total of €1.895 billion (2018: €1.925 billion), while disbursements reached €816 million (2018: €643 million).

**The Bank generally finances private sector operations – our priority for the ACP regions** – out of the ACP Investment Facility, financed through the European Development Fund. We normally use our own resources to finance public sector operations, often infrastructure projects, which act as enablers for 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. These risks can be geographic or sector-related.

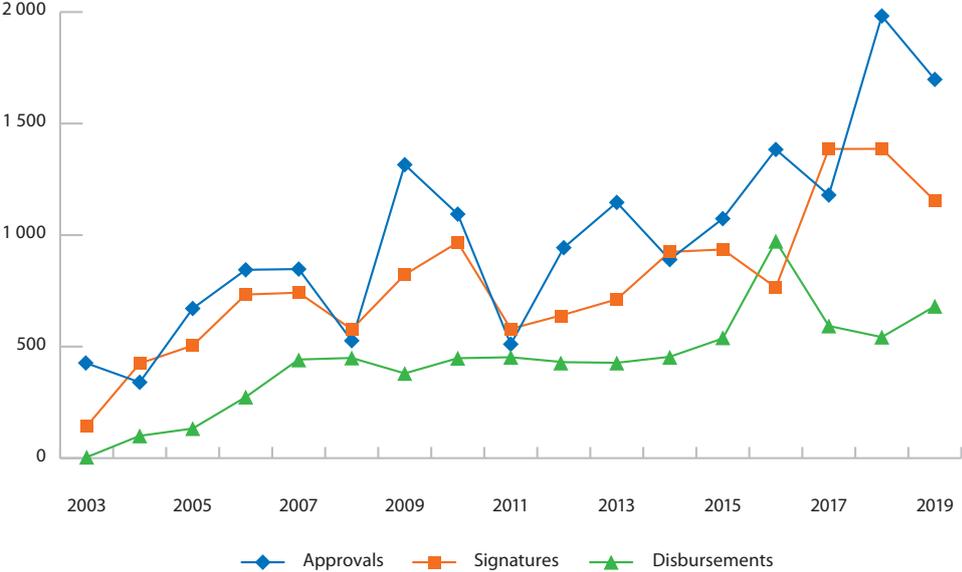
**Of the €1.355 billion signed, €658 million came from the ACP Investment Facility, including €85 million from the Impact Financing Envelope. A further €496 million came from the EIB's own resources and the ACP Infrastructure Package.** Finally, the remaining €101 million was invested from the EIB's own risk facilities, through the Climate Action and Environment Facility.

**The Bank also signed off on €100 million of investment** in the Republic of 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 EIB's own resources.

At €472 million, financial services and credit lines accounted for the largest share of operations signed in the ACP regions in 2019. Clean water and sanitation (€232 million), clean energy (€206 million) and transport (€199 million) followed.

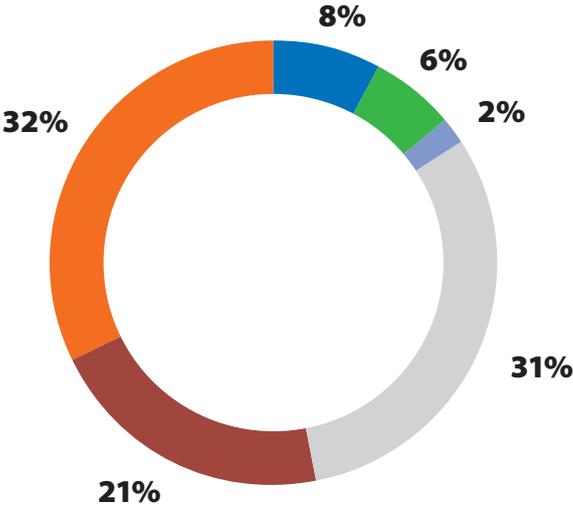
The private sector accounted for 57% of our investment in 2019 at €663 million, with public sector projects accounting for €491 million, making up the remaining 43%. This figure does not include projects under the Climate Action and Environment Facility, which are all private sector-focused, but may also apply to non-ACP regions.

### ACP AND OCT APPROVALS, SIGNATURES AND DISBURSEMENTS ACROSS ALL FINANCIAL SOURCES (€M)



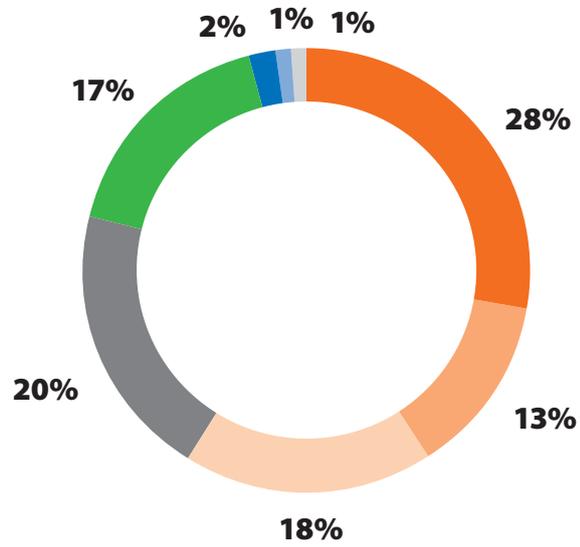
### 2019 SIGNATURES BY REGION

- CARIBBEAN
- CENTRAL AND EASTERN AFRICA
- PACIFIC
- REGIONAL AFRICA AND ACP STATES
- SOUTHERN AFRICA AND INDIAN OCEAN
- WEST AFRICA AND SAHEL



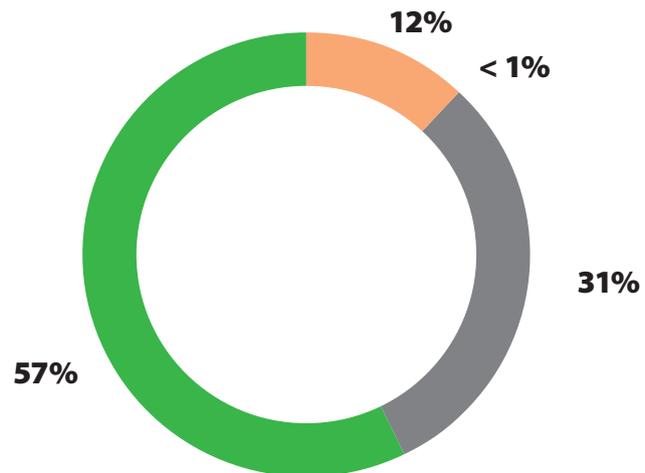
## BREAKDOWN BY ACTIVITY SECTOR

- CREDIT LINES
- FINANCIAL SERVICES
- ENERGY
- WATER, SEWERAGE
- TELECOMMUNICATIONS
- TRANSPORT
- INDUSTRY
- HEALTH



## BREAKDOWN BY FINANCIAL INSTRUMENT

- EQUITY
- GUARANTEES
- MBIL
- SENIOR LOANS



# GREEN INNOVATION FOR GUINEA'S MOBILE NETWORKS

**Digitalisation is proving to be a cornerstone for development in sub-Saharan Africa, and underpins all of the Sustainable Development Goals. Extending networks across the continent connects more people and creates opportunities for underserved groups. The EIB is lending \$30 million to help extend mobile coverage across Guinea.**

Like many countries in sub-Saharan Africa, Guinea has good coverage when it comes to mobile networks. These are essential for economic development and for connecting people with digital services that can improve their lives. In Guinea, however, there is also a strain on the energy grid. Demand for electricity is growing too quickly for capacity to cope, leading to frequent power cuts. Mobile phone masts need to be connected to power to work. During a power cut, the signal cuts out too, unless there is a back-up. To deal with this, Orange Guinée is changing the technology that drives its business, ensuring more reliable power supplies and consistent network access and reducing emissions.

## CHALLENGING TERRAIN

“Orange has 1 500 sites across the country, and covering all of it and reaching the population of 12.4 million is a challenge in itself,” says Eli Mattar, the Chief Strategy Officer at IPT Powertech. IPT Powertech Guinea is responsible for handling the upgrades to the network, one site at a time. “We are covering the whole of the country with all of its landscapes, ranging between mountains, forests and tough terrains through to rivers, lakes and oceans.” IPT Powertech started out making batteries for cars, but branched out into telecoms in the mid-1990s, and battery technology has played a key part in their success in building such infrastructure.

- Solar powered mobile masts will carry mobile signal in Guinea
- Innovative infrastructure for millions of people
- Avoiding burning diesel will improve the environment



Their focus for their telecom infrastructure is on two key elements: renewable energy and energy efficiency. As mobile phone towers require a permanent connection to power, but power supplies in Guinea are unreliable, most towers are currently hooked up to diesel generators as well as the mains. The new system will ease that burden, significantly reducing the need for the generators and therefore cutting emissions drastically.

"We install photovoltaic panels on the sites, which allows the reduction of more than 80% of diesel to consumed by network," Mattar explains. These panels keep the sites active in times when the electricity grid is overburdened. In the most affected areas, power availability ranges from six to 12 hours per day. All of these sites require stable power back-up, and that is what the solar panels provide, by powering batteries to keep the sites going.

### **GOING OFF THE GRID**

The government of Guinea does have plans in place to extend the country's electricity network. Still, in the meantime, new off-grid sites are being installed to boost the mobile network too, which will improve coverage in terms of reach in underserved rural areas, and strength in urban ones. "These sites bring tremendous challenges for fuelling and preventative maintenance. Through this operation, we will avoid burning 10.7 million litres of diesel," says Mattar. To mitigate these challenges, the equipment used is efficient and designed to last a long time, minimising the energy wasted and the need for replacement parts. There is also an indirect benefit. "We are cutting the emissions and waste by reducing the activities required for operation," he says. "This includes the weekly travels to maintain diesel generators, change the oil and replace the parts."

### **DEVELOPMENTAL IMPACT**

Mobile penetration in Africa is continuing to grow. Digital platforms are creating opportunities for entrepreneurs, start-ups and businesses involved in many different sectors by instantly connecting them with clients and potential clients. Mobile banking is changing lives by enabling instant payment for goods and services. Reliable connections are crucial to keeping this going, and this project will help Orange Guinée and its clients.

"It almost immediately increases the reliability of the network and reduces outages per year to near zero, in both urban and rural areas," says Mattar. Orange Guinée will save money, as they will no longer have to invest in diesel and generators. Those savings can be put back into extending the network with the new, green equipment. In 2019, Orange built over 200 new sites. In 2020, another 220 are planned.

The EIB is co-financing this project with DEG, the German Investment Corporation, a development finance institution and subsidiary of KfW. The infrastructure will create opportunities, potentially for thousands of people, and decreases environmental impact. It is also sustainable. The sites are scalable to accept 3G, 4G and even 5G technologies without requiring extra investment from an energy point of view. Orange Guinée has been rolling out 4G over the course of 2019 and will continue to do so in 2020.

As companies develop and online and mobile services become widespread, these developments will be necessary. By investing in this project, the EIB is helping Guinea's entrepreneurs and an emerging generation to have the platforms they need to create their opportunities.

## RESILIENT COMMUNITIES START WITH RESILIENT HOMES

**The Dominican Republic is vulnerable to both earthquakes and extreme weather. The EIB is lending \$50 million to help finance resilient infrastructure. The programme brings together several different ministries, financiers and organisations. Work will begin in 2020.**

In 2016, Hurricane Matthew ripped through the northern provinces of the Dominican Republic, leaving behind severely damaged roads, bridges and homes. Flooding from high seas rendered swathes of agricultural land unusable. Thousands of people saw their homes destroyed, often beyond repair.

As the climate continues to change, hurricanes are likely to become more frequent and more intense. The Dominican Republic has launched a programme to restore social services and rebuild essential infrastructure in the provinces of Monte Cristi, Espaillat, Puerto Plata and Duarte, which suffered the most damage from Hurricane Matthew. The first three border the Atlantic Ocean on the north coast of the Dominican Republic. Their proximity to the ocean makes them particularly vulnerable. Duarte, an agricultural hotspot, is inland but is threatened by massive overflows from the Yuna river dam.

This operation is co-financed by the European Union, through the Caribbean Investment Facility and the EIB. Its goals are to finance the reconstruction of essential infrastructure lost to natural disasters: roads, bridges, urban infrastructure and housing. This infrastructure will be built to be more resilient and the overall climate resilience of the provinces will be improved through flood prevention and better use of land.

### PRIORITY HOUSING

Housing is the main part of the programme. Emerson Vegazo is the managing director of the Directorate General for Multilateral Cooperation, the Dominican Republic's entity for implementing projects supported by European Union and other international funding. He says that the reason why the housing stock suffered the most significant damage is quite straightforward: human settlements are typically established along rivers and in coastal regions – in other words in riskier, more vulnerable areas, where flooding and landslides are more likely to occur.

To move away from these places is a challenge in itself, but it is necessary if communities are to be made more resilient. When it comes to housing, over 1 000 new units will be built. This is the first EIB investment in climate-resilient social housing in ACP countries. Somewhere between 4 000 and 5 000 people will benefit from these new homes, and Vegazo points out that priority will be given to more economically vulnerable members of the community. "We are looking at single-parent homes as well as homes with a lot of children or young people. Everyone's needs deserve to be addressed. For us that is very important, especially in households headed up by women. Single-parent families are already a priority for the government."

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## SCALABLE AND SAFE

- The project is supporting poorer and more vulnerable people
- Providing security to single-parent families
- Making communities in the Dominican Republic more sustainable



The new houses will be built to higher standards than what went before. Vegazo says that the old ones generally did not meet the basic standards, such as an adequate roof, solid walls, indoor sanitation, drinking water, power outlets and access to telecommunication services. “We are putting all of these elements together to establish a standard of housing that people who are building their own can follow,” Vegazo explains. “This is a construction model that the community can adopt into its culture.” That point on culture is salient. These new houses function better as single units but also fit into a broader community structure.

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They prevent overcrowding and protect against natural disasters when they occur. Their layout allows for quick evacuation. When earthquakes strike, there are safe places and waste management mechanisms. Sewage is properly treated to prevent contamination. The design is both replicable and scalable – not only at a public level as a public programme, but also at a private, individual level: people who are building their own houses are encouraged to follow the same design.

## A MODEL TO FOLLOW

This programme is about more than rebuilding damaged houses, roads and bridges. According to Vegazo, resilience also entails a culture change and the need to equip vulnerable people and communities. “The real change is not about the construction of works, but the unification of a culture,” says Vegazo. The programme brings together several actors, from the Ministry of the Economy to the Ministry of Public Works and the National Housing Institute of the Dominican Republic. This joint response is ideally suited to build resilience against climate change and natural disasters.

# SUPPORTING UGANDA’S BUSINESSWOMEN: TODAY AND TOMORROW

**The Uganda Development Bank helps the country’s small businesses develop by providing loans on advantageous terms not usually seen from commercial banks. They have launched a new investment programme, targeting Uganda’s female entrepreneurs. The EIB is supporting them through the ShelInvest for Africa initiative.**

**W**omen own about 39% of Uganda’s businesses, but they receive only 9% of commercial credit. In general, women are under-represented when it comes to financial services and even mobile banking: they are 40% less likely than men to have a bank account. Only 25% of women use mobile money. Uganda’s National Financial Inclusion Strategy aims to change this. The Uganda Development Bank (UDBL) is at the vanguard of these efforts, and the EIB is helping them by extending a credit line of €15 million under the East Africa SME-focused Regional Facility.

## MEETING CHALLENGES TO MEET THE 2X CHALLENGE

It is difficult for small businesses in Uganda to get the financing they need to grow and evolve. Interest rates are generally high in the country, and loan tenors are not long enough. This is where UDBL comes in. “We provide financing at affordable interest rates,” says Managing Director Patricia Ojangole of her institution. UDBL’s mission is to help develop the private sector in Uganda.

This operation with UDBL is precisely the kind for which the 2X Challenge was created. The 2X Challenge is a commitment by development finance institutions to mobilise \$3 billion in investment for women’s economic empowerment by the end of 2020. The goal of the 2X Challenge is to advance women as entrepreneurs, business leaders and employees, improve their lives and increase their opportunities.

This credit line meets the criterion of the 2X Challenge for allocating at least 30% of a credit line or investment fund to women-owned or women-led businesses, as part of an overall effort to improve gender equality.

For UDBL, this is a cornerstone of their plan. “We do more than providing finance,” says Ojangole. “We look at human capital development and the holistic evolution of businesses. On one side, our project preparation unit works with the government and private sector in project feasibility. On the other, our advisory unit helps our clients to develop better internal governance. That is for larger companies. We are also putting together a programme to provide mentorship and training to start-ups.”



- The project will help to reduce poverty in Uganda
- Financial and advisory support for female-owned companies
- These companies will create jobs and economic growth



## ALL SECTORS WELCOME

UDBL counts 115 companies in its portfolio. They mainly come from four different sectors: agriculture and agribusiness, manufacturing, tourism, and human capital development, which consists of vocational training institutions and learning centres for adults and schools for children. Within these sectors, there is plenty of diversity. They are supporting tourist lodges, mattress manufacturers, hospitals, nursing and medical schools, vocational training institutes, but also farming cooperatives and companies in the agribusiness value chains. “We do have female-led clients in all sectors,” says Ojangole, “and we are putting initiatives into place to help them evolve.”

The largest number of women-led companies in UDBL’s portfolio is in agriculture and agribusiness, but there are exceptions to this. Delight Supplies is Uganda’s foremost cosmetics and beauty products distributor, serving customers across the country out of their Kampala premises. Crest Foam manufactures mattresses and pillows and sells them in Uganda and beyond. These two companies are run by women and can serve as examples to others.

## AN ALTERNATIVE OFFER

UDBL’s philosophy in contributing to improving gender equality in Uganda goes beyond providing financing for businesses owned or managed by women. “To build the capacity of women, we need to design special programmes and financing products that suit women’s needs and circumstances,” says Ojangole. UDBL tends to work directly with larger companies. With smaller ones, UDBL usually makes funds available for on-lending through microfinance institutions with local and regional footprint and expertise.

In both cases, Ojangole identifies ways to do more to support women. “In the case of smaller businesses and start-ups led by female entrepreneurs, we need to look at designing alternative collateral requirements for women,” she says. This is an important point. Business owners without land or property can have a hard time getting credit. Often, such assets are owned by or registered to men. To support women, there must be alternatives to this collateral, or else collateral requirements will have to be downgraded. “We also need dedicated mentoring programmes to develop their management skills, and give access to information and knowledge sharing platforms that relate to their sector and their business.”

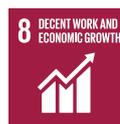
The 2X Challenge takes a holistic view of support and empowerment for women. It gives a chance to entrepreneurs and risk-takers, but also seeks to provide more women with the tools to join the formal workforce and take on leadership roles. UDBL’s goals for the coming years match these ambitions, and this is a logical step. By investing in women, we are investing in everyone.

## BLURRING THE URBAN/RURAL DIVIDE

**New Caledonia's economy is dominated by the capital, Nouméa, and businesses in more remote areas of the territory cannot always get the funding they need to develop. The EIB is helping the Banque Calédonienne d'Investissement to change that.**

**B**usinesses in New Caledonia are a product of their location. The archipelago is situated in the south-western Pacific Ocean. The closest countries are Vanuatu and Australia. New Caledonia itself is made up of three provinces: the North and South provinces on the main island, Grande Terre, which is long and narrow, and the Loyalty Islands Province, which regroups the smaller islands that surround Grande Terre. The South Province is home to the capital Nouméa, as well as two thirds of New Caledonia's 280 000 or so inhabitants. Nouméa grew around nickel mining: it was the most suitable location to build a port. Nowadays, it is where almost all of New Caledonia's major companies are. Outside of the capital and its outskirts, it can be difficult for small business owners.

- The project will help fight rural poverty in New Caledonia
- Investee companies will create jobs.
- The project will reduce inequalities in remote parts of the islands.



This is what the Banque Calédonienne d'Investissement (BCI) is looking to change. "The economic landscape outside of the south is very rural," explains Jean Bourrelly, BCI managing director. "There's a very noticeable north/south divide. Even though the island is long and skinny, there's an east/west divide too. The north is rural; the south is built up; the west coast tends to be gentle. The east has a lot of steep cliffs!"

### WHOLE ISLAND MINDSET

Outside of Nouméa, opportunities for businesses to develop can be hard to come by. "You just don't get the same potential for growth in the North Province or the Loyalty Islands," Bourrelly says. "Companies with 30 employees or 50 employees and who target the whole island with what they are doing. That's just not realistic here." What is realistic, however, is to have ambitions that are closer to home. There are plenty of small enterprises who can provide local services and expand their client base, but do not have the means to invest in their business. It is these that BCI is targeting. "Nouméa businesses can look to become national. Northern ones and especially ones in the Loyalty Islands cannot. So if you imagine a skilled glazier based in Nouméa, they can get work across the whole territory. A guy in the north is not going to get that chance in the capital, and this is what we see for a lot of skilled artisans and craftspeople."

This is arguably the difference between BCI and other banks present in New Caledonia. They are striving to be a financial partner for everyone across the territory, and they are willing to take risks on newer

businesses and underserved sectors. It starts with providing small loans so that small businesses can increase their offer to a local client base, but it goes beyond that. "Our focus is to develop this territory as well as we can, to help as many people as we can. That is our DNA," says Bourelly. This is the EIB's second loan to BCI in the past few years. Its focus on smaller businesses is a slight change of direction from the previous loan, under which the EIB helped to finance a variety of initiatives, including a small-scale solar power plant and a market garden, where produce is grown and sold on-site.

### SECTORS TO WATCH

As well as planning to support companies that provide essential local services and give a genuine alternative to larger players from Nouméa, BCI is also eager to branch out into new and underserved sectors of the economy. Tourism is one such area. The archipelago has been a tourist destination for decades, without exploiting its full potential. There are a few medium and larger hotel complexes. There are some smaller ones too, but alternatives to those are thin on the ground. "There's real potential there," says Bourelly. "And I am speaking about individuals creating opportunities for themselves, but also for New Caledonia in general." Plenty of people have had the idea of setting up guesthouses and gîtes but have found it impossible to finance the necessary works.

With this credit line, more people will be able to do that, either as a main source of income or a side project. Bourelly says that BCI could engage with a significant number of businesswomen this way. "For our small loans portfolio, the ratio of loans to men and women is about 50:50," he explains. "It is often women who come up with the idea to run a guesthouse. They are in charge of the home, and see a way to improve lives for themselves and their families. BCI is here to help with those projects."

When Bourelly talks about the islands not exploiting their full potential for tourism, he is not only thinking about accommodation. "I might be biased, but this place is beautiful. The Loyalty Islands especially. The lagoon is one of the most striking in the world. We can do more to get people to come here." Local residents with an idea can always ask BCI. In the past, they have supported single-person fishing businesses, but there are more ways that boats can take advantage of the islands' location. "We have plenty of natural resources. The lagoon could be exploited for tourism. The sea around us is rich and diverse. The blue economy is something we have to look at in terms of sustainable fishing and aquaculture."

### TRYING SOMETHING NEW

BCI is willing to take chances to improve lives across the whole of New Caledonia. They are the bank most likely to finance first-time businesses, and as their clients evolve, so does their relationship with those clients. "We often hear from people that they couldn't have set up shop if it wasn't for us, that we were the only bank willing to back them at the very start," Bourelly says. They make an effort to get to know their clients, and loan approvals are about more than a box-ticking exercise. "We have clients who have been with us for 15 or 20 years," he says. "Sometimes they have created a small business and have been very successful in their niche, but would like to try something new. It might be completely different, but we know they have the entrepreneurial gift and ability to make it work."

This is where BCI brings an advantage, and this is how they will support New Caledonia's ambitious but remote business owners. Small business loans are not widely available in the territory, but BCI is a bank that does make an effort to provide them. "We know the territory," Bourelly smiles. "We want to see more businesses starting and evolving everywhere: the islands and the north especially. If a project is viable, we'll finance it, whoever the promoter is. We are open to all!"



# PARTNERSHIPS

## PEER INSTITUTIONS

**The EIB is the European Union's bank. Our shareholders are the EU Member States, and it is those Member States that shape our approach to the projects we finance, while also helping to steer policy. It would be impossible for the EIB to finance such a wide range of projects without the backing of the Member States and the European Commission. This applies to both Investment Facility operations and those from our own resources. We also work with other institutions. In this section, we look at how the EIB partners with others to increase our development impact in different ways.**

In the context of the 2030 Agenda and the Paris Agreement, the multilateral development banks (MDBs) are committed to boosting financing for the Sustainable Development Goals and the global fight against the climate crisis by crowding in the private sector. While the MDBs seek to mobilise finance from public and private financiers, they care about standards, investment quality and impact: for example, environmental and social impacts and governance, the best strategic use of scarce concessional finance resources, and the targeting of the poorest and most vulnerable.

Infrastructure remains among the top global priorities. Japan's presidency of the G20 in 2019 focused on quality infrastructure. Saudi Arabia's presidency will build on this focus by developing a framework for infratech, which looks at how physical infrastructure can be better combined with digital technologies to deliver increased impact and value. Under the umbrella of the G20 Infrastructure working group, the MDBs will exchange knowledge through the infrastructure collaboration platform. This is in addition to ongoing work on standards for MDB guarantees, data and project preparation. The MDBs are also exploring alignment on sustainability indicators and risk mitigation.

The EIB is also playing a substantial role in international efforts to mitigate the effects of migration. The EIB can contribute further to the EU Agenda on Migration and other international efforts to build resilience in the face of economic shocks and crises, including those arising from mass forced displacement. This means that the EIB focuses on the long-term investment needs of countries of origin, transit and destination of migrants and forcibly displaced people. Our role is not about curbing or stopping migration. It is about contributing to sustainable economic growth.

Thus far, the EIB has played a crucial role in steering the MDB community in the areas of migration and forced displacement. The MDB Coordination Platform on Migration and Forced Displacement strengthens cooperation and is facilitating a move towards enhanced aggregate development impact in these areas. The platform's secretariat is co-managed by the EIB and the World Bank. The member MDBs have improved cooperation in four main areas: common frameworks, data and knowledge sharing, operational coordination, and financial instruments.

Coordination among the MDBs is also particularly intense in the area of climate action. The EIB tracks climate finance using definitions developed and harmonised in cooperation with peer institutions. The MDB have determined five voluntary principles: 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 under the Paris Agreement.

### **THE EU FAMILY**

As the EU bank, the EIB has a key role to play in supporting and implementing EU policies, both inside and outside the union. In ACP countries, the EIB is fully aligned with EU external and development policies as well as specific objectives set out in the ACP-EU Cotonou Agreement.

The Bank is engaged in strategic and technical discussions with counterparts in the European Union's External Action Service (EEAS), the European Commission's Directorate-General for International Cooperation and Development (DG DEVCO) and Directorate-General for Economic and Financial Affairs (DG ECFIN), and several other directorates to enhance cooperation in ACP regions, and to identify synergies for co-financing and blending. This includes annual coordination meetings by region with the geographic departments at DG DEVCO, alongside EEAS representatives, as well as discussions on priority sectors and strategic horizontal priority issues, such as post-Cotonou negotiations.

Cooperation with the European Commission and EEAS is also strong at country level. Putting the EIB's local offices within EU delegations for countries outside the EU as well as the overall expansion of the network of EIB external offices has resulted in much closer cooperation, especially on the ground. 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 the EIB has a strong track record for investment. The idea behind the Alliance is ultimately to create a comprehensive continent-to-continent free trade agreement between Africa and the European Union. It is explored more fully in the interview with Commissioner Jutta Urpilainen on page 31 of this report.

# **“IT IS TIME TO FORGE MORE EFFECTIVE PARTNERSHIPS” – JUTTA URPIILAINEN INTERVIEW**

**Jutta Urpilainen was appointed EU Commissioner for International Partnerships in the Ursula von der Leyen Commission, taking up the role on 1 December 2019. In this interview, Urpilainen tells us about her main priorities for the coming years, the importance of cross-cutting objectives like tackling the climate emergency and deeper support for women and girls, and the importance for institutions to work together.**

**You have spoken of your commitment to the European Union stretching back to your youth. What was it that motivated this commitment? How has the European Union helped to shape your worldview?**

The fall of the Berlin Wall was a generational experience. The contrast between the Iron Curtain reality and the enlarging sphere of democracy and freedom struck me. Ever since I was a young student, I have worked hard to champion a strong, united Europe as a force for good in the world. Naturally, I campaigned vigorously for Finland to join the European Union. During my work in the European Movement, in other civil society organisations and in politics, I have reflected a lot on the European Union’s role in the world.

**You have also spoken about the importance of cooperation and partnerships for development. Looking at your experience before becoming Commissioner, can you give us some examples?**

In many ways, my political career in Finland served as a preparation for this job. In 2013, I took over as chair of the National Commission for Sustainable Development. This was a real example of fruitful cooperation between governmental, civil society and private sector actors. As a member of the Finnish Parliament in 2017, I was appointed the Foreign Minister’s Special Representative on Mediation. Inclusiveness was an integral part of this task, focusing on women and youth – who will be a priority for me as Commissioner. My geographical focus was to partner with Africa, taking me, for example, to Ethiopia. Ethiopia was also the first country I visited as a Commissioner, accompanying President von der Leyen, just five days after taking up my post. We both felt it was important to show our commitment to a real partnership with Africa.

**No development players should work alone, as the funding gap for the world to meet the SDGs is huge. How can partnerships promote efficiency for greater development impact?**

It is not simply by chance that my job title, “Commissioner for International Partnerships” is different from the previous one. It is a clear statement on moving away from the donor-recipient narrative. The paradigm has changed. For too long, international actors have also operated in silos – often pursuing the same goals but without pooling their efforts sufficiently. It is time for all of us, Europeans and partner countries, international organisations and civil society, UN agencies and private actors, to forge more effective and meaningful international partnerships. Only by working together can we achieve our common goals.

**Africa is a continent that needs investment, but it is also rich with opportunities. What can be done to encourage more private sector investment? And how can institutions like the EIB and the Commission contribute?**

While Official Development Assistance plays and will play a vital role in promoting sustainable development around the globe, it acts primarily as a catalyst; alone it is not enough. The United Nations has calculated annual financing needs amounting to €3.5 trillion to achieve the Sustainable Development Goals by 2030. To succeed, we need to get all partners on board, including the private sector, and massively ramp up domestic resource mobilisation and investment. Part of that is about changing the narrative – and organisations like ours have an important role to play. But we can also take more active measures to promote investment – that’s what our Africa-Europe Alliance for Sustainable Investment and Jobs aims to do. Thanks to the commitment that the EIB and other partners have shown to the Alliance, we are on track to commit €4.5 billion to leverage a total of €44 billion in public and private investment by the end of 2020. This investment will create jobs and promote sustainable development. The new comprehensive Africa strategy will naturally also emphasise the important role of investments.

**Gender equality is a cross-cutting objective: it is an SDG but also essential for the successful delivery of the other SDGs. The EIB launched ShelInvest for Africa to complement the Commission’s efforts. How can we work together more deeply?**

I commend the work that the EIB is doing through its ShelInvest initiative. I am fully committed to gender equality, which has been front and centre of much of the Commission’s work for many years now; I pay tribute to my predecessor, Commissioner Mimica, for his work championing gender equality. For example, together with the UN, the Commission launched the Spotlight Initiative in September 2017. This €500 million programme is designed to eradicate all forms of violence against women and girls by raising awareness, transforming attitudes and changing laws. Spotlight is just one example of an effective partnership that is helping to transform the lives of women and girls around the world.

**Climate action is also a cross-cutting objective. A core component of the Green Deal for partner countries is increased climate diplomacy. How can the EU improve support for partner countries' efforts towards reducing emissions and waste? As a financier, how can the EIB support these efforts?**

Over the last few years, it has been inspiring to see how young people have mobilised to campaign on climate change. President von der Leyen has prioritised climate, biodiversity and the environment. Climate change and environmental concerns must be mainstreamed into everything we do, including our work with partner countries. In practice, this affects everything from our promotion of green energy and climate resilience measures, through to efforts to stop deforestation and tackle plastic waste. I am glad that the EIB was designated as the European Union's climate bank under the recent communication on the Sustainable Europe Investment Plan. To mobilise sustainable investment from all sources, all international organisations working to encourage private investment must ensure it is done in a responsible, climate-conscious way – this is truly sustainable development.

**We are in the phase of negotiating a post-Cotonou agreement. How can we best develop on the progress already made?**

We have agreed on a new approach and on the key priorities to guide the European Union's work with the 79 ACP countries in the decades to come. Moving away from the donor-recipient paradigm, the current talks on a new ACP-EU partnership ensure we adapt our relationship to the new realities, addressing global challenges such as climate change and peace. This can have a significant impact as together EU and ACP countries represent more than half the seats at the United Nations. Concretely, this translates into a new way to structure our cooperation. The future ACP-EU agreement covers a common part to all countries, with the values and principles we share, that we call the "foundation", along with three specific, tailored partnerships: "EU-Africa", "EU-Caribbean" and "EU-Pacific".

**The EIB has been active outside the European Union for almost 60 years now. How can the EIB's capacities be used as part of the European Union's worldwide developmental offer?**

Our ability to involve the private sector and leverage private money will be one of the key factors that determines our ability to achieve the SDGs by 2030. The Africa-Europe Alliance for Sustainable Investment and Jobs makes use of innovative financial mechanisms such as blending loans and grants and providing investment guarantees, to de-risk and therefore incentivise investments. By doing this, we can leverage vastly more funds to support our aims. To take one example of a guarantee agreement – the NASIRA programme uses €75 million of EU funds to leverage up to €750 million of investments for underserved entrepreneurs in sub-Saharan Africa and the European neighbourhood. It is expected to create up to 800 000 jobs and benefit those who usually struggle to access affordable loans, such as internally displaced people, refugees, returnees, women and young people. The EIB has a wealth of expertise and experience when it comes to the world of finance, investment and sustainable development. With one decade to go until 2030, the EU must make full use of the tools, skills and knowledge at its disposal to deliver on its promises and create a fairer, more prosperous and more sustainable world.

# EUROPEAN DEVELOPMENT FINANCE INSTITUTIONS

**The European Development Finance Institutions Association (EDFI) is made up of 15 different institutions from the European Union and European Free Trade Association countries. At the operational level, the EIB and the other European development finance institutions cooperate through joint financing, mostly in the context of two initiatives:**

## **THE EUROPEAN FINANCING PARTNERS INITIATIVE (EFP)**

The European Financing Partners initiative (EFP) is a co-financing vehicle, established by the EIB and several European Development Finance Institutions in 2003. The idea was to promote sustainable private sector development in ACP countries, strengthen cooperation between eligible financiers and the EIB, and enable them to co-finance individual debt or equity operations. As of 31 December 2019, the EFP had received endowments totalling over €1 billion from its 13 members. The EIB has committed €540 million through the ACP Investment Facility. The latest tranche was a €50 million contribution, approved in December 2019. After cancellations, a total of €353 million was made available, with €269 million committed to 34 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 (ICCF)**

The ICCF was set up in 2011 by the EIB and Agence Française de Développement. It uses the same model as the EFP initiative, and seeks to promote renewable energy, energy efficiency and clean technologies in emerging countries through the provision of long-term financing. The EIB has committed €50 million to the €300 million fund through the Investment Facility. AFD and 11 other European Development Finance Institutions have contributed the rest.

As of 31 December 2019, 15 projects in the ACP region with a value of €198 million had either been approved or were under appraisal. The EIB is participating in two of these projects through the ICCF, committing €12.8 million. The Bank is also co-financing three other projects alongside FMO, the development bank of the Netherlands, and ICCF. The bulk of ICCF projects are in the wind (41%) and solar (40%) sectors. The EIB expects to make a further commitment to the ICCF over the course of 2020, subject to approval. In the meantime, existing EIB commitments are valid until October 2022 after a three-year extension to the availability period was agreed in October 2019.

# TECHNICAL ASSISTANCE, INTEREST RATE SUBSIDIES AND BLENDING

## TECHNICAL ASSISTANCE

Blending resources with grants, including 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 EIB's technical assistance programmes can help 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 implementers of public infrastructure projects conduct feasibility studies, flesh out detailed designs or assess a project's environmental impact.

Concerning technical assistance, 21 operations under the ACP Cotonou Subsidy envelope were approved in 2019 for a total of €28.5 million. Notably, these include initiatives in sub-Saharan Africa supporting women's economic empowerment through ShelInvest, as well as digitalisation and the Clean Oceans Initiative.

Nine operations were signed for a total of €8.9 million. Six of these operations are supporting public sector infrastructure projects, while the other three are to help financial intermediaries.

## INTEREST RATE SUBSIDIES

Interest rate subsidies are explicitly called for in the Cotonou Agreement and are indispensable 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 37 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 EIB takes into account the correct concessional rules to avoid over-subsidising projects. In 2019, nine operations were approved for total subsidies of €33.6 million. Eight operations were signed, including seven in the ACPs and one in an OCT. These eight signatures add up to a total subsidy of €30.4 million.

As things stand and including the pipeline of operations, 98.7% of the Technical Assistance and Interest Rate Subsidy envelope under the Cotonou Mandate has been allocated.

# CO-FINANCING WITH PARTNERS

## TRUST FUNDS

Given the increasing importance of trust funds in financing for development, the EIB has set up several facilities that use donor funds to support projects across their lifecycle outside the European Union, including the ACP countries. The Bank's Partnership Platform for Funds provides a scalable structure to govern new trust funds and simplify procedures. Currently, the platform includes four funds. The largest is the Economic Resilience Initiative Fund, which concerns projects in North Africa, the Middle East and the Western Balkans. The other three funds are the Water Sector Fund, the Luxembourg-EIB Climate Finance Platform and the Financial Inclusion Fund. These funds are at different stages of their cycles, but all are quite young. All can be expected to play a crucial role in getting projects off the ground in Africa, even though their focus is global. The Financial Inclusion Fund was formally signed in November 2019.

The Water Sector Fund (WSF) was established at the end of 2017 with a €2 million contribution from the Netherlands. The WSF aims to provide technical assistance to accelerate water projects in poor and emerging countries. The fund is looking at innovative solutions such as promoting solar-driven water systems, enticing responsible small entrepreneurs into water provision services and involving local institutional investors to finance clean water projects. By the end of 2019, the fund had approved two technical assistance operations for water provision in secondary cities, one in Niger and one in Malawi. A pipeline of projects is now being developed, especially in sub-Saharan Africa. The fund should 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 (LCFP) is further along in its evolution. The idea behind LCFP is to catalyse private sector investment in climate change mitigation and adaptation projects, which remain underfunded on a global scale. Luxembourg has made €30 million available as subordinated funding, which will, in turn, entice other investors to participate in projects. It is also hoped that other donors will contribute to the platform. As well as approving financing for the Green for Growth Fund, the LCFP is also an investor in the Land Degradation Neutrality Fund, in which the EIB is involved as a senior investor. The objective of this \$300 million fund is to reverse land degradation and rehabilitate around 500 000 hectares of territory, which will be used for purposes such as sustainable forestry and agriculture. The LCFP is also supporting the CRAFT fund, which is looking to support private sector solutions for climate adaptation projects around the world, and the responsAbility Clean Power Fund, which will contribute to the electrification of underserved homes and businesses through clean energy. This fund is targeting sub-Saharan Africa, Asia and the Pacific regions.

The Financial Inclusion Fund aims to help build capacity in microfinance service providers across Africa, the Caribbean and the Pacific as well as Asia and Latin America. Currently, Luxembourg is the sole donor to the fund, with a contribution of €3.6 million. This is earmarked for deployment in sub-Saharan Africa. Luxembourg and the EIB have a long-standing partnership in microfinance, through co-financing for microfinance institutions and technical assistance. An example of the results achieved and the kinds of project we have supported together, and will continue to support, can be found over the page, where we look at our support for small businesses in Burkina Faso.

# URBAN ENTREPRENEURS: MADE IN OUAGADOUGOU

Mariam Koanda rearranges the fruit and vegetables she sells on a busy street in the capital of Burkina Faso. After 30 years in the trade, the last few years have been particularly satisfying because she has expanded her business and attracted many new customers for her mangoes, papayas, grapefruit and bananas.

She always wanted to build her business, but couldn't get financial support. When a local branch of the Agence de Crédit pour l'Entreprise Privée opened in 2012, Mariam was finally able to get a loan and add a wholesale business. "I am a happy person," she says. "My work is going well. It doesn't tire me out. I am lucky. There are plenty of people who are older than me who don't have what I have."

## SOLVING A PROBLEM

ACEP, as the lender is known, is a microfinance company that gives small loans to help businesses grow. It operates in five African countries. It started in Senegal in 1989, before expanding to Madagascar, Cameroon, Burkina Faso and Nigeria. ACEP helps very small businesses stay alive. The firm's model is similar in all locations: open an office, get to know people, attract investment and start giving tiny loans using simple application procedures.

One of the investors in ACEP Burkina is the Luxembourg Microfinance and Development Fund. This fund has invested €35 million in 53 emerging and promising microfinance institutions across the world. The fund supports micro-entrepreneurs that can't get help from regular banks. Its investment in ACEP Burkina is a little higher than average, at €760 000. The EIB contributed €5 million to the Luxembourg fund as part of the Bank's goal to make a real impact on small businesses in emerging economies.

Small businesses in Burkina Faso are the motors of the country's economy. But the problem, as in many emerging markets, is that many entrepreneurs can't get loans. ACEP Burkina is solving this problem. It now has seven branches in the country, from Ouagadougou to Bobo-Dioulasso, Kaya and Koudougou. It has 24 000 clients and is the second-largest microfinance institution in the country.

## A GREAT HELP

"We have established ourselves here because we are flexible and open, and can help people in a few days. That's not standard for banking in Burkina Faso. And certainly not outside of microfinance," says Valentine Nebié, an investment manager at ACEP Burkina's head office on Avenue Loudun, just a few steps from Mariam's shop. Mariam is happy that she can visit ACEP easily, and decisions are taken quickly. "I think once ACEP gets to know you and know how you run your business they are a great help," Mariam says.

She particularly appreciates ACEP's work with women entrepreneurs. "My oldest child, my daughter, is a businesswoman like me. Maybe we are better at this than men. We already have to fight for what we have, so you can be sure we are going to put everything into the companies we have built ourselves," she says.

## FAST RESPONSE

Zabda Moussa is another entrepreneur in Ouagadougou who has developed a close relationship with ACEP. Zabda runs an electronics sales and repair service from his shop on Avenue de la Nation. He sells and repairs ovens, microwaves, washing machines, fridges, freezers, air conditioners and televisions. His clients are based in Ouagadougou and other major towns and cities in Burkina Faso, and are looking for bulk orders for a business or a house. Zabda provides the equipment from his stock or finds it for them. He also does the installation and maintenance. He employs four people, and his stock does not come cheap: His clients want the latest technology from Samsung, LG and Sharp. "I have found ACEP Burkina to be very helpful, as well as quick and easy to work with," Zabda says.

When setting up his business he struggled to find the right financing. Banks proposed a minimum business loan of 20 million CFA francs, or about €33 000. But he didn't need that much. There were also many delays. "There would be a month to analyse your application, two more months to grant a loan." Zabda's first loan with ACEP Burkina, in 2016, was for 7 million CFA francs, or about €10 000. It took a week from the moment he applied until he received the money. "For a business owner like me, when a project comes along, you need to be able to react quickly. I feel ACEP Burkina's financing enabled me to do that, and that is why I go back to them."

Zabda is one of the first ACEP Burkina clients to qualify for more substantial financing for slightly larger companies. He has now received 20 million CFA francs as a loan – which he didn't need in the beginning. For the future, he hopes to open more shops and continue working with ACEP. "I have clients in Fada-Ngourma, Kaya and Koudougou. It would be good to be closer to them and not lose time dealing with things from here in Ouaga. It would also enable us to get more business, and I would like that. If today we are at 20 million, why can't we be at 100 million in the future?"

## WE SEE THEM GROW

"Digitalisation and financial inclusion are in our thoughts and in our clients' thoughts," says Valentine, the ACEP investment manager. "They say they are tired of travelling to agencies and waiting for some hours, so we are looking at making credit renewals digital, for example. We can see that becoming popular." ACEP is training staff on this technology and hopes to offer the service to existing clients. This convenience should attract new clients.

Valentine is motivated to make a difference in the lives of people like Mariam. "My favourite part of this job is going out and meeting people and seeing how we can help them, and seeing how they are changing their lives," she says. "When Mariam started with us, she borrowed one million CFA francs. Her last transaction was 5 million. That shows how her business has grown. I love this aspect of my job. Look, if you don't go out into the street and engage with people, you just can't do microfinance."

# EUROPEAN BLENDING FACILITIES

## AFRICA INVESTMENT PLATFORM

The Africa Investment Platform (AIP) was created to provide grant financing for projects in sub-Saharan Africa from 2016 to 2020. 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 financial resources, the Bank secured grant financing for five operations in sub-Saharan Africa focusing on infrastructure and agriculture value chains. Further applications to the Africa Investment Platform are expected by end-2020, which is the deadline for funding under the current Multiannual Financial Framework. Those potential applications have been included in the AIP priority pipeline. However, given that blending funds for some regions have been exhausted under the current framework, there are several projects in EIB'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 EU priorities.

Under the European Fund for Sustainable Development (EFSD) guarantee, three funding applications were approved, covering investments in sub-Saharan Africa. Since then, there have been no further calls for proposals for the EFSD guarantee. The next ones will 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 (EU-AITF), the predecessor to the AIP, will be available in the medium- to long-term to support projects in sub-Saharan Africa. Founded in 2007, the EU-AITF went on to become the largest trust fund under EIB management, with contributions exceeding €800 million. The fund helped finance almost 90 projects through more than 120 operations.

## CARIBBEAN INVESTMENT FACILITY (CIF)

The CIF 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 CIF grant support. One €9.33 million agreement to support an energy distribution and loss reduction programme was signed with the European Commission in 2015 and another grant supports post-disaster and climate change resilience intervention. The Delegation Agreement for the latter operation was signed in December 2018 with the European Commission for a total of €17 million of grant support in the form of technical assistance and investment grants. There is a story on this project on page 22 of this report. Co-financing opportunities are also being sought with the EIB or other eligible finance institutions assuming the leading role vis-à-vis the CIF.

## **INVESTMENT FACILITY FOR THE PACIFIC (IFP)**

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

## **COOPERATION WITH THE UN SYSTEM**

The EIB has two main streams of cooperation with the United Nations. We work with several UN agencies on broad and global thematic issues such as the UN climate goals and the Sustainable Development Goals. We also work with them in specific sectors and individual projects on the ground. In 2019, the EIB further strengthened our institutional and operational relationship with the UN Development Programme (UNDP) with an action plan for closer cooperation on issues relating to Sustainability Awareness Bonds linked to the achievement of the SDGs, as well as post-crisis recovery operations in ACP countries. UNDP is planning to play a significant role in engaging multilateral development banks and development finance institutions to support the mobilisation of private sector funds in the quest to achieve the SDGs.

The Bank also has a long-standing partnership with the United Nations Industrial Development Organisation, 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 EIB financing for 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 we have partnered with include the UN Office for Project Services (UNOPS), the UN Capital Development Fund (UNCDF), the Food and Agriculture Organisation of the United Nations (FAO), the International Fund for Agricultural Development (IFAD), UN-Habitat, the UN Refugee Agency (UNHCR) and UNICEF.

### **MUTUAL RELIANCE INITIATIVE**

The Mutual Reliance Initiative (MRI) is a joint partnership between the EIB, AFD and KfW, which sees our organisations appoint a lead financier for co-financed operations. The lead financier's standards are applied to the operations for matters like appraisal and implementation. In the ACP countries, 25 operations have adopted the MRI approach since completion of the pilot phase. Three operations had to be withdrawn as the investment project stalled or the lenders' financing approach changed. The EIB is participating in 13 of the remaining 22 operations. The Bank is involved as the 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 MRI contributes to building stronger ties with our partners AFD and KfW, and to improving the effectiveness of European finances distributed outside the EU. The initiative facilitates the relationship with project promoters and contributes to reducing their administrative burden. It also inspires the design of other cooperation frameworks such as with the African Development Bank.



# HOW THE EIB WORKS IN THE ACPS AND OCTS

**The EIB is the largest multilateral borrower and lender in the world. We are active in around 160 countries, investing in projects that meet stringent criteria on bankability, sustainability, environment, sustainable development and the potential for job creation and poverty reduction. The European Union sets the highest environmental and social standards. The EIB shares these values and wishes to see them adopted more broadly across the world.**

## BEYOND LOANS

The EIB stands apart from other financial institutions in four main areas:

**Long-term resources adapted to project needs:** We use five indicators to determine funding conditions, such as the extension of the typical maturity, the match with the asset's life, local currency funding (which can account for up to 40% of the Investment Facility), grant elements and innovative features in the financial product.

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

**Standards and resource mobilisation:** Our presence in the transaction adds value by providing a demonstrable catalytic effect, mobilising other financial resources, particularly among our European financial partners.

**Flexibility:** We continually develop innovative financing instruments to ensure our lending best meets borrowers' needs and addresses financing gaps. Examples include the ACP Migration Package, the ACP Infrastructure Package, the Sustainability Awareness Bonds, Climate Awareness Bonds and the Economic Resilience Initiative.

## SOURCES OF FUNDING

The EIB employs different instruments to finance different kinds of operations in sub-Saharan Africa, the Caribbean and the Pacific. In general, our own resources are used for public sector operations, mainly in infrastructure, in the form of senior loans. These funds can also be used for intermediated loans. The envelope for own resource lending is backed by guarantee agreements between the EIB and the individual EU Member States. 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 and 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 9<sup>th</sup>, 10<sup>th</sup> and 11<sup>th</sup> 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. This window is used to reach 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.

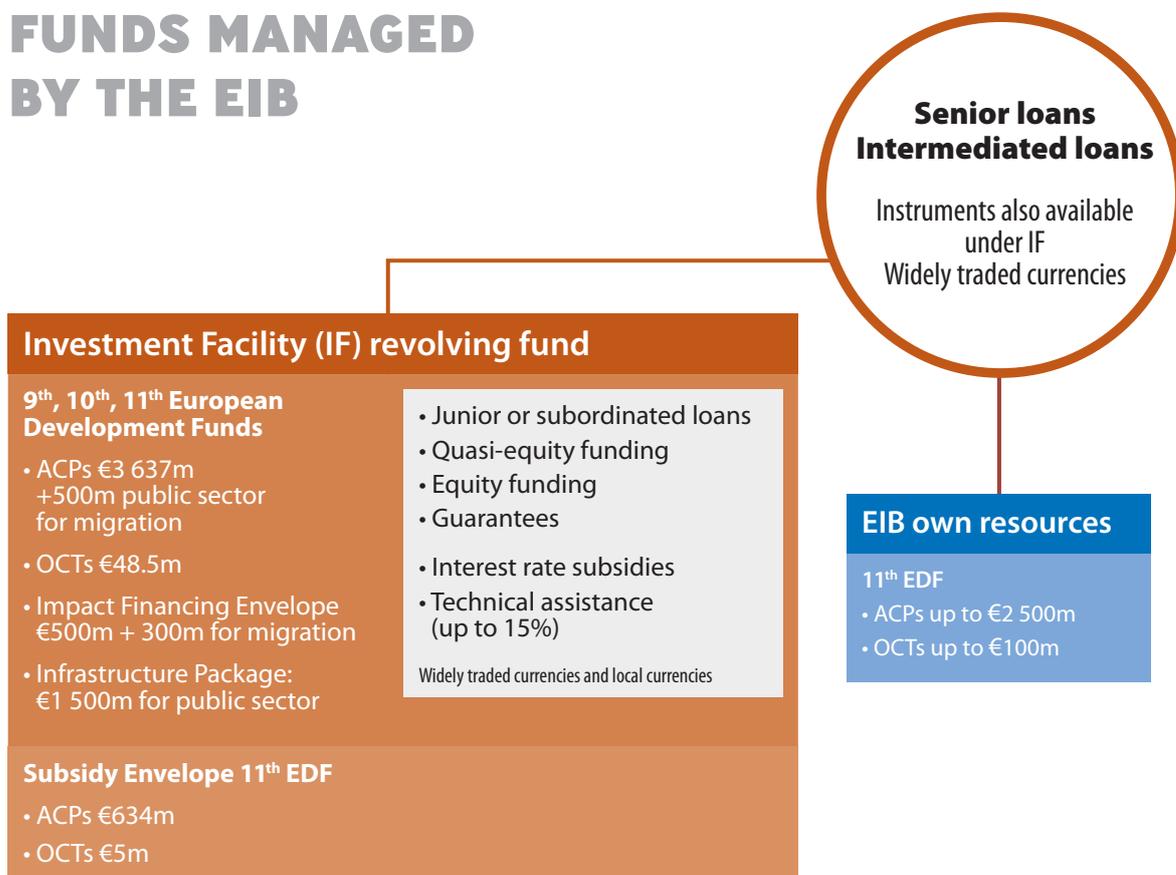
## GOVERNANCE: THE IF COMMITTEE

The Investment Facility (IF) Committee was set up in 2002. It is made up of representatives from each EU Member State and the European Commission. Representatives of the General Secretariat of the Council and the European External Action Service are also invited to Committee meetings as observers. The Chairperson of the Committee is the Finnish representative, Anne af Ursin. The EIB supports the work of the Chairperson and the Committee.

The Committee meets to discuss and approve policy and strategic matters concerning the Bank's activity in ACP States and OCTs. They also deliver opinions on financing proposals from EIB own resources and Investment Facility resources before their submission to the EIB's Board of Directors.

In doing so, the Committee supports us in financing a broad range of projects in ACP States and OCTs. The IF Committee, therefore, has an essential role in the project approval process and provides an excellent forum in which the EIB can have in-depth discussions on its non-EU activities with EU Member States and our partners at the European Commission. The Committee met eight times over the course of 2019. Throughout the time span covered by this report, the United Kingdom was a member of the European Union and a member of the Committee. In line with the Withdrawal Agreement between the UK and the European Union, the UK may participate as an observer without voting rights in the Committee.

## FUNDS MANAGED BY THE EIB



### TRANSPARENCY

The EIB is guided by high standards when it comes to transparency and institutional respect for democratic accountability. As a policy-driven and public financial institution, the Bank must be transparent about how we make decisions and implement EU 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 our data in line with the International Aid Transparency Initiative (IATI) Standard. This is a technical framework for publishing information and data on development cooperation activities. Anyone interested can download the details on how the information we publish on our activities compares to these international standards.

The EIB launched its public register in the same year. This contains the social and environmental project assessments of our operations. Again, this information is public.

# THE RESULTS MEASUREMENT FRAMEWORK

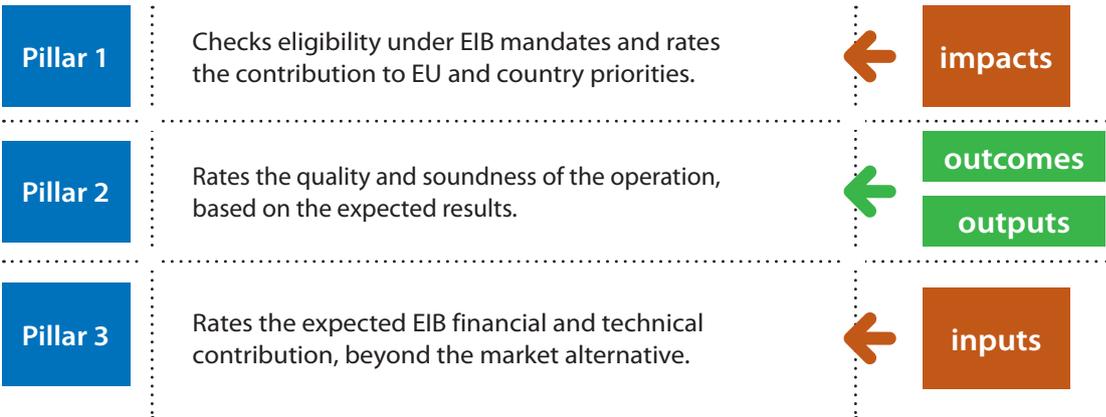
We use the Results Measurement (ReM) Framework to track the results of projects outside the European Union, as well as the contribution to EU and country objectives and the difference that EIB involvement makes in addressing market failures and relative to what local markets are able to offer. The framework strengthens the appraisal process, supports monitoring throughout the project cycle and complements the EIB’s due diligence process.

At the beginning of the project cycle, we identify indicators for each project and estimate the expected outputs and outcomes. We then monitor the project’s performance at different stages of its life. For infrastructure projects, for example, we monitor results at project completion and again three years after completion. An enhanced ReM+ framework is used for projects financed under our Impact Financing Envelope.

Since this framework was introduced in 2012, about 700 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 client-reporting requirements for co-financed operations. We have also aligned indicators with the European Commission within the framework of the EU blending platform for development projects that require a mix of grant and loan funding. We work continuously with other development agencies and financial institutions to improve the coordination and harmonisation of the results indicators we use.

## REM FRAMEWORK



## **A DEEPER UNDERSTANDING: WORKING WITH THE GLOBAL DEVELOPMENT NETWORK**

The EIB is investing in in-depth research, on selected projects or portfolios, to deepen our understanding of impact at the level of final beneficiaries. For example, in a pilot programme carried out in partnership with the Global Development Network (GDN), the EIB 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. GDN brought in globally renowned experts to provide technical advice to the programme, to ensure that the studies are carried out with the maximum rigour appropriate and using the most 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 EIB and for its clients. So far, the programme has supported researchers from Ethiopia, Rwanda, Senegal, Mali, Cameroon, Ghana, Nigeria, Kenya and Gambia, and four studies from the first of three cycles have been published on the EIB website, with further studies to be published in 2020 and 2021. The researchers' findings bring a different perspective on our understanding of our development impact, and can therefore help the EIB to improve our effectiveness in development.

## **ORGANISATION AND STAFFING**

The EIB's Global Partners Department manages all of the Bank's activities in sub-Saharan Africa, the Caribbean, the Pacific, the Republic of South Africa and the Overseas Countries and Territories. Global Partners is also responsible for implementing ACP-relevant activities under special mandates. In addition, staff in the projects directorate, General Secretariat, mandate management department, transaction management and restructuring, monitoring, equity and microfinance, trust funds and blending and legal services are also dedicated to ensuring the success of ACP operations.

At the end of 2019, 109 staff members were working on the ACP. They are divided between the EIB's Luxembourg headquarters and the external regional offices and desks in the ACP region.

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

The EIB external presence consists of 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 the relations with the African Union.

The first two EIB Desks for the ACP region were set up in 2017 in Barbados and in Dakar to strengthen the EIB's presence and local outreach.

Under a formal agreement of cooperation with EEAS, the EIB shares space, wherever possible, with the EU delegations. Such arrangements already existed in Abidjan, Addis Ababa, Santo Domingo, Yaoundé, Barbados and Dakar. In 2019, the EIB's regional representation in Nairobi also moved to the EU Delegation's new premises.

## THE COTONOU AGREEMENT AND THE EIB

EIB operations in Africa, the Caribbean and the Pacific, and those in Overseas Countries and Territories are carried out under the ACP-EC Partnership Agreement (the “Cotonou Agreement”, 2000-2020), and the Overseas Association Decision, the legal framework for EU relations with these regions. Financing under these agreements is provided from the European Development Fund (EDF) – EU Member States’ budgets – and the EIB’s resources, which the Bank raises on international capital markets.

The Bank is entrusted with the management of the Investment Facility. This revolving fund meets the financing needs of investment projects in the regions with a broad range of flexible risk-bearing instruments. To support the preparation and implementation of the projects it finances, the EIB is also able to provide grants in the form of interest rate subsidies and technical assistance to its borrowers and final beneficiaries.

Under the Cotonou Agreement (signed in 2000, revised in 2005 and 2010) the central objective of ACP-EU cooperation is poverty reduction, sustainable development, and the progressive integration of the ACP countries in the world economy (Article 19.1).

The agreement further provides that “ACP-EU cooperation strategies [...] shall 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 EIB’s activities in the ACP support projects that deliver sustainable social, economic and environmental benefits while ensuring strict accountability for public funds.

## THE YEARS AHEAD – MARIA SHAW-BARRAGAN

When I reflect on the projects that we supported in 2019, in terms of signatures, some points stand out to me. The number of projects supported remained the same as in the record year of 2018, but there was a slight drop in their average size. Over half of our total investment went to Fragile States and Least Developed Countries. Under the ShInvest for Africa initiative – which is looking to kick-start €1 billion in investment for climate action and small business financing with a focus on women and girls – we signed the first two operations. These are helping to catalyse €130 million for female-owned and led businesses of varying sizes.

Such projects and figures speak to the fact that the EIB is looking to have a real development impact, and support excellent initiatives that will help people on the ground and contribute to the overall achievement of the Sustainable Development Goals. The priorities that have guided us since we first started investing in the ACP regions through the Investment Facility have, in a sense, not changed. We are still firm in our belief that investing in private sector development and the vital infrastructure that underpins it is the best, most effective way to fight poverty.

In the past 17 years we have changed how we support our priorities and the development priorities of the European Union. The Impact Financing Envelope, as part of the Investment Facility, has enabled us to go further than before and put our financing to work in riskier sectors than were previously open to us. International frameworks such as the UN's Sustainable Development Goals have given us focus as an investment bank, but they have also promoted a coming together between organisations of all sizes: on the one hand they provide a global direction, and on the other hand they bring like-minded institutions, financiers, NGOs and governments together. By providing a framework for the world, they have made partnerships deeper and more effective, and fostered a spirit of cooperation. This is something that was highlighted in the end-term review of the Investment Facility. The review noted that the Investment Facility has been able to adapt over time to reflect changing priorities. Its main conclusion was that the Investment Facility fulfilled its mandate in helping to reduce poverty directly and indirectly and promote the further economic integration of sub-Saharan Africa, the Caribbean and the Pacific into the world economy.

It is in this spirit that the EIB sees itself in the coming years. Negotiations over our role in Europe's development finance architecture are continuing. The Cotonou Mandate runs until the end of 2020. Over the coming months, we aim to bring it to a successful conclusion and make use of all available resources, notably the ACP Infrastructure Package and the ACP Migration Package. We will continue to follow the priorities laid out in our strategy: inclusive and sustainable private sector development, promoting low-carbon and climate-resilient growth, playing our part in meeting the SDGs and helping to build economic resilience across the world.

Africa, the Caribbean and the Pacific are all transforming. The EIB, as the Bank of the European Union, is looking forward to helping them to do this in partnership with our fellow institutions like the European Commission and the European External Action Service. The populations of all three regions deserve every opportunity to improve their lives for themselves, their families and their communities. We are ready to go with them on that journey.

*Maria Shaw-Barragan is the director of the EIB's Global Partners Department, responsible for lending in sub-Saharan Africa, the Caribbean, the Pacific, Asia and Latin America.*



# 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
- Gambia
- 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
- 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

## 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

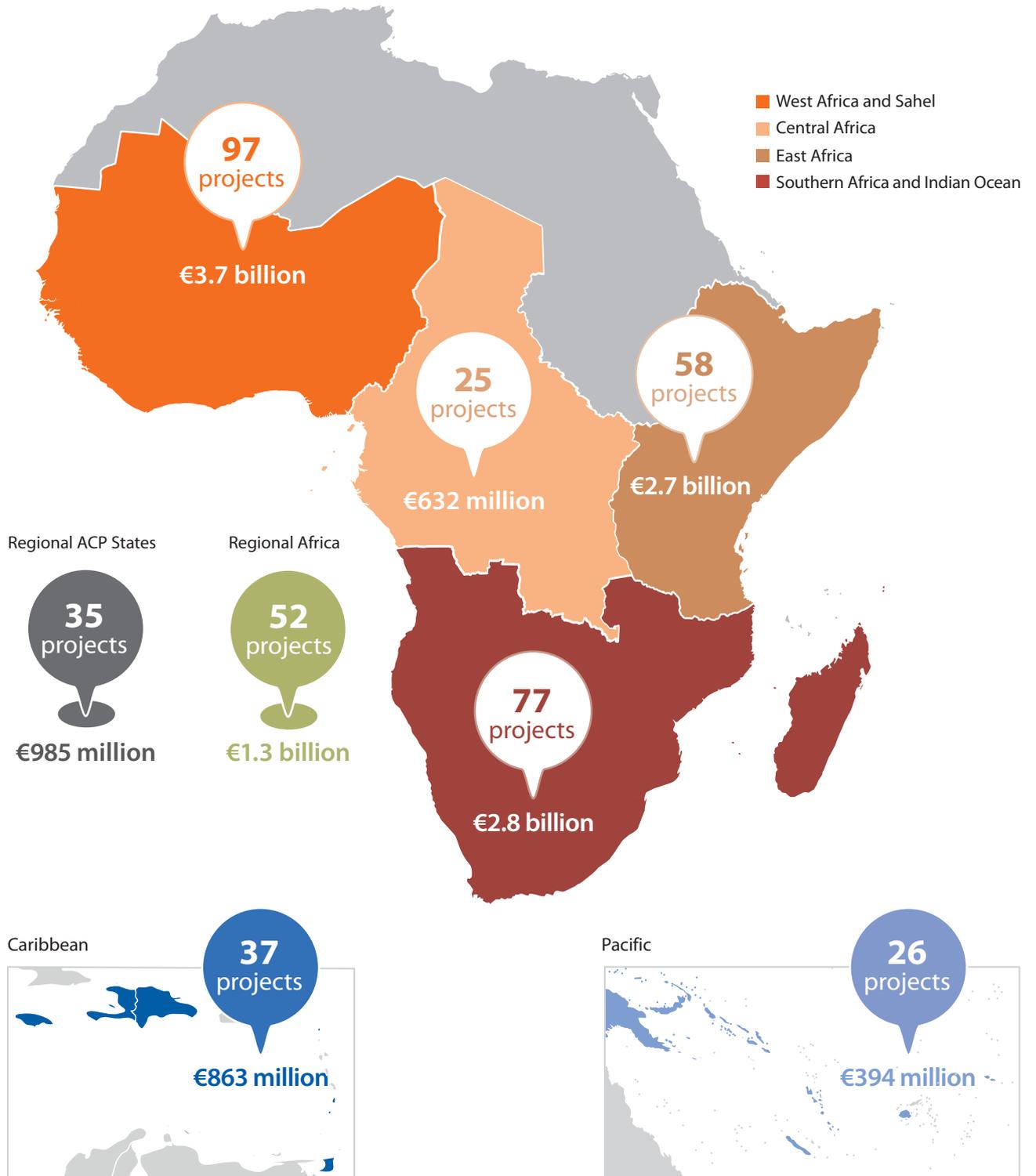
## PACIFIC

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

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

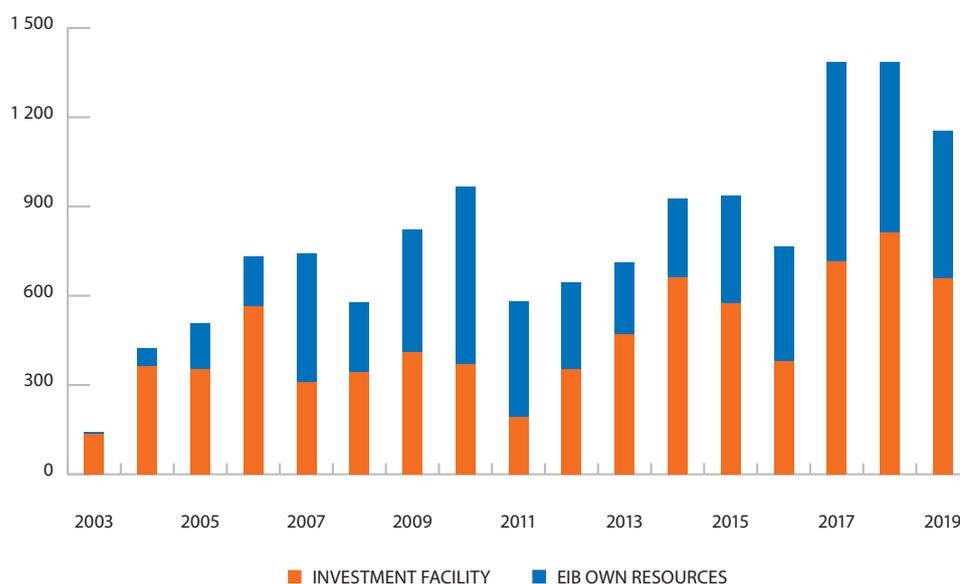
\*\* RSA: although part of the ACP regional grouping and signatory to the Cotonou Partnership Agreement, South Africa receives assistance from the EIB under a different mandate.

## REGIONAL BREAKDOWN SINCE 2003

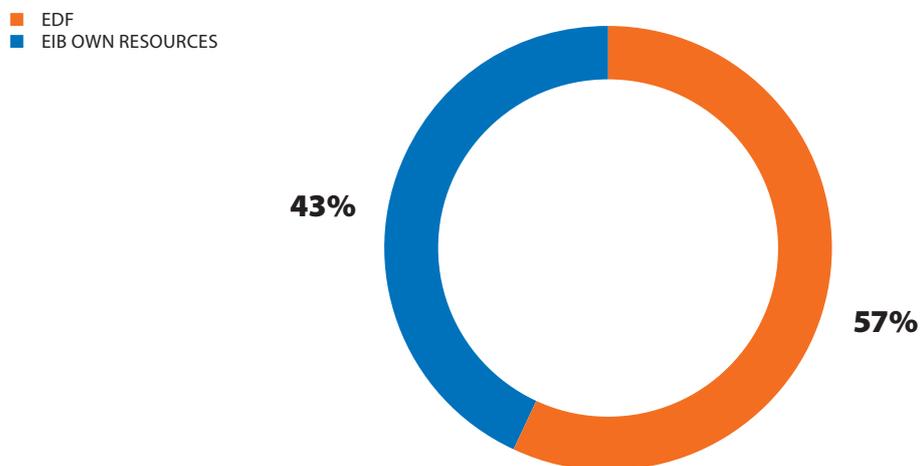


# IN FIGURES: OUR HISTORY UNDER THE COTONOU MANDATE FROM APRIL 2003 UNTIL DECEMBER 2019

## ACP INVESTMENT FACILITY AND EIB OWN RESOURCE SIGNATURES (€M)

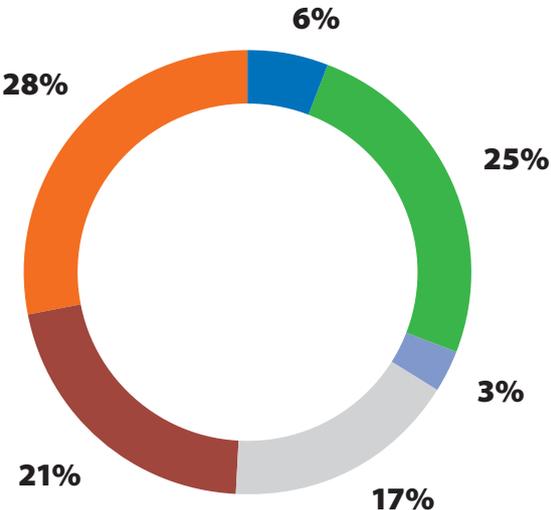


## SOURCES OF FINANCING: ACP INVESTMENT FACILITY AND EIB OWN RESOURCES



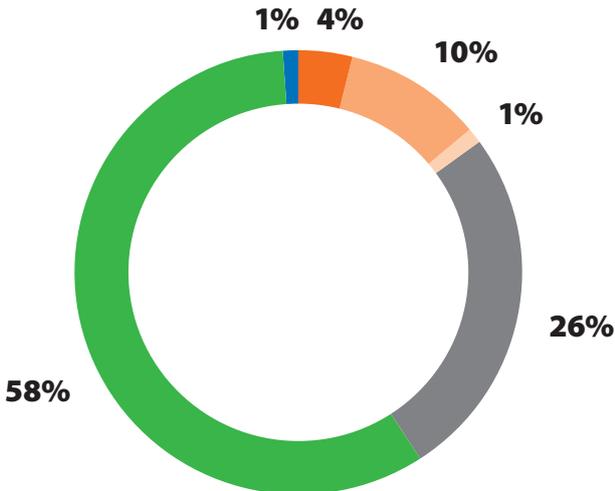
**BREAKDOWN BY REGION FINANCED**

- CARIBBEAN
- CENTRAL AND EASTERN AFRICA
- PACIFIC
- REGIONAL AFRICA AND ACP STATES
- SOUTHERN AFRICA AND INDIAN OCEAN
- WEST AFRICA AND SAHEL



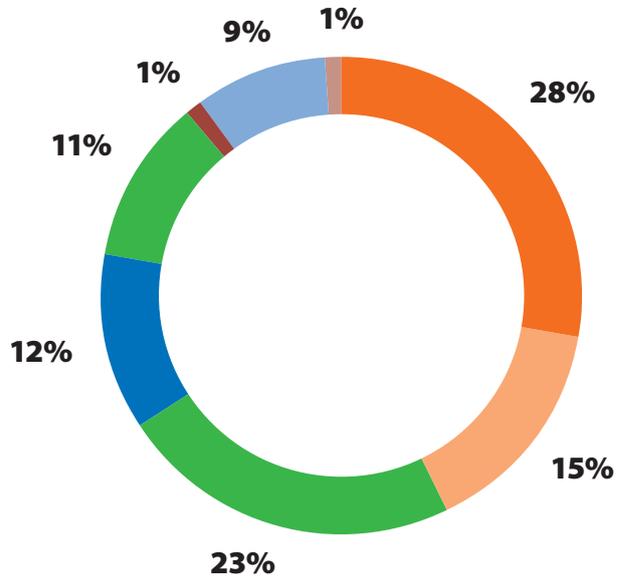
**BREAKDOWN BY FINANCIAL INSTRUMENT**

- AGENCY AGREEMENT
- EQUITY
- GUARANTEES
- MBIL
- SENIOR LOANS
- SUBORD. LOANS & QUASI-EQUITY



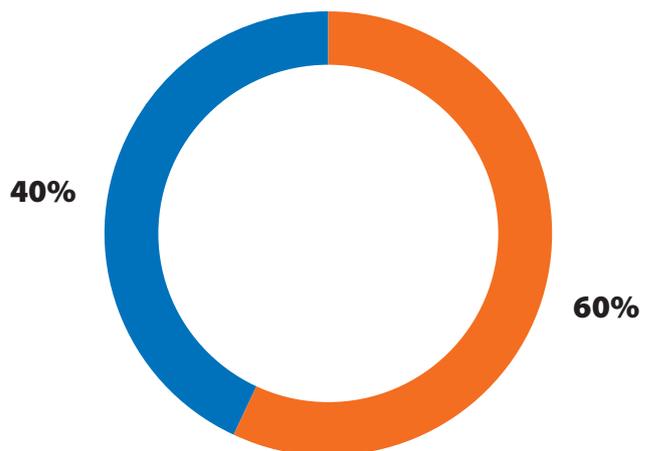
## BREAKDOWN BY ACTIVITY SECTOR

- CREDIT LINES
- FINANCIAL SERVICES
- ENERGY
- WATER, SEWERAGE
- TRANSPORT
- TELECOMMUNICATIONS
- INDUSTRY
- SERVICES, INCL. TOURISM

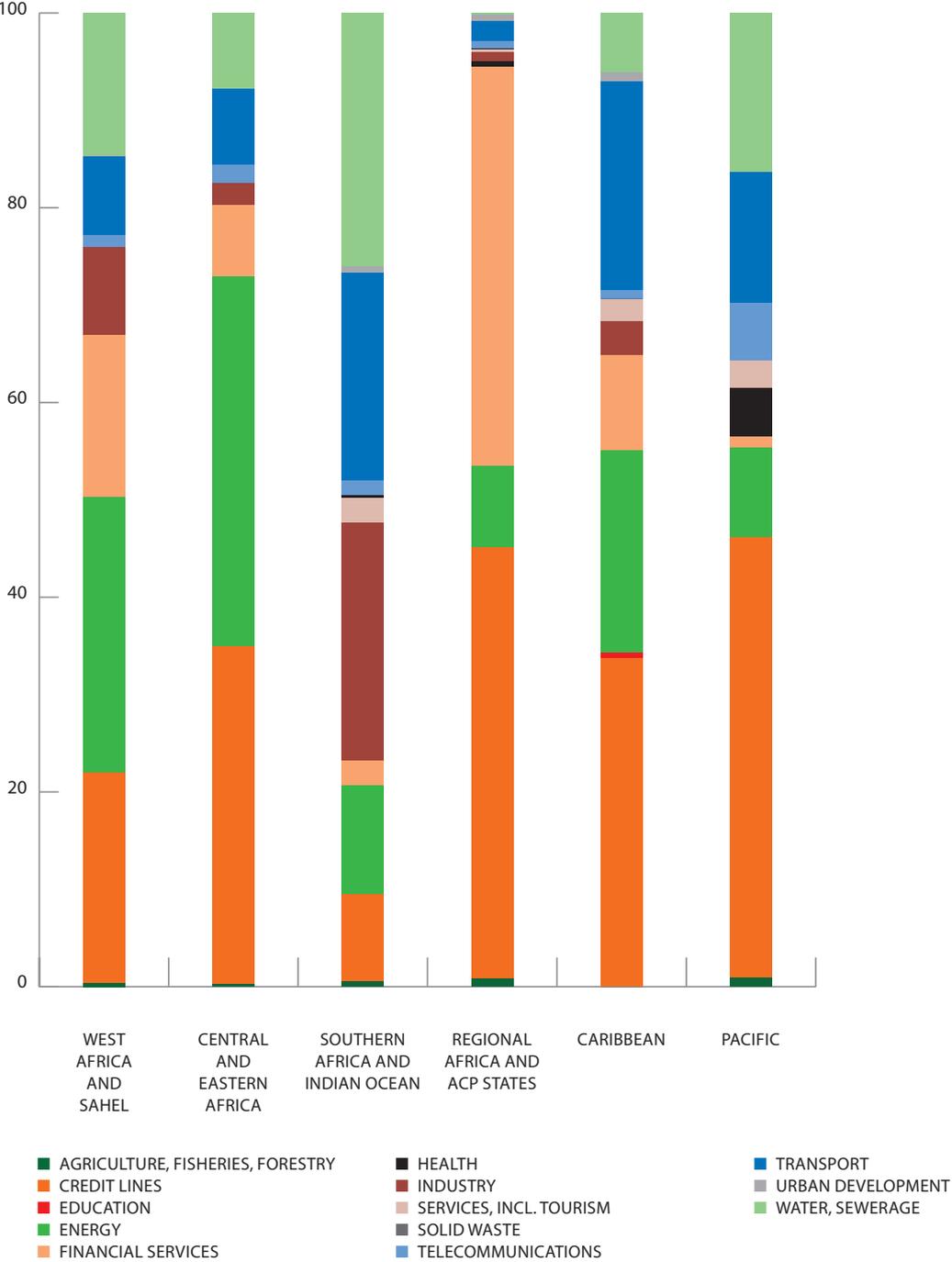


## PRIVATE SECTOR VS PUBLIC SECTOR

- PRIVATE
- PUBLIC



### BREAKDOWN BY SECTOR AND REGION







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**ANNUAL REPORT 2019**



print: ISBN 978-92-861-4666-4  
eBook: ISBN 978-92-861-4662-6  
pdf: ISBN 978-92-861-4653-4

EN 05/2020