



“Development financing instruments of the EIB”

Presentation by Vice-President Plutarchos Sakellaris

20th “Lisbon Meeting”

Structure of the presentation

1. Background information on the EIB
2. The EIB in the ACP countries
3. Guiding principles
4. Illustrating our action through concrete projects





EIB: background Information



“Promoting European Objectives”

EIB: Background Information



- **Birth:** Treaty of Rome, 1958
- **Purpose:** “Provide long term lending to promote European objectives”
- **Shareholders:** 27 EU Member States
- **Governance:**
 - Board of Governors - EU Finance Ministers
 - Board of directors - Member States & European Commission
 - Management Committee - EIB’s executive body
 - Audit Committee - Independent, non-resident



EIB lending outside the EU in 2009: EUR 8.6 bn



SUPPORTING EU DEVELOPMENT AND COOPERATION POLICIES

– Pre-accession countries

- Candidate countries - Croatia, Turkey and the FYRM*
- Potential candidate countries in the Western Balkans

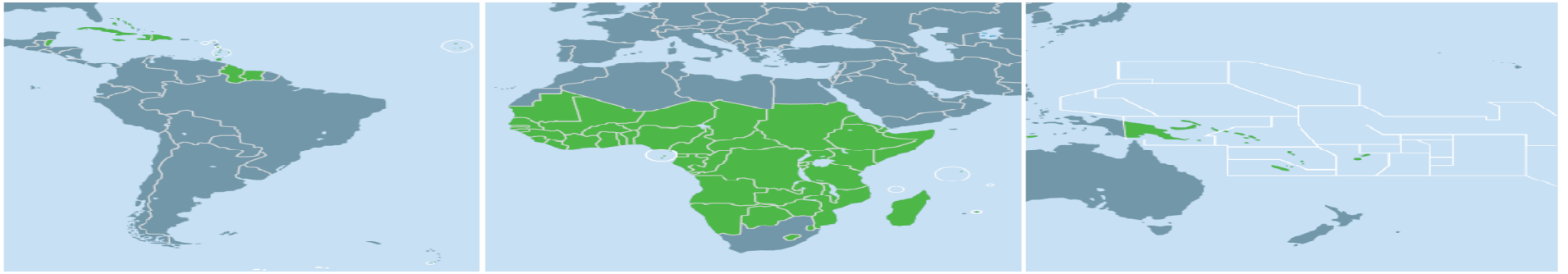
– European neighbourhood

- Mediterranean Neighborhood (FEMIP)
- Russia and Eastern Neighbours

– Co-operation policy

- Africa, Pacific and Caribbean States (ACP)
- Overseas Countries and Territories (OCT)
- South Africa
- Asia and Latin America (ALA)

* Former Yugoslav Republic of Macedonia



The EIB & the African, Caribbean and Pacific States

“Committed to economic growth and sustainable development”

EIB lending in the ACPs



ACPs: the oldest mandate entrusted to the EIB (1963)

- ✓ **Since 2003: “Cotonou Partnership Agreement”**
- ✓ Builds on the *acquis* of over 45 years of experience



EIB's role focuses on the Financial Cooperation:

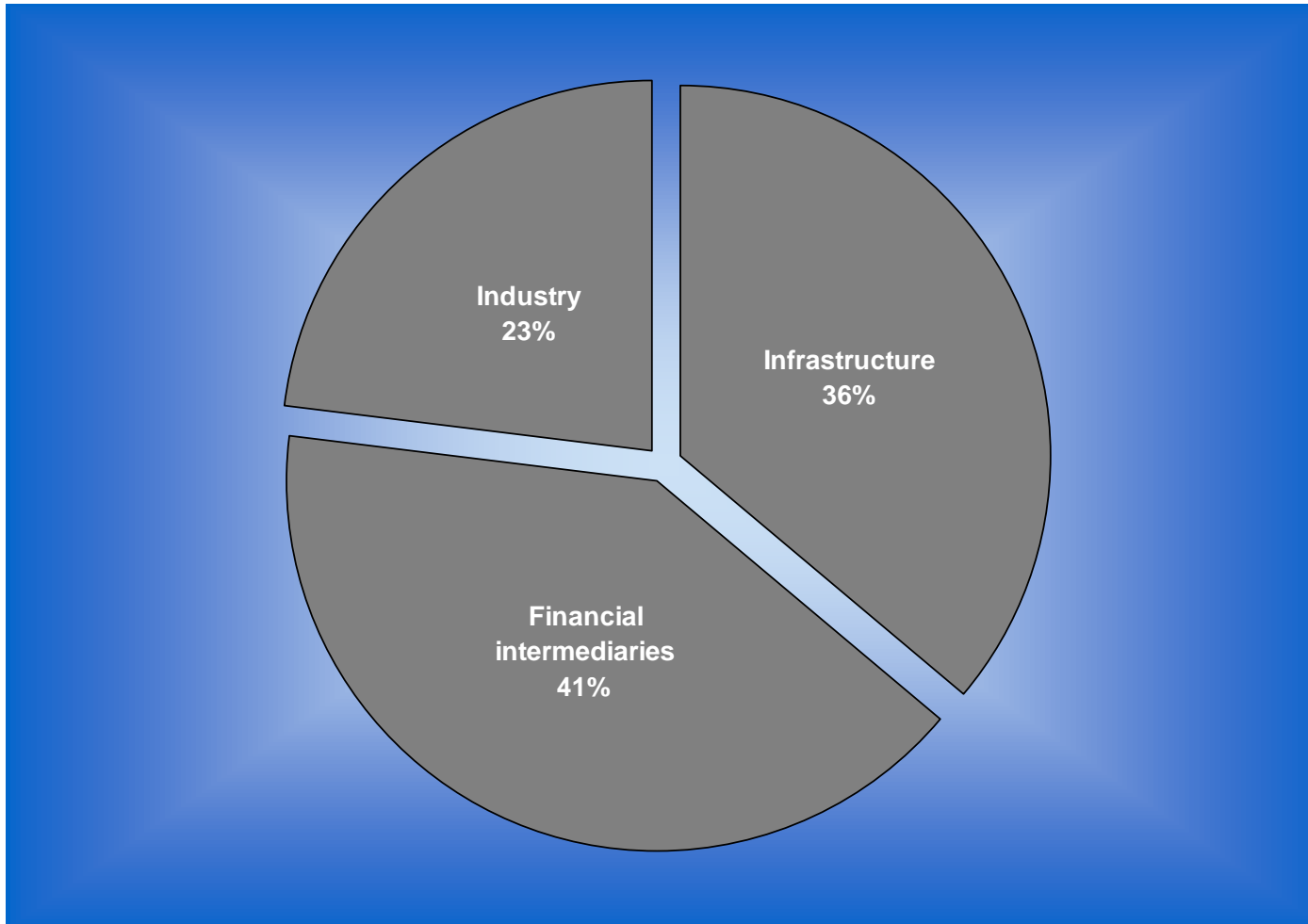
managing the **Investment Facility** & lending from its **own resources**

Sources of funding:

- European Development Fund (EDF)
- EIB Own Resources



Since 2003: breakdown by sector of project signed





STRATEGIC FOCUS



Projects that foster:

- **regional integration**
- **environmental sustainability**: renewable energy/climate change
- **growth/ development**: job creation and poverty alleviation (ESIAP)
- **cooperation** with bilateral and multilateral donors

* Supported by: *EU-Africa Infrastructure Trust Fund and the Water/Energy Facilities*

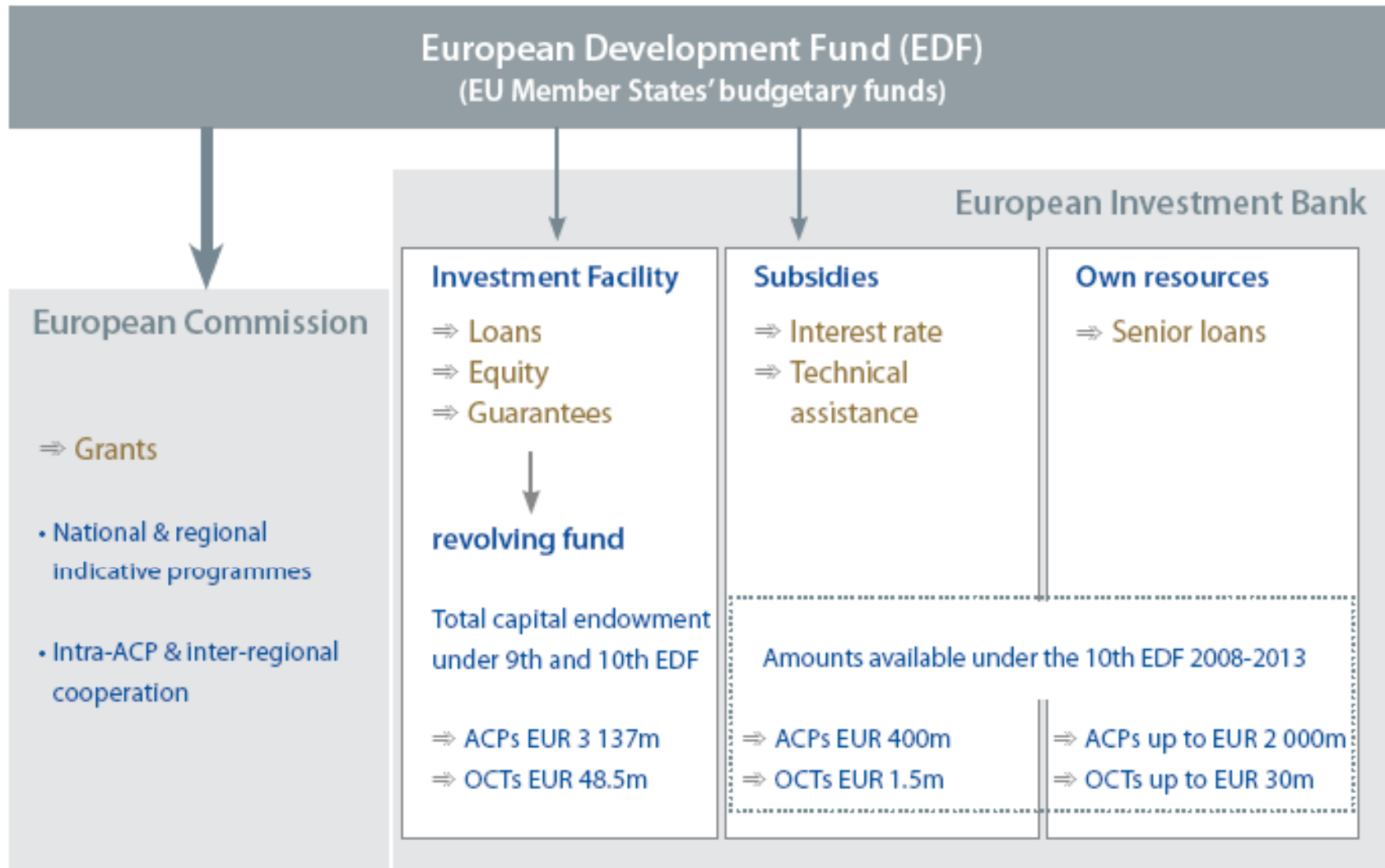


Guiding principles

*“ Taking more risks,
in a controlled manner
for more value-added ”*



EIB lending in ACPs & OCTs*



* Overseas Countries and Territories



EIB and the Cotonou Agreement Investment Facility

The objectives

The means

Use of a wide range of risk-bearing instruments under IF
→ **Value added of the IF**

Private sector development, through

- ✓ *Foreign Direct Investors,*
- ✓ *Local private sector*
- ✓ *Financial sector*
- ✓ *Commercially viable public entities*

Economic growth

**Poverty reduction
&**

Millennium Development Goals

The constraints:

- Ensure the long term sustainability of the IF through **risk pricing**
 - Mitigate the risk of MS as guarantors
- vs. **developmental objective**

Project requirements



➤ **Technically sound**

➤ **Financially viable**

➤ **Bear a positive impact on the economy:**

- economic and social impact assessment framework -

➤ **Comply with environmental protection and procurement regulations:**

- “EIB environmental and social guidelines”-



Illustrating our action through concrete projects





Aligning our interventions with the country's development strategies

« Renovation & expansion of two of Cape Verde's main ports »

Ports:	Palmeira & Praia
Amount:	EUR 47m (OR)
Objectives:	<ul style="list-style-type: none">✓ generate additional capacity,✓ increase competitiveness,✓ comply with International Maritime Organisation environmental and security requirements✓ ultimately, support the business/trading environment



Relying on innovative & flexible risk bearing financial instruments

« Equity: Investing with, in and for our partner countries »

Angola: FIPA – Angola private equity fund	
Borrower	Fundo de Investimento Privado, SICAV-SIF ("FIPA")
Currency	USD
Amount	EUR 5m
Source of funding	Investment Facility
Co-financiers	Norwegian Investment Fund for Developing Countries (Norfund), Banco Africano de Investimentos (BAI), Industrialiserings Fonden For Udviklingslandene (IFU), Banco Privado Atlantico

⇒ *Supporting established and start-up SMEs*

Supporting “Green Growth”

« Promoting clean energy: wind power »

Cape Verde – installation of 27 MW wind turbines

Amount: EUR 30m (IF)

Objectives: ✓ Encourage sustainable, indigenous, environmentally-friendly and competitive electricity generation





Encouraging cooperation & synergies

Out of 158 projects signed to date, 85 are being co-financed with development finance institutions*.

Investment Facility (ACPs & OCTs – IF & OR)

« Maputo Water Supply project »

Amount:	EUR 31 m (IF)
Objectives:	<ul style="list-style-type: none">✓ improve & expand water supply services✓ at affordable price✓ encouragement of participatory management structures
Partnerships:	The EU-ACP Water Facility, FMO, the AFD, the Government...

EIB terms and conditions



- ❖ EIB operates on market related terms: risk pricing, cost recovery
- ❖ Long maturities and grace periods
- ❖ EIB = catalyst → encourages co-financing
max. 50% of funding provided by EIB
- ❖ Direct or indirect intervention (major /smaller scale investments)



Subsidies are available:

- for project related technical assistance
- to ensure concessionality whenever required



Developmental impact & high value added



European Union Africa
Infrastructure Trust Fund

Mozambique- Electricity National Backbone: CESUL

Amount: EUR 700 000 m grant (ACP-EU ITF)

Objectives: Finance a key study for the implementation of the CESUL



2010 and beyond

Heading for...





- ✓ *Gradual economic recovery*
- ✓ *Investment opportunities*
- ✓ *Encouraging perspectives, notably of venture capital*
- ✓ *Rigorous management of operations*

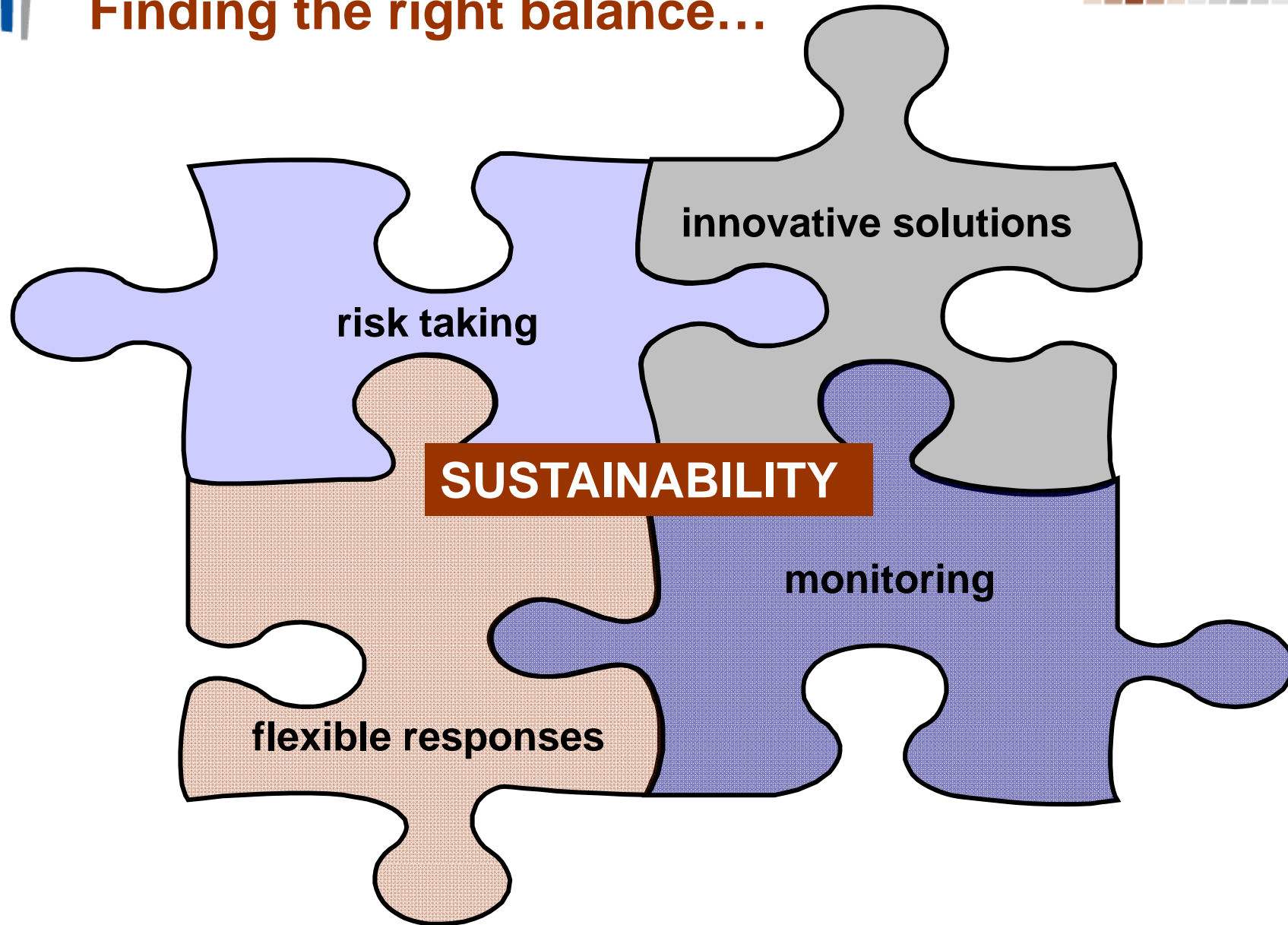


“more, better and faster!”

whilst...



Finding the right balance...





Thank you !

