



# Resilient Africa

## Opportunities for action



European  
Investment  
Bank

*The EU bank*



# Resilient Africa

## Opportunities for action

## **Resilient Africa – Opportunities for action**

© European Investment Bank, 2019.

98-100, boulevard Konrad Adenauer – L-2950 Luxembourg

☎ +352 4379-1

✉ [info@eib.org](mailto:info@eib.org)

[www.eib.org](http://www.eib.org)

[twitter.com/eib](https://twitter.com/eib)

[facebook.com/europeaninvestmentbank](https://facebook.com/europeaninvestmentbank)

[youtube.com/eibtheeubank](https://youtube.com/eibtheeubank)

All rights reserved.

All questions on rights and licensing should be addressed to [publications@eib.org](mailto:publications@eib.org)

Photo: © Gettyimages. All rights reserved.

For further information on the EIB's activities, please consult our website, [www.eib.org](http://www.eib.org).  
You can also contact our info Desk, [Info@eib.org](mailto:Info@eib.org).

# Table of contents

Executive summary	5
Why Africa is a priority	7
Challenges and opportunities	9
Migration and economic stimulus	14
Making Africa resilient	16
Investments that attract investments	19
Partnerships and the private sector	20
Lessons that guide our actions	22
Looking ahead	24





# Executive summary

Let's think about Africa. The continent is transforming. It is seizing the opportunities arising from its young and dynamic population, new technologies, new trade agreements and great potential for productivity growth. It is a richly diverse region, with exciting possibilities in many sectors, from growing hubs of technology and start-up firms in Nairobi and Lagos to top financial centres such as Casablanca.

However, Africa needs more investment to become secure and stable and to grow its economies and tackle many development challenges. The European Union is Africa's largest trading partner and investor. As the financial arm of the European Union, the European Investment Bank (EIB) can play a big role in helping Africa's vibrant economies move to the next stages. We plan to mobilise €100 billion in investment to improve the lives of millions of Africans over the next seven years. This is more than double the amount of the Bank's current investments.

Why is resilience so important for Africa? Resilience is the ability to withstand unexpected shocks, such as changes in global financial conditions, social and political upheaval, and natural hazards or weather disasters. African countries cannot readily cope with such shocks. Climate change adds further pressure, with fears of rising sea levels and increasing temperatures. Africa is threatened by climate change more than most areas of the world, even though it contributes least to the problem.

Sudden, mass movements of people are another shock. The European Union initially focused on the Syrian refugee crisis, but it recognises that this issue extends to Africa more generally and to other parts of the European neighbourhood. We understand the roles that countries play as hosts, transit routes and places of origin for refugees and migrants. The EIB helps address shocks such as these by supporting the long-term investment needs of countries where migration and forced displacement begin, but it also helps the areas that migrants pass through and their final destinations.

Making Africa more resilient gives it the ability to rebound from crises, while maintaining strong and inclusive growth. Investment in resilience is often cheaper than crisis management via humanitarian assistance. Investment in resilience needs to start soon after a crisis or in parallel with humanitarian aid, since resilience takes time to build. Otherwise, humanitarian support will take longer and cost more.

The European Investment Bank has been investing in Africa for over 55 years. We have acquired technical and financial expertise by implementing every type of complex project. We are now concentrating on investments that bring jobs and growth, sustainable urbanisation, digital connectivity and gender equality. Together we can achieve the UN Sustainable Development Goals and create opportunities for everyone.



**The EIB plans to mobilise €100 billion  
in Africa over seven years for people,  
jobs, technology and the climate.**



# Why Africa is a priority

---

1.

Africa is benefiting from many socio-economic improvements, but it faces numerous challenges from political, social and environmental changes. One aspect of Africa's transformation is the movement of people within the continent and outside of it. These movements have complex causes and require better management. Although migration can play a major role in lowering poverty and igniting development in Africa, it brings significant challenges in the short term, including the need for housing and other basic infrastructure and services.

---

2.

Sustainable development in Africa is a core objective for the European Union and the European Investment Bank. At a meeting of the European Council in June 2018, EU leaders concluded that we must work towards a deeper partnership with Africa aimed at substantial socio-economic improvement, building upon the objectives set in Africa's Agenda 2063, which is a blueprint for transforming the continent. The Bank is helping Africa capitalise on its demography and on new technologies and innovations. We believe that providing access to finance and improving infrastructure are the best ways to help Africa.

---

3.

The European Investment Bank has over 55 years of experience working outside the European Union and addressing unique challenges in many different regions. It has the expertise, the financing instruments and the commitment to help in education, health care, infrastructure, innovation, good governance and women's empowerment. We base our work on the priorities of the European Union and the needs of our African partners.

---

4.

The European Investment Bank has a key role to play in building a resilient Africa. Its expertise in high-impact investments in vital infrastructure complements the private sector's ability to create jobs and growth. We can respond to the needs of a diverse and rapidly changing Africa, and we can set up large-scale initiatives to meet our goals.

---

5.

The Economic Resilience Initiative for North Africa and other sub-regions and the ACP (Sub-Saharan Africa, Caribbean and Pacific and the Overseas Countries and Territories) Migration Package are two initiatives dedicated to helping countries seize the opportunities generated by new technologies, trade agreements and productivity gains.

---

6.

We can do even more for job creation and sustainable and inclusive economic growth. With the right financial instruments and mandates from individual countries, the European Union and other donors, the Bank plans to mobilise €100 billion of finance in Africa over a seven-year period.

---



**The EIB supports new technologies  
that create jobs and make lives better  
for everyone in Africa, especially  
young people and women.**

# Challenges and opportunities

The African continent is transforming in ways that bring the promise of many development gains and open up the possibility of accelerating the attainment of the Sustainable Development Goals. However, the region faces substantial challenges related to unstable commodity prices, potential trade wars, natural disasters, extreme weather, climate change, poverty, political instability and income inequality. These challenges require large amounts of targeted investment. Development partners, private sector investors and project promoters need to be mobilised.

There are many reasons to be optimistic about Africa. The rapid adoption of new technologies can bring a better future and more jobs – especially for young people and women – and will play a crucial role in meeting the Sustainable Development Goals. Africa is a richly diverse continent with exciting potential in a variety of sectors and industries. Countries in Africa are transforming in a number of ways – demographic transition, industrialisation, urbanisation, innovation and migration flows. Millions of people's lives are changing for the better. The region has many natural resources and could benefit from harnessing its youth dividend. It has the youngest average population of all continents, with a median age of less than 20.

## Inclusive growth

The region is making slow progress in reducing poverty, and slow or uneven progress towards many of the other Sustainable Development Goals, partly because of rising inequality. To address this, many of the region's governments have put the need to move away from resource-based economic growth at the core of their agendas. It is now essential for economic growth to happen in a sustainable and inclusive manner that creates jobs, particularly for young people and for generations to come.

Sub-Saharan Africa will need to create about 18 million jobs each year until 2035 to accommodate female and young labour market entrants and take advantage of the potential youth dividend. This population growth, if accompanied by jobs and income growth, represents an opportunity for trade, but it also entails a responsibility to help build markets and reinforce global value chains. European companies can serve this growing demand for goods, services and, above all, technology and knowledge transfer to support the integration of supply chains and build the capacity of local players. Improving the ease of doing business is key for African countries. Today, 36% of Africa's trade is with the European Union (16% with China and 6% with the United States), and this percentage could grow substantially if it is supported by the right investments in Africa, including foreign direct investments by European companies.

Many African countries in both sub-Saharan and Northern Africa have embarked on accelerated social, political and economic reforms in recent years, including much needed improvements to the business climate. Growth is expected to pick up across the continent. However, this recovery is taking place in a difficult external environment of tighter global financing conditions amid concerns of overheating in the United States, and a slowdown of the commodity price recovery on the back of growing potential for a trade war, compounded by internal challenges and shocks. These challenges include social and political instability, such as the Arab Spring, disputed elections in the Democratic Republic of Congo and growing tensions between migrants and host countries in places such as South Africa. There have also been natural disasters and extreme weather events, often linked to climate change. In addition, conflicts in Syria, Yemen, Sudan, northern Nigeria and the Democratic Republic of Congo have caused millions of people to flee inside their own country or to a neighbouring African country. This puts additional strain on societies and infrastructure.

**The European Investment Bank supports innovative start-ups across Africa, especially in fragile countries, to foster technological advancements and create jobs.**

Rising geopolitical tensions could further cloud the future for Africa. In addition, debt is high across the continent and may hamper economic growth, as countries do not have the means to work on important infrastructure, including energy and water projects. The growth has not resulted in sufficient job creation to keep pace with the expansion of the population. On the positive side, new technologies offer a lot of potential. Digitalisation is a promising way to create millions of jobs across Africa. The region makes extensive use of social media and mobile phones. This massive use of digital communication without the need for a landline connection could provide the foundation for a broader technology-based economy, which would create jobs for the fast-growing pool of educated young people.

## **Fighting inequality**

Income inequality is also a major challenge in many African countries, and there are many social disparities. Nations with a widening gap between those who can and cannot access opportunities in life have difficulty sustaining economic growth and social stability. Growing inequality endangers social and political stability, and this can hurt the economy. Some groups remain marginalised, lagging behind the rest of the population in productivity and income. For example, households headed by women are disproportionately likely to be poor, just as women are less likely to have access to digital or financial services. A stronger focus on gender equality in African countries will help economic growth and lower poverty, creating more opportunities for everyone.

**The European Investment Bank financed geothermal projects in Kenya that can deliver electricity to 530 000 homes.**

## A sophisticated range of tools

The European Investment Bank's work is guided by EU policy. The Bank is owned by all EU countries. We are active in Africa under the ACP Investment Facility, the External Lending Mandate and EU countries' own resource guarantees. The Investment Facility provides a sophisticated range of instruments for the private sector, including local currency lending, risk sharing and equity. The External Lending Mandate and the Cotonou Mandate guarantees enable the Bank to offer attractively priced funding for public sector projects. The EU budget guarantee provided by the External Lending Mandate is the most efficient of all EU financial instruments, enabling EIB loans to support investment of around 40 times the EU budgetary provisions.

The Bank has invested over €28 billion in Africa. In the last four years, it has provided over €10 billion of financing to the continent, mobilising investments of around €30 billion.

We are active throughout Africa, in low-income countries and fragile states, as well as in middle-income countries. Private sector development is a key part of our work. We finance small businesses that have a hard time getting loans. We work with the public and private sectors to meet the continent's enormous infrastructure needs in energy, water and sanitation, and transport.

**The European Investment Bank extends lines of credit to women entrepreneurs in Africa and provides technical assistance to many African banks so they can improve their lending to women.**

## A special focus on women and girls

Women and girls contribute significantly to development. Sustainable Development Goal No. 5 aims to "achieve gender equality and empower all women and girls."

**Gender equality and women's empowerment are a priority for the European Investment Bank. Our gender strategy and action plan\* aim to:**

- protect women's rights in all projects
- increase projects' impacts on gender equality
- promote women's economic empowerment and entrepreneurship, including increased access to jobs and financial services.

By focusing on three aspects – protect, impact and invest – the Bank considers gender equality and women's economic empowerment in all its activities – lending, blending and advising. We support women's and girls' rights, and will search for projects that give women bigger roles in the economy.

\* The Strategy on Gender Equality and Women's Economic Empowerment and the Gender Action Plan.



## Climate change

Africa will be the part of the world most affected by climate change, although it contributes least to the problem. The continent faces an increased threat from extreme weather – such as tropical storms, flooding, rising sea levels, sand erosion and sustained droughts – which influence agricultural yields, food and water security, ecosystems, livelihoods, health, infrastructure and migration. According to the UN Food and Agriculture Organisation, climate change could lead to a fall in crop yields of as much as 50% by 2020 in some of the poorest African regions. By hurting vital resources, such as water, food and land, and increasing competition for natural resources, climate change is likely to increase poverty, inequality and unemployment, and lead to more migration, more refugees, and a greater scarcity of livestock. Failure to address climate change could further intensify political, social, ethnic and religious tensions as more communities struggle to secure access to resources.

## Urbanisation

Africa's urban population has been growing at a very high rate and is expected to keep growing quickly. Rapid urban growth brings many demands for sustainable infrastructure. Two-thirds of the urban space that Africa will need by 2050 does not exist and will be built over the next 30 years. The greater concentration of people and assets also means that the impact of natural disasters and a changing climate may be devastating to the population and the economy. The poorer segments of society are particularly vulnerable, as they tend to live in settlements that are more informal and lack basic infrastructure and services, as well as the necessary safety nets to recover from economic or environmental shocks.

**The European Investment Bank ensures that its investments are resilient in the face of damage from extreme weather.**

**An EIB project for the Lake Victoria countries will increase climate resilience and preserve the lake's importance as a habitat and water source.**

These challenges can be tackled only if the public and private sectors work together in a targeted manner. Despite improvements in many areas, the capacity of the public sector to take action is often stretched. Governance issues, the fiscal situation and debt levels in many countries constrain their ability to invest, and authorities often don't have the technical capability to plan and execute large-scale investment programmes, especially if there is a crisis.

The Bank has invested in the Land Degradation Neutrality Fund. This fund, sponsored by the UN Convention to Combat Desertification and administered by fund manager Mirova, will invest in projects that tackle land degradation while helping society, the economy and the environment. The fund has assessed 145 projects for investment, including 57 in Africa.

## Migration

A European Commission report on migration, published by the Joint Research Centre in 2018, indicated that:

- migration from Africa and within Africa has evolved roughly in line with the continent's overall population. Since the 1960s, the number of Africans living outside their country of birth has increased fourfold – from 8.1 million to almost 36.3 million in 2017
- between 2010 and 2015, some 1.3 million Africans migrated to another country each year on average. More than half of these moved to another African country
- across Africa, 21.7 million people are living outside their country of birth
- at the end of 2017, Africa had over 6.6 million refugees, 600 000 asylum-seekers, and 14.6 million people in internal displacement. Sub-Saharan Africa has more than 26% of the world's refugees and thus provides a global benefit to society
- The combination of socio-economic development, demographic shifts, climate change, man-made humanitarian disasters and natural disasters is expected to increase migration across African borders over the next 30 to 40 years.

The European Commission report concluded that creating jobs and reducing the effects of climate change could reduce migration.

### Projects signed in African countries in 2018 support <sup>1</sup> :



<sup>1</sup> Expected impact of operations outside the EU signed in 2018, figures from the Results Measurement Framework (ReM)

# Migration and economic stimulus

Migration and refugees are important topics as EU countries seek to tackle the political, legal, economic and social challenges caused by the mass movements of people. The European Agenda for Migration calls for a comprehensive response to this issue, including humanitarian assistance, integration support, asylum regulations and long-term economic development. This response is designed to protect human dignity and better manage migration.

As part of this agenda, the European Union is helping individual countries develop their economies. The EU has allocated additional financial resources to assist with this. The extra money will accelerate improvements to the investment climate and provide new tools to tackle the substantial investment needs. These extra resources must be managed carefully.

The European Investment Bank is bringing clean water to 560 000 people in Bamako, the capital of Mali, and offering inexpensive solar power devices to remote areas of Ethiopia, Nigeria, Uganda, Kenya and Tanzania.

Our financial and technical expertise is supporting the long-term economic resilience of these countries. The Bank has set up two initiatives to respond quickly to Africa's needs: the Economic Resilience Initiative (ERI) and the ACP Migration Package. Both offer an integrated package of loans, concessional finance and innovative instruments to support growth and long-term development in Africa.

## A long-term approach

We seek to support the movements of people in a humane, safe, legal, and productive way, based on enhanced economic choices.

We are taking a long-term approach that creates jobs, improves financing for everyone and helps the private sector grow. We also need to invest in public infrastructure projects that enhance the quality of life and reduce inequalities while building resilience to climate change and unforeseen shocks.

The European Investment Bank is financing clean water and sanitation projects in Abidjan, the capital of Côte d'Ivoire, improving the water supply for 680 000 people.

## What is economic resilience?

Economic resilience helps countries and regions absorb and rebound from crises and shocks while maintaining strong growth. Long-term economic resilience lowers the risk and cushions the impact of shocks. This boosts the capacity of countries to respond themselves and creates economic growth that is sustainable, leading to more jobs and prosperity. By supporting economic resilience, the Bank helps African countries reduce the likelihood of setbacks to development.

### Countries in Africa often face multiple shocks:

- external economic fluctuations, such as the decline in global commodity prices in 2014
- health crises, such as the Ebola virus from 2014 to 2016, mainly in Sierra Leone, Liberia and Guinea. Another outbreak is still affecting the Democratic Republic of Congo
- extreme weather, such as the droughts in Ethiopia
- unexpected population flows within countries or across borders, such as the Syrian crisis or the more than 2 million people displaced in the north of Nigeria as a result of the Boko Haram insurgency

Longstanding vulnerabilities often compound the problems in Africa. Protracted conflicts and security problems have led to big displacements of people in the Great Lakes region, and this is combined with droughts in the semi-arid regions of the Sahel and the Horn of Africa. This has caused malnutrition and food insecurity. Climate change adds further pressure by causing more frequent and severe weather events, and then there are rising sea levels and increasing temperatures.

Such shocks in the region leave countries vulnerable to other crises. This can hurt economic growth and set back sustainable development in Africa, with effects for the European Union and other parts of the world.

Resilience is important for inclusive growth in Africa and for meeting the Sustainable Development Goals by 2030. Building long-term resilience helps the socio-economic challenges that hamper development in low- and middle-income countries across the continent.

Meeting the Sustainable Development Goals in Africa is a substantial financial challenge, but we can accomplish this if governments establish the right policies that mobilise private investment and if local and international public funds are used to make long-term investments in sustainable development. In 2018, the Bank launched Sustainability Awareness Bonds, mirroring its leadership in green bonds. We also help African banks issue bonds connected to the Sustainable Development Goals. We act as an anchor investor for African banks. These efforts diversify the pool of investors in high-quality capital market products that mobilise finance on a major scale to meet the Sustainable Development Goals.

# Making Africa resilient

We are focusing increasingly on economic resilience in Africa. We combine loans and guarantees with grants from the European Union and individual EU countries to increase our impact and to build resilience. These actions are part of our commitment to long-term investment and lasting results in Africa.

To make Africa resilient, the European Investment Bank works on:

- vital infrastructure that improves lives, supports sustainable and inclusive growth, and creates jobs. This includes:
  - better transport, urban development, sanitation and health care to prevent crises
  - a better environment for companies. In many countries, lack of electricity or power outages hurt economic growth, and poor transport networks restrict the flow of people, goods and services
  - infrastructure investments that improve revenue mobilisation and reduce commodity dependence
  - air and water pollution, waste management, deforestation, land degradation, and biodiversity. The poor are especially dependent on ecosystem services for their livelihoods and food.
- making more funding available to the private sector through financial intermediaries. This provides finance to underserved and vulnerable groups, strengthens economic growth and makes countries more inclusive. This also diversifies economies, reducing the vulnerability of countries and regions to external shocks. This assistance includes:
  - a greater capacity to take on exposure and engage with more counterparts to provide more long-term finance
  - risk sharing to improve access to finance for small and underserved businesses
  - providing entrepreneurs with equity to start and grow their businesses and giving loans to microfinance providers in local currencies
- capacity building and technical assistance in the public and private sectors to build a strong pipeline of projects and to support effective and fast implementation of projects

To meet these goals, we are working with international partners in the public and private sectors. Investment programmes are designed after a thorough assessment of needs and they are fully owned by the country receiving them. The investments include policy dialogue and capacity building.



## Tools that build resilience

In 2016, the Bank launched a flagship initiative, the Economic Resilience Initiative (ERI). Focused on the Western Balkans and Europe's Southern Neighbourhood, this initiative has significantly increased EIB financing in these regions: an extra €6 billion, in addition to the €7.5 billion already planned, by 2020. This is expected to attract around €35 billion of new investments to improve areas such as education, energy, infrastructure and small business finance. The initiative supports technical assistance and advisory services to prepare and implement projects. It provides loans and grants that help the public sector build resilience.

More than 50 projects have been approved under this new initiative for a total of about €4.75 billion in financing.

### These investments offer:

- lending to partner banks to help over 3 100 small companies and sustain more than 160 000 jobs
- safer water and improved sanitation for 10.3 million people
- 6 600 places for students in higher education
- better city services for 2.5 million people

The Bank has also stepped up its activities in sub-Saharan Africa. The €800 million ACP Migration Package, launched in 2016, offers finance to the public and private sectors, with a focus on resilience. It helps improve infrastructure and gives funding to local financial intermediaries. By June 2019, 19 projects had been approved, for a total investment of €472 million.

## Opportunities and challenges in urbanisation

The Bank's work in resilience especially targets urbanisation in Africa. Africa is mostly rural, with 40% of its population living in urban areas, but this is changing. Africans are moving to cities faster than other areas of the world. The continent is expected to be 60% urban by 2050. Rapid urbanisation creates opportunities and challenges. The move to urban areas is often linked to better jobs, health care and education, and better living conditions. This shift is causing cities in Africa to become more complex to manage. Environmental degradation and massive shortfalls in urban infrastructure need to be addressed. In sub-Saharan Africa, 55% of the urban population lives in slums. Cities, particularly low-lying ones on the coast, are increasingly vulnerable to environmental hazards. At the same time, urbanisation can help economies grow, make cities more productive and innovative, and help diversify countries' economies. Good jobs, affordable housing and better infrastructure will be urgently needed for new and old residents.

**The European Investment Bank is financing cleaner and affordable bus transport in Dakar, serving 85 million passengers per year.**



**Since 2012, the EIB has invested in  
166 projects worth more than €5 billion  
in fragile countries and areas recovering  
from conflict in Africa.**

# Investments that attract investments

Working with all EU countries and taking advantage of the EU budget, the European Investment Bank has the highest leverage levels among multilateral development banks.

The EIB combines finance, knowledge and partnerships to:

- attract financing from other sources and offer solutions for quality investments, including blended finance, local ownership and long-term loans on good terms
- adapt to local conditions and spread good practices, including capacity building and technology sharing
- promote dialogue and collaboration among diverse partners and stakeholders

We support investments that attract investments, as is the case with enabling infrastructure. We ensure a long-term and sustainable approach to financing, including local ownership and capacity building. There is a lack of hard currency in African countries, so we offer loans in local currencies when possible, particularly for the private sector, where we help project promoters reduce their exposure to hard currency risk.

Thanks to money provided by EU countries under the ACP Investment Facility, the EIB grants loans in local currencies in a number of countries in sub-Saharan Africa. We lend in ten African currencies. We also support private sector solutions, such as TCX, in which we are a cornerstone shareholder.

## Tracking progress

We actively measure the results of our work by tracking progress and assessing impact. It is critical to know if our strategy and operations are meeting our goals and if we are making a real difference to people's lives.

The Bank uses a results measurement framework (ReM) to measure the impact of lending and technical assistance in Africa. The expected and actual results are published in an annual report entitled *The EIB outside the European Union*, available on the EIB website.

## Sensitivity to conflicts

The Bank continuously improves its policies to meet new priorities. For example, we have developed a new approach to conflicts for operations in fragile states. From 2012 to 2018, 166 of the Bank's projects, totalling over €5 billion, were in fragile countries or in areas recovering from conflicts in Africa.

In 2015, the Bank started applying a more sensitive approach to conflicts in fragile states. Using this approach, we are seeking new ways to help countries in Africa deal with conflict and extreme fragility.

This new approach calls for us to reduce the risks of our investments from conflicts, avoid aggravating conflicts and help build peace.

# Partnerships and the private sector

**The European Investment Bank increases the impact of its projects by working closely with EU countries, the European Commission and the European External Action Service. We support many specific initiatives, such as the regional economic partnership agreements with African countries, which receive Bank finance to improve trade with EU companies. This helps build global value chains.**

EIB operations are described in OECD documents as “official development assistance” offered by the European Union, which means we specifically target economic development and the welfare of developing countries. The Bank also contributes to the country strategies coordinated by the European External Action Service for African countries. These strategies serve as a guide for selecting investments that best meet EU objectives in each country.

African countries have different financing needs, so the Bank offers a range of instruments, many of them blended. Sometimes grants are necessary, especially in areas affected by conflicts, in fragile regions or in situations where investments have higher risks. The grants come from the European Union, EU countries or other parties, and the Bank channels them to the projects. This blended finance is good value for EU taxpayers and it creates financial discipline and builds capacity in the target countries. The Bank mobilises grants for technical assistance or investment, and these can be combined with EIB loans. The Bank is a leader in blended finance. It has worked actively with the OECD and other international finance institutions to develop standard guidelines on blended finance. The Bank also provides concessional finance adapted to borrowers’ needs. For this purpose, we use a number of financial products and first-loss plans to reduce risk and support private businesses that struggle to get financing in fragile situations.

The EIB uses its experience to do more than ever before, reach more people and increase its impact. This requires a wide range of partnerships, especially with European bilateral development agencies and regional banks. An example of this work is our participation in the multilateral development bank platform on migration and forced displacement. This platform was set up to increase collaboration on migration issues around the globe. The EIB also works closely with these finance institutions on individual projects. From 2014 to 2018, we co-financed 216 operations with other development finance institutions. These operations’ total investment was €75.8 billion, which includes almost €26 million from our partners. The World Bank and the European Bank for Reconstruction and Development have contributed €5.36 billion and €3.63 billion to these projects respectively. The EIB has also worked extensively with the German development bank KfW and France’s AFD, which have put €2.6 billion and €2.5 billion toward projects co-financed with the EIB. We have also worked with the Asian Development Bank and the African Development Bank, which have invested €2.1 billion and €2 billion in projects shared with the EIB.

---

## **Platform on Migration and Forced Displacement**

To have more impact and reach further, we are expanding our cooperation with a wide range of partners, in particular European development agencies and regional banks. An example of this work is our participation in a new international platform on migration and forced displacement.

This platform, requested by the Group of Seven (G7), was launched in April 2018 by the European Investment Bank and six other development banks: the African Development Bank, the Asian Development Bank, the World Bank, the European Bank for Reconstruction and Development, the Inter-American Development Bank and the Islamic Development Bank. The platform aims to eliminate the constraints that keep banks from working together on migration issues. The platform is managed by the European Investment Bank and the World Bank and plays a key role in the EIB's resilience action. The platform is expected to help guide EIB interventions and ensure that our work is in line with a common strategic framework. It is also improving instruments and approaches to make sure public money is used efficiently. Finally, the platform improves coordination with partner countries and other players.

---

## **A closer partnership with the European Commission**

The Bank will keep enriching its partnership with the European Commission. This could include more dialogue on economic resilience policies to enable the Bank to contribute more expertise and to ensure that our financing properly meets the Commission's needs. We could also cooperate more on grants implemented by the Commission, notably in the areas of policy dialogue and technical assistance, and on financing for infrastructure and the private sector.

---

## **Support for the private sector is essential**

We know that public funds will not be enough and that we need to involve the private sector to make more sustainable investments in Africa. The private sector mobilises resources for businesses, but if properly managed, this mobilisation can result in better development, more jobs and more innovation and efficiency. The private sector is essential to meet the huge long-term financing needs of infrastructure projects in Africa.

The private sector works with development institutions like the European Investment Bank because we help improve environmental, social and governance standards, increase integrity and transparency, provide financing on reasonable terms that are not available on the market, improve project design and development, and lower risks. The Bank has a strong record of working with the private sector. From 2016 to 2017, 54% of Bank loans outside the European Union targeted the private sector. By lending to the private sector, we also address gaps in lending without distorting the markets.



# Lessons that guide our actions

A dynamic Africa requires the European Investment Bank and others to adapt continuously. Today's global challenges require more support and new tools. The Bank has invested in many modern products and approaches to address these challenges.

## 1 Invest in key infrastructure

This fosters private sector investments while creating jobs and economic growth. Investments in key infrastructure projects spur further financing for regions and sectors that weren't attractive for investments in the past.

## 2 Develop the private sector and banking

Private companies require long-term financing to evolve, be it for buildings, machinery or working capital. A healthy and competitive financial sector is a key part of a resilient economy. Banks need sufficient long-term funding to strengthen their balance sheets. Impact finance products can increase private sector funding and enable banks to take more risks, which is one of the biggest obstacles to finance in most African countries. Providing finance in local currencies and offering technical assistance helps in a number of ways, such as risk analysis, compliance and the availability of microfinance.

## 3 Support industry champions

The leaders in an industry form the core of the sector and promote best practice and competition. Such companies also increase innovation and skill training. Key people from these companies often leave to develop competing firms or create other companies that help the industry's supply chain. Industry champions often create a market for goods or services that supports smaller companies.

## 5 Help people connect

Transport, electricity and telecommunications are crucial parts of a resilient economy. They improve productivity, innovation and access to markets.

## 4 Move towards sustainable urbanisation

The concentration of people in urban areas has many benefits, such as more productivity and employment. It is cheaper to provide quality services to a dense city than to dispersed rural areas. Cities can offer better education, health care and specialist services at lower prices.



## 7 Encourage capital growth

For sustainable growth, companies need a variety of financial instruments, such as equity, quasi-equity, loans and guarantees. This enables businesses to develop and participate in more innovative transactions such as project finance and public-private partnerships.

## 9 Prepare for climate change

Climate change is likely to cause more droughts, heatwaves, heavy storms and rising sea levels. This could lead to more deserts, failed crops, floods and damage to infrastructure. Several African countries are particularly vulnerable to climate change.

## 6 In rural areas, move beyond subsistence

Economic resilience requires diversification and better average incomes to fight shocks. Subsistence farming is prevalent in many countries. Development finance should support programmes that enable subsistence farmers to move from basic production to semi- or fully processed produce. Finance should support diversification of labour from subsistence farming to the agricultural service industry and suppliers. There should be more opportunities and access to essential services in rural areas.

## 8 Support women

The European Investment Bank ensures equal access to financing and resources, which helps more women become entrepreneurs. Too many social, family, cultural and legal constraints prevent women from getting jobs and prospering.

## 10 Partner with governments to encourage local ownership

Sustainability requires a transformation from within Africa. Resilience requires development finance that supports governments, local businesses, entrepreneurs and investors, and young people and women.

# Looking ahead

In November 2016, the European Parliament and the European Council issued a joint message on a new partnership with African countries to replace an existing agreement that ends in February 2020. The proposal is built on the UN 2030 Agenda and on sustainable development. The Bank's considerable experience can help the European Union remain a frontrunner in implementing the 2030 Agenda and supporting Africa's Agenda 2063.

African countries must become more resilient to external shocks so that their economies will grow sustainably, creating jobs and improving lives. We finance the projects that create this economic growth and prosperity in Africa. Instead of financing the general budget of African countries, we make investments that attract private sector involvement and reinforce home-grown solutions for businesses and innovative problem solving.

A resilient Africa offers a wide range of opportunities for the European Union, such as trade, influence, political alliances, investment and the fostering of common ideas on global issues like climate change. Africa's labour base and potential to adopt modern technologies rapidly, particularly in telecommunications and energy, can create significant opportunities for EU companies.

A resilient Africa will bring stability, peace, respect for human rights and stronger democracy. These values are shared by Europeans and Africans.





European Investment Bank

98-100, boulevard Konrad Adenauer

L-2950 Luxembourg

☎ +352 4379-22000

www.eib.org – ✉ info@eib.org

# Resilient Africa

## Opportunities for action