



# The European Investment Bank in Southern Africa and the Indian Ocean

From 2010 to 2015, the EIB lent EUR 600m to support 22 projects in 14 countries across Southern Africa and the Indian Ocean, supporting development and creating jobs and growth.

As the EU bank, we act in a catalytic way by offering financing conditions that cannot be provided by the market alone, and by supporting project preparation and implementation. The use of an innovative and constantly evolving range of financial instruments which leverage additional funding is crucial to ensuring the long-term results of projects in Southern African and the Indian Ocean. Our role goes beyond

lending to include blending, combining EIB loans with EU grants and subsidies, and bringing our expertise to bear throughout the project cycle through technical assistance. We finance operations across Africa, the Caribbean and the Pacific (ACP) through the ACP Investment Facility, a revolving fund, in addition to our own resources.





## Our priorities:

Local **private sector** development



Enhancing **access to finance**, particularly for SMEs and microenterprises

Development of **social and economic infrastructure**



Responding to **strategic infrastructure** needs in sectors such as energy, transport, water, urban development, education and health

**Climate change** mitigation and adaptation



**Climate action** on renewable energy, energy efficiency, sustainable transport, sustainable use of natural resources and climate resilience

**Regional integration**



A **cross-cutting objective**, improving links amongst partner countries and with the EU



### A regional approach to financial sector growth

The EIB is supporting a EUR 60m credit facility for eligible financial intermediaries of ABC Holdings. BancABC Botswana and BancABC Zambia will be the first financial intermediaries approved under this project. The objective is to provide intermediated medium to long-term financing in local currencies, EUR or USD to up to 135 private sector companies or commercially run public entities, with a special focus on SMEs in Botswana, Tanzania, Mozambique and Zambia.

Where appropriate, the Bank will seek to complement this line of credit with the recently approved Southern Africa Microfinance Facility (EUR 50m), which will provide medium to long-term local currency funding to commercial banks and regulated microfinance institutions for on-lending to micro and small enterprises in the region. Technical assistance has also been identified as a crucial factor in enabling financial sector players – lenders and borrowers alike – to fully reap the benefits of



EIB financing. For each approved financial intermediary, a tailor-made capacity-building technical assistance programme will be established and implemented by the Frankfurt School of Finance & Management.

The provision of adequate long-term financial resources will promote economic growth and private sector development, particularly for SMEs. The availability of multi-currency medium to long-term finance will enable the final beneficiaries to implement investment projects supporting key sectors of the economy. SME development is closely linked to job creation and can have potentially significant effects on economic growth and poverty reduction.



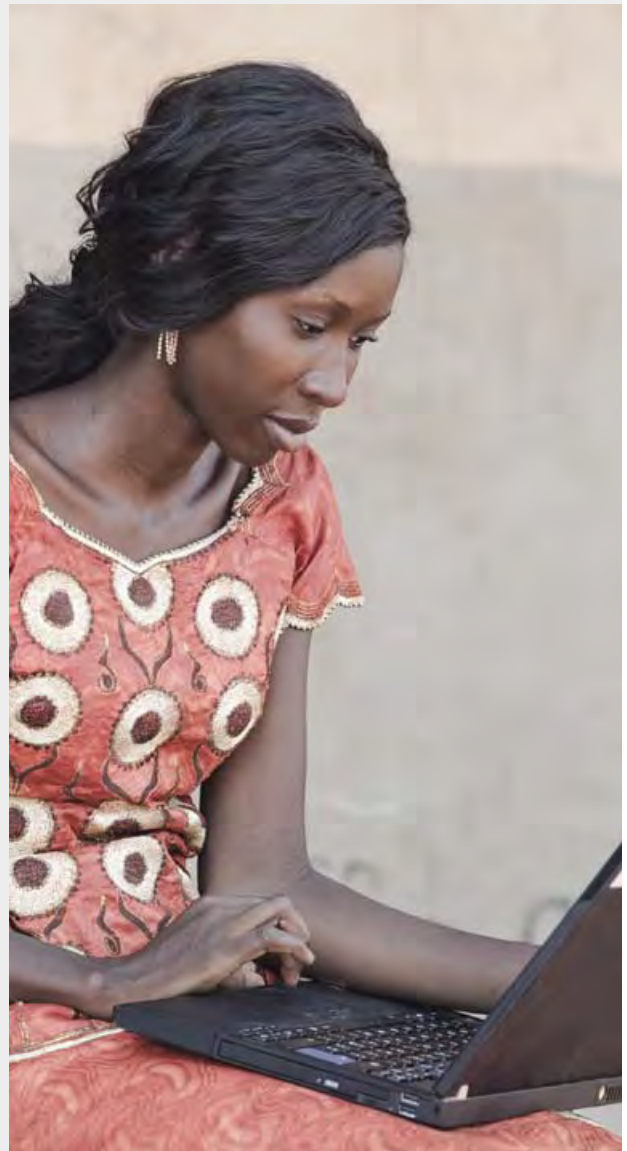
## Unlocking development potential through ICT connectivity in Angola

Angola has one of the lowest investment rates in sub-Saharan Africa, accounting for less than 15% of GDP. The country continues to face crucial development challenges, including rebuilding its infrastructure network and enhancing human development indicators.

TV Cabo is the first large investment project financed by the EIB in Angola. The project concerns the roll-out of optical fibre networks in the cities of Lubango, Huambo, Cabinda and Soyo and the expansion of the existing networks in the metropolitan area of Luanda and in the cities of Lobito and Benguela. An incremental 83 400 new sites (businesses, institutions and homes) will be provided with ultra high-speed broadband access.

Our EUR 20m loan will develop advanced telecommunications services, namely broadband internet, voice and pay TV, and have social benefits such as improved connectivity for public services like health, education, administration, ministries and associations or NGOs. The project will result in innovative broadband services, leading to a narrowing of the digital divide in Angola, as well as several indirect benefits such as increased labour productivity in the country and a more diversified economy.

Between 2014 and 2016, the number of homes covered by the network will increase from 103 400 to about 186 800, while the number of homes connected will grow from 59 900 to 105 200. The promoter's revenues should increase from EUR 58m in 2013 to EUR 117m in 2018, progress which will bring myriad benefits. The project may target a limited section of the population but it has significantly contributed to raising awareness of innovative high-quality services in the Angolan telecoms market.





## Keeping up with water demand in Zambia

Zambia's potential for economic development faces some fundamental impediments, not least limited access to water and basic services, amongst other challenges in infrastructure.

The country is seeking to address this, and a EUR 75m loan, together with support from Agence Française de Développement (AFD) and an investment grant from the EU Water Pooling Facility Mechanism, will contribute to providing safe and sustainable water and sanitation services.

The initiative consists of rehabilitating and expanding the water and wastewater services of the Mulonga Water and Sewerage Company (MWSC) in the Copperbelt Province, around 200 km north of the capital Lusaka. This will result in urgently needed upgrades to key water and sanitation infrastructure, which is generally over 50 years old and can no longer cope with the growing demand and historical pollution levels in the Kafue River from the mining industry.

MWSC has the target of connecting 88% of households to the sewerage system by 2014 and from then on 1% growth per year until 95% is reached. Including unquantified benefits, the economic rate of return can be expected to be at least 8 to 10%. The project will rehabilitate and expand potable water production and wastewater treatment capacity to serve expected demand up to the year 2030.

To support the effective extension and uptake of services to the low-income areas, a EUR 6.3m technical assistance programme is being financed by the EIB/EU-funded Water Project Preparation Facility.



### General information

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