

# EIB support to HEALTH, RENEWABLE ENERGY and SMEs





# The EIB, the EU Bank



- **EU Institution owned by 28 EU Member States**
- **Largest multilateral lender and borrower in the world**
  - We raise our funds on the international capital markets
  - We pass on favorable AAA borrowing conditions to clients
- **More than 1 200 billions EUR invested in 60 years of existence**
  - More than 12 000 projects (450 projects each year) in over 160 countries
  - Around 90% of EIB investments are within the EU / 10% outside EU
- **Headquartered in Luxembourg**
  - Around 3 500 staff, not only finance professionals, but also engineers, sector economists and socio-environmental experts
  - 50 external offices in the world



# ACP Countries Results in 2018



## Eligibility

(new projects, approved EIB finance):

**1.5bn, 39 projects**



**549m → 21 projects →**

**Local private sector development**

**952m → 18 projects →**

**Social and economic infrastructure**

Cross-cutting objectives:

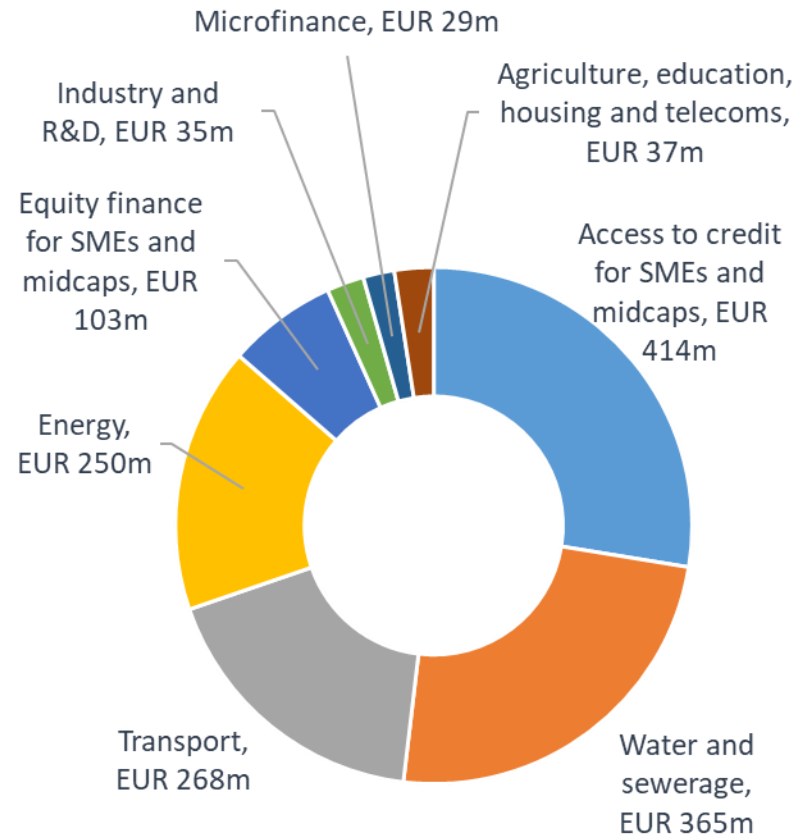
**443m → 24 projects →**

**Climate change mitigation and adaptation**

**215m → 4 projects →**

**Regional integration**

## Sectors:





Gender: protect, impact, invest



← **Sustainable economic development** →



Private sector development

- Support to small and medium enterprises and midcaps
- Support to corporates
- Project Finance
- Agriculture, digital economy, health, education



- Financial sector capacity
- Credit lines
- Investment in microfinance
- Investment in equity funds
- Boosting skills



Vital Infrastructure

- Water, sanitation, energy, transport, ICT, urban development
- The foundations for sustainable development
- Public and Private Partnerships



Loans / Subloans / Equity	Blending	Technical Assistance
<p><b>Loans to Government / Public entities</b></p> <p><b>Loans to Corporates / Project Finance</b></p> <p><b>SMEs Finance</b>, loans through intermediaries (local Banks, microfinance institutions, investment funds)</p> <p><b>Equity</b> (mostly indirect through investment funds)</p> <p><b>Guarantees</b> for Risk Sharing</p>	<p><b>Blending packages with EIB Own resources, EU budget funds (Grants, Technical Assistance), EU Member States funds (Guarantees).</b></p> <p><b>EIB acting as Lead Financier.</b></p>	<p><b>Preparation, Development, Evaluation, Préparation, Procurement of Projects</b></p> <p><b>Support to Private-Private-Partnerships</b></p>
<b>Mobilizing resources for sustainable growth</b>		



# EIB and the European External Plan 1/4 Health Guarantee Platform for Africa



- A strategic partnership between EIB and the Bill & Melinda Gates Foundation, under the EIP
- An initiative targeting the **improvement of lab diagnostic services for low income populations** in Africa through the creation of public private partnerships (PPPs)
- Comprehensive package of support - **across all three EIP Pillars** - addressing key issue impacting health outcomes in Africa
  1. Guarantees
  2. Technical Assistance
  3. Investment Climate





There is a key role for international standard private diagnostic labs in Africa

*If people don't get tested, they won't get treated*

- Public health efforts in Africa are compromised by poor access to quality diagnostic services.
- Strong positive relationship between testing and ultimate health outcomes. Set up in the right way, improved diagnostics in Africa can lead directly to expanded treatment and lives saved.
- There are large inequities in access to quality lab services, and lack of access for most of Africa
- Outside South Africa, the lab market is too fragmented to drive quality or economies of scale
- A key factor holding private internationally-accredited lab companies from investing in Africa is the (real / perceived) risk of non-payment by the government.



# Health Guarantee Platform for Africa

## 3/4 Objectives



- To strengthen diagnostic services for low income populations in sub-Saharan Africa, leading to improved health outcomes and contributing to several SDGs
- To do this by crowding-in private sector investment in international standard laboratory facilities that will provide timely, cost-effective and accurate diagnostic services for diseases such as HIV, malaria, TB.



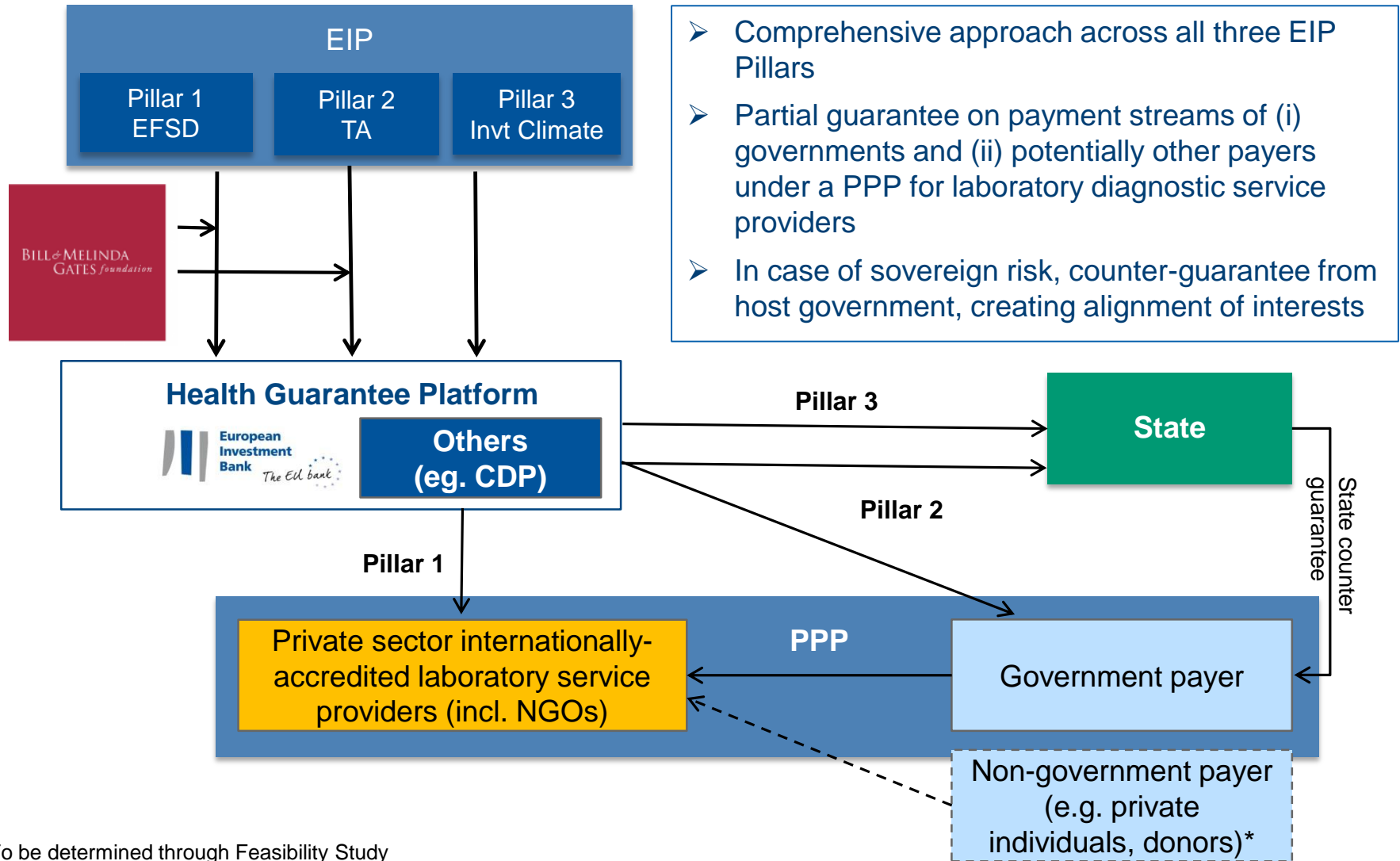
### **Bringing the public and private sector together**

- Outsourcing lab tests to a private lab network who would be responsible for testing and possibly collection and communication of results  
*or*
- Enhancing the current network with private sector equipment and expertise – logistics, equipment, maintenance, information management system ...



# Health Guarantee Platform for Africa

## 4/4 Indicative Financial Structure



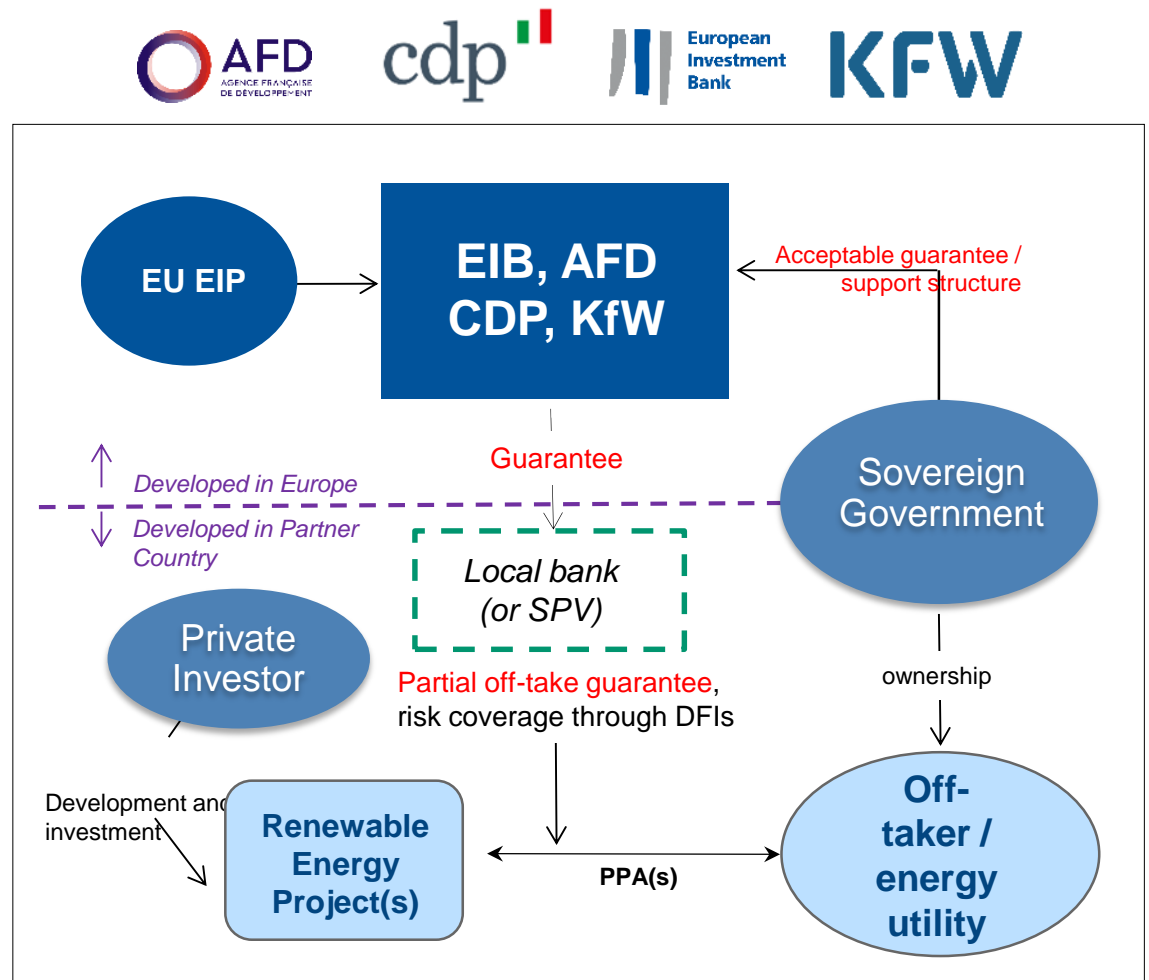
\* To be determined through Feasibility Study



# EIB and the European Investment Plan 1/2 Renewable Energy Guarantees



- A joint proposal from leading Development Finance Institutions (DFIs)
- AFD, EIB, CDP and KfW will provide co-guarantees – providing partial risk coverage on the payment obligations of (public) off-takers for renewable energy projects
- Depending on the country, DFIs will work together in various combinations and under different structures
- EIP guarantee will be provided as a first loss or pari-passu instrument in order to enhance the lending provided by DFIs





# Renewable Energy Guarantees

## 2/2 Objectives



### Inputs

- Guarantees on payment obligations of off-takers
- Technical Assistance
- Support to conducive investment climate

### Outputs

- Increased private sector investment
- Increased renewable energy capacity (MW)
- Renewable energy capacity rehabilitated (MW)
- Increased institutional know-how and technical knowledge in public utilities and across sector

### Outcomes

- Electricity produced from renewable energy sources (GWh/yr)
- Households which could be supplied with energy generated by the project
- Increase in reliable, affordable, clean energy access for households and firms





# EIB and the European Investment Plan

## 1/3 SMEs Risk Sharing



- Under implementation in Malawi and Zambia as part of EU Programs:
  - Promoting farming in Malawi (joint program with FAO and GIZ)
  - Support sustainable commercialization of Zambia small farmers

### Objectives

- Promote sustainable agricultural growth and incomes
- Contribute to financial sector development with a focus on longer-term agri-food sector finance
- Expand access to finance and hence increasing investments in agri-food value chains
- Smallholder integration into agri-food value chains
- Promote gender equality by enhancing financial inclusion and improving access to knowledge, skills and employment by women.





# Health Guarantee Platform for Africa

## 2/4 Policy Context

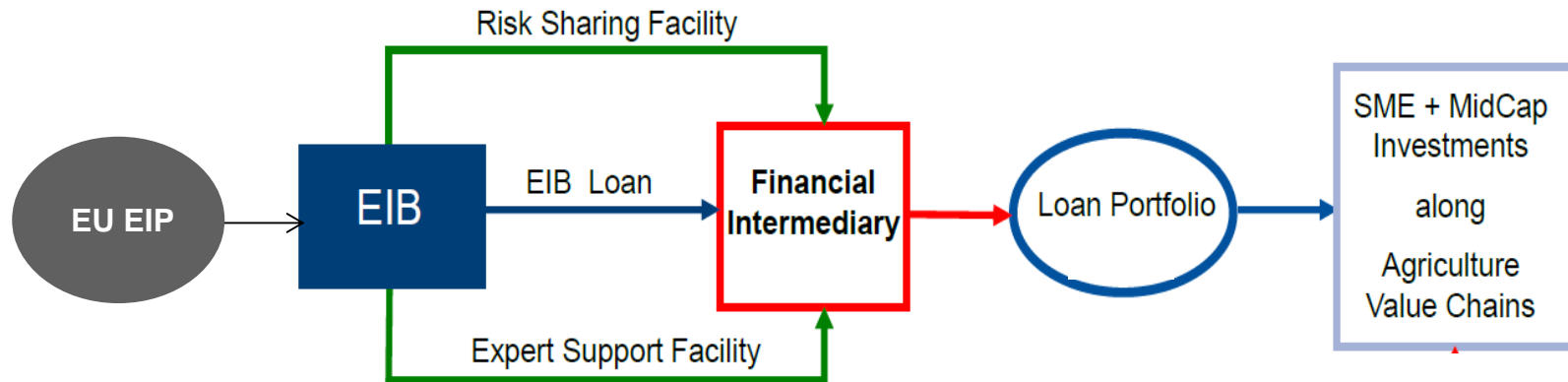


- **The agricultural sector is characterized by small-scale subsistence farmers with very limited access to finance**
- **Lack of investments keeps land and labor productivity low**
- **Farmers are not sufficiently organized in groups or cooperatives to pool their resources and address some of these challenges**

- Given the risks specific to the agriculture sector such as volatility of commodity prices and lost production due to weather conditions, **banks tend to be risk averse** when it comes to agriculture value chain projects and charge **high risk premia**, resulting in high and often **non-affordable interest rates** for agriculture value chain investments.
- Banks further **lack suitable long-term funding for on-lending to agriculture value chain projects**. Thus, a large part of the loans made to the agriculture sector are short term in nature (less than six months). Longer-term funding for equipment, infrastructure or working capital expansion barely exists even for the larger agriculture entities.



## SMEs Risk Sharing 2/3 Structure



- EIB Loan: long-term lending to financial intermediaries committing to on-lend EIB financing to private agriculture actors (mainly SMEs)
- Risk Sharing Facility: credit risk protection on a portfolio basis for the loans granted to financial intermediaries. The risk protection is in the form of “first-loss piece”
- Expert support facility: technical assistance (to financial intermediaries and agriculture actors) to develop bankable investments

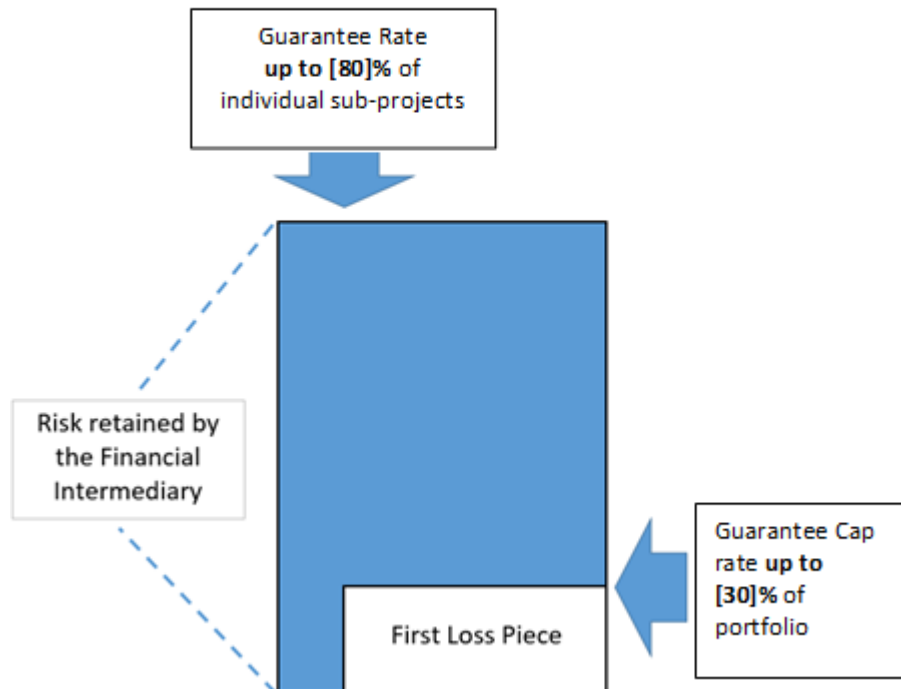


# SMEs Risk Sharing

## 3/3 Guarantee terms



### *Capped Guarantee (First Loss Piece)*



**Unconditional and irrevocable first demand guarantee** which covers losses (principal and interest) in respect of defaulted loans – after [90] days – up to the Guarantee Cap.

**Full delegation model:** EIB delegates origination, due diligence, structuring, monitoring, servicing, work-out of the underlying loans to the FI.



## MORE INFORMATION



<http://www.eib.org/acp>

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Thanks!

