



**Intervention of Prof. Plutarchos Sakellaris
Vice President
European Investment Bank**

**European Business Council for Africa and
the Mediterranean**

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Excellencies, Ladies and Gentlemen,

Let me start by telling you how delighted I am to be tonight among people who truly believe in a strong partnership between Europe and Africa. Since last August, when I was appointed Vice-President of the European Investment Bank (EIB), I have had the honour of being responsible for the Bank's business in the African, Caribbean and Pacific (ACP) region. Over this last year, I have had the opportunity to get acquainted with the "world of Africa", and I have to say that I find it fascinating. My field visits in some of the countries of the continent have given me an informed perspective about the needs and constraints of operating in these regions, and I am all the more convinced that the European Investment Bank can play an important role in supporting these countries.

We are currently navigating in particularly challenging economic and financial waters. In the first half of 2008, the world experienced major imbalances in the supply and price of certain foodstuffs, and we were speaking of a "food crisis". These food supply problems still need to be addressed, even if they have been temporarily overshadowed by an even wider crisis. This is the "financial crisis" which started in the United States and is now affecting all regions of the world. For a few months, some hoped that Africa might be spared the main effects of the crisis because their financial institutions were not active in the market for what are now called "toxic debt instruments". However, as we know, the financial sector is highly integrated into the wider economy. It was only a matter of time before the so-called "credit crunch" started to impact industrial production, consumer spending, employment and worker's remittances - in both developed and developing countries.

I will spare you my analysis on the causes and consequences of this crisis and go straight to my perspective on the three ways in which the EIB, working alongside its partners, is willing to respond in developing countries including the African region.

1. First of all, the European Investment Bank, in association with several other International Financial Institutions have pledged to provide at least an additional US\$15 billion (EUR 11 billion) to promote trade, strengthen the financial sector, and increase lending for infrastructure, agribusiness and small businesses in Africa. By joining forces, the participating institutions aim to increase lending and investments. We intend to use a diverse range of instruments to effectively respond to the crisis and address longer-term structural issues that have traditionally hampered Africa's economic growth.

2. Secondly, the European Commission has recently proposed a significant increase - up to EUR 500m - in the size of the EU-Africa Infrastructure Trust Fund, managed by the EIB. We will see if we reach this level of contribution. In any case, the Trust Fund will continue to grow, and the leverage effect upon project finance provided by EIB, Agence Française de Développement, Kreditanstalt für Wiederaufbau and other development financiers will also be enhanced, for the benefit of regional infrastructure in Africa. The Bank is fully committed to ensuring the success of this important initiative. This of course places a responsibility upon us all to identify sustainable projects with good development impact.

3. Thirdly, it is the EIB's firm intention to respond to the recent call from its shareholders for some "front loading" of development finance in Africa. We will pursue that in a responsible way, whilst maintaining our high standards for project appraisal. This practically means passing our financing to the African continent faster and trying to mitigate the effects of the global crisis to that continent.

Our Bank is also very active in the Mediterranean and Northern African countries. Since October 2002, the EIB has established the Facility for Euro-Mediterranean Investment and Partnership (FEMIP). FEMIP is now the key player in the economic and financial partnership between Europe and the Mediterranean, and has invested more than EUR 8.5bn in nine partner countries on the southern shore of the Mediterranean between 2002 and 2008.

As part of the Barcelona Process and the European Neighbourhood Policy, FEMIP encourages the modernisation and opening-up of the economies of the Mediterranean partner countries. Activities are focused on two priority areas: support for the private sector and creating an investment-friendly environment.

In conclusion, I would like to highlight that the challenges facing the EU-Africa Partnership have never been greater. This is an opportunity to show that our Partnership can rise to the challenge - that we are more than just "fair weather friends". The European Investment Bank is aiming to seize that opportunity.