

TDB and EIB deepen their partnership with a USD 120 million 15-year SME and climate action facility



In what is yet another step in the growing relationship between the Eastern and Southern African Trade and Development Bank (TDB) and the European Investment Bank (EIB), the institutions signed today a USD 120 million 15-year SME and climate action facility.

The Agreement was signed by Ambroise Fayolle, EIB Vice President and Admassu Tadesse, TDB President and Chief Executive, in the presence of Dr. Patrick Gomes, ACP Secretary General, Dr. Chileshe Kapwepwe, Secretary General of COMESA, Jutta Urpilainen, European Commissioner for International Partnerships and Dr. Patrick Njoroge, Governor of the Central Bank of Kenya, at the 9th ACP Summit of Heads of State and Government in Nairobi.

The Agreement is part of the Investment Facility resources pursuant to the Partnership Agreement between ACP States and the European Union and its Members signed in Cotonou.

The facility will be used towards financing the cost of projects by the private sector, including small and medium enterprises, with a special focus on climate action, renewable energy and energy efficiency.

This is the second line of credit to be extended by EIB to TDB, the first one having been signed in 2014 for EUR 80 million with a focus on SMEs and mid-cap companies, and already having created hundreds of jobs.

Among other examples, this first facility has made possible the purchase of medical equipment for the establishment of a diagnostic service center with

advanced health services in Djibouti – bringing in the country's first MRI machine, enabling technology and knowledge transfer, and supporting Djibouti in its efforts to achieving SDGs by reducing mortality through the early detection of diseases.

Likewise, a plant and machinery for the manufacturing of steel towers were acquired in Ethiopia – contributing to infrastructure development, and fuel transportation vehicles were purchased in Rwanda – addressing energy security needs for this landlocked country.

EIB and TDB, with its SME Programme and TDB Academy, have also been cooperating in the framework of the EIB Eastern Africa SME Banking & Microfinance Forum, which this year took place last October in Nairobi.

"We are very pleased to be deepening our partnership with EIB" says Admassu Tadesse, TDB President and Chief Executive. "Alongside these lines of credit, we are also thankful for EIB's technical assistance support to TDB via which world-class trainings were delivered to our staff, among other activities. Half of our portfolio is directly and indirectly contributing to SDGs; 70% of our energy portfolio is in renewables; and apart from our regular operations, we have recently launched an SME programme to address the missing middle-SME financing gap. Our multifaceted partnership with EIB will enable us to step-up our commitment to delivering triple-bottom line results in the region we serve."

"The largest ever cooperation between the EIB and TDB will support a total of EUR 240 million of new investment across Africa. Scaling up climate related private sector investment is key for climate action and saving our planet. The new financing will accelerate investment in renewable energy, energy efficiency and clean transport by businesses in Africa. This is a model for private sector financing worldwide that demonstrates how new business investment can include climate action." said Ambroise Fayolle, European Investment Bank Vice President.

In Eastern and Southern Africa and in most emerging markets, SMEs are by far the biggest contributor to employment and account for up to 40% of GDPs. They play a key role in driving competition and innovation in almost all sectors and are also crucial to industrial growth as they support the development of pools of skilled and semi-skilled labour forces.

The financing gap for formal SMEs in emerging markets is at 1.2 trillion US dollars and up to 2.6 trillion US dollars if we include the informal sector. In Sub-Saharan Africa, this figure is estimated at 331 billion US dollars, including 42 billion for women entrepreneurs.

On the climate front, as evidenced by recent disasters such as Cyclones Idai and Kenneth, it is crucial to point out that up to 65% of the African population is directly impacted by climate change, while only 4% of global greenhouse-gas emissions. EIB aims to be Paris Aligned in all of its activities by 2020 by implementing its Climate Strategy. Likewise, along with other International Development Finance Club (IDFC) members, TDB is committed to aligning itself to the Paris Agreement.

Background information

About TDB

Established in 1985, the Eastern and Southern African Trade and Development Bank (TDB) is a multilateral, treaty-based, investment-grade development financial institution, with assets of USD 6 bn. The Bank's mandate is to finance and foster trade, regional economic integration and sustainable development through trade finance, project and infrastructure finance, asset management and advisory services.

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