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**Joint Bertelsmann-EIB event**

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*(to be checked against delivery)*

## **The role of the EIB in tackling the root causes of migration**

Dear Aart (de Geus, CEO, Bertelsmann)

Dear Pierre (Gramegna, Minister of Finance, Luxembourg)

Mr Ambassador (Wilczek, Ambassador of Poland to the USA)

Ladies and gentlemen,

Colleagues and friends...

It is a great privilege to address you here this morning and outline the EIB's role in addressing a key challenge of our time: the socio-economic root causes of migration, in particular irregular migration.

Like all major challenges, this – of course – cannot be addressed unilaterally.

We must remain unwavering in our commitment to partnership and effective multilateralism, which form a central component of our ability to deliver external action.

...And we must remain firm in our belief that to respond successfully to global crises, challenges and threats, the international community needs an efficient multilateral system, founded on universal rights and values.

(a) Introduction

There have been increasing pressures on Multilateral Development Banks to step up their engagement in terms of reaching the Sustainable Development Goals and addressing investment challenges related to the migration crisis.

As the EU Bank,

...we have the responsibility to deliver EU policy objectives through investment.

... we have the responsibility to develop innovative financial solutions to address market needs and failures.

... and we have the responsibility to have demonstrable impact on the ground.

EIB's remit is both inside and outside Europe. Our lending operations have now reached 162 countries worldwide. We strive not only to be highly reactive to internal investment needs inside the EU, but also outside our borders. For this reason, we are always looking at how we may strengthen Europe's development finance architecture.

Last year we provided 7.9 billion euros of financing to projects outside the Union.

Fully owned by the EU member states, we are the largest IFI globally in terms of funding and assets. Drawing on lessons learned over the past 60 years in delivering EU policy, we remain committed to delivering high impact investments.

Ladies and gentlemen,

It is a sad fact that it has taken the migration issue to refocus Europe's attention on development.

...But let us take this opportunity to develop a strategy based on partnership: a strategy that mobilizes investment and can offer economic hope to millions outside our borders.

Such a strategy includes strengthening economic resilience and reducing the vulnerabilities of mobile populations.

Indeed, the calls on Europe are loud and clear to become more visible in multilateralism and to take a leading role in supporting sustainable development. ...It is estimated that in order to achieve the SDGs, 2.3 trillion euros of additional investment annually is needed in developing countries alone.

No amount of public funds and grants can bridge this gap. We need to have the right structures in place to crowd-in private sector finance and mobilize liquidity from capital markets and institutional investors for the delivery of projects.

Scarce public resources and massive investment gaps are driving a gradual and partial shift from grants – which will always be much needed – to financial instruments.

We need to make better use of private sector capital and financial markets in our development finance architecture. We need to crowd in private sector finance.

EIB, as the leading crowding-in bank in the world, has a very important role to play.

Ladies and gentlemen,

The Economic Resilience Initiative (ERI) aims to contribute to the achievement of the Sustainable Development Goals in the Western Balkans and Southern Neighbourhood. It is a part of the joined-up response by the European Union to the challenges posed by forced displacement and migration.

Indeed, ensuring coordination and synergies with other EIB activity, as well as the EU's External Investment Plan (EIP) and the Global Concessional Finance Facility (GCFF) – among others – is a priority for the Bank.

Under the ERI, we will increase our financing by EUR 6 billion over a five-year period starting in late 2016, over and above the EUR 7.5 billion already foreseen. This increase is expected to mobilize and support additional investment of EUR 15 billion.

Boosting economic resilience requires upgrading and developing social and economic infrastructure and furthering private sector growth and job creation. It calls for a concerted effort in a manner that promotes social cohesion, inclusion and peaceful community relationships.

The Economic Resilience Initiative builds on our long-established networks with clients and partner financial institutions, and our comparative advantage in public infrastructure and private sector development investments in the Southern Neighbourhood and Western Balkans.

...Over the last ten years, the EIB has signed financing operations in the two regions amounting to EUR 13.7 billion and EUR 6.6 billion respectively.

Eligible projects under the initiative include vital infrastructure like energy, transport, water, sanitation, health and education, as well as direct and indirect private sector-led investments.

Ladies and gentlemen,

We are on track to deliver. To date close to one third of the targeted amount has been approved, some EUR 1.9bn for 24 projects. This is starting to make a difference on the ground:

Projects already cover most of the countries in the two regions, including Jordan, Lebanon, Egypt, Morocco, Tunisia, Palestine, Serbia, Montenegro as well as Bosnia and Herzegovina.



Some EUR 130m have been committed by donors!

Contributions from eight EU Member States – Croatia, Italy, Lithuania, Luxembourg, Poland, Slovakia, Slovenia and the UK – mean that we can now use ERI Fund resources for projects dependent on donor resources.

These include for example equity support for start-ups and high-growth innovative SMEs, regional microfinance in the Southern Mediterranean countries, as well as upgrading healthcare services and rehabilitating urban infrastructures impacted by the consequences of the refugee crisis in the Western Balkans. Donor resources will also help accelerate the rollout of innovative impact finance products.

Moreover, blending grants with loans with EIB technical assistance is allowing us to speed up the delivery of critical infrastructure in the region: infrastructure, which is particularly vulnerable to migration flows, as either host communities or transit routes.

Efforts to ramp up a strong pipeline in all countries are under way. Planned operations include the landmark Red Sea-Dead Sea regional water desalination project, but also smaller size operations covering various sectors.

Taking a long-term approach to migration, we must focus opportunities for the young... And we must recognise that creating opportunities for inclusive growth, more and better jobs and higher living standards will require a better approach to investment.

But this will also require a commitment to rule of law and increased efforts to improve the business environment. It will

depend on sound economic policy and a commitment to youth and skills that drive productivity.

Of course, many of these factors are outside the control and remit of MDBs.

For EIB – concretely – this will involve financing more and better projects that promote growth and jobs. It will entail demonstrating with clear results our impact on the ground. And it will include leveraging scarce EU resources more efficiently, as we increasingly move from grants and subsidies to financial instruments.

Thank you very much for your attention!