



**EU-Africa Infrastructure
Trust Fund**
2016 Annual Report

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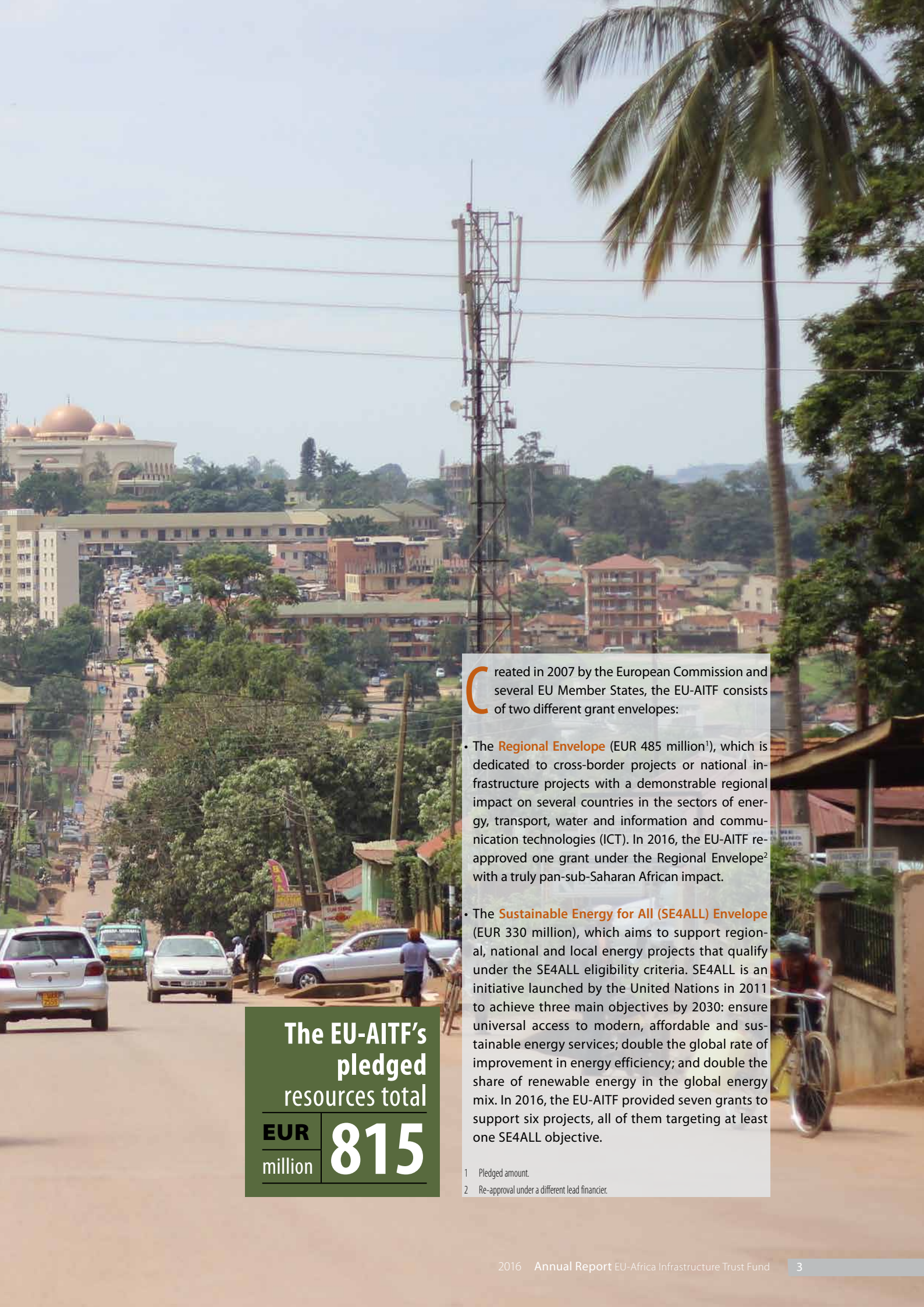
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European Union Africa
Infrastructure Trust Fund

The EU-Africa Infrastructure Trust Fund

The EU-Africa Infrastructure Trust Fund (EU-AITF, Fund or Trust Fund) is an instrument of the wider EU-Africa Infrastructure Partnership. Its objective is to promote increased investment in infrastructure projects in sub-Saharan Africa thanks to grant support from the European Commission and several EU Member States, which is blended with long-term financing provided by EU development financiers and the African Development Bank. Ultimately, the Fund contributes to poverty reduction and helps foster the continent's sustainable economic growth by improving its interconnectivity and facilitating trade and regional integration.



The EU-AITF's
pledged
resources total

| | |
|----------------|------------|
| EUR million | 815 |
|----------------|------------|

Created in 2007 by the European Commission and several EU Member States, the EU-AITF consists of two different grant envelopes:

- The **Regional Envelope** (EUR 485 million¹), which is dedicated to cross-border projects or national infrastructure projects with a demonstrable regional impact on several countries in the sectors of energy, transport, water and information and communication technologies (ICT). In 2016, the EU-AITF re-approved one grant under the Regional Envelope² with a truly pan-sub-Saharan African impact.
- The **Sustainable Energy for All (SE4ALL) Envelope** (EUR 330 million), which aims to support regional, national and local energy projects that qualify under the SE4ALL eligibility criteria. SE4ALL is an initiative launched by the United Nations in 2011 to achieve three main objectives by 2030: ensure universal access to modern, affordable and sustainable energy services; double the global rate of improvement in energy efficiency; and double the share of renewable energy in the global energy mix. In 2016, the EU-AITF provided seven grants to support six projects, all of them targeting at least one SE4ALL objective.

¹ Pledged amount.
² Re-approval under a different lead financier.

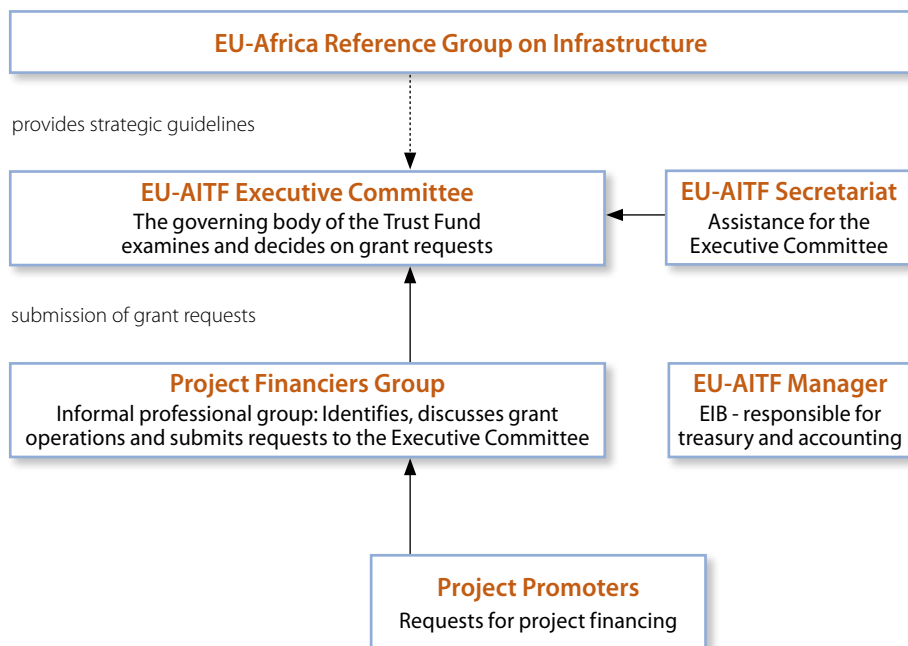


The EU-AITF provides grant support through four different types of instrument: (1) Technical Assistance (TA) for targeted capacity building and for preparation and management of projects, including technical, economic and financial appraisals, Environmental and Social Impact Assessments (ESIAs), Resettlement Action Plans (RAPs), etc.; (2) Investment Grants (IGs), which are non-reimbursable contributions to finance tangible or intangible project components to decrease the total investment costs, or to finance specific project components with substantial demonstrable social or environmental benefits; (3) Interest Rate Subsidies (IRSs) to reduce the total amount of debt service of the borrower and increase the concessionality of the financing package; and (4) Financial Instruments (FIs) such as guarantees, equity or quasi-equity investments or other risk-sharing instruments in order to mitigate the risks of the investments on the basis of African ownership.

The EU-AITF's governance is structured as follows:

1. **The EU-Africa Reference Group on Infrastructure (RGI)**, which provides strategic guidance to the EU-AITF Executive Committee in the four sectors of the Trust Fund (energy, transport, water and ICT), ensures the consistency of the Joint EU-Africa Strategy, and liaises with other international bodies and initiatives that support infrastructure, such as the Infrastructure Consortium for Africa and SE4ALL. It is made up of an equal number of representatives from the African Union Commission and EU Member States (29 each).
2. **The EU-AITF Executive Committee**, which is the decision-making body of the Trust Fund. It takes all main operational decisions and is responsible for examining and approving grant requests, ensuring that all financial and technical requirements are met, and reviewing the development impact of projects. It is composed of:

- representatives from all EU-AITF Donors, i.e. the European Commission and 13 participating Member States, which may have voting or non-voting status depending on the date of their last contribution. Other EU Member States may attend in an observer capacity.
- the EU-AITF Manager and the Secretariat: both have non-voting status.
- 3. The Project Financiers Group (PFG)**, which is composed of the project financiers nominated by the Donors (development finance institutions, banks, Member State agencies and other public bodies with international development expertise) and the European Commission. Project financiers identify grant operations upon promoters' proposals, discuss them within the Group and, when endorsed, submit them to the Executive Committee for approval.
- 4. The Trust Fund Manager** (the EIB) is responsible for the financial management, accounting and treasury operations of the Trust Fund.
- 5. The Secretariat** assists the Executive Committee in fulfilling its functions. Its responsibilities are to ensure the efficient and effective operation of the Fund, to liaise with the PFG and to coordinate the EU-AITF's overall governance process. It also provides a permanent contact point for stakeholders interested in the Trust Fund's activities.



Joint Foreword

by the EIB President and the European Commissioner for International Cooperation and Development

With the launch of its External Investment Plan in September 2016, the European Union gave a new twist to its development work. Projects backed by the EU-Africa Infrastructure Trust Fund (EU-AITF) are a great match for this new emphasis, which moves the EU beyond classical development assistance and towards a comprehensive framework in closer partnership with international financial institutions, donors, public authorities and the private sector. As the biggest contributor to development aid in the world, the EU is constantly taking action to address urgent issues. The External Investment Plan is designed to promote investments in partner countries in Africa and the European Neighbourhood, and to support inclusive and sustainable development, create jobs and contribute to tackling the root causes of instability and irregular migration.

In 2016 the European Commission and the European Investment Bank (EIB) significantly stepped up their support with a view to increasing investments that address the underlying causes of instability and irregular migration and that make host and transit countries more resilient, while staying committed to the achievement of the Sustainable Development Goals. Amid these new global challenges and the new initiatives conceived in answer to them, blending grants from

donors with long-term financing from the EIB, other international financing institutions and the private sector remains a vital method of strengthening the development impact of investments.

Sub-Saharan Africa has experienced declining growth rates alongside increasing conflict and instability in recent years. In this region, the EU-AITF has pioneered the use of blending and has a proven track record of delivering on its objective of leveraging projects that contribute to poverty eradication and improve social and economic conditions for people. The EU-AITF grants approved since the Fund's creation in 2007 have already enabled project investments estimated at EUR 7.9 billion. These projects make a real difference to people's lives. They provide people – including many from remote rural areas – with access to electricity. They supply them with clean water. They improve connections to the transport routes that enable them to do business better. They provide them with access to high-speed internet.

2016 brought a fresh feel to the EU-AITF, with Hungary joining the Fund as a new donor. We are particularly happy about this clear sign of confidence in the EU-AITF and its work, which continues to be vital. 2016 also proved that the EU-AITF does not shy away from approving projects in countries perceived to have a



difficult investment climate. Nor does it hesitate to explore innovative instruments or forms of cooperation. For example, the EU-AITF approved a financial instrument in the form of a 0% interest loan for a pioneering project in Chad – the construction of a solar PV plant which will be developed by a consortium of private investors. Indeed, stimulating the private sector is crucial in an investment climate where public funds are limited. Approvals in 2016 saw a particular focus on this. Grants approved include the support for two credit lines in Nigeria and Ghana that will help local banks to finance priority investments for private electricity distribution companies and investments in small and medium-sized green energy projects, as well as technical assistance to support the development of low-carbon public-private partnerships in Mozambique.

All six projects approved by the EU-AITF in 2016 fall under the Sustainable Energy for All envelope. They

demonstrate the Fund's continued commitment to the objectives of ensuring universal access to modern energy services, improving energy efficiency and increasing the share of renewable energies. This is especially welcome, given that the international community endorsed the Marrakesh Action Proclamation at the COP22 climate summit in December, reaffirming its commitment to implement the Paris Agreement. Under this agreement, the EC, the EIB and other multilateral development banks are working hard to increase climate-related investments.

In 2017, the EU-AITF celebrates its tenth anniversary and its remaining resources are expected to be fully committed. However, the EU-AITF's work will be far from over. Ongoing projects must be seen through to implementation and results must be monitored. We both look forward to accompanying the EU-AITF on this continuing journey.

Neven Mimica,
Commissioner for International Cooperation
and Development,
European Commission,
Founding Donor

Werner Hoyer,
President,
European Investment Bank,
Manager of the Trust Fund



EU-AITF at a glance

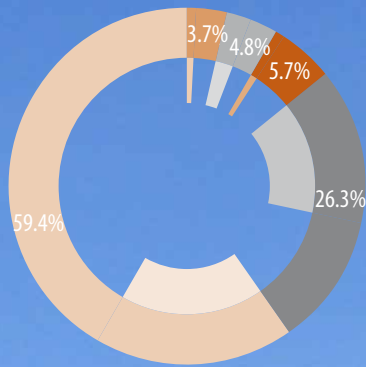
Since its inception in 2007, the EU-AITF has supported 83 infrastructure projects in sub-Saharan Africa with a total of 111 grants. The amount of grant support has reached EUR 698.4 million³. 36% of this amount, i.e. EUR 253.4 million, is from the SE4ALL Envelope introduced in 2013.

³ Net of cancellations.

The most supported regions, both under the SE4ALL and Regional Envelopes, continue to be East and West Africa, which have benefited from 78% of all grant operations and 86% of the total grant amount. However, East Africa still accounts for the largest share of total approvals with a total grant amount twice as high as for West Africa.

EU-AITF approvals by main REGION (cumulative, as % of amount) (inner ring represents the share of SE4ALL)

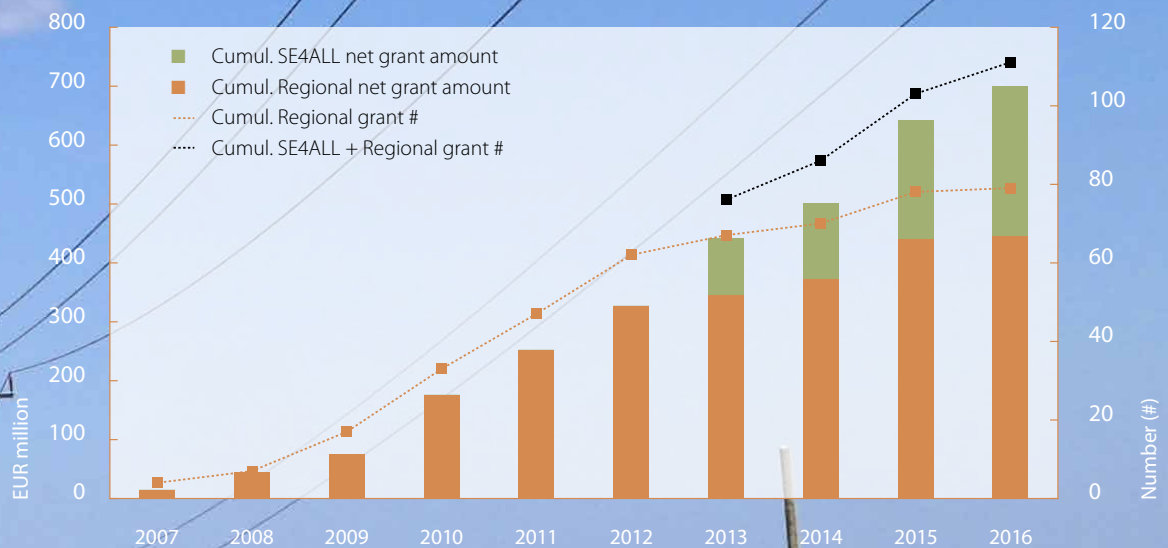
Lake Turkana Wind
Power Project



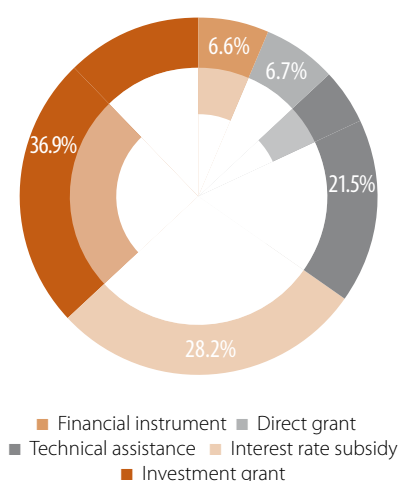
■ Central Africa
 ■ Sub-Saharan Africa
■ Southern Africa & Indian Ocean
■ West Africa
 ■ East Africa

| Main Region ⁴ | Grant amount (in EUR) | % of amount | No. of grants |
|--------------------------------|-----------------------|--------------|---------------|
| Central Africa | 26 044 903 | 3.7 | 6 |
| Sub-Saharan Africa | 33 800 000 | 4.8 | 7 |
| Southern Africa & Indian Ocean | 39 896 496 | 5.7 | 11 |
| West Africa | 183 629 969 | 26.3 | 35 |
| East Africa | 415 066 953 | 59.4 | 52 |
| Total | 698 438 321 | 100.0 | 111 |

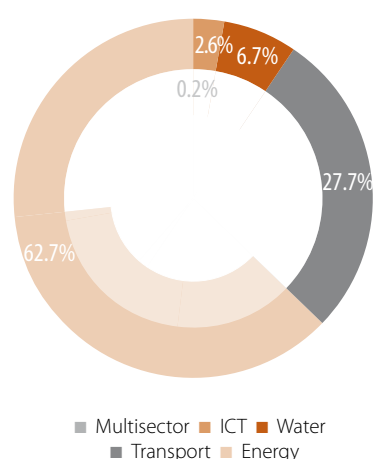
⁴ For a list of countries per region, please refer to the Annex.



EU-AITF approvals by TYPE of grant
(cumulative, as % of amount)
(inner ring represents the share of SE4ALL)



EU-AITF approvals by SECTOR
(cumulative, as % of amount)
(inner ring represents the share of SE4ALL)



| Type of grant | Grant amount (in EUR) | % of amount | No. of grants |
|-----------------------|-----------------------|--------------|---------------|
| Financial instrument | 46 350 000 | 6.6 | 3 |
| Direct grant | 46 915 984 | 6.7 | 4 |
| Technical assistance | 150 322 100 | 21.5 | 66 |
| Interest rate subsidy | 197 126 237 | 28.2 | 18 |
| Investment grant | 257 724 000 | 36.9 | 20 |
| Total | 698 438 321 | 100.0 | 111 |

| Sector | Grant amount (in EUR) | % of amount | No. of grants |
|--------------|-----------------------|--------------|---------------|
| Multisector | 1 300 000 | 0.2 | 2 |
| ICT | 18 347 737 | 2.6 | 6 |
| Water | 47 100 000 | 6.7 | 7 |
| Transport | 193 800 818 | 27.7 | 29 |
| Energy | 437 889 766 | 62.7 | 67 |
| Total | 698 438 321 | 100.0 | 111 |

Since 2015, Investment Grants have been the instrument type that accounts for the largest share of all EU-AITF approvals in terms of amount. They make up over a third of the total approved amount, totalling more than EUR 257 million. While Investment Grants and Financial Instruments are two rather recent types of grant, they also represent a relatively high share, i.e. 86%, of all approvals under the relatively recent SE4ALL Envelope. In terms of number of operations, Technical Assistance remains the most frequently used instrument type, with 60% of all approvals.

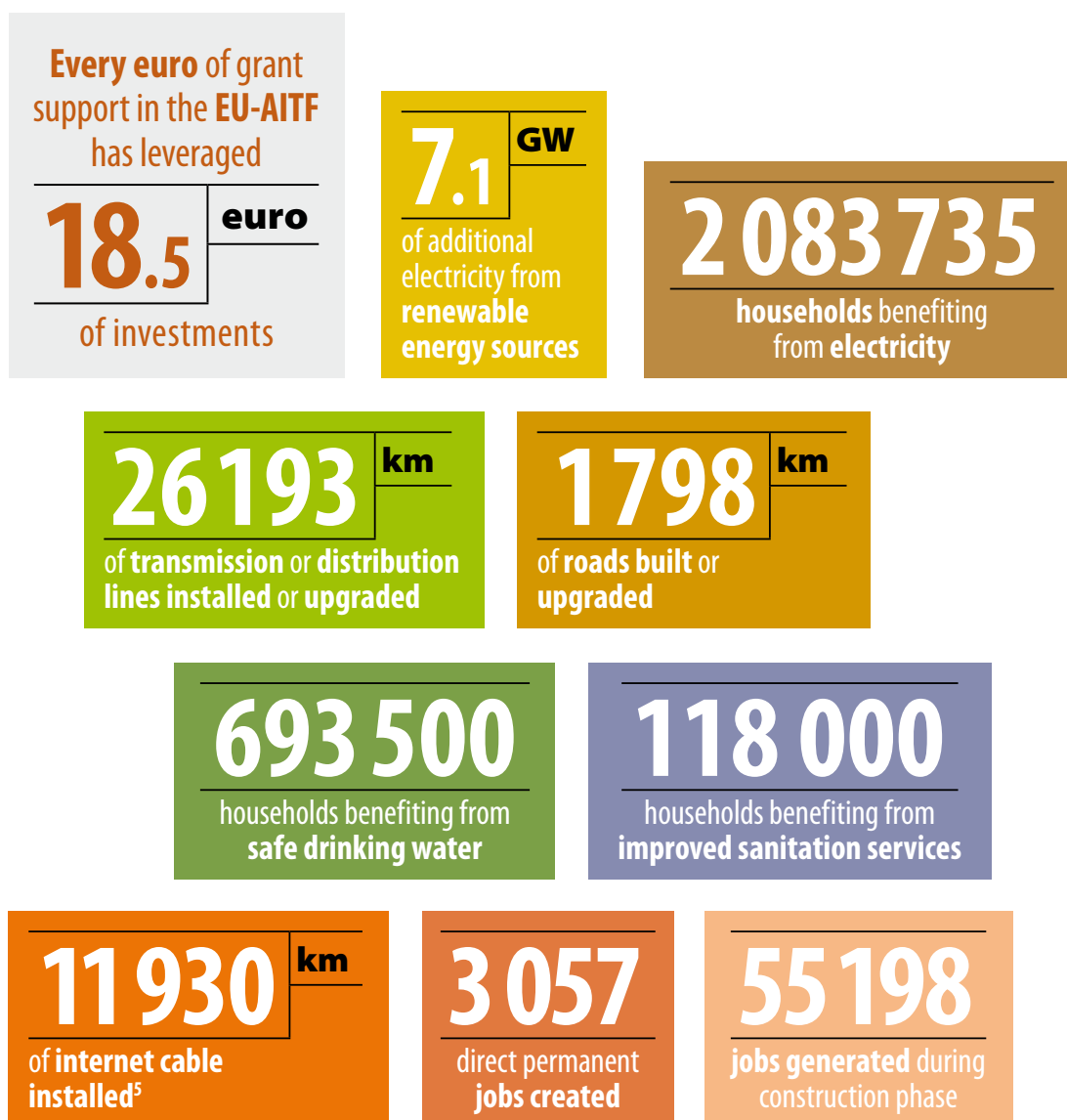
The bulk of EU-AITF grants, i.e. over 90% in terms of amount and 86% in terms of number of operations, support projects in the energy and transport sectors. Special initiatives such as the SE4ALL, the African-led Programme for Infrastructure Development in Africa (PIDA) or the strategic directions supported by the Partnership Steering Committee, have contributed to the EU-AITF's focus on these sectors.

EU-AITF support that makes a difference

The majority (60%) of all active or completed grant operations financed by the EU-AITF, i.e. operations worth EUR 425 million in total, have supported projects that have since become operational or reached the investment phase. The overall cost of these projects is estimated at EUR 7.9 billion, which corresponds to a leverage effect of 18.5 for the EU-AITF grant support and of

10.4 for the Project Financiers Group (PFG) – the latter having financed EUR 4.4 billion of the investment costs.

EU-AITF supported projects make a difference to people's lives since they contribute to sub-Saharan Africa's economic and social development in the Fund's four sectors of operation: water, energy, transport and information and communication technology. The following is an example of the results that these projects are expected to achieve:



⁵ Already achieved.



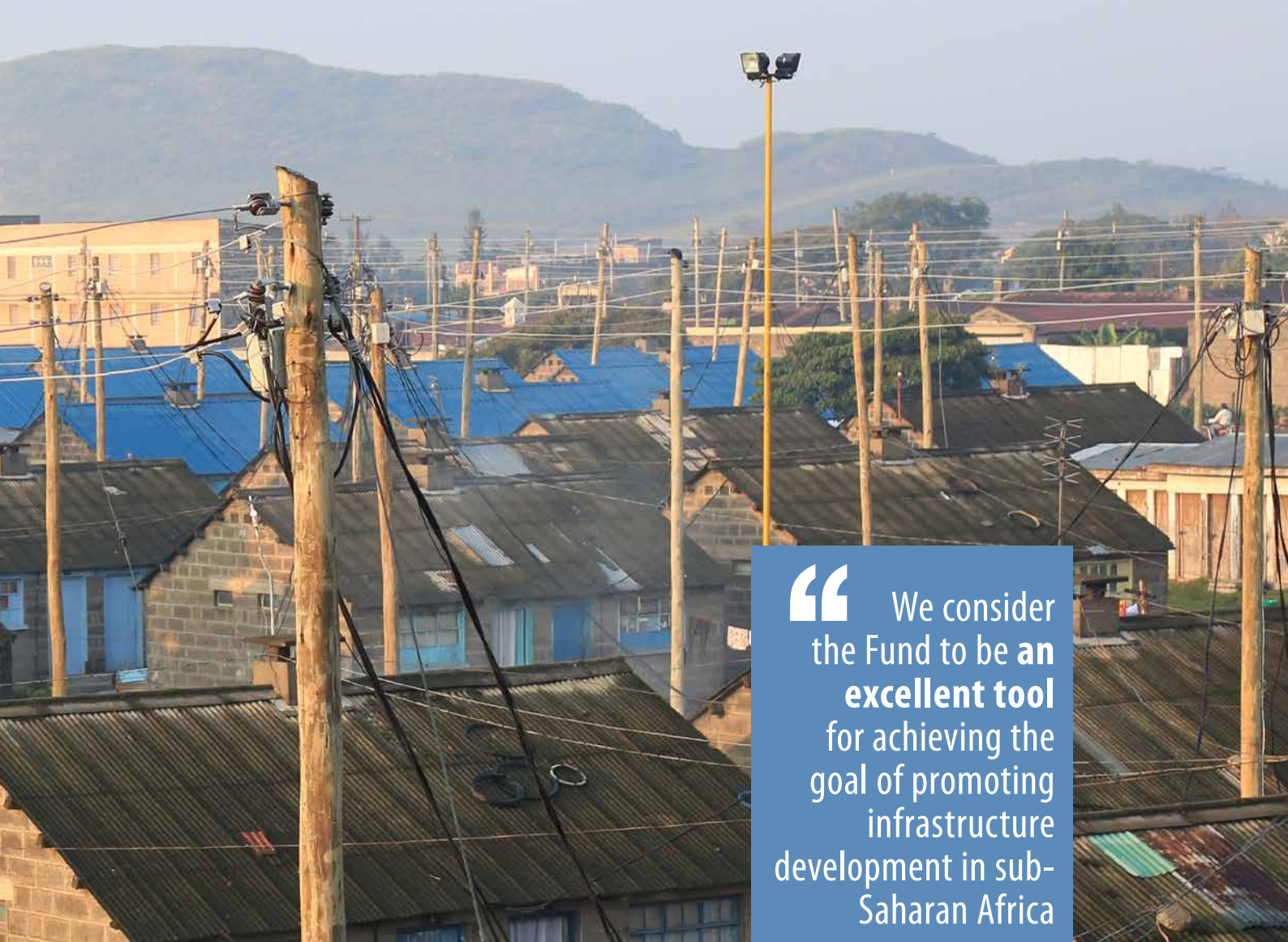
A donor's view: Hungary

Rural Electrification Kenya:
Last Mile Connectivity Project

The good condition and the development of infrastructure are essential for a well-functioning country both at national and regional levels. With better infrastructure, countries can be more competitive in the global market and they can intensify the pace of their economy. Moreover, the development of infrastructure can make a significant contribution to reducing poverty, improving the quality of education, supporting job creation and achieving higher living standards in developing countries, thereby also playing an important role in tackling the root causes of migration.

Hungary joined the EU-Africa Infrastructure Trust Fund in 2016, making a EUR 3 million contribution, since we consider the Fund to be an excellent tool for achieving the goal of promoting infrastructure development in sub-Saharan Africa. We trust that our assistance will help to promote local investments and job creation in sub-Saharan Africa and to improve difficult living conditions in order to retain and even attract human capital, providing people with real prospects of achieving prosperity in their homelands. This may be an important contributing factor for them to avoid becoming subjects of migratory pressures and victims of human trafficking.

Hungary is a relatively small emerging donor country but assumes general responsibility for global challenges. It strives to play an active role in the development efforts of the international donor community, in accordance with the country's capacities. Related to Hungary's global opening policy, international development cooperation (IDC) is an integral part of the country's foreign policy and external relations. Hungary's International Development Cooperation Strategy 2014-2020 is designed to outline the main goals, principles and directions of Hungarian development cooperation policy. The strategy is in compliance with



“ We consider the Fund to be an excellent tool for achieving the goal of promoting infrastructure development in sub-Saharan Africa

the objectives and directions of national foreign, security and economic policy documents and corresponds to the internationally agreed development goals and principles. Hungary takes into account the international conventions, as well as the specific needs of least developed countries, low-income countries, fragile states and countries in post-conflict situations.

As a growing donor, Hungary has been focusing its development assistance mainly on the neighbouring regions (Western Balkans, Eastern Europe), some countries in Africa (in particular with regard to the Horn of Africa), the Middle East and Asia. There is an intention to strengthen Hungary's IDC activities and widen our geographical focus in Africa in the coming years. The majority of our development assistance is allocated through multilateral channels, in the form of compulsory and voluntary contributions to international organisations and funds. Hungary has a strong comparative advantage in terms of technical and organisational knowledge and experience in the sectors of water management, transport and energy – the sectors in which the EU-AITF is also active – as well as agriculture and education. Hungary also welcomes the principles of SE4ALL that the EU-AITF is support-

ing through its dedicated envelope, as access to sustainable energy plays a significant role in economic development. Moreover, Hungary is strongly engaged in the protection of the environment in parallel with development for a prosperous world.

Bearing in mind Hungarian foreign and foreign trade policy, several African countries are targeted by Hungary's international development cooperation. In this context, Hungary has already supported a number of bilateral projects in Africa in the areas of water and sanitation, health and school education that are expected to have a significant impact on people's lives. On a commercial basis, Hungary is active in several projects on the continent, such as the planned set-up of a biogas power plant in Nigeria with the financial contribution of Eximbank, or the construction of a complex tram network in Ethiopia. Hungary nominated Eximbank as its financier to the EU-AITF. The bank has not participated in any EU-AITF projects yet, as it is currently undergoing the process of achieving full accreditation, but will hopefully bring on board its added value in the future.

10 years of the EU-AITF

By the time this annual report is published, the EU-AITF will be in its tenth year of operation. Ten years are reason enough to look back on how the Fund has evolved over the years, always in support of its overarching objective of helping to reduce poverty in sub-Saharan Africa by fostering sustainable economic growth and regional integration.

The EU-AITF
starts off in
2007 with

EUR
million

87

in initial
contributions



2006

- The European Commission (EC) and the European Investment Bank (EIB) sign a **Memorandum of Understanding** to promote infrastructure investments in Africa. They decide to create a dedicated Fund for this purpose – the EU-Africa Infrastructure Trust Fund.

EU-Africa Infrastructure Trust Fund: how it all began

In December 2005, the then EIB President Philippe Maystadt met with the EU Commissioner for Development Louis Michel to discuss cooperation between their two institutions. At their meeting – and mindful of discussions on Africa at the Gleneagles G-8 Summit earlier that year – the proposal emerged to blend grants from the European Commission with loans from the EIB to finance infrastructure projects across sub-Saharan Africa. And so the idea of the EU-Africa Infrastructure Trust Fund was born.

As EuropeAid Director for Africa, the Caribbean and the Pacific, I was given responsibility within the Commission for making the Trust Fund happen. During 2006, together with EIB colleagues, we held a series of discussions with the EU Member States and their development finance institutions regarding the financing, structure and governance of the Trust Fund.

By end-2006 we were ready to move forward with the establishment of the Fund and presented a proposal for an initial EUR 60 million Commission contribution to the EDF Committee for approval. On 23 April 2007, the Trust Fund was officially launched by the Commission and nine contributing EU Member States, with initial capital of EUR 87 million.

During 2007, three initial meetings of the Trust Fund Executive Committee were held and financing for the first four projects was approved.

I am happy to read from this report that the EU-AITF has continued to approve grant operations at a good pace and established itself as a leading financier of Africa's infrastructure and a key player in the EU-Africa Infrastructure Partnership as well as the Sustainable Energy for All Initiative.

Gary Quince

Chair of the Trust Fund Executive Committee 2007-2011





2007

Executive Committee meeting in Brussels on 23 March 2011

- The ten initial EU-AITF donors (the EC as the Founding Donor and nine Member States – Austria, Belgium, France, Germany, Greece, Italy, Luxembourg, Netherlands and Spain) as well as the EIB as the Fund Manager **sign the Agreement constituting the Implementation Rules** of the EU-AITF. Several African partners are also present at the signature ceremony. The Trust Fund starts off with initial contributions of EUR 87 million⁶.
- The financing institutions nominated by the initial donors come together for a **first informal meeting of the Project Financiers Group (PFG)**, followed by a meeting of the donors themselves. During this **first Executive Committee meeting** under the chairmanship of Mr Gary Quince, representing the European Commission, and a subsequent meeting the EU-AITF approves its **first four grant operations for a total amount of EUR 15.5 million**⁷ (see box).
- The **Steering Committee of the EU-Africa Partnership on Infrastructure** is established, consisting of representatives from the EU and the African Union. In the years to come, the Partnership Committee⁸ will provide strategic guidance to the EU-AITF Executive Committee.
- Total cumulative **contributions** at end-2007: **EUR 87 million**
- Total cumulative **net approvals** at end-2007: **EUR 15.5 million**

6 EUR 60 million from the EC, EUR 1 million from Austria, EUR 1 million from Belgium, EUR 5 million from France, EUR 1 million from Germany, EUR 1 million from Greece, EUR 5 million from Italy, EUR 1 million from Luxembourg, EUR 2 million from the Netherlands and EUR 10 million from Spain.
 7 Yearly approval figures in this section are amounts initially approved (i.e. prior to any potential increases, decreases or (balance) cancellations). Cumulative net approval figures at the end of each year are net amounts.
 8 Subsequently renamed the EU-Africa Reference Group on Infrastructure (RGI).

Project Financiers Group

Embracing the EU-AITF's goal of fostering cooperation between European financing institutions, the PFG has met 44 times in the Fund's ten years of operation to discuss and vet grant operations that would subsequently be presented for approval to the Executive Committee. With meetings in Luxembourg, Rome, Helsinki, Frankfurt, London, Tunis, Vienna, Paris and Brussels, many of the financiers participating in the EU-AITF have already hosted and chaired these talks. Since the introduction of the SE4ALL envelope in 2013, the EC has also attended the PFG meetings. The PFG's preparatory work has been essential in ensuring the maturity, viability and development impact of projects receiving EU-AITF support and it is not uncommon that the PFG's recommendations have directly informed the design of the grant or the underlying project. Seven of the Fund's financiers are effectively implementing projects that benefit from EU-AITF grant support.

The first EU-AITF grants

The first four EU-AITF grants approved in 2007 are Technical Assistance for the Ethiopia-Kenya Interconnector project, an Interest Rate Subsidy for the Felou Hydropower plant between Mali, Mauritania and Senegal, Technical Assistance for the East African Submarine Cable System and Technical Assistance for the CLSG Power Interconnector Project. This latter TA has financed, among others, the feasibility study and Environmental and Social Impact Assessment of the project, which consists of the construction of 1,350 km of transmission line between four countries (Côte d'Ivoire, Liberia, Sierra Leone and Guinea) and will bring electricity to 370,000 people. The project, which is co-financed by three EU-AITF financiers – AfDB, EIB and KfW – will benefit from additional Trust Fund support in the years to come, with three more grants approved in 2011 and 2012 respectively.

2008



- The EU-AITF is joined by **two new donors: Portugal** contributes EUR 1 million to the Trust Fund and **the United Kingdom** makes an initial contribution of EUR 10 million, nominating the African Development Bank (AfDB) as their financier. With **AfDB joining the Project Financiers Group** as the only non-European financial institution to access EU-AITF funding, African ownership of the Fund is reinforced. Moreover, the EC contributes an additional EUR 48.7 million to the Trust Fund.
- The **Trust Fund Secretariat is established** and takes up its work on the EIB's premises. The EU-AITF website (www.eu-africa-infrastructure-tf.net) is also launched.
- The EU-AITF makes its **first disbursement** of funds and **approves four new grant operations totalling EUR 47.8 million**. One of them is Technical Assistance for **Ruzizi III** – a large hydropower project on the borders of Rwanda, Burundi and the Democratic Republic of Congo – which will receive additional support from the EU-AITF in subsequent years. Another one is an Interest Rate Subsidy for the EU-AITF's **first project in the transport sector**, the **Beira Corridor** project (see also box).
- Total cumulative **contributions** at end-2008: **EUR 147.7 million**
- Total cumulative **net approvals** at end-2008: **EUR 63.3 million**

EU-AITF support in the transport sector

At its meeting in November 2008, the Steering Committee of the EU-Africa Partnership on Infrastructure recommends that the EU-AITF explore projects in the field of transport. Subsequently, grants supporting several multi-modal transport projects are approved by the EU-AITF Executive Committee, among which the Beira Corridor project aiming to re-establish the original transport capacity of the port of Beira and of the Sena railway line, and the Jomo Kenyatta International Airport Upgrading and Rehabilitation project. Transport is the second most served sector in the EU-AITF, behind energy, accounting for nearly 30% of all EU-AITF support in terms of amount.

Beira project, service train at Moatize station

2009

- **Finland joins the EU-AITF** as its 13th donor, with a contribution of EUR 5 million. The UK makes an additional contribution to the Trust Fund, in the amount of EUR 20 million. This makes the UK the second largest donor of the EU-AITF, after the EC.
- The Executive Committee **approves 11 grant operations** in the energy and transport sectors, for a total of EUR 33 million. Among others, grant support is provided to the **Port de Pointe Noire project**, where Technical Assistance is bundled with an Interest Rate Subsidy. The grants help to build the capacity of the promoter and reduce the debt burden of the borrower and thereby contribute to extending the capacity of the port of the Congo-Brazzaville town by increasing cargo by 45% and doubling its container traffic. In the energy sector, EU-AITF grant support in 2009 is used, among other things, to set up a **regulatory authority for the ECOWAS region's electricity sector**, and to substantially update a **master plan for the West African Power Pool** to facilitate the implementation of priority projects in the West African energy market, which are expected to generate 7,092 MW of hydropower and 800 MW of renewable energy between 2012 and 2025.
- Total cumulative **contributions** at end-2009: **EUR 172.7 million**
- Total cumulative **net approvals** at end-2009: **EUR 96.3 million**



Port de Pointe Noire





2010

Water treatment on Lake Victoria

- The EU-AITF receives **a series of new contributions** for an impressive total amount of EUR 220 million (EUR 1 million from Austria, EUR 10 million from the UK, EUR 5 million from France, EUR 200 million from the EC and EUR 4 million from Germany).
- In its five meetings in 2010, the Executive Committee **approves 17 grant operations** for a **total of EUR 110.6 million**, among which also a Technical Assistance operation implemented by Lux-Development for the **AXIS – the African Internet Exchange System project**, which has so far enabled 14 internet exchange points to be set up on the continent, to support the development of internet infrastructure all over sub-Saharan Africa. Moreover, Technical Assistance and an Interest Rate Subsidy approved in that same year support the **EU-AITF’s first project in the water sector**: the aim of the **Kampala Water – Lake Victoria WAT-SAN project** is to upgrade existing water treatment, transmission and distribution systems in Uganda and to develop a new water system and treatment plant that should benefit 2 million people by 2022. The water sector makes up 6.7% of all EU-AITF approvals.
- Total cumulative **contributions** at end-2010: **EUR 392.7 million**
- Total cumulative **net approvals** at end-2010: **EUR 208.7 million**



2011

2012

Ground-breaking for the CLSG Interconnection: between 2007 and 2012, the EU-AITF approves four grants to support the project.



- The EU-AITF launches its **Geographical Information System**, a tool which enables supported projects, together with contextual details, to be visualised on a dynamic map and which can be accessed by the public⁹. The Fund also publishes a video illustrating its support for African regional infrastructure projects entitled: **“Improving Lives of People in Africa”**. The 12-minute film outlines, through three concrete examples, the blending capacity of the Trust Fund and its impact on the quality of life of African people¹⁰.
- The Executive Committee **approves a record number of 18 grant operations, totalling EUR 83.3 million**, covering all the Fund’s sectors of activity. For example, in the ICT sector, the EU-AITF provides an Interest Rate Subsidy for the **Mauritania Submarine Cable Connection project**, which has helped to link the country to the 17,000 km long fibre-optic submarine cable running along the western coast of Africa and to gain access to the global broadband network for the first time.
- Total cumulative **contributions** at end-2011: **EUR 392.7 million**
- Total cumulative **net approvals** at end-2011: **EUR 293.5 million**
- A **mid-term evaluation of the EU-AITF** is finalised by an external consultant. The evaluation concludes with the recommendations for the EU-AITF to, among others, develop a monitoring and evaluation framework for operations benefiting from grant support, encourage private sector involvement and broaden the offer of grant instruments. These recommendations will be addressed in the following years.
- The Executive Committee **approves 16 new grant operations** worth EUR 83 million, among which Technical Assistance for phase II of the **Bumbuna Hydro-electric project** in Sierra Leone, which is carried out as a public-private partnership (PPP) between a private developer and the government and is expected to provide electricity for more than 1 million people. The operation is under the lead of PIDG, the Private Infrastructure Development Group, which joined the PFG in 2010 as the financier nominated by the Netherlands. PIDG has since strengthened the EU-AITF’s focus on private sector projects.
- The EU-AITF receives EUR 353.7 million of additional contributions: EUR 24.7 million from the UK and, for the first time, a **contribution earmarked for SE4ALL projects** – an impressive amount of EUR 329 million from the EC. This marks the **creation of the Fund’s new SE4ALL envelope** dedicated to regional or national energy projects that support the SE4ALL initiative spearheaded by the UN, and its objectives of ensuring universal access to modern energy services, doubling the rate of improvement in energy efficiency and doubling the share of renewable energy in the global energy mix.
- Total cumulative **contributions at end-2012**: **EUR 746.7 million**
- Total cumulative **net approvals at end-2012**: **EUR 372.1 million**

⁹ <http://www.itf-gis.net/>

¹⁰ <http://www.eu-africa-infrastructure-tf.net/infocentre/publications/itf-video-improving-lives-of-people-in-africa.htm>



2013

Soroti solar power plant supported by the GET FiT Programme



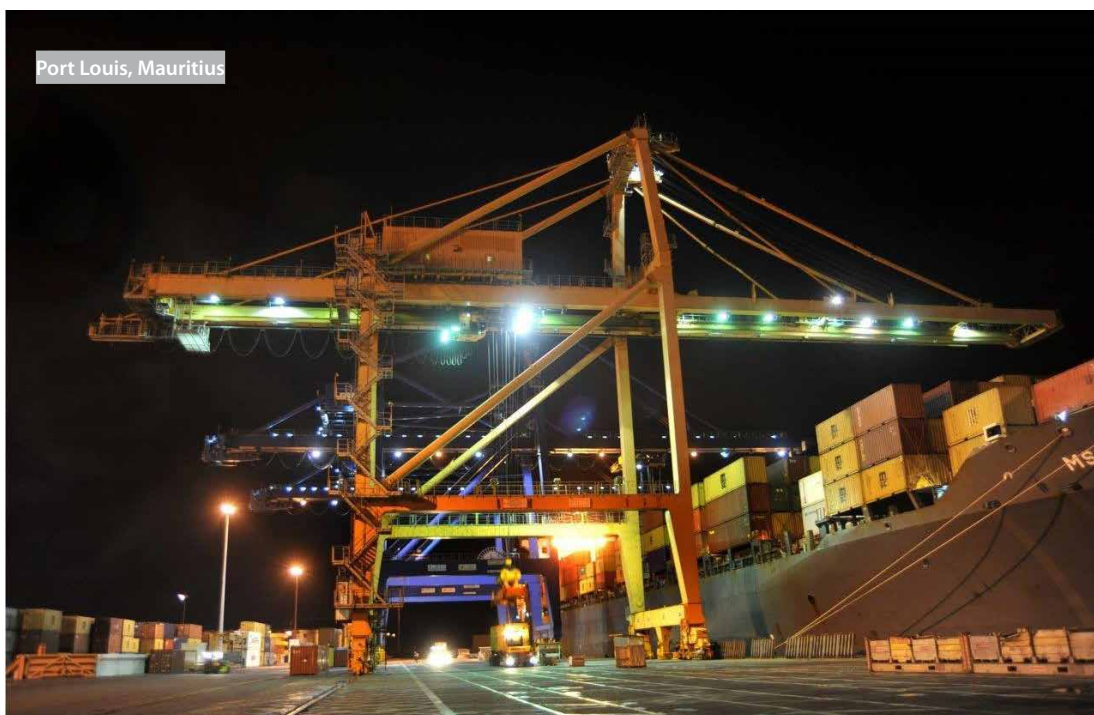
- EU-AITF support during 2013 goes to 18 grant operations for a total amount of EUR 131.3 million. Among them are also the first grants under the SE4ALL envelope, such as an Investment Grant to co-finance the Premium Payment Mechanism of the GET FiT Programme, which promotes climate resilient low-carbon developments in East Africa and which has, through the ten sub-projects that have reached financial close so far, enabled already 30 MW of additional capacity from renewable energy sources to be generated, with the aim of reaching 170 MW by 2023. Another example is the Technical Assistance and Investment Grant to a concessional facility for financing energy efficiency and renewable energy investments in West Africa. These latter grants illustrate that the EU-AITF has also started to support intermediated projects (see box), the framework for which was approved by the Executive Committee the year before.
- The EU-AITF receives additional contributions from the UK (equivalent of EUR 49 million) and Germany (EUR 4 million).
- Total cumulative contributions at end-2013: EUR 798.7 million
- Total cumulative net approvals at end-2013: EUR 488.1 million

Blending EU-AITF grant support with intermediated loans

Intermediated loans typically involve credit lines to an intermediary financial institution which subsequently “on-lends” the funds to the final beneficiaries, both public and private promoters. To date, the EU-AITF has provided grant support to eight intermediated projects, through which EUR 299 million of new financing has already been made available to financial intermediaries such as (local) banks, microfinance institutions and funds.

2014

- **New approvals** in 2014 amount to **EUR 59.8 million**, in support of **ten different grant operations**. The focus is again on energy and the newly created SE4ALL envelope, as well as on transport. For example, the EU-AITF finances Technical Assistance for the **Namibia Biomass and Solar Power** project to determine the feasibility of the construction of a solar power plant as well as a plant fired by biomass, using invader bush as the primary fuel. Another Technical Assistance operation is directed at the **Cargo Handling Corporation of Port Louis, Mauritius**, and is expected to support the extension of the port's cargo capacity by 30%.
- The EU-AITF also reinforces its **focus on the development impact and results measurement** of its operations (facilitated by guidelines developed by the EU Platform for Blending in External Cooperation – EUBEC – that enter into force that year). This new framework lays the foundations for the EU-AITF's systematic monitoring of project results according to predefined indicators.
- **Additional contributions** in 2014 come from Austria (EUR 1 million dedicated to the SE4ALL Envelope) and the EC (EUR 10 million earmarked for a transport project in Benin).
- Total cumulative **contributions** at end-2014: **EUR 809.7 million**
- Total cumulative **net approvals** at end-2014: **EUR 536.3 million**



2016

2015



- The EU-AITF receives a **new contribution** under the Regional Envelope: EUR 1.5 million from France.

- **17 new grant operations for a record volume of EUR 139.9 million** are approved by the EU-AITF. The Investment Grant to the **Electrification of North-Western Tanzania project**, for example, will be used to co-finance the investment costs of connecting 30 villages in remote rural areas, a total of 10,000 households, to the electricity grid and is an example of the EU-AITF's **increased support for rural electrification projects** in recent years. In the transport sector, among others, Technical Assistance supports the **Rural Roads Infrastructure Development (2RID) project** to strengthen cross-border flows between Niger and Nigeria. This project represents the first occasion that CDP¹¹, the financing institution nominated by Italy, leads the implementation of an EU-AITF grant.

- Total cumulative **contributions** at end-2015: **EUR 812.0 million**

- Total cumulative **net approvals** at end-2015: **EUR 654.9 million**

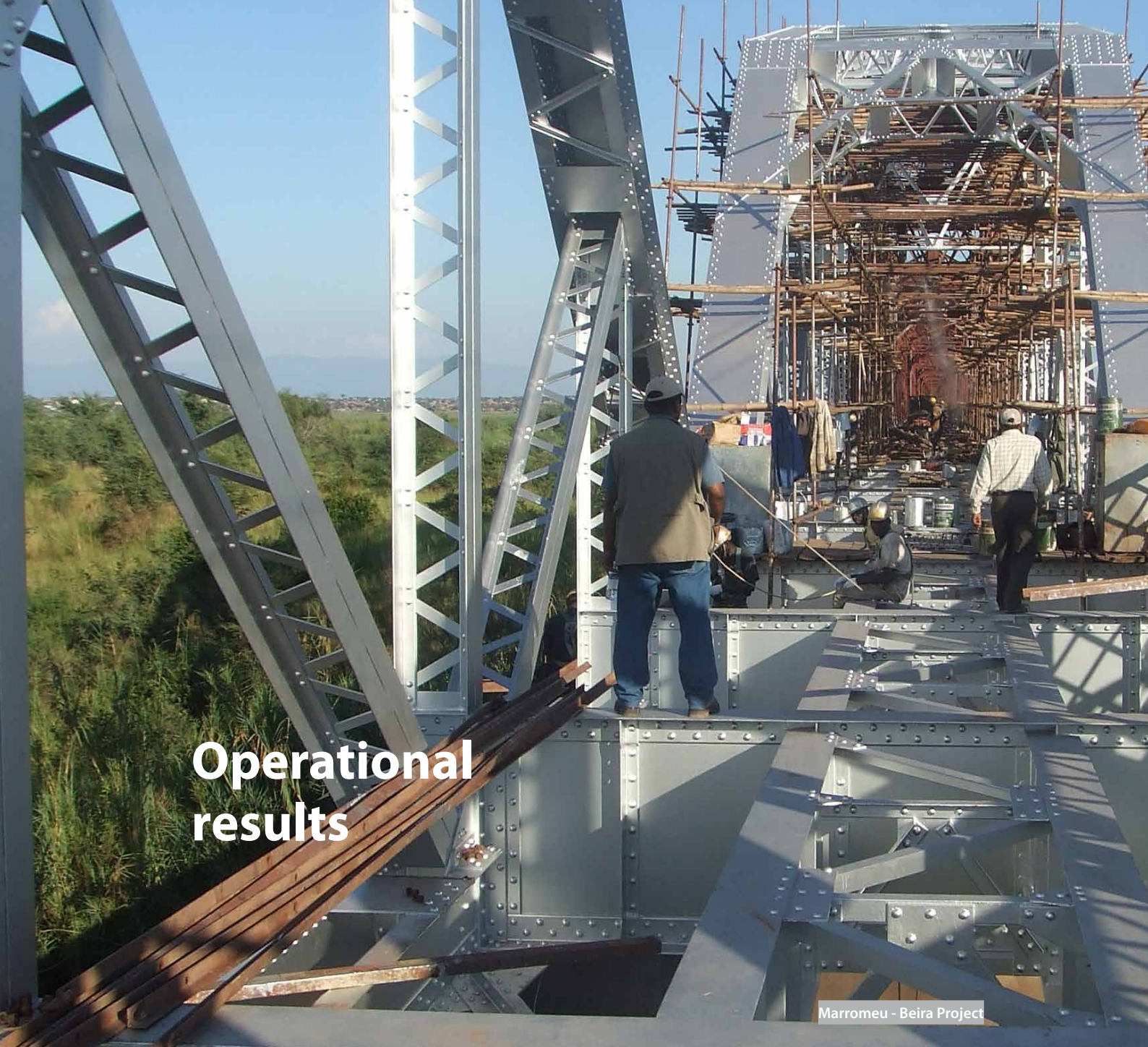
¹¹ previously SIMEST.

- **Hungary becomes a member of the Trust Fund** with a contribution of EUR 3 million, bringing the total number of members to 14.

- Against the background of increasingly limited resources the EU-AITF **approves eight new grant operations for a total amount of EUR 57.6 million**, which are described in detail in this report. For the Djermaya Solar power plant project in Chad, the EU-AITF's support is particularly innovative, taking the form of a 0% interest rate loan, repayable under certain conditions. **Financial Instruments** like this represent a relatively recent type of support offered by the EU-AITF, accounting for 6.6% of the EU-AITF's overall approvals to date.

- Total cumulative **contributions** at end-2016: **EUR 814.9 million**

- Total cumulative **net approvals** at end-2016: **EUR 698.4 million**



Operational results

Marromeu - Beira Project

EU-AITF approved grant operations reach nearly

EUR
million **700**
by 2016

Situation of resources

With EUR 57.6 million of grants approved in 2016, the total cumulative net grant amount now stands at EUR 698.4 million. This means that, including the remuneration received by financiers for managing grants, a total of EUR 707.9 million has been committed to date – EUR 448.2 million from the Regional Envelope and EUR 259.7 million from the SE4ALL Envelope. This represents as much as 91% of the total available resources of the Fund¹²

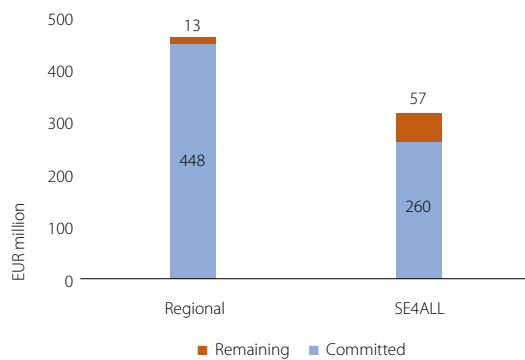
¹² i.e. contributions net of management fees, expenses and Benin earmarking, including interest earned.



Grants approved in 2016 are expected to leverage

EUR
million **490.7**
of investments

Net resources by envelope:
committed vs. remaining
(as at 31 December 2016)



as at 31 December 2016 (97% of the total available funds of the Regional Envelope and 82% of the SE4ALL Envelope), even though resources in the Regional Envelope were slightly replenished: Hungary joined the EU-AITF as a new donor in 2016 with a EUR 3 million pledged contribution. In addition, some unused funds returned to the EU-AITF's resources in this envelope, following the (partial) completion of operations which eventually required a lower than expected subsidy.



Approved grant operations in 2016

In 2016, eight grant operations totalling EUR 57.6 million were approved, in support of seven different projects. Nearly all of them, i.e. six, are energy projects, falling under the SE4ALL Envelope (EUR 52.6 million). One project is in the transport sector and was approved under the Regional Envelope (EUR 5 million).

Out of these eight grant operations, three will support the preparatory phase of projects while the remaining five will support the investment phase. These latter grants with a total amount of EUR 47.1 million should facilitate the unlocking of EUR 490.7 million of investments. This represents an expected leverage effect of 10.4.

Grants approved from the EU-AITF Regional Envelope, 2016

Supporting the preparation phase of projects

| Grant name | Main region | Sector | Type | Lead financier | Grant amount (in EUR) | Approval date |
|------------------------------------|--------------------|-----------|------|----------------|-----------------------|---------------|
| ASECNA EGNOS Phase B ¹³ | Sub-Saharan Africa | Transport | TA | AFD | 5 000 000 | 20/09/2016 |
| Preparation phase total | | | | | 5 000 000 | |
| Regional total | | | | | 5 000 000 | |

Grants approved from the EU-AITF SE4ALL Envelope, 2016

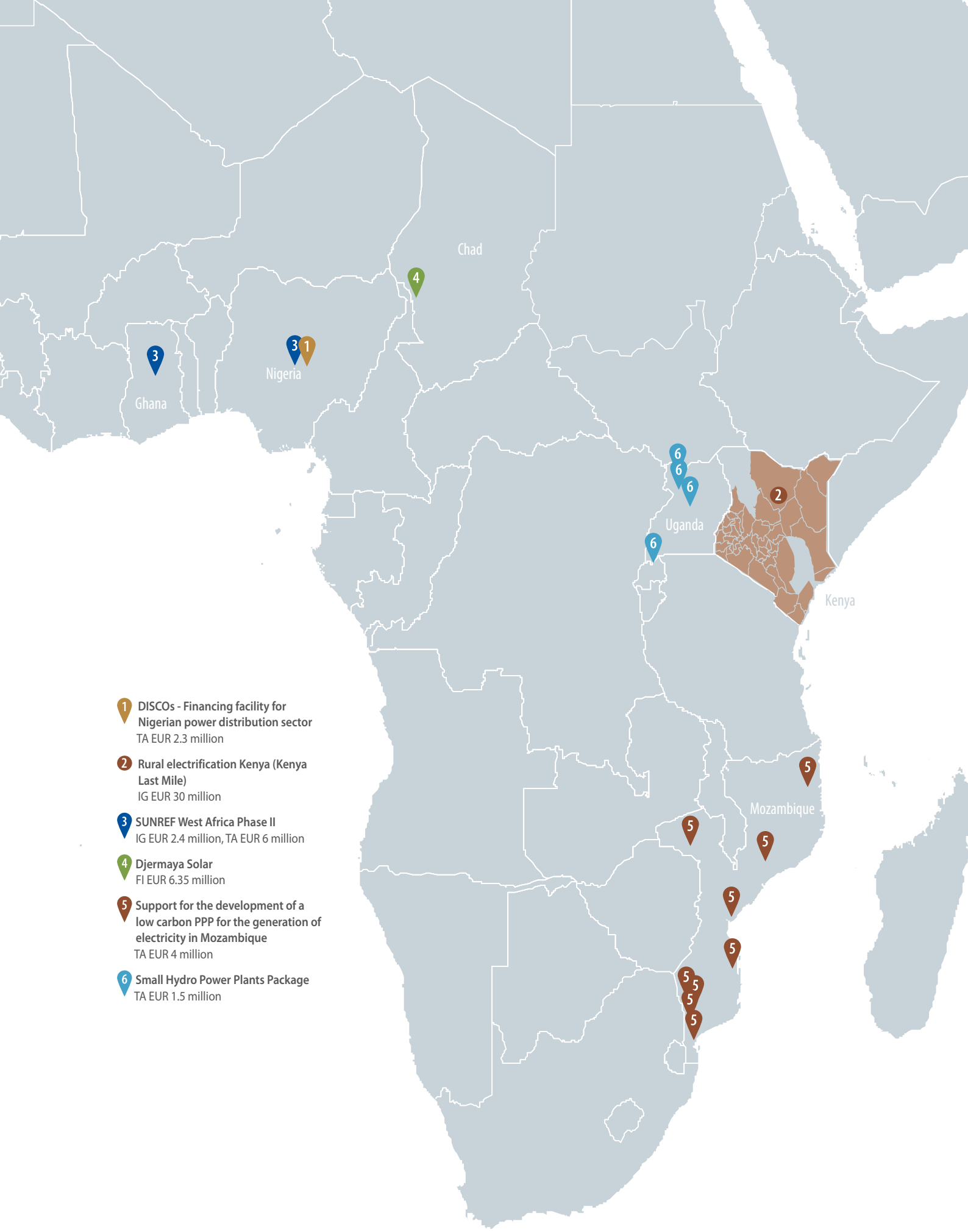
Supporting the investment phase of projects

| Grant name | Main region | Sector | Type | Lead financier | Grant amount (in EUR) | Approval date |
|---|----------------|--------|------|----------------|-----------------------|---------------|
| TA for providing support to all stakeholders (banks, DISCOs, ANED) for the DISCOs project | West Africa | Energy | TA | AFD | 2 300 000 | 03/02/2016 |
| IG for Last Mile Connectivity in Kenya | East Africa | Energy | IG | AFD | 30 000 000 | 03/02/2016 |
| IG for reducing the equity burden of project developers for the SUNREF project | West Africa | Energy | IG | AFD | 2 434 000 | 21/03/2016 |
| TA for providing support to all stakeholders for the SUNREF project | West Africa | Energy | TA | AFD | 6 000 000 | 21/03/2016 |
| Concessionary loan for the Djermaya Solar project | Central Africa | Energy | FI | PIDG | 6 350 000 | 20/09/2016 |
| Investment phase total | | | | | 47 084 000 | |

Supporting the preparation phase of projects

| | | | | | | |
|--|----------------------------------|--------|----|-----|-------------------|------------|
| TA for support for the development of a low carbon PPP for the generation of electricity in Mozambique | Southern Africa and Indian Ocean | Energy | TA | AFD | 4 000 000 | 20/09/2016 |
| Feasibility and environmental and social studies for small hydro power plants in Uganda | East Africa | Energy | TA | AFD | 1 500 000 | 20/09/2016 |
| Preparation phase total | | | | | 5 500 000 | |
| SE4ALL TOTAL | | | | | 52 584 000 | |
| GRAND TOTAL (Regional + SE4ALL) | | | | | 57 584 000 | |

¹³ The grant was cancelled before being re-approved under a new lead financier.



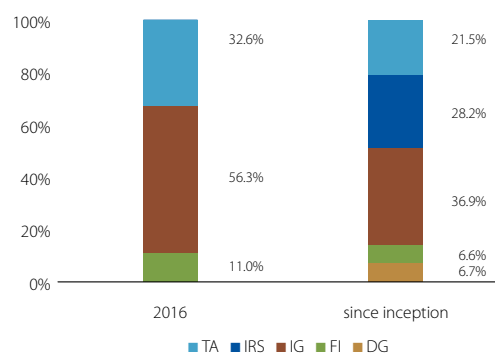
- 1** DISCOs - Financing facility for Nigerian power distribution sector
TA EUR 2.3 million
- 2** Rural electrification Kenya (Kenya Last Mile)
IG EUR 30 million
- 3** SUNREF West Africa Phase II
IG EUR 2.4 million, TA EUR 6 million
- 4** Djermaya Solar
FI EUR 6.35 million
- 5** Support for the development of a low carbon PPP for the generation of electricity in Mozambique
TA EUR 4 million
- 6** Small Hydro Power Plants Package
TA EUR 1.5 million

2016 EU-AITF support by type of grant

In 2016, most of the EU-AITF's support in terms of amount took the form of Investment Grants. The two Investment Grants approved represent an amount of EUR 32.4 million i.e. 56.3% of the 2016 approvals. The five Technical Assistance operations approved make up 32.6% of the grant support this year for a total of EUR 18.8 million, while a Financial Instrument worth EUR 6.4 million accounts for the remaining 11%.

| | Approved in 2016 | | Approved since inception | |
|--------------|------------------|--------------|--------------------------|--------------|
| | in EUR m | in % | in EUR m | in % |
| DG | 0.0 | 0.0 | 46.9 | 6.7 |
| FI | 6.4 | 11.0 | 46.4 | 6.6 |
| IG | 32.4 | 56.3 | 257.7 | 36.9 |
| IRS | 0.0 | 0.0 | 197.1 | 28.2 |
| TA | 18.8 | 32.6 | 150.3 | 21.5 |
| TOTAL | 57.6 | 100.0 | 698.4 | 100.0 |

EU-AITF approvals by type of grant
(as % of amount)
2016 vs. since inception

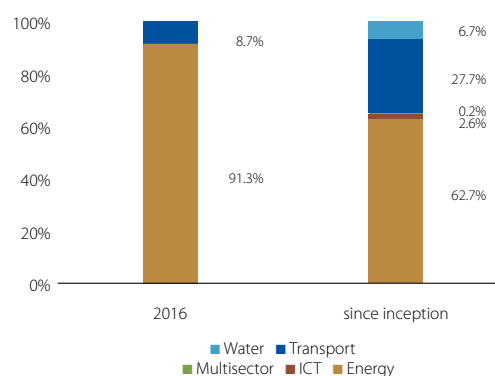


2016 EU-AITF support by sector

Last year, the EU-AITF focused on allocating remaining resources, which were predominantly in the SE4ALL Envelope. This explains why 91.3% of the approvals in terms of amount, i.e. seven grants totalling EUR 52.6 million, was allocated to energy projects under this envelope. The remaining 8.7% (one grant) went to a project in the transport sector, for an amount of EUR 5 million¹⁴.

| | Approved in 2016 | | Approved since inception | |
|--------------|------------------|--------------|--------------------------|--------------|
| | in EUR m | in % | in EUR m | in % |
| Energy | 52.6 | 91.3 | 437.9 | 62.7 |
| ICT | 0.0 | 0.0 | 18.3 | 2.6 |
| Multisector | 0.0 | 0.0 | 1.3 | 0.2 |
| Transport | 5.0 | 8.7 | 193.8 | 27.7 |
| Water | 0.0 | 0.0 | 47.1 | 6.7 |
| TOTAL | 57.6 | 100.0 | 698.4 | 100.0 |

EU-AITF approvals by sector
(as % of amount)
2016 vs. since inception



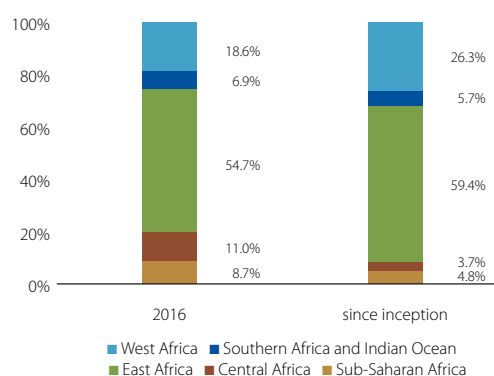
¹⁴ The grant had been cancelled before being re-approved under a new lead financier.

2016 EU-AITF support by main region

2016 grant approvals are spread across all regions of sub-Saharan Africa. In fact, the breakdown is largely in line with the geographical distribution that has prevailed since the inception of the Fund. Also in 2016, East and West Africa constituted the bulk of the grant funding, with almost three quarters (54.7% and 18.6% respectively) of the total grant amount and five (two and three, respectively) operations approved. However, that year also saw approvals of one grant in each of the other, typically less represented, regions, i.e. Central Africa, sub-Saharan Africa and Southern Africa and the Indian Ocean. Together, they represent just over a quarter of all approvals in 2016 in terms of amount.

| | Approved in 2016 | | Approved since inception | |
|----------------------------------|------------------|--------------|--------------------------|--------------|
| | in EUR m | in % | in EUR m | in % |
| Sub-Saharan Africa | 5.0 | 8.7 | 33.8 | 4.8 |
| Central Africa | 6.4 | 11.0 | 26.0 | 3.7 |
| East Africa | 31.5 | 54.7 | 415.1 | 59.4 |
| Southern Africa and Indian Ocean | 4.0 | 6.9 | 39.9 | 5.7 |
| West Africa | 10.7 | 18.6 | 183.6 | 26.3 |
| TOTAL | 57.6 | 100.0 | 698.4 | 100.0 |

EU-AITF approvals by main region
(as % of amount)
2016 vs. since inception



Description of EU-AITF grants approved under the SE4ALL Envelope

DISCOs - Financing facility for Nigerian power distribution sector

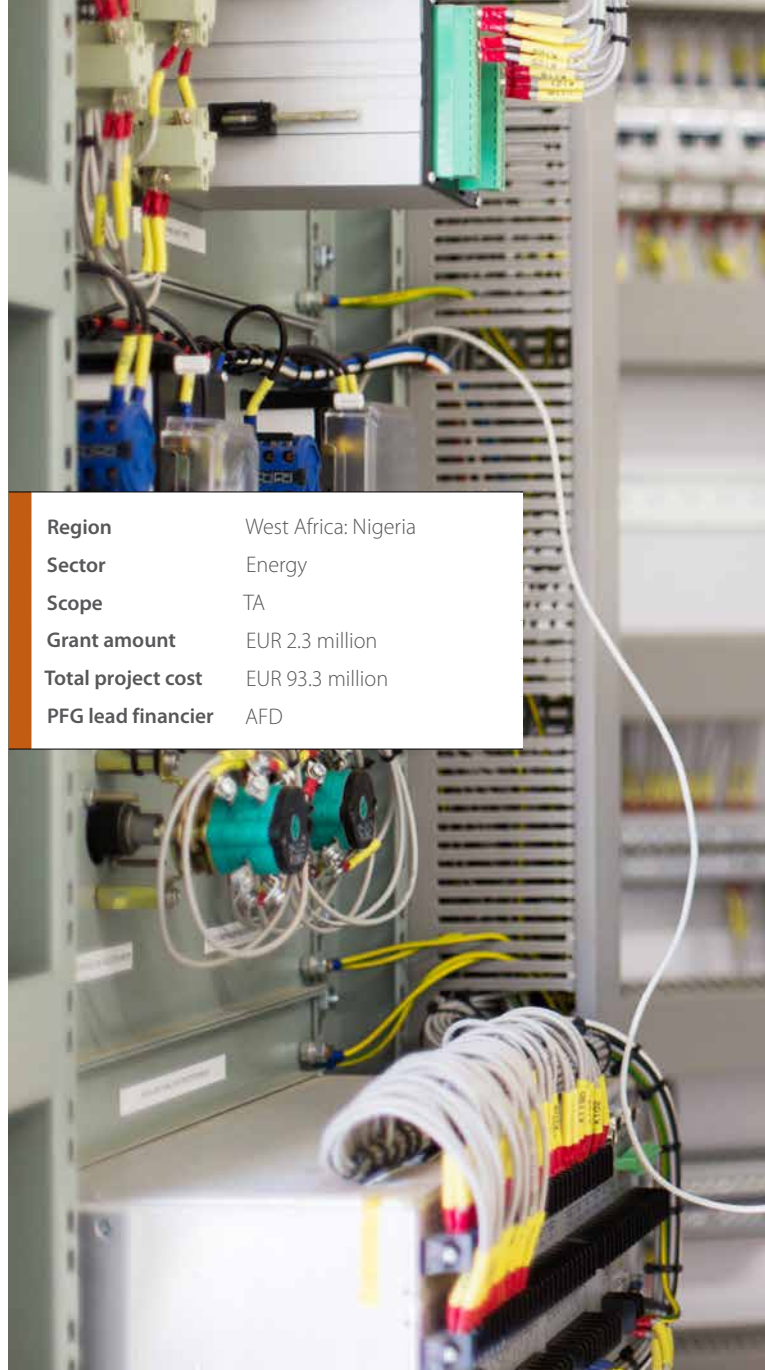
Despite being the world's 10th largest producer of crude oil, the challenges in Nigeria's power sector are great and manifold: electricity distribution is unstable and irregular. Between 40% and 50% of electricity generated never reaches the consumer since it is lost on the way due to obsolete power infrastructure and lack of maintenance. The World Bank actually estimated¹⁵ that the country's self-generation capacity is even higher than the power made available through the grid. This situation is costly for consumers and highly polluting for the environment. Furthermore, Nigeria's erratic power supply has been identified as one of the most important reasons why overall economic growth is sluggish and not taking off as projected.

In a move to address these challenges, the Government of Nigeria initiated several reforms and, among other measures, privatised generation and distribution companies – the so-called DISCOs. However, little has improved so far since the DISCOs generally lack funding to invest in more modern and reliable electricity infrastructure.

The Project

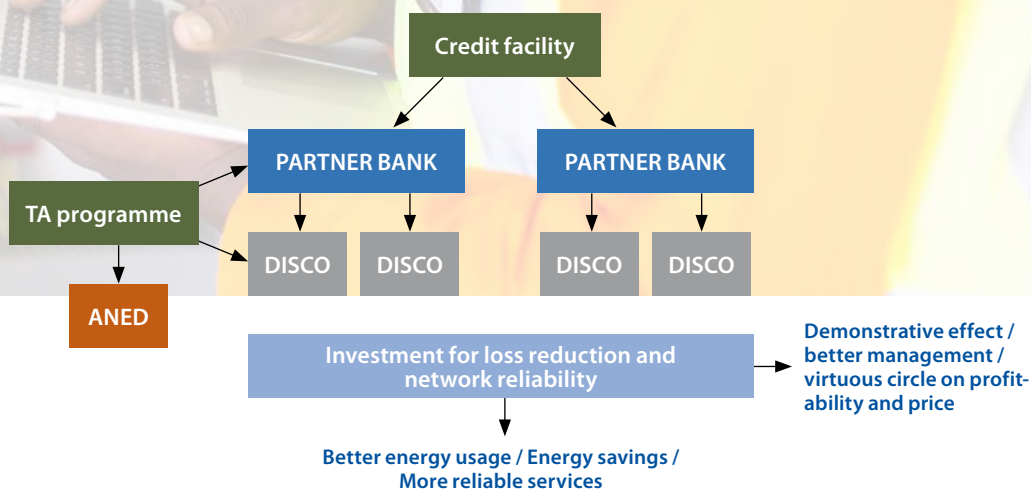
The project aims to strengthen Nigeria's power distribution network by financing profitable investments at DISCOs level through local banks. Concretely, AFD will put in place a long-term credit facility through which it will provide loans to Nigerian partner financial institutions. These will then on-lend the funds to the distribution companies for investments in loss reduction (for example, different types of metering) as well as network rehabilitation, reinforcement and modernisation (for example, transformer replacement, substation rehabilitations, health and safety improvements or network monitoring and telecommunications equipment).

¹⁵ Studies from 2009 and 2011.



| | |
|--------------------|----------------------|
| Region | West Africa: Nigeria |
| Sector | Energy |
| Scope | TA |
| Grant amount | EUR 2.3 million |
| Total project cost | EUR 93.3 million |
| PFG lead financier | AFD |

Through these investments, the project will directly contribute to improving the quality and availability of power supply for households and enterprises, will lower energy costs thereby making local enterprises more competitive and will help to mitigate climate change by reducing the use of polluting fuel generators. Moreover, involving local banks in the financing scheme is expected to create a demonstration effect in the market, potentially triggering even further investments. The projects to be financed through the credit facility are estimated to save 270 GWh of energy per year, reduce annual CO₂ emissions by 56,000 tonnes and benefit a total of 290,000 people.



The TA

The EU-AITF will play a key role in the above-mentioned financing scheme by providing a grant for Technical Assistance, targeted at both local banks and DISCOs, as well as at the Association of Nigerian Electricity Distributors (ANED). The Technical Assistance will support:

- The DISCOs: a) in monitoring the line of credit as well as the results and impact of the financed investments; b) in conducting relevant communication and visibility activities;

- The local banks with targeted capacity-building activities, studies and conferences to strengthen their knowledge of the electricity distribution industry;
- ANED and its members, made up of distribution companies, in setting up a business plan and in building their capacity in various priority areas such as quality of supply, safety and network master planning.



| | |
|--------------------|----------------------|
| Region | East Africa: Kenya |
| Sector | Energy |
| Scope | IG |
| Grant amount | EUR 30 million |
| Total project cost | EUR 180 million |
| PFG lead financier | AFD (EUR 90 million) |
| PFG co-financier | EIB (EUR 60 million) |

Rural electrification Kenya (Kenya Last Mile)

Although 60% of the Kenyan population live close to a medium voltage power line, a much lower rate has access to electricity in rural areas. In fact, only 1 in 10 people can afford to pay the connection fees.

This is why the reduction of connection fees is one important element of the Government of Kenya’s “Last Mile Connectivity Programme” announced in May 2015. The programme aims to secure universal access to electricity notably by connecting every household and customer within 600 metres of the distribution transformers to the national grid by 2020, i.e. a total of 5 million new customers. The planned mass connections would allow significant economies of scale and lower connection costs. In order to achieve this ambitious target, international donors have been asked to support the Last Mile Connectivity Programme.

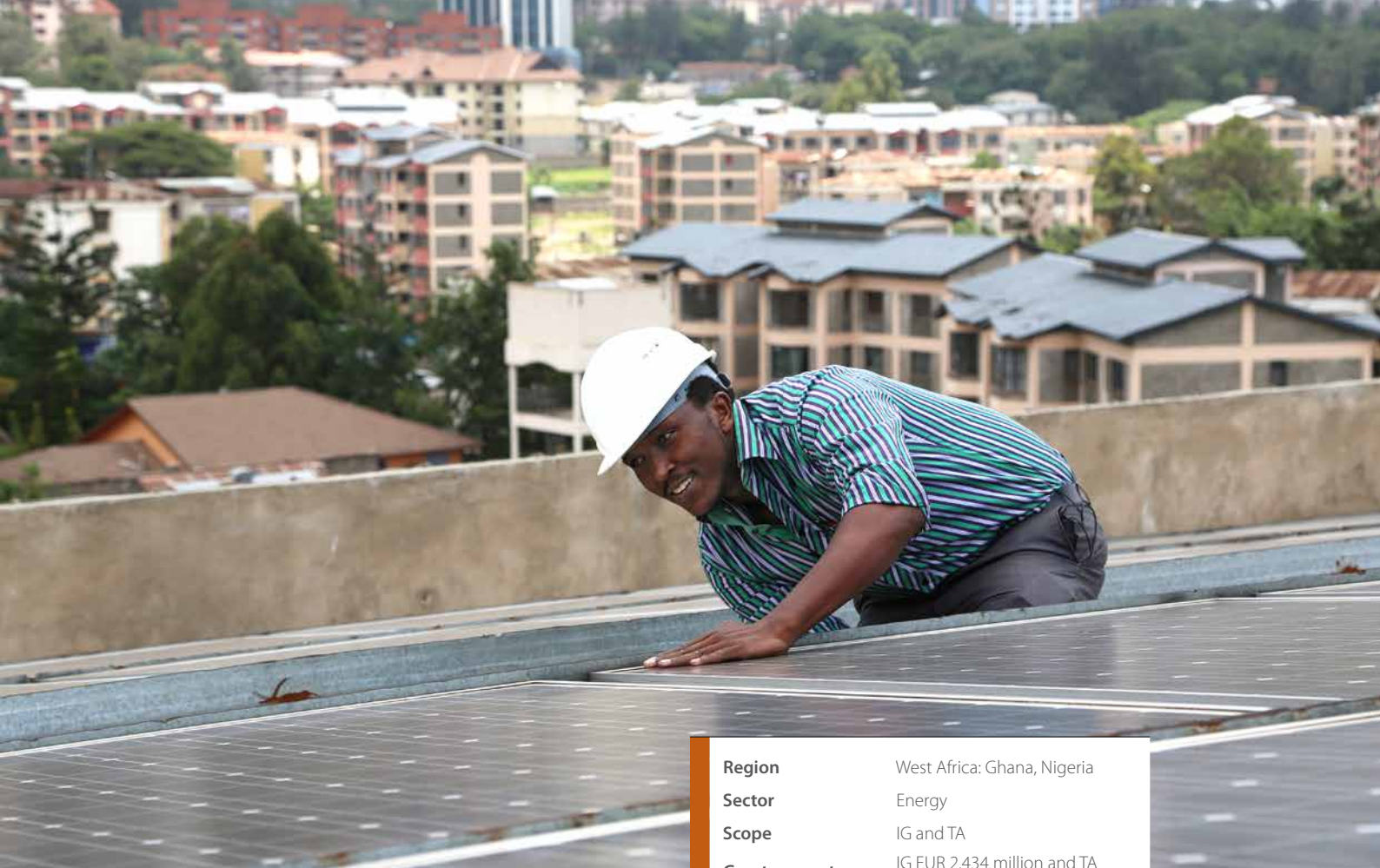
The Project

The project contributes to the Last Mile Connectivity Programme’s goal of increasing the number of electricity connections in rural areas of Kenya. It is spread out over 32 counties and aims to connect around 300 000 households.

This new strategy of large-scale electrification with a lower connection fee will improve people’s standards of living, education, communication and access to information and will also contribute to reducing the inequalities between rural and urban or peri-urban areas that are still persistent in Kenya. Moreover, the project will help to curb the use of other more polluting fuels such as thermal power kerosene and wood fuel. In fact, 72% of electricity from the national grid comes from renewable energy sources such as hydropower or geothermal.

The IG

The EU-AITF Investment Grant of EUR 30 million will fund the investment component of the project and reduce the Government of Kenya’s debt burden by subsidising part of the connections. This will maximise the number of people that can be connected to the grid.



| | |
|---------------------------|---|
| Region | West Africa: Ghana, Nigeria |
| Sector | Energy |
| Scope | IG and TA |
| Grant amounts | IG EUR 2.434 million and TA EUR 6 million |
| Total project cost | EUR 156 million |
| PFG lead financier | AFD |

SUNREF West Africa Phase II

In West Africa, population growth and urbanisation have led to an increase in electricity demand that countries are struggling to meet. For example, in Nigeria, the power infrastructure is obsolete and the generation capacity on the grid is insufficient to meet demand that is at least twice as high.

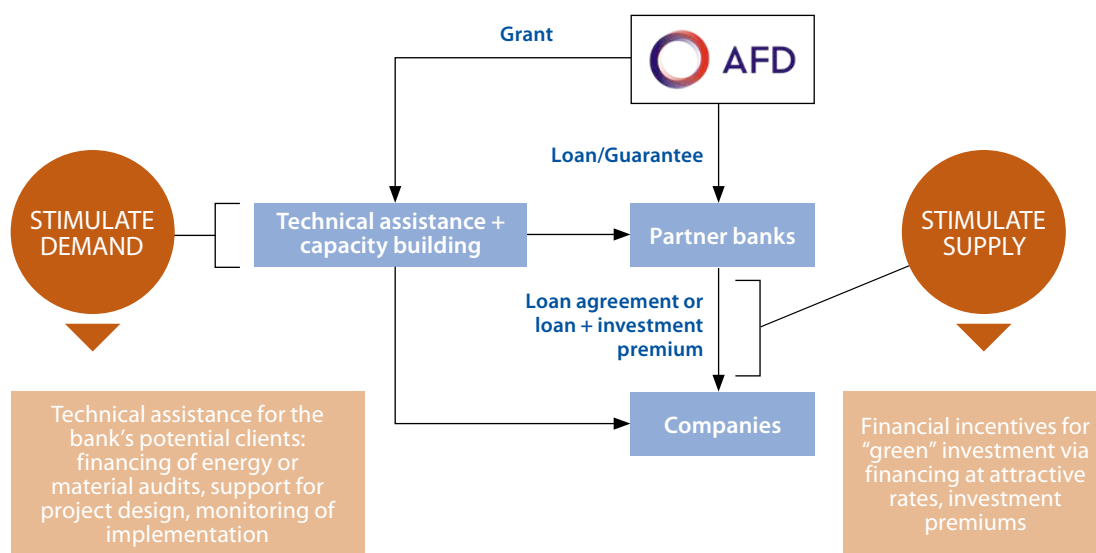
Likewise, and even though Ghana's electrification rate is among the highest in sub-Saharan countries at 60.5%, the country is currently experiencing an energy crisis with an average annual shortfall in capacity of between 200-250 MW. The shutdown of two thermal power plants, the low water levels in the hydroelectric dams and the reduction of supply of natural gas from Nigeria have put additional pressure on Ghana to diversify its energy supply.

In order to ensure that energy supply is sustainable, investments in renewable energy and energy efficiency are important elements in both Nigeria's and Ghana's energy strategies. For example, Ghana is a pioneer in energy efficiency in West Africa and has been using standards and labelling for lamps, fridges and air conditioning since 2005. On the other hand, demand for renewable energy technologies in the country is low and prices are high.

The biggest obstacle to renewable energy and energy efficiency investments in Nigeria and Ghana is access to finance for SMEs. Since the sector is still perceived as risky, local banks often offer interest rates of more than 25% and only short loan tenors (2 to 3 years). As a consequence, energy efficiency and renewable energy projects that require longer loan maturities are rarely financed by commercial banks.

The Project

In this context, SUNREF (Sustainable Use of Natural Resources and Energy Finance) West Africa II is a tailor-made programme aimed at financing small and medium-sized green investments in Ghana and Nigeria through local banks. This financing scheme works as a credit facility whereby AFD lends at concessional rates to local partner finance institutions which then on-lend on equally favourable terms to companies, SMEs or even individuals. In order to be eligible, the financed energy efficiency investments will need to lead to a reduction in energy consumption of at least 20% and a cut in CO₂ emissions. Renewable energy investments can include biomass, small hydro power plants, photovoltaic, solar thermal systems or wind farms and can be either grid-connected or off-grid.



The SUNREF credit facility was originally set up to finance investments in approximately 80 different beneficiary companies totalling EUR 118 million and to create a demonstration effect in the market. The financed investments are expected to increase renewable energy capacity by 35 MW, generate energy savings of 150 GWh per year and reach a total of 850,000 beneficiaries.

Unfortunately, project implementation has been delayed following economic turmoil in both Nigeria and Ghana, affecting the local banking sectors. Achievement of expected results is therefore conditioned by a swift economic recovery.

The TA & the IG

The EUR 6 million Technical Assistance grant provided by the EU-AITF is an important element of the SUNREF programme in Nigeria and Ghana. On the one hand, it aims to support project developers, local service providers and partner banks in the origination of viable and bankable projects and at critical stages of project

development. On the other, it is expected to strengthen the local banks' capacity to identify, appraise and finance energy efficiency and renewable energy investments, resulting in more realistic risk assessment of these types of projects and increasing their appetite to provide these types of loans.

In addition to the TA, the EU-AITF is expected to provide a EUR 2.34 million Investment Grant, to be used for the part of the programme's investment grant scheme that will be implemented in Ghana. This scheme aims to provide additional incentives of approximately 10% of the total project cost to developers of renewable energy and energy efficiency projects by reducing the cost of their loan repayment. This should strengthen their competitiveness and promote an investment culture that is friendly towards this emerging sector.

More information about SUNREF: www.sunref.org



| | |
|--------------------|----------------------------------|
| Region | Southern Africa and Indian Ocean |
| Sector | Energy |
| Scope | TA |
| Grant amount | EUR 4 million |
| Total project cost | EUR 6.4 million |
| PFM lead financier | AFD |

Support for the development of a low carbon PPP for the generation of electricity in Mozambique

Mozambique’s energy sector is facing major challenges. Demand for electricity has risen by over 9% per annum for the last five years and is expected to continue to increase rapidly in the future. On the other hand, access to electricity is low (only 25.2% of the population is connected to the national grid) and mainly focused on urban areas. Large areas in the centre and north of the country are poorly served and are in dire need of energy to support their economic and social development.

In line with the National Strategy for Renewable Energy 2011-2030, Electricidade de Mozambique (EDM), the parastatal power utility with the sole responsibility to generate, transmit, distribute and sell electricity throughout Mozambique to more than 1.3 million consumers, was challenged to develop a sustainable energy strategy for the country that would be able to meet the target of reducing CO₂ emissions by 76.5 mega tonnes from 2020 to 2030 and to satisfy Mozambique’s fast growing energy demand.

In the context of very limited access to sovereign funding, due to the sharp deterioration of the macro-economic situation of the country, as well as EDM’s financially constrained condition, it is therefore vital to involve the private sector in the endeavour to invest in the country’s energy supply.

The Project

The overall purpose of the project is to develop an institutional and operational framework that facilitates cooperation between the Government of Mozambique and the private sector through public-private partnerships (PPPs), to promote investments in renewable energies. Several potential renewable energy projects have already been

identified and could increase Mozambique’s capacity from low-carbon energy sources. In addition, an increase in the country’s renewable energy supply will create economic opportunities, mainly in rural areas, will contribute to diversifying the national electricity mix, and will help to reduce vulnerability to climate change. In order for these benefits to materialise and the projects to happen, the development of an enabling environment for PPPs will play a major role.

The TA

The Technical Assistance from EU-AITF will be used to support EDM in their capacity to develop PPPs and work together with private partners in this scheme. In particular, the grant will help to:

- Identify and launch feasibility studies for the implementation of solar and wind farm projects in Mozambique.
- Structure new financing schemes allowing EDM to attract private investors to developing renewable energy projects at lowest cost. This could include, among others, setting up special purpose vehicles to attract competitive funds, ultimately a key determinant of the final price of electricity for the consumer and of the financial sustainability of the future project, or creating a guarantee mechanism covering the off-take risk.
- Establish the necessary legal framework and procurement process to facilitate the development of PPPs. An analysis of the existing legal and regulatory framework has shown that it currently results in increased costs for renewable energy projects.
- Strengthen EDM’s overall project management skills.

The programme will be implemented in close coordination with other lenders interested in financing renewable energy projects in Mozambique.



Small Hydro Power Plants Package

Access to electricity in Uganda is low, with only 14% of the Ugandan population having that possibility. In rural areas the percentage is even less than 7%, making it one of the lowest rates in Africa.

In this context, Uganda's Vision 2040 and the National Development Plan (NDP) identify the energy sector as one of the key priority sectors and drivers of the socio-economic transformation of the country's rapidly growing population. As part of its energy strategy, the Government of Uganda recognises the importance of small hydro power plants and is focused on scaling-up investments in this technology. Unlike large dams, whose reservoirs can potentially emit greenhouse gases due to the rotting of organic matter, small hydro power plants can be implemented with minimal environmental and social impacts on the communities and are suitable as both grid and off-grid solutions in rural areas.

The Project

The investment project will consist of the construction of three small hydro power plants in the remote West Nile region of Uganda and the rehabilitation of a plant in the South West. These sites should be off-grid, but could also be connected to the grid later, depending on the result of the studies. The design of the plants should promote robust, easy to operate and maintainable infrastructure over time, especially adapted to remote areas.

| | |
|--------------------|---------------------|
| Region | East Africa: Uganda |
| Sector | Energy |
| Scope | TA |
| Grant amount | EUR 1.5 million |
| Total project cost | EUR 59.5 million |
| PFG lead financier | AFD |

The four small hydro power plants are expected to generate 13.7 MW of additional capacity from renewable energy sources and will provide access to clean electricity to approximately 135,000 people, most of which are from poor households. This would not only bring major social benefits and contribute to the sustainable development of these areas, but will also mitigate greenhouse gas emissions and reduce harmful air pollutants in the households. Moreover, the project will help to improve the isolated power grid in the North West of Uganda and enhance local energy security by making the remote regions less dependent on large power plants.

The TA

The EU-AITF technical assistance grant will be used to finance the feasibility studies for the three small hydro power plants to confirm the generation potential, as well as the design and the technical, economic and financial analysis. The grant will also finance the Environmental and Social Impact Assessment (ESIA) for each site and the update of the feasibility study and ESIA for the rehabilitation of the Maziba small hydro power plant.

| | |
|--------------------|----------------------|
| Region | Central Africa: Chad |
| Sector | Energy |
| Scope | FI |
| Grant amount | EUR 6.35 million |
| Total project cost | EUR 60.37 million |
| PFG lead financier | PIDG |



Djermaya Solar

Only 1 in 20 people in Chad have access to electricity. The country's 150 MW installed power generation capacity is poorly maintained and to a large extent reliant upon Heavy Fuel Oil (HFO) – a power source with particularly high generation costs, requiring significant subsidies from the government to keep end user tariffs affordable. In addition, the frequent power failures and unreliable network have been a large obstacle to Chad's economic growth.

On the positive side, sunshine in Chad is abundant and the potential is huge to exploit this clean energy source.

The Project

The aim of the project is to construct a solar photovoltaic (PV) plant in Djermaya, 30 km north of Chad's capital, N'Djamena. The pioneering project will be the first large-scale renewable energy project in Chad and the first power plant to be privately owned, financed and managed. It will be implemented under a 22-year Power Purchase Agreement (PPA) with Chad's National Utility Company, generating significant savings for the country. In fact, once operational, the cost of the electricity produced by the solar plant will be less than half the present cost of power in Chad.

Under the first phase of the project, the first 30 MW of renewable power, out of a total planned capacity of 60 MW, is expected to be integrated into the national

electricity grid by 2018. This will supply nearly 30,000 additional people with electricity. The project will play a key role in delivering on the government's National Development Goals of liberalising the energy sector, mobilising private investment and promoting the development of renewable energy. This will reduce dependence on fossil fuels in a country that is heavily affected by climate change, including severe flooding and droughts.

The FI

For the project to be successful, a transmission line and a substation need to be constructed and various electrical works carried out to integrate the solar power generated by the plant into the national grid. Chad's utility company, however, lacks the necessary funding for these investments. The EU-AITF will fill this financing gap and provide a EUR 6.35 million Financial Instrument to finance the above-mentioned components. The structure of the EU-AITF contribution is innovative – a 0% interest loan which is repayable under certain conditions – taking into account the private nature of the project.

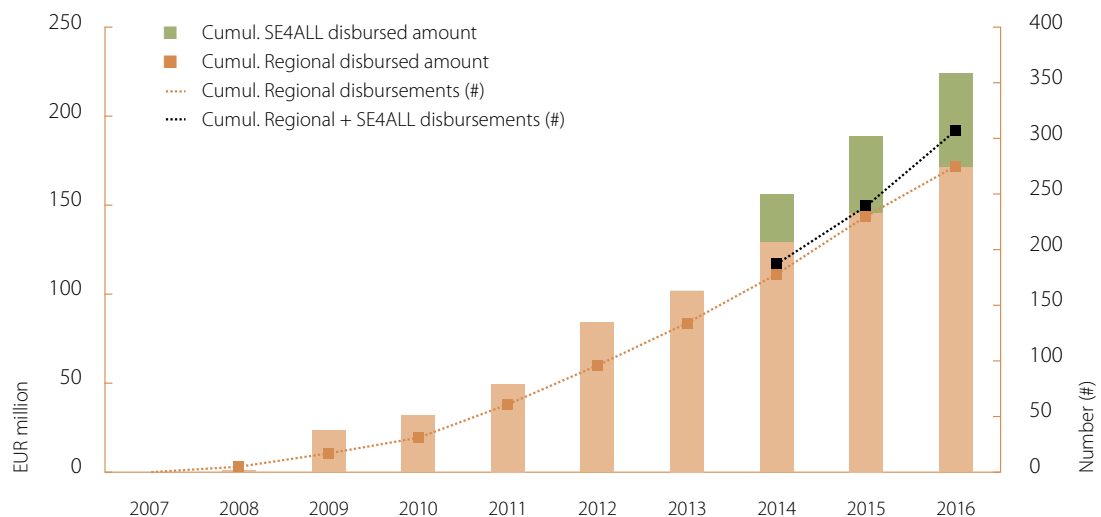
The EU-AITF contribution is vital since it enables investments in Chad's power infrastructure which are expected to have a significant spill-over effect: besides connecting the solar power plant to the grid, the investments will also open up opportunities for the utility to promote developments around the project site, for example the construction of a slaughter house in the nearby industrial zone which will support cattle farming, one of the region's main economic activities.



Total disbursements 2007 – 2016

The EU-AITF disbursed EUR 35.3 million to financiers in 2016. While the bulk of this amount (72%) was dedicated to cross-border projects under the Regional Envelope, the share of disbursed amounts under the SE4ALL Envelope (28%) was lower than in previous years. The 59 disbursements in 2016 also included 13 grants that were disbursed for the first time. The overall trend continues to be positive and is indicative of the increasing maturity and advancement of the projects. Total cumulative disbursements since 2007 have now reached EUR 223.9 million, with the SE4ALL Envelope accounting for 24% of the total.

Cumulative disbursements 2007-2016 in amount and number

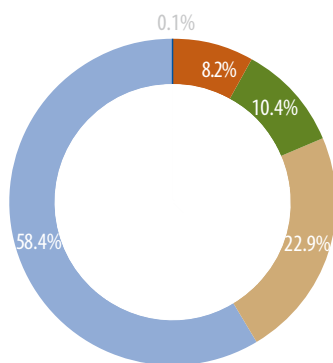


| Year | Disbursements per year (TOTAL all envelopes, in EUR) | Of which SE4ALL (in EUR) | Disbursements per year (numbers) |
|--------------|---|-----------------------------|-------------------------------------|
| 2007 | 0 | | 0 |
| 2008 | 1 082 294 | | 5 |
| 2009 | 22 396 008 | | 12 |
| 2010 | 8 391 867 | | 14 |
| 2011 | 17 535 692 | | 30 |
| 2012 | 34 538 817 | | 35 |
| 2013 | 17 824 899 | | 38 |
| 2014 | 54 454 376 | 27 259 000 | 53 |
| 2015 | 32 347 404 | 15 748 000 | 61 |
| 2016 | 35 364 600 | 9 907 850 | 59 |
| TOTAL | 223 935 957 | 52 914 850 | 307 |

58.4% of all funds disbursed to financiers by the end of 2016 benefited projects in the energy sector. Transport is the second most significant sector, with 22.9% of the total cumulative disbursements. This distribution is in line with the sectoral breakdown of EU-AITF grant approvals, where the energy and transport sectors account for the largest share of all grants approved since creation of the Fund.

EU-AITF disbursements by sector

(cumulative, as % of amount)



- Multisector
- ICT
- Water
- Transport
- Energy

Cumulative disbursements by sector

| Sector | Disbursement by sector: cumulative in EUR | Percentage per sector |
|------------------------|--|-----------------------|
| Energy | 130 796 470 | 58.4 |
| of which SE4ALL | 52 914 850 | 23.6 |
| Transport | 51 276 547 | 22.9 |
| Water | 23 295 240 | 10.4 |
| ICT | 18 263 737 | 8.2 |
| Multisector | 303 963 | 0.1 |
| TOTAL | 223 935 957 | 100 |

Looking forward

Both the amount and number of grants included in the EU-AITF pipeline as at end-2016 have more or less halved, compared to the previous year. The pipeline now includes 23 operations, of which 11 are at an advanced stage of planning, for a total amount of EUR 258.1 million. 74% of this amount can be attributed to the SE4ALL Envelope. In terms of geographic breakdown, East Africa remains the region most in demand, with 48.4% of the amount in the pipeline (EUR 124.9 million) against 39.1% in 2015.

The significant reduction of the pipeline and its increasing focus on SE4ALL projects is in line with the approaching depletion of the Fund's remaining resources in general, and of those in the Regional Envelope in particular.

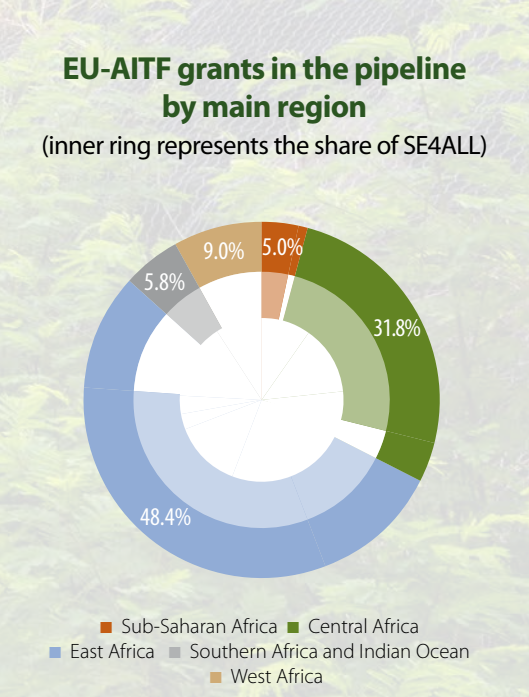
| Main region | Total (in EUR) | of which SE4ALL (in EUR) |
|-------------------------------------|--------------------|--------------------------------|
| East Africa | 124 900 000 | 93 400 000 |
| West Africa | 23 200 000 | - |
| Central Africa | 82 000 000 | 72 000 000 |
| Sub-Saharan Africa | 13 000 000 | 11 500 000 |
| Southern Africa and Indian Ocean | 15 000 000 | 15 000 000 |
| TOTAL | 258 100 000 | 191 900 000 |



The EU-AITF pipeline amounts to

| | |
|-------------|------------|
| EUR million | 258 |
|-------------|------------|

It should be noted, however, that some amounts previously allocated to grants may be de-committed and returned to the EU-AITF's resources as part of the normal course of an operation. These returns typically stem from operations that have been fully or partially cancelled, or from savings occurring during an operation's implementation. To date, de-committed and returned funds have represented an amount of almost EUR 70 million and have subsequently been reallocated to new operations. Looking ahead, as more and more operations are expected to reach completion in the years to come, such de-commitments will continue and it will therefore be one of the EU-AITF's priorities to look at ways to best manage these funds.





Closing remarks by the Chair of the Executive Committee

In operation since 2007, the EU-AITF started the process of more efficient utilisation of EU grant resources by combining the EU Commission grants, as well as further funding from the Member States, with additional resources mobilised from the financing institutions. This process was subsequently expanded to other regions through the creation of the EU blending facilities. In Africa it has taken the form of the Africa Investment Facility (AIF), extending the cover to other sectors beyond infrastructure, notably the private sector, agriculture, renewable energy production and electricity transportation.

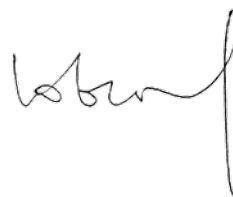
This approach has now been further enhanced by the adoption of an ambitious External Investment Plan, which combines financing – in the form of a new guarantee instrument and Regional Investment Platforms – with Technical Assistance and the promotion of an improved investment climate through policy dialogue and cooperation, to support partner countries in attaining the SDGs and to address the root causes of irregular migration.

In parallel, innovative types of EU support are being applied, such as funding guarantees or reimbursable aid in the case of positive returns. The validity of the new approach is testified by the adoption this year of the solar PV plant project in Chad, a 0% interest loan repayable under certain conditions, which will enable the mobilisation of private investment in order to increase power production from renewable energy in Chad and supply energy to an additional 30,000 people.

In 2016, the EU-AITF saw a year of increased focus on allocating its remaining resources and balancing approvals across the whole region of sub-Saharan Africa. The emphasis of this year's grant support on SE4ALL projects brings us another step closer to achieving the SE4ALL objectives of ensuring universal access to sustainable energy, doubling the global rate of energy efficiency improvement and doubling the global share of renewable energy by 2030. But it also helps us to move forward on the targets set at COP21 in 2015 and further elaborated at COP22 in 2016 to limit global warming and strengthen climate action. In fact, the EU-AITF grants approved in 2016 will, among other things, support projects that promote investments in small and medium-scale energy efficiency and renewable energy projects, contribute to an enabling environment for the financing of low-carbon energy sources, strengthen countries' renewable energy power generation capacity and help reduce CO₂ emissions. They are expected to leverage investments of EUR 490.7 million.

The EU's unrelenting fight against climate change and its persistent efforts to boost climate-related investments is also echoed in the Africa Renewable Energy Initiative (AREI), which started its work in 2016. This Africa-owned initiative under the mandate of the African Union aims to harness the continent's huge renewable energy potential and achieve 10 GW of new and additional renewable energy generation capacity by 2020.

This Annual Report summarises the last ten years of operations, showing that the EU-AITF has made a significant impact and helped to shape new ways of EU development cooperation. With almost full commitment of resources, the 2017 agenda of the EU-AITF will concentrate on increased efforts to monitor operations and accelerate disbursements. I am happy to report that Africa Investor presented the EU-AITF with the 2017 award for Project Preparation Facility of the Year. It is a particularly rewarding acknowledgement by our African partners, who are most directly concerned, of the excellent value added the EU brings to Africa's development. New initiatives such as the External Investment Plan will soon be operational and provide new and innovative tools and approaches to applying blended finance effectively for advancing Africa's sustainable development.



Roberto Ridolfi,
Chair of the Executive Committee



Annexes



List of approved grant operations

(as at December 2016)

| Project name | Main region | Envelope | Sector | Grant type | PFG lead financier | Net grant amount | Approval date | Grant status |
|--|----------------------------------|----------|-------------|------------|--------------------|------------------|---------------|--------------|
| EASSy | East Africa | Regional | ICT | TA | EIB | 2 600 000 | 05/07/2007 | Completed |
| Felou Hydropower plant | West Africa | Regional | Energy | IRS | EIB | 9 335 000 | 10/07/2007 | Ongoing |
| Ethiopia-Kenya Interconnector (EAPP) | East Africa | Regional | Energy | TA | KFW | 337 415 | 10/07/2007 | Completed |
| CLSG Interconnection Project | West Africa | Regional | Energy | TA | EIB | 2 951 980 | 16/10/2007 | Completed |
| Caprivi Interconnector | Southern Africa and Indian Ocean | Regional | Energy | IRS | EIB | 14 940 290 | 22/01/2008 | Completed |
| Ruzizi III PPP- Regional hydropower | East Africa | Regional | Energy | TA | EIB | 3 739 897 | 29/05/2008 | Completed |
| Beira Corridor | Southern Africa and Indian Ocean | Regional | Transport | IRS | EIB | 10 181 353 | 18/12/2008 | Completed |
| WAPP - Coastal Backbone Transmission Line | West Africa | Regional | Energy | TA | EIB | 1 750 000 | 27/03/2009 | Ongoing |
| Update of the WAPP Masterplan | West Africa | Regional | Energy | TA | EIB | 1 306 624 | 22/10/2009 | Completed |
| Port de Pointe Noire (PAPN) | Central Africa | Regional | Transport | IRS | AFD | 5 592 803 | 10/11/2009 | Completed |
| ECOWAS Electricity Regulation (ERERA) | West Africa | Regional | Energy | TA | AFD | 1 700 000 | 10/11/2009 | Completed |
| Benin - Togo Power Rehabilitation | West Africa | Regional | Energy | IRS | EIB | 12 250 000 | 10/11/2009 | Ongoing |
| Port de Pointe Noire (PAPN) | Central Africa | Regional | Transport | TA | AFD | 2 000 000 | 14/12/2009 | Ongoing |
| Mozambique Backbone Transmission System (STE) | Southern Africa and Indian Ocean | Regional | Energy | TA | EIB | 699 341 | 14/12/2009 | Completed |
| Expansion of Port of Walvis Bay | Southern Africa and Indian Ocean | Regional | Transport | TA | KFW | 280 612 | 14/12/2009 | Completed |
| Jomo Kenyatta International Airport Extension (JKIA) | East Africa | Regional | Transport | TA | EIB | 5 000 000 | 14/12/2009 | Ongoing |
| Sambangalou Hydro Power Plant | West Africa | Regional | Energy | TA | AFD | 290 415 | 14/12/2009 | Completed |
| Kibuye-Goma-Birembo Interconnector | East Africa | Regional | Energy | TA | KFW | 761 258 | 15/04/2010 | Completed |
| Mount Coffee Hydropower Plant | West Africa | Regional | Energy | TA | EIB | 1 140 528 | 15/04/2010 | Completed |
| Rehabilitation of the Great East Road | East Africa | Regional | Transport | IRS | EIB | 24 500 000 | 29/06/2010 | Ongoing |
| Rehabilitation of the Great East Road | East Africa | Regional | Transport | TA | EIB | 1 500 000 | 29/06/2010 | Ongoing |
| Environmental Credit Lines for Kenya, Uganda and Tanzania - Engaging Banks in Energy Transition Projects. | East Africa | Regional | Energy | TA | AFD | 2 000 000 | 29/06/2010 | Ongoing |
| LV WATSAN - Kampala Water | East Africa | Regional | Water | IRS | KFW | 14 000 000 | 29/06/2010 | Ongoing |
| LV WATSAN - Kampala Water | East Africa | Regional | Water | TA | KFW | 8 000 000 | 29/06/2010 | Ongoing |
| AXIS - The African Internet Exchange System | Sub-Saharan Africa | Regional | ICT | TA | Lux-Dev. | 5 100 000 | 19/08/2010 | Ongoing |
| Satellite-enhanced Telemedicine and e-Health for Sub-Saharan Africa (eHSA) | Sub-Saharan Africa | Regional | ICT | TA | Lux-Dev. | 4 000 000 | 23/08/2010 | Completed |
| Capacity building for BOAD (focused on climate change, environmental and social issues in project financing) | West Africa | Regional | Multisector | TA | EIB | 900 000 | 23/08/2010 | Ongoing |

| Project name | Main region | Envelope | Sector | Grant type | PFG lead financier | Net grant amount | Approval date | Grant status |
|---|----------------------------------|----------|-------------|------------|--------------------|------------------|---------------|--------------|
| Access to Douala | Central Africa | Regional | Transport | IRS | AFD | 5 700 000 | 16/09/2010 | Ongoing |
| Rehabilitation of the Great East Road | East Africa | Regional | Transport | IRS | AFD | 13 700 000 | 09/11/2010 | Ongoing |
| Namibian Transport Master Plan | Southern Africa and Indian Ocean | Regional | Transport | TA | EIB | 494 901 | 09/11/2010 | Completed |
| Tanzania Backbone Interconnector | East Africa | Regional | Energy | IRS | EIB | 13 700 000 | 14/12/2010 | Ongoing |
| Seychelles Submarine Cable Project | East Africa | Regional | ICT | DG | EIB | 3 915 984 | 14/12/2010 | Completed |
| Feasibility study for the Western part of Umojanet | West Africa | Regional | ICT | TA | AFD | 1 104 962 | 14/12/2010 | Completed |
| Mauritania Submarine Cable | West Africa | Regional | ICT | IRS | EIB | 1 626 791 | 04/02/2011 | Completed |
| CLSG Interconnection Project | West Africa | Regional | Energy | TA | EIB | 1 500 000 | 23/03/2011 | Completed |
| Transboundary Water Supply Calueque (Angola) - Oshakati (Namibia) | Southern Africa and Indian Ocean | Regional | Water | TA | KFW | 2 400 000 | 25/05/2011 | Ongoing |
| Kazungula Bridge and Border Project (KBBP) | Southern Africa and Indian Ocean | Regional | Transport | TA | AfDB | 1 000 000 | 05/07/2011 | Ongoing |
| Maputo International Airport | Southern Africa and Indian Ocean | Regional | Transport | TA | AFD | 1 600 000 | 05/07/2011 | Ongoing |
| WAPP Power Interconnection in West Africa (Ghana-Burkina Faso-Mali) | West Africa | Regional | Energy | TA | AFD | 1 200 000 | 05/07/2011 | Ongoing |
| Development and implementation of a Social and Environmental Management System (SEMS) at BOAD | West Africa | Regional | Multisector | TA | AfDB | 400 000 | 19/08/2011 | Ongoing |
| Geothermal Risk Mitigation Facility for East Africa (GRMF) | East Africa | Regional | Energy | DG | KFW | 30 000 000 | 20/10/2011 | Ongoing |
| Interconnection Bolgatanga-Ouagadougou | West Africa | Regional | Energy | IRS | AFD | 2 800 000 | 20/10/2011 | Ongoing |
| Interconnection Bolgatanga-Ouagadougou | West Africa | Regional | Energy | IRS | EIB | 6 700 000 | 20/10/2011 | Ongoing |
| Interconnection Bolgatanga-Ouagadougou | West Africa | Regional | Energy | TA | AFD | 4 800 000 | 20/10/2011 | Ongoing |
| Transmission Line Kafue-Livingstone | East Africa | Regional | Energy | IRS | EIB | 5 200 000 | 15/12/2011 | Ongoing |
| Transmission Line Kafue-Livingstone | East Africa | Regional | Energy | TA | EIB | 418 333 | 15/12/2011 | Ongoing |
| East Africa Transport Corridor | East Africa | Regional | Transport | IRS | EIB | 16 600 000 | 15/12/2011 | Ongoing |
| Itezhi Tezhi Hydropower | East Africa | Regional | Energy | IRS | EIB | 17 100 000 | 12/03/2012 | Ongoing |
| Itezhi Tezhi Hydropower | East Africa | Regional | Energy | TA | EIB | 736 667 | 12/03/2012 | Ongoing |
| Mauritius Container Terminal Extension | East Africa | Regional | Transport | DG | AFD | 3 000 000 | 19/04/2012 | Ongoing |
| Togo-Burkina Faso Road Corridor: Lomé-Ouaga Road and Transport Facilitation Project | West Africa | Regional | Transport | TA | AfDB | 2 340 000 | 19/04/2012 | Ongoing |
| Masaka-Mbarara 220 kV Transmission Line | East Africa | Regional | Energy | TA | AFD | 800 000 | 19/04/2012 | Ongoing |

| Project name | Main region | Envelope | Sector | Grant type | PFG lead financier | Net grant amount | Approval date | Grant status |
|---|----------------------------------|----------|-----------|------------|--------------------|------------------|---------------|--------------|
| ASECNA | Sub-Saharan Africa | Regional | Transport | TA | EIB | 2 000 000 | 29/06/2012 | Ongoing |
| Africa Energy Guarantee Facility (AEGF) | Sub-Saharan Africa | Regional | Energy | TA | EIB | 1 000 000 | 29/06/2012 | Ongoing |
| CLSG Interconnection Project | West Africa | Regional | Energy | DG | AfDB | 10 000 000 | 19/09/2012 | Ongoing |
| CLSG Interconnection Project | West Africa | Regional | Energy | IRS | EIB | 12 500 000 | 19/09/2012 | Ongoing |
| Rehabilitation of Ruzizi I and II | Central Africa | Regional | Energy | TA | KFW | 3 000 000 | 02/10/2012 | Ongoing |
| LV WATSAN - Mwanza Water | East Africa | Regional | Water | IRS | EIB | 10 700 000 | 07/11/2012 | Ongoing |
| LV WATSAN - Mwanza Water | East Africa | Regional | Water | TA | EIB | 5 500 000 | 07/11/2012 | Ongoing |
| LV WATSAN - Mwanza Water | East Africa | Regional | Water | TA | AFD | 1 500 000 | 07/11/2012 | Ongoing |
| Bumbuna Phase II Hydro-electric Project - Sierra Leone | West Africa | Regional | Energy | TA | PIDG | 2 500 000 | 07/11/2012 | Ongoing |
| Kazungula Bridge and Border Project (KBBP) | Southern Africa and Indian Ocean | Regional | Transport | TA | AfDB | 2 000 000 | 13/12/2012 | Ongoing |
| Environmental Credit Lines for Kenya, Uganda and Tanzania - Engaging Banks in Energy Transition Projects. | East Africa | Regional | Energy | TA | AFD | 2 100 000 | 27/06/2013 | Ongoing |
| GET FIT East Africa Programme - Uganda Roll-Out Phase 1 | East Africa | SE4ALL | Energy | IG | KFW | 20 000 000 | 24/10/2013 | Ongoing |
| Financing EE and RE investments of private companies in West Africa | West Africa | SE4ALL | Energy | IG | AFD | 4 500 000 | 24/10/2013 | Ongoing |
| Financing EE and RE investments of private companies in West Africa | West Africa | SE4ALL | Energy | TA | AFD | 1 500 000 | 24/10/2013 | Ongoing |
| Lake Turkana Wind Power | East Africa | SE4ALL | Energy | FI | EIB | 25 000 000 | 24/10/2013 | Completed |
| Extension of NIGELEC Networks | West Africa | SE4ALL | Energy | IG | AFD | 11 000 000 | 24/10/2013 | Ongoing |
| Regional Rusumo Falls Hydropower Project | East Africa | Regional | Energy | IG | AfDB | 12 750 000 | 11/11/2013 | Ongoing |
| Regional Rusumo Falls Hydropower Project | East Africa | Regional | Energy | TA | AfDB | 250 000 | 11/11/2013 | Ongoing |
| Congo-Gabon: Brazzaville-Libreville Road Transport Facilitation Project | Central Africa | Regional | Transport | TA | AfDB | 3 402 100 | 06/12/2013 | Ongoing |
| Lake Victoria Regional Transport Project | East Africa | Regional | Transport | TA | PIDG | 600 000 | 12/12/2013 | Ongoing |
| Green Energy Finance for Indian Ocean Region (GEFIOR) | East Africa | SE4ALL | Energy | TA | AFD | 1 700 000 | 12/12/2013 | Ongoing |
| Access to Electricity in the Atlantique Province in Benin | West Africa | SE4ALL | Energy | IG | AFD | 20 000 000 | 12/12/2013 | Ongoing |
| Liberia Energy Access (LEAP) | West Africa | SE4ALL | Energy | IG | AfDB | 10 000 000 | 12/12/2013 | Ongoing |
| Clean Cooking Programme for Africa (GLPGP) | Sub-Saharan Africa | SE4ALL | Energy | TA | KFW | 1 700 000 | 12/12/2013 | Ongoing |
| Support for Geothermal Development in Tendaho (Ethiopia) | East Africa | SE4ALL | Energy | IG | AFD | 3 000 000 | 28/03/2014 | Ongoing |
| Support for Geothermal Development in Tendaho (Ethiopia) | East Africa | SE4ALL | Energy | TA | AFD | 4 500 000 | 28/03/2014 | Ongoing |

| Project name | Main region | Envelope | Sector | Grant type | PFG lead financier | Net grant amount | Approval date | Grant status |
|---|----------------------------------|----------|-----------|------------|--------------------|------------------|---------------|--------------|
| Namibia Biomass and Solar Power | Southern Africa and Indian Ocean | SE4ALL | Energy | TA | EIB | 2 300 000 | 28/03/2014 | Ongoing |
| Mbale-Bulambuli Transmission Line | East Africa | SE4ALL | Energy | TA | KFW | 500 000 | 12/05/2014 | Ongoing |
| LV WATSAN - Kisumu Water | East Africa | Regional | Water | TA | AFD | 5 000 000 | 03/07/2014 | Ongoing |
| Renewable Energy Performance Platform (REPP) | Sub-Saharan Africa | SE4ALL | Energy | FI | EIB | 15 000 000 | 03/07/2014 | Ongoing |
| Restructuring of Cargo Handling Corporation Ltd. (CHCL) (Mauritius) | East Africa | Regional | Transport | TA | AFD | 1 200 000 | 10/09/2014 | Ongoing |
| Uganda Rural Electrification Project | East Africa | SE4ALL | Energy | IG | AFD | 7 100 000 | 19/11/2014 | Ongoing |
| Uganda Rural Electrification Project | East Africa | SE4ALL | Energy | TA | AFD | 1 200 000 | 19/11/2014 | Ongoing |
| Regional Mombasa Port Road Access Project | East Africa | Regional | Transport | IG | KFW | 20 000 000 | 19/11/2014 | Ongoing |
| Interconnection of the Electric Grids of Nile Equatorial Lakes Countries (NELSAP) | East Africa | Regional | Energy | TA | AfDB | 2 000 000 | 18/03/2015 | Ongoing |
| Rural Roads Infrastructure Development (2RID) | West Africa | Regional | Transport | TA | CDP | 4 579 050 | 30/06/2015 | Ongoing |
| Electrification of North-Western Tanzania | East Africa | SE4ALL | Energy | IG | KFW | 7 600 000 | 30/06/2015 | Ongoing |
| Ports development project in Comoros | East Africa | Regional | Transport | TA | EIB | 5 130 000 | 30/06/2015 | Ongoing |
| Kagitumba-Kayonza-Rusumo Road Rehabilitation Project. | East Africa | Regional | Transport | IG | AfDB | 20 000 000 | 30/06/2015 | Ongoing |
| Uganda Rural Electricity Access project | East Africa | SE4ALL | Energy | IG | AfDB | 10 740 000 | 30/06/2015 | Ongoing |
| Uganda Rural Electricity Access project | East Africa | SE4ALL | Energy | TA | AfDB | 465 000 | 30/06/2015 | Ongoing |
| Ruzizi III PPP- Regional hydropower | East Africa | SE4ALL | Energy | IG | EIB | 11 000 000 | 09/12/2015 | Ongoing |
| Lake Victoria Regional Transport Project | East Africa | Regional | Transport | TA | PIDG | 1 400 000 | 09/12/2015 | Ongoing |
| Solar Hybridization to Increase National Electrification - SHINE | West Africa | SE4ALL | Energy | IG | AFD | 14 400 000 | 09/12/2015 | Ongoing |
| Solar Hybridization to Increase National Electrification - SHINE | West Africa | SE4ALL | Energy | TA | AFD | 3 600 000 | 09/12/2015 | Ongoing |
| Improvement and extension of Conakry's distribution network | West Africa | SE4ALL | Energy | IG | AFD | 17 000 000 | 09/12/2015 | Ongoing |
| Improvement and extension of Conakry's distribution network | West Africa | SE4ALL | Energy | TA | AFD | 3 000 000 | 09/12/2015 | Ongoing |
| Regional Road Corridor "South Sudan Link" | East Africa | Regional | Transport | IG | KFW | 22 200 000 | 09/12/2015 | Ongoing |
| Regional Road Corridor "South Sudan Link" | East Africa | Regional | Transport | TA | KFW | 2 800 000 | 09/12/2015 | Ongoing |
| Pan Africa (Katsina) Solar Power | West Africa | SE4ALL | Energy | IG | PIDG | 4 000 000 | 09/12/2015 | Ongoing |

| Project name | Main region | Envelope | Sector | Grant type | PFG lead financier | Net grant amount | Approval date | Grant status |
|---|----------------------------------|----------|-----------|------------|--------------------|---------------------------------|---------------|--------------|
| Sirari Corridor Accessibility & Road Safety Improvement: Isebania-Kisii-Ahero Road Rehabilitation | East Africa | Regional | Transport | IG | AfDB | 10 000 000 | 09/12/2015 | Ongoing |
| Rural electrification Kenya (Kenya Last Mile) | East Africa | SE4ALL | Energy | IG | AFD | 30 000 000 | 03/02/2016 | Ongoing |
| DISCOs - Financing facility for Nigerian power distribution sector | West Africa | SE4ALL | Energy | TA | AFD | 2 300 000 | 03/02/2016 | Ongoing |
| SUNREF West Africa Phase II | West Africa | SE4ALL | Energy | IG | AFD | 2 434 000 | 21/03/2016 | Ongoing |
| SUNREF West Africa Phase II | West Africa | SE4ALL | Energy | TA | AFD | 6 000 000 | 21/03/2016 | Ongoing |
| Small Hydro Power Plants Package | East Africa | SE4ALL | Energy | TA | AFD | 1 500 000 | 20/09/2016 | Ongoing |
| Support for the development of a low carbon PPP for the generation of electricity in Mozambique | Southern Africa and Indian Ocean | SE4ALL | Energy | TA | AFD | 4 000 000 | 20/09/2016 | Ongoing |
| Djermaya Solar | Central Africa | SE4ALL | Energy | FI | PIDG | 6 350 000 | 20/09/2016 | Ongoing |
| ASECNA - Programme EGNOS | Sub-Saharan Africa | Regional | Transport | TA | AFD | 5 000 000 | 20/09/2016 | Ongoing |
| TOTAL | | | | | | 698 195 301¹⁶ | | |

16 Excluding cancelled operations.

Abridged Financial Statements

Statement of financial position

As at 31 December 2016 (in EUR '000)

| | Notes | 31.12.2016 | 31.12.2015 |
|--|-------|----------------|----------------|
| ASSETS | | | |
| Cash and cash equivalents | 4 | 601 009 | 632 423 |
| Available-for-sale financial assets | 6 | 25 000 | 25 000 |
| Other assets | 7 | 21 620 | 21 421 |
| Total assets | | 647 629 | 678 844 |
| LIABILITIES AND CONTRIBUTORS' RESOURCES | | | |
| LIABILITIES | | | |
| Amounts owed to third parties | 8 | 8 390 | 571 |
| Other liabilities | 9 | 8 | 8 |
| Total liabilities | | 8 398 | 579 |
| CONTRIBUTORS' RESOURCES | | | |
| Contributions | 10 | 812 958 | 811 958 |
| Retained earnings | | -173 727 | -133 693 |
| Total contributors' resources | | 639 231 | 678 265 |
| Total liabilities and contributors' resources | | 647 629 | 678 844 |

Statement of profit or loss and other comprehensive income

For the year ended 31 December 2016 (in EUR '000)

| | Notes | From 01.01.2015 to 31.12.2015 | From 01.01.2015 to 31.12.2015 |
|--|-------|----------------------------------|----------------------------------|
| Other income | 11 | 811 | 811 |
| Total operating income | | 811 | 811 |
| Projects financed | 12 | -37 002 | -26 132 |
| General administrative expenses | 13 | -3 024 | -2 653 |
| Audit fees | | -8 | -8 |
| Total operating expenses | | -40 034 | -28 793 |
| Net loss for the year | | -40 034 | -27 982 |
| Total comprehensive loss for the year | | -40 034 | -27 982 |

Statement of changes in contributors' resources

For the year ended 31 December 2016 (in EUR '000)

| | Notes | Contributions | Retained earnings | Total |
|--|-------|----------------|-------------------|----------------|
| Balance at 1 January 2016 | | 811 958 | -133 693 | 678 265 |
| Total comprehensive loss for the year | | | | |
| Net loss for the financial year | | - | -40 034 | -40 034 |
| Transactions recorded directly in contributors' resources | | | | |
| Contributions (Note 10) | 13 | 1 000 | - | 1 000 |
| Balance at 31 December 2016 | | 812 958 | -173 727 | 639 231 |
| | | | | |
| Balance at 1 January 2015 | | 800 458 | -105 711 | 694 747 |
| Total comprehensive loss for the year | | | | |
| Net loss for the financial year | | - | -27 982 | -27 982 |
| Transactions recorded directly in contributors' resources | | | | |
| Contributions (Note 10) | 13 | 11 500 | - | 11 500 |
| Balance at 31 December 2015 | | 811 958 | -133 693 | 678 265 |

Statement of cash flows

For the year ended 31 December 2016 (in EUR '000)

| | Notes | From 01.01.2016 to 31.12.2016 | From 01.01.2015 to 31.12.2015 |
|---|-------|-------------------------------|-------------------------------|
| OPERATING ACTIVITIES | | | |
| Other income | 11 | - | 811 |
| General administrative expenses | 13 | -1 188 | -1 772 |
| Projects financed | | -31 218 | -29 452 |
| Audit fees | | -8 | -8 |
| Net cash used in operating activities | | -32 414 | -30 421 |
| FINANCING ACTIVITIES | | | |
| Contributions received | 10 | 1 000 | 11 500 |
| Net cash from financing activities | | 1 000 | 11 500 |
| Net (decrease)/increase in cash and cash equivalents | | -31 414 | -18 921 |
| Cash and cash equivalents at beginning of the financial year | | 632 423 | 651 344 |
| Cash and cash equivalents at end of the financial year | | 601 009 | 632 423 |
| Cash and cash equivalents are composed of: | | | |
| Current accounts | | 601 009 | 632 423 |

List of donors, representatives, PFG members and aggregate contributions

| Donor | Representative | Financier | Contact at financier | Pledged contribution (in EUR) |
|---|---|-----------------------------------|--------------------------------|--|
|  European Commission | Mr Roberto Ridolfi, European Commission – DG DEVCO | European Investment Bank | Mr Gregory Briffa | 308 700 000 329 000 000 ¹⁷ 10 000 000 ¹⁸ |
|  United Kingdom | Mr Harry Hagan, Department for International Development (DFID) | African Development Bank | Mr Alex Rugamba | 113 757 932 ¹⁹ |
|  France | Mr Cyril Morée, Ministry of Economy, Finance and Industry | Agence Française de Développement | Mr Frédéric Minaret | 11 500 000 |
|  Spain | Ms Sonsoles Valle Muñoz, Ministry of Economy and Competitiveness | COFIDES | Mr José Carlos Villena | 10 000 000 |
|  Germany | Dr Sören Dengg, Federal Ministry for Economic Cooperation and Development | KfW Bankengruppe | Ms Amelie D'Souza | 9 000 000 |
|  Italy | Ms Barbara Chiappini, Ministry of Foreign Affairs | CDP | Mr Riccardo Rolfini | 5 000 000 |
|  Finland | Mr Jouko Leinonen, Ministry of Foreign Affairs | Finnfund | Mr Markus Pentikäinen | 5 000 000 |
|  Hungary | Mr Péter Tárnoki-Zách, Ministry for National Economy | Eximbank ²⁰ | Mr Gábor Szöcs | 3 000 000 |
|  Austria | Mr Alexander Karner, Austrian Development Agency | Development Bank of Austria | Ms Birgit Kapeller | 2 000 000 1 000 000 ¹⁷ |
|  Luxembourg | Ms Charlotte Helminger, Ministry of Foreign and European Affairs | LuxDev | Mr Dimitri Mayaux | 2 000 000 |
|  Netherlands | Mr Martijn Groen, Ministry of Foreign Affairs | PIDG | Mr John Hodges | 2 000 000 |
|  Greece | Mr Loukianos Klint, Permanent Representation of Greece to the EU | Ministry of Economy | Ms Trisevgeni Lianou | 1 000 000 |
|  Portugal | Mr Enrique Galán, Ministry of Finance and Public Administration | SOFID | Ms Mariana Abrantes de Sousa | 1 000 000 |
|  Belgium | Mr Christian de Lannoy, Ministry of Foreign Affairs and Development Cooperation | BIO | Mr Pierre Harkey | 1 000 000 |
| | | | Total Regional Envelope | 484 957 932 |
| | | | SE4ALL Envelope | 330 000 000 |
| | | | Grand Total | 814 957 932 |

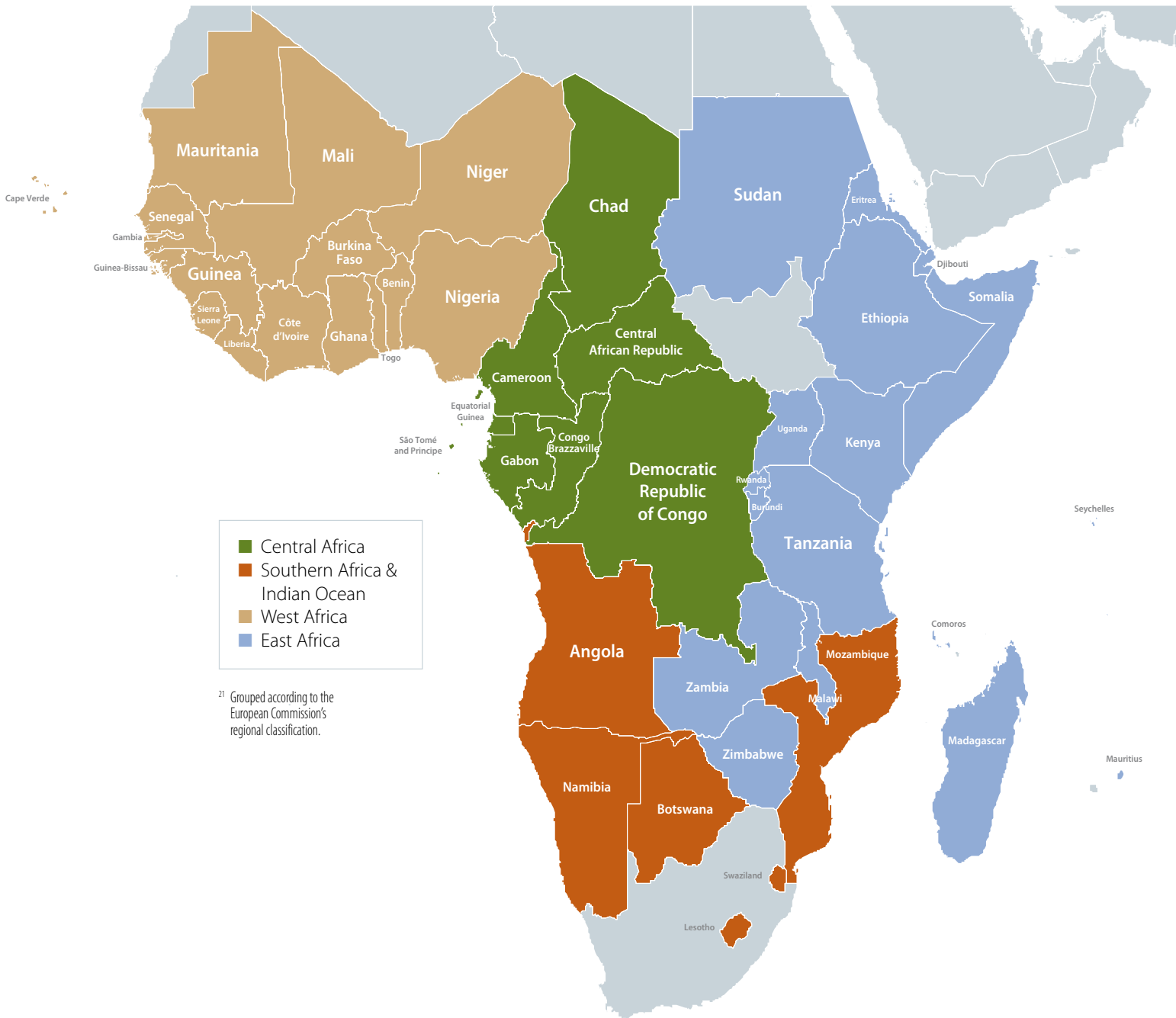
¹⁷ Earmarked for SE4ALL.

¹⁸ Earmarked for transport project in Benin.

¹⁹ EUR equivalent of GBP contribution.

²⁰ Hungary nominated Eximbank as its financier to the EU-AITF but the bank is still in the process of achieving full accreditation.

List of eligible African countries²¹



²¹ Grouped according to the European Commission's regional classification.

List of abbreviations and acronyms

| | | | |
|-----------------|---|----------|--|
| 2RID | Rural Roads Infrastructure Development | KfW | Kreditanstalt für Wiederaufbau (Germany) |
| A | | km | kilometre |
| AEGF | Africa Energy Guarantee Facility | kV | kilovolt |
| AFD | Agence Française de Développement | L | |
| AfDB | African Development Bank | - | - |
| ANED | Association of Nigerian Electricity Distributors | M | |
| B | | MW | megawatt |
| - | - | N | |
| C | | NELSAP | Nile Equatorial Lakes Subsidiary Action Programme |
| CLSG | Côte d'Ivoire, Liberia, Sierra Leone and Guinea | NDP | National Development Plan |
| CO ₂ | carbon dioxide | O | |
| COP21 | 21st Conference of the Parties | - | - |
| D | | P | |
| DG | direct grant | PAPN | Port Autonome de Pointe Noire |
| E | | PFG | Project Financiers Group |
| EASSy | East African Submarine Cable System | PIDA | Programme for Infrastructure Development in Africa |
| EDM | Electricidade de Mozambique | PIDG | Private Infrastructure Development Group |
| EIB | European Investment Bank | PPA | Power Purchase Agreement |
| ERERA | Regional Electricity Regulatory Authority | PPP | Public-Private Partnership |
| ESIA | Environmental and Social Impact Assessment | PV | Photovoltaic |
| EU | European Union | R | |
| EU-AITF | European Union-Africa Infrastructure Trust Fund | RAP | Resettlement Action Plan |
| EUBEC | EU Platform for Blending in External Cooperation | REPP | Renewable Energy Performance Platform |
| EUR | euro (€) | RGI | Reference Group on Infrastructure |
| F | | S | |
| FI | financial instrument | SE4ALL | Sustainable Energy for ALL |
| G | | SHINE | Solar Hybridisation to Increase National Electrification |
| GEFIOR | Green Energy Finance for Indian Ocean Region | SMEs | small and medium-sized enterprises |
| GRMF | Geothermal Risk Mitigation Facility for East Africa | SUNREF | Sustainable Use of Natural Resources and Energy Finance |
| GW | gigawatt | T | |
| GWh | gigawatt hour | TA | technical assistance |
| H | | U | |
| HFO | heavy fuel oil | UK | United Kingdom |
| I | | USD | United States dollar (\$) |
| ICT | information and communication technologies | W | |
| IG | investment grant | WAPP | West African Power Pool |
| IRS | interest rate subsidy | | |
| K | | | |



All data in this report is based on reporting from the financiers unless otherwise stated. While material appearing in this report may be freely reproduced, the EU-AITF would appreciate an acknowledgement and press clipping.

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