



The EU bank



Annual Report
EU-Africa Infrastructure Trust Fund

2011

The EIB is co-financing the upgrading of the existing 220 kV high voltage transmission line between Kafue, Muzuma and Livingstone in Zambia to 330 kV voltage¹. This upgrade will double the transmission capacity and help remove several power transmission bottlenecks in Zambia and provide renewable hydropower to southern markets of the SAPP.

The ITF supports this project through an interest rate subsidy for the EIB's loan as well as technical assistance for the funding of a Lender's Engineer.



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¹This project is described in more detail on page 40



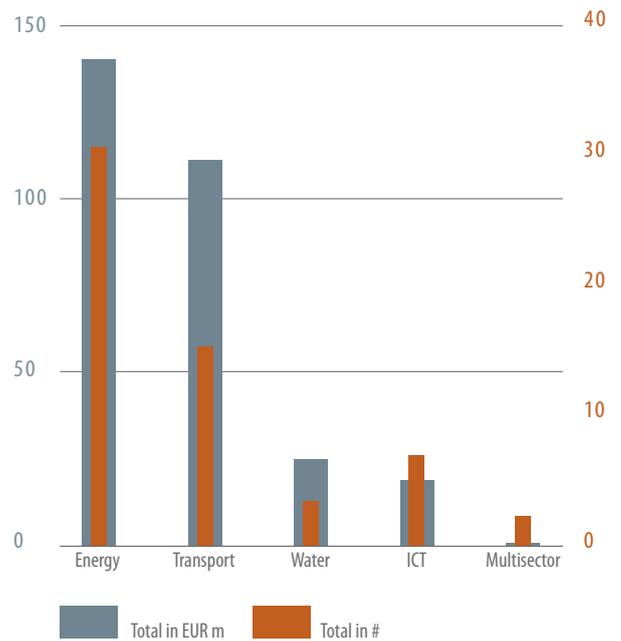
The ITF is successful in terms of leverage: one Euro of ITF funding **mobilises about 11 Euros in investment** in sub-Saharan infrastructure projects

The ITF has a substantial involvement **in investments in energy** in sub-Saharan countries which is key for their global development. 50% of all approved grant operations and 52% of planned support in the ITF pipeline of projects are for investments in the energy sector



Key results in 2011 for the ITF

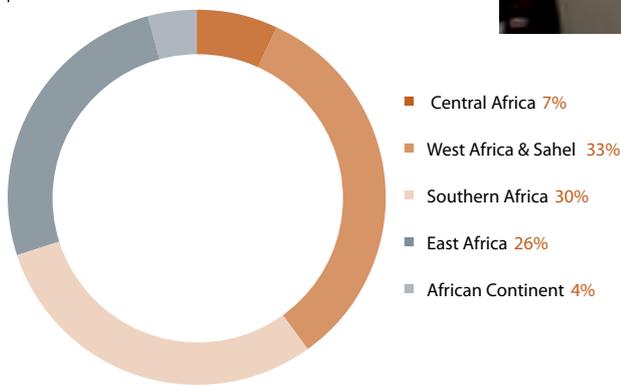
ITF approved grant operations: by sector



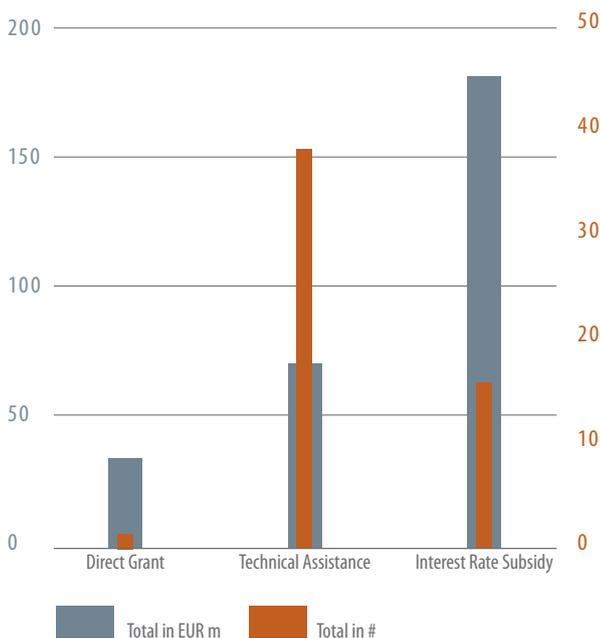
Nearly 65% of all approved grant operations are **interest rate subsidies**, which reflects the successful **blending of European donor funds with long-term loan financing** from selected financiers



ITF approved grant operations:
by region



ITF approved grant operations:
by type of grant



Interconnectivity at continental level – as a condition for regional integration – is a key objective of the EU-Africa Partnership for Infrastructure. For this purpose the ITF supports infrastructure projects with a demonstrable regional impact in all regions of sub-Saharan Africa

Joint foreword by

EC Commissioner Andris Piebalgs and EIB President Werner Hoyer



The EU-Africa Infrastructure Trust Fund (ITF) is a key instrument of the EU-Africa Infrastructure Partnership launched in Addis Ababa on 24 October 2007 as a joint initiative by the European Union and the African Union. Its objective is to facilitate and improve interconnectivity across the continent in order to promote regional integration.



The ITF provides support by way of grants from the European Commission² and EU Member States to continental or regional infrastructure projects in Sub-Saharan Africa (alongside long-term financing from eligible financiers).

Over the last few years, Sub-Saharan Africa has outperformed the economic growth of most western countries with impressive GDP increases: 1.7% in 2009, 4.2-4.7% in 2010, and an estimated 5.3% in 2011. In 2012 the IMF Regional Economic Outlook expects the growth rate to increase to nearly 6%, albeit with considerable variations between countries.

Nevertheless, it is important to remember that about half the population lives on \$ 1.25 a day³.

In order to alleviate widespread poverty and accelerate progress in Africa, regional integration is critical, as most economies and markets in Africa are small and isolated, and in some cases landlocked. Weak infrastructure networks in transport, energy and communications contribute significantly

to higher production and transaction costs, undermining the competitiveness of businesses. It is only by linking markets together that growth can be unlocked through investment opportunities, economies of scale and improved production and distribution efficiency.

The Africa Infrastructure Country Diagnostic Study⁴ found that infrastructure is responsible for more than half of Africa's recent growth performance and has the potential to contribute even more in the future. It also found that Africa's infrastructure needs are around \$ 93 billion per year over the coming 10 years. That means that after capturing efficiency gains and considering domestic and external spending projections, there would still be a financing gap of around \$ 31 billion per year.

The EU-Africa Infrastructure Trust Fund is helping to narrow this gap. As a mechanism that blends grants with long-term financing, it leverages the impact of these two components, thereby facilitating the implementation of infrastructure projects that could not otherwise be funded.

² The European Development Fund

³ Source: World Bank

⁴ The Africa Infrastructure Country Diagnostic (AICD), a project implemented by the World Bank with the support of several donors, created by the Infrastructure Consortium for Africa in London in October 2005



Since its inception in late 2007, the Trust Fund has committed almost € 300 million in grants, which has the potential to generate up to 11 times more in total investments, i.e. close to € 4 billion⁵.

The following pages of the Annual Report will detail the activities and results of the Trust Fund for 2011, in its fourth full year of operations. The Trust Fund continues to evolve, with innovative types of

financing from the financiers in its network, and adapting its approach to new challenges. In that respect, it is worth mentioning the introduction in the projects to be supported by the Trust Fund of a Climate Change “window”; tracking, monitoring and signalling the value of the investments supported by the Trust Fund in terms of adaptation to or mitigation of climate change.

Andris Piebalgs
Commissioner for Development
European Commission, Founding Donor

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

⁵ On the basis of current leverage

The Programme for Infrastructure Development in Africa – **PIDA**



An African initiative, upon which the members of the Steering Committee of the EU-Africa Partnership for Infrastructure call for active participation and support by the ITF.

■ The Programme for Infrastructure Development in Africa (PIDA) encapsulates what Africa needs to do to reach its potential, i.e. act boldly to achieve regional integration by investing in its regional infrastructure and getting connected with the world marketplace.

■ Africa's leading continental organisations, including the African Union Commission (AUC), NEPAD Planning and Coordinating Agency (NPCA) and the African Development Bank (AfDB), have worked for years to address the infrastructure deficit. The G20 Infrastructure Action Plan, the Infrastructure Consortium for Africa, the EU-Africa Infrastructure Trust Fund and the Africa Infrastructure Country Diagnostic have all also highlighted the importance of regional infrastructure for the African growth.

■ PIDA was launched in 2010, but the importance of regional integration has long been recognised by African leaders, who have consistently expressed their desire to build a common market for goods and services as set out in the Abuja Treaty of 1991. PIDA's overall strategic objective is to enable Africa to finally build that common market.

■ Implementing PIDA will enable African leaders to speak with one voice and strive for common goals, such as increasing access to energy and reducing its costs; slashing transport costs and boosting intra-African trade; ensuring water and food security. PIDA offers policymakers a ready-made list of priorities that address physical infrastructure needs and the soft issues of governance.

■ The Priority Action Plan (PAP), i.e. a list of programmes and projects for short and medium-term implementation lies at the heart of PIDA, given the urgent infrastructure needs. Although the entire programme can be considered the pipeline for Africa's long-term infrastructure development, the PAP details the immediate way forward by presenting actionable projects that promote sound regional integration between 2012 and 2020. Projects and programmes under the PAP represent the first batch



of agreed priorities resulting from the analysis, criteria review and consultations on the REC (Regional Economic Community) master plans. The PAP is not static and will be updated regularly to reflect progress and make way for new priorities as Africa's needs continue to evolve.

■ The cost of PIDA's long-term implementation through 2040 is currently estimated at more than USD 360 billion, while the overall cost of delivering the priority programmes from 2012 through 2020 is expected to be nearly USD 68 billion, or about USD 7.5 billion annually for the next nine years. PIDA is ambitious, but affordable. Overall, the investment required for 2020 is considerably less than 1% of African GDP. And some of the actions have almost no financial cost but require political will and willingness to act.

■ Financing expected from domestic sources (public or private) may represent over 50% of total PIDA funding by 2020. This share would grow to about two-thirds in 2030 and as much as 75% in 2040. Official development assistance (ODA) will continue to play an important role, and major actors such as members of the Infrastructure Consortium for Africa (ICA), which includes G20 countries, the EU-Africa Infrastructure Trust Fund, multilaterals, regional development banks and targeted funds, are called on to continue to increase assistance through 2040 to leverage investments as part of a coherent financing strategy.

■ Implementation will rely on players at all levels of the African development process – the African Union Commission and the NEPAD Planning and Coordinating Agency at the continental level, the RECs at the regional level and, at the national level, the individual countries on whose territory the projects will be constructed and whose populations should benefit from them.

■ The process is grounded in the Institutional Architecture for Infrastructure Development in Africa (IAIDA), the implementation strategy for the PIDA programme and its related projects. Based on IAIDA, the continental bodies (AUC, NPCA) will be focused on monitoring and advocacy of the implementation process at the continental level, while at the project

level, implementation progress will be monitored by the RECs, which have a key responsibility in ensuring the harmonisation and implementation of "soft" policy measures across countries. They will also inform the continental bodies responsible for keeping policymakers and Heads of State and Government informed of overall progress.

■ Implementing infrastructure is always complex – more so for regional projects with many stakeholders. For PIDA implementation to succeed, coordinated action must be taken all along the project chain, starting with the Heads of State and Country governments, and including Sectorial Technical Committees for infrastructure and financial institutions. And at the regional level, empowered RECs and the selected implementing agencies must ensure that the countries involved are united and that project developers are skilled.

■ If all countries and leaders embraced the shared responsibility of PIDA, by 2040 Africa's share of world trade would be much higher, at least twice today's share of 2%, meaning that up to 15 million new jobs would have been created for the construction, operation and maintenance of PIDA projects, with millions more created indirectly through the increased economic activity generated; intra-African trade shares would double from the current levels of 11-12%; and an additional 800 million people would have access to electricity.

Statement by the Chair of the Executive Committee



The ITF completed another successful year in 2011, with solid operational results, innovative projects, new active financiers, and a strong pipeline.

Nineteen grant operations were approved in 2011, compared to seventeen in 2010, for a significant amount, albeit less than the previous year (EUR 86 million vs. EUR 112.5 million). They are described in detail in the following pages of the report, and broken down by type of grant, region, sector and RECs.

2011 saw several developments and innovations.

The two most recent members of the Project Financiers Group (PFG), i.e. the PIDG⁶ trust and AfDB, which joined the PFG in 2010, became operationally active and submitted their first grant requests. PIDG, whose specific mission is to foster private sector investment in infrastructure, is contributing its private sector expertise to the Trust Fund.

In line with the guidance issued by the 3rd Steering Committee, the Executive Committee supported a number of projects in the transport sector. This was most usefully done by combining the Trust Fund resources with the support the European Union provides to the countries through the National and Regional indicative programmes. The complementary funding of EU funds with the ITF grants blended with long-term financing from the ITF Financiers is illustrated by the East African Northern Road Corridor (NRC).

The NRC project consists of road improvements on three sections of the roads from Mombasa via Nairobi to Kampala, and further west to Rwanda and Burundi with extensions to DRC, South Sudan and Northern Tanzania. Two bypasses for the cities of Kampala and M'barara are also part of this project.

Because of the NRC's importance for development, local governments and international development partners have devoted substantial resources to its upkeep and improvement over the last three decades. In particular the EU has been providing long-standing support to address capacity constraints and safety issues of this transport passage with budgetary funds from the 8th, 9th and 10th EDF. The Commission will keep supporting the NRC with co-financing for this project, together with funding from the Government of Uganda and a long-term loan from the EIB, which the ITF will subsidise under the HIPC conditions set by the IMF.

Similarly, significant progress was achieved in supporting the water sector by the first projects approved in this sector, the Kampala – Lake Victoria Water and Sanitation project (WATSAN), which supports the National Water and Sewerage Corporation (NWSC) in the upgrading and rehabilitation of the existing water treatment, transmission and distribution systems, as well as the development of a new water system and water treatment plant east of Kampala at a cost of over EUR 200 million, including EUR 22 million in grants from the ITF. The project is proceeding satisfactorily, as all loan and financing agreements as well as the Common Project Terms

⁶ Private Infrastructure Development Group - <http://www.pidg.org/>



Agreement were signed between the three financing partners and the Republic of Uganda in April 2011. A contract was similarly signed for technical assistance of EUR 8 million to the NWSC.

This year again, further steps were made in approving projects with new and innovative finance mechanisms. As an example, KfW submitted a grant request of EUR 30 million for a project aimed to support the production of reliable, renewable and affordable power from geothermal resources in the East African Rift Valley. This project – the “Geothermal Risk Mitigation Facility for Eastern Africa” – is highlighted in a textbox on page 36. The Executive Committee approved a direct grant, which, upon successful completion and in combination with subsequent further support, could mobilise up to EUR 1 billion in investments, illustrating the flexibility of the Trust Fund as an instrument for infrastructure development.

The Executive Committee also discussed and gave a preliminary favourable decision on a similar innovative project, the “Africa Sustainable Energy Facility”, planned to establish a risk mitigation instrument for

widening the outreach and the participation of the private sector in financing renewable energy and energy efficiency.

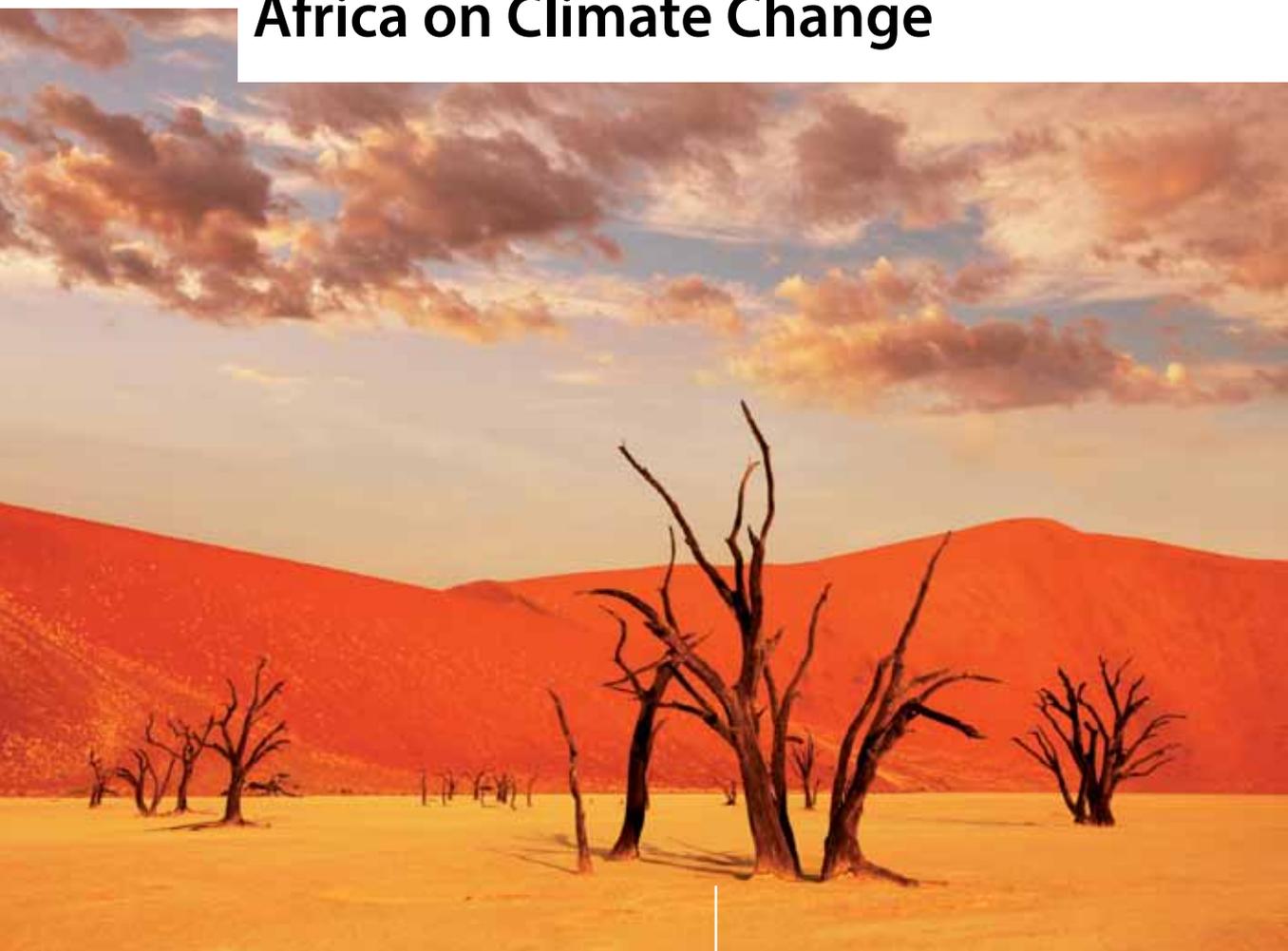
As a way to make the Trust Fund more visible and to illustrate its impact to a larger public, a film was produced that gathers testimonies from local businesses and citizens on how infrastructure projects supported by the Trust Fund can change their lives for the better. It is available on the Trust Fund website.

Of particular importance is the launching in 2011 of the Mid-Term Evaluation of the Trust Fund, mandated by its Rules, in order to assess its performance in this initial phase and to make recommendations for its future.

Looking forward, the pipeline of projects in need of Trust Fund support is quite promising, with a strong pipeline of potential projects. The need for infrastructure investments in Africa remains huge, and the challenge for the Trust Fund and its group of financiers is not a lack of demand, but the identification of projects meeting the Fund’s policy objectives.

Francesca Mosca
Chair of the Executive Committee
Director, Sub-Saharan Africa and Horizontal ACP Matters
European Commission

Engaging with Africa on Climate Change



Climate change is a global environmental and development challenge, affecting the poorest countries the most, as they have the smallest capacity to deal with it.

Reducing greenhouse gas emissions and adapting energy production to climate change in the sub-Saharan countries requires a significant amount of both investment and grant support. The blending capacities of the EU-Africa ITF will help foster such endeavours.

As a follow-up to the announcement by Commissioners Piebalgs, Hedegaard and Füle at the Cancún Climate Change Conference of “Climate Change Windows” in all EU regional Investment Facilities, the ITF’s Executive Committee decided to implement a tracking system for climate change-related projects that receive ITF support: since December 2011 the ITF Financiers provide information on the



projects' contribution to climate change mitigation and/or adaptation by indicating the relevant Rio Markers on the application form.

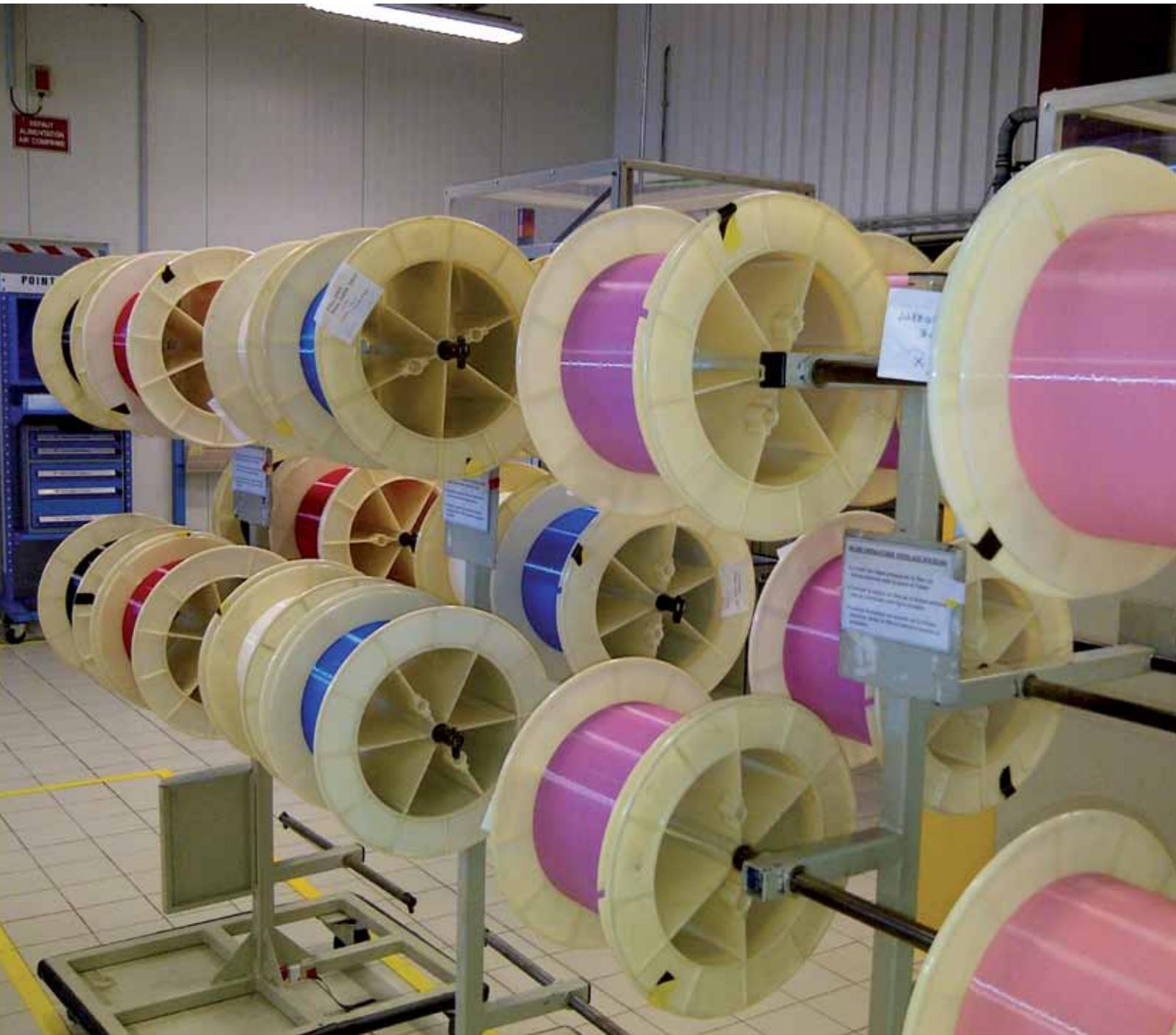
Three different levels of Rio Markers specify whether a contribution to climate change mitigation or adaptation is among the objectives of the project (Rio Marker 1), whether it is the principal objective of the project (Rio Marker 2), or whether no climate change objectives are targeted by the project (Rio Marker 0).

The OECD defines "Mitigation" as a contribution to the objective of stabilising greenhouse gas (GHG) concentrations in the atmosphere at a level that would prevent dangerous anthropogenic interference with the climate system by promoting efforts to reduce or limit GHG emissions or to enhance GHG sequestration. "Adaptation" is defined as an

activity intended to reduce the vulnerability of human or natural systems to the impacts of climate change and climate-related risks by maintaining or increasing adaptive capacity and resilience.

In addition to indicating the Rio Marker for a project, the ITF Financiers provide information on the project components and activities that contribute to climate change mitigation and/or adaptation and on the expected impacts as well as on climate change risks and potential mitigation measures undertaken to make the project climate change resilient.

An initial analysis shows that about half of the ITF-supported projects fall into the Rio Marker 1 category (i.e. include climate change mitigation or adaptation as an objective). Hence, about EUR 150 million can be labelled as climate change action support.





The EU-Africa ITF Purpose, Mechanism and Governance

The governance structure is laid down in the “Agreement Constituting the Implementation Rules of the Trust Fund” signed on 23 April 2007.

It is based on a three tier structure of governance: (i) a strategic body; (ii) an executive body; (iii) a financiers group, with a simple and straightforward logic – of the three bodies, the first provides overall guidance to the ITF without being involved in the grant operations; the second is the executive body making all final decisions, notably those on the financing of projects submitted by the third body, i.e. the group of financiers.

The Steering Committee of the EU-Africa Infrastructure Partnership

The Partnership Steering Committee consists of 58 members, with 29 representatives from the African Union and 29 representatives from the European Union (see Annex 3). Its mandate is to guide the development and ensure the effective and efficient implementation of the Partnership programme and action plan⁷. The Steering Committee is notably responsible for:

- issuing policy guidance and providing strategic orientation to the Partnership and its implementing instruments, such as the ITF; receiving regular summaries of Trust Fund activities and commenting on the Trust Fund Annual Report;
- serving as a forum for the exchange of information and coordination amongst its members as regards the infrastructure needs, the related services and the regulatory frameworks as well as en-

surving appropriate responses to the changing priorities in Africa;

- facilitating complementarities between the AU-NEPAD Infrastructure Programme, the national and regional infrastructure programmes or other infrastructure initiatives/programmes, reviewing the Partnership's coherence and complementarities with other continental programmes and coordination with African initiatives and liaising with the Infrastructure Consortium for Africa and other international initiatives that support infrastructure;
- seeking to mobilise resources necessary to reach the Partnership's goals;
- monitoring progress of operations implemented by the Partnership and reporting on past, ongoing and planned activities on the basis of the Partnership's annual report; and
- other specific issues (such as preparation of an EU-Africa summit).



The Chairpersons of the 4th meeting of the Partnership Steering Committee (from left to right): Ambassador Gary QUINCE, Head of EU Delegation to the African Union; H.E. Dr Elham IBRAHIM, Commissioner, Infrastructure and Energy at the African Union Commission; and Aboubakari BABA MOUSSA, Director of Infrastructure and Energy at the African Union Commission.

⁷ www.africa-eu-partnership.org



The ITF Executive Committee

As the governing body of the ITF, the Executive Committee includes three categories of Members: (i) the voting participants, i.e. the donors that have contributed a minimum of EUR 1 million during the last four years; (ii) the non-voting participants, i.e. the EU Member States, which are not yet donors, or whose contributions are older than four years; (iii) the European Investment Bank as Financial Manager of the ITF, and the ITF Secretariat, both of which also have a non-voting status.

The Executive Committee is the ITF's governing body and works on the basis of consensus. With a view to maintaining some balance in the decision-making process, if and when a vote takes place, the voting is subject to a double majority rule, i.e. (i) 2/3 of the donors in attendance, (ii) representing 2/3 of the total voting rights in force.

It is responsible for all key decisions related to the Fund, such as examining and approving grant operation requests and ensuring that all ITF activities comply with the terms and conditions of its agreed rules and procedures. This includes, inter alia, the review of procedures, discussion and approval of the annual report, the approval of the annual financial statements presented by the ITF Manager, discussions on the evolution of the funding mechanisms as they may apply to the ITF, review and discussion of the ITF project pipeline, review of new initiatives (GIS system for instance).

The European Commission as its founding donor has occupied the Chair of the Executive Committee since the ITF's creation. The Chair however can be rotated among Executive Committee members that have made a contribution commitment of a minimum of EUR 5 million.

From its inception to the end of 2011, the Executive Committee met 20 times, on average five times a year, in coordination with the group of financiers, so that the grant operations submitted by the financiers could be processed without delay.

In 2011, the Executive Committee met five times to notably review, discuss and/or approve;

- forty-five grant operation submissions (for approval, clearance in principle, re-approval or discussion);

- the audited ITF financial statements for 2010 and the unaudited six-monthly financial statements as at 30.06.2011, together with the semi-annual monitoring report prepared by the Secretariat;

- various technical papers and discussions of interest to the members of the Committee, such as technical papers prepared by the PFG on IRS, first disbursements, risk mitigation mechanisms, potential ITF support to financial intermediaries, for which the Commission gave a written approval in November 2011 subject to the completion of a satisfactory set of monitoring measures;

- more general presentations such as a presentation by a French official of the recommendations of the G20 review on infrastructure financing in Cannes in November 2011 and a presentation by the Commission on its Horn of Africa Initiative to foster infrastructure development in Eastern Africa;

- the status and advancement of the ITF active pipeline, and

- the launch of the ITF mid-term evaluation.

On this latter point and as mandated by the rules, the Executive Committee delegated the organisation of the independent ITF mid-term evaluation to a Reference Group of one representative from the EC, one from the EIB, KfW and AFD and one representative from three donor countries, namely Austria, the UK and the Netherlands. The purpose of the evaluation is to assess the performance of the ITF over the period 2007 to mid-2011 against key OECD/DAC evaluation criteria and to make recommendations for the future work of the Fund, as well as to adequately prepare for the final evaluation upon unwinding of the ITF. The evaluation will look at the portfolio of grant operations and also at the ITF's governance structure, its strategic directions, rules, procedures and ways of working in practice. The focus will be on the ITF as an instrument of the EU-Africa Infrastructure Partnership, rather than on

assessing the performance of the projects receiving ITF support, as regional infrastructure projects take several years to prepare and implement. Outcomes of projects can be fairly easy to measure; development impacts however take many more years to be properly assessed. The MTE is expected to be completed in mid-2012.

The Project Financiers Group⁸

The Financiers of the Trust Fund are institutions with international development project expertise, nominated by the donors. They cooperate and coordinate as an informal group called the Project Financiers Group – PFG. The PFG is the mandatory channel through which grant operation requests are submitted to the Executive Committee for approval. As a prerequisite to this submission, the financiers examine and evaluate projects and make

a specific recommendation to the Executive Committee. For each grant operation, a Lead Financier is designated by common agreement among potential PFG co-financiers. The PFG met six times in 2011. It reviewed its pipeline of projects and its operational procedures. The PFG provides a unique forum for the exchange of technical and operational expertise and for collaboration and co-financing of infrastructure investments in Africa. At one extraordinary meeting, more global collaboration and infrastructure investment priorities were discussed with the Task Force overseeing the preparation of the Programme for Infrastructure Development in Africa, known as PIDA.

The technical expertise of the financiers is shared with the Executive Committee through short papers on topics, which impact the ITF's way of working and foster its effectiveness. In 2011 such topics included discussions on disbursements, risk mitigation instruments and interest rate subsidies.



⁸ The list of all financiers can be found in Annex 4 of this report



SOFID, a member of the Project Financiers Group, promotes the ITF



During 2011 SOFID made great efforts to promote the ITF and organised several presentations of the Fund. One highlight was a workshop in Luanda entitled “Promoting opportunities for investment financing in Angola”, and the “ITF - Business Opportunities for Portuguese Companies” event in Lisbon.

The Luanda workshop was a high-level event with the participation of the Angolan Minister of Economy, Abraão Gourgel, and the Portuguese Secretary of State for Fiscal Affairs, Sérgio Vasques. 50 representatives of Portuguese and Angolan companies attended a formal presentation of the ITF.

The “ITF – Business Opportunities for Portuguese Companies” event in Lisbon was held in partnership with the Portuguese Ministry of Finance and Public Administration. The Finance Vice-Minister and the Governor of the Central Bank of Portugal attended this event and the ITF was introduced to 60 representatives of a number of Portuguese companies contemplating investing in Africa. The ITF’s objective to foster investment opportunities by blending financing with grant money and its structure and functioning was explained in detail to the audience who had the opportunity to get specific advice from SOFID’s staff throughout the event.

In addition to their regular meetings, the PFG jointly with experts from the Executive Committee initiated three thematic discussions on transport, energy and water with the objective of sharing experiences on the needs and constraints of African infrastructure projects and ideas for prioritising, cooperation and strengthening of the ITF pipeline. These thematic meetings have highlighted the importance of involving EU Delegations as strong partners in project preparation and coordination.

The ITF Manager

As Manager of the ITF, the European Investment Bank is responsible for the Fund’s treasury management and for maintaining the financial records and accounts of the ITF. These tasks include the preparation and production of the annual audited ITF financial statements, which are attached to this report, the semi-annual unaudited financial statements, the transfer of ITF funds to the financiers, as well as the administration of the Trust Fund’s Secretariat.

The ITF Secretariat

The Secretariat participates in all Executive Committee and PFG meetings, as well as meetings of other African infrastructure development initiatives. It is therefore at the heart of the overall ITF governance process and acts as a permanent contact centre for stakeholders interested in ITF activities.

The Secretariat is hosted by the EIB as the ITF Manager but is accountable and reports to the Executive Committee. Its main tasks include: supporting the ExCom to ensure effective operations of the Trust Fund, in pursuit of the wider objectives of the Infrastructure Partnership; developing a regular dialogue with all donors; collaborating, when requested, with African partners such as NEPAD; organising Executive Committee and PFG meetings and issuing the minutes or summary notes of these meetings; preparing the semi-annual monitoring report and the annual reports; ensuring the visibility of the Trust Fund and monitoring its activities.

In terms of monitoring, it is important to distinguish between two types of processes. Firstly, there is monitoring at project level, which is the responsibility of the Lead Financier. Secondly, there is monitoring at the level of the ITF portfolio, which is done by the Secretariat on the basis of information provided by the Lead Financiers.

In 2011 the Secretariat coordinated the PFG's preparation and discussion of technical notes addressed to the Executive Committee on issues affecting the effectiveness and efficiency of the ITF, such as the conditions for interest rate subsidies, the involvement of financial intermediaries in ITF-supported projects, the adequateness of certain disbursement delays and the provision of risk mitigation instruments.

With a view to sharing information, promoting the Fund and contributing to its visibility, the Secretariat maintains the ITF website, developed a customised Geographic Information System and produced a short film:

Enhancing the ITF's visibility

The ITF website <http://www.eu-africa-infrastructure-tf.net/> is used as a tool for general information for the public at large, and as a channel for delivering restricted documentation to select stakeholders. The website has experienced a positive trend in both the number of individual visitors, which increased from 776 in January 2011 to 1 327 in November 2011 and the pages viewed, which increased from 3 644 in January 2011 to 6 385 in November 2011.

The purpose of the GIS <http://www.itf-gis.net/> is to enable viewers to visually locate in the vast African continent the projects that are supported by the ITF:

A short promotional film⁹ was made with a view to illustrating the "difference" that the ITF can make in the lives of ordinary businesses and citizens. The film is a visual account of the Fund's performance before ex-post indicators can be collected and analysed.

Account by the director of a promotional film about the Trust Fund



In April 2011, the EU-turn agency and the DoubleDouble production company were selected to make a film about the European Union/Africa Infrastructure Trust Fund (ITF). Our remit: to meet the various beneficiaries of two projects subsidised by the ITF.

First stage: Dar es Salaam, Tanzania. This is the point on the coast where the EASSy submarine fibre optic cable was connected to Tanzania in July 2010. Assisted by the Tanzanian operator ZANTEL, we heard the stories of people whose lives have been improved thanks to the contribution made by the ITF.

We discovered that the arrival of high-speed internet truly added value to the lives of the population. New horizons opened up, there were new opportunities for international trade, hitherto inaccessible information could now be accessed and the response time for commercial projects shortened, etc.

A few days later, we flew to Cotonou, the capital of Benin, where a completely different type of project awaited us: the upgrading of one of the country's key power lines. We were aware that the city of Cotonou was regularly hit by power cuts and losses in voltage. Nevertheless, we had no idea of the impact that these events could have on the population. We quickly realised the magnitude of



⁹ Available on <http://www.eu-africa-infrastructure-tf.net/infocentre/publications/itf-video-improving-lives-of-people-in-africa.htm> or in a DVD format at the ITF Secretariat



A Geographical Information System for projects receiving ITF support:

In early 2011, the EU-Africa Infrastructure Trust Fund created a Geographical Information System website, the "ITF-GIS". The GIS allows anyone to select and visualise on a map the location of a project receiving ITF support as well as the key information of such projects and the grant support it receives from the ITF.

The tool today displays about 40 approved and ongoing or completed projects.

The GIS is furthermore used as a platform to share project information with other institutions involved in infrastructure planning and financing, such as the NEPAD IPPF. The system is thus also used as a pipeline information exchange system for infrastructure projects with a continental or regional dimension.



the situation, however. A manager of Communauté Électrique du Bénin (CEB) took us to the city's main hospital, which experiences power cuts on a daily basis. At any time, surgery can suddenly be interrupted, often with dramatic consequences.

This shoot was an incredible experience for us and a real eye-opener. Although very often we only learn about infrastructure financing projects by reading written reports, these meetings in the field enabled us

to gauge the scale of the problems involved and the genuine value added of the ITF for people in Africa.

It was not only a rewarding experience professionally but also a truly human adventure.

Laurent STINE
Director of DoubleDouble







The ITF in 2011

2011, the fourth full year of ITF operations, was again a success and saw several developments and innovations.

Grant Operations Approved in 2011



19 grant operation requests were submitted to and approved by the ITF Executive Committee for a total of EUR 86.1 million.

Grant Operation	Region	Sector	Type	PFG Lead Financier	Grant amount approved
Mauritania Submarine Cable Connection	West Africa & Sahel	ICT	IRS	EIB	1 574 000
Mozambique Backbone (CESUL)	Southern Africa	Energy	TA	AFD	1 500 000
CLSG Power Interconnector	West Africa & Sahel	Energy	TA	EIB	1 750 000
Multi-modal Rail Expansion of the Port Dar Es Salaam	East Africa	Transport	TA	KfW	257 000
Transboundary Water Supply Calueque (Angola) - Oshakati (Namibia)	Southern Africa	Water	TA	KfW	2 400 000
Muchinga Hydro Power	Southern Africa	Energy	TA	PIDG	2 619 000
WAPP IC Ghana-Burkina-Mali	West Africa & Sahel	Energy	TA	AFD	1 200 000
Kazungula Bridge and Border Project	Southern Africa	Transport	TA	AfDB	1 000 000
Rehabilitation of the Great East Road	Southern Africa	Transport	IRS	AFD	2 900 000
Maputo Airport	Southern Africa	Transport	TA	AFD	1 600 000
BOAD - Development of a SEMS	West Africa & Sahel	Multi-sector	TA	AfDB	400 000
Geothermal Risk Mitigation Facility	East Africa	Energy	DG	KfW	30 000 000
Interconnexion Bolgatanga Ouagadougou	West Africa & Sahel	Energy	IRS	EIB	6 700 000
			IRS	AFD	2 800 000
			TA	AFD	4 800 000
Transmission Line Kafue-Livingstone	Southern Africa	Energy	IRS	EIB	5 200 000
			TA	EIB	350 000
Central and West Africa Road Corridors	Central Africa	Transport	TA	EIB	2 500 000
Eastern Africa Transport Corridor	East Africa	Transport	IRS	EIB	16 600 000
					86 150 000



ITF grant operations approved in 2011:

By region

Over 50% (EUR 46.9 million) of the approved grant operations amount supported three projects in the East Africa region with one direct grant of EUR 30 million for the Geothermal Risk Mitigation Facility. Eight grant operations (EUR 17.6 million for seven projects) were approved for projects in the Southern Africa region, seven grant operations (EUR 19.2 million for five projects) were approved for projects in the West Africa region and one grant operation (EUR 2.5 million for one project) for projects in the Central Africa region.

By type of grant

The one direct grant for the Geothermal Risk Mitigation Facility represents 35% of all grants approved in 2011 and is hence an exceptional component in this statistic. The other grants (12 TAs for EUR 20.4 million and six interest rate subsidies for EUR 35.8 million) are perfectly within recent years' trends: fewer IRS grants for higher amounts and twice as many TA grants for only a quarter of the total approved amounts.

By sector

With 66% of the approved grant amounts in 2011, and a total of 10 of the 19 approved grant operations, the ITF is a big supporter of the energy sector. This is perfectly in line with the political will to address energy issues at all levels and mobilise increased resources to support Africa's energy development.

Figure 1
By region

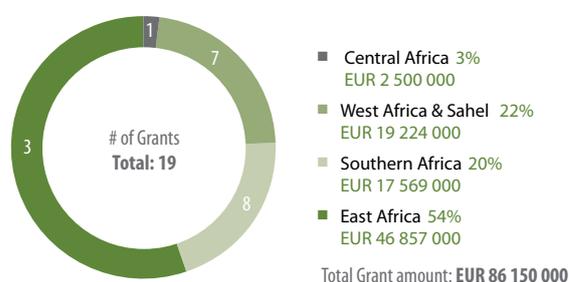


Figure 2
By type of grant

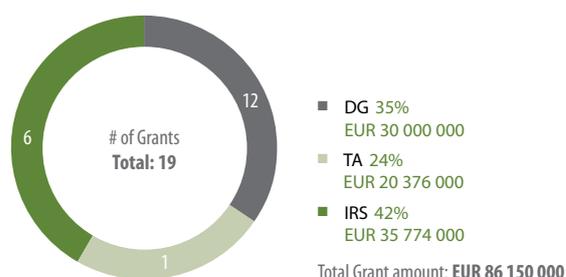
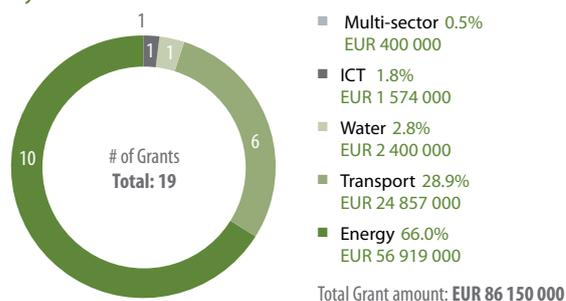


Figure 3
By sector



Grant Operations Completed in 2011



None of the approved and ongoing grant operations were completed in 2011. Two grant operations at CIP stage were withdrawn by the relevant Lead Financier and will hence not be pursued any further by the ITF: a TA grant for the funding of preparatory studies for the extension of the Mauritian Port Louis container terminal, and an insurance premium grant cleared in principle for KfW's financing of the rehabilitation

of the hydropower plant at Kainji in Nigeria. KfW had withdrawn its financing for this project as the evaluation of bids revealed in August 2011 that no additional financing was required; the project will be entirely funded by the World Bank.



Description of ITF Grants Approved in 2011



Mauritania Submarine Cable Connection: linking the West Coast of Africa to Europe

The project concerns the connection of Mauritania to the “Africa Coast to Europe” (ACE) cable. The ACE submarine cable was initiated by France Télécom-Orange and is administered by a consortium of 17 operators. It will link Europe to the west coast of Africa through high-speed broadband fibre optic technology. Targeted to be operational in 2012, the ACE-cable will provide access to the global broadband network for the first time for seven countries – Gambia, Guinea, Equatorial Guinea, Liberia, Mauritania, São Tomé and Príncipe, and Sierra Leone – making possible the launch of new services. Landlocked countries such as Mali and Niger will also be connected via the terrestrial network.

The EIB has lent EUR 8 million to the Government of Mauritania for the financing of its 35% participation, via Mauripost, in International Mauritania Telecom

Lead Financier	EIB
Sector	ICT
Type of grant	IRS
Grant amount	EUR 1 574 000
Approved on	04.02.2011
Status	Under disbursement

(IMT), the Mauritanian partner in the ACE cable consortium. This submarine cable will greatly enhance Mauritania’s international connectivity, helping it and landlocked countries that can be connected in the future gain access to broadband telecommunications infrastructure and support open access through effective regulation and competition, leading to better prices for the end user.

The Financing Agreement between the EIB and the Islamic Republic of Mauritania was signed on 20.12.2010 and a first loan disbursement took place on 8 September 2011; a first tranche of the ITF grant of EUR 1.3 million was transferred to the EIB as

an interest rate subsidy. The Bank should receive a second (and final) loan disbursement request from Mauripost. The debt service is slow (it took almost three months for the Mauritanian government to pay the commitment fees due in April 2011 and October 2011) due to difficulties in getting access to foreign currencies.

"The signing of the financing agreement represents a major EIB contribution to implementing the Mauritanian government's infrastructure development policy, especially as regards the national and international rollout of a high-speed transmission network, which is key to modernisation, decentralisation of government and improvement of public services."

Ould Khouna,
Minister of Employment,
Vocational Training and New Technologies.



"The European Investment Bank recognises the immense development value of ensuring high-speed connection between Africa and the rest of the world. Connecting Mauritania to the Africa Coast to Europe (ACE) cable will enhance opportunities for Mauritians."

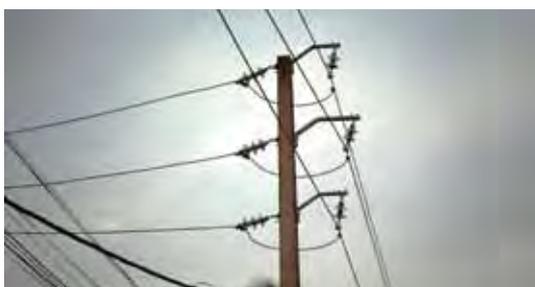
Plutarchos Sakellaris,
European Investment Bank Vice-President for Africa.

"The EU Delegation in Nouakchott welcomes the signing of this project, which will substantially improve Mauritania's access to the internet and increase its international connectivity, especially between Mauritania and Europe. This project is symbolic of the strengthening of the already well established links between Mauritania and the European Union."

Hans-Georg Gerstenlauer,
Ambassador and Head of the Delegation of the European Union
to the Islamic Republic of Mauritania.



Mozambique Backbone Transmission System (CESUL): improving electricity transmission in Mozambique



The Government of Mozambique through its public utility Electricidade de Moçambique (EDM) intends to form a new public vehicle, EDM-Investment (EDMI), to support the major investments to be made in the electricity generation and transmission sector. These consist of a reinforcement of the transmission lines as well as the increase of the production facilities. The major generation projects, the Mphanda Nkuwa (capacity: 1 500 MW) and Cahora Bassa North Bank (capacity: 1 245 MW), and the transmission line to connect those sites to the

Lead Financier	AFD
Sector	Energy
Type of grant	TA
Grant amount	EUR 1 500 000
Approved on	24.02.2011
Status	Awaiting first disbursement

main networks, called the Mozambique Backbone, Tete-Maputo, are now being actively prepared. New electricity should be generated in 2017 or 2018. AFD uses the ITF grant of EUR 1.5 million for the incorporation and start-up of EDMI, which will be responsible for owning shares in various special purpose vehicles in electricity generation and transmission projects, and above all a majority stake in the Mozambican Backbone.

The ITF also made available in 2009 a EUR 700 000 grant for the funding of a Strategic Regional Environmental and Social Assessment (SRESA). Forecasted commitment for the projects' financial close is end of 2012, which makes proper and swift project preparation necessary.

CLSG Power Interconnector Project

The CLSG Power Interconnector project will involve the construction of approximately 1 300 km of high voltage transmission lines through Côte d'Ivoire, Liberia, Sierra Leone and Guinea and the extension of existing or the construction of 12 new high voltage substations in Man, Nzerekore, Linsan, Yekepa, Buchanan, Monrovia, Mano, Kenema, Bikongor, Bumbuna, Yiben and Kamakwie. The project will be owned and implemented by a Special Purpose Company whose shareholders will be the national utilities of the four countries, namely the Electricité de Guinée, Liberia Electricity Corporation, Sierra Leone Electricity Corporation and Société de Gestion du Patrimoine du Secteur de l'Electricité - SOGEPE. A treaty should be signed

Lead Financier	EIB
Sector	Energy
Type of grant	TA
Grant amount	EUR 1 750 000
Approved on	23.03.2011
Status	Awaiting first disbursement



by the four countries in early 2012 to ensure an enabling and harmonised environment in which the Special Purpose Company will operate.

The total project cost is estimated at EUR 326 million. Apart from the EIB, KfW, AfDB and the World Bank have expressed interest in financing this project through a mix of grants and very concessional loans. The financial close for this project is expected to be reached by mid-2012.

After a first EIB TA grant of EUR 3 million was used for the funding of preparatory studies, a second grant of up to EUR 1.75 million was made available in 2011

for the financing of the technical expert (Owner's Engineer) until the award of the engineering, procurement and construction contracts for the project. The Owner's Engineer will also provide initial temporary capacity reinforcement of the West Africa Power Pool (WAPP) and of the project implementation unit at a later stage. The bidding procedure for the recruitment of the Owner's Engineer is expected to be launched during the first quarter of 2012.

Increasing competitiveness of the port of Dar Es Salaam

The competitiveness of the port of Dar Es Salaam in Tanzania is badly impaired by chronic overload. Re-organising railways operations in container terminals will help container traffic to be multiplied 3 to 4 times (to respectively 1.2 to 1.5 million twenty-foot equivalent units (TEU)) between 2020 and 2050 compared to the peak activity of 390 000 TEU reached in 2008.

The ITF grant will be used by the Government of Tanzania to finance a pre-feasibility study assessing the possibilities to expand the port territory, which would enable the container terminal to be placed outside the current boundaries. The terms and conditions of the tender process have been agreed and the tender documents are under preparation for publication during the first half of 2012.

Lead Financier	KfW
Sector	Transport
Type of grant	TA
Grant amount	EUR 257 000
Approved on	23.03.2011
Status	Awaiting first disbursement





Transboundary Water Supply Calueque (Angola) – Oshakati (Namibia)

The existing canal of approximately 150 km length supplying northern Namibia with irrigation and drinking water faces severe losses, significant pollution and sedimentation problems generating high maintenance and purification costs. The infrastructure has suffered from the civil war which took place in Angola, and also from illegal off-take of water. 800 000 people are currently benefiting from the canal supplies and an additional 100 000 in southern Angola will be supplied shortly thanks to the works currently being carried out.

The TA grant will be used to finance a pre-feasibility and feasibility study. The pre-feasibility study costing up to EUR 300 000 will examine the water demand and supply situation at the site, verify the best water transport solution and estimate costs. Two scenarios are possible: the rehabilitation of the open canal or the

Lead Financier	KfW
Sector	Water
Type of grant	TA
Grant amount	EUR 2 400 000
Approved on	25.05.2011
Status	Awaiting first disbursement

construction of a buried pipeline. The study will furthermore develop the Terms of Reference for the feasibility study corresponding to the selected scenario.

The feasibility study costing up to EUR 2.1 million will carry out a detailed analysis of projected water demand and the corresponding distribution infrastructure required, a geological analysis, a detailed design of the technical solution selected, a benefit-cost analysis and tariff recommendation, an environmental impact analysis, an assessment of the sanitary and wastewater situation, a socio-economic analysis and the drafting of the tender documents. The tender procedure is scheduled to start in April 2012.

Maputo International Airport: Design of the Rehabilitation Works of the Airside Facilities

The project aims at rehabilitating and improving Maputo International Airport's airside infrastructure, including runways, taxiways, aprons and airfield ground lighting. For the preparation of this project, the Agence française de développement financed a preliminary study in 2010 which confirmed the need to move forward with the project.

The TA grant will finance the consulting services for the design of the Maputo International Airport's airside infrastructure rehabilitation works and provide for the required analysis, design and documentation of the rehabilitation and upgrading works. The consultant will be required to carry out such field investigations and design studies as are necessary to determine the geometric and functional characteristics of the pavement and drainage structures, which will satisfy projected traffic for a 20-year design life. It will also include the preparation of the tender documents

Lead Financier	AFD
Sector	Transport
Type of grant	Technical Assistance
Grant amount	EUR 1 600 000
Approved on	05.07.2011
Status	Awaiting first disbursement

and assistance to Aeroportos De Moçambique E.P. (ADM) to evaluate the tenders received and negotiate a works contract with the successful contractor.

An agreement was signed between AFD and ADM in December 2011, authorising ADM to enter into a consultancy contract for the provision of the services. The procurement for these services was publicly announced: 26 companies expressed an interest in the tender, out of which six were shortlisted by ADM. The consultant's services should start in June 2012 and be finalised by January 2013, whilst the actual rehabilitation works are scheduled to start towards the end of 2013.

Muchinga Hydropower Project



The Muchinga Hydropower project is located in the Central Province of Zambia in the Lunsemfwa Gorge, some 70 km east of Kabwe. The Muchinga project will exploit the hydropower potential of the combined flows of the Lunsemfwa and Mkushi rivers and will include the use of an existing dam on the Lunsemfwa river at Mita Hills and the construction of a new narrow dam in the Mkushi gorge and a new power plant some 25 km downstream. The preliminary assessment is that the project will not require any relocation, given the remote nature of the site. The project expects to sell the energy

Lead Financier	Private Infrastructure Development Group (PIDG)
Sector	Energy
Type of grant	TA
Grant amount	EUR 2 619 000
Approved on	05.07.2011
Status	Awaiting first disbursement

produced to consumers in Namibia, Botswana and Zambia. Once completed, the project will provide approximately 225 MW of new hydro capacity for the Southern Africa Power Pool.

The ITF grant will be used by PIDG to fund the necessary geotechnical, hydrological and technical work, marketing studies and contractual and procurement work for the project. The tendering for these services started in July 2011 and will continue during the development phase of the project, which is expected to continue until end-2014. Given the broad scope of the project, careful development is required and it is expected that financial closing and the start of construction would begin by end-2014 at the earliest. Construction of the project would most likely take three years, and the project would be expected to be generating power by 2017.

WAPP IC Ghana-Burkina-Mali Project

The project consists of a regional power interconnection line of about 800 km linking Tumu, (northern Ghana), Bobo-Dioulasso (Burkina Faso) and Sikasso/Bamako (Mali). Like other West African Power Pool power transmission projects, it aims at providing people with more sustainable, reliable and affordable energy, in a region where fewer than 20% of people have access to it. The project also aims at contributing to the creation over the medium and long term of a regional network and market for energy in West Africa, thereby enabling power exchanges between the coastal countries, such as Ghana, that have access to cheaper energy resources (hydropower and thermal) and the landlocked Sahelian countries, such as Burkina Faso and Mali.

Lead Financier	AFD
Sector	Energy
Type of grant	TA
Grant amount	EUR 1 200 000
Approved on	05.07.2011
Status	Awaiting first disbursement

The TA grant will be used by AFD to complete the project's preparation documentation, addressing technical, environmental, economic and financial issues, and ensuring compliance with all due diligence requirements.



Kazungula Bridge and Border Project

The Kazungula Bridge and Border Project, promoted by the Governments of Botswana and Zambia, is a multi-national project on the North-South Transport Corridor (NTSC) within the SADC region and part of a corridor-long infrastructure improvement programme. The corridor is part of the Trans-African Highway linking the Southern Africa sub-region to the Central and Northern sub-regions and the most extensive and busiest route of the regional corridors with a network of 10 500 km and 50 000 average daily vehicle-kilometres (i.e. aggregate distance covered daily by freight traffic).

The economies served by the corridor contribute nearly 40% of the GDP of sub-Saharan Africa and are therefore significant contributors to the economic development of Africa. The corridor cuts across the vast Zambezi river basin with trade traffic currently dependent on one major bridge and border crossing through Chirdundu in Zimbabwe, where trucks experience long delays in transit. This is mainly due to a lack of capacity and inefficient border operations, thus impacting inter and intra-regional trade flows. Other crossings, namely Victoria Falls and Kazungula, are constrained by the under-capacity of the bridge and ferry respectively, with transit time

Lead Financier	AfDB
Sector	Transport
Type of grant	TA
Grant amount	EUR 1 000 000
Approved on	05.07.2011
Status	Awaiting first disbursement

at Kazungula averaging 30 hours exacerbated by the unreliability (50% utilisation) of the existing ferry. Easing access to regional and international trade partners by mitigating the uncertainties and high transport cost and border delays, particularly for landlocked countries such as Zambia and Botswana, is an essential requirement and the project's underlying rationale for AfDB's involvement.

The project scope includes the construction of a new 0.93 km road/rail bridge linking Botswana and Zambia over the Zambezi river to replace the existing ferry, one-stop border facilities and approximately 10 km of access road. The project furthermore comprises the implementation of trade facilitation and border management procedures and policies, technical assistance and capacity building activities; and social and environmental aspects.

The African Development Bank has leveraged non-refundable resources from the EU-Africa Infrastructure



Led by AfDB as a main financier, the Governments of Zambia and Botswana with the support of the SADC Secretariat are the primary sponsors of the project. Located on the NSTC, the busiest and the most extensive of the regional corridors, traversing and connecting mineral-rich economies of East, Central and Southern Africa, the project is of significance to neighbouring Regional Economic Communities of COMESA and EAC. With the NSTC selected as a pilot project under the joint COMESA-



EAC-SADC sponsored Aid for Trade Programme, which has a mandate to improve the state of physical transport infrastructure and the regulatory environment for trade and transport in the regions, the project's ownership and influence extends beyond the primary sponsors. At regional level, development and donor activities on the NSTC are coordinated between SADC, COMESA and the International Cooperating Partners (ICP) and implemented through the joint SADC-ICP Task Force. Other multilateral agencies, such as the COMESA/SADC/EAC Tripartite Task Force, by their individual mandates and interests facilitate the coordination of donors to meet their corridor objective. The SADC Secretariat typically leads the coordination of trade facilitation aspects of the corridor and was the executing agency for the feasibility study and detailed design for the project. SADC was also actively represented on the project's Joint Steering Committee.

Trust Fund for financing, along with the AfDB's loan, the much needed capacity building components. The technical assistance grant from the ITF is split into two phases. Phase 1 (EUR 1 million, approved in July 2011) will finance the capacity building and organisational development of the Kazungula Bridge Authority, project management support to the project's implementation team, and the design and implementation of harmonised trade and transport facilitation and border management procedures.

Phase 2 (EUR 1.77 million), if approved by the Trust Fund's Executive Committee, will finance post-construction activities covering the formulation of Operation and Maintenance (O&M) strategy of the asset.

Following the approval of AfDB's loan to the participating countries on 7 December 2011 the next steps of the project cycle will involve the procurement of the technical assistance services for the two phases above.



Rehabilitation of the Great East Road

The project concerns the improvement of about 360 km of single carriageway highway on the Great East Road connecting central Zambia to its eastern province, as well as to the Nacala Corridor, a regional transport corridor linking Malawi and Zambia to the deep water port of Nacala in Mozambique. The project is to be co-financed by the EC, AfDB, EIB and AFD.

The TA Grant, already approved in 2010, is being used to finance consultancy services to ensure that the works on the sections of the road to be co-financed by the European Investment Bank and the European Development Fund are managed following the expected quality standards and to improve the promoter's quality control systems across all its operations.

The EUR 25 million IRS Grant to the EIB, also approved in 2010, will be used to decrease the interest rate of its EUR 80 million loan to respect the HIPC constraints. The loan agreement with the Republic of Zambia was signed in December 2011.

Sector	Transport
Lead Financier	EIB
Type of grant	Technical Assistance
Grant amount	EUR 1 000 000
Approved on	29.06.2010
Status	Under disbursement
Lead Financier	EIB
Type of grant	Interest Rate Subsidy
Grant amount	EUR 25 000 000
Approved on	29.06.2010
Status	Awaiting first disbursement
Lead Financier	AFD
Type of grant	Interest Rate Subsidy
Grant amount	EUR 13 700 000
Approved on	09.11.2010 + 05.07.2011
Status	Awaiting first disbursement

The original Grant amount of EUR 11 million for subsidising AFD's loan of EUR 49.2 million was increased in July 2011 to EUR 13.7 million. The AFD loan should be signed mid-2012.



BOAD - Development and Implementation of a Social and Environmental Management System

Banque Ouest Africaine de Développement (BOAD) was established in 1973 to serve as a development finance institution for the member states of the West African Economic and Monetary Union – Benin, Burkina Faso, Côte d’Ivoire, Guinea Bissau, Mali, Niger, Senegal, and Togo. Under its mandate to promote the economic integration of West Africa, the African Development Bank is providing the BOAD with a second line of credit of EUR 64 million and will contribute a total of EUR 3.05 million to the capital increase. Given its regional mandate, BOAD has increased its focus on infrastructure investments, in particular in agriculture, industry, energy, mining, transport, and communications. BOAD will utilise AfDB’s second line of credit to finance some of these investments. There is no doubt that BOAD’s infrastructure investments will enhance regional trade, regional integration and regional connectivity. Nonetheless, inherent in these same infrastructure investments are significant environmental and social risks which have the potential to jeopardise the sustainability of the projects that BOAD hopes to finance.

During AfDB’s appraisal process for the second line of credit, it had been noted that BOAD’s environmental and social performance was in part hindered by the lack of comprehensive institutional policies, processes and tools to identify, address and monitor environmental and social risks and impacts in its projects through the conception, appraisal, implementation and supervision stages. BOAD’s limited capacity to thoroughly address environmental and social risks led the Bank to recommend the urgency of developing and implementing a comprehensive and tailored Social and Environmental Management System (SEMS). As such, the technical assistance grant will be employed to support BOAD in developing and ultimately implementing an SEMS. An SEMS will not only enhance BOAD’s internal capacities but also improve the sustainability of its infrastructure investments in the long run, enabling BOAD to undertake a systematic assessment at all stages of the

Lead Financier	AfDB
Sector	Multi-sector
Type of grant	TA
Grant amount	EUR 400 000
Approved on	19.08.2011
Status	Awaiting first disbursement

project cycle, report and document its findings, and extract lessons learnt to guide the design and implementation of future infrastructure investments.

The development of the SEMS would be conducted in close consultation with BOAD’s staff members. Equally important, the development of the SEMS will complement previous and/or ongoing technical assistance initiatives in the environmental and social domain by BOAD’s other development partners, such as the World Bank, the French Development Agency, KfW and the European Investment Bank. The ultimate significance of the SEMS lies in its contribution in instilling transformative and long-term change at BOAD. The existence of a comprehensive and tailored SEMS will result in a more environmentally and socially sustainable implementation of projects financed using AfDB’s second line of credit as well as projects financed using the resources of other development partners and the dissemination of critical knowledge gained by BOAD staff to agencies and institutions within and across its member states with which BOAD collaborates, such as the



Sidy Diop (Task Manager for the BOAD Project, AfDB), Modibo Kone (Director of the Environmental Management and Sustainable Development Unit, BOAD), and Tim Turner (Director of Private Sector Operations, AfDB)



national environmental management agencies and the WAEMU network of environmental focal points.

In August 2011 the ITF Executive Committee approved a TA grant of EUR 400 000 for the development and implementation of such an SEMS. Tendering is scheduled for March 2012 and the winning bidder is expected to start works in April 2012.

On 31 January 2012 Mr Modibo Kone, the Director of the Environmental Management and Sustainable Development Unit at the BOAD met with AfDB at their Tunis offices in order to discuss details of the Social and Environmental Management System:

"Closing Africa's infrastructure deficit is a prerequisite and a vehicle for the continent's sustainable economic growth and poverty reduction. The African Development Bank has long been at the forefront for Africa's infrastructure development both at the regional and national levels with the emphasis on enhancing and integrating regional economies. Having at our disposal the ITF facility, which shares common attributes with the Bank's regional integration strategy, has been very useful in facilitating the successful execution of multinational projects, ultimately bringing added value to the development effectiveness of our interventions.



Going forward, I believe that the ITF will play an even greater role, with the Programme for Infrastructure Development in Africa (PIDA) endorsed by the African Union Heads of States. Under PIDA, there is a coherent programme of agreed priorities that will promote regional integration between 2012 and 2020. ITF's leverage, with the continued support of EU donors, will be effective in contributing to PIDA's implementation on the ground. We at the AfDB, in collaboration with our partners, will continue to play a key role towards realising the regional integration of our continent."

Gilbert Mbeshherubusa,
Acting Vice-President, Infrastructure, Private Sector & Regional Integration

The Geothermal Risk Mitigation Facility for Eastern Africa

The East African Rift Valley has geothermal resources which could make available more than 7 000 MW of power to the regional power system. The Geothermal Risk Mitigation Facility aims at developing power generation capacities in the range of 300 MW over the coming seven years.

As geothermal power plants produce reliable and cheap base load power, they will help to reduce severe power shortages, so improving living conditions and the quality of socio-economic development in the region. The operating costs of geothermal power plants in volcanic regions like the East African Rift Valley range from USD 0.04 to USD 0.10/kWh and are the least cost alternative at many sites. Besides all these advantages, the development of geothermal resources entails relatively high upfront costs and risks of proving the resource. Accurate assessments of resource potential and project design and specific costs cannot be determined until drilling has taken place. The risk of failure of geothermal wells on an international average is about 30%.

The direct grant from the ITF will finance drilling programmes with the explicit aim of securing finance for the next stage of resource development. Qualified public and private developers will receive grant funding for up to two exploration wells including associated mobilisation, demobilisation and well testing and, if required, a feasibility study that combines drilling results with market, regulatory and technical considerations. Surface studies will be supported in cases where a pre-feasibility study already exists and where they can improve existing drill siting. To enhance the know-how on the nature of geothermal prospects in eastern Africa and thus reduce the risks of future wells, a regional geothermal database will be established.

Project developers can qualify for the funding through a two-stage application process with defined project selection criteria and procedures. The Facility will be managed by the African Union Commission with the support of an international consulting team and under the supervision of an

Lead Financier	KfW
Sector	Energy
Type of grant	DG
Grant amount	EUR 30 000 000
Approved on	20.10.2011
Status	Awaiting first disbursement

Oversight Committee. Interested public and private investors will have the opportunity to take part in regional pre-application workshops.

The project will initially focus on geothermal prospects in Ethiopia, Kenya, Rwanda, Tanzania and Uganda due to availability of funding. It is envisaged that the regional scope of the project will be expanded to other countries as additional funding is attracted.

The financing agreements for the contributions from the ITF and the German Government were concluded in December 2011. It is expected that the consultant for the day-to-day operation of the Facility will be assigned in the first quarter of 2012. The first meeting of the Oversight Committee is expected to take part in the second quarter of 2012. At that time the first call for expressions of interest in grant support will be launched.





"We aim to pave the way for climate-friendly development in East Africa and use sustainable energy to tackle the causes of poverty. I see harnessing the abundant geothermal resources in the region as an opportunity to secure a reliable, climate-resilient, sustainable energy supply, thus leading to environmentally-sensitive growth. I am hopeful that the innovative geothermal facilities in East Africa will break down fundamental barriers to private investment in renewable forms of energy.

Cooperation with the African Union and the ITF provides the opportunity to transcend national boundaries and bring together European and African players. In this way, we can join forces to implement sustainable regional energy projects. The ITF is a facility that coordinates, supports and reinforces the EU Member States' development policies and makes a key contribution to a coherent EU development policy in Africa."

Dirk Niebel,

German Federal Minister of Economic Cooperation and Development



At the signing ceremony organised by the African Union Commission (AUC) through the Department of Infrastructure and Energy, its Director Mr Aboubakari Baba-Moussa, in his opening remarks, expressed his enthusiasm towards the successful signing of the agreement.

H.E. Elham Ibrahim, Commissioner for Infrastructure and Energy of the AUC, said that "financing is a key factor for Africa's energy challenges" and expressed her appreciation to the Government of Germany and the EU for this key cooperation opportunity. She called upon all African countries that are not yet participating

to take part in this initiative in order to achieve the intended levels of production and utilisation of geothermal resources. She also encouraged other development partners to join the current cooperation initiative.



"Cutting emissions by 2020 to a level that could keep a global, 21st century, temperature rise under 2 degrees C is technologically and economically feasible", states a comprehensive study released by the UN Environment Programme¹⁰. "Accelerated uptake of renewable energy, fuel switching and energy efficiency improvements can deliver a large slice of the necessary cuts."

Geothermal power plants operate independently from climate conditions and do not require adaptation measures due to climate change. Existing geothermal power projects in Kenya have fed clean and environmentally friendly power into the electricity grid by reducing greenhouse gas emissions by about 900 000 t CO₂/year.

Developing geothermal power potential is an important contributor to adapting power generation to a changing climate in Africa. The East African Power Pool recognises that geothermal resources present the opportunity to provide base load power to the regional grid at relatively low cost and with low emissions.

¹⁰ UNEP Bridging the Emissions Gap Report, November 2011

Bolgatanga (Ghana) – Ouagadougou (Burkina) power interconnection

The 210 km long 225 kV power interconnector between Bolgatanga in Ghana and Ouagadougou in Burkina Faso – 171 km in Burkina Faso and 39 km in Ghana – will enable around 100 MW of electricity generated at least cost using natural gas in Ghana to be exported to Burkina Faso, a landlocked country in the Sahel region where power generation, essentially by thermal power plants, is expensive. This operation will also serve to make the supply of power by SONABEL, the project promoter in Burkina Faso alongside GRIDCO in Ghana, more reliable. This is one of the priority projects of West African Power Pool, aimed at creating a regional electricity market in West Africa. The project includes the expansion of the existing 161/34.5 kV into a 225/161/34.5 kV substation at Bolgatanga, as well as the 225/90 kV substation at Zagtoui in Burkina Faso, plus a new 90/33 kV substation at Patte d’Oie, also in Burkina Faso, as well as associated national SCADA systems and the provision of electricity to rural villages located along the line in Burkina Faso. A power purchase agreement will be signed between the Volta River Authority in charge of generation in Ghana and SONABEL. In addition, a power transfer agreement will be signed between GRIDCO and SONABEL. The total cost of the interconnection project of about EUR 81 million will be financed by the World Bank, AFD, EIB, SONABEL and GRIDCO.

The ITF supports the project with three different grants: an interest rate subsidy of up to EUR 6.7 million will be used by the EIB to bring down the interest rate for its EUR 23 million loan to the State of Burkina Faso to 1.4%, in order to comply with IMF conditionality. Similarly, a second interest rate subsidy of up to EUR 2.8 million was granted to AFD for subsidising its EUR 15.75 million concessional loan to SONABEL. Such a concessional financing package will help reduce SONABEL’s high and increasing debt repayments and the magnitude of future tariff increases, as well as the Government of Burkina’s continuous financial support to the energy sector. A second loan from the AFD to GRIDCO does not benefit from an IRS since this loan is a non-sovereign

Sector	Energy
Lead Financier	AFD
Type of grant	Technical Assistance
Grant amount	EUR 4 800 000
Approved on	20.10.2011
Status	Awaiting first disbursement
Lead Financier	AFD
Type of grant	Interest Rate Subsidy
Grant amount	EUR 2 800 000
Approved on	20.10.2011
Status	Awaiting first disbursement
Lead Financier	EIB
Type of grant	Interest Rate Subsidy
Grant amount	EUR 6 700 000
Approved on	20.10.2011
Status	Awaiting first disbursement

loan and GRIDCO’s financial situation and outlook are sound thanks to a low level of indebtedness and comfortable transmission tariffs.

A third grant from the ITF of up to EUR 4.8 million will be used by AFD to fund the supervision of the works on the new 330 kV line in Ghana and a tariff study for SONABEL. This technical assistance will strengthen GRIDCO in the supervision of complex works such as the Kumasi–Bolgatanga 330 kV line, and it will improve the financial visibility of the electricity sector in Burkina by endowing it with an adequate tool.

Further technical assistance provided by the World Bank to both SONABEL and GRIDCO will address different needs like the supervision of works for the Bolgatanga–Ouagadougou interconnection and capacity building and institutional support for the interconnection project implementation unit, high-voltage system planning, operation and maintenance of high-voltage transmission systems, SCADA development, commercial transactions, telecommunications and high-voltage network protection.



Eastern Africa Transport Corridor



The project consists of road improvements on three selected sections of the East African Northern Road Corridor (NRC) from Mombasa via Nairobi to Kampala, and further west to Rwanda and Burundi with extensions to DRC, South Sudan and northern Tanzania. Two bypasses for the cities of Kampala and M'barara are furthermore part of this project.

The Northern and Central Corridors of East Africa – anchored respectively to the ports of Mombasa and Dar Es Salaam – are principal transport routes for the eastern and landlocked central African countries for national, regional and international trade and passenger traffic. Because of inadequate physical infrastructure and other inefficiencies, these corridors suffer from long transit times and high transport costs which can add up to 75% to the cost of goods, while freight costs per kilometre are more

Lead Financier	EIB
Sector	Transport
Type of grant	IRS
Grant amount	EUR 16 600 000
Approved on	15.12.2011
Status	Awaiting first disbursement

than 50% higher than costs in the EU and USA. The modernisation of the transport infrastructure is critical for trade expansion, investment and economic growth, which are key to the success of regional integration and the creation of wealth and poverty alleviation.

The direct purpose of the project is to alleviate transport bottlenecks, generate savings in vehicle operating costs and travel time as well as reduce the level of road accidents. The modernisation of this transport infrastructure is crucial for both national and regional road traffic and sustains economic growth in the area, trade expansion and investment, which are also vital to develop and support a dynamic and robust private sector.

Uganda is a HIPC country, constrained to borrow on highly concessional terms. The ITF Interest Rate Subsidy will be used to lower the final interest rate for the EIB loan of EUR 55 million to the Government, providing the 35% IMF concessional element requested to Uganda for taking up additional debt. The loan to the Government will be passed on to the promoter, the Ugandan National Roads Authority (UNRA), in the form of a grant.

The Central and West Africa Road Corridors

The potential project concerns the road inter-connection between the cities of Douala, Yaoundé and possibly Bafoussam forming part of or improving access to three regional corridors. The Douala–Yaoundé connection is the first portion of the Cameroon–Bangui (CAR) corridor and of the Cameroon–N’Djamena (Chad) corridor. The Douala–Bafoussam road link connects to the Bamenda (Cameroon)–Enugu (Nigeria) corridor. The existing 2-lane roads are in generally good structural condition but they can no longer handle the growing long distance heavy traffic without major safety and comfort issues. Traffic data from 2006 shows approximately 7 000 vehicles/day of which 40% of trucks between Douala and Yaoundé and about 6 000 vehicles/day between Douala and Bafoussam. Projections show that road capacity levels will be reached by 2015.

In preparation of the project, the ITF has provided a EUR 2.5 million technical assistance grant for the financing of three phases of successive studies to explore the different options for the interconnection

Lead Financier	EIB
Sector	Transport
Type of grant	Technical Assistance
Grant amount	EUR 2 500 000
Approved on	15.12.2011
Status	Awaiting first disbursement

of the cities of Douala, Yaoundé and Bafoussam. The first phase includes pre-feasibility studies to confirm the need for the project and to propose the best option (several layouts to be examined). The second phase includes feasibility studies in respect of the option selected at pre-feasibility stage, to explore the technical, economical, financial, environmental & social and legal feasibility. The third phase is conditional to the positive outcome of the feasibility studies and includes detailed technical studies and preparation of the tendering documents. The detailed technical studies will include an Environmental Impact Assessment as well as an Environmental and Social Management Plan.

The tendering for these studies is scheduled for the first half of 2012 so that the studies can be conducted between mid-2012 and mid-2014.

Transmission Line Kafue-Livingstone

The project consists of the upgrading of the existing 341 km Kafue–Muzuma–Livingstone transmission line from 220 to 330 kilo voltage, including the upgrading of the two substations related to this line, and the construction of one new substation. The line interconnects the Victoria Falls hydropower station in the south-eastern part of the country to the load and production centres situated in the centre of Zambia. It forms part of a new regional north-south connection that interconnects the Zambian

Sector	Energy
Lead Financier	EIB
Type of grant	Technical Assistance
Grant amount	EUR 350 000
Approved on	15.12.2011
Status	Awaiting first disbursement

Lead Financier	EIB
Type of grant	Interest Rate Subsidy
Grant amount	EUR 5 200 000
Approved on	15.12.2011
Status	Awaiting first disbursement



and Namibian networks, bypassing the congested, unreliable network of Zimbabwe, and providing renewable hydropower to southern markets of the SAPP. The total project cost is estimated at USD 100 million and will be co-financed by the EIB, the World Bank and the project promoter, the Zambia Electricity Supply Corporation, ZESCO.

The Kafue–Muzuma–Livingstone line was built in the 1970s to allow easy and cost-efficient upgrading when load growth so requires. The project therefore benefits from already existing infrastructure, resulting in relatively low environmental impact and investment costs. The technology used in the project is proven. The project is a priority in the recently developed ZESCO Master Plan.

The project is a standard upgrade of the national and regional electricity backbone network. This upgrade has been made necessary and possible by the commissioning of the Caprivi Interconnector in 2010. The project enables the utilisation of this interconnector closer to its nominal capacity of 300 MW. The Kafue-Livingstone line is the only significant transmission line towards the south-west of Zambia, and the upgrade works require an outage of several months. The Caprivi Interconnector provides the network connection to this south-western part of the country during the upgrade works, thereby making the upgrade possible. The possibilities of electricity trade through the Caprivi link make the upgrade necessary.

The ITF is supporting this project with a total grant of EUR 5.55 million split between two different operations:

- An interest rate subsidy of up to EUR 5.2 million subsidising EIB's loan to the Republic of Zambia, which will on-lend the funds to ZESCO. The EIB's loan will support the Zambian Government in its efforts to ensure that a reliable supply of energy will keep pace with the anticipated growth of the economy in the country and the region. The EIB also plays an important strategic role in defining lenders' requirements for project implementation organisation. The Bank's conditionality clauses, e.g. to address specific environmental concerns, will contribute towards putting in place a framework that ensures good practice in the implementation of the project.

- A technical assistance grant of EUR 350 000 for the funding of a Lender's Engineer. ZESCO's implementation capacity, notably its procurement and financial management abilities, need to be strengthened and accompanied by enhanced monitoring. A formal and monitored Project Implementation Plan (PIP) will be established, supported and implemented by a full-time Project Implementation Unit (PIU) with a core staff of international consultants.

Details of ITF Grants

Cleared in Principle in 2011



Itezhi Tezhi

The overall Itezhi-Tezhi Hydropower Project will consist of the development, financing, construction, operation and maintenance of a 120 MW base load hydro power plant at the site of the existing ITT dam on the Kafue River in Zambia on the one hand, and of a new transmission line of approximately 300 km via Mumbwa on to Lusaka West on the other hand, which will connect the power station to the national grid and through it to the SAPP. The transmission line is to be developed, constructed, financed and operated by ZESCO.

The project will take advantage of existing infrastructure with the dam already in operation for more than 30 years. Adding a power station will thus limit construction/cost/risk as well as keeping environmental impact low and minimising resettlement. The new transmission line will wheel renewable energy produced from a remote area for the benefit of Zambia and ultimately of the SAPP region.

Lead Financier	EIB
Sector	Energy
Type of grant	IRS
Grant amount	EUR 17 600 000
Status	CIP

The ITF has agreed in principle to subsidise the EIB's and AFD's loans for the financing of the line on the basis of Zambia being a least developed country which has undergone debt restructuring under the HIPC initiative. Technical assistance might furthermore be requested from the ITF for the strengthening of the project promoter, ZESCO, and for the financing of a Lender's Engineer to monitor the project implementation.

The submission for a request for approval of both the ITF IRS and TA Grant is scheduled for early 2012.



Africa Sustainable Energy Facility

The objective of the Africa Sustainable Energy Facility is to catalyse the participation of the private sector in financing renewable energy and energy efficiency activities. By providing risk mitigation instruments such as (i) a tenor extension guarantee, and (ii) mezzanine/subordinated/senior loans to projects, the project aims to assist the development of projects in order for them to become bankable and financed by local financial intermediaries. Such smaller projects remain under the radar screen of IFIs and are more efficiently dealt with by local financial intermediaries. The initiative will coordinate with other donor-supported projects targeting the same market segments.

Lead Financier	EIB
Sector	Energy
Type of grant	DG and TA
Grant amount	EUR 8 000 000
Status	CIP

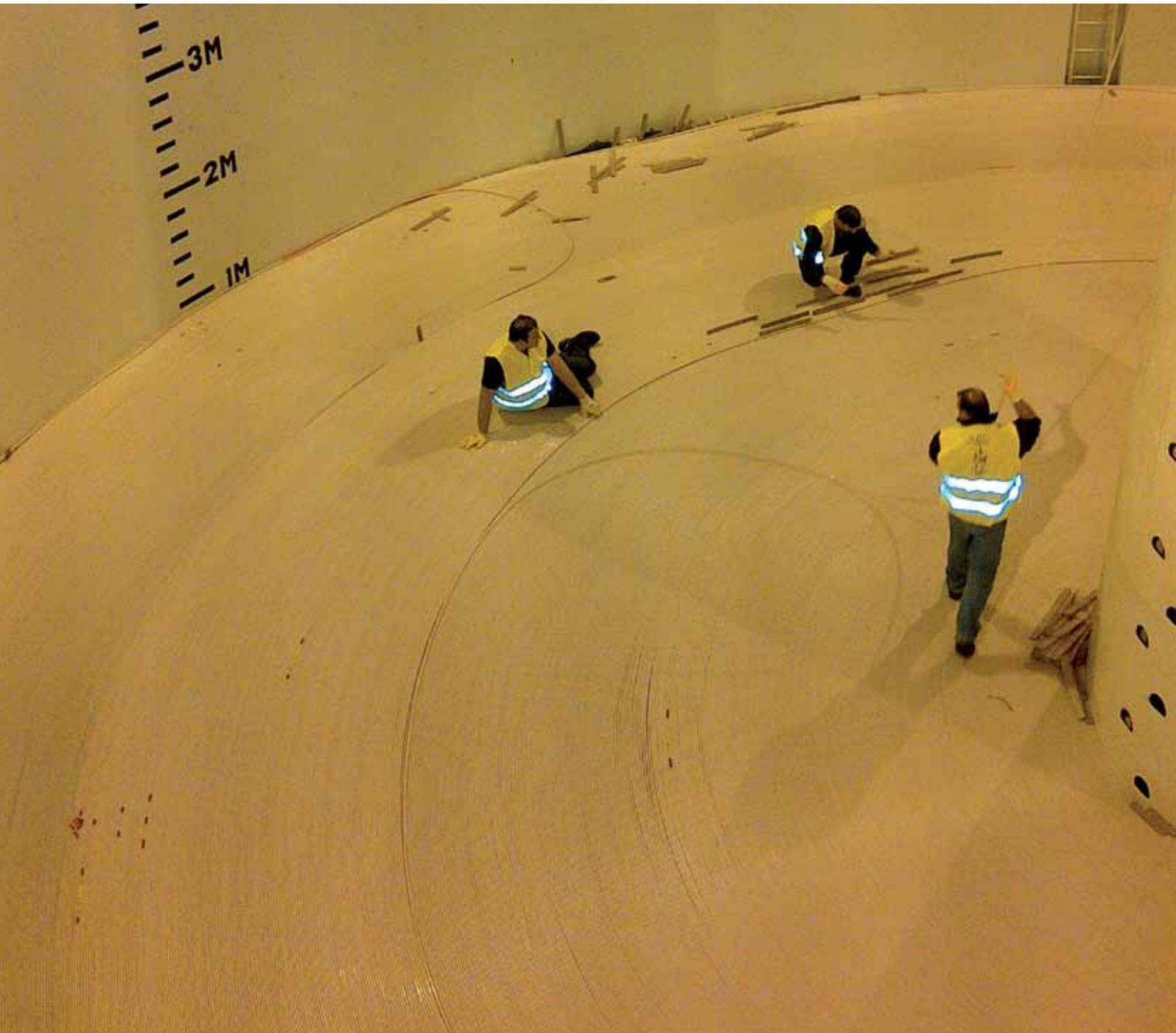
The EIB requested the ITF to provide funding for a first-loss guarantee (EUR 5 million) which would provide the Bank with a sufficient cushion to mitigate future losses and thus price the offered risk mitigation products at affordable levels. A second support mechanism requested from the ITF would be technical assistance, e.g. to assist in the structuring of the risk mitigation products to suit each individual project in order to bring it to a level of bankability acceptable to local financial institutions.

Integrated Logistic Masterplan for the Movement of Freight in Ghana

In order to meet Ghana's transport requirements and to sharpen the role as a regional hub for the efficient movement of freight from and to the region, an integrated masterplan for the development of the Tema and Takoradi harbours including their connection to the hinterland, as well as decisions on the harbours' specialisations, are required. The report, complementing the EU-financed logistic masterplan, would help to overcome the shortcomings of isolated planning of the ports. The draft Terms of Reference for the grant operation regarding an integrated logistics masterplan to support the Ghana Ports Authority through the Government of Ghana include, among other aspects, the review of existing isolated masterplans as well as the EU-financed 2011 Integrated Transport Masterplan; an analysis of the status quo and major economic developments and their influence on the logistical requirements; an analysis of

Lead Financier	KfW
Sector	Transport
Type of grant	TA
Grant amount	EUR 900 000
Status	CIP

the market prospects of Takoradi and Tema Ports in a regional context. The draft Terms of Reference also recommend adequate specialisation, determining the financial viability of the project/project components and the organisation of workshops with the main project stakeholders.





Operational Results

The ITF continues to be a key instrument of European Aid that supports and fosters investment in African infrastructure projects.

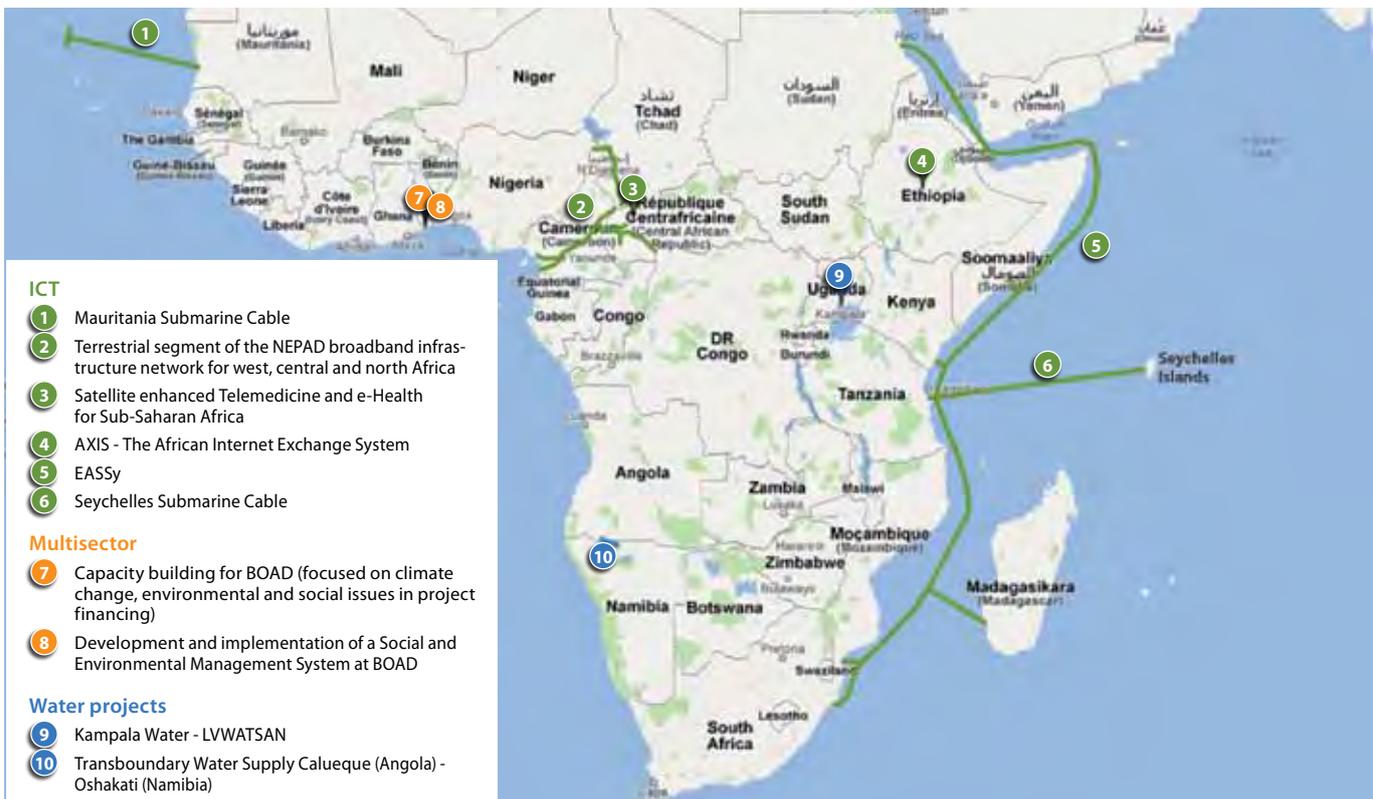
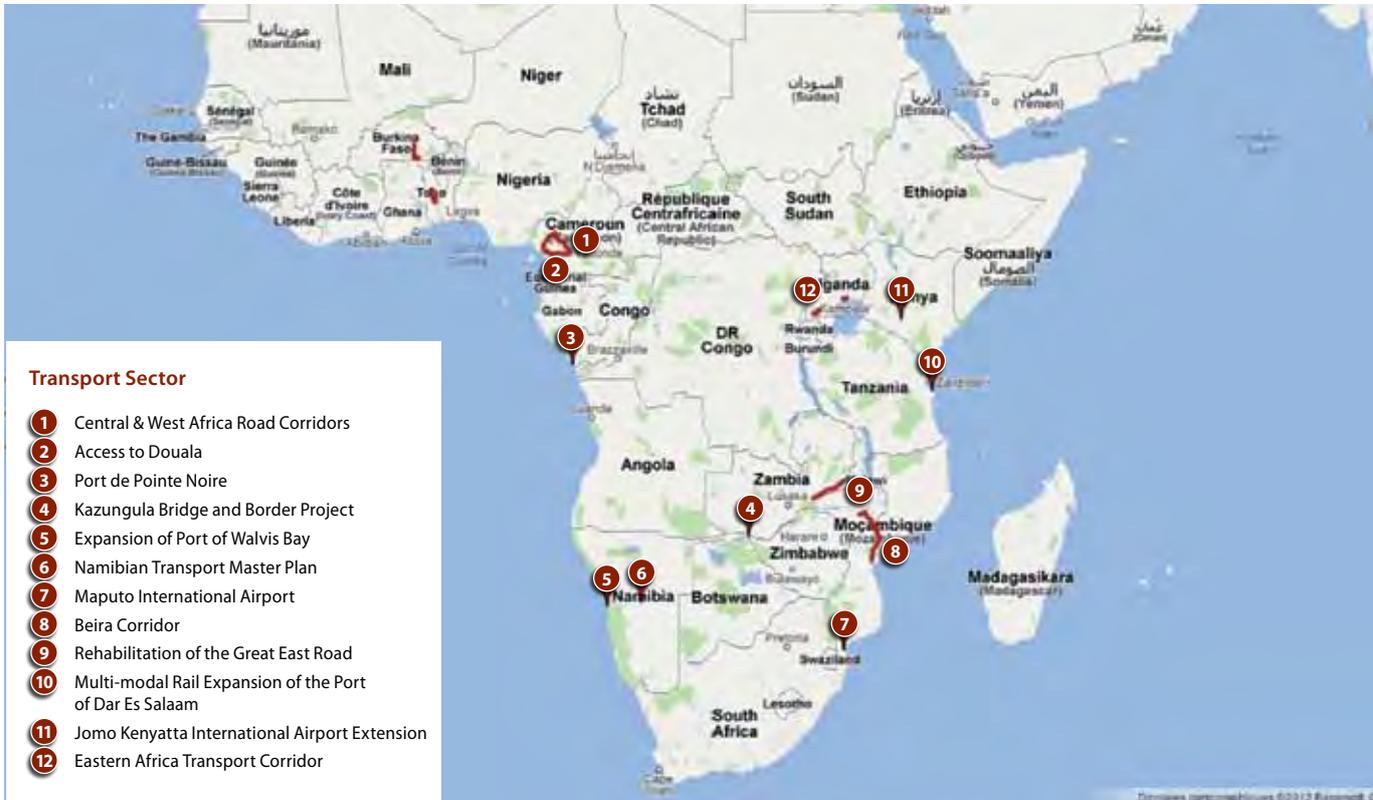
Overview

2007-2011



Energy Sector

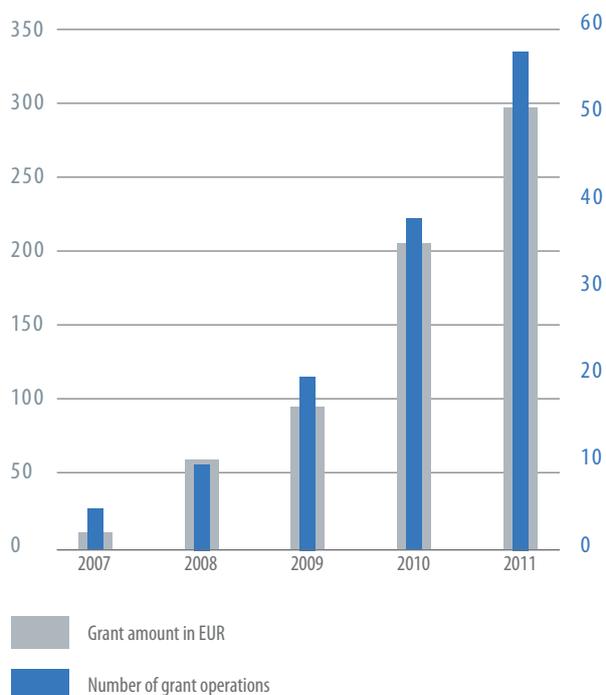
- 1 Felou Hydropower Plant
- 2 Sambangalou Hydropower Plant
- 3 OMVS Gouina Hydropower Plant
- 4 Mount Coffee Hydropower Plant
- 5 CLSG Interconnection Project
- 6 WAPP Coastal Backbone Transmission Line
- 7 ECOWAS Electricity Regulation
- 8 Update of the WAPP Masterplan
- 9 Benin-Togo Power Rehabilitation
- 10 Interconnection Bolgatanga-Ouagadougou
- 11 WAPP Power Interconnection in West Africa (Ghana-Burkina Faso, Mali)
- 12 Caprivi Interconnector
- 13 Lower Orange River Hydropower
- 14 Transmission Line Kafue-Livingstone
- 15 Mozambique Backbone (CESUL)
- 16 Muchinga Hydropower
- 17 Tanzania Backbone Interconnector
- 18 Ruzizi Hydropower Plant
- 19 Kibuye-Goma-Birembo Interconnector
- 20 Environmental Credit Lines for Kenya, Uganda and Tanzania. (Engaging Banks in Energy Transition Projects)
- 21 Geothermal Risk Mitigation Facility
- 22 Ethiopia-Kenya Interconnector (EAPP)



Summary of Operational Results 2007-2011



Cumulative grant approvals



Grant operations approved by year

	2007	2008	2009	2010	2011	Cumulative
Approved grant operations	15 485 000	47 800 000	33 035 000	112 548 000	86 150 000	295 018 000
Cleared in principle (CIP)	21 600 000	1 700 000	25 000 000	33 500 000	34 050 000	26 500 000
Number of grant approvals	4	4	11	19	19	57

The cumulative total for CIPs does not include the CIPs that have been converted into approvals.



List of approved Grant Operations 2007-2011

Grant Operation	Region	Sector	Type	PFG Lead Financier	Co-Financiers	Grant Amount approved	Date of approval
Access to Douala	Central Africa	Transport	IRS	AFD	na	5 700 000	16/09/10
AXIS - The African Internet Exchange System	African Continent	ICT	TA	Lux-Development	tbd	5 100 000	19/08/10
Beira Corridor	Southern Africa	Transport	IRS	EIB	EIB, World Bank, ORET, Danida	29 000 000	18/12/08
Benin - Togo Power Rehabilitation	West Africa & Sahel	Energy	IRS	EIB	EIB, KfW, World Bank, equity	12 250 000	10/11/09
BOAD - Development of a SEMS	West Africa & Sahel	Multisector	TA	AfDB	na	400 000	19/08/11
Capacity building for BOAD	West Africa & Sahel	Multisector	TA	EIB	na	900 000	23/08/10
Caprivi Interconnector	Southern Africa	Energy	IRS	EIB	KfW, AFD, NamPower	15 000 000	22/01/08
Central and West Africa Road Corridors	Central Africa	Transport	TA	EIB	AFD, EU Delegation, tbd	2 500 000	15/12/11
CLSG Power Interconnector	West Africa & Sahel	Energy	TA	EIB	EIB, KfW, AfDB, World Bank	3 000 000	16/10/07
CLSG Power Interconnector	West Africa & Sahel	Energy	TA	EIB	EIB, KfW, AfDB, World Bank	1 750 000	23/03/11
EASSy Submarine Cable	East Africa	ICT	TA	EIB	KfW, AFD, AfDB, IFC, WIOCC	2 600 000	05/07/07
Eastern Africa Transport Corridor	East Africa	Transport	IRS	EIB	EC, Government of Uganda	16 600 000	15/12/11
ECOWAS Electricity Regulation	West Africa & Sahel	Energy	TA	AFD	na	1 700 000	10/11/09
Engaging Banks in Energy Transition Projects	East Africa	Energy	TA	AFD	na	2 000 000	29/06/10
Ethiopia-Kenya Interconnector	East Africa	Energy	TA	KfW	AFD, AfDB, World Bank, EEPCo, MoF Kenya	550 000	10/07/07
Expansion of Port of Walvis Bay	Southern Africa	Transport	TA	KfW	EIB, AFD, tbd	450 000	14/12/09
Felou Hydropower Plant	West Africa & Sahel	Energy	IRS	EIB	World Bank	9 335 000	10/07/07
Geothermal Risk Mitigation Facility	East Africa	Energy	DG	KfW	KfW, EIB, AFD, DFI, private lender, govt, developer	30 000 000	20/10/11
Gibe III Hydropower Plant ESIA	East Africa	Energy	TA	EIB	na	1 300 000	14/12/09
Interconnexion Bolgatanga Ouagadougou	West Africa & Sahel	Energy	IRS	EIB	AFD, World Bank, Sonabel, GRIDCo	6 700 000	20/10/11
Interconnexion Bolgatanga Ouagadougou	West Africa & Sahel	Energy	IRS	AFD	EIB, World Bank, Sonabel, GRIDCo	2 800 000	20/10/11
Interconnexion Bolgatanga Ouagadougou	West Africa & Sahel	Energy	TA	AFD	EIB, World Bank, Sonabel, GRIDCo	4 800 000	20/10/11
Jomo Kenyatta Intern. Airport Extension	East Africa	Transport	TA	EIB	AFD, EIB, DBSA, JICA	5 000 000	14/12/09
Kampala Water – Lake Victoria WATSAN	East Africa	Water	IRS	KfW	KfW, AFD, EIB, NWSC	14 000 000	29/06/10
Kampala Water – Lake Victoria WATSAN	East Africa	Water	TA	KfW	KfW, AFD, EIB, NWSC	8 000 000	29/06/10
Kazungula Bridge and Border Project	Southern Africa	Transport	TA	AfDB	JICA, Governments	1 000 000	05/07/11

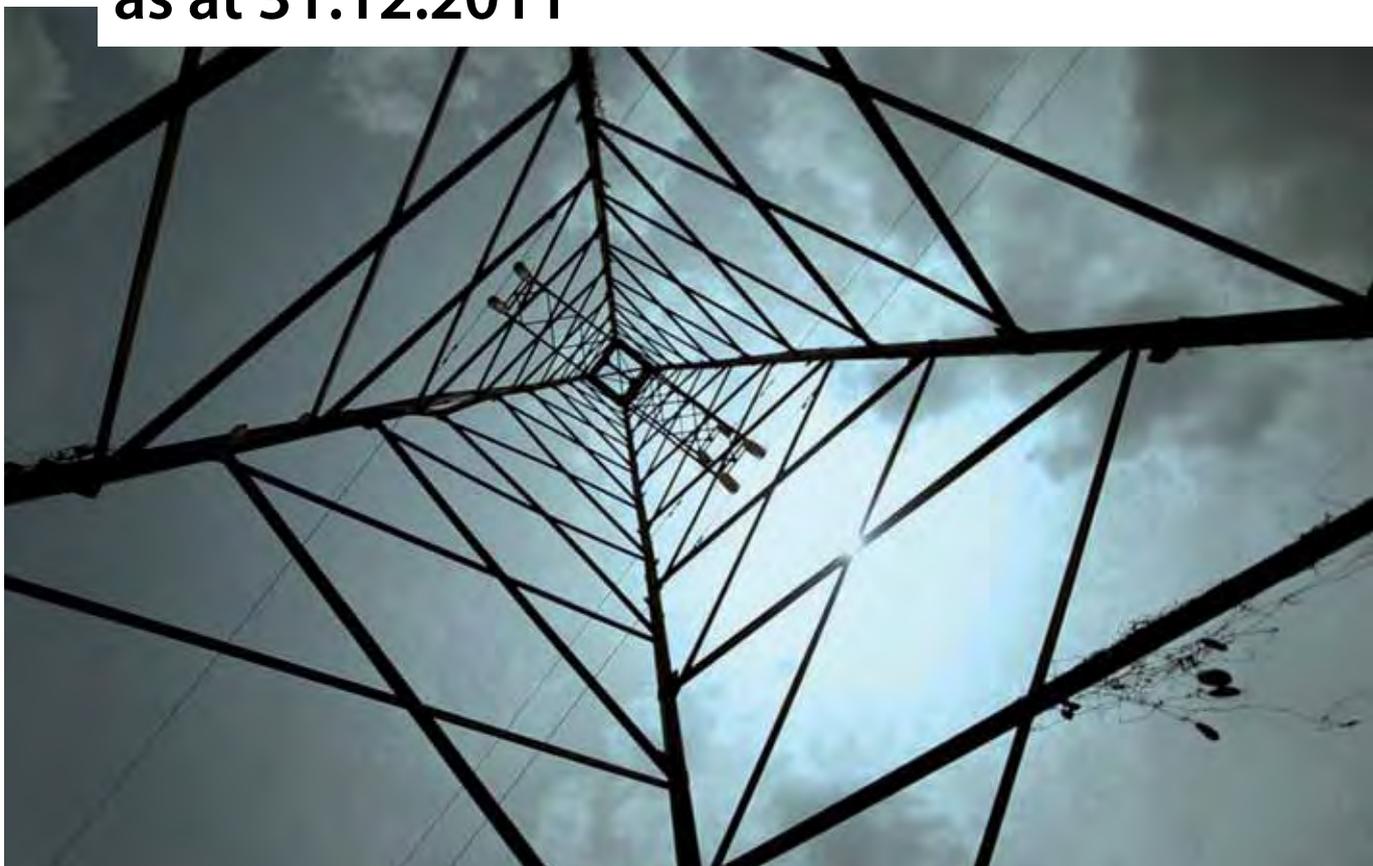
Grant Operation	Region	Sector	Type	PFG Lead Financier	Co-Financiers	Grant Amount approved	Date of approval
Kibuye-Goma-Biremba Interconnector	East Africa	Energy	TA	KfW	AfDB, German Government, Dutch Government	800 000	15/04/10
Lower Orange River Hydropower	Southern Africa	Energy	TA	EIB	DBSA, equity,	1 600 000	29/06/10
Maputo Airport	Southern Africa	Transport	TA	AFD	tbd	1 600 000	05/07/11
Mauritania Submarine Cable Connection	West Africa & Sahel	ICT	IRS	EIB	Mattel, Mauritel, Chinguitel, Bouamatou S.A.	1 574 000	04/02/11
Mount Coffee Hydropower Plant	West Africa & Sahel	Energy	TA	EIB	tbd	1 500 000	15/04/10
Mozambique Backbone (CESUL)	Southern Africa	Energy	TA	EIB	AFD, KfW, AfDB, DBSA, World Bank, Norad, Sida	700 000	14/12/09
Mozambique Backbone (CESUL)	Southern Africa	Energy	TA	AFD	EIB, KfW, AfDB, DBSA, World Bank, Norad, Sida	1 500 000	24/02/11
Muchinga Hydro Power	Southern Africa	Energy	TA	PIDG	tbd	2 619 000	05/07/11
Multi-modal Rail Expansion of the Port Dar Es Salaam	East Africa	Transport	TA	KfW	tbd	257 000	23/03/11
Namibia Transport Master Plan	Southern Africa	Transport	TA	EIB	KfW, tbd	560 000	09/11/10
OMVS Gouina Hydropower	West Africa & Sahel	Energy	TA	AFD	tbd	1 000 000	18/12/08
Port de Pointe Noire	Central Africa	Transport	IRS	AFD	EIB, BDEAC, equity	6 600 000	10/11/09
Port de Pointe Noire	Central Africa	Transport	TA	AFD	EIB, BDEAC, equity	2 000 000	14/12/09
Rehabilitation of the Great East Road	Southern Africa	Transport	IRS	EIB	EIB, AFD, AfDB, EC	25 000 000	29/06/10
Rehabilitation of the Great East Road	Southern Africa	Transport	TA	EIB	EIB, AFD, AfDB, EC	1 000 000	29/06/10
Rehabilitation of the Great East Road	Southern Africa	Transport	IRS	AFD	EIB, AfDB, EC	10 800 000	09/11/10
Rehabilitation of the Great East Road	Southern Africa	Transport	IRS	AFD	EIB, AfDB, EC	2 900 000	05/07/11
Ruzizi Hydropower Plant	East Africa	Energy	TA	EIB	EIB, AfDB, AFD, KfW, Proparco, FMO, EU	2 800 000	29/05/08
Ruzizi Hydropower Plant	East Africa	Energy	TA	EIB	EIB, AfDB, AFD, KfW, Proparco, FMO, EU	1 400 000	15/04/10
Sambalou Hydropower Plant	West Africa & Sahel	Energy	TA	AFD	EIB, KfW, AfDB, World Bank, BOAD, Abu Dhabi Fund	350 000	14/12/09
Satellite eMedicine for Africa	African Continent	ICT	TA	Lux-Development	tbd	4 000 000	23/08/10
Seychelles Submarine Cable	East Africa	ICT	DG	EIB	EIB, AfDB, promoter's equity	4 000 000	14/12/10
Tanzania Backbone Interconnector	East Africa	Energy	IRS	EIB	AfDB, World Bank, Korea EDCF	24 323 000	14/12/10
Transboundary Water Supply Calueque (Angola) - Oshakati (Namibia)	Southern Africa	Water	TA	KfW	EIB, tbd	2 400 000	25/05/11
Transmission Line Kafue-Livingstone	Southern Africa	Energy	IRS	EIB	World Bank, ZESCO	5 200 000	15/12/11
Transmission Line Kafue-Livingstone	Southern Africa	Energy	TA	EIB	World Bank, ZESCO	350 000	15/12/11
UMOJANET (Study for the West African part)	West Africa & Sahel	ICT	TA	AFD	tbd	1 350 000	14/12/10
Update of the WAPP Masterplan	West Africa & Sahel	Energy	TA	EIB	na	935 000	22/10/09
Update of the WAPP Masterplan	West Africa & Sahel	Energy	TA	EIB	na	515 000	23/08/10
WAPP - Coastal Backbone Interconnector	West Africa & Sahel	Energy	TA	EIB	KfW, tbd	1 750 000	27/03/09
WAPP IC Ghana-Burkina-Mali	West Africa & Sahel	Energy	TA	AFD	EIB, AfDB	1 200 000	05/07/11
						295 018 000	

A more detailed description of the above projects and grant operations can be found on the ITF Website¹¹.

¹¹ <http://www.eu-africa-infrastructure-tf.net/>



Grant Operations Cleared in Principle as at 31.12.2011



Since the inception of the Trust Fund, the Executive Committee gave a clearance in principle for a total of 15 grant operation requests. Two of these have been withdrawn by the relevant Lead Financiers (see section “Grant Operations completed in 2011”

on page 24) and nine have been converted into approved grant operations. The four remaining projects at the CIP stage are scheduled for submission for approval in 2012:

Grant Operation	Region	Sector	Type	PFG Lead Financier	Grant amount	Date of CIP
Itezhi Tezhi	East Africa	Energy	IRS	EIB	17 600 000	23/03/2011
Africa Sustainable Energy Facility	East Africa	Energy	IP	EIB	5 000 000	05/07/2011
Africa Sustainable Energy Facility	East Africa	Energy	TA	EIB	3 000 000	05/07/2011
Integrated Logistic Masterplan for the Movement of Freight in Ghana	West Africa & Sahel	Transport	TA	KfW	900 000	20/10/2011
					26 500 000	

Disbursements

2007-2011

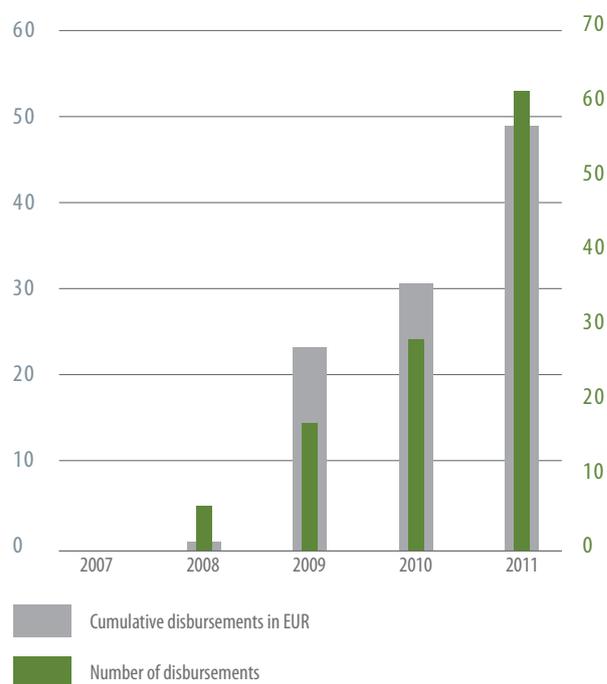


There has been a steady increase in Trust Fund disbursements over the years.

The time elapsing between the approval of a grant and its actual disbursement depends on a number of factors, sometimes standard, sometimes beyond the financiers' control. The Infrastructure Consortium for Africa noted that "the factors leading to disbursement delays can, inter alia, be due to political risks on complex regional infrastructure projects, insufficient regulatory harmonisation between countries and the weak institutional capacity of borrowers." The ITF operates in this especially challenging environment and the pace of disbursements from ITF-supported projects is well within the industry average.

Disbursements in 2011 exceeded the previous years in both value and number and indicate that the pace of disbursement will accelerate in the coming years.

Disbursed grant amounts in EUR



	2007	2008	2009	2010	2011	cumulative
Disbursements in EUR	-	1 082 294	22 396 008	8 391 867	17 535 692	49 405 861
Disbursements in numbers	-	5	12	14	30	61



Annexes

- 54** Abridged Financial Statements
- 56** List of Donors, Representatives and Aggregate Contributions
- 57** List of Members of the Steering Committee of the EU-Africa Partnership for Infrastructure
- 58** Members of the Project Financiers Group
- 59** List of Eligible African Countries
- 60** African Regional Economic Communities
- 62** List of Acronyms
- 63** Acknowledgement of Contributions to the Annual Report

1. Abridged financial statements

as at 31 December 2011¹²

Statement of financial position

as at 31 December 2011 (in EUR'000)

	Notes	31.12.2011	31.12.2010
ASSETS			
Cash and cash equivalents		286 329	251 452
Other assets	4	8 301	8 276
Total Assets		294 630	259 728
LIABILITIES AND CONTRIBUTORS' RESOURCES			
LIABILITIES			
Other liabilities	5	7	7
Total Liabilities		7	7
CONTRIBUTORS' RESOURCES			
Contributions	6	342 700	290 200
Retained earnings		-48 077	-30 479
Total Contributors' resources		294 623	259 721
Total liabilities and contributors' resources		294 630	259 728

Statement of comprehensive income

for the year ended 31 December 2011 (in EUR'000)

	Notes	From 01.01.2011 to 31.12.2011	From 01.01.2010 to 31.12.2010
Interest and similar income	7	2 088	499
Total operating income		2 088	499
Projects financed	8	-17 537	-8 392
General administrative expenses	9	-2 075	-1 655
Mid-term evaluation expenses	10	-67	-
Audit fees		-7	-7
Total operating expenses		-19 686	-10 054
Net loss for the financial year		-17 598	-9 555
Total comprehensive loss for the financial year		-17 598	-9 555

¹²The full financial statements and accompanying notes are available to download at www.eu-africa-infrastructure-tf.net or on request: eu-itf-africa@eib.org



Statement of changes in contributors' resources

For the year ended 31 December 2011 (in EUR'000)

	Contributions	Retained earnings	Total
At 1 January 2011	290 200	-30 479	259 721
Total comprehensive loss for the year			
Net loss for the financial year	-	-17 598	-17 598
Transactions recorded directly in contributors' resources			
Contributions (Note 6)	52 500	-	52 500
At 31 December 2011	342 700	-48 077	294 623
	Contributions	Retained earnings	Total
At 1 January 2010	170 200	-20 924	149 276
Total comprehensive loss for the year			
Net loss for the financial year	-	-9 555	-9 555
Transactions recorded directly in contributors' resources			
Contributions (Note 6)	120 000	-	120 000
At 31 December 2010	290 200	-30 479	259 721

Statement of cash flows

For the year ended 31 December 2011 (in EUR'000)

	From 01.01.2011 to 31.12.2011	From 01.01.2010 to 31.12.2010
OPERATING ACTIVITIES		
Interest received	2 088	499
General administrative expenses	-2 100	-4 799
Projects financed	-17 537	-8 392
Mid-term evaluation expenses	-67	-
Audit fees	-7	-7
Net cash from operating activities	-17 623	-12 699
FINANCING ACTIVITIES		
Contributions received	52 500	120 000
Net cash from financing activities	52 500	120 000
Net increase in cash and cash equivalents	34 877	107 301
Cash and cash equivalents at beginning of financial year	251 452	144 151
Cash and cash equivalents at end of the financial year	286 329	251 452

2. List of Donors, Representatives and Aggregate Contributions

Donor	Representative	Contribution
European Commission – DG DEVCO	Ms Francesca Mosca, European Commission – DG DEVCO	308 700 000
The United Kingdom - DFID	Mr Dónal Brown, Department for International Development - DFID	40 000 000
Spain - Ministry of Economy and Finance	Mr Rodrigo Tilve, Deputy Directorate for Economic and Financial Affairs of the European Union	10 000 000
France - Agence française de développement	Mr Jean-Marc Bellot, AFD Representative at the EU Institutions	10 000 000
Italy - Ministry of Foreign Affairs	Ms Annarita Lippiello, EU Office, Italian Development Cooperation	5 000 000
Germany - BMZ	Mr Kai Hahne, Federal Ministry for Economic Cooperation	5 000 000
Finland - Ministry of Foreign Affairs	Mr Jorma Suvanto, Ministry of Foreign Affairs of Finland	5 000 000
Luxembourg - Ministry of Foreign Affairs	Mr Léon Delvaux, Ministry of Foreign Affairs – Directorate for Development Cooperation	2 000 000
Austria - Austrian Development Agency	Mr Hannes Bauer, Austrian Development Agency	2 000 000
The Netherlands - Ministry of Foreign Affairs	Mr Wim Bekker, Ministry of Foreign Affairs	2 000 000
Greece - Ministry of Foreign Affairs	Ms Stamatia Kontopanayotou, Permanent Representation of Greece to the EU	1 000 000
Portugal - Ministry of Finance and Public Administration	Ms Ana Barreto, Ministry of Finance and Public Administration	1 000 000
Belgium – Foreign Affairs, External Trade and Development Cooperation	Mr Patrick De Bouck, Foreign Affairs, External Trade and Development Cooperation	1 000 000
		392 700 000



3. List of Members of the Steering Committee of the EU-Africa Partnership for Infrastructure

African Members

Members of Conference Bureau Transport, Energy & ICT			
Transport	Energy	ICT	Others
Algeria	South Africa	Nigeria	Burkina Faso
Ethiopia	Senegal	Kenya	Morocco
Mali	Egypt	Egypt	Nigeria
Gabon	Congo	Zambia	Kenya
Zimbabwe	Uganda	Niger	

Regional Economic Communities (RECs)

Community of Sahel-Saharan States - CEN-SAD
Common Market for Eastern and Southern Africa - COMESA
Economic Community of West African States - ECOWAS
Intergovernmental Authority on Development - IGAD
East African Community - EAC
Economic Community of Central African States - ECCAS
Arab Maghreb Union - AMU

Others

Economic Commission for Africa - ECA
African Development Bank - AfDB
New Partnership for Africa's Development – NEPAD

African Union Commission

European Members

Austrian Republic	Hellenic Republic	Portuguese Republic
Kingdom of Belgium	Republic of Hungary	Romania
Republic of Bulgaria	Ireland	Slovak Republic
Republic of Cyprus	Italian Republic	Republic of Slovenia
Czech Republic	Republic of Latvia	Kingdom of Spain
Kingdom of Denmark	Republic of Lithuania	Kingdom of Sweden
Republic of Estonia	Grand Duchy of Luxembourg	The United Kingdom
Republic of Finland	Republic of Malta	European Investment Bank
French Republic	Kingdom of the Netherlands	European Commission
Federal Republic of Germany	Republic of Poland	

4. Members of the Project Financiers Group

Donor	Financier	Name at Financier
UK	African Development Bank	Alex Rugamba
Austria	Development Bank of Austria	Wolfgang Pöcheim
Belgium	BIO	Alain De Muyter
European Commission	European Investment Bank	Alistair Wray
Finland	Finnfund	Jaakko Kangasniemi
France	Agence Française de Développement	Ophélie Risler
Germany	KfW Bankengruppe	Jochen Meyer-Lohmann
Greece	Ministry of Economy and Finance	Katerina Alesta
Italy	Simest	Alessandra Mariani
Luxembourg	Lux-Development	Richard Schmid
Portugal	SOFID	João Real Pereira
Spain	COFIDES	Fernando Aceña
The Netherlands	PIDG	John Hodges

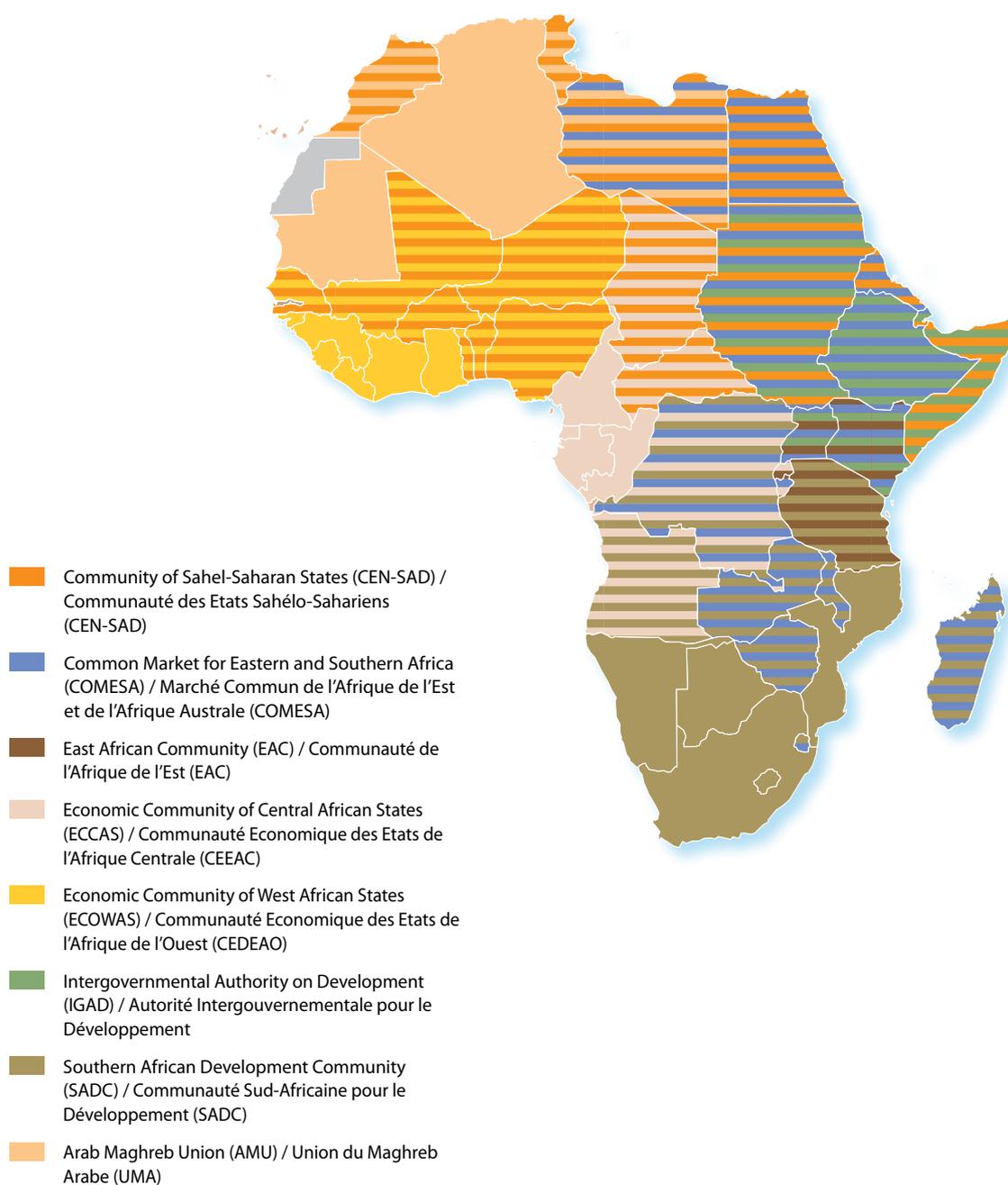


5. List of Eligible African Countries

Angola	São Tomé & Príncipe	Seychelles
Benin	Ghana	Mozambique
Botswana	Togo	Namibia
Burkina Faso	Guinea-Bissau	Niger
Burundi	Guinea Republic	Nigeria
Cameroon	Liberia	Rwanda
Central African Republic	Kenya	Senegal
Chad	Somalia	Gambia
Congo Brazzaville	Lesotho	Cape Verde
Côte d'Ivoire	Swaziland	Sierra Leone
Democratic Republic of Congo	Madagascar	Sudan
Eritrea	Malawi	Tanzania
Ethiopia	Mali	Uganda
Djibouti	Mauritania	Zambia
Gabon	Mauritius	Zimbabwe
Equatorial Guinea	Comores	

6. African Regional Economic Communities

African Regional Economic Communities





ITF Eligible Countries and their REC Membership

	CEN-SAD	COMESA	EAC	CEEAC	ECOWAS	SADC	UMA	IGAD
Angola				•		•		
Benin	•				•			
Botswana						•		
Burkina Faso	•				•			
Burundi		•	•	•				
Cameroon				•				
Cape Verde					•			
Central African Republic	•			•				
Chad	•			•				
Congo Brazzaville				•				
Comores		•						
Côte D'Ivoire					•			
Democratic Republic of Congo		•		•		•		
Djibouti	•	•						•
Equatorial Guinea				•				
Eritrea	•	•						
Ethiopia		•						•
Gabon				•				
Gambia	•				•			
Ghana					•			
Guinea-Bissau					•			
Guinea Republic					•			
Kenya		•	•					•
Lesotho						•		
Liberia					•			
Madagascar		•				•		
Malawi		•				•		
Mali	•				•			
Mauritania							•	
Mauritius		•				•		
Mozambique						•		
Namibia						•		
Niger	•				•			
Nigeria	•				•			
Rwanda		•	•					
São Tomé and Príncipe				•				
Seychelles		•				•		
Senegal	•				•			
Sierra Leone					•			
Somalia	•							•
Sudan	•	•						•
Swaziland		•				•		
Tanzania			•			•		
Togo	•				•			
Uganda		•	•					•
Zambia		•				•		
Zimbabwe		•				•		

7. List of Acronyms

A		K	
AFD	Agence Française de Développement	KfW	Kreditanstalt für Wiederaufbau
AfDB	African Development Bank	L	
AMU	Arab Maghreb Union	LV WATSAN	Lake Victoria Water and Sanitation project
AUC	African Union Commission	N	
B		NEPAD	New Partnership for Africa's Development
BOAD	Banque Ouest Africaine de Développement	NRC	East African Northern Road Corridor
C		NWSC	National Water and Sewerage Corporation
CAR	Central African Republic	O	
CEN-SAD	Community of Sahel-Saharan States	OeEB	Oesterreichische Entwicklungsbank AG
CIP	Clearance in principle (an initial decision on eligibility of the relevant project and the envisaged grant operation)	P	
COFIDES	Compañía Española de Financiación del Desarrollo	PFG	Project Financiers Group [of the ITF]
COMESA	Common Market for Eastern and Southern Africa	PIDA	Programme for Infrastructure Development in Africa
D		PPP	Public-Private Partnership
DFID	Department for International Development	R	
DG	Direct Grant	REC	Regional Economic Community
DRC	Democratic Republic of Congo	S	
E		SADC	Southern African Development Community
EAC	East African Community	SAPP	Southern African Power Pool
EASSy	Eastern Africa Submarine Cable System	SIMEST	Società Italiana per le Imprese all'Estero
EC	European Commission	SOFID	Sociedade para o Financiamento do Desenvolvimento
ECA	Economic Commission for Africa	T	
ECCAS	Economic Community of Central African States	TA	Technical Assistance
ECOWAS	Economic Community of West African States	TPC	Total Project Cost
EDF	European Development Fund	U	
EIB	European Investment Bank	UK	United Kingdom
EU	European Union	W	
ExCom	Executive Committee	WAPP	West African Power Pool
H			
HIPC	Heavily Indebted Poor Countries		
I			
ICA	The Infrastructure Consortium for Africa		
ICT	Information and communication technologies		
IDA	International Development Association		
IGAD	Intergovernmental Authority on Development		
IP	Insurance Premiums		
IRS	Interest Rate Subsidy		
ITF	Infrastructure Trust Fund		



8. Acknowledgement of Contributions to the Annual Report

The Secretariat of the EU-Africa Trust Fund prepared this Annual Report with the kind contribution of the:

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