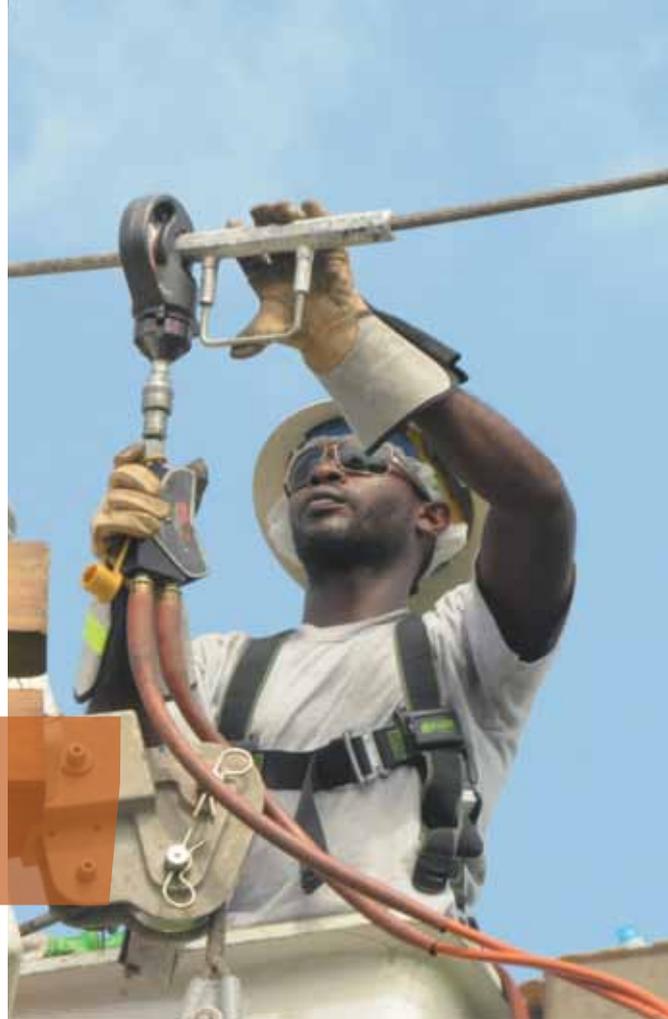




Annual Report
EU-Africa Infrastructure Trust Fund

2012

A decorative horizontal bar at the bottom right of the page, consisting of a series of colored squares in shades of blue, grey, and white.



Contents

- 2** The EU-Africa ITF
- 4** Joint Foreword by the President of the EIB and the EC Commissioner for Development
- 6** ITF at a Glance
- 8** ITF 2012 Highlights
- 10** Fighting Against Climate Change
- 12** ITF Visibility
- 13** Operational Results and Outlook
 - 14** Approved Grant Operations in 2012
 - 18** Description of ITF Grants Approved in 2012
 - 29** Grant Operations Cleared in Principle in 2012
 - 30** An Example of the Successful Deployment of an ITF Grant
 - 32** Total Disbursements 2007-2012
 - 33** Looking Forward – The Pipeline
- 34** Closing Remarks by the Chair of the Executive Committee
- 36** Annexes
 - 37** List of Approved Grant Operations 2007-2012
 - 40** Abridged Financial Statements
 - 42** African Regional Economic Communities
 - 44** List of Donors, Representatives, PFG Members and Aggregate Contributions
 - 45** List of Abbreviations and Acronyms

The EU-Africa ITF



The African Union and the European Union held their 6th College to College meeting (C2C) on 25 and 26 April 2013 in Addis Ababa, with Commissioners from the two Unions participating under the co-chairs of Dr. Nkosazana Dlamini Zuma, Chairperson of the African Union Commission and European Commission President José Manuel Barroso. At this C2C, which inter alia focused on infrastructure financing in Africa, the Secretariat of the EU-Africa Infrastructure Trust Fund organised, with the support of the EU Delegation to the AUC in Addis Ababa and the Africa Union Commission, a side event on the activities of the ITF. The final beneficiaries of two projects reported on the impact and value added of ITF grant support.



The EU-Africa Infrastructure Trust Fund (ITF) is an instrument of the wider EU-Africa Infrastructure Partnership. The Trust Fund aims to increase investment in regional infrastructure in Africa by blending long-term loan financing with grant resources from the European Commission and EU Member States.

The sectors covered by the Trust Fund are energy, water, transport and communications/telecoms. Financial support can be provided in four different forms: interest rate subsidies (IRS), technical assistance (TA), direct grants (DG) for the financing of environmental or social components of a project and insurance premiums (IP) as a risk mitigation mechanism.

The Governance structure consists of the following organs:

- **The Steering Committee**, which was established in October 2007 in Addis Ababa. Its purpose is to provide strategic advice to the Executive Committee of the Trust Fund. It is composed of an equal number of representatives from the European Union (EU) and the African Union (AU) (29 each).

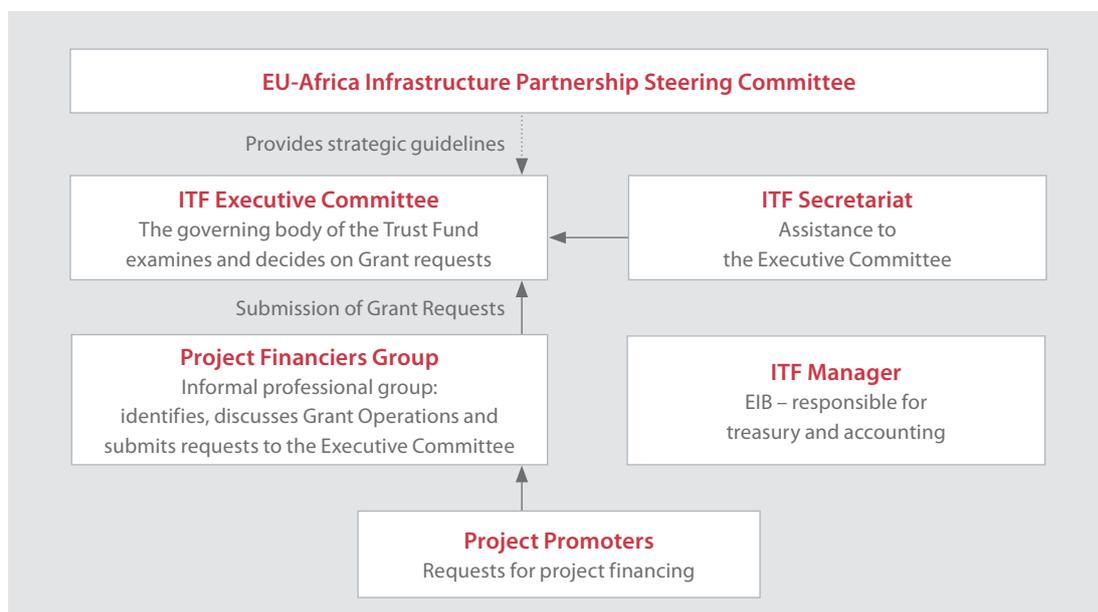
- **The Executive Committee of Donors**, which is the decision-making body of the Trust Fund. It

includes three categories of members: (i) the voting participants, i.e. the donors (European Commission and 12 EU Member States); (ii) the non-voting participants, i.e. EU Member States, which are not yet donors; (iii) the European Investment Bank (EIB), as Manager of the Trust Fund, and the Secretariat of the Trust Fund, both of which have a non-voting status. As the governing body of the Trust Fund, the Executive Committee is responsible for all key decisions.

- **The Project Financiers Group (PFG)**, which brings together the financial institutions that have each been nominated by a donor, as well as experts from the Commission. All grant requests are first discussed by the PFG and only then submitted to the Executive Committee for approval.

- **The Trust Fund Manager** (the EIB), which is responsible for the financial management, accounting and treasury operations of the ITF.

- **The Secretariat**, which assists the Executive Committee. The Secretariat attends all Executive Committee and PFG meetings, as well as meetings of other African infrastructure fora. It co-ordinates, therefore, the overall ITF governance process and acts as a permanent contact centre for stakeholders interested in ITF activities.



Joint Foreword by the President of the EIB and the EC Commissioner for Development



From a macro-economic perspective, Sub-Saharan Africa continues to outperform many regions and countries in the world, with a growth rate of 5.3% in 2012 that is expected to rise to 5.6% in 2013¹ and then to an average of around 6% a year over the next decade².



These figures are encouraging and indicate progress in reducing poverty, but they are averages on a continent rich in contrasts, and significant challenges remain on the road to development at both the macro and micro levels. Among the key challenges is the deficit in infrastructure that determines and drives all human economic activities, from agriculture to financial services, and in the areas of housing, healthcare, culture and education, etc. which cannot exist and flourish without roads, water, power and means of communication.

This critical role that infrastructure plays in promoting regional integration and economic and social development is the reason why, in 2007, the Commission, together with nine EU Member States and the European Investment Bank, launched the EU-Africa ITF as an innovative blending instrument aimed at stimulating investment in regional infrastructure in Sub-Saharan Africa in the four key sectors of energy, transport, water and sanitation and ICT (Information and Communications Technology). The blending starts with the financial contributions

from the Commission and the EU Member States, now numbering 12, which in turn mobilise and leverage long-term investments from the EIB, other financial institutions in the EU and the African Development Bank. The following pages of this Annual Report provide details of the 74 grant operations and EUR 380 million which have been approved over the last five years and which are expected, based on current trends, to mobilise investments of 13 times the value of the grant funding.

The Commission's decision in 2012 to become actively involved in the UN's Year of Sustainable Energy for All (SE4All) and make it a top priority will have a direct impact on the ITF. The SE4All initiative pursues three interlinked objectives to be achieved by 2030: (i) to ensure universal access to modern energy services; (ii) to double the rate of improvement in energy efficiency; and (iii) to double the share of renewables in the global energy mix. As a concrete commitment to these objectives, the Commission made an additional contribution of EUR 329 million to the ITF, specifically dedicated to projects eligible under SE4All.

¹ Source: The World Bank

² Source: The Economist

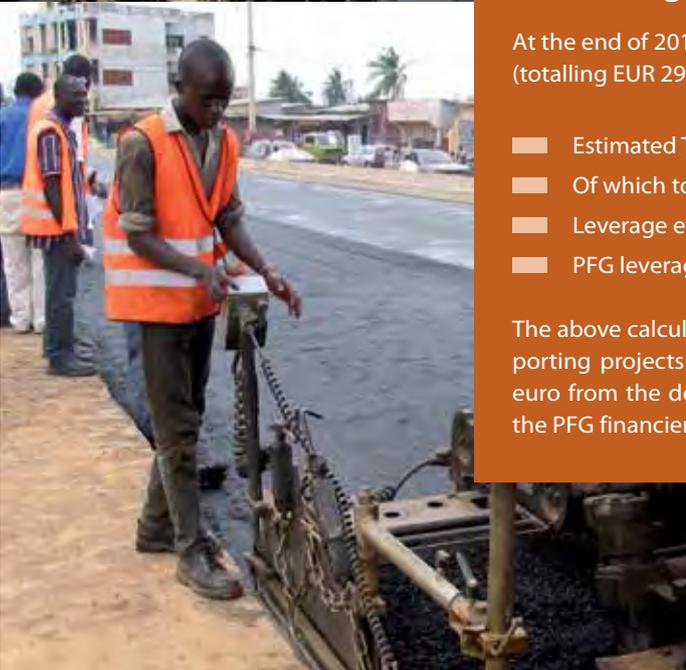


The United Kingdom also replenished the Trust Fund in 2012 with EUR 23 million, making it the second largest donor with EUR 65 million in contributions and increasing the total financial resources of the Trust Fund to about EUR 750 million at the end of 2012.

We are convinced that these new financial resources and the challenging focus on access to energy will enhance the capacity of the financial institutions in our network of financiers to deliver sustainable infrastructure projects in our partner countries in Sub-Saharan Africa.

Andris Piebalgs
Commissioner for Development,
European Commission,
Founding Donor

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



ITF at a Glance

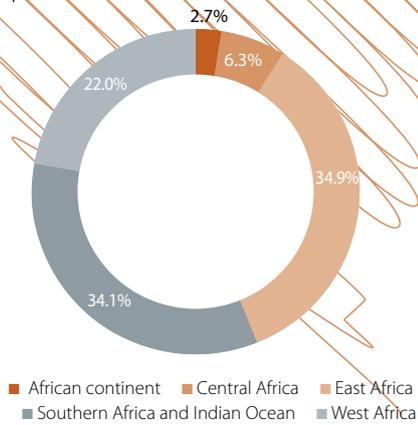
ITF leverage

At the end of 2012, 25 projects supported by 40 grants (totalling EUR 293.5 million) were in progress:

- Estimated Total Project Cost > EUR 3.8 billion
- Of which to be financed by the PFG > EUR 2.1 billion
- Leverage effect = 12.8
- PFG leverage = 7.2

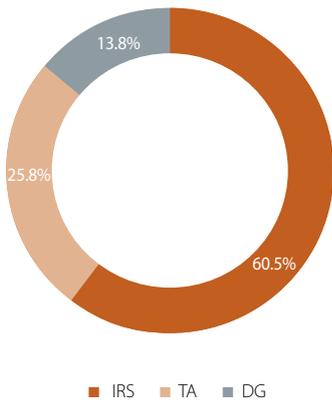
The above calculated multiplier effect only involves grant operations supporting projects in their investment phase. As at the end of 2012, each euro from the donors is expected to generate EUR 7.2 in financing from the PFG financiers, for a total of about EUR 12.8 invested per euro granted.

Breakdown by region in EUR since inception



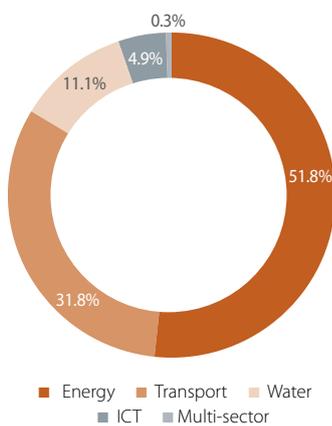
Regions	Grant Amount
African Continent	10 100 000
Central Africa	24 000 000
East Africa	131 930 000
Southern Africa and Indian Ocean	128 879 000
West Africa	83 201 791
Grand Total	378 110 791

Breakdown by type of grant in EUR since inception



Grant Type	Grant Amount
IRS	228 634 791
TA	97 476 000
DG	52 000 000
Grand Total	378 110 791

Breakdown by sector in EUR since inception



Sector	Grant Amount
Energy	195 727 000
Transport	120 307 000
Water	42 100 000
ICT	18 676 791
Multi-sector	1 300 000
Grand Total	378 110 791

ITF 2012 Highlights



March 2012

■ During the fourth meeting of the Steering Committee of the Africa-EU Infrastructure Partnership in Addis Ababa, it was agreed that “the institutional status and place of the Africa-EU Infrastructure Partnership should be examined in the framework of the review of the overall institutional structure of the Joint EU-Africa Strategy (JEAS). Until then, a reference group should ensure the exchange of information, knowledge-sharing and

coordination between the sectors of transport, energy, ICT and trans-boundary water”. This reference group, which will be composed of nominees from the different partnerships, will develop and identify areas where the European Union could contribute, through knowledge-sharing, to accelerating the programme’s implementation and the fulfilment of its objectives. A full review of the partnership structure is scheduled for 2013.

■ At the same time, the Steering Committee welcomed the adoption by the African Heads of State and Government on 30 January 2012 of the Programme for Infrastructure Development in Africa (PIDA). The PIDA is considered to be a milestone in the work to achieve consensus on African infrastructure sector priorities. 60% of the projects currently supported by the ITF are identified PIDA projects and programmes.

■ The Steering Committee also welcomed the initiative launched by UN Secretary-General Ban Ki Moon on Sustainable Energy for All (SE4ALL) aimed, in particular, at increasing access to modern, affordable and sustainable energy services. The ITF will support this initiative through a Climate Change Window earmarked for energy projects that qualify under the SE4ALL eligibility criteria.

July 2012

■ A mid-term evaluation of the ITF was completed by external consultants. The recommendations from this evaluation were discussed by the Executive Committee and a Fiche Contradictoire was drawn up, identifying specific actions to be undertaken by the ITF, for example expanding the use of risk mitigation products and providing an updated and more detailed version of the logical framework.



September 2012

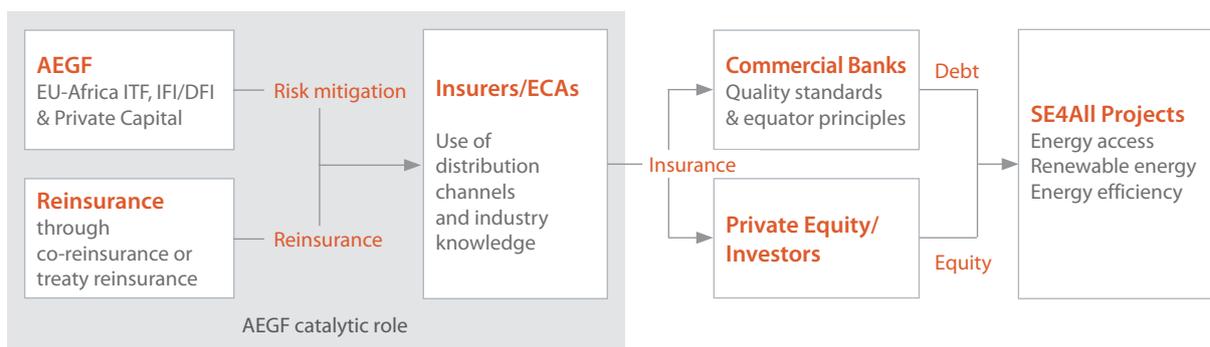
■ Adoption by the ITF Executive Committee of a framework for ITF support for intermediated loans. Intermediated loans typically involve lines of credit to an intermediary financial institution which subsequently "on-lends" the funds to the final beneficiaries, both public and private promoters. The advantages of intermediated lending are: (i) financing of small and medium-sized projects, which would otherwise be precluded due to resource constraints and lack of scale and outreach, and (ii) closer collaboration with African regional development banks and the private sector.

June and December 2012

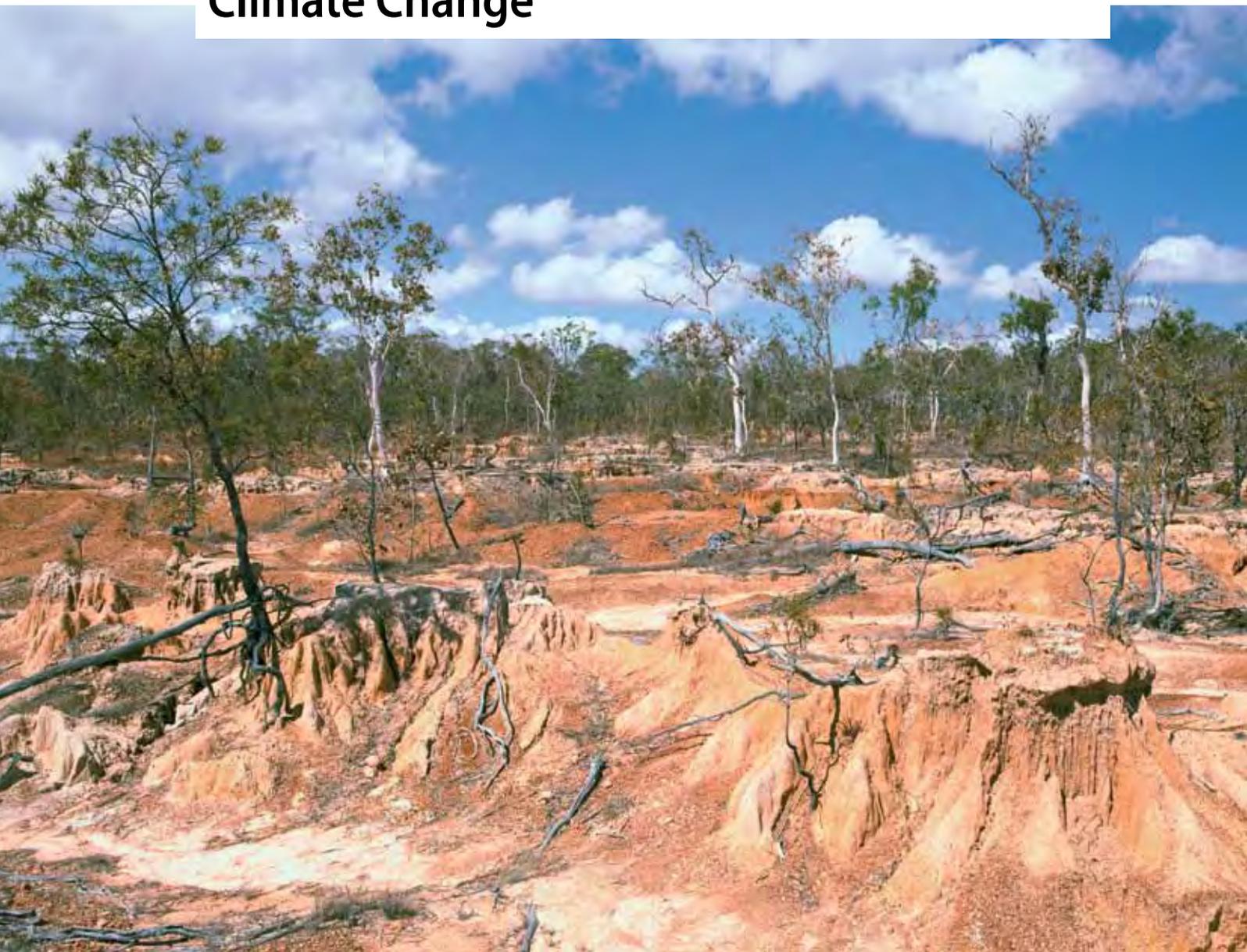
The ITF Executive Committee approved grant support for two innovative facilities that will help catalyse the financing of renewable energy projects and energy-efficiency projects:

■ The objective of the **Africa Sustainable Energy Facility** is to increase the role of the private sector (notably through local financial intermediaries) in financing renewable energy and energy-efficiency activities. Smaller projects usually fail to attract funding from international financing institutions and are more efficiently dealt with by local financial intermediaries. Specific projects supported under this scheme will be reported to the ITF.

■ The **Africa Energy Guarantee Fund (AEGF)** is being developed to address the lack of adequate risk-mitigation products, which would leverage insurance, re-insurance and banking sector expertise for eligible energy projects in Africa. The EIB is currently undertaking the requisite feasibility studies, financed by the ITF, to identify the nature and extent of the gap and to propose solutions for effective risk mitigation under SE4All.



Fighting Against Climate Change



During the past decade, it has become clear that climate change is a global problem, affecting and concerning all of us. Africa has been identified as one of the regions most vulnerable to climate change while contributing very little, itself, to global warming. The continent will be affected in terms of food security, sustainable water supply and extreme weather phenomena such

as floods and desertification. In addition, developing countries often have the least capacity for dealing with the consequences of global warming.

Climate change poses economic and social threats for developing countries. Communities and their economies are increasingly under pressure as a result of land degradation and falling crop yields.



The challenges that Africa is facing require timely and appropriate measures that, in turn, call for a significant amount of resources. This is where the EU-Africa ITF comes into its own. By funding and investing in infrastructure projects, the ITF assists and supports Africa with its adaptation and mitigation efforts.

As global warming is largely attributed to the increase in greenhouse gases emitted by human activities, in particular the burning of fossil fuels (coal, oil and gas), investing in renewable energy has become an indispensable complement to climate change mitigation. This also helps to ensure that African countries are “stuck” with increasingly expensive and potentially unsustainable power-generation infrastructure based on fossil fuels. In 2012, at “Rio+20”, the United Nations Conference on Sustainable Development, the heads of state and government of most countries in the world decided that a green economy is one of the primary tools for achieving sustainable development. With its untapped natural resources, Africa is ideally placed to develop new technologies and renewable energy projects, while the ITF is well equipped to support capacity building and provide renewable energy and energy-efficiency technologies and assistance. Two recent examples of the ITF’s support for renewable energy projects are: the Africa Sustainable Energy Facility, which aims to increase

the role of the private sector in financing climate change activities, and the Africa Energy Guarantee Fund, which has been developed as one of the key European responses to the Sustainable Energy for All initiative (SE4All). Both grants were approved in 2012.

As a follow-up to the announcement by EC Commissioners Piebalgs, Hedegaard and Fule, at the 2010 UN Climate Change Conference in Cancun, that “Climate Change Windows” (CCWs) would be created in all EU regional investment facilities, the ITF’s Executive Committee decided to introduce an equivalent tracking system for climate change-related projects that receive ITF support.

Under the CCWs, projects are tracked according to their mitigation and/or adaptation objectives:

Rio Marker 0	no climate change objectives are targeted by the project.
Rio Marker 1	climate mitigation/adaptation is among the objectives of the project.
Rio Marker 2	climate mitigation/adaptation is the principal objective of the project.

Results

Out of the 17 ITF approved grants in 2012, ten contribute to projects that support climate change mitigation/adaptation; for three of them, which support the Africa Sustainable Energy Facility and the Africa Energy Fund, it is the principal objective of the project (Rio Marker 2). In the remaining seven grant operations, climate mitigation/adaptation is a significant objective (Rio Marker 1) among other objectives such as supporting sustainable development and promoting regional integration.

In addition to the Rio Markers, the ITF financiers provide information on the project components that contribute to climate change mitigation and/or adaptation and their expected impact as well as on climate change risks and potential mitigation measures applied to make the project climate change resilient.

ITF Visibility



Referring to the ITF at the “EIB Lending outside the EU: a way forward” Conference in Brussels in 2010, Development Commissioner Andris Piebalgs stated that “... blending becomes one of the answers for the future in meeting global development challenges ... They show great promise, as tools to increase the leverage and visibility of EU external assistance and promote co-operation among bilateral and multilateral finance institutions.”

Visibility for the ITF was enhanced in 2012 through a combination of events and publications. The Trust Fund was represented at the following major events in 2012: the fourth Steering Committee Meeting of the Africa-EU Infrastructure Partnership in Addis Ababa in March, the Global Energy Conference – Focus on Africa, held during the Africa Business Week in Germany in May and the All-Africa

Energy Week in Addis Ababa in November. In addition, the Secretariat also regularly produced special leaflets on events such as the signing in November 2012 of the ASECNA V project, for which the ITF has provided a TA grant.

The ITF has its own website, <http://www.eu-africa-infrastructure-tf.net/>, which is used both as a tool for providing general information for the public at large, as well as a channel for distributing restricted documentation to selected stakeholders. The website experienced a positive trend in both the number of individual visitors, which increased by 25% compared to 2011, and the pages viewed in 2012.

The ITF, as a blending mechanism, will continue to ensure the visibility of European development assistance in Africa through its activities in the future.



Operational Results and Outlook

With 17 grant operations approved in 2012 and four operations cleared in principle, the ITF reaffirmed its important role in providing European aid for the African infrastructure sector and continued to support regional integration and economic development by fostering loan/grant financing of priority infrastructure projects.

Approved Grant Operations in 2012



The ITF approved 17 operations in 2012. 13 of these will provide direct support to nine projects in their investment phase and leverage approximately EUR 1.2 billion of investment.

Project	Region	Sector	Type	PFG lead financier	Grant amount approved	Date of approval
Investment phase						
Itezhi-Tezhi Hydropower	Southern Africa & Indian Ocean	Energy	IRS	EIB	17 600 000	12/03/2012
Itezhi-Tezhi Hydropower	Southern Africa & Indian Ocean	Energy	TA	EIB	600 000	12/03/2012
Togo-Burkina Faso Road Corridor and Transport Facilitation Project	West Africa	Transport	TA	AfDB	2 340 000	19/04/2012
Mauritius Container Terminal Extension (Port Louis)	Southern Africa & Indian Ocean	Transport	DG	AFD	3 000 000	19/04/2012
ASECNA V	West Africa	Transport	TA	EIB	2 000 000	29/06/2012
Mauritania Submarine Cable Connection	West Africa	ICT	IRS	EIB	52 791	29/06/2012
CLSG Interconnection Project	West Africa	Energy	IRS	EIB	12 500 000	19/09/2012
CLSG Interconnection Project / Rural Electrification in Sierra Leone	West Africa	Energy	DG	EIB	10 000 000	19/09/2012
Lake Victoria WATSAN Mwanza	East Africa	Water	IRS	EIB	10 700 000	07/11/2012
Lake Victoria WATSAN Mwanza	East Africa	Water	TA	EIB	7 000 000	07/11/2012
Africa Sustainable Energy Facility	East Africa	Energy	DG	EIB	5 000 000	13/12/2012
Africa Sustainable Energy Facility	East Africa	Energy	TA	EIB	3 000 000	13/12/2012
Kazungula Bridge and Border Project	Southern Africa & Indian Ocean	Transport	TA	AfDB	2 000 000	13/12/2012



Preparation phase						
Masaka-Mbarara 220 kV Transmission Line	East Africa	Energy	TA	AFD	800 000	19/04/2012
Africa Energy Guarantee Fund	African Continent	Energy	TA	EIB	1 000 000	29/06/2012
Rehabilitation of Ruzizi I and II	Central Africa	Energy	TA	KfW	3 000 000	02/10/2012
Bumbuna Phase II Hydroelectric Project - Sierra Leone	West Africa	Energy	TA	PIDG	2 500 000	07/11/2012
Total					83 092 791	



Projects not shown on the map:

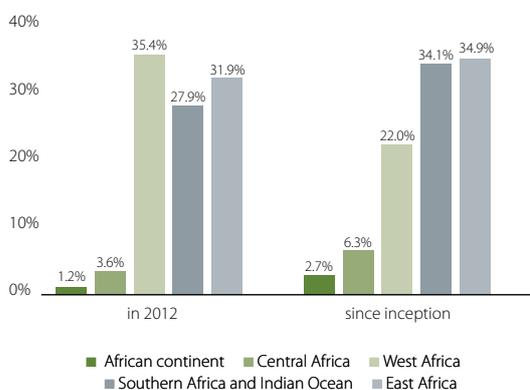
- ASECNA V: located across multiple countries from West to East Africa - TA EUR 2 million
- Africa Sustainable Energy Facility (ASEF): the current Phase I is a pilot programme focusing on Kenya, Uganda, Tanzania, and possibly Rwanda. Phase II would extend the facility to a larger number of African countries - DG EUR 5 million, TA EUR 3 million
- Africa Energy Guarantee Fund (AEGF): covers the whole of Sub-Saharan Africa - TA EUR 1 million
- Mauritania Submarine Cable Connection: increase in grant amount of EUR 53 000 (total IRS = EUR 1.6 million)

2012 ITF support by region

2012 ITF support to West, East and Southern Africa is equally spread. The remaining support was allocated to the preparation of the rehabilitation of the Ruzizi I and II Hydropower plants in Central Africa and to the set-up of the Africa Energy Guarantee Fund covering the whole of Africa.

Just over a third (35% – EUR 29.4 million) of the approved amount will support five new grant operations in the West African region (one approval is for the increase of an existing IRS³), including one direct grant of EUR 10 million for rural electrification in Sierra Leone, managed by the African Development Bank. Four grant operations were approved for projects in Southern Africa and the Indian Ocean, and five grant operations for projects in East Africa.

Breakdown by region



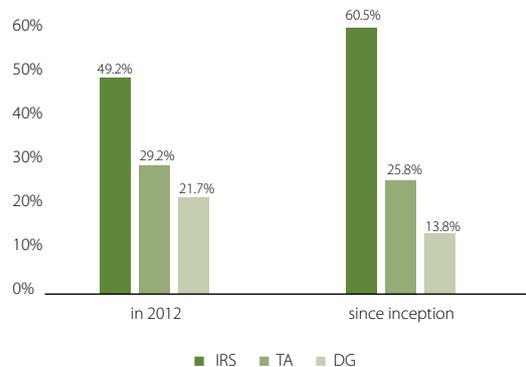
Region	Grant amount	number of grants	%
African Continent	1 000 000	1	1.2
Central Africa	3 000 000	1	3.6
West Africa	29 392 791	6	35.4
Southern Africa & Indian Ocean	23 200 000	4	27.9
East Africa	26 500 000	5	31.9
Total	83 092 791	17	100

2012 ITF support by type of grant

The three new IRS grants (EUR 40.8 million) represent about half (49%) of the grant operations amount approved in 2012. The other grants, ten TA grants (EUR 24.2 million) and three direct grants (DGs) (EUR 18 million), represent almost a third (29%) and slightly more than one fifth (22%) respectively. The respective proportions since the ITF was created are: IRS grants 60%, TA grants 26% and DGs 14%.

The Trust Fund continued diversifying to include different types of instruments. As a result, the direct grants approved in 2012 accounted for almost a quarter of all approvals, significantly above the average in the past.

Breakdown by type of grant



Type of grant	Grant amount	number of grants	%
IRS	40 852 791	4	49.2
TA	24 240 000	10	29.2
DG	18 000 000	3	21.7
Total	83 092 791	17	100

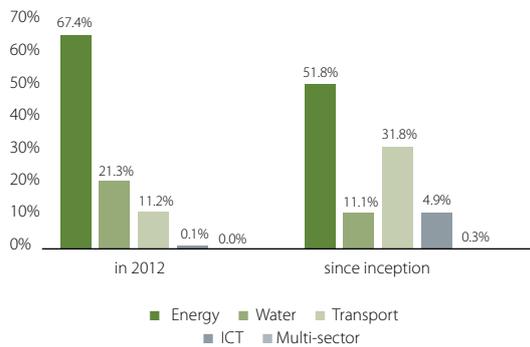
³ The EUR 1.1.574 million IRS grant for the Mauritania Submarine Cable project was increased by EUR 53 000.



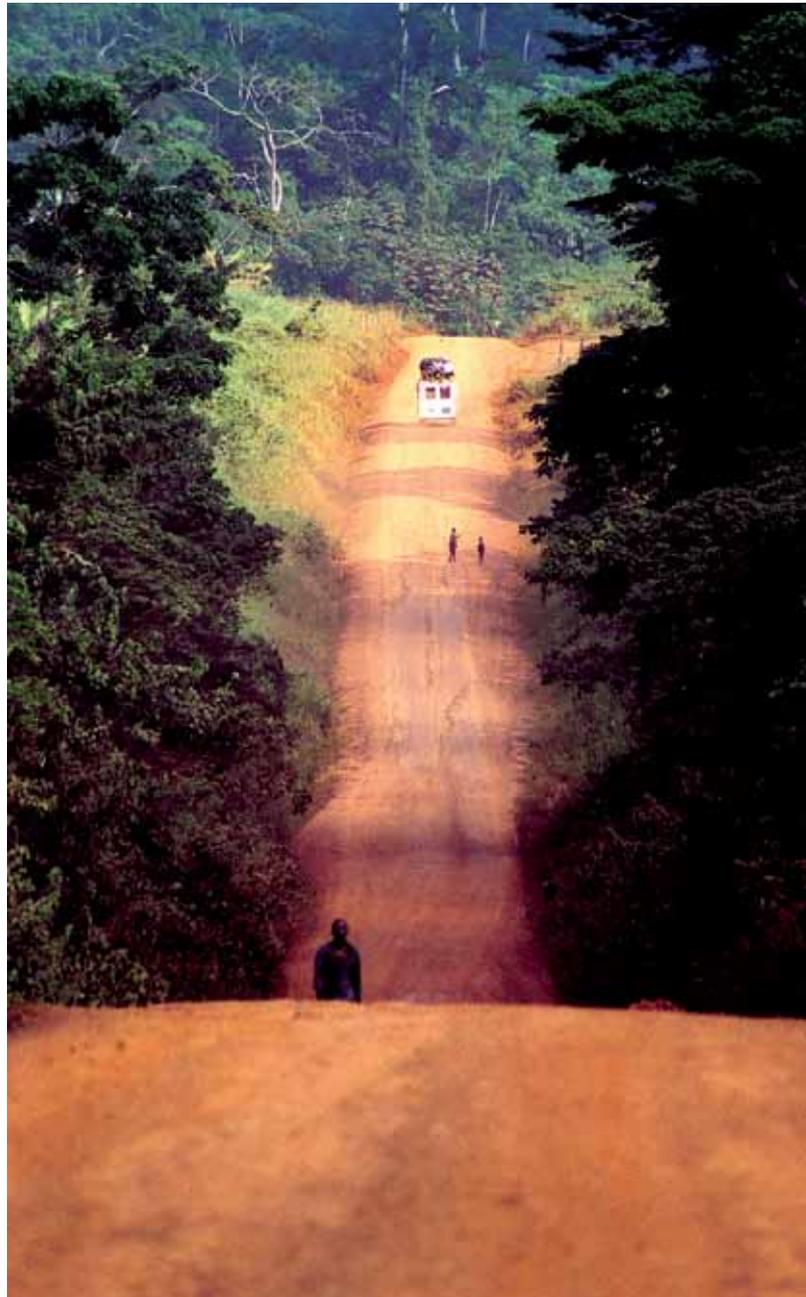
2012 ITF support by sector

Accounting for 67% of the approved grant amounts in 2012 and for 10 of the 17 approved grant operations, energy remains the primary sector supported by the ITF. This is in line with the needs of the continent and the corresponding political objective of the EU and the African Union (AU) to address energy issues at all levels and mobilise increased resources to support Africa's energy development. It is also important to underline that, in 2012, more than a fifth (21%) of the Trust Fund's support was channelled into regional water projects.

Breakdown by sector



	Grant amount	number of grants	%
Energy	56 000 000	10	67.4
Water	17 700 000	2	21.3
Transport	9 340 000	4	11.2
ICT	52 791	1	0.1
Total	83 092 791	17	100



Description of ITF Grants Approved in 2012



Investment Phase

Togo-Burkina Faso Road Corridor and Transport Facilitation Project

The project

The project concerns the rehabilitation of about 300 km of sections of the Togo-Burkina-Faso Road Corridor and the improvement of transport facilities along the corridor. The corridor runs from Lomé to Ouagadougou, connecting land-locked Burkina Faso, Mali and Niger with the port of Lomé. In addition to improving the condition of the road, the main objective is to facilitate regional integra-

Region	West Africa
Sector	Transport
Type of grant	TA
Grant amount	EUR 2 340 000
Total project cost	EUR 282 540 000
PFG lead financier	AfDB

tion between Togo and Burkina Faso and more broadly within the Economic Community of West African States (ECOWAS). The project will also have a positive effect on the lives of millions of people living in this region by easing access to markets, health care and education.



AfDB, the lead financier, will provide the project, which is in line with PIDA as well as with its Regional Integration Strategy Paper (RISP) for West Africa, with a loan of approximately EUR 200 million.

The TA

The TA will strengthen the institutional capacity of the project coordination units in both Togo and Burkina Faso to ensure effective and timely project implementation. In particular, it will help to avoid

procurement delays, which were a feature of previous road projects in Togo and Burkina Faso, and will consequently lower the risk for AfDB's loan.

Furthermore, the TA will assist in the preparation of bidding documents and support the Togolese Ministry of Transport in the management and technical and organisational monitoring of the studies which will be undertaken under the project. The bidding procedure started in December 2012 and is scheduled to end in June 2013.

Mauritius Container Terminal Extension Project



The project

The project will extend Port Louis in order to enable it to accommodate longer vessels with a larger draught given the overall growth in the size of container ships on long-haul high-traffic routes. The port plays a vital role in the Mauritian economy as it accounts for 2% of GDP and handles all maritime traffic for the island. This extension will make the port one of the major players in the region and it will contribute to the economic integration of the Indian Ocean region by enhancing inter-island shipping and inter-island trade between the member states of the Indian Ocean Commission.

Region	Southern Africa & Indian Ocean
Sector	Transport
Type of grant	DG
Grant amount	EUR 3 000 000
Total project cost	EUR 93 700 000
PFG lead financier	AFD

The DG

The direct grant of EUR 3 million from the ITF (to be implemented by AFD) to the Mauritius Ports Authority (MPA) will be used to mitigate the adverse environmental and social impacts of the project: for example, through the construction of a rock bund to contain the sediment, the deployment of silt screens to protect the coral colonies and the creation of a mooring facility as one of a series of compensatory measures for the fishermen. The grant will strengthen MPA's efforts to conserve the port environment and develop Port Louis as a "green port". The finance agreement was signed on 26 October 2012. The prequalification procedure for the extension of the quays and the terminal yards has been completed and the call for tenders is expected to be launched in June 2013. The call for tenders for the dredging work will be issued shortly afterwards.

Itezhi-Tezhi Hydropower and Transmission Line Project



The project

The Itezhi-Tezhi Hydropower Project (ITT) can be divided into two components:

First, there is the construction of a new 120 MW hydropower plant on the Kafue River in Zambia. Second, there is the development of the new transmission line (of approximately 300 km) via Mumbwa and on to Lusaka West substation, which will connect the plant to the national grid of Zambia and through it to the Southern African Power Pool (SAPP).

The attraction of the project lies in the fact that it will take advantage of existing infrastructure with the Itezhi-Tezhi dam already in operation for more than 30 years. Adding a second power station will thus limit construction cost and risk as well as keeping the environmental impact low and minimising resettlement. The new transmission line will not only facilitate regional power trade for the benefit of Zambia and ultimately the whole SAPP region, but also significantly contribute to infrastructure development, identified by the IMF as a key area where further progress is urgently needed in order to unlock Zambia's growth potential.

The Itezhi-Tezhi project complements the ITF's approval for upgrading the Kafue-Livingstone transmission line in 2011. The Kafue-Livingstone (KL) project includes the upgrading of the existing 341 km Kafue-Muzuma-Livingstone transmission line from 220 to 330 kilovolts (kV). The line, which

Region	Southern Africa & Indian Ocean
Sector	Energy
Total project cost	EUR 255 000 000

TA for Itezhi-Tezhi

Type of grant	TA
Grant amount	EUR 600 000
PFG lead financier	EIB

IRS for Itezhi-Tezhi

Type of grant	IRS
Grant amount	EUR 17 600 000
PFG lead financier	EIB

is the only significant transmission line towards the south-west of Zambia, 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.

The IRS

The IRS grant of EUR 17.6 million will be used to reduce the interest rate for the EIB's loan of EUR 50 million for the new transmission line to a level of concessionality, agreed by Zambia, the IMF and the World Bank⁴. The loan was signed in December 2012. The tendering procedure for the line is expected to be finalised by mid-2013 and the project itself is expected to be completed by 2015.

The TA

The TA (EUR 600 000 ITT, approved in 2012 + EUR 350 000 KL, approved in 2011) will cover both the Itezhi-Tezhi and Kafue-Livingstone projects. As both ITT and KL (both transmission line projects) will be implemented by the same promoter (ZESCO) within roughly the same timeframe, it has been agreed that having one joint lender's engineer⁵ for the two projects will be more effective and administratively less burdensome. The technical assistance will finance the lender's engineer contracted by the EIB. The launch of the tender took place at the end of 2012. The tender evaluation and the signing of the service contract are expected in the first quarter of 2013.

⁴ Following the substantial debt relief provided under the HIPC Initiative, many low-income countries have adopted borrowing limitation policies under the Debt Sustainability Framework established by the IMF and the World Bank.

⁵ A lender's engineer is a term given to the representative of the commissioning company of a construction project. It refers to the personnel involved in technical due diligence.



Lake Victoria WATSAN Mwanza

The project

The project consists of the upgrading and extension of water and sanitation facilities in the cities of Mwanza, Musoma and Bukoba and satellite towns of Mwanza, located on the shores of Lake Victoria, which is regarded as one of the most important trans-boundary national resources on the African Continent. It is a shared water resource for several countries (Tanzania, Kenya and Uganda) with multiple economic uses and the sole source of water supply for many communities. Since it has been subject historically to multiple pollutants, the need to manage this resource and the activities which impinge on its environmental sustainability has emerged as one of the key challenges in East and Northern Africa. A particularly pressing issue is the population growth in the lake zone of the East Africa Community (EAC), which has risen exponentially at seven times the African average, as the lake itself attracts people because of the economic opportunities it offers.

The TA

The TA will assist the different water supply and sanitation authorities (WSSAs) involved in the project in planning, implementing and operating sustainably as well as increasing their understanding of the water quality trends of the lake. All WSSAs are faced with shortfalls in human resources and financing and require assistance for better manage-

Region	East Africa
Sector	Water
Total project cost	EUR 104 500 000

TA for Lake Victoria WATSAN Mwanza

Type of grant	TA
Grant amount	EUR 7 000 000
PFG lead financier	EIB ⁶

IRS for Lake Victoria WATSAN Mwanza

Type of grant	IRS
Grant amount	EUR 10 700 000
PFG lead financier	EIB

ment of billing and collection as well as improved coverage of operation and maintenance costs. The TA will also assist the updating of the utilities' business plans with a view to establishing tariffs that cover costs and contribute to the long-term financial sustainability of the utilities. The TA will ensure that all measures are undertaken as part of a coordinated planning approach.

The IRS

The IRS will be granted to the Republic of Tanzania in order to comply with IMF conditionality for public borrowing in Tanzania and to reflect the social nature of the water and sanitation sector which is characterised by low financial returns. It will help to reduce the financial cost borne by the Government of Tanzania and compensate for the fact that the final beneficiaries of the project, the public water utilities, are not in a position to borrow money.



⁶ Subsequent split between EIB and AFD at Executive Committee Meeting in April 2013.

Kazungula Bridge Project Phase 2

The project

The Kazungula Bridge Project concerns the construction of a bridge to replace the existing border facilities between Zambia and Botswana at Kazungula. The crossing at the Kazungula Border Post is currently undertaken by a ferry carrying about 30 trucks per day, which is slow and accident-prone and thus contributes to delays. The project's objective is therefore to reduce transit time, which will, in turn, encourage trade-generated economic growth. The project covers the construction of an approximately 1 km road/rail toll bridge over the Zambezi River, border facilities in each country and approximately 10 km of bridge approach and access roads.

The Kazungula Bridge Project is part of the overall improvement of the North-South Corridor, which links the mineral-rich regions of Zambia and the DRC through Botswana with the port of Durban in South Africa.

Region	Southern Africa & Indian Ocean
Sector	Transport
Type of grant	TA
Grant amount	EUR 2 000 000
Total project cost	EUR 126 330 000
PFG lead financier	AfDB

The TA

The TA needs for the project amount to approximately EUR 3 million, of which EUR 1 million has been approved for the initial pre-construction support for the project covering part of the project management services. The second tranche of the ITF grant will be used for the establishment of the Kazungula Bridge Authority (KBA) and the development of trade transport facilitation (TTF). The TTF component will focus on the efficient movement of goods and services across the borders with a view to encouraging regional integration and economic development. It is a key component of the project as it will determine the operational capability of the infrastructure to reduce transit time.





Africa Sustainable Energy Facility



The project

The objective of the Africa Sustainable Energy Facility (ASEF) is to increase the role of the private sector in financing climate change activities. Although Sub-Saharan Africa has a large renewable energy potential, the resources remain to a large extent unused due to various constraints such as the lack of access to long-term financing and high development costs. The lack of electricity or its unreliable supply is a major obstacle to economic growth in Africa. As well as promoting the use of renewable energy, the Africa Sustainable Energy Facility is designed to tackle the problem of electricity shortage, thereby supporting economic development.

The first loss guarantee

The project will provide risk mitigation instruments (e.g. tenor extension guarantees and mezzanine/subordinated/senior loans) to support local financial intermediaries in the financing of smaller renewable energy (RE) and energy-efficiency (EE) projects. Owing to the mitigation of the risks, the RE and EE projects will become financially viable and thus eligible for funding from local financial institutions. The ITF will be notified in due course of the specific projects supported by the scheme.

Region	East Africa
Sector	Energy
Total project cost	EUR 50 000 000

First loss guarantee

Type of grant	DG
Grant amount	EUR 5 000 000
PFG lead financier	EIB

Technical assistance

Type of grant	TA
Grant amount	EUR 3 000 000
PFG lead financier	EIB

The TA

The TA will enable local financial institutions to structure the risk mitigation products so that the RE and EE projects are financially viable. This technical expertise is crucial since small and medium-sized enterprises often face difficulties in developing bankable deals due to the lack of the required know-how. The terms of reference for the provision of this technical assistance are being prepared and the call for tenders is expected to be launched in 2013.

CLSG Interconnection Project

The project

The project consists of the construction of approximately 1 350 km of high-voltage transmission lines through Côte d'Ivoire, Liberia, Sierra Leone and Guinea (CLSG), as well as the extension of existing or the construction of 12 new high-voltage substations and the electrification of rural communities along the line route. The four countries have been affected by civil war or civil disorder resulting in the destruction of infrastructure and a severely limited or even non-existent public electricity service. The aim of the project is to interconnect Liberia, Sierra Leone and Guinea with Côte d'Ivoire into the West African Power Pool (WAPP) regional electricity market. By enabling power exchanges between the four countries and providing a reliable electricity supply, the project will help to foster economic growth, and thus also improve the standard of living which is essential for continued stability in these countries.

CLSG Interconnection Project / Rural Electrification in Sierra Leone

The project

The rural electrification project in Sierra Leone is an integral part of the overall CLSG project (see above) and will provide social benefits to the population living close to the line. In this case, it is estimated that roughly 150 000 people in over 1 000 local communities will benefit from the rural electrification component. The project will have an overall positive effect on poverty reduction and will include the following socio-economic benefits: improved health, better water supply, better learning conditions for children and empowerment of women.

The DG

The EUR 10 million DG from the ITF will help to finance the project which consists of direct connections from

Region	West Africa
Sector	Energy
Type of grant	IRS
Grant amount	EUR 12 500 000
Total project cost	EUR 374 400 000
PFG lead financier	EIB

The IRS

During the first three years following the end of the grace period of the EIB loan, the grant of up to EUR 12.5 million will be used to cover the payments of capital that will be due from the Special Purpose Company (SPC)⁷ under the EIB loan. This ITF support will extend the grace period of the EIB loan to 10 years in line with the terms of the loans of other co-financiers and help to limit the financial risk of the project in the early years of operation by reducing the costs that the SPC will have to face at a time when the trading through the line is expected to pick up gradually. The EIB finance contract was signed on 10 December 2012 in Freetown.

Region	West Africa
Sector	Energy
Type of grant	DG
Grant amount	EUR 10 000 000
Total project cost	EUR 374 400 000
PFG lead financier	AfDB

the five substations in Sierra Leone as well as the use of shield wire systems and low-cost solar energy for remote and small villages that would otherwise be uneconomical to connect. The grant will, in particular, fund the physical implementation of the distribution network, provide meters and supply connections for the first customers. A consultant might have to be hired to monitor the implementation of the rural electrification component. The grant will cover a shortfall in funding for rural electrification in Sierra Leone and, by doing so, will ensure that all the countries will benefit equally from the CLSG project.

⁷ The project will be owned and implemented by a Special Purpose Company, the shareholders of which will be the national utilities of the four countries, namely Électricité de Guinée, Liberia Electricity Corporation, Sierra Leone Electricity Corporation and Société de Gestion du Patrimoine du Secteur de l'Électricité – SOGEPE.



ASECNA V - Capacity Enhancement TA Programme



The project

The project is part of a multinational air traffic control (ATC) equipment modernisation programme. ASECNA, the Agency for Aerial Navigation Safety in Africa and Madagascar, is an international public entity providing air navigation services to 17 African countries⁸ to ensure safety of general air traffic in the airspace under its supervision. The modernisation programme includes the upgrading of many air traffic systems which are currently in operation even though they have exceeded their normal technical lives. The outdated and obsolete equipment reduces the reliability of ASECNA's services and increases the cost of maintenance.

The project will contribute to economic development and, to some extent, to poverty reduction as air transport is an important infrastructure sector supporting economic exchanges and growth.

Region	West Africa
Sector	Transport
Type of grant	TA
Grant amount	EUR 2 000 000
Total project cost	EUR 90 000 000
PFG lead financier	EIB

ASECNA can be considered as a success story in terms of regional integration in Africa. For states with currently limited civil aviation facilities, regional integration may be the only way forward to secure cost-effective investments. In this regard, the establishment of air navigation service entities similar to ASECNA is being studied in other African regions.

The TA

The TA for ASECNA V has been provided in the context of two upcoming loans granted to ASECNA by AFD (EUR 40 million) and the EIB (EUR 40 million). Whereas the loans will be used for the upgrading of the ATC facilities, the TA will focus on internal management. The TA programme is expected to improve ASECNA's governance and economic efficiency, which will be of direct benefit to the programme financed by AFD and the EIB, as well as to the administration of the two loans.

⁸ Benin, Burkina Faso, Cameroon, Central African Republic, Chad, Congo, Comoros, Côte d'Ivoire, Equatorial Guinea, Gabon, Guinea-Bissau, Madagascar, Mali, Mauritania, Niger, Senegal and Togo.

Preparation Phase

Rehabilitation of Ruzizi I & II Hydropower Plants Project

The project

The project consists of the rehabilitation of the Ruzizi I and Ruzizi II hydropower plants (HPP), situated on the border river Ruzizi, south of Lake Kivu. Ruzizi I and Ruzizi II distribute electricity to Burundi, Rwanda and the DRC, the three member countries of the Economic Community of the Great Lakes Countries (CEPGL). Due to political and financial constraints in the region, the three countries are characterised by a severe shortage of modern energy supplies and low electrification levels. As a result, all three of them have made the development of the energy sector a strategic priority.

Region	Central Africa
Sector	Energy
Type of grant	TA
Grant amount	EUR 3 000 000
Total estimated project cost	to be confirmed
PFG lead financier	KfW

The TA

The TA will cover studies on the institutional set-up of the HPPs Ruzizi I and II and their technical rehabilitation needs as well as cost updating and technical assistance for Énergie des Grands Lacs (EGL - Great Lakes Energy organisation). The financing contract between KfW and EGL was signed in December 2012. The tendering procedure for the two studies is expected to be completed in the first half of 2013 and the required services are expected to start in the course of 2013.





Africa Energy Guarantee Fund



The project

The Africa Energy Guarantee Fund (AEGF) is being developed as one of the key European responses to the Sustainable Energy for All initiative (SE4All). The objectives of the SE4All initiative, launched by the UN, are to ensure universal access to modern energy services and to double the rate of improvement in energy efficiency and the share of renewable energy in the global energy mix by 2030. The purpose of the AEGF is to provide proper risk

Region	African Continent
Sector	Energy
Type of grant	TA
Grant amount	EUR 1 000 000
Total estimated project cost	EUR 600 000 000
PFGE lead financier	EIB

mitigation and credit enhancement instruments in order to facilitate and increase private-sector involvement in the African energy sector. By mobilising financing from donors and the private sector the AEGF will play a catalytic role in the funding of SE4All projects which would otherwise not materialise without AEGF support.

The TA

The ITF support will be used to design the AEGF. In June 2012, the EU-Africa ITF approved a EUR 1 million grant to cover the cost of developing the AEGF, including product development and market and feasibility studies for the Fund. The preliminary findings from an ongoing feasibility study will be presented at a knowledge-sharing event in Brussels in March 2013. A second knowledge-sharing event is planned around mid-June 2013.

Masaka-Mbarara 220 kV Transmission Line

The project

The project consists of the construction of the 220 kV transmission line between the towns of Masaka and Mbarara in Uganda, which will connect the future 220 kV Uganda-Rwanda interconnection to the main Ugandan 220 kV grid. Currently, the Masaka-Mbarara section is the missing link in the Kenya-Uganda-Rwanda interconnection. The interconnection between the two countries is necessary to provide Uganda with electricity until the hydropower potential of Uganda comes on stream⁹, when Uganda will, in turn, supply power to the Rwandan grid.

Region	East Africa
Sector	Energy
Type of grant	TA
Grant amount	EUR 800 000
Total project cost	EUR 50 000 000
PFGE lead financier	AFD



⁹ The Government of Uganda has launched a number of major projects to cover its energy needs: the Bujagali 250 MW Hydropower Station and the 600 MW Karuma Hydropower Plant Project.

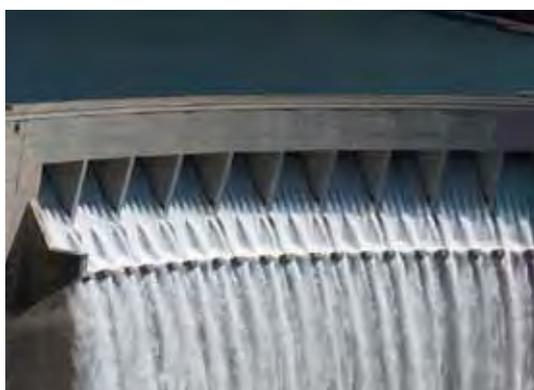
Uganda's current energy needs are huge and growing and, as a result, the Government of Uganda has given top priority to investments in the country's electricity sub-sector. This sector not only drives other sectors, but is also key to the economic growth and social development of the country.

The TA

The TA will be used together with an AFD grant to finance consultancy services for the feasibility

study, the social and environmental impact assessment, the resettlement action plan and the preparation of tender documents. The final beneficiary of the grants is the Ugandan Electricity Transmission Company Ltd. (UETCL), which will supervise the studies. The agreement between AFD and the Ugandan Government was signed in November 2012. The selection process for the feasibility study is scheduled to take place in April 2013.

Bumbuna Phase II Hydroelectric Project - Sierra Leone



The project

The project involves the expansion of the Bumbuna Hydroelectric Project in Sierra Leone by a combination of modifications to the existing dam and the construction of a second dam 32 km upstream. Sierra Leone has one of the lowest electrification rates in the world and electricity demand is expected to grow rapidly, driven by economic and population growth. The project is designed to increase the power capacity of the Bumbuna Hydroelectric station from 50 MW to up to 372 MW in the form of cost-effective and environmentally-friendly hydropower.

Region	West Africa
Sector	Energy
Type of grant	TA
Grant amount	EUR 2 500 000
Total estimated project cost	EUR 378 904 000
PFG lead financier	PIDG

The EU is already supporting West African Power Pool projects with funding for the CLSG transmission interconnector (see above). The Bumbuna hydroelectric expansion project is an integral part of the regional WAPP, complementing the CLSG project by ensuring a key base load station on the CLSG transmission line.

The project will make a significant contribution towards regional integration in West Africa. When completed, the Bumbuna power generation project will supply much needed additional electricity and include an interconnection with the WAPP as foreseen in the WAPP regional Master Plan.

The TA

The grant from the ITF will fund technical, financial, legal, environmental and social impact advisory services to support the Government of Sierra Leone in its interaction with the private-sector project developers.



Grant Operations Cleared in Principle in 2012



Grant operation	Region	Sector	Type	PFG lead financier	Grant amount cleared in principle	Short description
Ethiopia-Kenya Interconnector	East Africa	Energy	IRS	AFD	13 600 000	The implementation of the planned interconnection between Ethiopia and Kenya will enable both countries to draw on the strengths of each other's power systems, which have strong complementarities: the bulk of Kenya's generation is expected to come from geothermal and fuel-fired thermal plants, while Ethiopia possesses a large hydropower potential. Final approval is subject to the incorporation of appropriate measures to resolve the related environmental and social issues.
Ethiopia-Kenya Interconnector	East Africa	Energy	TA	AFD	2 000 000	
GET FiT East Africa Programme	East Africa	Energy	DG	KfW	29 870 000	The GET FiT project aims to leverage additional private investment into small-scale renewable energy generation schemes in Uganda. A results-based premium payment programme and a World Bank-led guarantee facility are complemented by technical assistance to address shortfalls in the regulatory framework and the capacity of the regulatory agency.
ASECNA – EGNOS	West Africa	Transport	TA	EIB	5 000 000	The objective of the EGNOS system is to improve satellite navigation in African skies in order to enhance safety and support Africa's economic development.

An Example of the Successful Deployment of an ITF Grant



In 2009/2010, the EIB received a TA grant of up to EUR 1.45 million to update the West African Power Pool (WAPP) Master Plan, a programme identified as a priority by the PIDA.

The resulting study is a comprehensive and detailed body of work focusing on a number of key components such as data collection, an economic analysis for the preparation of a preliminary generation and transmission development plan based on least-cost economic criteria, network performance and stability studies and an environmental and financial analysis to identify key implementation issues and associated costs as well as the setting-up of an economically optimum development programme.

The process of updating the Master Plan brought together all the stakeholders in the West African energy sector including the ECOWAS Commission, the ECOWAS Regional Electricity Regulatory Authority, ministries in charge of energy, national utilities, national regulators, and funding agencies. This represented an important collaborative effort and dialogue at regional level aimed at rational least-cost planning of priority investments that are fully consistent with national policies and will lead to the complete interconnection of ECOWAS Member States over the medium to long term. This

process also provided the stakeholders with an opportunity to revise the implementation strategy for regional priority projects, to exchange views on critical factors affecting the efficiency of the electricity sub-sector and to identify the key players required to ensure sustained development.

The results of the study were approved for implementation in February 2012 by the highest West African decision-making body, the Authority of the ECOWAS Heads of State and Government.

The current WAPP Infrastructure Programme is based on the conclusions and recommendations of the updated Master Plan Study. It includes, in particular, the development of about 16 000 km of interconnection transmission lines and 7 092 MW of hydropower and 800 MW of renewable energy capacity over the period 2012 to 2025. The contribution from the EU-AITF has also leveraged support from both conventional funding agencies and the private sector amounting to approximately USD 26.416 billion in investments that will not only significantly increase the share of clean and renewable energy in the energy mix exchanged between ECOWAS Member States but could potentially reduce emissions by 19 million tonnes per annum over the period.





West Africa Power Pool HV Transmission networks & prospective interconnection projects



Statement of the WAPP on the support from the EU-Africa ITF

The objective of the West African Power Pool (WAPP) is to integrate the national power systems of the ECOWAS Member States into a regional electricity market in West Africa through the development of infrastructure projects. The ITF assisted the WAPP by providing a TA grant for funding consultancy services to update the WAPP Master Plan. This operation, approved in 2009, was completed in January 2012.

The objective of the Master Plan Update Study was to evaluate the progress made in interconnecting ECOWAS Member States and to draw up a regional infrastructure programme that would accelerate the establishment of the regional electricity market. The conclusions and recommendations were approved for implementation in February 2012. The plan foresees the development of interconnection transmission lines and hydropower and renewable energy projects. The assistance from the ITF has leveraged financing from the private sector in addition to that from conventional funding agencies. These investments will increase the share of clean and renewable energy in the energy mix traded between ECOWAS Member States.

Key

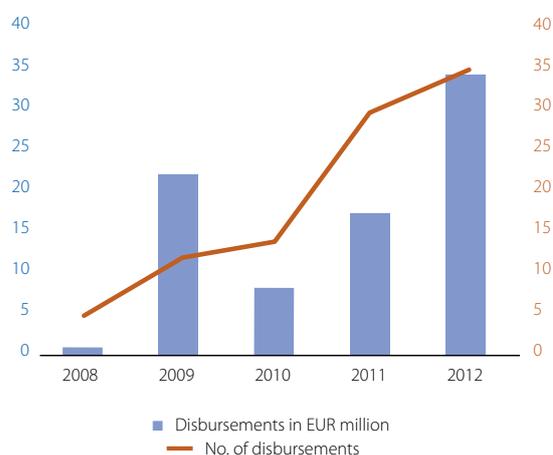
- Interconnexion 330 kV existant / existante
- - - Interconnexion 330 kV projet / en projet
- · - · - Interconnexion 330 kV under study / à l'étude
- Interconnexion 225 kV existant / existante
- - - Interconnexion 225 kV projet / en projet
- · - · - Interconnexion 225 kV under study / à l'étude
- Super Grid 750 kV
- ▲ **Hydropowerplant existing / Centrale hydroélectrique existante**
- △ Hydropowerplant project / Projet de centrale hydroélectrique
- **Thermal power plant existing / Unité thermique existante**
- Thermal power plant project / Unité thermique en projet
- Existing sub-station / Sous-station existante
- Sub-station project / Projet de sous-station
- **NATIONAL CAPITAL/ CAPITALE NATIONALE**

Total Disbursements 2007-2012



Compared to 2011, the number of disbursements increased from 30 to 35, while the amount disbursed almost doubled from EUR 17.5 million to EUR 34.5 million. Overall, between the inception of the ITF in 2007 and 2012,

there has been a steady increase in the total number of disbursements, as well as in the total amount disbursed. Over this period, the ITF has disbursed almost EUR 84 million.



Year	Disbursements in EUR	No. of disbursements
2008	1 082 294	5
2009	22 396 008	12
2010	8 391 867	14
2011	17 535 692	30
2012	34 538 817	35
Grand total	83 944 678	96



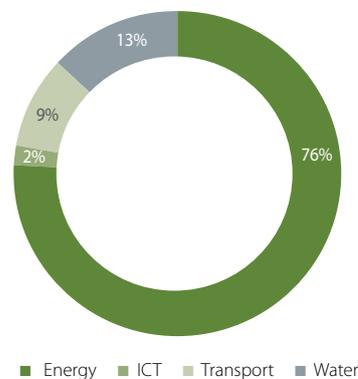
Looking Forward The Pipeline



Energy is expected to remain the most dominant sector for grant requests in 2013. To date, more than half of the approved ITF operations are in the energy sector and there is a strong pipeline of energy projects.

In addition, 2012 has been declared the International Year of Sustainable Energy for All (SE4ALL) by the United Nations Secretary-General. The ITF has been designated by the European Commission as one of the main instruments for demonstrating the EU's commitment to the SE4ALL initiative, by supporting, in particular, the participating countries in Sub-Saharan Africa with the development of their energy policy. The ITF will manage a total of EUR 329 million through a dedicated SE4ALL window for assisting eligible energy projects. The geographical distribution of the projects will be aligned on the regional funding allocations from the EDF.

Pipeline breakdown by sector



Closing Remarks by the Chair of the Executive Committee



All of us, as stakeholders of the ITF, are proud of the results achieved in 2012, as detailed in the preceding pages. With 17 grant operations approved for EUR 83 million, the Trust Fund turned in yet another strong performance, comparable to the two previous years, which brought the total number of grant operations to 74 and almost EUR 380 million in approved grants.

What is worth highlighting is that a little over 60% of those operations are for projects included in the Priority Action Plan (PAP) of the Programme for Infrastructure Development in Africa (PIDA), the multi-billion dollar initiative for the period up to 2040, adopted by the African Heads of State and Government at their 18th meeting on 1 February 2012 and led by the African Union Commission, the NEPAD Secretariat and the African Development Bank. This percentage reflects the positive correlation that exists between the Trust Fund and African priorities.

Besides the operational results, the year 2012 was fruitful and productive in other areas as well. The financial resources were reinforced with substantial additional funding from the Commission (EUR 329 million, dedicated to improving access to energy) and the United Kingdom (EUR 23 million), as highlighted above.

The independent mid-term evaluation undertaken by external consultants was completed in July 2012. It focused on the deployment of the Trust Fund at a programme/portfolio level, not on the assessment of individual projects. The evaluation

nevertheless included in-depth field work with 82 interviews, field visits to four African countries and the review of ten projects as part of a case study analysis. The fundamental conclusion from the consultant is that the Trust Fund fulfils its role and delivers results, although it is still very early in the infrastructure development process. The conclusions and recommendations of the mid-term evaluation endorse the ITF, while identifying areas and opportunities for enhancing its operation and focusing still further. The report and its conclusions and recommendations were shared to a large extent with ITF stakeholders and partners in the EU and Africa with a view to garnering opinions and advice. This consultation process resulted in the Executive Committee adopting a “road map” for the implementation of some key recommendations¹⁰, e.g. measures to encourage greater private sector participation.

The positive evaluation of the ITF by the independent consultants was confirmed by similar research undertaken by the Infrastructure Consortium of Africa to assess project preparation in Africa¹¹.

For the additional funding for the SE4All initiative, certain provisions of the basic agreement governing

¹⁰ The mid-term evaluation and the “road map” (included in a “Fiche Contradictoire”) are available on the ITF website.

¹¹ <http://www.icafrica.org/en/knowledge-publications/article/ica-assessment-of-project-preparation-facilities-for-africa-197/>



the Trust Fund have to be adapted and amended. The consultation between the Members of the Executive Committee will continue in 2013 with a view to reaching a consensus and signing a revised agreement as soon as possible.

In addition, I wish to highlight that in 2012 the Trust Fund further diversified its types of financial support, by expanding the use of direct grants and also introducing risk-sharing guarantees. Moreover, the Executive Committee approved a framework for the assessment of eligible projects using other financial intermediaries, typically local banks,

for on-lending to small and medium-sized projects. Extending the use of the ITF grants to local banks combined with a wider choice of financial tools is expected to broaden the ITF's reach.

Several new opportunities have thus been opened up for the Trust Fund in 2013 and beyond, supported by a strong pipeline amounting to about EUR 350 million in potential grant requests. The experience of the ITF will also be valuable in the ongoing discussions on future blending operations which the European Union may support.

Francesca Mosca
Chair of the Executive Committee



Annexes

- 37** List of Approved Grant Operations 2007-2012
- 40** Abridged Financial Statements as at 31 December 2012
- 42** African Regional Economic Communities
- 44** List of Donors, Representatives, PFG Members and Aggregate Contributions
- 45** List of Abbreviations and Acronyms



1. List of Approved Grant Operations 2007-2012

Project	Region	Sector	Type	PFG Lead Financier	Grant Amount approved	Date of approval	Current status
Access to Douala	Central Africa	Transport	IRS	AFD	5 700 000	16/09/2010	Ongoing
Africa Energy Guarantee Fund (AEGF)	African Continent	Energy	TA	EIB	1 000 000	29/06/2012	Ongoing
Africa Sustainable Energy Facility (ASEF)	East Africa	Energy	DG	EIB	5 000 000	13/12/2012	Ongoing
Africa Sustainable Energy Facility (ASEF)	East Africa	Energy	TA	EIB	3 000 000	13/12/2012	Ongoing
ASECNA	West Africa	Transport	TA	EIB	2 000 000	29/06/2012	Ongoing
AXIS - The African Internet Exchange System	African Continent	ICT	TA	LuxDev	5 100 000	19/08/2010	Ongoing
Beira Corridor	Southern Africa & Indian Ocean	Transport	IRS	EIB	29 000 000	18/12/2008	Ongoing
Benin - Togo Power Rehabilitation	West Africa	Energy	IRS	EIB	12 250 000	10/11/2009	Ongoing
Bumbuna Phase II Hydroelectric Project - Sierra Leone	West Africa	Energy	TA	PIDG	2 500 000	07/11/2012	Ongoing
Capacity-Building for BOAD (focussed on climate change, environmental and social issues in project financing)	West Africa	Multi-sector	TA	EIB	900 000	23/08/2010	Ongoing
Caprivi Interconnector	Southern Africa & Indian Ocean	Energy	IRS	EIB	15 000 000	22/01/2008	Fully Disbursed
Central & West Africa Road Corridors	Central Africa	Transport	TA	EIB	2 500 000	15/12/2011	Cancelled
CLSG Interconnection Project	West Africa	Energy	TA	EIB	3 000 000	16/10/2007	Ongoing
CLSG Interconnection Project	West Africa	Energy	TA	EIB	1 750 000	23/03/2011	Ongoing
CLSG Interconnection Project	West Africa	Energy	DG	EIB	10 000 000	19/09/2012	Ongoing
CLSG Interconnection Project	West Africa	Energy	IRS	EIB	12 500 000	19/09/2012	Ongoing
Development and Implementation of a Social and Environmental Management System at BOAD	West Africa	Multi-sector	TA	AfDB	400 000	19/08/2011	Ongoing
EASSy	East Africa	ICT	TA	EIB	2 600 000	05/07/2007	Fully Disbursed
Eastern Africa Transport Corridor	East Africa	Transport	IRS	EIB	16 600 000	15/12/2011	Ongoing
ECOWAS Electricity Regulation (ERERA)	West Africa	Energy	TA	AFD	1 700 000	10/11/2009	Ongoing
Environmental Credit Lines for Kenya, Uganda and Tanzania.	East Africa	Energy	TA	AFD	2 000 000	29/06/2010	Ongoing
Ethiopia-Kenya Interconnector (EAPP)	East Africa	Energy	TA	KfW	550 000	10/07/2007	Fully Disbursed
Expansion of Port of Walvis Bay	Southern Africa & Indian Ocean	Transport	TA	KfW	450 000	14/12/2009	Fully Disbursed
Feasibility Study for the Western Part of Umojanet	West Africa	ICT	TA	AFD	1 350 000	14/12/2010	Ongoing
Felou	West Africa	Energy	IRS	EIB	9 335 000	10/07/2007	Ongoing
Geothermal Risk Mitigation Facility for Eastern Africa (GRMF)	East Africa	Energy	DG	KfW	30 000 000	20/10/2011	Ongoing
Gibe 3 Hydropower Plant	East Africa	Energy	TA	EIB	1 300 000	14/12/2009	Cancelled
Interconnection Bolgatanga-Ouagadougou	West Africa	Energy	IRS	AFD	2 800 000	20/10/2011	Ongoing
Interconnection Bolgatanga-Ouagadougou	West Africa	Energy	IRS	EIB	6 700 000	20/10/2011	Ongoing

Project	Region	Sector	Type	PFG Lead Financier	Grant Amount approved	Date of approval	Current status
Interconnection Bolgatanga-Ouagadougou	West Africa	Energy	TA	AFD	4 800 000	20/10/2011	Ongoing
Itezhi-Tezhi Hydropower	Southern Africa & Indian Ocean	Energy	IRS	EIB	17 600 000	12/03/2012	Ongoing
Itezhi-Tezhi Hydropower	Southern Africa & Indian Ocean	Energy	TA	EIB	600 000	12/03/2012	Ongoing
Jomo Kenyatta International Airport Extension	East Africa	Transport	TA	EIB	5 000 000	14/12/2009	Ongoing
Kampala Water – LV WATSAN	East Africa	Water	IRS	KfW	14 000 000	29/06/2010	Ongoing
Kampala Water – LV WATSAN	East Africa	Water	TA	KfW	8 000 000	29/06/2010	Ongoing
Kazungula Bridge and Border Project (KBBP)	Southern Africa & Indian Ocean	Transport	TA	AfDB	1 000 000	05/07/2011	Ongoing
Kazungula Bridge and Border Project (KBBP)	Southern Africa & Indian Ocean	Transport	TA	AfDB	2 000 000	13/12/2012	Ongoing
Kibuye-Goma-Birembo Interconnector	East Africa	Energy	TA	KfW	800 000	15/04/2010	Fully disbursed
Lomé-Ouaga Road and Transport Facilitation Project	West Africa	Transport	TA	AfDB	2 340 000	19/04/2012	Ongoing
Lower Orange River Hydroelectricity Power Scheme (LOHEPS)	Southern Africa & Indian Ocean	Energy	TA	EIB	1 600 000	29/06/2010	Cancelled
Maputo International Airport	Southern Africa & Indian Ocean	Transport	TA	AFD	1 600 000	05/07/2011	Ongoing
Masaka-Mbarara 220 kV Transmission Line	East Africa	Energy	TA	AFD	800 000	19/04/2012	Ongoing
Mauritania Submarine Cable	West Africa	ICT	IRS	EIB	1 626 791	04/02/2011	Fully disbursed
Mauritius Container Terminal Extension (Port Louis)	Southern Africa & Indian Ocean	Transport	DG	AFD	3 000 000	19/04/2012	Ongoing
Mount Coffee Hydropower Plant	West Africa	Energy	TA	EIB	1 500 000	15/04/2010	Ongoing
Mozambique Backbone Transmission System (CESUL)	Southern Africa & Indian Ocean	Energy	TA	EIB	700 000	14/12/2009	Ongoing
Mozambique Backbone Transmission System (CESUL)	Southern Africa & Indian Ocean	Energy	TA	AFD	1 500 000	24/02/2011	Ongoing
Muchinga Hydropower	Southern Africa & Indian Ocean	Energy	TA	PIDG	2 619 000	05/07/2011	Cancelled
Multi-Modal Rail Expansion of the Port of Dar Es Salaam	East Africa	Transport	TA	KfW	257 000	23/03/2011	Ongoing
Lake Victoria WATSAN Mwanza	East Africa	Water	IRS	EIB	10 700 000	07/11/2012	Ongoing
Lake Victoria WATSAN Mwanza	East Africa	Water	TA	EIB	7 000 000	07/11/2012	Ongoing
Namibian Transport Master Plan	Southern Africa & Indian Ocean	Transport	TA	EIB	560 000	09/11/2010	Ongoing
OMVS Gouina Hydropower Plant	West Africa	Energy	TA	AFD	1 000 000	18/12/2008	Ongoing
Port de Pointe Noire	Central Africa	Transport	IRS	AFD	6 600 000	10/11/2009	Ongoing
Port de Pointe Noire	Central Africa	Transport	TA	AFD	2 000 000	14/12/2009	Ongoing
Rehabilitation of Ruzizi I and II	Central Africa	Energy	TA	KfW	3 000 000	02/10/2012	Ongoing
Rehabilitation of the Great East Road	Southern Africa & Indian Ocean	Transport	IRS	EIB	22 100 000	29/06/2010	Ongoing
Rehabilitation of the Great East Road	Southern Africa & Indian Ocean	Transport	IRS	EIB	2 900 000	05/07/2010	Ongoing
Rehabilitation of the Great East Road	Southern Africa & Indian Ocean	Transport	TA	EIB	1 000 000	29/06/2010	Ongoing
Rehabilitation of the Great East Road	Southern Africa & Indian Ocean	Transport	IRS	AFD	13 700 000	09/11/2010	Ongoing
Ruzizi Hydropower Plant	Central Africa	Energy	TA	EIB	2 800 000	29/05/2008	Ongoing



Project	Region	Sector	Type	PFG Lead Financier	Grant Amount approved	Date of approval	Current status
Ruzizi Hydropower Plant	Central Africa	Energy	TA	EIB	1 400 000	15/04/2010	Ongoing
Sambangalou Hydro Power Plant	West Africa	Energy	TA	AFD	350 000	14/12/2009	Fully Disbursed
Satellite-Enhanced Telemedicine and eHealth for Sub-Saharan Africa	African Continent	ICT	TA	LuxDev	4 000 000	23/08/2010	Ongoing
Seychelles Submarine Cable Project	Southern Africa & Indian Ocean	ICT	DG	EIB	4 000 000	14/12/2010	Fully Disbursed
Tanzania Backbone Interconnector	East Africa	Energy	IRS	EIB	24 323 000	14/12/2010	Ongoing
Trans-Boundary Water Supply Calueque (Angola) - Oshakati (Namibia)	Southern Africa & Indian Ocean	Water	TA	KfW	2 400 000	25/05/2011	Ongoing
Transmission Line Kafue-Livingstone	Southern Africa & Indian Ocean	Energy	IRS	EIB	5 200 000	15/12/2011	Ongoing
Transmission Line Kafue-Livingstone	Southern Africa & Indian Ocean	Energy	TA	EIB	350 000	15/12/2011	Ongoing
Update of the WAPP Master Plan	West Africa	Energy	TA	EIB	1 078 376	22/10/2009	Fully Disbursed
Update of the WAPP Master Plan	West Africa	Energy	TA	EIB	371 624	23/08/2010	Fully Disbursed
WAPP - Coastal Backbone Transmission Line	West Africa	Energy	TA	EIB	1 750 000	27/03/2009	Ongoing
WAPP Power Interconnection in West Africa (Ghana-Burkina Faso-Mali)	West Africa	Energy	TA	AFD	1 200 000	05/07/2011	Ongoing
Total					378 110 791		

2. Abridged Financial Statements as at 31 December 2012

Statement of financial position

as at 31 December 2012 (in EUR'000)

	Notes	31.12.2012	31.12.2011
ASSETS			
Cash and cash equivalents	4	490 276	286 329
Other assets	5	12 966	8 301
Total Assets		503 242	294 630
LIABILITIES AND CONTRIBUTORS' RESOURCES			
LIABILITIES			
Other liabilities	6	7	7
Total Liabilities		7	7
CONTRIBUTORS' RESOURCES			
Contributions	7	567 373	342 700
Retained earnings		-64 138	-48 077
Total Contributors' resources		503 235	294 623
Total liabilities and contributors' resources		503 242	294 630

Statement of comprehensive income

for the year ended 31 December 2012 (in EUR'000)

	Notes	From 01.01.2012 to 31.12.2012	From 01.01.2011 to 31.12.2011
Interest and similar income	8	369	2 088
Total operating income		369	2 088
Projects financed	9	-11 927	-17 537
General administrative expenses	10	-4 322	-2 075
Mid-term evaluation expenses	11	-174	-67
Audit fees		-7	-7
Total operating expenses		-16 430	-19 686
Net loss for the financial year		-16 061	-17 598
Total comprehensive loss for the financial year		-16 061	-17 598



Statement of changes in contributors' resources

For the year ended 31 December 2012 (in EUR'000)

	Contributions	Retained earnings	Total
At 1 January 2012	342 700	-48 077	294 623
Total comprehensive loss for the year			
Net loss for the financial year	-	-16 061	-16 061
Transactions recorded directly in contributors' resources			
Contributions (Note 7)	224 673	-	224 673
At 31 December 2012	567 373	-64 138	503 235
	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 7)	52 500	-	52 500
At 31 December 2011	342 700	-48 077	294 623

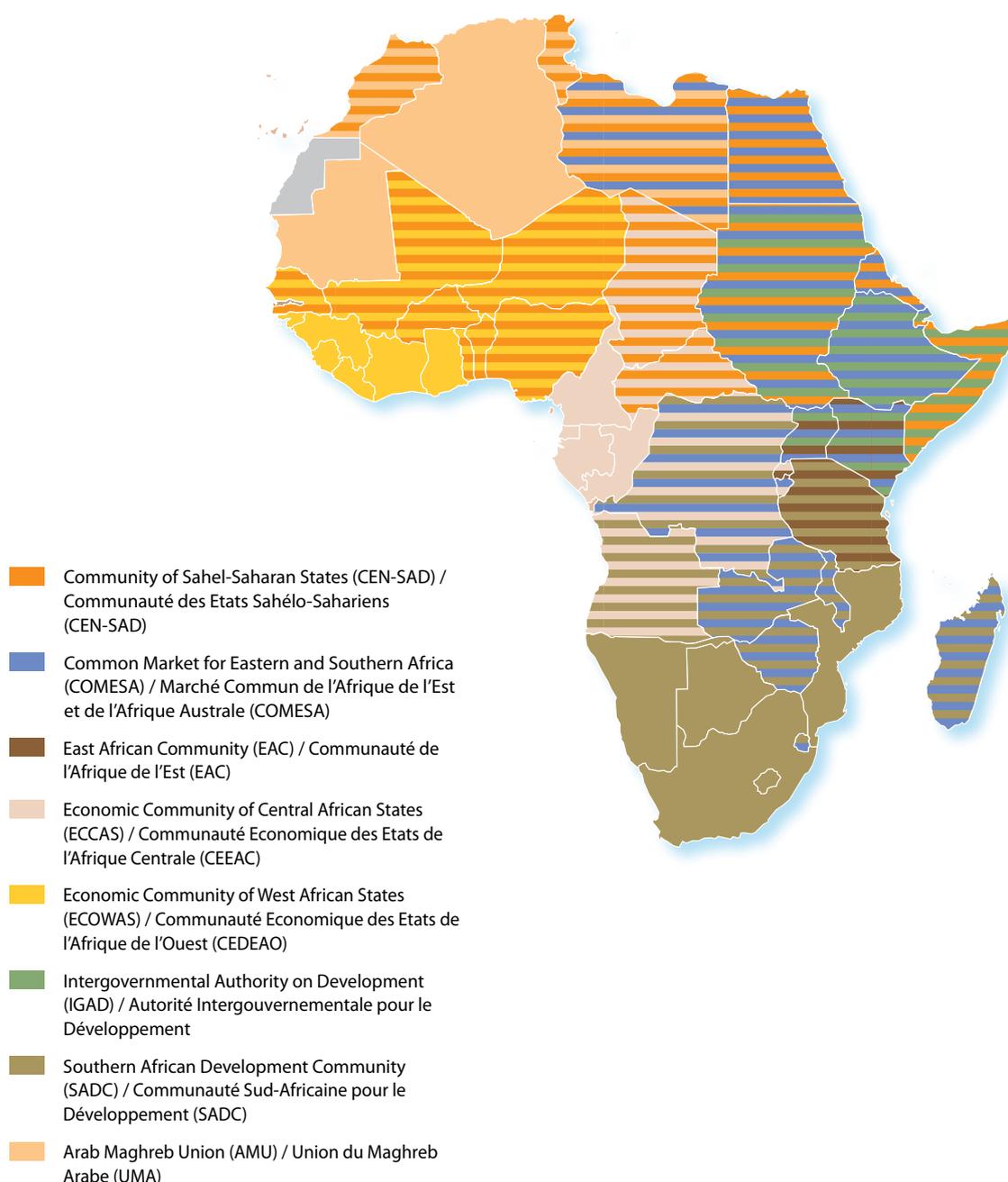
Statement of cash flows

For the year ended 31 December 2012 (in EUR'000)

	Notes	From 01.01.2012 to 31.12.2012	From 01.01.2011 to 31.12.2011
OPERATING ACTIVITIES			
Interest received		369	2 088
General administrative expenses	10	-8 987	-2 100
Projects financed	9	-11 927	-17 537
Mid-term evaluation expenses	11	-174	-67
Audit fees		-7	-7
Net cash from operating activities		-20 726	-17 623
FINANCING ACTIVITIES			
Contributions received		224 673	52 500
Net cash from financing activities		224 673	52 500
Net increase in cash and cash equivalents		203 947	34 877
Cash and cash equivalents at beginning of financial year		286 329	251 452
Cash and cash equivalents at end of the financial year		490 276	286 329

3. 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		•				•		

4. List of Donors, Representatives, PFG Members and Aggregate Contributions

Donor	Representative	Financier	Contact at Financier	Contribution
European Commission	Ms Francesca Mosca, European Commission – DG DEVCO	European Investment Bank	Alistair Wray	308 700 000 +329 000 000 ¹²
The United Kingdom	Mr Dónal Brown, Department for International Development - DFID	African Development Bank	Alex Rugamba	65 000 000
Spain	Ms Carmen Balsa, Ministry of the Economy and Competitiveness	COFIDES	Fernando Aceña	10 000 000
France	Ms Marine Utgé-Royo, Ministry of Foreign Affairs	Agence Française de Développement	Ophélie Risler	10 000 000
Italy	Mr Andrea Gianvenuti, Ministry of Foreign Affairs	Simest	Alessandra Mariani	5 000 000
Germany	Mr Franz Marré, Federal Ministry for Economic Cooperation and Development	KfW Bankengruppe	Jochen Meyer-Lohmann	5 000 000
Finland	Mr Jorma Suvanto, Ministry of Foreign Affairs of Finland	Finnfund	Jaakko Kangasniemi	5 000 000
Luxembourg	Mr Léon Delvaux, Ministry of Foreign Affairs	LuxDev	Richard Schmid	2 000 000
Austria	Mr Hannes Bauer, Austrian Development Agency	Development Bank of Austria	Wolfgang Pöcheim	2 000 000
The Netherlands	Mr Wim Bekker, Ministry of Foreign Affairs	PIDG	John Hodges	2 000 000
Greece	Ms Stamatia Kontopanayotou, Permanent Representation of Greece to the EU	Ministry of the Economy and Finance	Katerina Alesta	1 000 000
Portugal	Ms Ana Barreto, Ministry of Finance and Public Administration	SOFID	João Real Pereira	1 000 000
Belgium	Mr Moussa Badji, Ministry of Foreign Affairs, External Trade and Development Cooperation	BIO	Alain De Muyter	1 000 000

¹² earmarked for SE4ALL



5. List of Abbreviations and Acronyms

A		EE	Energy Efficiency
AEGF	Africa Energy Guarantee Fund	EGL	Energie des Grands Lacs (Great Lakes Energy organisation)
AFD	Agence Française de Développement	EGNOS	European Geostationary Navigation Overlay System
AfDB	African Development Bank	EIB	European Investment Bank
AMU	Arab Maghreb Union	ERERA	ECOWAS Regional Electricity Regulation Authority
ASECNA	Agency for Aerial Navigation Safety in Africa and Madagascar	EU	European Union
ASEF	Africa Sustainable Energy Facility	ExCom	Executive Committee
ATC	Air Traffic Control	F	
AU	African Union	Finnfund	Finnish Fund for Industrial Cooperation Ltd.
AXIS	African Internet Exchange System	H	
B		HIPC	Heavily Indebted Poor Countries
BIO	Belgian Investment Company for Developing Countries	HPP	Hydropower Plants
BMZ	Federal German Ministry for Economic Cooperation and Development	I	
BOAD	Banque Ouest-Africaine de Développement (West African Development Bank)	ICA	Infrastructure Consortium for Africa
C		ICT	Information and Communications Technology
CAR	Central African Republic	IDA	International Development Association
CEN-SAD	Community of Sahel-Saharan States	IFC	International Financing Corporation
CEPGL	Communauté Économique des Pays des Grand Lacs (Economic Community of the Great Lakes Countries)	IGAD	Intergovernmental Authority on Development
CIP	Clearance in principle (an initial decision on eligibility of the relevant project and the envisaged grant operation)	IP	Insurance Premiums
CLSG	Côte d'Ivoire, Liberia, Sierra Leone and Guinea	IMF	International Monetary Fund
COFIDES	Compañía española de financiación del desarrollo (Spanish Development Finance Company)	IRS	Interest Rate Subsidy
COMESA	Common Market for Eastern and Southern Africa	ITF	Infrastructure Trust Fund
D		ITT	Itezhi-Tezhi Hydropower Project
DFID	Department for International Development	J	
DG	Direct Grant	JAES	Joint Africa Europe Strategy
DRC	Democratic Republic of Congo	K	
E		KBA	Kazungula Bridge Authority
EAC	East African Community	KW	Kreditanstalt für Wiederaufbau
EASSy	Eastern Africa Submarine Cable System	KL	Kafue-Livingstone
EC	European Commission	kV	kilovolt
ECA	Economic Commission for Africa	L	
ECCAS	Economic Community of Central African States	LuxDev	Luxembourg Development Agency
ECOWAS	Economic Community of West African States	LV WATSAN	Lake Victoria Water and Sanitation project
EDF	European Development Fund	M	
		MCT	Mauritius Container Terminal
		MPA	Mauritius Ports Authority
		N	
		NWSC	National Water and Sewerage Corporation

O	
OMVS	Organisation pour la mise en valeur du fleuve Sénégal (Senegal River Basin Development Authority)
P	
PFG	Project Financiers Group [of the ITF]
PIDA	Programme for Infrastructure Development in Africa
PIDG	Private Infrastructure Development Group
R	
RE	Renewable Energy
REC	Regional Economic Community
S	
SADC	Southern African Development Community
SAPP	Southern African Power Pool
SE4ALL	Sustainable Energy for All
SIMEST	Società Italiana per le Imprese all'Estero (Italian Company for Enterprises Abroad)
SOFID	Sociedade para o Financiamento do Desenvolvimento (Portuguese Development Finance Company)
SPC	Special Purpose Company

T	
TA	Technical Assistance
TPC	Total Project Cost
TTF	Trade Transport Facilitation
U	
UK	United Kingdom
UN	United Nations
W	
WAPP	West African Power Pool
WSSAs	Water Supply and Sanitation Authorities
Z	
ZESCO	Zambia Electricity Supply Corporation Limited



European Union Africa
Infrastructure Trust Fund

EU-Africa Infrastructure Trust Fund

c/o European Investment Bank
98-100, boulevard Konrad Adenauer
L-2950 Luxembourg

☎ (+352) 4379 – 82970

www.eu-africa-infrastructure-tf.net

While material appearing in this report may be freely reproduced, the EIB would appreciate an acknowledgement and press clipping.

© Photographs and illustrations: Asecna, Attila Jandi, Barbados Light and Power Co Vinlec, Caprivi, Credit © European Union 2013, EIB photographic Library, EuropAid, Ethekewini Municipality, KfW, Lesotho Highlands Dev. Authority, Olkaria Power Station.

Layout: EIB GraphicTeam.

Printed by Imprimerie Jouve on MagnoSatin paper using vegetable oil-based inks. Certified in accordance with Forest Stewardship Council (FSC) rules, the paper consists of 100% virgin fibre (of which at least 50% from well-managed forests).



2012 Annual Report

EU-Africa Infrastructure Trust Fund



www.eu-africa-infrastructure-tf.net