



The EU bank



Financial Statements  
EU-Africa Infrastructure Trust Fund

2011







# Financial Statements EU-Africa Infrastructure Trust Fund

# 1. Audited Financial Statements

## Statement of financial position

as at 31 December 2011 (in EUR'000)

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

## 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
<b>Total operating income</b>		<b>2 088</b>	<b>499</b>
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
<b>Total operating expenses</b>		<b>-19 686</b>	<b>-10 054</b>
<b>Net loss for the financial year</b>		<b>-17 598</b>	<b>-9 555</b>
<b>Total comprehensive loss for the financial year</b>		<b>-17 598</b>	<b>-9 555</b>

The accompanying notes form an integral part of these financial statements.



## Statement of changes in contributors' resources

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

	Contributions	Retained earnings	Total
<b>At 1 January 2011</b>	<b>290 200</b>	<b>-30 479</b>	<b>259 721</b>
<b>Total comprehensive loss for the year</b>			
Net loss for the financial year	-	-17 598	-17 598
<b>Transactions recorded directly in contributors' resources</b>			
Contributions (Note 6)	52 500	-	52 500
<b>At 31 December 2011</b>	<b>342 700</b>	<b>-48 077</b>	<b>294 623</b>

  

	Contributions	Retained earnings	Total
<b>At 1 January 2010</b>	<b>170 200</b>	<b>-20 924</b>	<b>149 276</b>
<b>Total comprehensive loss for the year</b>			
Net loss for the financial year	-	-9 555	-9 555
<b>Transactions recorded directly in contributors' resources</b>			
Contributions (Note 6)	120 000	-	120 000
<b>At 31 December 2010</b>	<b>290 200</b>	<b>-30 479</b>	<b>259 721</b>

## 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
<b>OPERATING ACTIVITIES</b>		
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
<b>Net cash from operating activities</b>	<b>-17 623</b>	<b>-12 699</b>
<b>FINANCING ACTIVITIES</b>		
Contributions received	52 500	120 000
<b>Net cash from financing activities</b>	<b>52 500</b>	<b>120 000</b>
<b>Net increase in cash and cash equivalents</b>	<b>34 877</b>	<b>107 301</b>
<b>Cash and cash equivalents at beginning of financial year</b>	<b>251 452</b>	<b>144 151</b>
<b>Cash and cash equivalents at end of the financial year</b>	<b>286 329</b>	<b>251 452</b>

The accompanying notes form an integral part of these financial statements.

## 1. General information

Under the umbrella of the EU Strategy for Africa, the European Commission and nine EU Member States ("the Contributors") as well as European Investment Bank ("EIB") as Manager of the EU-Africa Infrastructure Trust Fund (ITF) ("the Trust Fund" or "the ITF"), signed the Agreement constituting the Implementation Rules of the Trust Fund ("the Rules"). Since then, three further Member States have become Contributors of the Trust Fund. A first amendment to the Rules was approved by the Trust Fund's Executive Committee on 29 June 2009; and a second amendment on 25 November 2010.

The key objective of the ITF is to contribute to achieving the strategic objectives of the EU-Africa Infrastructure Partnership through blending of targeted long-term financing of eligible regional infrastructure projects in Sub-Saharan Africa with grant money from Contributor Member States.

The Trust Fund has a limited lifespan and can be wound-up once certain events occur. Article 11.2.1 (d) of the Rules includes the possibility to wind-up the Trust Fund on 31 December 2015 and article 11.3 specifies the modalities of disposal of the remaining resources.

On a proposal from the Management Committee of EIB, the Board of Directors of EIB adopted the Financial Statements on 15 March 2012 and authorised their submission to the Board of Governors for approval by 30 April 2012.

## 2. Significant accounting policies

### 2.1 Basis of preparation- Statement of compliance

The Trust Fund's financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS).

### 2.2 Significant accounting judgments and estimates

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires EIB Management to exercise its judgment in the process of applying the Trust Fund's accounting policies.

### 2.3 Changes in accounting policies

The applicable accounting policies adopted are consistent with those of the previous financial year.

The Trust Fund has adopted the following revised IFRS during the reporting period. Adoption of these revised standards did not have any significant effect on the financial performance or financial position of the Trust Fund.

- Revised IAS 24 "Related Party Disclosures" (issued November 2009)
- Amendment to IFRS 7 "Financial Instruments: Disclosures" (issued May 2010)
- Amendment to IAS 1 "Presentation of Financial Statements" (issued May 2010)

The International Accounting Standards Board (IASB) published IFRS 9 "Financial Instruments" (issued November 2009 and October 2010) which is not yet endorsed by the European Union and consequently is not yet adopted by the Trust Fund.

### 2.4 Summary of significant accounting policies

#### 2.4.1 Foreign currency translation

The Trust Fund uses the Euro (EUR) for presenting its financial statements, which is also its functional currency.

Foreign currency transactions are translated at the exchange rate prevailing on the date of the transaction.

Monetary assets and liabilities denominated in currencies other than Euro are translated into Euro at the exchange rate prevailing at the statement of financial position's date. The gain or loss arising from such translation is recorded in the statement of comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of transactions at rates different from those at the date of the transaction, and unrealised foreign exchange differences on unsettled foreign currency monetary assets and liabilities, are recognized in the statement of comprehensive income.



The elements of the statement of comprehensive income are translated into Euro on the basis of the exchange rates prevailing at the end of each month.

#### 2.4.2 Cash and cash equivalents

Trust Fund defines cash and cash equivalents as current accounts and short-term deposits with original maturities of three months or less. The current account is one account opened in the EIB books in the name of the Trust Fund, called "EU-Africa Infrastructure Trust Fund Account".

#### 2.4.3 Contributions

In addition to the Founding Donor (the European Commission), any Member State of the European Union or any Member State Development Finance Agency may contribute funds in Euro to the Trust Fund. Contributions, net of banking charges, are recognised in the statement of financial position on the date when payment of a contribution by a contributor is received.

- They are in the class of instruments that is subordinate to all other classes of instruments;
- All financial instruments in the class of instruments that is subordinate to all other classes of instruments have identical features;
- The instrument does not include any features that would require classification as a liability; and
- The total expected cash flows attributable to the instrument over its life are based substantially on the profit or loss, the change in the recognised net assets or the change in the fair value of the recognised and unrecognised net assets of the Trust Fund over the life of the instrument.

#### 2.4.4 Disbursements for operations

Disbursements related to operations financed by the Trust Fund are recorded as expenditures in the statement of comprehensive income as "Projects Financed" at the date they are paid out by the Trust Fund.

#### 2.4.5 General administrative expenses

For managing the Trust Fund the EIB is granted a one-off payment equal to 4% (four percent) to be deducted from each contribution effectively made available to the Trust Fund. The administrative fee is intended to cover

in full the costs associated with managing the Trust Fund. General administrative expenses are recognised in the statement of comprehensive income on a pro-rata basis over the remaining lifespan of the Trust Fund.

#### 2.4.6 Taxation

The Protocol on the Privileges and Immunities of the European Communities, appended to the Treaty of 8 April 1965 establishing a Single Council and a Single Commission of the European Communities, stipulates that the assets, revenues and other property of the Institutions of the Union are exempt from all direct taxes.

## 3. Financial risk management

### 3.1 Liquidity position (in EUR '000)

The table below provides an analysis of assets, liabilities and contributors' resources into relevant maturity groupings based on the remaining period from the statement of financial position's date to the contractual maturity date. It is presented under the most prudent consideration of maturity dates. Therefore, in the case of liabilities the earliest possible repayment date is shown, while for assets it is the latest possible repayment date.

Maturity (at 31 December 2011)	Up to 3 months	3 months to 1 year	1 to 10 years	Maturity undefined	Total
Assets					
Cash and cash equivalents	286 329	-	-	-	286 329
Other assets	-	2 076	6 225	-	8 301
<b>Total Assets</b>	<b>286 329</b>	<b>2 076</b>	<b>6 225</b>	<b>-</b>	<b>294 630</b>
Liabilities					
Total Liabilities	7	-	-	-	7
Total Contributors' resources	-	-	-	294 623	294 623
<b>Total Liabilities and Contributors' resources</b>	<b>7</b>	<b>-</b>	<b>-</b>	<b>294 623</b>	<b>294 630</b>

Maturity (at 31 December 2010)	Up to 3 months	3 months to 1 year	1 to 10 years	Maturity undefined	Total
Assets					
Cash and cash equivalents	251 452	-	-	-	251 452
Other assets	-	1 655	6 621	-	8 276
<b>Total Assets</b>	<b>251 452</b>	<b>1 655</b>	<b>6 621</b>	<b>-</b>	<b>259 728</b>
Liabilities and Contributors' resources					
Total Liabilities	7	-	-	-	7
Total Contributors' resources	-	-	-	259 721	259 721
<b>Total Liabilities and Contributors' resources</b>	<b>7</b>	<b>-</b>	<b>-</b>	<b>259 721</b>	<b>259 728</b>

### 3.2 Interest rate risk

The Trust Fund is exposed to an interest rate risk through its cash and cash equivalents remunerated based on the Euro Overnight Index Average (EONIA).

## 4. Other assets

Other assets represent administrative fees paid in advance to the EIB as laid down in Note 9.

## 5. Other liabilities

Other liabilities represent external audit fees payable for the audit of the Trust Fund's financial statements as at 31 December 2011. Comparatives represent external audit fees payable for the audit of the Trust Fund's financial statements as at 31 December 2010.





## 6. Contributions to the Trust Fund

Contributions received from the European Commission and Member States as at 31 December 2011 and 2010 are detailed below:

European Commission/ Member States	31.12.2011 (EUR '000)	31.12.2010 (EUR '000)
Austria	2 000	2 000
Belgium	1 000	1 000
European Commission	258 700	208 700
Finland	5 000	5 000
France	10 000	10 000
Germany	5 000	5 000
Greece	1 000	1 000
Italy	5 000	5 000
Luxembourg	2 000	2 000
Netherlands	2 000	2 000
Portugal	1 000	1 000
Spain	10 000	10 000
United Kingdom	40 000	37 500
<b>Total</b>	<b>342 700</b>	<b>290 200</b>

## 7. Interest and similar income (in EUR '000)

According to the Rules, EIB remunerates the cash on the current account based on the Euro Overnight Index Average (EONIA).

During the financial year 2011, the interest income received in remuneration of the current account opened in the EIB books amounts to EUR 2 088 (2010: EUR 499).

## 8. Projects financed

In 2011 and 2010 the following disbursements for projects were made:

Projects financed (EUR' 000)	From 01.01.2011 to 31.12.2011	From 01.01.2010 to 31.12.2010
<b>Technical Assistance</b>		
GIBE III	-	22
CLSG - West-Africa Power Interconnector	-	869
ECOWAS Electricity Regulation	680	-
Update of the WAPP Masterplan	1 045	-
WAPP-Coastal Backbone Interconnector	517	-
Expansion of Port of Walvis Bay	42	-
Sambangalou Hydropower Plant	172	-
Mozambique Backbone (CESUL)	348	-
Rehabilitation of the Great East Road	120	-
Axis-The African Internet Exchange System	1 316	-
Jomo Kenyatta Intern.Airport Extension	737	840
Ruzizi Hydropower Plant	350	500
EASSy Submarine Cable	589	1 012
Kibuye-Goma-Birembo Transmission Line	444	110
Satellite eMedicine for Africa	201	-
Kampala Water – Lake Victoria WATSAN	7	-
Engaging Banks in Energy Transition Projects	325	-
<b>Total Technical assistance</b>	<b>6 893</b>	<b>3 353</b>
<b>Interest rate subsidies</b>		
Port de Pointe Noire	1 259	-
Beira Corridor	2 680	3 100
Félou Hydropower	1 485	1 939
Mauritania Submarine Cable Connection	1 304	-
<b>Total Interest rate subsidies</b>	<b>6 728</b>	<b>5 039</b>
<b>Direct grants</b>		
Seychelles Cable	3 916	-
<b>Total Direct grants</b>	<b>3 916</b>	<b>-</b>
<b>Total projects financed</b>	<b>17 537</b>	<b>8 392</b>

## 9. General administrative expenses (in EUR '000)

The management fee paid to EIB amounts to EUR 2 100 for the financial year 2011 (2010: EUR 4 800). For the year end 31.12.2011 EUR 2 075 (2010: EUR 1 655) are recognised in the statement of comprehensive income and EUR 8 301 (2010: EUR 8 276) are booked in other assets in the statement of financial position as administrative fees paid in advance.



## 10. Mid-term evaluation expenses (in EUR '000)

According to article 9.3 of the Rules, the Trust Fund benefits from an independent mid-term and final evaluation. Evaluations are organized by the Executive Committee and related expenses will be borne by the Trust Fund. The mid-term evaluation took place in 2011 and an amount of EUR 67 has been recorded in the statement of comprehensive income as mid-term evaluation expenses.

## 11. Commitments

Commitments of the Trust Fund are entirely composed of approved but not yet disbursed grant operations. As at the balance sheet date they are totalling to EUR 244.1 million (2010: EUR 177.0 million), of which EUR 156.6 million (2010: EUR 127.6 million) are within the scope of interest rate subsidies, EUR 57.4 million (2010: EUR 45.4 million) within the scope of technical assistance and EUR 30.1 million (2010: EUR 4 million) within the scope of direct grants. The Rules (Article 6.1.2) foresees that disbursement of grant operations to the Project Leader should normally commence within 18 months of formal approval of each grant operation.

## 12. Subsequent events

There have been no material post balance sheet events which could require disclosure or adjustment to the 31 December 2011 financial statements.

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## Report of the Réviseur d'Entreprises agréé

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To the Chairman of the Audit Committee of EUROPEAN INVESTMENT BANK  
98-100, Boulevard Konrad Adenauer  
L-2950 LUXEMBOURG

We have audited the accompanying financial statements of the EU-Africa Infrastructure Trust Fund, which comprise the statement of financial position as at 31 December 2011 and the statements of comprehensive income, changes in contributors' resources and cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

### **EUROPEAN INVESTMENT BANK Management's responsibility for the financial statements**

The EUROPEAN INVESTMENT BANK's Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control as the EUROPEAN INVESTMENT BANK's Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Responsibility of the Réviseur d'Entreprises agréé**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing as adopted for Luxembourg by the Commission de Surveillance du Secteur Financier. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the judgement of the Réviseur d'Entreprises agréé, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the Réviseur d'Entreprises agréé considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the EUROPEAN INVESTMENT BANK's Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the financial statements give a true and fair view of the financial position of the EU-Africa Infrastructure Trust Fund as of 31 December 2011, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

*Luxembourg, 15 March 2012*

KPMG Luxembourg S.à r.l.  
Cabinet de révision agréé



E. DOLLÉ

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## Statement by the Audit Committee

The conditions with regard to the approval of Financial Statements of the EU-Africa Infrastructure Trust Fund contained in the Agreement Constituting the Implementation Rules of the Trust Fund state that the Financial Statements shall be submitted to the EIB governing bodies according to the provisions laid down in respect of its own financial statements in the Statute. On this basis, the Audit Committee issues this statement.

### **Statement by the Audit Committee on the EU-Africa Infrastructure Trust Fund's financial statements prepared in accordance with International Financial Reporting Standards as adopted by the EU (IFRS)**

The Committee, instituted in pursuance of Article 12 of the Statute and Chapter V of the Rules of Procedure of the European Investment Bank for the purpose of verifying that the operations of the Bank are conducted and its books kept in a proper manner, having

- designated KPMG as external auditors, reviewed their audit planning process, examined and discussed their reports,
- noted that the opinion of KPMG on the financial statements of the EU-Africa Infrastructure Trust Fund for the period ended 31 December 2011 is unqualified,
- convened on a regular basis with the Heads of Directorates and relevant services, and studied the documents which it deemed necessary to examine in the discharge of its duties,
- received assurance from the Management Committee concerning the effectiveness of the internal control structure and internal administration,

and considering

- the financial statements for the period ended 31 December 2011 as drawn up by the Board of Directors at its meeting on 15 March 2012,
- that the foregoing provides a reasonable basis for its statement and,
- Articles 24, 25 and 26 of the Rules of Procedure,

to the best of its knowledge and judgement:

- confirms that the activities of the EU-Africa Infrastructure Trust Fund are conducted in a proper manner, in particular with regard to risk management and monitoring;
- has verified that the operations of the EU-Africa Infrastructure Trust Fund have been conducted and its books kept in a proper manner and that to this end, it has verified that the EU-AFRICA Infrastructure Trust Fund's operations have been carried out in compliance with the formalities and procedures laid down by the Statute and Rules of Procedure;
- confirms that the financial statements, comprising the statement of financial position, the statements of comprehensive income, changes in contributors' resources and statement of cash flows, and a summary of significant accounting policies and other explanatory information give a true and fair view of the financial position of the EU-Africa Infrastructure Trust Fund as at 31 December 2011 and of its financial performance and its cash flows for the period then ended, in accordance with IFRS.

Luxembourg, 15 March 2012

The Audit Committee

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J. RODRIGUES DE JESUS

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**European Union Africa**  
Infrastructure Trust Fund

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