European Commission

EXTERNAL INVESTMENT PLAN

2018
OPERATIONAL REPORT

EFSD

The European Fund for Sustainable Development

Promoting investment in the EU Neighbourhood and Africa

AIP
Africa Investment Platform

NIP
Neighbourhood Investment Platform

This report covers the second year of operation of the External Investment Plan (EIP) and the European Fund for Sustainable Development (EFSD). It presents the results of the EFSD, including the allocation of the EFSD Guarantee, the approved blended investment projects under the Africa Investment Platform (AIP) and the EU Neighbourhood Investment Platform (NIP) and their short descriptions. It also presents activities under the technical assistance and investment climate pillars of the EIP, and outreach.

Printed in Belgium

Print	ISBN 978-92-76-00276-5	doi:10.2841/904793	MN-01-19-223-EN-C
PDF	ISBN 978-92-76-00278-9	doi:10.2841/068304	MN-01-19-223-EN-N

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FOREWORD

Johannes Hahn

Neven Mimica

In September 2017, the legal ground of the European Union's new External Investment Plan was set out. Its essential purpose is to use scarce public funds to attract much greater public and private investment in countries in the EU's Neighbourhood region and across Sub-Saharan Africa.

By leveraging such investments, the European Union can help generating the financing that is needed to help those countries reach the Sustainable Development Goals and transition through reforms.

The External Investment Plan is essential in delivering the new Africa-Europe Alliance for Sustainable Investment and Jobs, that the President of the European Commission Jean-Claude Juncker announced in his 2018 State of the Union address.

In the Neighbourhood region, the External Investment Plan will also be essential to foster reforms in the socio-economic sectors. Driven by the policy objectives agreed between the EU and its neighbouring partners, the External Investment Plan will help prioritise legislative and regulatory work that is necessary to accelerate investments and to direct them to where they are most needed.

Since its creation in late 2017, we have made impressive progress in delivering the External Investment Plan as this second Operational Report covering 2018 demonstrates:

- The total amount of €1.54 billion available under the European Fund for Sustainable Development's Guarantee has been allocated to 28 proposed investment programmes, expected to leverage up to €17.5 billion in investment, much of it from private sources.

- We have allocated €1.45 billion grant funding for 51 blending projects in Sub-Saharan Africa, which is expected to leverage nearly €10 billion in sustainable investment.

- In addition we had allocated €753 million grant funding for 43 such projects in the EU's Neighbourhood region, expected to leverage around €9.5 billion in investment.

- Overall, programmes and projects in the pipeline by the end of 2018 are expected to mobilise around €37 billion of investment. We are thus on track to deliver our ambition of unlocking €44 billion by 2020 through the External Investment Plan.

Many of the allocated blending grants and guarantees will support efforts to mitigate and adapt to climate change. They will also promote sustainable development by enabling entrepreneurs to set up or expand businesses, and creating decent jobs.

During the High-Level Forum Africa-Europe in Vienna in December 2018, the European Commission signed the first guarantee agreement with FMO, the Dutch entrepreneurial development bank, for the NASIRA Risk-Sharing Facility. This Facility will address the high risks involved in lending to under-served entrepreneurs in partner countries. It focuses on forced migrants and returnees, women and young people in particular.

A key to the Plan's successful take-off has been the close partnership with development finance institutions. Drawing on our shared values and principles, we are working more closely together than ever to ramp up financing for long-term development that puts people and the environment first, and benefits all sections of society.

A thorough assessment of the External Investment Plan will only be possible once the projects have been implemented and results have been monitored. But the strong interest of the partner countries, the private sector and the finance institutions makes us very optimistic that working hand-in-hand with our partners and the private sector can lead to better, smarter, greener, fairer and inclusive development. Through the External Investment Plan, we can support local entrepreneurs and small businesses, which are vital for creating jobs and many of which are women and young people.

Our support is not just about development aid, it's about an investment in our partners, in return we gain stability, peace and prosperity and market opportunities for European companies.

Johannes Hahn
Commissioner for European Neighbourhood Policy and Enlargement Negotiations

Neven Mimica
Commissioner for International Cooperation and Development

PROGRESS IN 2018

AT A GLANCE

By the end of 2018, the EU had allocated €3.7 billion in grants and guarantees, expected to leverage around €37 billion for sustainable investment in partner countries.

The External Investment Plan (EIP) is a key pillar of a new Africa-Europe Alliance for Sustainable Investment and Jobs proposed by President Juncker, which is expected to create up to 10 million jobs in Africa alone over the next 5 years.

BLENDING

The European Fund for Sustainable Development (EFSD) blended finance operations are composed of two regional investment platforms: the Africa Investment Platform (AIP, formerly the AfIF) and the Neighbourhood Investment Platform (NIP, formerly the NIF).

In 2017-2018, the EU approved €2.2 billion from the EFSD to support blending projects in EIP countries. This is expected to leverage more than €19.5 billion in sustainable investment.

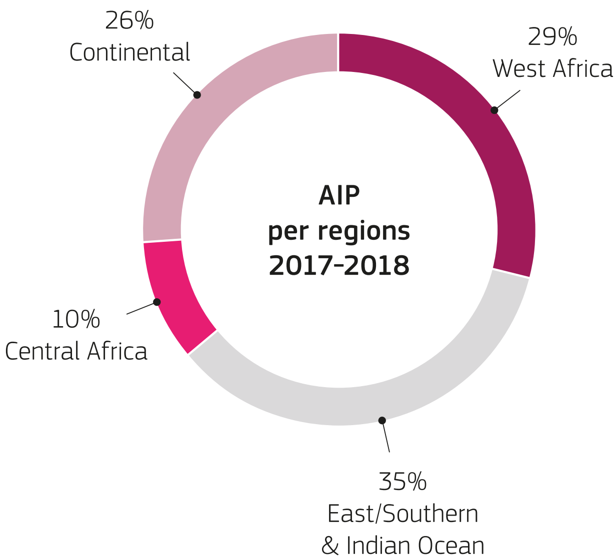
€2.2 bn mobilises €19.5 bn

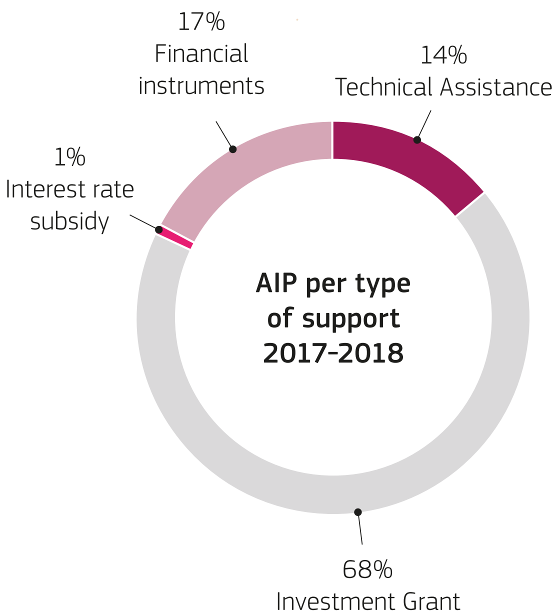
94 Sustainable Investment Projects:

- 51 in Sub-Saharan Africa – €9.9 bn
- 43 in the Neighbourhood – €9.5 bn

Sub-Saharan Africa Sectoral Distribution: transport 45%, energy 34%, private sector development 10%, agriculture 7%, other 4%.

Neighbourhood Sectoral Distribution: private sector development 33%, energy 20%, water and sanitation 17%, environment 10%, other 20%.





EFSD blending operations approved in 2018

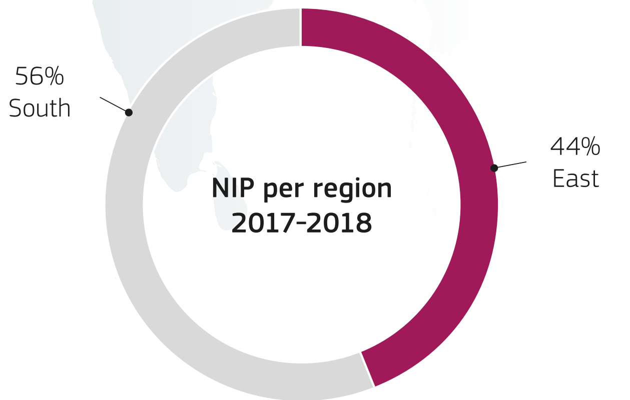
EFSD region	Sub-Saharan Africa	EU Neighbourhood
EU contribution*	€547 million	€358 million
Investment leveraged	€4 billion	€4.3 billion
Projects	21	21

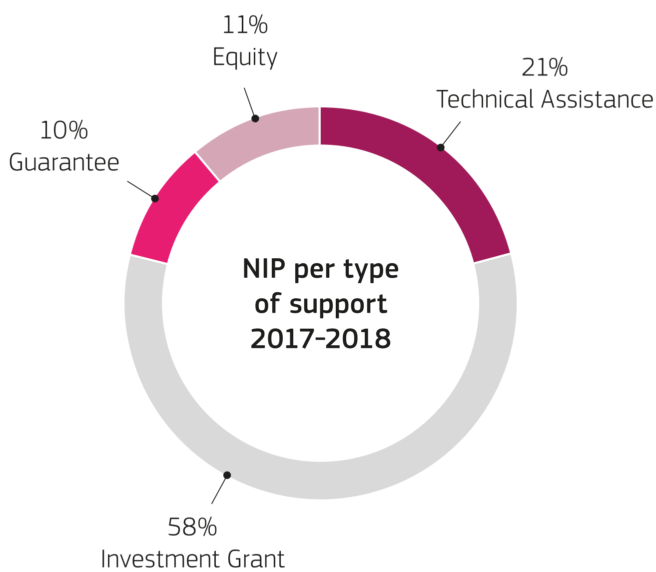
*including technical assistance

Total EFSD blending operations approved (2017-2018)

EFSD region	Sub-Saharan Africa	EU Neighbourhood
EU contribution*	€1.45 billion	€753 million
Investment leveraged**	€9.9 billion	€9.5 billion
Projects	51	43

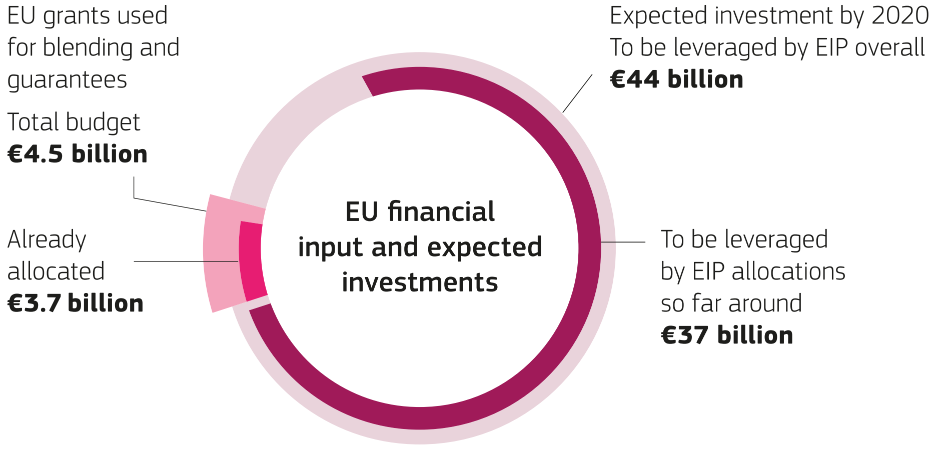
* Including technical assistance
** Investment leveraged in 2017 increased from €5.6 billion to €5.9 billion in AIP area and was €5.15 in NIP area.





External Investment Plan 2017-2020

State of play, December 2018



ADDITIONAL ALLOCATIONS TO EFSD

The EU is to mobilise €400 million in additional funds for the EFSD blending. The Czech Republic announced a contribution of €300 000 (non-earmarked). Estonia announced a contribution of €100 000, earmarked for investments in Eastern Neighbourhood countries under the Digital Investment Window. The Bill & Melinda Gates Foundation offered a contribution of USD 50 million in guarantees and USD 12.5 million in technical assistance (TA). Together with previous contributions by EU Member States, the EFSD budget grew from the original €4.1 billion to over €4.54 billion.

EFSD BUDGET

AIP and NIP

€3 billion

EFSD Guarantee

€1.54 billion

WHAT IS BLENDING?

Blending is the use of a limited amount of public grants or non-grant resources to mobilise financing in the public and private sector for priority development projects. A more detailed explanation is provided on page 7 of the EIP/EFSD Operational Report 2017.

WHAT IS THE EFSD GUARANTEE?

The innovative EFSD Guarantee will be used to reduce the risks for investment in sustainable development in partner countries, thus helping mobilise investment, especially from private sources. A detailed explanation is provided in the dedicated brochure.

The EIP is guided by the general objectives of the EU's external action. It contributes to:

The achievement of the Sustainable Development Goals (SDGs) of the United Nations (UN) 2030 Agenda for Sustainable Development (the '2030 Agenda'), in particular poverty eradication;

The EU's commitments under the European Neighbourhood Policy

By supporting such investments, the EFSD aims to address some of the socio-economic causes of migration. The EFSD also contributes to the implementation of the Paris Agreement on Climate Change (the Paris Agreement).

The EFSD should also allow investors and private companies, in particular micro, small and medium-sized enterprises (MSMEs), to contribute more effectively to sustainable development in partner countries. The EFSD should:

- maximise additionality,
- address market failures and suboptimal investment situations,
- deliver innovative products, and
- encourage private sector financing.

The EFSD should also foster:

- the creation of decent jobs,
- economic opportunities and entrepreneurship,
- green and inclusive growth that further genders equality and empowers women and young people,
- the rule of law, good governance and human rights,
- equitable access to, and use of, natural resources.

EFSD GUARANTEE

EFSD Guarantee
€1.54 billion

To mobilise
€17.5 billion

2/3
in Sub-Saharan Africa and
1/3
in the EU Neighbourhood

28
guarantees

EIP GUARANTEES – SUMMARY TABLE

	Financial Institution	Guarantee		Up to €m
A.	**Intermediated Lending for MSMEs and Agriculture**		**Sub-Total:**	**522**
1	EDFI/AfDB	Joint SME Guarantees for Inclusive Growth and Job Creation		60
2	EBRD	Financial Inclusion in the Neighbourhood (East and South)		30
3	EIB	SME Access to Finance Initiative		20
4	AFD	Agricultural and Rural Finance (AGREENFI)		85
5	IFC	Small Loans and Guarantee Program (SLGP)		42
6	FMO	Guarantee Facility 'NASIRA' – for the Underserved Population		75
7	KfW	African Local Currency Bond Guarantee Programme (ALCBGP)		100
8	AECID/CDP/COFIDES	InclusiFI - Financial Inclusion Driven by Diaspora		20
9	EIB	MSME Investment Platform		25
10	AFD	FISEA+ EFSD SME and Agribusiness Investment Guarantee		35
11	CDP/AfDB	Archipelagos - One Platform for Africa (ONE4A)		30
B.	**Sustainable Energy & Connectivity**		**Sub-Total:**	**603.5**
12	AFD/EIB/CDP/KfW	European Guarantee for Renewable Energy		168.5
13	AFD	Africa GreenCo		28
14	AfDB	Room2Run		87
15	AfDB	DESCOs Financing Programme		50
16	AECID/COFIDES	Renewable Energy Support Programme for Mainly Rural Areas in SSA		20
17	EBRD	Sustainable Logistics and Interconnectivity Guarantee (SLIG)		50
18	EBRD / EDFI	Framework to Scale-up Renewable Energy Investments (Boosting investment in renewable energy)		100
19	EBRD	Energy Efficiency and Sustainable Cities in EU Neighbourhood		100
C.	**Sustainable Cities**		**Sub-Total:**	**167**
20	AECID/WB	Resilient City Development (RECIDE)		100
21	EIB	Sustainable Cities Investment Fund Platform		37
22	AFD	European Guarantee to Increase Local Governments' Access to Financing		30
D.	**Digitalisation**		**Sub-Total:**	**220**
23	EIB/EBRD	Digital Transformation Platform and Broadband Investment Programme		70
24	FMO	Ventures Programme		45
25	EIB	Digital European Health Guarantee Platform		80
26	AfDB	Social Impact Fund for Africa (SIFA)		25
E.	**Local Currency Financing**		**Sub-Total:**	**27.5**
27	KfW	TCX Concessional and Collateral Facility		15
28	AfDB	The EFSD Local Currency Guarantee		12.5
			Total:	**1540**

PARTNER FINANCIAL INSTITUTIONS

Institution		Headquarters
AECID	Agencia Española de Cooperación Internacional para el Desarrollo	Spain
AFD	Agence Française de Développement	France
AfDB	African Development Bank	Cote d'Ivoire
CDP	Cassa Depositi e Prestiti	Italy
COFIDES	Compañía Española de Financiación del Desarrollo	Spain
EBRD	European Bank for Reconstruction and Development	U.K.
EDFI[1]	Association of European Development Finance Institutions	Belgium
EIB	European Investment Bank	Luxembourg
FMO	Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden	Netherlands
IFC	International Finance Corporation	U.S.A
KfW	Kreditanstalt für Wiederaufbau	Germany

1 EDFI comprises 15 institutions established in Europe: BIO, CDC, COFIDES, DEG, Finnfund, FMO,IFU, Norfund, OeEB, Proparco, SBI-BMI, SIFEM, SIMEST, SOFID, Swedfund

By April 2018, all partner financial institutions (FIs) had proposed more than 40 investment programmes in excess of €3.5 billion for the EFSD Guarantee under the five priority areas for investment (investment windows):

- 14 micro-, small-, and medium-sized enterprises' financing programmes,
- 16 sustainable energy and connectivity programmes,
- 6 sustainable cities programmes,
- 5 sustainable agriculture, rural entrepreneurs and agribusiness programmes,
- 4 digital for development programmes.

By September 2018, the Commission received revised proposals:

- 10 intermediate lending opportunities covering mainly MSMEs and also local government and agriculture,
- 6 layered funds for MSMEs, cities and social impact,
- 4 sustainable energy proposals,
- 4 local currency proposals.

In June and November, based on the FIs' proposals, the EU allocated €1.54 billion for 28 guarantees. This is expected to unlock up to €17.5 billion in investments. The guarantees are summarised in the dedicated brochure, which also provides contact points in lead FIs.

The first EFSD Guarantee agreement was signed on 18 December 2018 with the triple A-rated Dutch Development Bank FMO for the NASIRA Risk-Sharing Facility. Multiple parallel negotiations with other FIs have been set to commence, and many of them are expected to conclude in the first half of 2019.

FMO expects that NASIRA will create and support up to 800 000 jobs and benefit small and medium-sized enterprises (SMEs), internally displaced people, refugees, returnees, women and young people. NASIRA means 'the helper' and has a real-world prototype: a woman aged 25 who needs €500 to buy a small stock of food products that she sells in a small refugee city in Jordan. NASIRA serves as a bridge between commercial investors, development finance institutions, private financial intermediaries and perceived high-risk end borrowers.

1 EDFI comprises 15 institutions established in Europe.

NASIRA

- Nasira is an innovative finance solution that tackles the root causes and pressures of irregular immigration.
- The EU is the enabler that allows NASIRA to provide access to finance to those that need it most.
- NASIRA combines nearly 50 years of FMO's development finance experience with the policy expertise of EC delegations & Dutch Embassies.

European Commission

Ministry of Foreign Affairs of the Netherlands

FMO Entrepreneurial Development Bank

Meet the businesswomen eager to tap into investment unlocked by EU guarantees

An agri-food MSME Chop Shop in The Gambia specialises in restaurants that offer a new take on African fast food. The owner and manager, Aminatou Jallow, has seen her company grow over the past 3 years. The company now directly employs 25 young Gambians and indirectly employs several more. Aminatou knows her business has the potential to grow even further. The demand for her product is there, but in West Africa there are a number of barriers that are preventing her business from growing. Two of the main ones are access to finance and sourcing constraints. Currently interest rates for young women entrepreneurs in The Gambia can be high, with no long-term financing available. For this reason Aminatou's business has so far grown exclusively on its retained earnings. To meet demand for her products, she has struggled to source raw materials locally due to quality concerns, problems with intermittent availability and constant price fluctuations from local dealers.

"EIP IS A POWERFUL TOOL FOR EMPOWERING WOMEN AND ADDRESSING EXTREME POVERTY.

The External Investment Plan can help her overcome both these challenges. How? Well, by teaming up with international development banks and other FIs, we can provide guarantees that will enable local banks to lend to entrepreneurs like Aminatou at affordable financial conditions. What's more, we can fund experts to provide insight and advice – technical assistance – on how to develop the agri-business industry in The Gambia. This will allow Aminatou to source more of her chickens locally.

An investment of USD 1 000 allowed Ms Dorcas Asige Apoore, the young Executive Director and founder of Advocacy for Social Inclusion and Girls' Education in Ghana, to reach out to 290 women in her community suffering extreme poverty, including many women who could not read or write and handicapped women. She trained them in basket weaving, and now they sell colourful baskets on the international market – in the UK, in the USA and in Australia. There is a market for women entrepreneurs and their products. However, in Ghana, when a woman entrepreneur goes to a bank to take out a loan, the interest rates are very high. If capital were to be made available to women entrepreneurs, it would make it much easier for them to expand their activities. Dorcas is building a centre to accommodate 5 000 women in Ghana with an ambition to reach out to 500 000 women in the next 10 years. She hopes that the EIP will empower grass root organisations like hers to equip them with the skills and knowledge they need to market their product, and provide access to financing. Dorcas sees the EIP as a powerful tool for empowering women and addressing extreme poverty.

FIRST ASSESSMENT OF THE EFSD GUARANTEE

Since its launch in November 2017, the EFSD Guarantee was more than twice oversubscribed by FIs and fully allocated by the Operational Board within a year. At the time, the European Commission proposed five priority investment areas that are crucial for sustainable and inclusive economic and social development and promoting the socioeconomic resilience of partner countries, and invited FIs to send proposed investment programmes.

EFSD GUARANTEE PROGRAMME ELIGIBILITY CRITERIA:

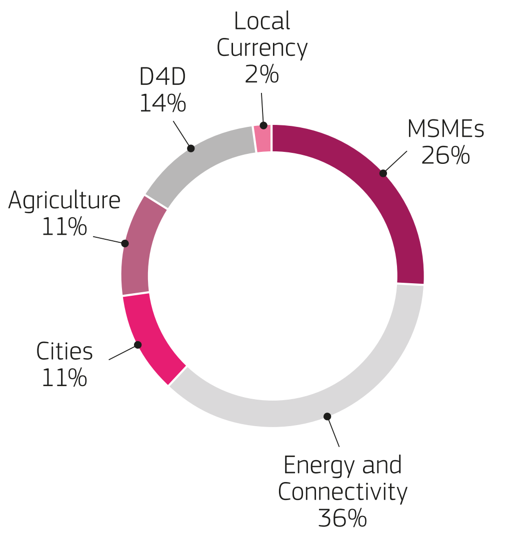
- Meet the objectives and criteria of the Regulation establishing the EFSD,
- Belong to one of the five investment windows/sectors or address specific needs,
- Sustainability and soundness of underlying projects or companies involved in financing,
- Additionality of EU contribution and the catalytic effect on private sector participation in more risky projects or companies (so-called leverage of private sector financing),
- Conditionality and alignment with EU key policy objectives, including gender equality, environment and climate considerations, best practice governance, and a focus on fragile and least developed countries.

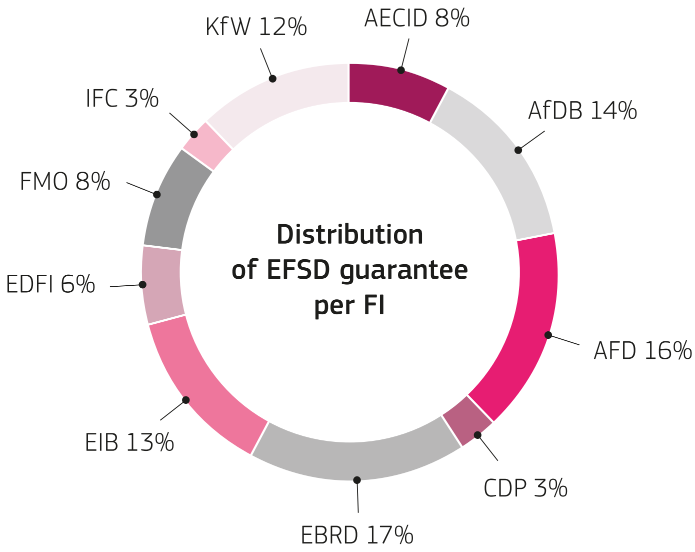
PRIORITY AREAS FOR INVESTMENT

Sustainable energy and sustainable connectivity	Financing for micro, small and medium enterprises	Sustainable agriculture, rural entrepreneurs and agribusiness	Sustainable cities	Digitalisation for sustainable development (D4D)

Cross-cutting objective: local currency financing, focus on fragile states, not-distorting market competition

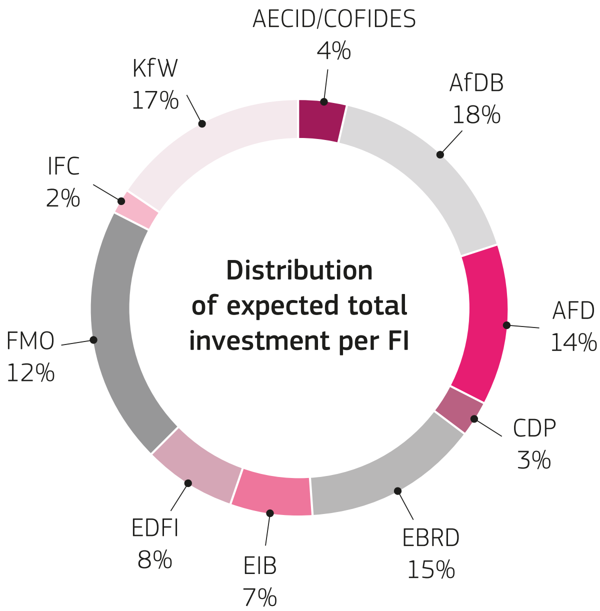
Distribution of proposed EFSD Guarantee allocations per investment area





Preliminary estimates on the results indicate that the allocated EFSD Guarantee of €1.54 billion for 28 guarantees will:

- leverage a total expected investment of €17.5 billion, much of it from the private sector,
- generate and support close to 4 million jobs, in particular for woman and young people,
- provide energy or access to energy to 8 million people,
- reduce carbon emissions by 6 000 kT/year – equivalent to annual emissions of more than 1 million vehicles with an internal combustion engine,
- add over 4 GW of new capacity, particularly in renewable energy,
- address gender inequality,
- invest in socioeconomic sectors such as education and health,
- address socioeconomic root causes of migration and foster sustainable reintegration of returnees.



LEVERAGE AND RISK

At the end of 2018, the expected leverage effect to be achieved by operations covered by the EFSD Guarantee was more than 11. The Commission assessed that while the risk of depleting the EFSD Fund by the end of the current Multiannual Financial Framework is negligible, the Guarantee is taking significant risk over the whole EFSD lifetime, reflecting the EFSD Guarantee's role as a development cooperation instrument. It demonstrates the greater efficiency of a partly funded guarantee instrument, while avoiding possible exposure of the EU budget to acceptable contingent liability.

ADDRESSING CLIMATE CHANGE

The climate related guarantee is estimated to reach around 40% of the total amount, with the biggest allocation for the Sustainable Energy and Sustainable Connectivity window. This contribution will be further increased by projects from other windows that are also expected to have significant climate change mitigation and adaptation objectives.

Eight guarantees will help to set up and expand renewable energy and connectivity projects to millions of people in partner countries. By addressing the barriers to finance of otherwise viable projects, they will unlock the potential for substantial renewable energy, energy efficiency, transport and logistics. For example, the European Guarantee for Renewable Energy, led by four European FIs, would leverage up to €3.4 billion for projects in Sub-Saharan Africa, cut carbon emissions, reduce power shortages, create up to 12 000 jobs and add around 2 GW of generating capacity from renewable sources.

FINANCING FOR MSMES

The greatest number of allocated guarantees – 11 out of 28, plus two related guarantees for local currency lending for Sub-Saharan Africa – will aim to provide affordable funding to small businesses; current estimates put their number at half a million. Altogether, the financing of the MSMEs' priority area for investment would create or support some 2.7 million jobs, many of them in countries affected by migration.

EXAMPLES

The Dutch Development Bank FMO estimates that the first signed EFSD Guarantee agreement – for the NASIRA Risk-Sharing Facility – could create and support up to 800 000 jobs, and benefit SMEs, internally displaced people, refugees, returnees, women and young people in Africa and the EU Neighbourhood.

Yet another EU guarantee for InclusiFI, a programme of financial inclusion driven by diaspora, led by AECID, COFIDES (both Spain) and CDP (Italy), is expected to:

- create (directly and indirectly) over 26 000 sustained jobs in MSMEs,
- enable people in Africa and the EU Neighbourhood with family and friends overseas to receive money from them more easily and affordably,
- help to attract investment from diasporas in small firms in their countries of origin,
- encourage investment in businesses set up by migrants' families,
- incentivise local banks, guarantee funds and microfinance institutions to offer innovative products to micro- and small businesses and entrepreneurs.

ADDRESSING GENDER EQUALITY THROUGH ECONOMIC EMPOWERMENT

The majority of guarantees under the financing for MSMEs and agriculture put women as their primary targeted beneficiaries, in accordance with an SDG overarching objective to ensure greater gender equality through economic empowerment. Such MSMEs' operations alone will use almost €400 million under the EFSD Guarantee to contribute to gender equality, with an expected total investment of around €3.8 billion, mostly in female-led MSMEs. Many guarantees in other key sectors will also help address gender equality and empowerment of women as a key objective, like the SIFA guarantee for digital development (see below).

LENDING IN LOCAL CURRENCY

Two guarantees will address risks associated with currency depreciation and boost lending in local currency for projects in Sub-Saharan Africa. One of them, led by the KfW Group, will accelerate Sustainable Energy for All (SE4ALL) projects, MSME growth, and investment in the energy sector that supports economic stability. Another, led by the AfDB, will provide affordable long-term local currency loans to local businesses (among them SMEs) in key sectors, including in least developed countries and fragile countries.

FUNDING FOR AGRICULTURE

In total, six guarantees will help leverage sustainable investment in agriculture, rural entrepreneurship and agribusiness; one of the guarantees will exclusively address such investment. This priority sector will benefit from €170 million or 11% of the total allocated EFSD Guarantee. These guarantees were proposed by FIs under three priority areas for investment: sustainable energy and connectivity; MSMEs financing; and sustainable agriculture, rural entrepreneurs and agribusiness.

DIGITAL DEVELOPMENT FOR ALL

Digitalisation, and the opportunities that come with it, will be catered for by four dedicated guarantees. They aim at improving broadband access and investing in enabling technologies servicing many sectors of the economy. They will also improve access to education and healthcare, in particular for women. For example, FMO's Ventures Programme is expected to catalyse around €1 billion for innovative ventures in the financial services, off-grid energy, agri-tech, education, healthcare, mobility and e-commerce sectors. Another example is the Social Impact Fund for Africa (SIFA) led by the AfDB. It is expected to create (directly and indirectly) some 220 000 jobs and improve access to education through digital technology for 1.5 million people. SIFA will focus on projects that, in particular, involve women and young people on low incomes, and are in rural areas in least developed, fragile or landlocked countries.

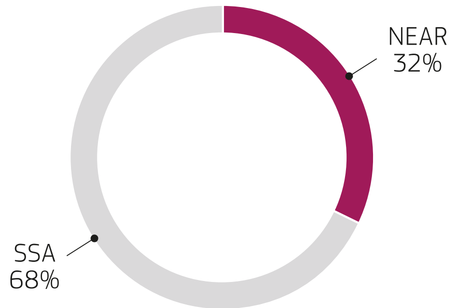
IMPROVING LIVING CONDITIONS IN CITIES

With urbanisation accelerating across partner countries, three guarantees will directly address sustainable city development and improving local government's access to financing. This will ensure better living conditions, jobs and new business opportunities for city dwellers, and contribute towards a greater resilience of cities, communities and their adaptation to climate change.

GEOGRAPHICAL DISTRIBUTION

Investments unlocked with the EFSD Guarantee could directly benefit 61 countries in Sub-Saharan Africa (SSA) and in the EU Neighbourhood (NEAR, including all but the three least developed countries in the EIP area – the Central African Republic, Djibouti and Eritrea). Eleven partner countries could see investment leveraged by a dozen or more different guarantees in several priority areas, e.g. Kenya (up to 18 guarantees), Côte d'Ivoire (16), Tanzania (15), Rwanda, Senegal and Uganda (14), Ghana and Tunisia (13), Egypt, Nigeria and Zambia (12). In continuing discussions with FIs, the European Commission has increased focus on the Sahel region and least developed countries.

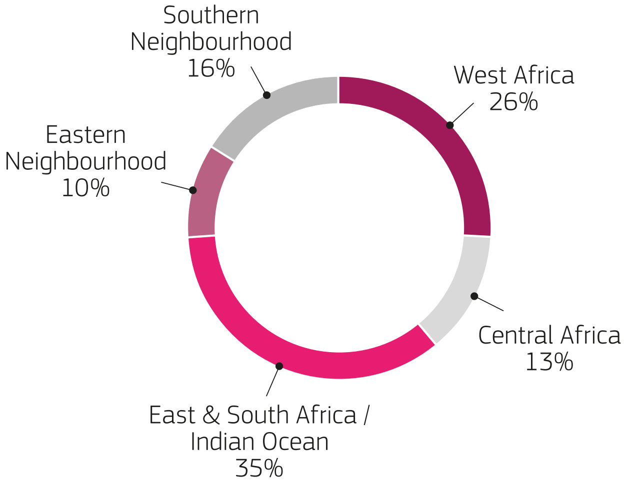
Distribution of proposed EFSD Guarantee allocations per region (SSA-NEAR)



EFSF Guarantee's potential cover by region

Region	Number of countries
West Africa	16
Central Africa	8
East & South Africa / Indian Ocean	21
Eastern Neighbourhood	6
Southern Neighbourhood	10

Regional distribution, in per cent



SYNERGIES AND COMPLEMENTARITY WITH OTHER EIP PILLARS

The guarantees will be supported with around €140 million in additional technical assistance (TA, second pillar of the EIP), inter alia for capacity building for beneficiaries such as local banks and businesses. This will contribute to building synergies and complementarity between operations covered by the EFSD Guarantee and the third pillar of the EIP (see also the chapter on TA below).

Investment climate policy plays a crucial role in the EIP implementation. Investors need to be confident that a country has the right economic governance and business environment in place, for example, amongst others, reliable institutions and economic policies, as well as a transparent regulatory framework for business.

WORKING TOGETHER WITH FIs

The innovative method adopted for the EFSD Guarantee resulted in a high quality of investment programmes proposed by FIs, many of which have vast experience:

- in countries, regions or situations of fragility, conflict, reconstruction or post-conflict recovery,
- in least developed countries, and
- in places where the presence of financial institutions, investors and financial services is limited.

Working together on the EFSD Guarantee allowed participating FIs to build trust and establish a model of innovative, competitive cooperation that helps the EU to deliver on shared development objectives. This collaboration informed the proposal for a significant increase in investment support for the EU's new Multiannual Financial Framework (2021-2027).

OPERATIONS, PROVISIONING, REMUNERATION

No transfers or investment operations covered by the EFSD Guarantee occurred in 2018, therefore, there were no returns, losses or recoveries. The provisioning and level of the EFSD Guarantee Funds was therefore adequate. In the case of the first guarantee agreement (NASIRA led by the FMO), the remuneration is paid annually to the Commission by FMO.

VERIFICATION AND AUDIT

FIs implementing relevant EFSD Guarantee agreements have to provide two financial reports: the first as unaudited financial statements provided by the lead FI by 15 February and the second as audited versions by 30 April of each year. The first EFSD Guarantee agreement was signed in December 2018, therefore no reports were provided in that year.

COMPLIANCE WITH DEVELOPMENT EFFECTIVENESS PRINCIPLES

The European Commission plays an active role in the Global Partnership for Effective Development Cooperation, established after the Busan High-Level Forum on Aid Effectiveness in 2011. The European Union has committed to make progress in a number of priority areas for development effectiveness. The implementation of the EFSD Guarantee builds on significant progress made in all these areas:

Transparency: Information about the EFSD Guarantee, its priority areas, allocation and individual guarantees was made available to the public via the web, press releases, publications, reports, events and presentations to stakeholders in partner countries and EU Member States. The updating of the EU Results Framework (see below) will further contribute to transparency with the EFSD Guarantee.

Joint programming: The implementation of the EFSD Guarantee involved joint planning and cooperation by the EU and its Member States, in particular through regular meetings of the EFSD Strategic Board and Operational Board.

Results: The European Commission is updating the EU Results Framework, launched in March 2015, to incorporate the EFSD Guarantee outcomes and to serve as the basis for reporting obligations in the guarantee agreements with FIs. This will help improve accountability towards EU citizens, beneficiary countries and to other donors, as well as improve transparency.

Conflict and fragility: The guarantees allocated to proposed investment programmes will help to address access to finance and boost investment in fragile and post-conflict countries (see geographic distribution above and guarantee summaries in the dedicated brochure).

Public-private engagement: The implementation of the EFSD Guarantee has strengthened the partnership between national financial institutions in EU Member States and international development banks. It also drew considerable interest from private investors and philanthropic organisations. EU guarantees will use limited public funds to leverage private investment for viable projects that would otherwise struggle to get off the ground or expand, while focusing on sustainable development objectives in partner countries.

COMPLIANCE WITH THE EFSD REGULATION AND OTHER REQUIREMENTS

The allocation of the EFSD Guarantee complied with the requirements and overall objectives of the EFSD Regulation for each proposal submitted. It also followed the EU rules for non-compliant jurisdictions for tax purposes. Particular attention was paid to ensure additionality and added value of proposed investment programmes, and their contribution to the Sustainable Development Goals.

CONTRIBUTING TO THE AFRICA-EUROPE ALLIANCE

The EFSD Guarantee is a key pillar of the Africa-Europe Alliance for Sustainable Investment and Jobs proposed by President Juncker in September 2018. It aims to create 10 million jobs in Africa alone over the next 5 years. If all goes to plan, tens of millions of people will benefit from the investments unlocked by the EU guarantees, directly and indirectly.

A view from the outside

"…Several stakeholders highlighted early successes against one or more of the EIP's strategic objectives. The risk-sharing tools under the EFSD, particularly the new guarantee, have reportedly supported some financial institutions to undertake additional investments, successfully mobilising new resources for EU external policy. For example, the EFSD Guarantee has, in some cases, enabled penetration of smaller DFIs into new markets… The EIP also seems to have had some early success in incentivising coordination and joint initiatives between DFIs. Because the EFSD Guarantee was over-subscribed in its first year with investment proposals equal to double the amount on offer, the EC has encouraged applicants to collaborate and partner. The resulting partnerships have reportedly created higher quality proposals, as institutions have combined their different skills and experiences in complementary formations."

Source: Mikaela Gava & Hannah Timmis (2019). The EU's Financial Architecture for External Investment: Progress, Challenges, and Options. CGD Policy Paper 136, January 2019, page 7. Center for Global Development, Washington, DC.

EFSD BLENDING
IN SUB-SAHARAN AFRICA IN 2018

21
projects approved

€547 million
Total EU contribution

€4 billion
Total investment leveraged

More than 80% of the projects the EU approved in Sub-Saharan Africa in 2018 are in least developed countries

GEOGRAPHICAL ALLOCATIONS

- West Africa (17%)
- Eastern, Southern and Indian Ocean (32%)
- Central Africa (12%)
- Continental projects (39%)

ALLOCATIONS BY SECTOR AND FINANCING TYPE

SECTORAL DISTRIBUTION:
- Transport (40%)
- Energy (29%)
- Private sector development (17%)
- ICT (5%)
- Agriculture (3%)
- Other (6%) – water, forestry

FINANCING TYPE:
- 58% was as investment grants
- 29% as financial instruments (equity and guarantees)
- 13% as TA

ALLOCATIONS BY REGION

SUB-SAHARAN AFRICA: REGIONAL, MULTI-COUNTRY PROJECTS

Number of projects supported: 10

Ten projects targeting Sub-Saharan Africa are regional or multi-country.

Sub-Saharan Africa projects:
- Agriculture: Huruma Fund,
- Energy:
  - Facility for Energy Inclusion (FEI),
  - Digital Energy Facility (DEF) for the promotion of energy transition and energy access.
- Private Sector:
  - Women's Financial Inclusion Facility (WFIF),
  - African Guarantee Fund for SMEs (AGF),
  - SME Up-Scaling Fund I,
  - Agri-Business Capital Fund (ABC Fund).
- Forestry: Arbaro Fund.

Multi-country projects:
- West Africa – Niger Basin Countries: Integrated Development and Climate Adaptation Programme for the Niger Basin (PIDACC),
- Cameroon and Chad: Cameroon-Chad electrical grid interconnection project.

WEST AFRICA

Number of projects supported: 4

In West Africa, the EU allocated support to projects in the energy and transport sectors:
- Two projects in the energy sector:
  - Benin – Project for the extension and electrical densification of the SBEE grid,
  - The Gambia – support to the sustainable energy sector.
- Two projects in the transport sector:
  - Liberia – Mano River Union Road Development and Transport Facilitation Programme,
  - The Gambia – The Trans-Gambia (Gambia-Senegal) Corridor, Phase 1.

CENTRAL AFRICA

Number of projects supported: 3

- Two projects in energy:
  - The Burundi-DRC 220 kv Interconnection Project,
  - The Chad-Cameroon electrical grid connection.

- One project in transport:
  - Cameroon: rehabilitation of the Cameron northern railway (Blabo-Pangar-Ngaoundéré).

EASTERN AND SOUTHERN AFRICA (AND INDIAN OCEAN)

Number of projects supported: 4

In Eastern and Southern Africa, the EU allocated support to projects in the transport and agriculture sectors:

- Three projects in transport:
  - Kenya – Rural Roads,
  - Madagascar – Corridor Development and Trade and Investment Facilitation with COMESSA and Indian Ocean Countries,
  - Uganda – The Kampala-Jinja Toll Road.

- One project in agriculture:
  - Malawi – Kulima Access to Finance.

SUCCESS STORY

Blending for green energy in Benin

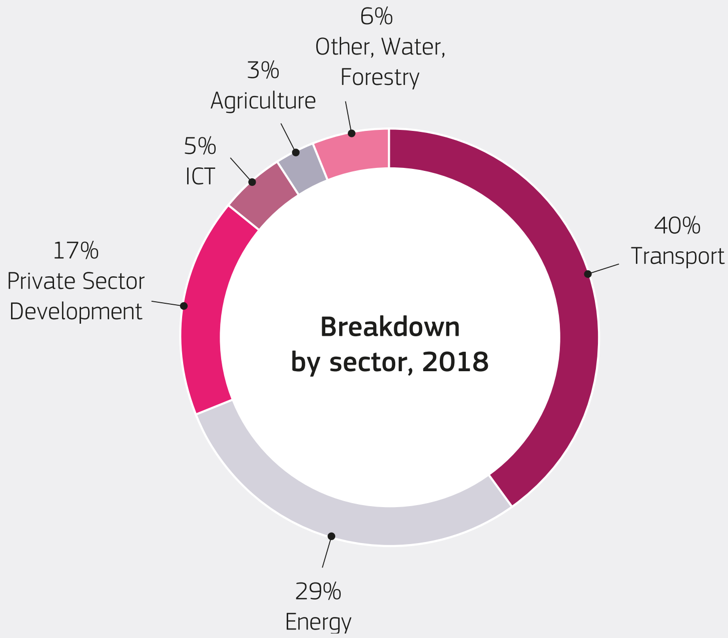
At the 2015 United Nations Climate Change Conference (COP21), Benin pledged to develop renewable energy and install photovoltaic solar farms with a total capacity of 95 MW to address energy deficit and reduce poverty.

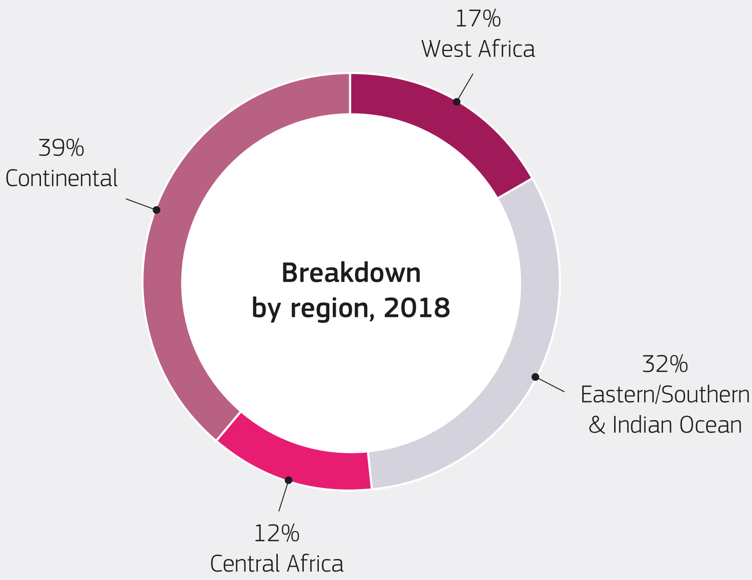
However, the cost for green energy may still be too high for some countries. The EU is therefore working with governments and partner financial institutions to mobilise the necessary investment.

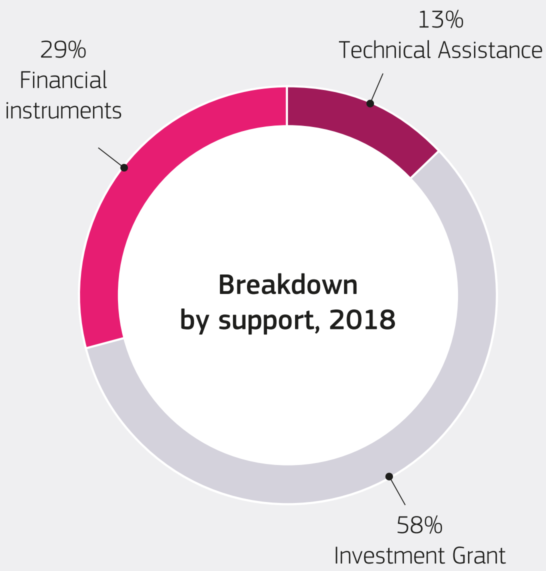
In December 2017, the EU allocated €10 million for the construction of the largest solar power plant in Benin and the redevelopment of the national Distribution Company's (SBEE) entire ICT system. The EU contribution has unlocked a further €50 million investment from the AFD, with the Government of Benin assigning an extra €500 000. Named DEFISSOL, the project will create decent jobs, save 23 000 tonnes of CO_2 emissions per year, and lower Benin's energy bill.

> "WE ALSO WANT TO ENSURE THAT THE PROJECT CREATES JOBS FOR BENINESE YOUTH, ESPECIALLY WOMEN.

Ms Chimène Degila, Environmental Engineer, says: "Working on the design and implementation of the DEFISSOL project is a great opportunity. Beyond the technical aspects, my role is to ensure that environmental and social issues are taken into account both before and during the work. The goal of the project is to provide clean and sustainable energy to our citizens at a lower cost. In this way, we are contributing to the development of our country, while ensuring the reduction of greenhouse gas emissions in an effort to combat climate change. We also want to ensure that the project creates jobs for Beninese youth, especially women."


6%
Other, Water, Forestry
3%
Agriculture
5%
ICT
40%
Transport
17%
Private Sector Development
Breakdown by sector, 2018
29%
Energy


17%
West Africa
39%
Continental
Breakdown by region, 2018
32%
Eastern/Southern & Indian Ocean
12%
Central Africa


13%
Technical Assistance
29%
Financial instruments
Breakdown by support, 2018
58%
Investment Grant

EFSD BLENDING

EFSD BLENDING IN THE EU NEIGHBOURHOOD IN 2018

21
projects approved

€358 million
Total EU contribution*

€4.3 billion
Total investment leveraged

GEOGRAPHICAL ALLOCATIONS

Eastern Neighbourhood 43%

Southern Neighbourhood 57%

The 21 projects include 16 new projects, 1 programme[2], 3 continuations and 1 extension re-allocating already committed funds[3].

ALLOCATION BY SECTOR AND FINANCING TYPE

OF TOTAL EU FUNDS:

- 37% went to private sector financing,
- 30% to energy,
- 14% to transport,
- 10% to water and sanitation,
- 6% to urban/social development,
- 3% to protecting the environment.

OF THE ASSISTANCE PROVIDED:

- 60% was as investment grants,
- 19% was as TA,
- 13% was used as guarantees,
- 8% was used as equity.

ALLOCATIONS BY REGION

Morocco was the country benefiting from the highest NIP allocations while Ukraine was second. NIP continued focusing on support to the private sector, with energy and transport in second and third places. The majority of the assistance took the form of investment grants. The fees awarded to the international financial institutions (IFIs) represented 2% of the total amount provided by the EU.

Three regional projects were approved in 2018, of which two were EIB-led DCFTA facilities in the east. These were the second phase for the Guarantee Facility, which was launched in 2016 with the aim to strengthen and support the economic development of the Eastern Partnership countries, and the Local Currency Solution that aims to increase the local currency financing available to the crucial private sector segment via Investment Grants used as hedging cost contributions to EIB local currency loans. In the south, the MENA SANAD Fund received a top-up in order to continue its success in providing finance to MSMEs via qualified and eligible local financial intermediaries and building their capacity to grow.

SOUTHERN NEIGHBOURHOOD

Number of projects supported: 9

A large proportion of the NIP allocation was dedicated to projects promoting private sector development as a driver of inclusive growth and job creation. This is a much-needed impetus in a region that has been facing adverse economic circumstances since the beginning of the decade. Another important investment supported by the Neighbourhood's blending operations was the Noor Midelt solar plant in Morocco, led by the KfW Group, which is part of a series of projects aimed at increasing the renewable energy capacity of the country.

EASTERN NEIGHBOURHOOD

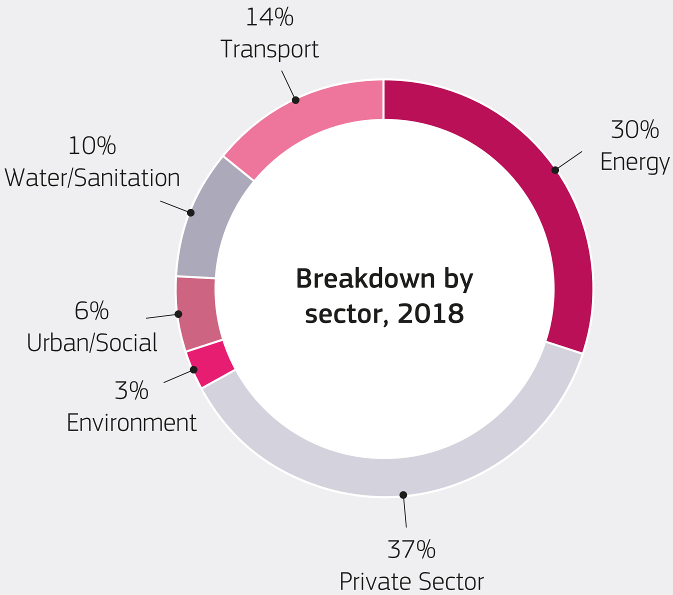
Number of projects supported: 12

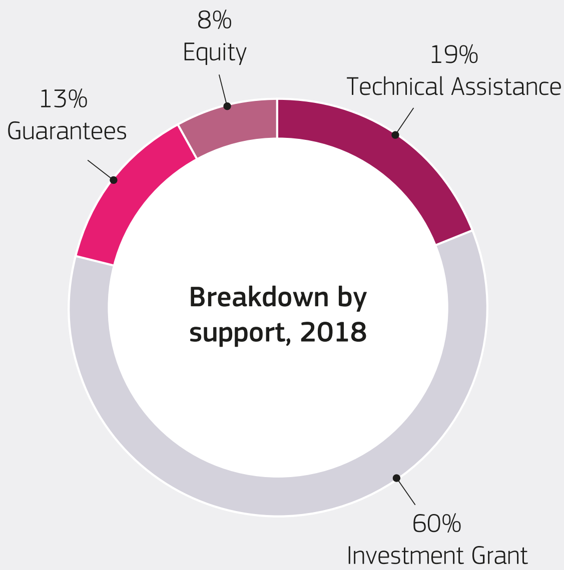
In the east, Ukraine was the major beneficiary, receiving funding in sectors crucial for the country, such as energy, water/sanitation and transport. A highlight was the appointment of new members of the Energy Regulator and its operationalisation, a result set in the context of the Reform Contract for Investment (RCI), which indicates that Ukraine would benefit from EU investment-related support in 2018 upon the fulfilment of the conditions set out in the RCI. This translated into the Municipal Infrastructure Investments programme led by the EBRD, which the EU complemented with €10 million of TA and an Investment Grant.

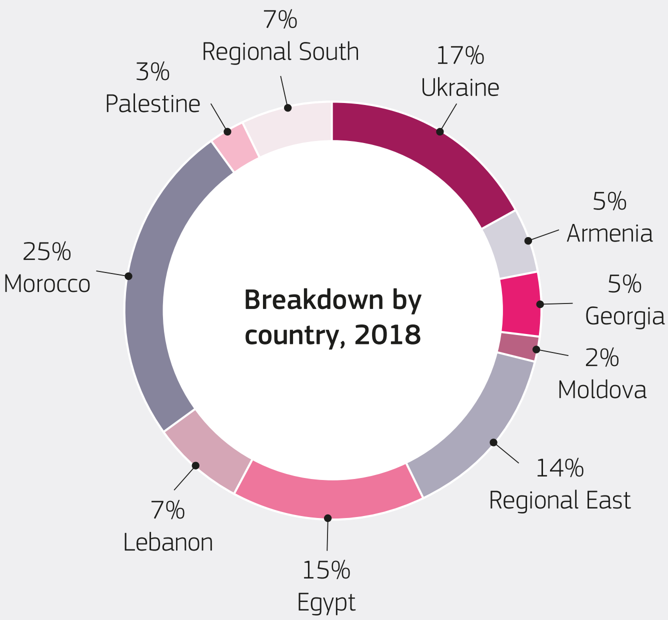
2 Merger of 3 projects in Ukraine (Khmelnytskyi Solid Waste, Zhytomyr Trolleybus, Ivano-Frankivsk District Heating) as 1 programme (Municipal Infrastructure Investments) based on the fulfilment of one of the conditions of the Reform Contract for Investment.

3 SEMED Financial Inclusion extension to Lebanon.

*This amount includes all projects approved in 2018 as well as the technical assistance allocated to the EFSD Guarantee


14%
Transport
30%
Energy
10%
Water/Sanitation
Breakdown by sector, 2018
6%
Urban/Social
3%
Environment
37%
Private Sector


8%
Equity
19%
Technical Assistance
13%
Guarantees
Breakdown by support, 2018
60%
Investment Grant


7%
Regional South
3%
Palestine
17%
Ukraine
5%
Armenia
25%
Morocco
Breakdown by country, 2018
5%
Georgia
2%
Moldova
14%
Regional East
7%
Lebanon
15%
Egypt

EU invests in Georgia's energy sector reform

In October 2018, the German KfW Group (lead financier) and France's AFD signed the first low-rate loan agreements with Georgia, which will go a long way towards supporting the country's eventual participation in the EU's internal electricity market.

Under the EIP's blended finance operation, Support of Georgia's Energy Sector Reform, the country will benefit from a total investment of up to €340 million, including more than €8 million in grants from the EU. This will lead to the transformation of the Georgian electricity sector into an organised market and significantly enhance energy efficiency in buildings.

The investment will assist Georgia in meeting Energy Community Treaty requirements and its National Energy Efficiency Action Plan (2017), as well as defining and implementing the corresponding energy-efficiency standards. The programme follows a 4-year strategy and a jointly developed road map, which include reform indicators, benchmarks and implementation mechanisms.

> "A BETTER PROGRAMME TO TREAT AND DISPOSE OF GARBAGE WILL KEEP OUR AIR AND WATER CLEAN.

A cleaner city for Olga's family

Olga Safronova is the mother of three boys and the owner of a small business in Khmelnytskyi, a Ukrainian city of 270 000 people. Her family lives close to a municipal waste site, one of over 6 800 open landfill sites in Ukraine. Olga is worried about her family's health due to the ongoing contamination of air and water around the site.

Cities such as Khmelnytskyi struggle to get long-term loans to finance infrastructure projects, including for the safe treatment of municipal waste. This is why the EU has granted €6 million for the rehabilitation of the Khmelnytskyi landfill, topping up a €15 million loan from the European Bank for Reconstruction and Development (EBRD). When completed, the project will protect the groundwater from contamination.

This is good news for Olga's family and for Khmelnytskyi as a whole. "A better programme to treat and dispose of garbage will keep our air and water clean," says Olga.

TECHNICAL ASSISTANCE

Technical assistance (TA) can significantly reinforce the EU leveraged investment (Pillar 1). Under Pillar 3, technical assistance is an implementing modality to support investment climate improvements.

It mainly focuses on:

- feasibility studies,
- capacity building,
- supporting public policy-makers and regulators in making their countries more attractive to investors.

Activities within a technical assistance could also include research, provision of specialised supplies and dissemination/outreach activities.

TOTAL TECHNICAL ASSISTANCE IN SUPPORT OF PILLAR 1 AND PILLAR 3 FOR AFRICA

On the basis of an estimate carried out in June 2018 for the years 2018-2020, around €860 million of EIP-relevant TA was planned to be committed for Sub-Saharan Africa.

Most of this will support improving the investment climate (Pillar 3) activities such as:

- country analysis,
- structured dialogue with the private sector and government,
- investment climate reforms.

The bulk of this Pillar 3 assistance would be stand-alone TA projects or linked to regional investment programmes. Fewer projects would be related to budget support operations and to global facilities.

Based on the same estimates, the TA for Pillar 1 still to be committed would be associated mainly with blending operations. In most cases, it would support the blending operations through feasibility studies and improving the capacity of financial intermediaries and beneficiaries.

EXAMPLE OF TECHNICAL ASSISTANCE IN SUPPORT OF PILLAR 3

One example could be a project to encourage more lending to small agricultural businesses. The TA could fund experts in agrifinance, such as engineers, insurance experts or accountants, to show cooperatives and local agricultural banks how to lend to small agri-businesses in order for them to:

- get back the money they have lent,
- get a reasonable return on their loans.

This could mean, for example, that these beneficiaries would learn to:

- identify whether a potential borrower can actually repay,
- design loans to make them more accessible to a wider range of agri-businesses.

TA ALLOCATION FOR PILLAR 1 - BLENDING OPERATIONS AND GUARANTEES

TA for Pillar 1 in Sub-Saharan Africa	In million € (rounded)
2017	131
2018	77
TOTAL	**209**
TA for Pillar 1 in Neighbourhood	**In million € (rounded)**
2017	86
2018	59
TOTAL	**145**
28 EFSD Guarantees allocated in 2018	**Up to €142 million***

*Of this amount, €34 million came from the NIP Trust Fund. The allocation per guarantee is indicated in the dedicated brochure.

INVESTMENT CLIMATE

The EIP establishes a systematic interplay between investment mobilisation (Pillar 1), technical assistance (Pillar 2) and investment climate improvements (Pillar 3). As part of this integrated approach, Pillar 3 helps to build a more conducive and sustainable investment climate in partner countries through a strategic and comprehensive approach. It focuses on removing constraints to sustainable private investment and supporting priority reforms through a strengthened dialogue with the private sector and relevant stakeholders.

Investment climate improvements are observed with a long term view, contributing to decent jobs creation, sustainable and inclusive growth. The Sustainable Business for Africa (SB4A) Platform is therefore an important lever for implementation of the EIP. SB4A aims to enable and scale up structured public-private dialogue facilitated by the EU Delegations in partner countries. It was launched at the EU-Africa Business Forum (EABF) in Abidjan in November 2017.

A survey of EU Delegations at the beginning of 2019 related to the state of play of SB4A and Public-Private Dialogue in African countries, revealed the following: (a) most countries in Sub Saharan Africa have some form of structured Public-Private Dialogue (PPD), (b) of the existing PPD structures, most could be more inclusive (they do not usually represent SMEs, micro and informal companies) and more efficient in supporting priority reforms. More than half of the EU Delegations in Africa are already facilitating existing PPD structures. Work is ongoing to further strengthen and facilitate the existing PPD structures with a view to improving the investment climate.

The Investment Climate Agenda was promoted during missions to partner countries, in Brussels and in EU Member States including EIP outreach activities. This included the EABF follow-up meeting and an EIP/TPSD-related programme organised at the European Development Days in June 2018, the Policy Forum for Development meetings in Brussels and in Botswana (private sector side event) and the Africa Investment Forum in Johannesburg in November (during the hosting of its investment climate session). The European Commission presented the EIP to audiences at events organised by Business Europe, the European Round Table for Industry, European Business Council for Africa and the Mediterranean (EBCAM), European Centre for Development Policy Management (ECDPM) and several other organisations.

A significant increase in EU support to business environment and investment climate reforms in Africa is envisaged for the next 2 years. The Africa-Europe Alliance Communication mentions a target figure of €300-350 million on average per year, in addition to dedicated actions geared at improving governance and ensuring peace and stability.

The Neighbourhood region also faces challenges related to private sector development and improving the investment climate. The Southern Neighbourhood in particular has a young and expanding population, in addition to millions of displaced people, largely due to the conflict in Syria. The need to create job opportunities and economic growth is a key factor in building a better future for all. In the Eastern Neighbourhood, competitiveness, productivity and inclusiveness issues persist, and generating attractive job prospects for youth remains a key challenge. In both regions, economies struggle to adapt their education and skills-learning models to the evolving needs of the labour market, brought about by rapid technological change.

In the EU Neighbourhood, Pillar 3 is implemented through:

- structured policy discussions under bilateral and regional frameworks: Association Agreements, the Eastern Partnership and the Union for the Mediterranean,
- TA and policy dialogue accompanying sector reform contracts (including investment climate assessments) and capacity development projects, both bilateral and regional, and
- dedicated TA, including in cooperation with international financial institutions, such as the Structural Reform Facility for the Eastern Neighbourhood, operational since autumn 2017. This facility has helped the Commission to identify and formulate structural reforms to promote investments in areas agreed with partner countries.

The investment climate covers a wide range of factors that influence investors' decisions to invest in Africa and the EU Neighbourhood. The key drivers of investment climate include:

- macroeconomic stability,
- political stability,
- governance/rule of law,
- human development,
- innovation, and
- business environment.

A stable policy and a regulatory and institutional environment are crucial prerequisites for domestic and foreign investments. These are important elements in the Commission's focus on inclusive and sustainable growth and decent jobs, in line with the European Consensus on Development and the Sustainable Development Agenda.

Business environment can be grouped into the following functional areas:

- business simplification,
- business tax policies and administration,
- investment policy,
- trade regulation and policy (including trade facilitation),
- financial markets,
- labour law and employment policy,
- land and property rights,
- commercial dispute resolution,
- infrastructure policy and regulation,
- energy policy and regulation.

Pillar 3 of the EIP is based on **key building blocks** that are closely interlinked. These include:

1. **Investment climate analysis:** Evidence-based data and country analysis (jobs and growth compacts and other analysis),
2. **Structured public-private dialogue** to identify obstacles to investments and help prioritise the reforms needed,

4 COM(2018) 643.

3. **Priority actions to support necessary investment climate improvements:** Supporting governments in implementing an effective policy mix and reforms (through policy dialogue, budget support and technical assistance, Eastern Partnership platforms and panels), building the capacity of public and private actors, and boosting added value, skills and entrepreneurship.

EIP AT WORK – INTEGRATING THE THREE PILLARS AT COUNTRY LEVEL

To achieve its ambitious goals, the EIP adopts an integrated approach that links the mobilisation of EFSD financial resources (Pillar 1) with technical assistance (Pillar 2) and investment climate improvement (Pillar 3). The EU, through its Delegations in partner countries, is in a unique position to make this integrated approach work at the local level.

The three pillars reinforce each other to create a sustained cycle for investment. The EU engages in policy dialogue with national and regional authorities to define cooperation priorities, including the investment climate. EU dialogue with the local and European private sector makes it possible to identify obstacles to investment. Then, with EU technical assistance, governments can undertake the reforms needed to address these obstacles, which will reduce the perceived risk of investing in the country and encourage private investors to look for opportunities. EU technical assistance can help identify these opportunities and put forward ideas for investment, while EU blending operations and guarantees help transform these ideas into actual investment projects. The visible impact of these investments sends a clear signal of confidence in the economy. They also encourage governments to engage in further dialogue with the private sector and continue to address investment climate barriers with the support of EU technical assistance.

The trade and investment agreements that the EU concludes with partner countries can also reinforce this cycle of investment. These agreements have a strong developmental focus. They open access to the EU market for developing countries' exports, while at the same time promoting the transfer of EU capital and technology, which is essential for investment and development.

EXAMPLE OF THE INTEGRATED APPROACH

Linking the three pillars of the EIP in Côte d'Ivoire

To boost strategic investment, the EU committed €130 million to blending operations in the road, energy and agriculture sectors, for a leveraged investment of around €420 million. Côte d'Ivoire is also a potential beneficiary of 16 EFSD guarantee tools (Pillar 1). Reforms implemented over the last five years have led to significant and constant improvement in the investment climate. Cooperation programmes supporting these efforts aim to improve economic and fiscal governance. Current interventions focus on Technical and Vocational Education and Training (TVET) for youth. Côte d'Ivoire also benefits from 3 Erasmus+ capacity-building programmes and is part of the Tuning Africa Initiative (Pillar 2). Several local and EU Member States' chambers of commerce are very active on issues related to the business and investment climate (Pillar 3). The EU and Côte d'Ivoire signed an Economic Partnership Agreement (EPA) in 2016, and both parties started to reduce tariffs as of 1 January 2019. This should reinforce already strong trade and investment relations: the EU is the destination for 42% of Côte d'Ivoire's exports, accounts of 32% of the country's imports and represents 29% of foreign direct investment.

7 COM(2018) 643

OUTREACH

In March 2018, the European Commission launched a one-stop-shop for investors, promoters and other potential partners. This includes a dedicated web form for submitting action descriptions that are shared with eligible financial institutions, which may conclude guarantee agreements with the Commission. Between April and the end of December 26 entries were recorded and processed.

In July 2018, the Commission produced the first detailed EIP/EFSD Operational Report. In December, the Commission published a brochure summarising the 28 approved EFSD Guarantees, with contact points in lead financial institutions.

During the year, the EIP and EFSD were presented to government representatives, entrepreneurs, businesses and potential investors in more than 10 EU Member States, 6 EU Neighbourhood countries and 5 countries in Sub-Saharan Africa. A high-level EIP panel on Empowering Women in Sustainable Investment and Business through the EIP took place during the European Development Days in June in Brussels. The EIP and EFSD were also presented at several high level international fora dedicated to development finance.

EUROPEAN UNION

EU EXTERNAL INVESTMENT PLAN

WHAT IS THE EXTERNAL INVESTMENT PLAN?

The EU's ambitious External Investment Plan will encourage investment in our partner countries in Africa and the EU Neighbourhood region. It will promote inclusive growth, job creation and sustainable development and so tackle some of the root causes of irregular migration. The External Investment Plan is adapted to the specific needs of partner countries and builds on the very successful model used within the EU, where the 'Juncker Plan' has already triggered more than € 294 billion of investment.
The External Investment Plan focuses on a number of priority investment areas, such as: sustainable energy and sustainable connectivity; micro, small and medium enterprises financing; sustainable agriculture, rural entrepreneurs and agroindustry; sustainable cities and digitalisation for sustainable development.

WHY DO WE NEED AN EXTERNAL INVESTMENT PLAN?

Instability and conflicts in Africa and the EU Neighbourhood have been aggravated by the global economic crisis, reducing access to finance for much needed investment. Instability and conflict have also exacerbated the ongoing migration crisis with more people than ever on the move in Africa and in the Neighbourhood.
The European Union and its Member States are collectively the world's biggest providers of development assistance, providing €75.7 billion in 2017, or almost 57% of global assistance. But development cooperation needs to evolve. Traditional assistance in the form of grants remains essential – but must be complemented with other tools and sources of finance in order to reach the ambitious targets set by the Sustainable Development Goals. The international community agreed in 2015 on an innovative agenda on financing for development, which calls for new partnerships, notably to mobilise private resources and to apply innovative financing models. The External Investment Plan is part of the EU's contribution to these commitments.

BUSINESS ENVIRONMENT AND INVESTMENTS IN FRAGILE COUNTRIES:

Foreign Direct Investment and other private financial flows have declined across developing countries since the 2008 financial crisis.
Only 6% of overall Foreign Direct Investment to development countries goes to fragile countries (2012).
Of those investments, as much as 72% is concentrated in ten resource-rich countries.

2008

6%

The cost of setting up a business in fragile African countries is 3x higher than in non-fragile African countries.

1

SUB-SAHARAN AFRICA

Project descriptions

ENERGY

SBEE Network Expansion and Densification Project (PEDER)

BENIN

Total budget: €54.63 mln

EU contribution: €14.65 mln

Lead finance institution: Agence Française de Développement (AFD)

Type of EU support: Investment grant
Technical assistance

The Government of Benin has initiated several energy generation projects aimed at diversifying energy production and reducing dependence on fuel imports. These projects require a major upgrade of the electricity network in the country, which is outdated and has seen insufficient investment. This is a challenge that the PEDER project aims to address, with the goal of strengthening the energy system to make it largely autonomous, competitive and capable of supplying reliable and quality electricity to industry and households.

PEDER will contribute to Benin's economic development by improving access to energy, and by improving the performance of the electricity operator (SBEE). Specifically, the project will improve access to electricity in some 15 localities, mainly in seven departments (Alibori, Atlantic, Hills, Djonga, Oueme, Plateau and Zou) by extending and developing the electricity network and creating new connections. The project will increase the rate of access to electricity and reduce disparities in access between urban and rural areas.

The objective of the project is to improve the living conditions of people in the project area. It aims at both a qualitative and quantitative improvement in access to electricity for households and approximately 150 000 users will receive access to reliable electricity, with a major positive impact on their quality of life. It will improve the quality of electrical service for current and future SBEE subscribers by upgrading the network.

Apart from the direct beneficiaries, the project will also reduce inequalities in people's access to basic services, by providing reliable electricity to social infrastructure. The improved quality of energy supplies will also strengthen the country's industrial fabric which, in turn, will help support the creation of job opportunities.

TRANSPORT

Bélabo – Ngaoundéré Railway Line

CAMEROON

Total budget: €154 mln

EU contribution: €23.58 mln

Lead finance institution: European Investment Bank (EIB)

Co-financiers: AFD

Type of EU support: Investment grant
Technical assistance

Cameroon occupies a strategic position as a gateway into the Central African region and has a key role to play in opening the transport corridor between Douala (Cameroon), N'Djamena (Chad) and Bangui (Central African Republic). However, currently the lack of connectivity along this corridor, combined with long distances between major markets and inadequate transport infrastructure, are hampering Cameroon's capacity to exploit its position as a regional backbone.

The project consists of rehabilitating and upgrading a 330-km section of non-electrified, single-track railway line between Bélabo and Ngaoundéré. This includes the replacement of ballast, sleepers and rails. The Bélabo-Ngaoundéré railway section was opened in 1974 and has never been renewed. It consists of ageing, mostly single-track, non-electrified metric gauge lines that cause speed restrictions: 60 km/h for passengers and 50 km/h for freight. The road network is not able to absorb additional traffic, consisting of mostly unpaved roads, which are prone to accidents.

As a result of the improvements, the speed restrictions will be lifted – allowing speeds of 90 km/h for passengers and 70 km/h for freight – while the bearing capacity will be increased from 17 tonnes/axle to 20 tonnes/axle. Expected outcomes include improved safety and mobility for both people and goods, reduced operating costs, shorter travel times, improved food security and better access to trade and economic services. The railway line will improve services for the 1.2 million passengers using it annually, and will allow some existing road freight to be carried by rail, while also allowing for increased rail traffic. The improved railway infrastructure will lead to promotion of investment, job creation and income generation, and therefore also to poverty reduction.

TRANSPORT

CLIMATE CHANGE WINDOW

Climate-proof Infrastructure – Rural Roads in Arid and Semi-Arid Lands

KENYA

Total budget: €112.49 mln

EU contribution: €30 mln

Lead finance institution: Agence Française de Développement (AFD)

Type of EU support: Investment grant, Technical assistance

Around 89% of the counties in Kenya are arid and semi-arid lands (ASAL), which are also typically the country's poorest and least developed areas. A lack of road infrastructure in these counties seriously hinders their prospects for socio-economic development, while reducing the potential for investment. These ASAL are vulnerable to both drought and flooding, which can make access to markets and services difficult, including relief aid. To reduce these vulnerabilities, the road infrastructure has to be able to withstand extreme weather conditions, which requires particular materials and construction expertise.

The main objective is to provide basic, all-season road accessibility in the arid and semi-arid areas targeted by the project. This will make it easier to transport people and goods, including food, during droughts. An improved all-weather road infrastructure will also help to extend livestock and crop production, promoting agricultural growth. Other benefits will include better access to markets, trade and socio-economic development, and enhanced investment.

The project will improve road infrastructure to low-volume seal and gravel standards, using both machines and manual labour and involving around 15% women in the workforce. This will provide 3 500 jobs during construction and 500 jobs in operations and maintenance in the project areas, and thus help alleviate poverty. The project also includes training a pool of small contractors, government authorities and consultants for future labour-intensive road maintenance and construction work. This training will include technical skills as well as business management.

The project, which will be implemented over a 5-year time period, is expected to directly benefit around 1.5 million people in the project counties, thus helping to improve security and stability in the region.

TRANSPORT

Mano River Union Road Development and Transport Facilitation Programme

LIBERIA

Total budget: €52.72 mln

EU contribution: €20.19 mln

Lead finance institution: African Development Bank Group

Co-financiers: European Union, European Investment Bank

Type of EU support: Investment grant

The Loguatuo - Sanniquellie road corridor, linking the north-eastern part of Liberia with Côte d'Ivoire, has long served as the main hub for trade within the Mano River Union region (MRU), which comprises Côte d'Ivoire, Guinea, Liberia and Sierra Leone. Although this corridor is critical for the economic development of both Côte d'Ivoire and Liberia, the road is regularly in a poor condition, resulting in high maintenance costs, increasing the cost of operating vehicles. The existing road needs to be widened and resurfaced, with the provision of drainage ditches and paved shoulders.

This phase 2 of the Manu River Union Development and Transport Facilitation Programme involves paving the Sanniquellie to Loguatuo Road section (47.1 km) and construction of a one-stop border post at the Loguatuo / Gbeunta/Danane border between Liberia and Côte d'Ivoire. As well as reducing transport costs, better road conditions will facilitate the free movement of people and goods, increase road safety and facilitate the development of agriculture.

The project will generate approximately 400 direct temporary jobs during the construction phase and 100 permanent jobs for operations and maintenance.

The Government of Liberia plans to develop a dry port in Sanniquellie, enabling MRU countries to export major commodities, including cocoa, rubber, coffee and timber to the international market. This will further enhance regional integration, contributing to a sustainable and peaceful co-existence, while reducing poverty for those who depend on the transport corridor for trade. Better road transport infrastructure will play a critical role.

The project may cause some negative impacts on the flora and fauna affected by necessary land-take, as well as potential disturbance of cultural sites and property, but environmental and social management plans are in place to mitigate these impacts, which will also be offset by the positive impacts of job creation and new income-generating activities.

TRANSPORT

Corridor Development and Trade Facilitation Project

MADAGASCAR

Total budget: €182.38 mln

EU contribution: €40 mln

Lead finance institution: African Development Bank (AfDB)

Co-financiers: Arab Funds (Abu Dhabi, Saudi Fund, BADEA, Kuwait Funds) and OFID

Type of EU support: Investment grant

The lack of basic infrastructure in Madagascar is a major impediment to economic and social development in the country. The rehabilitation of road infrastructure in particular is a key prerequisite for sustainable development and inclusive economic growth, and for support of mobility, security and access to and delivery of services.

In an effort to address this need, the Corridor Development and Trade Facilitation Project will deal with the rehabilitation of two major coastal corridors – the RN9 in the south-west and the RNT12A in the south-east of Madagascar. These two roads are key links between two major regional ports - Toliara and Ehoala - and their respective hinterlands, providing them with onward access to Indian Ocean Commission and COMESA countries. The development of the corridors will, therefore, pave the way for increased trade between Madagascar and the African continent on one side and with Indian Ocean countries on the other.

The result will be the construction of over 240 km of widened asphalt road and a number of major bridges. The project will reduce costs for users, especially for the transport of goods, while offering a more direct route. It will also result in time savings for road users and significantly reduce the number of road accidents, due to improved road conditions. Moreover, it will contribute to the connection of agricultural areas and the mobility of people and goods, improving the access to markets for farmers and contributing to the development of sustainable tourism. Therefore an improvement of regional integration and connectivity is expected, as well as better living conditions for people.

The project will allow the creation of temporary and permanent, skilled and unskilled jobs, of which at least 20% will be employment opportunities for women. To promote employability, the project will recruit and train 45 young graduates, of whom at least 50% will be female.

PRIVATE SECTOR / AGRICULTURE

Technical Assistance and Financial Instrument for Kulima Access to Finance Project

MALAWI

Total budget: €63.45 mln

EU contribution: €14 mln

Lead finance institution: European Investment Bank (EIB)

Type of EU support: Investment grant
Technical assistance

Malawi is one of the poorest and most densely populated countries in Africa. A landlocked country, largely dependent on rain-fed subsistence agriculture, Malawi's economy is vulnerable to weather-related risks, particularly drought. Agricultural production is centred mainly on maize (staple nutritional crop) and tobacco (main export crop). A lack of diversity in the diet, together with poverty and a high rate of HIV/AIDS, have contributed to high rates of malnutrition. These challenges are compounded by inadequate rural infrastructure – including roads, irrigation and drainage – and lack of access to electricity.

There is potential to diversify crops, producing fresh vegetables, oil seeds, sorghum and millet as well as export crops like cotton, tea, sugar and coffee. However, seeds and fertilisers are in short supply and subsistence farmers have very limited access to finance, as they often cannot demonstrate ownership of their land, which means they have no collateral to reassure financial institutions.

The project aims to enable farmers to gain access to finance and engage in more sustainable, commercial, value-added production. The action involves the creation of an intermediate facility for on-lending to eligible agricultural projects. Targeted financial and technical support will be offered to farmer groups, cooperatives, and individual agri-food entrepreneurs so that they can overcome some of the obstacles they face in diversifying and in accessing commercial markets. With suitable access to finance through the EIB action, processing companies can play a key role by pulling smaller, less organised players, such as smallholder farmers and cooperatives, up the value chain into formal markets. These players account for the vast majority of enterprises and generate a substantial proportion of jobs.

This form of access to finance is expected to lead to agricultural development and the long-term inclusion of smallholder farmers in formal and organised value chains. This, in turn, will lead indirectly to poverty alleviation. In the long term, the project should show that agriculture value chain products can be bankable if they are structured appropriately.

ENERGY

The Gambia Sustainable Energy Sector Programme

THE GAMBIA

Total budget: €135.73 mln

EU contribution: €41 mln

Lead finance institution: European Investment Bank (EIB)

Co-financiers: World Bank (WB)

Type of EU support: Investment grant
Technical assistance

Only 35% of The Gambia's population of 2 million people has access to electricity. As a result, increasing access to reliable and competitively priced electricity is a key goal for the country's government, in an effort to promote business development, job creation, social inclusion and international competitiveness.

The project will help reduce the country's dependence on expensive fuel oil-based generation and will support The Gambia in its efforts to reduce poverty and improve living conditions in the country, particularly for the rural population living in remote areas.

The project consists of four key components: the implementation of on-grid solar photovoltaic (PV) generation; the restoration and modernisation of the transmission and distribution network; institutional support for sector turnaround; and off-grid (or on-grid but with an unreliable connection) PV units for schools and health facilities in urban and rural areas.

The EU support will leverage finance for the network upgrade and the PV units for rural schools and clinics. The additional transmission capacity will help to increase productivity, spur economic growth and contribute to The Gambia's effort to achieve universal access to electricity. Furthermore, the off-grid PV units will provide basic services in areas that would otherwise be excluded from the benefits of the improved power infrastructure.

The project will help maximise the impact of development finance by contributing to an enabling environment for business and supporting competitiveness and sustainability. It will achieve this by providing the power infrastructure needed to expand electricity access for households, and improve the reliability and efficiency of supplies. These are all crucial prerequisites for promoting and sustaining economic growth and reducing poverty in the country.

TRANSPORT

Trans-Gambia Corridor Project Phase II: Construction Farafenni – Senoba road

THE GAMBIA

Total budget: €96.49 mln

EU contribution: €16.03 mln

Lead finance institution: African Development Bank Group

Co-financiers: European Union, Governments of The Gambia and Senegal

Type of EU support: Investment grant

The Trans-Gambia Road Transport Corridor is an economic and strategic link connecting the northern and southern parts of both The Gambia and Senegal and, by extension, the Economic Community of West African States (ECOWAS) through the corridor between Dakar and Lagos.

However, barriers on the route are slowing the movement of freight and this, in turn, is resulting in high transaction costs, which are hindering national and regional trade. The development of the corridor is prioritised not only at national but also at regional level through various initiatives, that all seek to integrate the region and boost trade opportunities through the development of regional corridors.

Against this background, the African Development Bank is supporting the development of the corridor in two principal phases. Phase I included the construction of the 942-metre Trans-Gambia Bridge, two border posts, two markets on either side of the river and 15 km of feeder roads in The Gambia. Phase II of the support will include reinforcing the pavement on 24 km of the Farafenni–Senoba road in The Gambia and filling in any gaps that may exist in the Joint Border Post (JBP) construction under Phase I.

The overall objective of the project's Phase II is to support economic growth in countries on the Trans-Gambian Corridor and in ECOWAS more generally by fostering integration through reliable, efficient and seamless transport infrastructure. It will preserve the current investment in the bridge construction, as traffic on the corridor is expected to increase once the bridge is completed.

As in Phase I, the project is expected to improve access for the communities living in the project's area, giving access to markets and other social and economic activities. The project will reduce transport costs, travel time and the amount of time spent on border customs formalities. It will also create enhanced potential for trade, thereby contributing to poverty reduction and the economic empowerment of communities on the corridor and in the West African Region as a whole. The project will create 200 additional jobs during Phase II and has the potential to positively contribute to the country's competitiveness, thereby boosting both local and regional trade while acting as a catalyst for inclusive growth and poverty reduction.

TRANSPORT

Kampala Jinja Expressway Public Private Partnership Project (KJE)

UGANDA

Total budget: €711.5 mln

EU contribution: €91.05 mln

Lead finance institution: Agence Française de Développement

Co-financiers: African Development Bank, Government of Uganda, international financial institutions and private sector stakeholders

Type of EU support: Investment grant
Technical assistance

Greater Kampala is situated on the shore of Lake Victoria and is on the Northern Corridor that crosses Uganda. This strategic trade corridor links landlocked countries like Uganda and Rwanda to Kenyan ports. With a rapidly growing population – currently at 3.5 million inhabitants – Greater Kampala has seen vehicle traffic increase by 3.6% annually on existing highways. Traffic on one key section of suburban highway is expected to increase from the current 60 000 vehicles per day to 100 000 by 2022 and 120 000 per day by 2032, far exceeding current capacity.

To relieve this increasing congestion, the Government of Uganda plans to construct a mainly greenfield dual carriageway toll expressway between Kampala and Jinja (75 km to the east). The KJE project includes building the first section (around 34 km) of the Kampala – Jinja Expressway, as well as the 17.8-km-long Kampala Southern Bypass. By linking this new stretch with the planned Kampala Northern Bypass and the Kampala to Entebbe Expressway (already financed by the EU and EIB), the KJE project will provide a complete ring road around Kampala city and bypass the south-eastern area of the city. Interconnectors will join the new roads with nearby towns.

The project proposes a public-private partnership that involves a mixture of debt, equity and grant financing.

The project, together with upgrades of the whole Kampala public transport system, is expected to increase average traffic speed from the current 15 km/h at peak times to 80-120 km/h. This would decrease the emission of pollutants and greenhouse gas (GHG) by a factor between 1.5 and 2.5, depending on the pollutant. The project will also help improve the connectivity, eficiency and resilience of regional infrastructure networks, while reinforcing the sustainability of the national transport system. It will also increase regional integration, which is part of the AIP trade development policy objective.

The project will also lead to job creation. People will move to more productive jobs in the big towns of Kampala, Jinja and Mukono if the wages received exceed the additional cost of travel on the expressway. During the construction and the subsequent operational phase, the expressway is also expected to directly create at least 1 500 jobs during the construction phase and 250 jobs during the operational phase.

AGRICULTURE

Agri-Business Capital Fund (ABC Fund)

GLOBAL / REGIONAL

Total budget: €235.85 mln

EU contribution: €45.75 mln

Lead finance institution: International Fund for Agriculture Development (IFAD)

Co-financiers: Grand Duchy of Luxembourg, Alliance for Green Revolution in Africa (AGRA)

Type of EU support: Investment (equity)
Technical assistance

Globally, around 2.5 billion smallholder farmers play a crucial role in food production, notably in developing countries. Yet these often poor farmers have limited access to loans and investment, weak links to markets and practices that result in poor yields and low income. This is particularly acute in Latin America, Sub-Saharan Africa, and South and South-east Asia, where an estimated 270 million smallholder farmers require something like USD 200 billion of investment to make real changes.

Investors are often wary of perceived risks in the agriculture sector, leading to a gap in finance known as the 'missing middle' – capital needs that are greater than microfinance, but below the level of traditional institutional financing. Meanwhile, widespread youth unemployment in these rural areas encourages migration, exacerbating weaknesses in the sector. A key to the solution is the development of rural small and medium enterprises (SMEs), particularly geared to youth employment.

The main aim of the ABC Fund is therefore to promote inclusive smallholder and rural SME finance, and to employ more young people and women. With its experience in building multi-sector partnerships, its presence on the ground and experience in the sector, IFAD, through the ABC Fund, is in a good position to help address the gap in financing for rural smallholders in developing countries. One pillar of the project involves some 240 existing IFAD development projects, and seeks to identify gaps in the financing needs of producer organizations and rural SMEs, and move towards greater risk sharing.

A second pillar, the ABC Fund proper, targets the 'missing middle' farmer organisations and SMEs that are active in agricultural value chains, through a mix of direct financing and finance intermediation. A third pillar will provide pre- and post-operation technical assistance to ABC Fund investees and thus help reduce the risk for investors. Contributions will be in the form of direct investments, financial intermediation and technical assistance.

By targeting job creation, especially for unemployed youth, while promoting sustainable growth of rural SMEs, the ABC Fund expects to contribute to achieving several Sustainable Development Goals (SDGs), including those targeted at ending poverty, eliminating hunger and reducing inequalities. The Fund envisages a timeframe of 10 years.

PRIVATE SECTOR

African Guarantee Fund for Small and Medium-Sized Enteprises Limited (AGF)

REGIONAL

Total budget: €204 mln

EU contribution: €26.08 mln

Lead finance institution: African Development Bank (AfDB)

Type of EU support: Risk capital
Technical assistance

Small and medium-sized enterprises (SMEs) are a mainstay of economic growth in Africa, yet they do not have adequate access to finance. In Sub-Saharan Africa, the financing gap for formal SMEs has been estimated at USD 80-100 billion. A key to the achievement of sustained, inclusive economic growth, job creation and the reduction of poverty lies in facilitating access to medium and longer-term finance, in local currencies, for SME enterprises. This will directly enable businesses to grow, while fostering innovation.

The African Guarantee Fund (AGF) was created as a private, limited liability, non-bank financial institution, specifically aimed at boosting access to finance for SMEs. This is achieved in various ways, including the provision of financial guarantees to Partner Lending Institutions (PLIs), so that these PLIs can extend their portfolio of SME lending across Africa. Development support is also available to SMEs to improve their business management skills. AGF can also stimulate reticent financial institutions to increase their lending to SMEs by providing credit guarantees.

By helping to create jobs and reduce poverty, the AGF will offer a response to the migration challenge by tackling its root causes. It will also promote the development of the private sector and social enterprises, and can stimulate sectors that find it hard to access finance, such as agriculture, while supporting SMEs owned or led by youth and women, and those in transition and fragile states.

By catalysing lending to SMEs that invest in climate change mitigation and green industries, services and value chains, AGF will help to promote green growth across the continent. AGF has a diverse portfolio, with funded SMEs in the sectors of agriculture, renewable energy, health and education, as well as the wholesale and retail trade.

The duration of AGF, as a non-bank financial institution, domiciled in Mauritius, is unlimited.

AGRICULTURE/FORESTRY (DEVELOPMENT)

CLIMATE CHANGE WINDOW

Arbaro Fund Investment (on hold)

REGIONAL

Total budget: €168 mln (USD 200 million, final closure), €56.55 mln (1st close)

EU contribution: €17.35 mln

Lead finance institution: European Investment Bank (EIB)

Co-financiers: Finnfund

Type of EU support: Investment (equity)

Despite the extensive presence of endemic natural forests in Latin America, the Caribbean and Africa, many countries in these regions have high rates of deforestation and often use the remaining wood resources unsustainably. Forest plantations have existed globally for decades but have not become an integral part of the industry of Arbaro target countries.

Where investments in forestry have been made, silvicultural management practices can be poor and internationally recognised sustainability criteria, like Forest Stewardship Council (FSC) certification, are often not adhered to. Fundraising has proved difficult though, as a new asset class for institutional investors, the 15-year optimal cycle for forestry plantation harvesting can be seen as too long.

The main objective of Arbaro is to help reverse such trends by establishing sustainable local timber resources in the target regions. More specifically, the Fund's investments will help increase the sustainable supply of forest products and support the conservation of natural forest. The forest plantations supported by Arbaro investments will be managed to the highest economic, technical, environmental and social standards. The Fund will also help foster innovation in local forest industries. For example, global timber markets have already started to move away from sawn wood forest products taken from large-diameter native species towards the development of more engineered products from smaller diameter plantation logs taken from species like pine and eucalyptus.

Arbaro will help countries in the region to catch up with these global trends, by providing the necessary raw materials at affordable prices, and actively developing markets for its products. The initial aim is to make them self-sufficient in these products and, in the longer term, also export-competitive, taking into account that local wood-processing industries in many target countries are small or medium-sized carpentry and furniture-making enterprises, employing a handful of workers.

National development plans in countries in the Arbaro target regions often cite forestry as part of their climate change mitigation and adaptation strategies. Forest plantations can help to make landscapes more resilient to climate change by preventing soil erosion, stabilising water run-offs and regulating watersheds. In the lifetime of the project (15 years), as much as 20 million tons of CO_2 can be sequestered by new forestry plantations. By creating formal employment opportunities – around 5 000 new jobs, 15 000 indirect jobs and benefits to 20 000 people – the Fund will further mitigate the vulnerability of the target communities to the effects of climate change.

ENERGY

Chad-Cameroon Interconnector (PIRECT)

REGIONAL

Total budget: €398.35 mln

EU contribution: €30 mln

Lead finance institution: African Development Bank (AfDB)

Co-financiers: Islamic Development Bank, European Union

Type of EU support: Investment grant

Cameroon and Chad face major challenges in terms of socio-economic development, including a structural deficit and the high costs of electrical energy. Rates of access to electricity are around 67% in Cameroon and just 3.9% in Chad. The programme will assist in the development of the regional power market in Central Africa as a whole and improve security of the power supply in Chad and Cameroon, while reducing the cost of electricity to the consumer.

It will also contribute to climate change mitigation by reducing the use of non-renewable fuelwood and other non-renewable or polluting energy sources. Any logging required while laying the power lines will be more than offset by tree planting, while all new electricity injected into the network will be from hydroelectric sources, thus reducing the carbon footprint of the energy network, notably in Chad.

The PIRECT programme aims to mitigate this situation by constructing a 225 kV high tension (HT) power line between Ngaoundéré (Cameroon) and N'Djamena (Chad), and a 225 kV HT loop line between Maroua and N'Djamena. The transformer stations (high tension to medium tension) and distribution networks for rural power supply will also be installed. A total of 1024 km of HT power lines will be installed, connecting 478 communities, with a beneficiary population of 945 000 people.

The construction phase of the project is expected to generate 350 direct, temporary jobs, at least 15% of them occupied by women and 250 direct and indirect permanent jobs, at least 40 held by women and girls. It is also expected to lead to the creation of women's and youth groups and provide youth training opportunities, at least 50% for young women.

ENERGY / ICT

Digital Energy Facility (DEF) for the promotion of energy transition and energy access

REGIONAL

Total budget: €324 mln

EU contribution: €23.5 mln

Lead finance institution: Agence Française de Développement (AFD)

Type of TF support: Investment grant
Technical assistance
Financial Instrument

While many communities in developing countries still do not have access to the electricity grid, even connected consumers often suffer from power cuts and high tariffs. In rural and off-grid areas, diesel generators are frequently used, hampering efforts to reduce greenhouse gas (GHG) emissions. High tariffs charged by utility companies encourage energy theft through illegal connections, while non-payment of electricity bills, under-pricing, operational and technical deficiencies and low billing rates all mean that costs are not recovered. This leads to further infrastructure degradation, a lack of forward investment and innovation. At the same time, the energy market is changing rapidly, moving from a centralised to a decentralised model, with increased penetration and local production of renewable energy. This creates further challenges for existing centralised power utilities.

In the face of this increased complexity, digital solutions can help power utilities in developing countries to make a rapid technological leap, enabling them to move quickly towards smarter energy systems. Meanwhile, information and communication technology (ICT) offers opportunities for utilities to improve their operational and financial performance, for example by integrating smart grid technologies into energy systems.

Intelligent network solutions also allow for better management of clients, enabling utilities to monitor and control networks more effectively, use assets more efficiently, improve quality of service and improve the management and governance of public utilities. The Digital Energy Facility (DEF) aims to prepare bankable investment plans to encourage digitisation of utility networks, to improve performance, share best practises on new technologies driven by the private sector and finance innovative pilot projects.

Among the expected impacts of implementing the DUF are improved reliability, availability and affordability of energy services for those already connected to the grid. Extended electricity coverage to on-grid customers and households not yet connected improves the living conditions of rural families and promotes growth. A smart, expanded and more efficient electricity supply will eliminate the need for displaced diesel generation and therefore reduce GHG emissions.

ENERGY

Facility for Energy Inclusion

REGIONAL

Total budget: €1.216 bln

EU contribution: €40.24 mln

Lead finance institution: African Development Bank (AfDB), Co-financiers: Nordic Development Fund (NDF), Global Environment Facility (GEF)

Type of EU support: Investment (equity)
Technical assistance

Modern energy is key to Africa's economic transformation, yet fewer than 40 % of Sub-Saharan Africans have access to electricity. Across the continent, around 600 million people do not have access and, outside of North Africa and South Africa, the continent has only 40 GW of generating capacity. While generating capacity is increasing, it is still being outstripped by population growth. By 2040, even though 950 million people will have gained access to the grid, some 530 million people will still be living off-grid.

Small-scale renewable energy projects offer an unparalleled opportunity to address this challenge and the African Development Bank's (AfDB) 'New Deal on Energy for Africa' aims to achieve universal access to energy by 2025. However, despite the large market opportunity, AfDB has found that small-scale renewable energy projects are still not scaling up fast enough, for a variety of reasons, including a lack of bankable small-scale IPP projects, a lack of debt financing and a wariness of investors, who are more comfortable with larger deals.

The Facility for Energy Inclusion (FEI), as the AfDB's first blended finance programme dedicated to increasing access to renewable energy, is seen as a key instrument to help achieve the on-grid and off-grid connection targets of the New Deal, through increased co-financing and private sector investment in innovative on-grid and off-grid clean energy access solutions.

Unlike other debt funds, FEI is a direct lending platform and has two main components. The On-Grid Window (FEI On-Grid) will support small-scale IPPs, mini-grids and captive power projects by providing long-term debt through project finance structures. FEI On-Grid targets a total of USD 400 million with an initial financial close of USD 250 million in the first quarter of 2019. This component has the potential to avoid 9.6 million tonnes of CO_2, while benefitting 6 million households and creating 18 000 jobs. The Off-Grid Window (FEI Off-Grid) will support pay-as-you-go system companies and other innovative energy access distribution companies, through lending to loans corporates and special purpose vehicles (SPVs). FEI Off-Grid expects to finance 40 MW equivalent capacity, avoiding a potential 2.5 million tonnes of CO_2, while benefitting 4.5 million households (20 million individuals) and creating 1 000 jobs.

Projects funded are expected to start in 2019 and be completed by 2034.

AGRICULTURE

Huruma Fund

REGIONAL

Total budget: €108.8 mln

EU contribution: € 19.3 mln

Lead finance institution: COFIDES

Co-financiers: AECID

Type of EU support: Investment (equity)
Technical assistance

Total formal lending to poor and excluded farmers and smallholders meets only about 3% of overall demand for finance, limiting their ability to grow and keeping them in poverty. Furthermore, most of this lending comes from the state, with very limited investment from private lenders (microfinance institutions, commercial banks, social lenders and NGOs). This underfunding has impacts right across the value chain. Specifically, it can lead to low quality inputs, which are not always adapted to local needs, yields that are 50% below the global average, post-harvest losses of about 30%, low farmer prices, insufficient quality and supply for secondary processors, and increased reliance on imports to meet demand.

The Huruma Fund has two main objectives – (a) to generate long-term gains on its invested capital and (b) to improve the lives of excluded farmers by reinforcing financial inclusion in the agricultural value chain, while also focusing on producer organisations and agriculture value chain SMEs (agribusiness such as input suppliers, agri-related equipment SME, warehousing services, etc.). To achieve these goals, the Fund will work both with financial institutions that serve these types of client and with producer organisations and SMEs to increase their capacity to serve smallholders and excluded farmers.

The proposed structure of the Fund will enable private sector participants to have a catalysing effect. The EU contribution to the first-loss tranche will also have a catalytic role, providing a cushion to alleviate the perceived risk by the private sector. The Fund will seek a return on investments, helping to compensate for the risk taken by investors.

In addition to the investment, the Fund and the European Union will support a technical assistance facility, which will be used to reinforce the capacity building component of the programme by developing agricultural financial products, conducting demand-side research, increasing the use of technology (e.g. mobile phones and tablets) to improve data collection and delivery, and setting up risk management systems.

Measurable impacts will include an increase in the area under cultivation, an increased number of farmers reporting higher turnover, increased access to finance by poor farmers and more sustainable jobs in the sector. The project also aims to improve governance, promote trade and directly reduce poverty. The Fund will have a duration of 10 years, with a maximum extension of 2 years.

ENVIRONMENT

CLIMATE CHANGE WINDOW

Niger Basin Climate Change Adaptation Project

REGIONAL

Total budget: €284.41 mln

EU contribution: €14.98 mln

Lead finance institution: African Development Bank (AfDB)

Co-financiers: KfW, GEF, GCF, EU, beneficiary countries

Type of EU support: Investment grant
Technical assistance

The Niger Basin covers an area of 1.5 million km^2 and is shared by nine riparian countries. It is of primordial importance for its estimated 110 million inhabitants, and for the economies of member countries in the Niger Basin Authority (NBA). It is a major resource, not just in terms of water supply, but for the various economic functions it services, including agriculture and livestock rearing, fishing, energy, industries, tourism, etc.

For several decades, climate warming has been accompanied by a reduced water flow (average annual reductions of 40%-60% have been observed) and a reduction in the period during which tributaries feed into the river. At the same time, increased pressure for land has led to encroachment. This, and a range of other factors, such as unsustainable deforestation, has led to increased silting of the river, reduced vegetation cover and increased erosion (water and wind). Year-on-year droughts have compounded these tendencies, rendering the (growing) population and ecosystems of the Niger Basin increasingly vulnerable.

Following the success of a previous pilot project to counteract silting of the river (PLCE/BN) in three countries (Burkina Faso, Mali and Niger), the Integrated Programme for Development and Adaptation to Climate Change in the Niger River Basin (PIDAACC/BN) aims to extend this project to the entire Niger Basin. The overall aim is to increase the resilience of local populations and the region's ecosystems to the effects of climate change, through the sustainable management of resources.

This can only be achieved by a coordinated programme of actions across the whole basin to protect ecosystems, as part of regional sustainable development initiatives. Infrastructure needs to be in place to store runoff water in order to combat variations in water levels. The integrated programme addresses ecosystem resilience by controlling erosion and silting, sustainable management of forestry and agricultural resources, and the protection of biodiversity. Resilience of the population will be tackled through the development of hydro-agricultural and pastoral resources, and the sustainable development of fishing and navigation.

By mitigating the degradation of river systems in the Niger Basin, and their accompanying ecosystems, the programme is expected to lead to greater food security (e.g. increased crop yields), job creation, notably for women and youth, and to help reduce poverty. The project is expected to last for 6 years.

ENERGY

Ruzizi III Hydropower Plant Construction/ Kamanyola-Bujumbura Interconnection Project

REGIONAL

Total budget: €596 mln

EU contribution: €15 mln

Lead finance institution: African Development Bank (AfDB)

Type of EU support: Investment grant

The Ruzizi III Hydropower Plant Construction Project is part of the Programme for Infrastructure Development in Africa (PIDA) and is regional in scope – covering Burundi, Democratic Republic of Congo and Rwanda. The project comprises the construction of a 147 MW hydropower plant on the Ruzizi river, the 220 kV Kamanyola-Ruzizi III transmission line, the Kamanyola substation and regional control centre, the Kamanyola-Bujumbura, Kamanyola-Buhandahanda and Kamanyola-Kibuye transmission lines, the Bujumbura substation and the extension of the Buhandahanda substation.

The overarching goal of the project is to increase the availability and reliability of electricity supply in the region, while reducing CO_2 emissions by 600 000 tonnes/year. What's more, there will be a significant reduction in electricity costs to consumers, thanks to an increased share of competitive renewable energy in the energy mix and significant savings from improved efficiency.

The project will allow for enhanced regional power trade and will have a substantial impact of power availability and reliability in the region. By establishing a regional integrated grid system, the project will create a platform for private sector participation in power generation, and allow for the diversification of power generation sources and a significant reduction in electricity costs through economies of scale. The combination of these factors enhances the project's developmental impact and helps to ensure that its benefits will be more sustainable.

The EU financing will make it possible to improve the reliability of power supply in the Bujumbura region. Thanks to the project households, industry, and small and medium-sized enterprises in the target countries will gain access to cheaper, more reliable and sustainable electricity. Furthermore, social benefits for the population will improve, thanks to better power supply to schools, health centres, agro-processing units and industrial production units.

PRIVATE SECTOR

SME Scaling-Up Fund I (on hold)

REGIONAL

Total budget: €60 mln

EU contribution: 20.5 mln

Lead finance institution: DEG – Deutsche Investitions- und Entwicklungsgesellschaft mbH

Co-financiers: Other DFIs

Type of EU support: Investment (equity)
Technical assistance

The rate of unemployment in Sub-Saharan Africa is running at between 40% and 60%, with youth disproportionately affected. This presents a major development challenge for these economies and is one of the main drivers of the migration of talent and human resources out of the region. In order to boost employment opportunities, there is a need for significant private investment, especially by small and medium-sized enterprises (SMEs).

SMEs are the backbone of healthy economies worldwide, generating the most employment and tax revenue, as well as innovation, while accelerating economic development. However, private investment is limited by the bottleneck of insufficient finance, especially for early-stage SMEs, which are perceived as a high-risk segment and widely excluded by private equity funds, which focus on less risky 'later stage' corporates.

The SME Scaling-Up Fund I is a partnership between the European Union, European Development Finance Institutions (EDFI) and private impact investors. The overall objective is to improve access to private sector finance, including smaller investments of under €1 million, for young, high-growth SMEs to create new, sustainable employment. The Fund will therefore help to retain human capital and talent in Sub-Saharan Africa and reduce the refugee stream. It is also an innovative way to mobilise private investment for early-stage SMES, and to develop bankable projects. A 'junior' tranche will offer an expected net return of 0.4%, while a 'senior' tranche will have a reasonable expected net return of 8%.

The Fund will include a technical assistance component, offering help with business plan development, accounting and finance, marketing and distribution, which are common bottlenecks for young SMEs. Priority investee sectors include the FinTech sector, (e.g. mobile digital lenders and digitalised credit bureau service providers); the health sector (e.g. IT-supported mini-clinic service providers and the orthopaedic industry); renewable energy (e.g. photovoltaic energy generation and distribution, including solar home system distributors, mini-grid operators, biogas generators); and agri-sector manufacturing (e.g. secondary producers, including smallholder activities).

As well as helping to create a significant number of new jobs, the Fund will contribute to investment-related tax revenues, and the reduction of CO_2 emissions, where SMEs involved in renewable energy and energy efficiency are concerned.

ICT

Trans-Saharan Backbone (TSB) Optical Fibre Project

REGIONAL

Total budget: €78.44 mln

EU contribution: €29.57 mln

Lead finance institution: African Development Bank (AfDB)

Type of EU support: Investment grant
Technical assistance

According to a 2010 World Bank study, a 10% increase in broadband connectivity generates a 1.3% boost in economic growth. The project countries (Chad and Niger) will greatly benefit from an effective ICT infrastructure. As well as reducing the digital isolation of rural areas and therefore helping foster their development, extending high-speed broadband connections will improve regional integration and boost intra-regional and international trade. Indirect benefits include increased tax revenues for the government and reduced cost of economic transactions.

The Trans-Saharan Backbone optical fibre project plans to lay optical fibre links on three essential sections (a total of 1 510 km of cable) along with the commissioning of pilot data centres in Chad and Niger. More specifically, inter-regional connections will be developed by installing optical fibre links to frontiers between Algeria, Chad, Nigeria and Niger, as well as upgrading local loops in Niamey (Niger) and N'Djamena (Chad), which link important data centres and key administrative buildings. This will enable the deployment of the first government intranet services.

The impacts of better broadband connectivity will be wide-ranging. The new optical fibre connections will prepare the way for e-government (i.e. standard platforms, government internet portals and online services, etc.). Meanwhile, the development of a Market and Climate Information System will, among other benefits, enable farmers and breeders to access prices of agricultural products and livestock, as well as weather forecasts, rainfall and water-level forecasts and to better adapt to climate change effects. This will ultimately reduce post-harvest losses and help producers extend their markets. The optical fibre will enable the establishment of an electronic register of the population and a whole range of e-services, positively impacting sectors from agriculture to education, health and commerce, and creating new opportunities and jobs.

The project will generate approximately 2 000 direct temporary jobs during the construction phase and 200 permanent jobs for operations and maintenance.

PRIVATE SECTOR / ACCESS TO FINANCE

Women's Financial Inclusion Facility

REGIONAL

Total budget: €88.7 mln

EU contribution: €10 mln*

Lead finance institution: KfW

Co-financiers: Multiple DFIs, private investors, government funding, government agencies

Type of EU support: Technical assistance
Investment (equity)

One billion women globally lack access to financial products and services, making women's economic empowerment a key prerequisite for achieving gender equality. The Women's Financial Inclusion Facility will promote gender equality and the economic empowerment and financial inclusion of women by providing improved access to financial products and services. In so doing, it will help close the gender gap in financial inclusion in support of the Sustainable Development Goals.

* This amount includes a contribution of €1 million from the European Parliament.

The Women's Financial Inclusion Facility consist of Women's World Banking Capital Partners II (WWBCP II) and the Women's World Banking Technical Assistance Programme (TAP). The WWBCP II is a blended finance facility while the TAP is an ancilliary tool to WWBCP II, and is used exclusively to finance the delivery of women's market strategies and organisational gender diversity assessments, in order to design and implement a gender action plan for companies receiving investment.

Building on the experience of its first fund, Women's World Banking specifically seeks to raise a USD 100 million blended finance fund (Fund II) which will attract commercial investors to invest in inclusive women-focused finance institutions. In this way, it will reach a larger number of low-income women with a wide range of products and services, while achieving an attractive financial return. It will also create gender action plans for each portfolio company to close the gap on gender equality among the company's clients and in its employee base. Best practices and lessons learned on the value of investing in and building gender-diverse institutions focused on the low-income women's market will be widely disseminated.

The primary purpose of the EU contribution is to crowd commercial investors into the fund by de-risking what might otherwise be unacceptable risks for commercial investors. The EU contribution will attract more capital directed toward the financial inclusion of women, a segment to which, historically, little attention has been paid by private equity and venture capital investors.

The key social benefit of the EU contribution is that it will attract additional capital to a fund that invests in and supports financial service providers in reaching more of the 1 billion women globally who lack access to financial products and services in developing economies.

EU NEIGHBOURHOOD

Southern Neighbourhood

WASTEWATER

Alexandria West WWTP Extension and Upgrade Agri-Business Capital Fund (ABC)

EGYPT

Total budget: €185.15 mln

EU contribution: €20.65 mln

Lead finance institution: European Investment Bank (EIB)

Type of EU support: Investment grant

Rapid population growth and urbanisation have led to the decreasing quality of public infrastructure and services in Alexandria and other large Egyptian cities. The effects of these processes can be seen at the Alexandria West Wastewater Treatment Plant (WWTP). Built in the early 1990s, the plant is nearing its design capacity of 462 000 m^3 per day due to population growth in the plant's catchment area. Furthermore, the plant currently operates only at primary treatment level, which has led to high levels of pollution in the adjacent Lake Maryout as well as El-Mex Bay and, ultimately, the Mediterranean Sea.

Within this context, the main objectives of the Alexandria West WWTP Extension and Upgrade project, which will increase the capacity and upgrade the treatment level at the plant from primary to secondary, are to improve its environmental performance, contribute to sustainable economic development, and support urban resilience and climate action in the country. The project will help to ensure the adequate provision of sanitation services in the city of Alexandria until 2050 and will also support the policy objectives of institutional and tariff reforms and investment programming.

In terms of environmental performance, the project will contribute to efficient and sustainable water resource management along the Mediterranean coast of Egypt. It will also include a sludge treatment and digestion component, which will contribute to the environmentally sound treatment of effluent and sludge from the Alexandria West catchment area and allow for the generation of bio-energy. This will recover about 80% of the power needed for the plant's operation, thereby contributing to the financial sustainability of the project.

Sludge digestion will also reduce the plant's greenhouse gas emissions, ensuring that the project makes a significant contribution to Egypt's climate change mitigation efforts. The proposed EU grant is a key enabler of this aspect of the project as it provides the necessary financial incentive for the Government to choose this more costly technical option.

By contributing to the depollution of Lake Maryout and the Mediterranean Sea, the project will not only bring significant environmental but also sustainable economic benefits to the area, including through avoided public health costs and growth in tourism, as well as potential benefits to the fishing community on Lake Maryout.

Construction works related to the upgrade project are expected to take 2.5 years and to reach completion in 2022.

ENERGY

Energy efficiency and upgrade programme for Suez Oil Processing Company (SOPC)

EGYPT

Total budget: €171.5 mln

EU contribution: €13.5 mln

Lead finance institution: European Bank for Reconstruction and Development (EBRD)

Type of EU support: Investment grant
Technical assistance

In 2016, the International Monetary Fund (IMF) approved a USD 12-billion, 3-year Extended Fund Facility (EFF), as part of which the Egyptian authorities committed to developing a comprehensive reform agenda for the country's energy sector.

The Energy efficiency and upgrade programme for the Suez Oil Processing Company (SOPC) is set in the wider context of Egypt's Oil and Gas Modernisation Programme, and aims at improving the operational efficiency of the SOPC refinery. This will be achieved through a combination of refurbishments and installations to improve energy efficiency, operational performance and the utilisation rate at the plant, while reducing its environmental footprint and enabling the production of higher quality fuels.

The project will result in overall greenhouse gas emission savings in excess of 295 000 tons CO_2 per year. Thanks to the project, the plant will see total energy savings of close to €100 million, which means that the programme will have a significant impact in both financial and environmental terms.

The project consists of a number of core components aimed at increasing the plant's energy efficiency, controlling emissions and mitigating the effects of climate change. The project will increase

the plant's efficiency by investing in much needed technology improvements, including revamping the existing coker unit and installing a new hydro-treater, or refurbishing the existing unit, and installing a new vapour recovery unit. The project will also introduce good governance standards, bringing the facility close to EU best practice and EU best available technologies (BAT) standards.

In addition, the project will fund a comprehensive set of technical studies, aimed at improving energy efficiency in the Egyptian oil refining sector. Moreover, an Energy Efficiency Training Programme will be put in place to build technical capacity in the country to identify and manage energy-efficiency measures in the oil and gas industry. This programme will help magnify the effects of the investment and potentially generate additional energy savings beyond the scope of the project.

PRIVATE SECTOR

MSME Promotion Programme

EGYPT

Total budget: €50.1 mln

EU contribution: €15.05 mln

Lead finance institution: Kreditanstalt für Wiederaufbau (KfW)

Type of EU support: Investment grant
Technical assistance

The economic situation in Egypt in recent years has been volatile and this has had a negative impact on entrepreneurship in the country. People living in rural and disadvantaged areas have been particularly vulnerable to the negative impacts of this economic uncertainty. What's more, youth unemployment in the country is high, which increases the risk of social conflict.

Recognising the potential of micro- small and medium-sized enterprises (MSMEs) to meet these challenges, generate employment and contribute to inclusive growth, the MSME Promotion Programme aims to increase access for Egyptian MSMEs to adequate finance through partnering financial institutions.

MSMEs in Egypt account for over 90% of all enterprises in the country and therefore account for the lion's share of the Egyptian labour market. The project aims to achieve its goal of providing the most marginalised groups in society with adequate finance for self-employment by providing Egypt's Micro, Small and Medium Enterprise Development Agency (MSME-DA) with enough funds to offer incentives to enterprises to focus on employment generation targeting these groups.

By improving the access of MSMEs to needs-based financial services, the project hopes to promote sustainable employment generation and pro-poor economic growth in Egypt. Young people in particular will be targeted, and encouraged to start their own businesses. The project will also contribute to income generation in the country, with a particular focus on rural and poor areas, and encourage enterprises to enter the formal economy. These objectives will help to achieve the overarching goal of improving conditions for inclusive and sustainable economic growth.

A special focus will be placed on financial access for start-ups, informal businesses and businesses in rural areas. The NIP contribution will increase the access of start-ups and small microfinance NGOs to finance, and will provide smart incentives, enhance risk structures and invest in institutional development as well as in the provision of information for business development, innovation, job creation and women's empowerment.

The incentive scheme will further strengthen the financial role of women in society, and increased access to financial services will reduce poverty and stimulate inclusive economic growth. The technical assistance that accompanies the investment component of this project will ensure the sustainability of the investment.

URBAN DEVELOPMENT

Programme for Economic and Urban Resilience in Lebanon (PEURL)

LEBANON

Total budget: €100.56 mln

EU contribution: €20.56 mln

Lead finance institution: Agence Française de Développement (AFD)

Co-financiers: European Investment Bank

Type of EU support: Investment grant
Technical assistance

Rapid urbanisation in Lebanon has been exacerbated by the impact of the crisis in Syria and municipal infrastructures built to serve 3 million people are now struggling to cope with over 6 million users. What's more, the country has seen a decline in GDP growth from 8% before the crisis to 1% currently, and the unemployment rate has risen to over 30% among young people. This situation has drastically increased the pressure on cities to provide adequate public services, to stimulate local economic opportunities, and to maintain social cohesion. It has also seen the socio-economic gap between interior and coastal regions widen further.

In this context, the Programme for Economic and Urban Resilience in Lebanon (PEURL), together with the NIP investment grant and technical assistance, aims to contribute to local economic development by increasing job opportunities and creating an environment that is more conducive to business. It also aims to ensure that territorial development in the country is more balanced, and will help improve social cohesion by upgrading living conditions and the overall quality of the urban environment. This goal will be facilitated by strengthening municipalities' innovative capacities through a 'learning-by-doing' process for project programing, design and management.

The programme will improve economic resilience in nine Lebanese cities: Aaley, Baalbeck, El Mina, Halba, Jbeil, Nabatieh, Saïda, Tyr and Zahle. An integrated approach, conducted in close consultation with civil society, will ensure that the programme targets urban projects that support important segments of the local economies. Social cohesion will be promoted by directing investment at all urban inhabitants – both the host communities as well as refugees living in the region.

In particular, the programme will improve the urban environment and revitalise city centres in an effort to kick-start tourism and small businesses in the heritage sector. It will improve the overall attractiveness of the cities for private sector investment by upgrading urban mobility and transportation, wholesale and retail food markets and souks, and old fishing ports. By targeting the most vulnerable Lebanese secondary cities the investment programme will have a major impact across the country.

ENERGY, ENVIRONMENT

Morocco Green Economy Financing Facility (Morocco GEFF)

MOROCCO

Total budget: €197.11 mln

EU contribution: €21.11 mln

Lead finance institution: European Bank for Reconstruction and Development (EBRD)

Co-financiers: Green Climate Fund (GCF), private sector

Type of EU support: Investment grant
Technical assistance

The European Bank for Reconstruction and Development, with support from the EU, launched the Morocco Sustainable Energy Financing Facility (MorSEFF) in 2015. This programme provided a total of €110 million to finance sustainable energy projects in Morocco. The Morocco GEFF Project will build on the outcomes of MorSEFF and allow a wider number of Moroccan banks to benefit from funding and capacity building as it will cast a wider net, and cover not only climate change mitigation but also climate change resilience and resource efficiency.

The Green Economy Financing Facility (GEFF) will systematically address market barriers and entrenched behaviours that are hindering the uptake of green technologies and solutions, thereby helping to create a green, climate-resilient and competitive economy in Morocco. Specifically, the project aims to scale up green economy investment by providing Moroccan businesses with access to green finance from local financial institutions through proactive outreach and dedicated financial product offerings.

The GEFF project will achieve its objectives through the provision of access to finance, an investment grant and technical assistance. With €150 million in credit lines, the project will finance a large number of small- to medium-sized green investment projects, and generate competition in the local financial sector. The investment grant component will encourage Moroccan businesses to adopt green technologies which, despite their benefits, are not currently the businesses' first choice due to higher upfront costs and higher perceived risks.

The key focus of the technical assistance is to address specific behaviours and gaps in local capacity and to support participating financial institutions in developing a pipeline and portfolio of eligible sub-projects. The project will also raise awareness of green technologies with high market potential by communicating the business and social case for these investments through local NGOs, press, social media, marketing events and workshops.

The EU funding will be leveraged at least eight-fold with co-financing led by the EBRD. The blended financing made available thanks to the EU contribution will play a crucial role in unlocking resources from Morocco's private sector, which would not otherwise be prioritised for green economy investment.

ENERGY

CLIMATE CHANGE WINDOW

NOOR Midelt I and NOOR Midelt II Solar Power Plants

MOROCCO

Total budget: €2 137.25 mln

EU contribution: €61.1 mln

Lead finance institution: Kreditanstalt für Wiederaufbau (KfW)

Co-financiers: AFD, EIB

Type of EU support: Investment grant

Morocco is more than 90% dependent on imports of primary energy and fossil fuels for its energy needs. At the same time, thanks to increasing industrialisation, rising standards of living, a high rate of rural electrification and population growth, electricity demand in Morocco has increased by 5.6% on average every year since 2002.

To meet the growing demand for electricity in the country, Morocco plans to exploit its significant wind and solar potential, and to increase the share of renewable energy in its energy mix to 52% by 2030 in terms of installed capacity. Morocco's energy strategy consists of creating an integrated and sustainable model for economic development based on renewable energy and respect for the environment. In line with this strategy, the Moroccan Agency for Sustainable Energy (MASEN), the implementer of this project, aims to support technological innovation and the development of a competitive energy market.

The NOOR Midelt I and NOOR Midelt II solar power plants will make a significant contribution to achieving the country's renewable energy targets. The project involves the construction of two hybrid solar power plants that combine solar thermal and photovoltaic technology. The installed capacity expected for each plant will be between 150 and 190 MW for the solar thermal component, with a minimum of 5 hours of storage, while the installed power of the PV component will depend on the operating mode recommended by the developers. The plants will be located in Midelt in the country's Draa Tafilalet region.

In addition to helping meet the increasing demand for electricity, the project will contribute to the fight against climate change and continue the energy transition that began in Morocco in 2009. The project will also have a positive indirect socio-economic impact: the national companies involved will be able to draw on their experience and contribute to the creation of a national economy that is competitive internationally. MASEN will also leverage all the socio-economic benefits generated by the project, particularly by developing Moroccan expertise in the field of renewable energies, and solar energy in particular.

By contributing to a reliable national electricity supply based on renewable sources, the Midelt I + II solar power plants will create an essential prerequisite for economic and social development, which will have a positive impact on poverty reduction in the country.

PRIVATE SECTOR

European Palestinian Credit Guarantee Foundation Gaza

PALESTINE*

Total budget: €33.18 mln

EU contribution: €10.24 mln

Lead finance institution: Kreditanstalt für Wiederaufbau (KfW)

Type of EU support: Investment grant
Technical assistance

The European Palestinian Credit Guarantee Foundation (EPCGF) was established in 2005 and registered as a foundation in the Netherlands in 2015, which transformed it into a sustainable and market-supported structure. Its mission is to contribute to economic development by stimulating investments in micro, small and

* This designation shall not be construed as recognition of a State of Palestine and is without prejudice to the individual positions of the Member States on this issue.

medium enterprises (MSMEs) through loan guarantees, lending, investment in innovative projects and technical assistance support.

EPCGF provides partial credit guarantees for investment and working capital loans to SMEs, partial portfolio guarantees for loans to MSMEs, and partial loan guarantees covering commercial borrowing by microfinance institutions from banks operating in the Palestinian Territories. In this way, the Foundation aims to help alleviate poverty in the Palestinian Territory by supporting its economy and generating employment through support to MSMEs, essentially by improving access to finance for these enterprises.

The EU's investment grant component of €9.4 million will be blended with a grant of €10 million provided by the German Federal Ministry of Economic Cooperation and Development (BMZ) to increase the EPCGF's capital stock. As access to finance for MSMEs in Gaza remains substantially lower than in the West Bank, the EU contribution shall be used specifically to scale up lending to enterprises located in Gaza.

The project will enlarge the sustainable offer of financial services to Palestinian MSMEs, particularly in Gaza, and promote the use of these services by the enterprises. It will achieve this by providing incentive-oriented, partly risk-sharing guarantees to local financial institutions, in order to permanently mobilise local market liquidity for sustainable MSME financing.

The project's overall goal is to contribute to the stabilisation of the Palestinian economy, and to support employment and income generation in the private sector by maintaining market-oriented structures in the MSME and financial sector. Demand in the market for this special Gaza project is huge, and it comes at a time when salary cuts for civil servants and recent political developments have created a very dire situation for Gazans.

PRIVATE SECTOR

SANAD MENA Fund for Micro, Small and Medium Enterprises

REGIONAL

Total budget: €182.44 mln

EU contribution: €22.44 mln

Lead finance institution: Kreditanstalt für Wiederaufbau (KfW)

Co-financiers: EU, BMZ, OeEB, FMO, SECO, GLS Bank, other private investors

Type of EU support: Equity

The Middle East and North Africa (MENA) region has gone through a period of relative instability since the Arab Spring in 2011. To support democratisation processes in the region, it is essential to tackle the root causes of instability and unrest, such as unemployment, particularly among the youth, social and financial exclusion, inequality and poverty.

SANAD, which is Arabic for support, aims to foster employment creation, especially for young people, and economic development in the MENA region through the sustainable provision of finance and capacity building to micro, small, and medium-sized enterprises (MSME). MSMEs play an integral role in the region, providing 70% of employment opportunities.

SANAD contributes to employment generation and economic growth by providing enterprises and youth entrepreneurs with working capital and their investment and capacity building needs, channelling investments into productive and sustainable assets.

In funding MSMEs in the MENA region, the Fund has three core objectives. The first of these is to create and maintain employment, especially for young people. Secondly, it aims to reduce poverty by facilitating self-employment, primarily through microfinance. Finally, the Fund aims to build inclusive financial systems, by cooperating with banks, microfinance institutions and other institutions to facilitate access to financial services.

The EU contribution is a crucial element allowing the Fund to continue to support weaker microfinance institutions and partner financial institutions, which otherwise could not be served, and enabling investments in early-stage greenfield projects in sectors in need of diverse financial offerings.

With EU support, SANAD is also able to innovate its financial service offerings and increase its outreach, for instance through investing in financial technology companies and introducing new products tailored to the 'missing middle,' such as micro-insurance.

Eastern Neighbourhood

ENERGY

Masrik-1 Solar Power Plant

ARMENIA

Total budget: €53.92 mln

EU contribution: €3.23 mln

Lead finance institution: European Bank for Reconstruction and Development (EBRD)

Co-financiers: International Finance Corporation (IFC)

Type of EU support: Investment grant

The Masrik-1 Solar Power Plant Project is an initiative of the Government of Armenia, which is looking to replace the country's ageing power infrastructure and reduce its dependence on imported natural gas by leveraging its solar energy resource. Armenia has good renewables potential – its solar irradiation is among the highest in the region and, as the cost of solar technology has fallen, the plant is expected to provide attractively priced electricity for the country.

The project involves the construction and implementation of a utility-scale solar photovoltaic power plant with a capacity of 55 MW in the Masrik district of Armenia's Gegharkunik Province. Successful implementation could be a game changer in the broader Caucasus region, where solar technology has been broadly considered unaffordable to date. The project will be a test case for another 200 MW solar project planned for Armenia in the near future, and the success of this first project will be an important benchmark for investors looking to develop renewables.

The project aims at underpinning the country's energy security through energy diversification. In terms of its impact, the project will help improve the living standards and public health of the population in Armenia, while supporting socio-economic stability. It will do this by producing solar electricity, leading to a decrease in greenhouse gas emissions and a reduction in electricity prices for consumers, while increasing the share of solar electricity in aggregate consumption.

The project will also help diversify power generation by putting in place a legal framework to support future projects. Finally, as the first project of its kind in Armenia, the Masrik-1 plant will have very high visibility for implementing agencies and co-financiers, and a correspondingly widespread demonstration and leverage effect.

With this investment grant, the EU will contribute to electricity market diversification in Armenia and the entire Caucasus region by introducing affordable utility-scale solar photovoltaic technologies into the market. The EU investment grant is crucial to the project, which would otherwise struggle to achieve the desired tariff level for solar electricity needed to ensure that the project is a success.

TRANSPORT

Meghri Border Crossing Point

ARMENIA

Total budget: €22.76 mln

EU contribution: €11.67 mln

Lead finance institution: European Bank for Reconstruction and Development (EBRD)

Co-financiers: European Investment Bank (EIB)

Type of EU support: Investment grant
Technical assistance

An integrated approach to border management is vital for Armenia to expand its economy and increase trade and cultural ties with its neighbours in the Caucasus region. This will also help the country's border services to effectively manage and control the flow of travellers entering and leaving the country, while ensuring full protection of their rights. Recognising the importance of migration and border management in the southern regions of Armenia, the EU-funded 'Support to Migration and International Border Management in Armenia' programme (MIBMA) started to develop documentation for the modernisation of the Meghri border crossing point, paving the way to the current project.

There are four operational land-border crossing points in Armenia. Three of them are located on the Armenian-Georgian border - the Bagratashen, Bavra and Gogavan border crossings. In 2012, the Armenian Government raised €42 million from the European Investment Bank and the Neighbourhood Investment Platform to modernise these crossing points to Georgia. The border crossings were fully modernised to international standards in 2013-2017. The current project is now targeting the modernisation of the remaining border crossing at Meghri on the Armenian-Iranian border.

This Meghri border crossing was built in 1996 and some renovation works were already carried out in 2005. The proposed modernisation of the Meghri crossing will include optimising security controls and building and equipping new facilities for border agencies and services. This will reduce the time needed for checks and clearance and, as a result, will increase freight and passenger traffic through the crossing point. At the same time, the upgrade of the border crossing will significantly strengthen border and customs controls, and improve border security in general.

The project will also help Armenia in its efforts to become an important regional and international hub and an important segment on international transport corridors linking Europe and Russia with the Middle East and Asia, particularly the International North-South Transport Corridor (INSTC), One Belt One Road, the European TEN-T network, and TRACECA. The border crossing will also act as an entry point to the large Eurasian Economic Union (EAEU) market, with its population of over 180 million.

ENERGY

CLIMATE CHANGE WINDOW

Georgian Energy Sector Reform (GESR)

GEORGIA

Total budget: €307.85 mln

EU contribution: €8.8 mln

Lead finance institution: Kreditanstalt für Wiederaufbau (KfW)

Co-financiers: Agence Française de Développement (AFD)

Type of EU support: Technical assistance

The Georgian Energy Sector Reform (GESR) project seeks to fundamentally reform the Georgian energy sector with specific policy reform measures during 2018-2021, in an effort to bring the country into alignment with the acquis of the Energy Community, following Georgia's accession to the Community in 2016.

Specifically, the project will establish a strategic, institutional, legal and financial vision and framework for energy efficiency in Georgia, especially in the building sector. This will include the definition of energy efficiency standards, certification and inspection procedures, and capacity building to scale up energy-efficient construction and rehabilitation of buildings. It will also support technical preparations for specific large-scale energy efficiency investments in public buildings at national level.

The GESR project will promote energy efficiency through a reform programme that will move Georgia from a centralised electricity market to an organised market that allows for the efficient use of electricity by competitive price formation and signals. Furthermore, the reformed market will be transparent, non-discriminatory, fair,

and sustainable in the long run, while being governed by an independent regulator and unbundled Transmission System Operator.

To further stimulate Georgia's interest in achieving these goals, the reform is supplemented by policy-based loans (PBL) from KFW and AFD, the yearly disbursement of which is conditional on achieving milestones in the reform programme. The NIP contribution allows for a more substantial energy market reform and portfolio of energy efficiency measures than would otherwise have been possible. Furthermore, the EU's contribution will allow the lead finance institution to increase the value of the PBLs, which are a core tool in ensuring the success of the project.

The project has as a goal the redistribution of various roles from the government to the market, including responsibility for infrastructure investment. This will have a positive impact on public finances while encouraging a new level of efficiency and prudence with regard to investment decisions. Moreover, the economy as a whole will benefit from increased energy efficiency, as consumption should fall without any change in output levels. This will result in savings on energy bills for industrial and domestic consumers, which can be spent in other areas.

ENVIRONMENT

CLIMATE CHANGE WINDOW

Hazardous Waste Management Project

GEORGIA

Total budget: €36.64 mln

EU contribution: €8.34 mln

Lead finance institution: European Bank for Reconstruction and Development (EBRD)

Type of EU support: Investment grant
Technical assistance

The Hazardous Waste Management Project is being undertaken in close coordination with the EU-funded technical assistance for the improvement of waste management systems in Georgia. These two initiatives will help Georgia meet its obligations under its EU Association Agreement with respect to hazardous waste management and bring significant environmental improvements throughout the country.

The project will help to develop a comprehensive and environmentally acceptable hazardous waste management system in Georgia ,which will ultimately result in a cleaner and safer environment. Hazardous waste will be collected, treated and disposed of in line with EU best practices, which should help reduce air, groundwater and soil pollution.

The project aims to develop and finance a hazardous waste management system for the whole country, including the construction and operation of two operational facilities. The main facility will be located in eastern Georgia and will have a full range of assets for waste packaging and safe storage, thermal treatment and disposal, in addition to wastewater treatment. The second facility will be located in the west of the country and will have a comprehensive range of facilities for waste management. The facilities will be developed on existing contaminated sites, if possible, so that the development activities will include partial clean-up of legacy on-site waste.

As a result of the project, it will be possible to avoid long-distance transport of hazardous waste from the region to Europe and enable the waste streams generated in Georgia to be treated and disposed of in-country. The project is in line with the Basel Convention, which stipulates the need to restrict the transboundary movements of hazardous waste, except where it is perceived to be in accordance with the principles of environmentally sound management.

The project will substantially contribute to the European Neighbourhood Policy and the EU Action Plan for the Eastern Neighbourhood region by providing and improving environmental services and environmental infrastructure, reducing social inequality and promoting sustainable socio-economic development.

PRIVATE SECTOR

EU4Business – The EU Local Currency Partnership Initiative (EFSE)

MOLDOVA

Total budget: €110.2 mln

EU contribution: €6.2 mln

Lead finance institution: Kreditanstalt für Wiederaufbau (KfW)

Co-financiers: BMZ, EC, IFC, EIB, OeEB, EBRD, FMO, Republic of Albania, SDC, DANIDA, ADA, Central Bank of Armenia, FiM, BN&P, private investors

Type of EU support: Equity

The European Fund for Southeast Europe (EFSE), the implementing partner for this project, aims to foster economic development and prosperity in south-east Europe and the European Eastern Partnership countries, through the sustainable provision of additional development finance. In Moldova, there is a growing need among micro, small- and medium-sized enterprises (MSMEs) and private households for financial products in local currency. This project aims to address this need by providing, in addition to the existing EFSE A, B and C Shares, an additional new share class (L Shares).

These L Shares will act as a dedicated share class to support local currency lending in Moldova by providing an internal hedging mechanism for the resulting currency risk. The main goal of L Shares is to protect partner institutions as well as end-borrowers from the currency risk arising from lending in hard currencies.

The project is expected to have a significant developmental impact in terms of income generation and employment creation. The EU Local Currency Partnership Initiative targets particularly vulnerable target groups in each of the Eastern Partnership countries. In Moldova this includes the agricultural sector and a variety of different microenterprises.

This EU contribution will enable the EFSE to improve access to local currency funding for partner lending institutions, which is a key need if the MSME sector in Moldova is to be adequately financed. Furthermore, it will encourage these institutions to on-lend to targeted underserved segments of the economy such as young and very small entrepreneurs, which are key segments of the economy but often ignored by the financial sector.

By providing lending in local currency to MSMEs, the project will generate additional significant economic and social benefits. Through increased access to finance, the project will contribute to job creation, facilitate self-employment and reduce poverty in the region. It will also have a catalytic effect in leveraging public and private capital, encouraging other market players to participate in financing the MSME sector. What's more, the project will contribute to the strengthening of local financial markets based on sustainable, market-based principles.

MUNICIPAL INFRASTRUCTURE INVESTMENTS PROGRAMME

In October 2018, the European Bank for Reconstruction and Development (EBRD) presented a package of projects for municipal infrastructure investments in Ukraine, requesting EU financial support of €9.5 million in investment grants, €0.5 million in technical assistance and €110 000 for communication. The programme was jointly identified by the Ukrainian authorities and the EBRD as a political priority to be financed in the context of the Reform Contract for Investment (RCI). The Zhytomyr Trolleybus, Ivano-Frankivsk District Heating and Khmelnytskyi Municipal Solid Waste Management projects are being implemented as part of the Municipal Infrastructure Investments package.

ENVIRONMENT

CLIMATE CHANGE WINDOW

Khmelnytskyi Municipal Solid Waste Management Project

UKRAINE

Total budget: €18.8 mln

EU contribution: €5.95 mln

Lead finance institution: European Bank for Reconstruction and Development (EBRD)

Co-financiers: International Finance Corporation (IFC)

Type of EU support: Investment grant
Technical assistance

One of the main strategic goals of the city of Khmelnytskyi is to provide its residents and businesses with superior waste management services on a sustainable basis. The Khmelnytskyi Municipal Solid Waste Management Project aims to address this priority by helping the city to develop an integrated, sustainable solid waste management system, in line with the EU-Ukraine Association Agreement, which will bring significant health, economic, social and environmental benefits to the city.

The project will provide a modern solid waste management infrastructure based on local needs. This infrastructure will facilitate the implementation of a long-term, sustainable solid waste strategy that will have a significant positive impact on the environment in the region. This will be achieved by reducing greenhouse gas emissions due to the stabilisation of the organic share in the municipal solid waste stream, and by reducing air, soil and water pollution and other negative impacts, such as bad odours and vermin caused by the uncontrolled disposal of solid waste. The amount of solid waste going to landfill will be by pre-treating the waste.

The Khmelnytskyi landfill, located 5 km north of the city centre, will be reclaimed and a new landfill cell will be built. What's more, the project will have significant replication potential by demonstrating sustainable landfill rehabilitation best practices and modern solid waste management solutions with high environmental benefits.

The actions undertaken will help to establish better management practices and better occupational health and safety. Equally important is the fact that the management, treatment and disposal of municipal solid waste will improve in the surrounding rural areas, providing an additional 30 000 residents with a comprehensive and environmentally acceptable solid waste management system.

Public engagement is an important element of the project – tariffs will be maintained at an affordable level for the population, and public awareness regarding sound waste management practices and resource conservation and recycling will increase. Through its communication measures, the project will support an enhanced awareness of environmentally sound waste management among the population, including the environmental, social and health benefits of EU-compliant municipal solid waste management services.

ENERGY

CLIMATE CHANGE WINDOW

Ivano-Frankivsk District Heating

UKRAINE

Total budget: €13.8 mln

EU contribution: €2.53 mln

Lead finance institution: European Bank for Reconstruction and Development (EBRD)

Type of EU support: Investment grant

In 2009 the European Bank for Reconstruction and Development (EBRD) signed a loan agreement with DH Company to finance an investment programme aimed at reducing energy losses, reducing gas and electricity consumption, and improving the quality of service of the company's heat and hot-water supply system in the city of Ivano-Frankivsk.

Then, in July 2018, the city of Ivano-Frankivsk and DH Company approached the EBRD with a request for an additional loan to implement a new project involving the construction of at least four modern highly efficient boiler houses, with the installation of a 3 MW biomass-fired boiler in one of them. In addition, the project will include the reconstruction of at least one old boiler house.

The principal objective of the project is to ensure continuous heating and hot water supply to residents and organisations currently served by the district heating network, following a decision by the private operator of the Ivano-Frankivsk district heating system to withdraw from the heating business, close its boiler house and use its territory for other purposes starting from the 2020 heating season.

In addition to the continued provision of heating and hot water to the affected residents and organisations, the project also aims to implement the best available heat generation and transmission technology, with a view to reducing electricity and natural gas consumption and, consequently, reducing CO_2 emissions, and improving the security of heat supply in the city. In addition, technical assistance in the area of tariff policy will support the development of tariff-setting guidelines for district heating based on full-cost recovery principles, which will make the investment sustainable in the longer term.

The project is an urgent crisis-response investment, without which more than 20 000 residents would be left without heat supply, including children in education and patients in healthcare facilities. The proposed investment, supported by the EU grant, will ensure continuous heating and hot water supply to the residents and organisations in the city.

Furthermore, the project will help Ivano-Frankivsk to contribute to Ukraine's obligations under the Association Agreement signed with the European Union in 2014, which highlights the importance of developing the country's energy sector.

TRANSPORT

CLIMATE CHANGE WINDOW

Zhytomyr Trolleybus

UKRAINE

Total budget: €13.7 mln

EU contribution: €2.03 mln

Lead finance institution: European Bank for Reconstruction and Development (EBRD)

Type of EU support: Investment grant

The city of Zhytomyr, like most mid-sized municipalities in Ukraine, inherited a relatively well-developed public transport system from the Soviet Union, but following decades of severe underinvestment, public transport infrastructure in the city has significantly deteriorated.

The Zhytomyr Trolleybus project aims to develop the city's trolleybus network by financing the acquisition of up to 50 new trolleybuses along with maintenance and diagnostic equipment. The project will also target the rehabilitation and modernisation of infrastructure and the extension of the company's network. Extending the network to the city's Maliovanka district will connect a currently isolated residential district and encourage a modal shift from private minibuses to a more comfortable public transport service.

The acquisition of new rolling stock will enable the company to improve its service quality, which will in turn attract more users and increase revenue. The fleet will be updated with low-floor trolleybuses, which are more energy-efficient and will allow the company to save energy and reduce electricity expenses. There will be benefits for passengers too, as the new trolleybuses will meet modern requirements and provide a high level of safety and reliability, ensuring increased passenger comfort.

Thanks to the project, the company will also be able improve its operational efficiency and passenger turnover, and start corporate development through the automation of core operational systems and processes. Financial and operational management at the company will be improved through the adoption of a Corporate Development Programme and a Public Service Contract. The company's improved financial performance will reduce the burden on the city's budget in supporting the company's operations in the long term.

Investment carried out as part of this project will increase the average service speed, decrease maintenance intensity and costs, and achieve up to 20 % energy savings. What's more, development of a Sustainable Urban Mobility Plan (SUMP) will allow the company to optimise the existing route network in the city, to achieve greater efficiency and reduce emissions by responding more effectively to demand.

ENERGY

Support of Integration of the Ukrainian Power Grid into the Continental Europe Synchronous Area

UKRAINE

Total budget: €53.37 mln

EU contribution: €8.95 mln

Lead finance institution: Kreditanstalf für Wiederaufbau (KfW)

Co-financiers: European Investment Bank (EIB)

Type of EU support: Technical assistance

An agreement signed in June 2017 between Ukraine and the European Network of Transmission System Operators for Electricity (ENTSO-E) commits Ukrainian energy utility Ukrenergo to achieving synchronisation with the Continental Europe Synchronous Area (CESA) by 2026. To achieve this goal, substantial regulatory and operational steps will have to be taken and significant work is required to identify, prepare and implement the investments needed to achieve this synchronisation.

Within this context, the main goal of this project is to develop good governance with respect to legislation and regulation relating to the Ukrainian electricity sector. This will be achieved by developing new approaches and systems that allow a wider range of stakeholders to engage, in a transparent and non-discriminatory way, in the development of a more efficient transmission system. In this way, the project will help promote competition in the electricity sector and create an environment that is more conducive to investment.

The project aims to support the restructuring of Ukrenergo and its transmission network needed to synchronise it with CESA, including achieving legal and regulatory alignment with EU rules and regulations. It will also support the production of a 10-year Network Development Plan in line with EU best practice. This will be preceded by a gap analysis of the Ukrainian market with respect to EU directives and regulations, which will include recommendations for the necessary alignment.

Also included in the project's plans are the rehabilitation and automatisation of nine substations in the south-western power grid of Ukraine. Besides providing the physical infrastructure needed to integrate with CESA, this will contribute to a stable and efficient electricity supply in the Ukrainian power grid. This, in turn, will help improve energy efficiency and create a physical basis for electricity trade between the region and the European CESA network. Work will also be carried out to identify other priority investment projects needed to support the European integration of the Ukrainian electricity network.

URBAN DEVELOPMENT

Ukraine Municipal Transport and Investment Programme

UKRAINE

Total budget: €205.86 mln

EU contribution: €15.71 mln

Lead finance institution: European Investment Bank (EIB)

Type of EU support: Investment grant
Technical assistance

The Ukraine Municipal Transport and Investment Programme (UMTIP) covers two European Investment Bank programmes in Ukraine requiring substantial technical assistance and investment grant support: Ukraine Urban Public Transport (UPT) and the Ukraine Municipal Infrastructure Programme (UMIP). The programme focuses on financing public infrastructure investments in urban transport, energy efficiency, water supply, wastewater and solid waste management.

The UPT project supports the modernisation of urban public transport in 11 cities in Ukraine, and the Ukraine Municipal Transport and Investment Programme covers projects in three of these cities: Ivano-Frankovsk, Lutsk and Zaporizhya. Meanwhile, the UMIP is a multi-sector programme targeting energy efficiency, water supply, wastewater and solid waste management projects. It supports projects that will rehabilitate and upgrade municipal infrastructure in Ukraine by substantially improving energy efficiency, thereby contributing to Ukraine's energy security and improving the safety and quality of services provided.

Priority UPT projects include the trolleybus network in Ivano-Frankivsk, an automated fare collection system in Lutsk and electric buses in Zaporizhya. For the UMIP, priority projects target the water, energy efficiency and solid waste sectors, and include water supply and sewage projects in Rivne and Mariupol; a street

lighting project in Mariupol; district heating projects in Lozova, Oleksandriya and Kryvyi Rih; and solid waste management projects in Kremenchuk and Lviv.

Projects were selected for support based on their technical assistance needs to ensure sound project preparation, and efficient and timely project implementation. Other factors included the capacity building of final beneficiaries and the expected tangible outcomes of the supported investments. Selection also took into account the sustainability of investments and their impact in terms of environmental benefits, the additionality of the grant, the projects' innovativeness and their geographic spread, among other factors.

By improving the quality and efficiency of municipal services, the Ukraine Municipal Transport and Investment Programme will improve living standards for households and support economic growth through the provision of more reliable urban services. Furthermore, the energy efficiency investments and the modernisation and upgrading of district heating networks will be critical to achieving energy and climate change objectives in Ukraine.

TRANSPORT

CLIMATE CHANGE WINDOW

Ukraine Transport Connectivity Investment – Ternopil Bypass

UKRAINE

Total budget: €28.65 mln

EU contribution: €14.65 mln

Lead finance institution: European Investment Bank (EIB)

Type of EU support: Investment grant

The Ternopil Bypass project is part of a broader EIB framework loan of €50 million, provided under the Ukraine Transport Connectivity Investment programme, which will finance a series of small-scale transport projects, leveraging a total investment of over €100 million for much-needed investment in the Ukrainain road and railway sectors.

The EU financial support targets the most mature sub-project – the Ternopil bypass. This is a greenfield project as there is no bypass north of the city of Ternopil, forcing traffic through the city centre. The Ternopil bypass is a geographically significant project that will help to address a serious transport bottleneck on the extended Trans-European Transport Network (TEN-T) road corridor in Ukraine.

The overall objective of the project is to improve connectivity in the country while at the same time providing capacity building for the relevant local authorities and stakeholders, improving their capacity for project implementation. The project is aligned with the National Transport Strategy of Ukraine 2030, which sets out to create a safe and efficient transport system that is integrated into the world's transport network, meets the needs of the public for transport services and improves conditions for doing business, thereby supporting the competitiveness and efficiency of the national economy.

The project will have a significant positive impact locally and will help deliver visible results for citizens, such as improved road safety, reduced bottlenecks for the mobility of goods and people, savings in travel-time, and a reduction in vehicle operating costs. The investment is also expected to have a positive impact on the economic development of the country while at the same time delivering significant environmental benefits, thanks to a reduction in greenhouse gas emissions due to improved traffic flow.

These benefits will be particularly felt by residents of Ternopil city centre, as the bypass project will divert substantial traffic flow, including heavy trucks, from the city centre and residential areas to an unpopulated area, improving the quality of life of people living near the improved road sections.

ENVIRONMENT

CLIMATE CHANGE WINDOW

Ukraine Water System Modernisation

UKRAINE

Total budget: €19.71 mln

EU contribution: €5.21 mln

Lead finance institution: Nordic Environment Finance Corporation (NEFCO)

Type of EU support: Investment grant
Technical assistance

Ukraine's municipal services, including water and wastewater services, are coming under increased pressure as a result of the military conflict in eastern Ukraine, which has resulted in a considerable influx of internally displaced persons from the conflict zones. Moreover, significant price growth for gas and electricity in recent decades means that the country urgently needs to improve the energy efficiency of its urban water and wastewater services.

The Ukraine Water System Modernisation project will address the critical situation in municipal water supply and sewerage in Ukraine caused by deteriorating networks and facilities arising from long periods of under-investment. It will do this by means of quick and targeted investments in replacing inefficient equipment, such as water and wastewater pumps, air blowers and aerators, in selected Ukrainian municipalities.

The EU grant and NEFCO's involvement are crucial to the project, which would otherwise be unable to attract interest from commercial banks due to the weak financial standing of the water utilities. If available at all, commercial financing is limited to two or three of the largest cities in the country; for the small cities targeted by this project, there is currently no loan financing available.

The project's core objectives include substantially improving energy efficiency in municipal water and wastewater systems, with a view to cutting costs and reducing CO_2 emissions. It also aims to improve the environmental credentials of the wastewater sector by reducing the discharge of pollutants into rivers, lakes and reservoirs thanks to the improved treatment of municipal wastewaters. Furthermore, the quality of water services to citizens will be improved in terms of increased reliability and improved quality of the drinking water.

The main economic benefit of the EU's contribution is in supporting the participating water utilities to improve the level of their water and wastewater services to the local communities without having too great an impact on the utilities' financial results and the level of tariffs for customers.

PRIVATE SECTOR

DCFTA Initiative East Guarantee Facility – Phase II

REGIONAL

Total budget: €240.8 mln

EU contribution: €40.8 mln

Lead finance institution: European Investment Bank (EIB)

Type of EU support: Guarantee

Private sector development is an essential prerequisite for the creation of employment opportunities in Ukraine, Georgia and Moldova. To unlock the growth potential of the private sector, it is necessary to improve access to finance for SMEs, which account for the vast majority of enterprises in the countries in question and generate a substantial proportion of jobs. Difficulties faced by SMEs in accessing external funding is hampering the development of the private sector, and limiting economic development and job creation.

Phase II of the Deep and Comprehensive Free Trade Area (DCFTA) Initiative East Guarantee Facility was developed jointly with the European Commission in order to support the economic development of the Eastern Partnership countries, Ukraine, Georgia and Moldova. The proposed programme will help improve access to finance for SMEs in these countries which will, in turn, foster the development of a dynamic and competitive private sector.

One of the three pillars of the DCFTA Initiative East, along with a risk capital facility and technical assistance, the Guarantee Facility aims to increase the number and volume of SME transactions. This Facility will transform the EU contribution of over €40 million into at least €200 million in new debt instruments to SMEs, and will add value through improved collateral requirements and/or lower interest rates and increased risk appetite by financial intermediaries.

The Guarantee Facility will help unlock business expansion in the SME segment by improving access to finance, in the form of enhanced lending terms and conditions. By providing first loss SME portfolio guarantees, the Facility will enable local intermediary banks to take on more risk and provide better terms for SMEs, including for transactions in local currency, which will further strengthen and deepen the local currency SME credit markets in the target countries.

PRIVATE SECTOR

DCFTA Initiative East – Local Currency Solution

REGIONAL

Total budget: €125.3 mln

EU contribution: €5.3 mln

Lead finance institution: European Investment Bank (EIB)

Type of EU support: Investment grant

A continuation and expansion of the SME Finance Facility II, the Deep and Comprehensive Free Trade Area (DCFTA) Initiative East - Local Currency Solution will make much needed local currency financing available in the Eastern Neighbourhood countries of Ukraine, Georgia and Moldova. In these three countries, investment grants will be used to make affordable local currency loans available to financial intermediaries. In turn, this will allow them to provide medium to long-term local currency loans to small and medium-sized enterprises (SMEs) and protect them from foreign exchange fluctuations.

Access to finance is currently a major challenge for SMEs, particularly in the three target countries. This programme aims to increase the local currency financing available to this crucial segment of the private sector in order to enhance general access to finance and, ultimately, stimulate exports, enhance competitiveness and promote business expansion.

The EU contribution to the programme will support priority objectives in the target countries, including deepening and broadening local currency markets, enhancing the capacity of local financial institutions, reducing systemic currency risk and increasing the supply of much needed competitive local currency financing to SMEs.

The ultimate goal of the programme is to enhance access to affordable medium to long-term local currency funding for local businesses, in order to strengthen their market position while mitigating their exposure to exchange rate volatility. Helping SMEs will not only allow them to expand their activities, but also to create employment and increase economic productivity.

The companies supported by the programme could potentially employ hundreds of people, including a large number of women. By sustaining and creating jobs, the programme will make a direct contribution to improved living standards and social inclusion in the target countries. Entrepreneurs will benefit from competitive rates to finance their projects while being protected against foreign exchange risks. By lowering the vulnerabilities associated with local currency financing, the programme will act as a stimulus to economic growth in all sectors of the economy in the target countries.

ANNEX - EU

Operations supported by AIP in 2017 and 2018

Country	Year of approval	Title of the project	Rio Marker	Consortium of Finance Institutions	Sector
Benin, Burkina Faso, Niger and Nigeria	2017	North Core / Interconnector 330 kV Nigeria, Niger, Benin, Burkina Faso		AfDB, AFD, WB,others	Energy
Benin, Côte d'Ivoire, Nigeria, Zambia	2017	ElectriFI Country windows		FMO, EDFIs, others	Energy
Benin	2017	DEFISSOL project: Construction of a 25 MWc solar power plant and modernisation of the information system of SBEE		AFD	Energy
Burundi, Democratic Republic of Congo and Rwanda	2017	Complementary studies for the hydro-power plant Ruzizi IV		AfDB, others	Energy
Cameroon and Chad	2017	Construction of a bridge on the Logone river between Yagoua (Cameroon) and Bongor (Chad) and ancillary works		AfDB	Transport
Côte d'Ivoire	2017	Sustainable Energy for Côte d'Ivoire: 30 MWp Solar Power Plant in the context of the West African Power Pool		KfW	Energy
Ghana and Côte d'Ivoire	2017	WAPP 330 kV Ghana-Côte d'Ivoire Interconnection Reinforcement Project		KfW, EIB	Energy
Guinea and Guinea-Bissau	2017	Construction and asphalting of the road between Boké (Guinea) and Quebo (Guinea-Bissau)		AfDB	Transport
Kenya	2017	Kenya Agriculture Value Chain Facility		EIB	Agriculture
Madagascar	2017	Madagascar Road Network Modernisation		EIB	Transport
Madagascar	2017	Urban development and sanitation in priority neighbourhoods of Antananarivo - Phase III ("Lalankely III")		AFD	Infrastructure and urban development
Malawi	2017	Malawi M1 Road Rehabilitation		EIB, WB	Transport
Mali	2017	Doubling of the 225 kV interconnector Manantali - Bamako / OMVS		AFD, WB, others	Energy
Mali	2017	Rehabilitation of the Malian section of the Trans Saharan road		AfDB, others	Transport
Mozambique and Malawi	2017	Mozambique-Malawi Interconnector		KfW, IDA	Energy
Niger	2017	Construction a hybrid power plant in Agadez		AFD	Energy
Niger	2017	Construction of a solar power plant in Gorou Banda		AFD	Energy
Republic of Congo	2017	Port of Pointe Noire Extension and Upgrade Programme		AFD	Transport
Senegal	2017	Modernisation and reinforcement of the network of SENELEC to support the development of renewable energies and the access to energy		AFD	Energy
Senegal	2017	Rehabilitation of the Trans Gambian Road Sénoba-Ziguinchor (phase 2)		AfDB, EIB	Transport
Senegal	2017	Agriculture development and food security in the rural areas of the Tiers Sud region in Senegal (Tiers Sud "Beydaare" project)		AFD	Agriculture
Seychelles	2017	Port Victoria Rehabilitation and Extension		EIB, AFD	Transport
Togo	2017	Extension and rehabilitation of CEET's electricity network in the Greater Lomé area		AFD, KfW, WB	Energy
Uganda	2017	Construction of Muzizi Hydro Power Project		KfW, AFD	Energy
Zambia	2017	Great North Road Upgrade Project		EIB, AfDB	Transport
Sub-Saharan Africa	2017	Climate Investor One		FMO, others	Energy
Sub-Saharan Africa	2017	EURIZ		AFD	Private Sector

Total project cost (€ million)	EU contribution (€ million)	Type of EU support	Status	Tendering of EU financed project components started?	Construction of the project started?	EU financed TA/ Guarantee/Risk Capital started?
634.68	30.68	IG/TA	Implementing	Procurement started	Studies on-going	N/A
285	85	FI/ATA	First approvals foreseen for 2019	N/A	N/A	N/A
60.85	10.35	IG/TA	Implementing	Procurement started	No	N/A
9.3	8.3	TA	Signed	Procurement to be launched	N/A	No
105.13	40.95	IG/TA	Signed	Procurement to be launched	No	No
42	10	IG/TA	Signed	Yes	No	Tender has been launched
181.3	30.7	IG/TA	Cancelled			
114.74	30.71	IG/TA	Implementing	Procurement started	No	Design on-going
110	10	TA/IRS	Signed	N/A	N/A	Design on-going
236.54	116	IG/TA	Signed	Procurement started	No	Design on-going
26.37	3	IG/TA	Signed	Procurement started	No	Tender has been launched
159.16	44.16	IG/TA	Signed	Procurement to be launched	No	Design on-going
352.16	26.66	IG/TA	Signed	Procurement to be launched	No	Design on-going
542.72	70.96	IG/TA	Signed	Procurement to be launched	No	No
88.35	20.4	IG	Signed	Procurement to be launched	Studies on-going	N/A
34.02	16.42	IG/TA	Signed	Procurement started	No	No
30.3	5.3	IG/TA	Signed	Procurement started	No	No
198.98	29.98	IG/TA	On going	Procurement started	No	Procurement started
52.93	7	IG/TA	Signed	Procurement started	No	No
97.6	25.6	IG/TA	Signed	Procurement started	Studies on-going	Design on-going
47.53	20.53	IG/TA	Signed	Procurement started	No	N/A
36.9	5.4	IG/TA	Signed	Procurement to be launched	No	Design on-going
87	8	IG/TA	Signed	Procurement started	No	N/A
123.3	20.5	IG/TA	Implementing	Procurement started	No	
435.85	73.66	IG/TA	Signed	Procurement to be launched	No	Design on-going
609.7	30.7	FI	Signed			
664.36	21.16	TA/FI	Signed	N/A	N/A	No

Country	Year of approval	Title of the project	Rio Marker	Consortium of Finance Institutions	Sector
Sub-Saharan Africa	2017	Boost Africa		EIB, AfDB	Private Sector
Africa	2017	EDFI-AgriFI		FMO, EDFIs, others	Agriculture
Africa	2017	Transferability and Convertibility Facility		PROPARCO, others	Energy
Benin, Burkina Faso, Cameroon, Côte d'Ivoire, Guinea, Mali, Niger, Nigeria and Chad	2018	Niger Basin Climate Change Adaptation Project		AfDB, KfW, FEM, GCF	Water - Environment
Benin	2018	Projet d'Extension et de Densification Electriques des Réseaux de la SBEE (PEDER)		AFD	Energy
Burundi, Democratic Republic of Congo and Rwanda	2018	Ruzizi III Hydropower Plant Construction/ Kamanyola-Bujumbura Interconnection Project		AfDB, others	Energy
Cameroon	2018	Rehabilitation of the Northern Railway Cameroon (Belabo-Pangar- Ngaoundéré		EIB, AFD	Transport
Cameroon and Chad	2018	Projet d'interconnexion des réseaux électriques du Cameroun et du Tchad		AfDB, IDB	Energy
Kenya	2018	Rural Roads		AFD	Transport
Liberia	2018	Mano River Union Road Development and Transport Facilitation Programme		AfDB, EIB	Transport
Madagascar	2018	Projet d'aménagement de corridors et de facilitation du commerce et des investissements avec les pays de la COMESSA et de l'Océan Indien		AfDB, Arab funds, OFID	Transport
Malawi	2018	Kulima Access to Finance		EIB	Agriculture
Niger and Chad	2018	Trans-Saharan Backbone (TSB) Optical Fibre Project		AfDB	ICT
The Gambia	2018	Gambie-Sénégal : Corridor Trans gambien phase I - Construction du Pont Trans gambien et amélioration du passage transfrontalier		AfDB	Transport
The Gambia	2018	EU Support to The Gambia Sustainable Energy Sector Programme		EIB, WB	Energy
Uganda	2018	Kampala-Jinja Toll Road		AFD, AfDB	Transport
Sub-Saharan Africa	2018	SME Up-Scaling Fund I		KfW-DEG	Private sector
Sub-Saharan Africa	2018	Arbaro Fund		EIB	Forestry
Sub-Saharan Africa	2018	Agri-Business Capital Fund (ABC Fund)		IFAD	Private sector / Agriculture
Africa	2018	Huruma Fund		COFIDES, AECID	Agriculture
Africa	2018	Women's Financial Inclusion Facility (WFIF)		KfW, WWB	Private sector
Africa	2018	African Guarantee Fund for SMEs (AGF)		AfDB, others	Private sector
Africa	2018	Facility for Energy Inclusion (FEI)		AfDB, others	Energy
Africa	2018	Digital Energy Facility (DEF) for the promotion of energy transition and energy access		AFD	Energy

Total project cost (€ million)	EU contribution (€ million)	Type of EU support	Status	Tendering of EU financed project components started?	Construction of the project started?	EU financed TA/ Guarantee/Risk Capital started?
181.05	61.05	TA/FI	Signed	N/A	N/A	Design on-going
90	29	TA/FI	Signed	N/A	N/A	N/A
289.34	20.17	TA/FI	Signed	N/A	N/A	N/A
284.41	14.985	IG/TA	Signed	Procurement to be launched	No	No
54.63	14.65	IG/TA	Signed	No	No	N/A
595.95	15	IG/TA	Approved	No	No	No
154	23.58	IG/TA	Approved	Procurement to be launched	Studies ongoing	Design on-going
398.35	30	IG	Signed	Procurement to be launched	No	N/A
112.49	29.99	IG/TA	Signed	Procurement to be launched	No	No
52.72	20.19	IG/TA	Signed	Procurement to be launched	No	No
182.38	40	IG/TA	Approved			
63.45	14	FI/TA	Approved	N/A	N/A	Design on-going
78.44	29.57	IG/TA	Signed	Procurement to be launched	No	No
96.49	16.03	IG/TA	Signed	Procurement to be launched	No	No
135.73	41	IG/TA	Ist DA Signed and 2nd DA approved	Procurement to be launched	No	Design on-going
711.5	91.05	IG/TA	Approved	Procurement to be launched	Studies ongoing	Design on-going
60	20.5	FI/TA	On hold	N/A	N/A	N/A
168	17.35	FI/TA	On hold	N/A	N/A	N/A
235.85	45.75	FI/TA	Signed	N/A	N/A	N/A
108.8	19.3	FI/TA	Approved	Procurement for the implementation of the TA to be launched	N/A	No
88.7	10	FI/TA	Signed			No
204	26.08	FI/TA	Approved			
1216.2	40.24	FI/TA	Signed	Procurement to be launched	N/A	No
324	23.5	FI/TA	Approved	N/A	N/A	N/A

ANNEX - EU
Operations supported by NIP in 2017 and 2018

Country	Year of approval	Title of the project	Rio Marker	Consortium of Finance Institutions	Sector	Total project cost (€ million)
Georgia	2017	Adjara		KfW	Water/Sanitation	59.86
Armenia	2017	Armenia – Road Safety Improvement		EIB	Transport	23.17
Jordan	2017	As-Samra Wastewater Treatment Plant Expansion BOT		EBRD	Water/Sanitation	170.60
Belarus	2017	E5P Expansion to other Eastern Partnership countries: Belarus		EBRD	Environment	113.20
Regional East	2017	EFSE Local Currency		KfW	Private Sector	53.18
Georgia	2017	Enguri HPP		EBRD	Water/Sanitation	35.35
Regional East	2017	EU DCFTA Facility, EBRD, Phase 2		EBRD	Private sector	751.90
Regional South	2017	EU Trade and Competitiveness Programme in Egypt and Jordan - EIB component		EIB	Private Sector	265.60
Regional South	2017	Extending the EBRD's Small Business Initiative to Lebanon, West Bank and Gaza		EBRD	Private Sector	6.40
Egypt	2017	Fayoum Wastewater Expansion Programme		EBRD, EIB	Water/Sanitation	456.49
Regional East	2017	Green for Growth Fund Top-Up		KfW	Environment	53.20
Egypt	2017	Kitchener Drain		EIB, EBRD	Environment	482.30
Moldova	2017	Moldova-Romania Interconnection Phase I		EIB, EBRD	Energy	270.75
Tunisia	2017	Programme de Relance de l'Investissement de Modernisation des Exploitations Agricoles (PRIMEA)		AFD	Agriculture	300.78
Tunisia	2017	Proville 2		AFD, EIB	Social	235.69
Egypt	2017	Rehabilitation of Alexandria's Raml Tram		AFD, EIB	Transport	363.30
Armenia	2017	Road links between Yerevan and E60 in Georgia		EIB	Transport	0.58
Palestine*	2017	SUNREF PALESTINE : Sustainable Use of Natural Resources and Energy Finance		AFD	Energy/ environment/ Private sector	42.45
Georgia	2017	Transport Connectivity (Georgia)		EIB, ADB, WB, JICA	Transport	1137.24
Ukraine	2017	Transport Connectivity (Ukraine)		EIB	Transport	2.64
Morocco	2017	Université Euro-méditerranéenne de Fès (UEMF)		EIB	Education	147.57
Ukraine	2017	Urban Road Safety		EIB, EBRD	Transport	176.82
Ukraine	2018	Ukrenergo: Support to Integration of the Ukrainian Power Grid into the Synchronous Area Continental Europe (CESA)		KfW	Energy	53.37
Georgia	2018	Energy Sector Reform		KfW, AFD	Energy	307.85
Moldova	2018	EFSE Local Currency Initiative		KfW	Private Sector	110.20
Regional East	2018	DCFTA East Local Currency Solution		EIB	Private Sector	125.30
Regional East	2018	DCFTA East Guarantee Facility II		EIB	Private Sector	240.80

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EU contribution (€ million)	Amount to be reported as Climate Action support (€ million)	Type of EU support	Status	Tendering of EU financed project components started?	Construction of the project started?	EU financed TA/ Guarantee/Risk Capital started?
7.36	2.80	TA, IG	Approved	No	No	No
5.41	0.00	TA, IG	Approved	Yes	Yes	No
30.80	30.20	TA, IG	Approved	No	No	No
10.20	4.00	IG	Approved	No	No	No
43.75	17.20	Guarantee	Approved	No	No	No
7.35	7.01	TA, IG	Approved	No	No	No
38.90	0.00	TA, IG, Guarantee	Approved	No	No	No
25.60	0.00	TA, IG, Guarantee	Approved	No	No	No
5.20	0.00	TA	Approved	No	No	No
38.09	14.88	TA, IG	Approved	No	No	No
10.20	10.00	TA, Equity	Approved	No	No	No
46.98	18.32	TA, IG	Approved	No	No	No
40.75	0.00	TA, IG	Approved	No	No	No
10.30	4.00	TA	Approved	No	No	No
30.69	0.00	TA, IG	Approved	No	No	No
8.30	3.20	TA	Approved	No	No	No
0.58	0.00	TA	Approved	No	No	No
8.35	3.20	IG	Approved	No	No	No
6.14	0.00	TA	Approved	No	No	No
2.14	0.00	TA	Approved	No	No	No
13.57	5.32	IG	Approved	No	No	No
4.42	0.00	TA	Approved	No	No	No
8.95	3.46	TA	Approved	No	No	No
8.80	3.4	TA	Approved	No	No	No
6.20	0	Equity	Approved	No	No	No
5.30	0	IG	Approved	No	No	No
40.80	0	Guarantee	Approved	No	No	No

Country	Year of approval	Title of the project	Rio Marker	Consortium of Finance Institutions	Sector	Total project cost (€ million)
Georgia	2018	Hazardous Waste Management		EBRD	Environment	36.64
Egypt	2018	MSME Promotion Programme		KfW	Private Sector	50.10
Egypt	2018	Suez Oil Processing Company Energy Efficiency		EBRD	Energy	171.50
Morocco	2018	Noor Midelt I and II Solar Power Plants		KfW, AFD, EIB	Energy	2137.25
Palestine*	2018	Palestine Credit Guarantee Foundation Gaza		KfW	Private Sector	33.18
Regional South	2018	MENA SANAD		KfW	Private Sector	182.44
Lebanon	2018	PEURL		AFD, EIB	Urban/Social	100.56
Lebanon	2018	SEMED Financial Inclusion -extension to Leb		EBRD	Private Sector	0.00
Morocco	2018	GEFF		EBRD	Private Sector	197.11
Egypt	2018	Alexandria West WWTP		EIB	Water/Sanitation	185.15
Armenia	2018	Masrik-1 Solar Power Plant		EBRD, IFC	Energy	53.92
Armenia	2018	Meghri Border Crossing		EBRD, EIB	Transport	22.76
Ukraine	2018	Ternopil Bypass		EIB	Transport	28.65
Ukraine	2018	Municipal Transport and Investment Programme		EIB	Transport	205.86
Ukraine	2018	Ukraine Water System Modernisation		NEFCO	Water/Sanitation	19.71
Ukraine	2018	Khmelnytskyi Solid Waste-Zhytomyr Trolleybus-Ivano-Frankivsk District Heating		EBRD	Water/Sanitation-Transport-Energy	46.32

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EU contribution (€ million)	Amount to be reported as Climate Action support (€ million)	Type of EU support	Status	Tendering of EU financed project components started?	Construction of the project started?	EU financed TA/ Guarantee/Risk Capital started?
8.34	3.2	TA, IG	Approved	No	No	No
15.05	0	TA, IG	Approved	No	No	No
13.50	13	TA, IG	Approved	No	No	No
61.10	61.10	IG	Approved	No	No	No
10.24	0	TA, IG	Approved	No	No	No
22.44	0	Equity	Approved	No	No	No
20.56	0	TA, IG	Approved	No	No	No
0.00	0	Guarantee	Approved	No	No	No
21.11	20.65	TA, IG	Approved	No	No	No
20.65	8.1	IG	Approved	No	No	No
3.23	3.02	IG	Approved	No	No	No
11.67	0	TA, IG	Approved	No	No	No
14.65	5.7	IG	Approved	No	No	No
15.71	6.068	TA, IG	Approved	No	No	No
5.21	5	TA, IG	Approved	No	No	No
10.51	4.25	TA, IG	Approved	No	No	No

ACRONYMS

2030 Agenda	United Nations 2030 Agenda for Sustainable Development
ABC Fund	Agri-Business Capital Fund
ADA	Austrian Development Agency
AECID	Agencia Española de Cooperación Internacional para el Desarrollo
AFD	Agence Française de Développement
AfDB	African Development Bank
AGF	African Guarantee Fund for SMEs
AGRA	Alliance for Green Revolution in Africa
AGREENFI	Agricultural and Rural Finance
AIP	Africa Investment Platform (formerly the AfIF)
ALCBGP	African Local Currency Bond Guarantee Programme
BADEA	Arab Bank for Economic Development in Africa
BAT	Best Available Technology
BMZ	German Federal Ministry of Economic Cooperation and Development
BN&P	Good Growth Fund
CDP	Cassa Depositi e Prestiti
CESA	Continental Europe Synchronous Area
COFIDES	Compañía Española de Financiación del Desarrollo
COMESA	Common Market for Eastern and Southern Africa
COP21	United Nations Climate Change Conference (2015)
DANIDA	Danish International Development Agency
DCFTA	Deep and Comprehensive Free Trade Area
DCI	Development Cooperation Instrument
DEF	Digital Energy Facility
DEG	Deutsche Investitions- und Entwicklungsgesellschaft mbH
DFI	Development Finance Institution
EABF	EU-Africa Business Forum
EAEU	Eurasian Economic Union
EBCAM	Euopean Business Council for Africa and the Mediterranean
EBRD	European Bank for Reconstruction and Development
ECDPM	European Centre for Development Policy Management
ECOWAS	Economic Community of West African States
EDF	European Development Fund
EDFI	Association of European Development Finance Institutions
EFF	Extended Fund Facility
EFSD	European Fund for Sustainable Development
EFSE	European Fund for Southeast Europe
EIB	European Investment Bank
EIP	External Investment Plan
ElectriFI	Electrification Financing Initiative
ENTSO-E	European Network of Transmission System Operators for Electricity
EPCGF	European Palestinian Credit Guarantee Foundation
FEI	Facility for Energy Inclusion (AfDB)
FI	Financial Institution

FiM	Finance in Motion
FISEA	Fonds d'Investissement et de Soutien aux Entreprises en Afrique
FMO	Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden
FSC	Forest Stewardship Council
GCF	Green Climate Fund
GDP	Gross Domestic Product
GEF	Global Environment Facility
GEFF	Green Economy Financing Facility
GHG	Greenhouse Gas
GESR	Georgian Energy Sector Reform
GLS Bank	Gemeinschaftsbank für Leihen und Schenken
HT	High Tension
ICT	Information and Communication Technology
IFAD	International Fund for Agriculture Development
IFC	International Finance Corporation
IFI	international financial institution
IMF	International Monetary Fund
INSTC	International North-South Transport Corridor
IPP	Independent Power Producers
KfW	Kreditanstalt für Wiederaufbau
MASEN	Moroccan Agency for Sustainable Energy
MENA	Middle East and North Africa
MIBMA	Support to Migration and International Border Management in Armenia
MorSEFF	Morocco Sustainable Energy Financing Facility
MSME	Micro, Small and Medium-sized Enterprise
MSME-DA	Micro, Small and Medium Enterprise Development Agency (Egypt)
NASIRA	First Guarantee Agreement, led by the FMO
NBA	Niger Basin Authority
NEAR	EU Neighbourhood
NEFCO	Nordic Environment Finance Corporation
NGO	Non-Governmental Organisation
NIP	EU Neighbourhood Investment Platform (formerly Neighbourhood Investment Facility - NIF)
OeEB	Oesterreichische Entwicklungsbank
OFID	OPEC Fund for International Development
ONE4A	One Platform for Africa
PBL	Policy-Based Loan
PIDA	Programme for Infrastructure Development in Africa
PIDACC/BN	Integrated Development and Climate Adaptation Programme in the Niger Basin
PLI	Partner Lending Institutions
PV	Photovoltaic
RCI	Reform Contract for Investment
SB4A	Sustainable Business for Africa
SBEE	Benin Electricity (or Power) Distribution Company

SDC	Swiss Agency for Development and Cooperation
SDG	Sustainable Development Goal
SE4ALL	Sustainable Energy for All
SECO	State Secretariat for Economic Affairs (Switzerland)
SIFA	Social Impact Fund for Africa
SLGP	Small Loans and Guantee Programme
SME	Small and Medium-sized Enterprise
SOPC	Suez Oil Processing Company
SPV	Special Purpose Vehicle
SSA	Sub-Saharan Africa
SUMP	Sustainable Urban Mobility Plan
TA	Technical Assistance
TAP	Technical Assistance Programme
TEN-T	Trans-European Transport Network
TPSD	Trade and Private Sector Development
TRACEA	Transport Corridor Europe-Caucasus-Asia
TVET	Technical, Vocation Education and Training
UN	United Nations
UMIP	Ukraine Municipal Infrastructure Programme
UMTIP	Ukraine Municipal Transport and Investment Programme
UPT	Urban Public Transport
WB	World Bank
WEE	Women's Economic Empowerment
WFIF	Women's Financial Inclusion Facility
WWBCP II	Women's World Banking Capital Partners II
WWTP	Wastewater Treatment Plant

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MN-01-19-223-EN-C

Publications Office

ISBN 978-92-76-00276-5
doi:10.2841/904793