

The EU-Africa Infrastructure Trust Fund: ITF

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A SNAPSHOT



prepared by the ITF Secretariat
June 2013

The ITF Governance Structure @ macro level

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The EU-Africa Infrastructure Partnership
STEERING COMMITTEE (Co-Chair: EC)
58 Members from the EU and the AU

The ITF Executive Committee (Chair: EC)
voting Members (13) & non-voting
members
& Observers

The **Project Financiers
Group** (no formal Chair)
14 Members

The ITF Manager
EIB: Treasury &
Accounting, Legal

The ITF Secretariat
hosted by EIB:
Assistance to the
ExCom

The ITF is a Loan-Grant-Blending mechanism

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The Trust Fund is part of a **GRANT-LOAN BLENDING MECHANISM**. Its aim is to leverage aid finance from donors by blending it with long-term financing from financial institutions, thereby increasing the impact of EU development policy

Grants from the ITF can take one or more of the following forms:

- **Interest rate subsidies (IRS)** – can be applied in flexible ways to reduce the total amount of debt payable by the borrower
- **Technical assistance (TA)** – preparatory work for eligible projects, project supervision and targeted capacity building
- **Direct Grants (DG)** – to finance project components with social or environmental benefits
- **Insurance Premia (IP)** - Payment of early-stage premia for launching infrastructure projects (clarified by ExCom: “mitigation measures covering project stakeholders and Project Financiers on all kinds of risk, thereby fulfilling an important catalytic role to mobilise financing for projects”)

Parallel processing of loan / grant approval

Sponsors / Promoters
submit infrastructure project proposal
to a Financier of the PFG

Lead Financier

Grant request

Loan processing

approval process of
ITF GRANT

PFG Opinion

submission to the
ITF Executive Committee

full
approval

CIP

approval process of
Financier's loan

due diligence

Board approval

loan signature

Other Sources of Funds

ITF Grant disbursement

Financier's loan disbursement

Blended Investment

Implementation of Project

The ITF leverage

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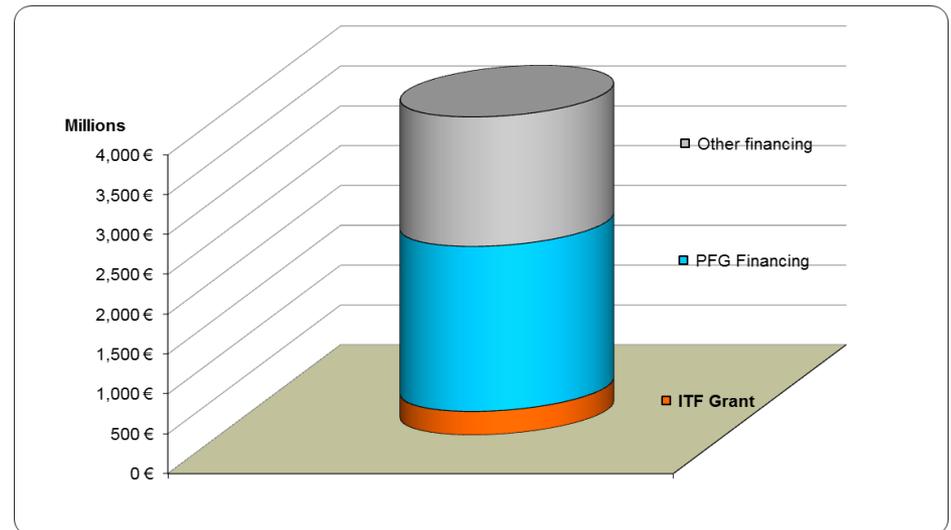
38 ITF Grants, totaling nearly EUR 300 million, are approved to support 24 projects **under implementation** for a total estimated investment cost of EUR 3.7 billion.

=> **Overall leverage of 12.5 to 1**

More than half of the total investment is financed by the ITF project financiers

=> **PFG leverage of 7 to 1**

	cumulative
ITF Grant	296,074,791
PFG Financing	2,070,848,880
Other financing	1,624,680,120
estimated TPC (excl. Grant)	3,695,529,000
Leverage Effect:	12.5
PFG leverage	7.0



The EU-Africa ITF: Financial Resources

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When we started: April 2007

- EC Contribution:
 - **EUR 60m**
- Plus 9 EU Member States:
 - Spain, France, Italy, The Netherlands, Luxembourg, Belgium, Greece, Austria, Germany:
- **EUR 27m**
- Total contributions when we started:
 - **EUR 87m**
 - Termination Date: 31.12.2013



June 2013

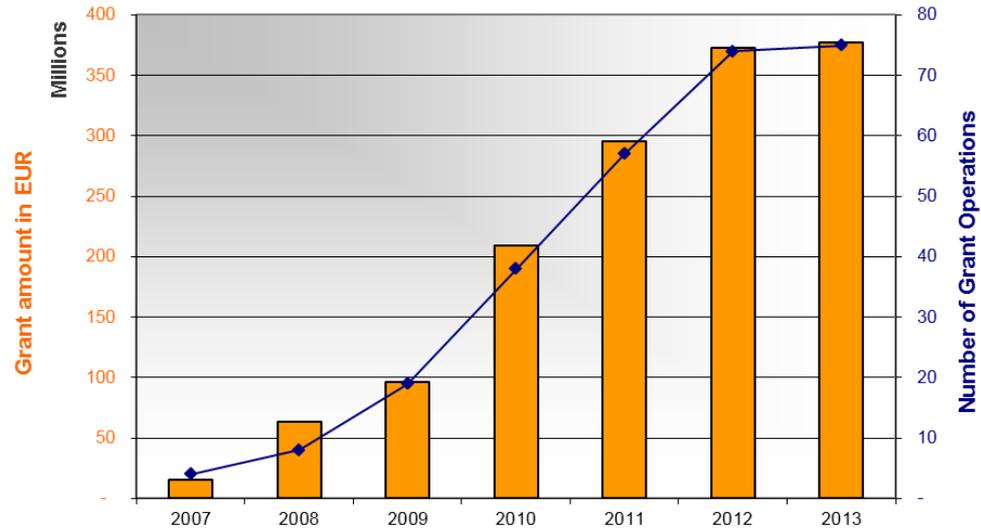
- **additional** EC Contribution:
 - **EUR 248.7m** (overall ITF resources)
 - **EUR 329m** (for SE4All)
 - 3 **more** EU MS: UK, Finland, Portugal
 - + **additional** contributions from Luxembourg, Austria, France, Germany:
 - **EUR 81.7m**
 - (of which **EUR 64.7m** from the UK)
 - (n.b. The Netherlands and Germany consider further contributions)
- Total contributions as of today:
 - **EUR 746.4m**
 - Termination Date: 31.12.2023 (tbc)

Donor (together: the ITF ExCom)	Contribution (mEUR)	Financiers (together: the PFG)
Austria	2.0	Oesterreichische Entwicklungsbank
Belgium	1.0	Belgian Investm.Co. for Dev.Countries - BIO
European Commission	637.7	European Investment Bank
Finland	5.0	Finnfund
France	10.0	Agence française de développement
Germany	5.0	KfW Bankengruppe
Greece	1.0	Ministry of Economy and Finance
Italy	5.0	SIMEST
Luxembourg	2.0	Lux-Development
The Netherlands	2.0	Private Infrastructure Dev. Group
Portugal	1.0	SOFID
Spain	10.0	COFIDES
The United Kingdom	64.7	African Development Bank
	746.4	

Operational Results

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Cumulative Grant Approvals



	2007	2008	2009	2010	2011	2012	2013	cumulative
approved Grant Operations	15,485,000	47,800,000	33,035,000	112,548,000	86,150,000	77,592,791	5,000,000	377,610,791
<i>cleared in principle (CIP)</i>	21,600,000	1,700,000	25,000,000	36,600,000	32,050,000	50,470,000	6,000,000	46,370,000
Number of Grant approvals	4	4	11	19	19	17	1	75
<i>the cumulative total for CIPs does not include the CIPs which have been converted into approvals</i>								

Operational Results

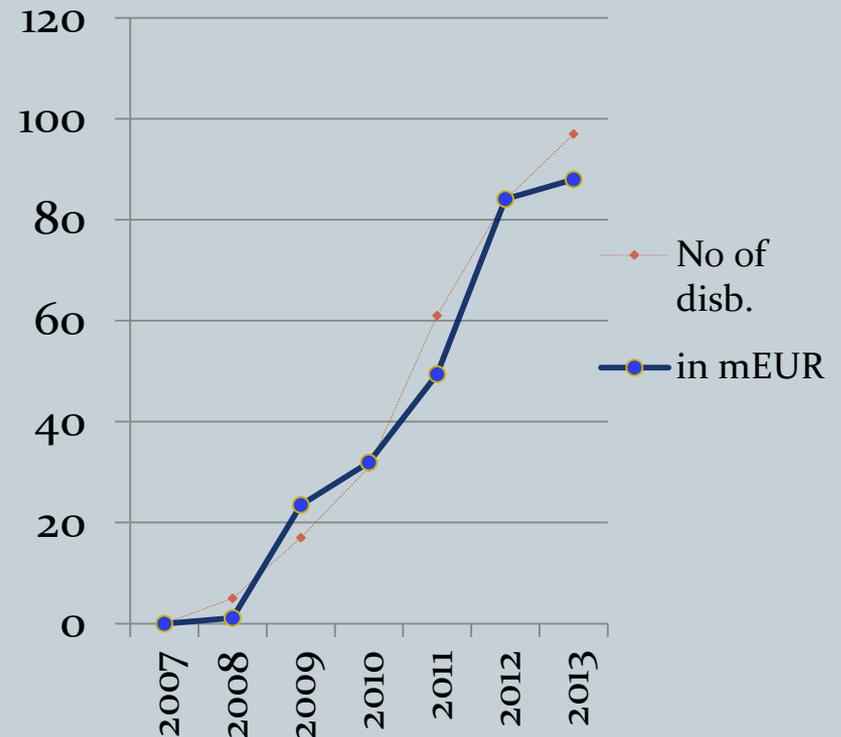
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Approved Grant Operations Cumulative: 2007 – June 2013

approvals in mEUR



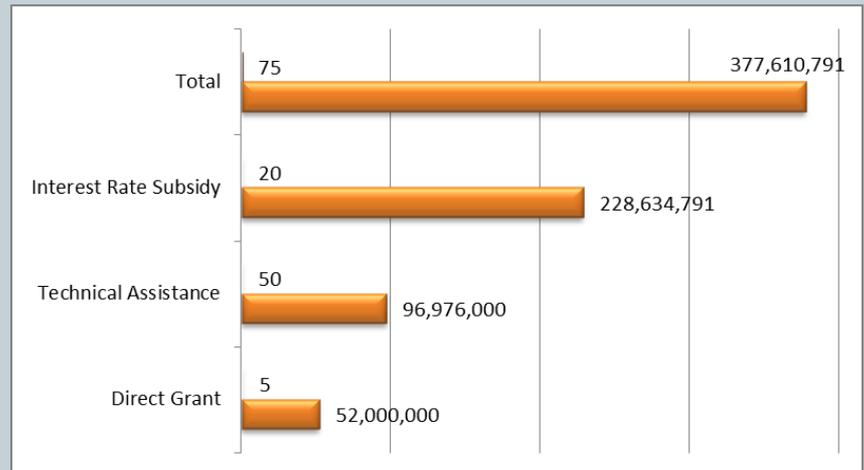
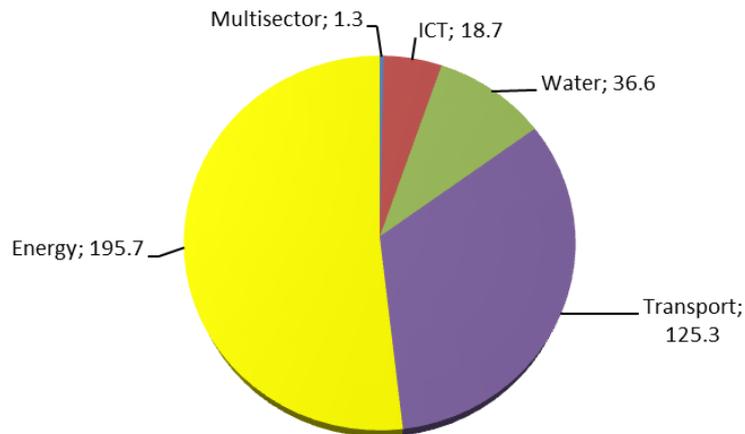
Disbursed Grant Operations Cumulative: 2007- June 2013



ITF approvals by sector and type of grant

More than half of the ITF projects are **ENERGY** projects:

61% of approved grant operations are interest rate subsidies



«Classical» Examples of ITF support to Energy projects

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Upfront subsidy

The Caprivi Interconnector Project

970 km / 300 MW transmission line, connecting the Namibian and
Zambian networks

Lead Financier: EIB

Project cost : EUR 300m

Total PFG financing: EIB, KfW and AFD loans of EUR 35m each

ITF support: IRS for 15m (EUR 5m each Financier)

Classical IRS

Interconnexion Bolgatanga Ouagadougou

Power interconnection from Bolgatanga (Ghana) to Ouagadougou
(Burkina Faso)

Lead Financier: AFD/EIB

Project cost : EUR 81m

Total PFG financing: AFD and EIB loans

ITF support: IRS for 9.5m (EUR 2.8m for AFD, EUR 6.7m for EIB)

«*innovative*» Examples of ITF support to Energy projects

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Direct Grant



The Geothermal Risk Mitigation Facility for Eastern Africa

300 MW of base load capacity to the East African power system through geothermal exploration

Lead Financier: KfW

Project cost : EUR 1,000m

Total PFG financing: tbd

ITF support: DG of EUR 30m: finance of drilling of exploration wells, surface studies, development of regional geothermal database, pre-application training workshops for developers, support to AUC for management of the project

Projects are still in early development phases and might have long lead times.

development costs are high and require large capital investment.

30m EUR ITF-Funding will encourage public and private investors to develop geothermal prospects.

«*innovative*» Examples of ITF support to Energy projects

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Technical Assistance & Capacity Building



Engaging Banks in financing Energy Transition Projects

- ▶ Project cost : EUR 60m
- ▶ Total PFG financing: 2 AFD credit lines, total of EUR 60m
- ▶ ITF support: **TA Grant to finance a Regional Technical Assistance Program for advising local banks and investors in sponsoring renewable energy or energy efficiency projects (EUR 2m)**

AFD line of credit to banks in Kenya, Uganda and Tanzania for on-lending to local investors in renewable energy projects and energy efficiency projects:

- ✓ diversification of energy resources in the East African region
- ✓ investments in hydroelectricity, biomass, biogas, solar and wind power projects
- ✓ help the region's transition towards renewable energy solutions (technically, economically and financially viable),

The future: SE4All «window» at the ITF

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The Sustainable Energy for All initiative (SE4All) was launched by the United Nations Secretary General, with three inter-linked objectives;

- providing universal access to modern energy services;
- doubling the global rate of improvement in energy efficiency;
- doubling the share of renewable energy in the global energy mix.

The ITF has been chosen as the main instrument for the EU response to this initiative:

- working with EU Commission to significantly scale up efforts in the energy sector
- through dedicated use of grant-loan blending

⇒ establishment of window for supporting SE4All in Sub-Saharan Africa

⇒ for **EUR 329m** grants for SE4All eligible projects

⇒ to support smaller national and local RE and EE projects;

⇒ Start in 2013





Thank You.

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For more information please visit our website:

www.eu-africa-infrastructure-tf.net