This action is funded by the European Union

**ANNEX 2**


*Action Document for the project "Contribution to the Africa Investment Platform (AIP) in support of continental economic integration across Africa"*

**ANNUAL PROGRAMME**

This document constitutes the annual work programme in the sense of Article 110(2) of the Financial Regulation and action programme/measure in the sense of Articles 2 and 3 of Regulation No 236/2014.

<table>
<thead>
<tr>
<th>1. Title/basic act/CRIS number</th>
<th>Contribution to the Africa Investment Platform (AIP) in support of continental economic integration across Africa CRIS number: DCI/PANAF/041-288 financed under the Development Cooperation Instrument</th>
</tr>
</thead>
<tbody>
<tr>
<td>2. Zone benefiting from the action/location</td>
<td>Pan-African The action shall be carried out at the following location: Africa</td>
</tr>
<tr>
<td>4. SDGs</td>
<td>SDG Goal 9: &quot;Build resilient infrastructure, promote sustainable industrialisation and foster innovation&quot;</td>
</tr>
<tr>
<td>5. Sector of intervention/thematic area</td>
<td>Sector of Cooperation 3: Continental Economic Integration Component 2: Cross-regional infrastructure DEV. Assistance: YES</td>
</tr>
<tr>
<td>6. Amounts concerned</td>
<td>Total estimated cost: EUR 90 000 000 Total amount of EU budget contribution EUR 90 000 000</td>
</tr>
<tr>
<td>7. Aid modality and implementation modality</td>
<td>Project Modality This contribution to the African Investment Platform (AIP) shall be implemented in indirect management by the entities indicated in Appendix to this action document, in accordance with the Platform's award procedure</td>
</tr>
</tbody>
</table>

The overall objective of this action is to contribute to poverty reduction and to sustainable and inclusive economic development through regional economic integration across Africa, with an emphasis on the improvement of continental/trans-regional infrastructures.

The action is aligned with the roadmap adopted at the 4th Africa-EU Summit in November 2014 (§46-50), the 5th AU-EU Summit held in Abidjan on 29-30 November 2017 and the Multi-Annual Indicative Programme (MIP) 2018-2020 of the Pan-African Programme. It will result in the improvement of the realisation of trans-regional infrastructures of relevance to the African Union (AU) and the EU; the strengthening of continental and regional interconnectivity of infrastructure networks (in the sub-sectors of digital, energy, transport, water and nexus thereof); and the scaling up of infrastructure investment by combining EU grants and other types of financing with loans from public financial institutions and private sector.

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1. When a marker is flagged as significant/principal objective, the action description should reflect an explicit intent to address the particular theme in the definition of objectives, results, activities and/or indicators (or of the performance / disbursement criteria, in the case of budget support).

2. Please check the Minimum Recommended Criteria for the Gender Marker and the Handbook on the OECD-DAC Gender Equality Policy Marker. If gender equality is not targeted, please provide explanation in section 4.5.Mainstreaming.
The Africa Investment Platform (AIP) is an integral part of the European Fund for Sustainable Development (EFSD), the first pillar of the External Investment Plan dealing with guarantee and blending operations.

The specific objective of the action consists of contributing to regional integration through the development of resilient continental/inter-regional infrastructure. The action will support a pipeline of bankable sustainable infrastructure projects adequately prepared and ready for financing, in line with the Pan-African priorities for infrastructure. The contribution supports the implementation of the Programme for Infrastructure Development in Africa (PIDA) and fosters the strategic role of infrastructure in supporting the continental integration aspirations of the Agenda 2063.

1 CONTEXT ANALYSIS

1.1 Context Description

Since 2000, Africa’s Gross Domestic Product (GDP) has tripled, with an annual growth of 4% predicted, making it the second fastest growing region behind Asia since the beginning of the century. However, inequalities persist. About half of African countries still have poverty rates above 25%; although the proportion of poor people has decreased, their absolute number has increased due to rapid population growth in the poorest segments of society. The number of people living on less than USD 1.90 a day increased by 105 million between 1990 and 2013 (from 280 to 395 million, i.e. 35% of Africans). Resource-rich countries accounted for 65% of this increase. Addressing inequalities within and between countries is essential for lowering poverty and making growth more inclusive and resilient.

By 2050, Africa's population is expected to number some 2.5 billion and one in four people on earth will be African. The continent can count on a young and dynamic workforce, with its young population rapidly growing and expected to double to over 830 million by 2050. If properly harnessed, this increase in the working age population could support increased productivity and stronger, more inclusive economic growth across the continent. Developments are promising, such as the massive growth in the number of students in higher education in Africa, from 250,000 in 1970 to 14 million in 2018; in the same period the number of universities in Africa has increased from about 100 in 1970 to over 2,000 nowadays. The digital economy offers a great opportunity for African business and government to seize and contribute to quality employment opportunities for the some 450 million new workers entering the African economy between 2015 and 2035 (22.5 million every year).

However, stronger progress is needed. Youth unemployment remains a major concern for many African countries. Even though several countries in the continent registered fast economic growth over the past decades, this has not kept pace with the growing numbers of new job seekers. While 10 to 12 million youth enter the workforce each year, only 3 million jobs are created, leaving vast numbers of youth unemployed; youths are estimated to account for 60% of all of Africa’s jobless. Investment and productivity are lagging behind. Despite the promise of Africa’s rising markets, private investment has not yet adequately responded. Public investment is often inefficient, and private investment remains low. Between 2009 and 2016, private investment averaged only 15% of GDP; investment needs to be better linked to local economies in order to create jobs.
Africa is responsible for a relatively low amount of global greenhouse gas emissions, yet it is particularly vulnerable to climate change. To minimise the negative consequences of climate impacts for society, opportunities relate to the potential for low-regret measures. These can be implemented through sound planning that integrates disaster-reduction, and investments that emphasise climate vulnerability reduction and increase security in the long-term, as well as through proactive financing of relevant low carbon infrastructure projects.

Challenges in terms of physical and economic integration of the African continent result in low levels of intra-regional and global trade and bridging the gap in infrastructure is vital for economic advancement and sustainable development. Investments in ICT and transport infrastructure, coupled with trade facilitation measures are expected to push the share of intra-African trade to 50% of the continent’s total trade by the year 2045, more than three times the current level. Deepening regional integration could boost Africa’s GDP by 1%, total employment by 1.2% and intra-African trade by 33%.

The declaration issued by the 5th AU-EU Summit held in Abidjan on 29-30 November 2017 pledges to promote intra-African trade, advance greater economic integration and support the establishment of the African Continental Free Trade Area (CFTA) and the implementation of the Programme for Infrastructure Development in Africa (PIDA) to create the regional infrastructure necessary for continental interconnection.

1.2 Policy Framework (Global, EU)

Launched in 2017, the EU External Investment Plan (EIP) is designed to attract more investment, in particular from businesses and private investors, into countries near the EU ("EU Neighbourhood") and in Africa. The EIP is a new, integrated tool based on three pillars. As the first pillar of the EIP, the European Fund for Sustainable Development (EFSD) includes a new innovative financial guarantee and blending platforms, alongside technical assistance as second pillar and improving the investment climate and overall policy environment in partner countries as third pillar.

The EIP is expected to leverage EUR 44 billion of investment through an initial EU input of EUR 4.1 billion. Through the EIP, the EU will support its partner countries in their efforts to meet the UN sustainable development goals (SDGs) by 2030. The EIP will also address specific socioeconomic root causes of migration. The EIP ensures an integrated approach to boosting investments in Africa and in the European neighbourhood. With the EIP, the EU goes beyond "traditional" development aid based on grants and instead use innovative financial products such as risk sharing guarantees instruments and the blending of grants and loans to ensure that investments have a major development impact.

The Multi-Annual Indicative Programme (MIP) 2018-2020 of the Pan-African Programme bases its priorities on the political declaration adopted at the 5th AU-EU Summit in Abidjan on 29-30 November 2017. Specifically through its Sector of Cooperation 3: Continental Economic Integration, the MIP 2018-2020 aims at supporting the African continental integration agenda harnessing the unique experience of the EU in the establishment of a common market, as well as its positioning as the first export market for African products and the first source of foreign direct investments in Africa. For such regional integration to take place, Africa needs substantial investments in infrastructure connectivity.

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4 Africa’s Development Dynamics 2018: Growth, Jobs and Inequalities.
Through the Programme for Infrastructure Development in Africa (PIDA), the AU is committed to developing the world-class infrastructure required to improve transport policy and networks, and deliver continent-wide interconnectivity and accessibility to energy, water and digital technologies. Through the EIP, the EU has the capacity to support the development of infrastructure of strategic importance to the continental integration agenda. Such infrastructure will also contribute to the development, stability and resilience of some regions of strategic interest to the EU. Through increased investments in resilient transcontinental infrastructure projects of relevance to the AU and EU, the Pan-African Programme aims at making a significant contribution to cross-regional and continental integration. In this context the development of an efficient standardisation system at national and continental level is of basic importance as standardisation is the pillar for connectivity, interoperability and the overall development of pan-African quality infrastructure.

1.3 Public Policy Analysis of the partner country/region

The African Union Commission - Agenda 2063 is the strategic framework for the socio-economic transformation of the continent over the next 50 years. Its vision starts with an aspiration of a prosperous Africa based on inclusive growth and sustainable development.

The Programme for Infrastructure Development in Africa (PIDA) is a strategic continental initiative, which has the buy-in of all African countries, for mobilizing resources to transform Africa through modern infrastructure. Its 51 cross-border infrastructure projects comprise more than 400 actionable sub-projects across four main infrastructure sectors, namely energy, transport, transboundary water and ICT. African Heads of State formally approved PIDA and its PAP (Priority Action Plan) during the Addis Ababa summit of January 2012. Since the 5th College-to-College meeting in June 2011, the EU has positioned itself in favour of the PIDA process definition. The 5th AU-EU Summit held on 29-30 November 2017 in Abidjan, Cote d’Ivoire, affirmed the promotion of intra-African trade, the advancement of greater economic integration and support to the establishment of the African Continental Free Trade Area (AfCFTA) and the implementation of the Programme for Infrastructure Development in Africa (PIDA) to create the regional infrastructure necessary for continental interconnection.

1.4 Stakeholder analysis

The end beneficiaries of the individual operations co-financed via the proposed contribution will be African citizens who will benefit from stronger African continental economic integration as well as strengthened connectivity and infrastructure services. Higher investment and trade levels should improve their prospect for increased employment and/or job creation opportunities, thus enabling a stronger contribution to the social, economic and environmental well-being of their communities.

The partner countries in Africa will benefit from improved continental/inter-regional infrastructure directly or indirectly through their central, regional and local administrations or public or semi-public institutions. The partner countries are fully associated with the definition of priorities and projects considered in the context of the strategic Pan-African steering committee, the Reference Group on Infrastructure (RGI) under the co-chairmanship of the African Union and European Union.

African leaders and policy makers within AU Member States and African Regional Economic Communities (RECs) shall benefit, as well as the private sector via support to their business and investment decisions.
Direct partners and important stakeholders include financial institutions, bilateral development banks in EU Member States, European development finance institutions as well as regional and multilateral development banks.

1.5 Problem analysis/priority areas for support

According to the AUC Medium-term Plan 2018-2023 "Delivering AU Reforms and Accelerating Agenda 2063", infrastructure is the cornerstone of the African economy. Investment in infrastructure accounts for over half of the recent improvement in economic growth in Africa and has the potential to achieve even more. The fast urbanisation and strong needs to support local production, together with the growth of new industries and information and communication technologies, and the need to answer to environmental challenges, underline the importance of finding lasting solutions for transport and access to sustainable energy. As such, sustainable infrastructure was defined as "infrastructure that is socially inclusive, low carbon and climate resilient" and is a key ingredient for sustainable development. However, infrastructure continues to be rated as one of the most important constraints for Africa’s development. Improving the regulatory environment and attracting investment is particularly crucial in the field of infrastructure as the necessary pre-condition for trade and investments in Africa.

The European Commission Communication on a new Africa-Europe Alliance for Sustainable Investment and Jobs highlights how economic integration and the development of value chains that are linked to the regional, continental and global set-up require connectivity, both intra-African as well as strategic linkages between the EU and Africa.

The Pan-African Programme is set to provide an adequate response to the above challenges: out of the EUR 400 000 000 envelope for the Multi-Annual Indicative Programme (MIP) 2018-2020, EUR 90 000 000 (22.50% of the total) is devoted to cross-regional infrastructure. The PanAf will support the development of integrated Pan-African networks by channelling funds to the Africa Investment Platform (AIP) under the European Fund for Sustainable Development (EFSD) of the External Investment Plan (EIP) for the financing of priority infrastructure projects within the overarching scope of the Programme for Infrastructure Development in Africa (PIDA) and its Priority Action Plan (PAP).

Fully in line with the conclusions of the 2018 plenary session of the Reference Group on Infrastructure (RGI) held in Addis Ababa, Ethiopia, the proposed contribution aims at promoting intra-African trade and support the advancing of greater economic integration by further developing sustainable connectivity and resilient infrastructure. This builds on the Programme for Infrastructure Development for Africa – PIDA, NEPAD programmes, the AU Agenda 2063, the new European Consensus on Development and the Paris Agreement on Climate Change - in coherence with the overarching Agenda 2030 orientations.

Aware that financial support should be adequately complemented by implementation of the required infrastructure dialogue, the proposed contribution is coupled with the intervention planned under the Boost African continental integration and EU-Africa economic integration through enhanced evidence-based policy making on trade and investment. The latter action shall inform the work of International Finance Institutions and of donors such as the European

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Commission, thereby impacting on proposals for investments as part of the Africa Investment Platform (AIP) under the European Fund for Sustainable Development (EFSD) of the External Investment Plan (EIP).

The Pan-African Programme ensures therefore a three-pronged approach in favour of an enabling environment for infrastructure investments in Africa. This is achieved by: i) supporting the coordinated co-financing of blending operations, ii) contributing to the development of technically mature bankable projects, and iii) strengthening the African Union partners’ ability to successfully engage in the above activities and thus contribute to sustainable infrastructure governance and the convergence of the regulatory environment.

2 RISKS AND ASSUMPTIONS

<table>
<thead>
<tr>
<th>Risks</th>
<th>Risk level H/M/L</th>
<th>Mitigating measures</th>
</tr>
</thead>
<tbody>
<tr>
<td>Macroeconomic data of the beneficiary countries should be taken into account, especially in order to secure debt sustainability, using International Monetary Fund (IMF)/World Bank (WB) debt sustainability framework. This can negatively impact blending operations in selected countries, in particular those countries that are under a moderate to high risk of debt distress.</td>
<td>L/M</td>
<td>Project application forms contain information about debt sustainability provided by Lead Financial Institutions, who also have internal policies in terms of sovereign lending. EU Delegations and other competent services are consulted on the issue of debt sustainability and investment programmes, within the scope of their assessment of co-financing applications.</td>
</tr>
<tr>
<td>The existence or development of favourable policies by the target countries in the regions/sectors concerned will be of high importance and should be considered when deciding about a support to an operation in such a way that a systemic impact is being aimed at.</td>
<td>L/M</td>
<td>Governance, policy and capacity issues are addressed via synergies with the relevant National Indicative Programmes (NIPs) and Regional Indicative Programmes (RIPs), in line with the EU External Investment Plan (EIP). EU Delegations are involved at a very early stage in project identification and blending operations are leveraged in the sector policy dialogue.</td>
</tr>
<tr>
<td>Renewed commitment by Financial Institutions to continue working through the EU blending facilities represents a fundamental condition. The pipelines of operations must be of high quality and volume and must fulfil the criteria of sufficient additionality.</td>
<td>L</td>
<td>The EU External Investment Plan (EIP) is designed to attract more investment in Africa. It is expected to leverage EUR 44 billion of investment through an initial EU input of EUR 4.1 billion. The EIP will draw on lessons learned from the current EU blending framework and enable the EU, International Financial Institutions, donors, civil society, public authorities and the private sector to cooperate fully</td>
</tr>
</tbody>
</table>
in a coordinated way. Commitment of Financial Institutions showed to be very strong, including in the context of the Platform for Blending in External Cooperation (EUBEC).

<table>
<thead>
<tr>
<th>Projects should not crowd out private sector financing.</th>
<th>L</th>
<th>The EFSD specifically aims to support investments, to foster inclusive and sustainable economic and social development, maximising additionality, delivering innovative products and crowding in private-sector funds. Avoidance of market distortions is a key requirement to be addressed as part of co-financing application forms submitted by Lead Financial Institutions.</th>
</tr>
</thead>
<tbody>
<tr>
<td>The result of preliminary studies prepared by the Lead Financial Institution may be negative or not conclusive for the operation.</td>
<td>L</td>
<td>Explore with the international financial institutions all the possibilities of financing technical assistance (TA) for projects which could potentially lead to bankable and sustainable projects.</td>
</tr>
<tr>
<td>Lack of knowledge regarding disaster risk may limit the integration of appropriate prevention and mitigation measures in the investment design.</td>
<td>L/M</td>
<td>Embedding understanding of disaster risks, promoting of mainstreaming of disaster risk assessment and climate proofing of physical infrastructure, and mapping investment planning.</td>
</tr>
<tr>
<td>Implementing blending operations in particular sectors and/or certain countries may be considered as not sufficiently bankable or as not generating a sufficient leverage effect while being of strategic importance.</td>
<td>L/M</td>
<td>A leverage ratio of 1:11 is assumed on the basis of the EU’s experience of blending operations. A flexible approach to the leverage effect expected for strategically important interventions may be considered.</td>
</tr>
</tbody>
</table>

**Assumptions**

The political and financial climate as well as the level of economic governance of the concerned country(ies)/region is sufficiently stable and conducive to promoting and securing investments.

Lead Finance Institutions identify and develop bankable operations with partner countries and in close cooperation with the relevant EU Delegations, taking into account the reality and challenges of each country/region and the priorities defined with the relevant regional organisations.
3 LESSONS LEARNT AND COMPLEMENTARITY

3.1 Lessons learnt

As highlighted in the Communication on a new Africa – Europe Alliance for Sustainable Investment and Jobs, between 2014 and 2017, the EU has leveraged through blending operations approximately EUR 35 billion. Since the launch of the EU External Investment Plan (EIP) and the creation of the European Fund for Sustainable Development (EFSD) in 2017, the EU is mobilising funds expected to leverage EUR 15 billion of investments through blending and over EUR 16 billion under the EFSD Guarantee. Between now and 2020, it is on track to deliver on the global External Investment Plan’s objective of leveraged investments in Africa and the Neighbourhood worth EUR 44 billion by 2020.

The level of participation and engagement at the 5th AU-EU Summit held in Abidjan on 29-30 November 2017 highlighted that Africa is present on the international scene with more confidence, dynamism and optimism. It also confirmed its importance for Europe’s security and prosperity, and the EU’s willingness to strengthen and modernise its partnership, as set out in the Joint Communication "for a renewed impetus of the Africa-EU Partnership", adopted in May 2017, and the subsequent Council conclusions.

Whilst reaffirming that the Joint Africa – EU Strategy (JAES) adopted at the Lisbon Summit in 2007 remains the broad framework for the partnership, Heads of States and Government agreed on a political declaration ("the Abidjan Declaration") which updates the priorities for the coming years and which engages both parties in a more intensive political dialogue. African countries acknowledge the role that regional integration can play both as a stabilising factor and as a driver for growth. Over a short (15 years) period, the AU established itself as an important player on the political, peace and security, and socio-economic fronts.

The Pan-African Programme was adopted in 2014 under the Development Cooperation Instrument (DCI) as a dedicated financial instrument to support the strategic partnership between Africa and the European Union, to cover activities of a trans-regional, continental or global nature in and with Africa. The Multi-Annual Indicative Programme (MIP) 2014-2017 of the Pan-African Programme was adopted as one of the main instruments in implementing the Roadmap adopted by the 4th EU-Africa Summit in Brussels in April 2014. Under the strategic area Sustainable and inclusive development and growth and continental integration of its MIP 2014-2017, the Pan-African Programme provided a contribution of EUR 70 000 000 to the Africa Investment Facility (AfIF). The action aimed at supporting the implementation of a pipeline of bankable sustainable infrastructure projects adequately prepared and ready for financing, based on the shortlist endorsed by the plenary session of the Reference Group on Infrastructure (RGI) at its meeting in Addis Ababa of February 2016 under the aegis of the African Union Commission (AUC).

The evaluation of the Development Cooperation Instrument (DCI) carried out in 2017, considers that the Pan-African Programme filled a critical gap in the strategic partnership between Africa and the EU, particularly to cover activities of a trans-regional, continental and global nature in and with Africa, thus complementing activities funded through the European Development Fund (EDF) at national and regional. Such outcome reflects the similarly positive experience of the Pan-African Programme’s contribution to the AfIF in ensuring complementarity with other EU financing instruments contributing to the AfIF.

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9 JOIN(2017) 17 final of 4.5.2017
3.2 Complementarity, synergy and donor coordination

The Action shall complement the planned intervention under the PANAF-funded Action: *Boost African continental integration and EU-Africa economic integration through enhanced evidence-based policy making on trade and investment*. This action shall inform the work of International Finance Institutions and of donors such as the European Commission, thereby impacting on proposals for investments as part of the Africa Investment Platform (AIP) under the European Fund for Sustainable Development (EFSD) of the External Investment Plan (EIP).

It will be particularly the case in the field of infrastructure. Thus, the Action: *Boost African continental integration and EU-Africa economic integration through enhanced evidence-based policy making on trade and investment* will complement the planned interventions at bilateral and regional level of EU Member States development partners, thus building on and supporting the donors’ coordination efforts of the African Union Commission. Operationally, it ensures complementarity with the African Union Support Programme (AUSP) IV, object of a separate action, thus ensuring coherence between support to the AU-EU policy dialogue and strengthening the AU’s ability to effectively engage in the dialogue. In particular, the energy sector counts with the long-standing Africa-EU Energy Partnership (AEEP), which has been acting as a platform for policy dialogue between EU and African stakeholders under the global Africa-EU partnership. The AEEP is a key actor in the dialogue.

Special attention shall be given to ensure complementarity and coordination with National Indicative Plans (NIPs) and Regional Indicative Plans (RIPs) as well as other existing EU financial instruments for the region notably the African, Caribbean and Pacific Investment Facility (ACP IF) under the EU ACP Partnership Agreement ("Cotonou Agreement"), and the EU-Africa Infrastructure Trust Fund (ITF). This will be ensured through close cooperation with the ITF secretariat during the winding up period as well as close consultation and cooperation with the EIB in the context of its operations under the ACP Investment Facility. In particular, the Commission and EIB are coordinating closely on the preparation and implementation of the ACP IF business plan, and the Commission is being consulted systematically on the different projects to be financed under the ACP IF.

Overall coordination aimed at achieving complementarity between the different aid modalities and tools (including thematic initiatives) shall be ensured as part of the AIP internal review process of individual operations through regular consultation processes and exchanges between the different Commission services. Furthermore, additonality and complementarity with other EU measures are always ensured in the preparatory process, by close coordination of the Lead Financial Institutions with the partner(s), the European Commission and the European External Action Service, as well as during the decision making process. This process ensures complementarity and synergy with multilateral and bilateral development aids brought to the beneficiary countries.

4 DESCRIPTION OF THE ACTION

4.1 Overall objective, specific objective(s), expected outputs and indicative activities

This programme is relevant for the United Nations 2030 Agenda for Sustainable Development. It contributes primarily to the progressive achievement of SDG Goal 9: "Build resilient infrastructure, promote sustainable industrialisation and foster innovation".

The overall objective of this action is to promote sustainable and inclusive economic development across Africa.
The specific objective of the action consists of enhancing regional integration with an emphasis on resilient continental/inter-regional infrastructure.

**Output:** Support a pipeline of bankable sustainable infrastructure projects adequately prepared and ready for financing, in line with the Pan-African priorities for infrastructure.

The objective is in line with the goals stated in the Communication on a new Africa – Europe Alliance for Sustainable Investment and Jobs, specifically supporting the core enabling infrastructure, including broadband and e-infrastructures, with particular attention to sustainable energy, transport, data economy, information and communications technologies, green and circular economy, sustainable use of natural resources, waste and water management and blue growth.

The conclusions of the plenary session of the Reference Group on Infrastructure (RGI) held on 17-18 May in Addis Ababa, Ethiopia orient the results of the action, namely along the following goals: i) Energising Africa; ii) Interconnecting Africa (including improving aviation safety, security and the protection of the environment as well as support to the development of a navigation infrastructure, notably based on the European Geostationary Navigation Overlay Service (EGNOS) in African countries); Digitalising Africa; and iv) Achieving Equitable and Sustainable Use of Water in Africa.

By also supporting renewable energy and energy efficiency (grid interconnection), the action intends to further contribute to reduced greenhouse gas emissions and thus to climate change mitigation, in addition to specifically supporting national and local authorities to better deal with climate impacts, through improved regulation and by designing resilient energy systems, and by targeting populations highly vulnerable to climate change.

**4.2 Intervention Logic**

EU support will address projects with a continental/ trans-regional dimension that can efficiently and swiftly deliver results in the digital, energy, transport, and water subsectors. For all these subsectors the investments will especially focus on main corridors and priorities in line with PIDA, ensuring continental coverage or the linking of networks at inter-regional level, aiming at achieving integration and, ultimately, job-generating growth. All contributions will be done through the AIP.

In addition, this contribution to the AIP may be also used to perform the necessary studies to develop and finalise the most promising investment projects exploring both traditional and innovative financing mechanisms. The type of preparatory work may include prefeasibility, feasibility and detailed design studies or complementary (environmental/social) studies or updating of existing studies.

**Selections of projects:**

With the aim of establishing an indicative list of projects to be identified as a priority in the execution of the Action, the AU and the EU have been engaging in a thorough analysis of the needs in the relevant infrastructure sub-sectors, in dialogue with RECs, national governments, financial institutions and other donors.

This dialogue resulted in the endorsement of a shortlist of projects by the plenary session of the Reference Group on Infrastructure (RGI) at its meeting in Addis Ababa of May 2018 under the co-chairmanship of the AU Commission and the European Commission.

The list consists of a first group of projects which are at various stages of development and may be launched by the end of 2020 based in the respective level of technical maturity and as
soon as final specific agreements will be reached between stakeholders (beneficiary governments, Finance Institutions, private partners and donors). New projects in line with the priorities of the Pan-African Programme and the endorsement of the RGI may be taken in consideration for funding, based on proposals by the Financial Institutions.

4.3 Mainstreaming

Regional organisations, partner countries and eligible financial institutions will ensure that all projects financed with EU resources respect European Union principles, in terms of environmental and social impact (e.g. gender issues, indigenous people's rights, governance, etc.), public procurement, state aid, and equal opportunities. All activities must also respect the principles of sound financial management with effective and proportionate anti-fraud measures as well as good governance and human rights (applying the Rights Based Approach Toolbox\(^{12}\)). On this basis, appropriate checks shall be put in place, at each stage of the development, implementation and monitoring of the activities under the action in line with the provisions of the Toolbox.

Environmental and social impact of co-financed operations, as well their climate proofing, shall play a key role. Such operations shall be subject to an Environmental Impact Assessment as per the AIP guidelines in order to identify their potential environmental impacts and measures to integrate in their design to ensure they will not result in significant adverse impacts on the environment during their construction, operation and decommissioning. On the basis of the analysis of the local context, evidence, results and lessons learned; co-funded operations shall demonstrate their role in implementing climate change adaptation (i.e., improving climate resilience at local level) and mitigation (e.g., through energy efficiency, use of renewable sources of energy, etc) measures. Nature-based solutions will be sought as complementary solutions that provide infrastructure projects with tangible social and economic benefits and increase their levels of sustainability and resilience, e.g. through water conservation and flood control, soil restoration, green space rehabilitation, or disease prevention.

Gender issues will also be integrated in the individual co-financed operations in line with the EU Gender Action Plan 2016-2020\(^{13}\) and the EU guidelines on mainstreaming gender equality through the project approach. Partner organisations will ensure through their standard procedures and guidelines that a sound gender-context analysis shall be performed for any intervention. Results of the analysis will be used to guide project formulation, objectives setting, selection of relevant expected results and indicators.

4.4 Contribution to SDGs

This intervention is relevant for the United Nations 2030 Agenda for Sustainable Development. It contributes primarily to the progressive achievement of SDG Goal 9: "Build resilient infrastructure, promote sustainable industrialisation and foster innovation."

\(^{12}\) SWD(2014) 152 final of 5.5.2014.

\(^{13}\) SWD(2015)182 final of 21.9.2015
5 IMPLEMENTATION

5.1 Financing agreement
In order to implement this action, it is not foreseen to conclude a financing agreement with the regional organisation.

5.2 Indicative implementation period
The indicative operational implementation period of this action, during which the activities described in section 4 will be carried out and the corresponding contracts and agreements implemented, is 180 months from the date of adoption by the Commission of this Financing Decision.

Extensions of the implementation period may be agreed by the Commission’s responsible authorising officer by amending this Decision and the relevant contracts and agreements.

5.3 Implementation of the budget support component
N/A

5.4 Implementation modalities

5.4.1 Contribution to African Investment Platform (AIP)
This contribution may be implemented under indirect management with the entities called Lead Financial Institutions, identified in the appendix to this action document.

5.5 Scope of geographical eligibility for procurement and grants
The geographical eligibility in terms of place of establishment for participating in procurement and grant award procedures and in terms of origin of supplies purchased as established in the basic act and set out in the relevant contractual documents shall apply.

The Commission’s authorising officer responsible may extend the geographical eligibility on the basis of urgency or of unavailability of products and services in the markets of the countries concerned, or in other duly substantiated cases where the eligibility rules would make the realisation of this action impossible or exceedingly difficult.

5.6 Indicative budget

<table>
<thead>
<tr>
<th></th>
<th>EU contribution (EUR)</th>
</tr>
</thead>
<tbody>
<tr>
<td>5.4.1 Contribution to the Africa Investment Platform</td>
<td>90 000 000</td>
</tr>
<tr>
<td>5.9 Evaluation and 5.10 Audit/Expenditure verification</td>
<td>Will be covered by another decision</td>
</tr>
<tr>
<td>5.11 Communication and visibility</td>
<td>Will be covered by another decision</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td><strong>90 000 000</strong></td>
</tr>
</tbody>
</table>

5.7 Organisational set-up and responsibilities
The organisational set-up and responsibilities are those put in place in the context of the Africa Investment Platform (AIP).

The contribution will be implemented under the governance of the AIP with a decision-making process organised in a two-level structure:
• opinions on projects will be formulated by the Board, held whenever possible back to back with European Development Fund (EDF) committee meetings;
• such opinions will be prepared in dedicated Technical Assessment Meetings (TAM), where the project application forms completed by the Lead Financial Institution, in full coordination with the relevant EU Delegation and the European Commission, are assessed.

Lead Financial Institutions shall lead implementation of individual projects within the scope of specific agreements with the European Commission.

5.8 Performance and Results monitoring and reporting

The day-to-day technical and financial monitoring of the implementation of individual projects will be a continuous process and part of the implementing partner’s responsibilities. To this aim, the implementing partner shall establish a permanent internal, technical and financial monitoring system for the action and elaborate regular progress reports (not less than annual) and final reports. Every report shall provide an accurate account of implementation of the action, difficulties encountered, changes introduced, as well as the degree of achievement of its results (outputs and direct outcomes) as measured by corresponding indicators, using as reference the relevant minimum set of indicators defined in the EU blending results framework and the relevant indicators defined in the regional programme.

SDGs indicators and, if applicable, any jointly agreed indicators as for instance per Joint Programming document should be taken into account.

The Commission may undertake additional project monitoring visits both through its own staff and through independent consultants recruited directly by the Commission for independent monitoring reviews (or recruited by the responsible agent contracted by the Commission for implementing such reviews).

5.9 Evaluation

Having regard to the importance of the action, evaluation tasks will be carried out at the level of the individual projects under the responsibility of the Lead Financial Institution and will be organised according to the requirements of each project.

In addition, the Commission reserves the right to undertake evaluations on specific projects; in such case the financing of the evaluation shall be covered by another measure constituting a financing decision.

5.10 Audit

Without prejudice to the obligations applicable to contracts concluded for the implementation of this action, the Commission may, on the basis of a risk assessment, contract independent audits or expenditure verification assignments for one or several contracts or agreements.

The financing of the audit shall be covered by another measure constituting a financing decision.

5.11 Communication and visibility

Communication and visibility of the EU is a legal obligation for all external actions funded by the EU.
The individual operations financed under the action shall contain communication and visibility measures which shall be based on a specific Communication and Visibility Plan of the Action, to be elaborated at the start of implementation of the operations.

In terms of legal obligations on communication and visibility, the measures shall be implemented by the Commission, the partner country, contractors, grant beneficiaries and/or entrusted entities. Appropriate contractual obligations shall be included in, respectively, the financing agreement, procurement and grant contracts, and delegation agreements.

The Communication and Visibility Manual for European Union External Action (or any exceeding document) shall be used to establish the Communication and Visibility Plan of the individual operations financed under the Action and the appropriate contractual obligations.
### APPENDIX: LIST OF ELIGIBLE FINANCIAL INSTITUTIONS

<table>
<thead>
<tr>
<th>Acronym</th>
<th>Legal Entity (sub-entities covered (if any) via hyperlink)</th>
</tr>
</thead>
<tbody>
<tr>
<td>ADB</td>
<td>Asian Development Bank</td>
</tr>
<tr>
<td>AfDB</td>
<td>African Development Bank</td>
</tr>
<tr>
<td>AU-IBAR</td>
<td>African Union</td>
</tr>
<tr>
<td>CABEI</td>
<td>Central American Bank for Economic Integration</td>
</tr>
<tr>
<td>CIFOR</td>
<td>Centre for International Forestry Research</td>
</tr>
<tr>
<td>EBRD</td>
<td>European Bank for reconstruction and development</td>
</tr>
<tr>
<td>EIB</td>
<td>European Investment Bank</td>
</tr>
<tr>
<td>EIF</td>
<td>European Investment Fund</td>
</tr>
<tr>
<td>IADB</td>
<td>Inter-American Development Bank</td>
</tr>
<tr>
<td>IFAD</td>
<td>International Fund for Agricultural Development</td>
</tr>
<tr>
<td>NEFCO</td>
<td>Nordic Environment Finance Corporation</td>
</tr>
<tr>
<td>OIE</td>
<td>World Organisation for Animal Health</td>
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<tr>
<td>SPC</td>
<td>The Pacific Community</td>
</tr>
<tr>
<td>SPREP</td>
<td>South Pacific Regional Environment Programme</td>
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<tr>
<td>WBG</td>
<td>World Bank Group (IBRD, IDA, IFC, MIGA, ICSID)</td>
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<tr>
<td>WFP</td>
<td>World Food Programme</td>
</tr>
<tr>
<td>Acronym</td>
<td>National Agency, Country</td>
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<tr>
<td>AECID</td>
<td>Agencia española de cooperación internacional al desarrollo, Spain</td>
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<tr>
<td>AFD</td>
<td>Agence française de développement, France</td>
</tr>
<tr>
<td>CDP</td>
<td>Cassa depositi e prestiti S.p.A., Italy</td>
</tr>
<tr>
<td>COFIDES</td>
<td>Compañía Española de Financiación del Desarrollo, Spain</td>
</tr>
<tr>
<td>DEG</td>
<td>Deutsche Investitions- und Entwicklungsgesellschaft mbH, Germany</td>
</tr>
<tr>
<td>FMO</td>
<td>Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden, Netherlands</td>
</tr>
<tr>
<td>KfW</td>
<td>Kreditanstalt fur Wiederaufbau, Germany</td>
</tr>
<tr>
<td>PROPARCO</td>
<td>Groupe agence française de développement, France</td>
</tr>
<tr>
<td>RVO</td>
<td>Rijksdienst voor Ondernemend Nederland (Netherlands Enterprise Agency), Netherlands</td>
</tr>
<tr>
<td>SIMEST</td>
<td>Società Italiana per le Imprese all'Estero, Italy</td>
</tr>
<tr>
<td>USAID</td>
<td>United States Agency for International Development, USA</td>
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