



Brussels, **XXX**
[...] (2016) **XXX** draft

COMMISSION DECISION

of XXX

**on the individual measure ‘Creation of Africa Investment Platform’ and repealing
Decision C(2015) 5210**

COMMISSION DECISION

of XXX

on the individual measure ‘Creation of the Africa Investment Platform’ and repealing Decision C(2015) 5210

THE EUROPEAN COMMISSION,

Having regard to the Treaty on the Functioning of the European Union,

Having regard to Council Regulation (EU) 2015/322 of 2 March 2015 on the implementation of the 11th European Development Fund¹, and in particular Article 9 thereof,

Having regard to Council Regulation (EU) 2015/323 of 2 March 2015 on the financial regulation applicable to the 11th European Development Fund, and in particular Articles 26 and 40 thereof,

Whereas:

- (1) On 7 June 2016, the Commission adopted a Communication on establishing a new Partnership Framework with third countries under the European Agenda on Migration². In the context of a new framework, the Commission proposed a variety of measures to address the most urgent needs of refugees as well as to support host communities and emphasized the need for a long term strategy in respect of addressing root causes of migration.
- (2) As a response to the invitation of the European Council of 28 June 2016³, the Commission should set up an ambitious External Investment Plan (EIP) to support investments primarily in Africa and the Union's Neighbourhood as a means to contribute to the achievements of the goals of the United Nations 2030 Agenda for Sustainable Development, in particular poverty eradication thus addressing specific socio-economic root causes of migration, including irregular migration, and to contribute to the sustainable reintegration of migrants returning to their countries of origin, and to the strengthening of transit and host communities. Investments under the EIP should complement and strengthen efforts carried out in the context of the Union's migration policy with third countries, including, where appropriate, the implementation of the New Partnership Framework with Third Countries under the European Migration Agenda, with a particular focus on sustainable and inclusive growth, on the creation of decent jobs, on gender equality and the empowerment of women and young people, socio-economic sectors and micro, small and medium sized enterprises while maximising additionality, delivering innovative products and crowding in private sector funds.
- (3) The new European Fund for Sustainable Development (EFSD) has been created in the framework of the External Investment Plan. The EFSD consists of revised existing blending facilities (two Regional Investment Platforms including one for Africa and one for the Neighbourhood countries) and a new Guarantee which should allow for the delivery of a range of innovative instruments to crowd-in the private sector such as guarantees covering specific risks in investment projects.

¹ OJ L 58, 3.3.2015, p. 1.

² COM(2016) 385 final.

³ EUCO 26/16, point 4

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- (4) In the context of the new External Investment Plan, a new Africa Investment Platform is to be created as a blending facility encompassing the investment portfolio and the full range of instruments undertaken so far in the framework of the Africa Investment Facility set up by means of Commission Decision C(2015) 5210⁴ under the 11th European Development Fund (EDF).⁵ to bring it in line with Regulation (EU) 2017/1601⁶.
- (5) The key objective of the Africa Investment Platform should be to promote the economic and social development of partner countries, including through the mobilisation of private sector resources, with a focus on: sustainability and decent job creation, socio-economic sectors and sustainable agriculture. An additional specific focus will be to support private sector development (mainly SMEs), including finance in favour of micro, small and medium-sized enterprises (MSMEs). By promoting the implementation of goals of the United Nations 2030 Agenda for Sustainable Development, the Africa Investment Platform will contribute to addressing specific socio-economic root causes of migration, including irregular migration.
- (6) Complementary financing of the Africa Investment Platform should come from the different programmes under the European Development Fund (EDF) as provided for in Council Regulation (EU) 2015/322⁷, such as regional indicative programmes (Eastern Africa, Southern Africa and Indian Ocean, adopted by Commission Decision C(2015)3379⁸, West Africa, adopted by Commission Decision C(2015)4093⁹; Central Africa, adopted by Commission Decision C(2015) 4154¹⁰), the intra-ACP indicative programme and relevant national indicative programmes as well as from the Pan-African indicative programme, adopted by Commission Implementing Decision C(2014) 5375¹¹ and other relevant thematic programmes under the Development Cooperation Instrument (DCI), established by Regulation (EU) No 233/2014 of the European Parliament and of the Council¹². The amounts for blending operations to be financed under the Africa Investment Platform should be decided in the context of the relevant annual action programmes.

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⁴ Commission Decision C(2015) 5210 of 29 July 2015 on the individual measure "Creation of the Africa Investment Facility" under the 11th European Development Fund.

⁵ Internal Agreement between the Representatives of the Governments of the Member States of the European Union, meeting within the Council, on the financing of European Union aid under the multiannual financial framework for the period 2014 to 2020, in accordance with the ACP-EU Partnership Agreement and on the allocation of financial assistance for the Overseas Countries and Territories to which Part Four of the Treaty on the Functioning of the European Union applies, OJ L 210, 6.8.2013, p. 1.

⁶ Regulation (EU) 2017/1601 of the European Parliament and Council of 26 September 2017 establishing the European Fund for Sustainable Development (EFSD), the EFSD Guarantee and the EFSD Guarantee Fund.

⁷ Council Regulation (EU) 2015/322 of 2 March 2015 on the implementation of the 11th European Development Fund, OJ 58;3.3.2015, p. 1

⁸ Commission Decision C(2015) 3379 of 22 May 2015 on the adoption of the Regional Indicative Programme between the European Union and Eastern Africa, Southern Africa and the Indian Ocean (EA-SA-IO)

⁹ Commission Decision C(2015) 4093 of 19 June 2015 on the adoption of the Regional Indicative Programme between the European Union and West Africa (2014-2020)

¹⁰ Commission Decision C(2015) 4154 of 22 June 2015 on the adoption of the Regional Indicative Programme between the European Union and the Central African Region

¹¹ Commission Implementing Decision C(2014) 5375 of 30 July 2014 adopting a Multiannual Indicative Programme for the Pan-African programme for the period 2014-2017

¹² Regulation (EU) No 233/2014 of the European Parliament and of the Council of 11 March 2014 establishing a financing instrument for development cooperation for the period 2014-2020 (OJ L77;15.3.2014, p. 44).

- (7) The subsequent financing decisions including the detailed rules which are set out in Article 94 of Commission Delegated Regulation (EU) No 1268/2012¹³, applicable in accordance with Articles 2 (1) and 26 of Regulation (EU) 2015/323, for each programme to be supported under the Africa Investment Platform are to be adopted. The management modes for each action also are to be defined in these complementary decisions.
- (8) Therefore Decision C(2015) 5210 should be repealed and replaced by this Decision.
- (9) In order to ensure continuity of the operations initiated under Commission Implementing Decision C(2015) 5210, it is necessary provide that those operation shall continue to be operated in accordance with this Decision.
- (10) The measure provided for in this Decision is in accordance with the opinion of the EDF Committee set up by Article 8 of the 11th EDF Internal Agreement.

HAS DECIDED AS FOLLOWS:

Article 1

The individual measure ‘Creation of Africa Investment Platform’, as set out in the Annex to this decision, is approved

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Article 2

Commission Decision C(2015) 5210 is repealed.

Article 3

The operations initiated under Commission Decision C(2015) 5210 shall continue to be implemented under this Decision.

Done at Brussels,

For the Commission
Neven Mimica
Member of the Commission

¹³ Commission Delegated Regulation (EU) No 1268/2012 of 29 October 2012 on the rules of application of Regulation No 966/2012 of the European Parliament and of the Council on the financial rules applicable to the general budget of the Union (OJ L 362, 31.12.2012, p. 1)



This action is funded by the European Union

ANNEX

of the Commission Decision on the individual measure "Creation of the Africa Investment Platform" under the 11th European Development Fund

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Action Document for the creation of the Africa Investment Platform

1. Title/basic act/ CRIS number	Creation of the "Africa Investment Platform" (AIP), as a Blending Facility, encompassing the investment portfolio of the Africa Investment Facility created by means of Commission Decision C(2015) 5210 under the European Development Fund (EDF) ¹
2. Zone benefiting from the action/location	Africa
3. Programming document	European Development Fund (EDF) ² regional indicative programmes (Eastern Africa, Southern Africa and Indian Ocean ³ , West Africa ⁴ ; Central Africa ⁵), the intra-ACP Indicative Programme, relevant national indicative programmes, the multi-annual Pan-African indicative programme ⁶ and other relevant thematic programmes of Regulation (EU) No 233/2014 ⁷ .
4. Sector of concentration/ thematic area	Investments contributing to the economic and social development of partner countries, with a focus on: sustainability and <u>decent</u> job creation (in particular youth and women), socio-economic sectors (infrastructure including energy, transport, communication, environment including water and sanitation, Information and Communication Technologies (ICT), social infrastructure including health and education, human capital, municipal infrastructure and proximity services), <u>sustainable</u> agriculture, as well as support to private sector development (mainly SMEs), including finance in favour of micro, small and medium-sized enterprises (MSMEs). The investments will thus contribute to specific socio-economic root causes of migration, including irregular migration, and contribute to the sustainable reintegration of migrants returning to

¹ Commission Decision C(2015) 5210 of 29 July 2015 on the individual measure "Creation of the Africa Investment Facility" under the 11th European Development Fund

² Council Regulation (EU) 2015/322 of 2 March 2015 on the implementation of the 11th European Development Fund, OJ 58;3.3.2015, p. 1

³ Commission Decision C(2015) 3379 of 22 May 2015 on the adoption of the Regional Indicative Programme between the European Union and Eastern Africa, Southern Africa and the Indian Ocean (EA-SA-IO)

⁴ Commission Decision C(2015) 4093 of 19 June 2015 on the adoption of the Regional Indicative Programme between the European Union and West Africa (2014-2020)

⁵ Commission Decision C(2015) 4154 of 22 June 2015 on the adoption of the Regional Indicative Programme between the European Union and the Central African Region

⁶ Commission Implementing Decision C(2014) 5375 of 30 July 2014 adopting a Multiannual Indicative Programme for the Pan-African programme for the period 2014-2017

⁷ Regulation (EU) No 233/2014 of the European Parliament and of the Council of 11 March 2014 establishing a financing instrument for development cooperation for the period 2014-2020, OJ L77

	their countries of origin, and strengthening transit and host communities. .			
5. Amounts concerned	<p>Financing of the "Africa Investment Platform" will come from the different programmes under the European Development Fund (EDF)⁸, such as regional indicative programmes (Eastern Africa, Southern Africa and Indian Ocean⁹, West Africa¹⁰; Central Africa¹¹), the intra-ACP indicative programme (for the actions financed in Africa) and relevant national indicative programmes as well as from the Pan-African indicative programme¹² and other relevant thematic programmes of Regulation No 233/2014¹³. Additional contributions from EU Member States under a dedicated Fund are also possible.</p> <p>The amounts for blending operations to be financed under the "Africa Investment Platform" will be decided in the context of the relevant annual action programmes. The newly created Africa Investment Platform will replace the existing Africa Investment Facility.</p>			
6. Aid modality(ies) and implementation modality(ies)	<p>Project Approach</p> <p>The action regarding this Investment Platform will be implemented in indirect management and will be determined in the supplementary financing decisions.</p>			
7. DAC code(s)	<ul style="list-style-type: none"> – 32130 SME development – 240 banking financial services – 24040 informal and semi-formal financial intermediaries – 23010 Energy policy and administrative management – 140 Water and sanitation – 21010 Transport policy and administrative management – 41010 Environmental policy and administrative management – 22020 Telecommunications – 22040 Information and Communication Technologies (ICT) – 16050 Multisector aid for basic social services – 31110 Agriculture policy and administrative management 			
8. Markers (from CRIS DAC form)	General policy objective	Not targeted	Significant objective	Main objective
	<i>Participation development/good governance</i>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Aid to environment	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Gender equality (including Women In Development)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Trade Development	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Reproductive, Maternal, New born and child health	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

⁸ Council Regulation (EU) 2015/322; OJ 58;3.3.2015, p. 1

⁹ C(2015) 3379

¹⁰ C(2015) 4093

¹¹ C(2015) 4154

¹² C(2014) 5375

¹³ Regulation (EU) No 233/2014, OJ L77/44

	RIO Convention markers	Not targeted	Significant objective	Main objective
	Biological diversity	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Combat desertification	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Climate change mitigation	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Climate change adaptation	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
9. Global Public Goods and Challenges (GPGC) thematic flagship	n/a			

SUMMARY

On 7 June 2016 the Commission issued a Communication on establishing a new Partnership Framework with third countries under the European Agenda on Migration¹⁴. In the context of a new framework, the Commission proposed a variety of measures to address the most urgent needs of refugees as well as to support host communities and emphasised the need for a long-term strategy in respect of addressing root causes of migration, including irregular migration.

As a response to the invitation of the European Council of 28 June 2016¹⁵, the Commission should set up an ambitious External Investment Plan (EIP) to support investments primarily in Africa and the Union's Neighbourhood as a means to contribute to the achievements of the goals of the United Nations 2030 Agenda for Sustainable Development, in particular poverty eradication thus addressing specific socio-economic root causes of migration, including irregular migration, and to contribute to the sustainable reintegration of migrants returning to their countries of origin, and to the strengthening of transit and host communities. Investments under the EIP should complement and strengthen efforts carried out in the context of the Union's migration policy with third countries, including, where appropriate, the implementation of the New Partnership Framework with Third Countries under the European Migration Agenda, with a particular focus on sustainable and inclusive growth, on the creation of decent jobs, on gender equality and the empowerment of women and young people, socio-economic sectors and micro, small and medium sized enterprises while maximising additionality, delivering innovative products and crowding in private sector funds.

The External Investment Plan (EIP)-will be based on three pillars: a new investment fund (Pillar 1); technical assistance (Pillar 2) combined with structured political and policy dialogue targeted at improving the investment climate and overall policy environment in the countries concerned (Pillar 3).

Implementing the first pillar of the EIP would enable using public resources in an innovative way to mobilise notably private investment. The objective would be to offer additional guarantees and concessional funds and to provide an integrated financial package to finance investments in regions outside the EU, thereby creating growth and employment opportunities, maximising additionality, delivering innovative products, and crowding-in private sector funds.

¹⁴ COM(2016) 385 final

¹⁵ [EUCO 26/16, point 4](#)

Regional Investment Platforms will include existing blending facilities and operate as a "one-stop shop" to receive financing proposals from financial institutions and public or private investors and deliver a wide range of financial support to eligible investments.

The Africa Investment Facility (AfIF) will be refocused to evolve into the Africa Investment Platform (AIP) within the overall objective of goals of the United Nations 2030 Agenda for Sustainable Development, an the new European Consensus on Development, thus addressing specific socio-economic root causes of migration, including irregular migration. The aim is to mobilise additional funding to finance *inter alia* capital-intensive infrastructure projects and private sector development initiatives in EU partner countries. **This reorientation of the existing facility will allow the EU to benefit from the substantial and long-standing experience and a successful track-record of this facility and enable a speedy mobilisation of operations.**

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The Africa Investment Platform (AIP) shall follow the objectives set out in Art. 3 of the Regulation (EU) 2017/1601. It should also take into account the specific operating environment and capacities of countries identified as experiencing fragility or conflict, LDCs and heavily indebted poor countries where more concessional terms can be given,

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The current Action Document refocuses the Africa Investment Facility (AfIF)¹⁶ to become the "Africa Investment Platform" (AIP). The AIP will encompass the full range of instruments undertaken so far in the framework of the AfIF created via Commission Decision C(2015) 5210, with the objective of contributing to the achievement of the goals of the United Nations 2030 Agenda for Sustainable Development. The AIP will replace the AfIF to bring it in line with Regulation (EU) 2017/1601¹⁷.

Criteria for projects supported via the AIP are:

- contribute to economic and social development, with particular focus on sustainability and decent job creation (in particular women and young people), thus addressing specific socio-economic root causes of migration, including irregular migration;
- target socio-economic sectors (infrastructure including energy, transport, water, communication, environment including water and sanitation, ICT, social infrastructure including health and education, human capital, municipal infrastructure, proximity services, etc.), sustainable agriculture and support to private sector development (mainly SMEs), including and finance in favour of MSMEs. Particular focus should be kept on private sector development;
- deliver clear results in terms of output, outcome and estimated impact (differentiated by sector);
- leverage financial institutions capacity and expertise, comparative advantages for specific products;
- be additional to the market and other instruments (in particular instruments funded by general budget of the Union/ EDF and EU Member States' budgets, including EIB existing facilities and mandates);
- be aligned with EU policies, notably EU development policy and with the relevant policy and political dialogues with partner countries, regional and multiannual fora;
- be aligned with partner country's strategies and priorities.

¹⁶ C(2015) 5210

¹⁷ Regulation (EU) 2017/1601 of the European Parliament and Council of 26 September 2017 establishing the European Fund for Sustainable Development (EFSD), the EFSD Guarantee and the EFSD Guarantee Fund.

Financing of the AIP will come from the different programmes under the European Development Fund (EDF)¹⁸, such as regional indicative programmes (Eastern Africa, Southern Africa and Indian Ocean¹⁹, West Africa²⁰; Central Africa²¹), the intra-ACP indicative programme (for the actions financed in Africa) and relevant national indicative programmes as well as from the multi-annual Pan-African indicative programme²² and other relevant thematic programmes of Regulation No 233/2014²³. EU Member States will have the opportunity to channel additional contributions to blending operations through a dedicated Fund, to be set-up.

The AIP will act as a Blending Facility which combines EU grants with other public and private sector resources such as loans and equity in order to leverage additional non-grant financing, and achieve investments in infrastructure and support to the private sector, with the objective of contributing to the achievement of the goals of the United Nations 2030 Agenda for Sustainable Development by boosting investment and creating employment opportunities thus contributing to the economic and social development of African countries. The AIP aims at supporting sustainable growth and reducing poverty in Africa by promoting actions that foster economic activities in different sectors with the objective of tackling some of the root causes of migration, including irregular migration.

In line with EU policy objectives and with the objective of promoting the goals of the United Nations 2030 Agenda for Sustainable Development thus also addressing specific socio-economic root causes of migration, including irregular migration, the AIP aims at promoting sustainable and inclusive growth, through supporting job creation and access to finance for households, microenterprises, SMEs, social sectors and municipal development. It also aims at fostering investments, which will have a positive impact on the socio-economic development in Africa such as infrastructures in transport, communication and energy interconnections and promotion of renewable energies. It can also support actions in the environment sector, including water supply and sanitation and climate change adaptation and mitigation, agriculture, ICT, as well as social and municipal infrastructure, proximity services and human capital.

Support for all actions aims at strengthening the formal economy and promoting the progressive formalisation of the informal sector, in line with the EU position on the 2030 Agenda on Sustainable Development Goals.

Projects will be selected in respect of the foreseen geographical distribution in the regional and national annual action programmes decided on by the Commission in agreement with the concerned partner countries and/or regional organisations. Should funds not be mobilised, those will be treated according to the relevant procedures (EDF or DCI).

The AIP is designed to combine EU grants with other public and possibly private financing. By reducing the overall cost or perceived risk of the project or by financing technical assistance, the AIP will encourage the beneficiary governments, private sector and/or public institutions to carry out essential investments with a development impact which otherwise would not be carried out. Decisions on AIP financing are conditioned to the additionality of the AIP contribution. The AIP is a mechanism able to generate an important leverage effect on priority investments which could

¹⁸ Council Regulation (EU) No 2015/322, OJ 58; 3.3.2015, p. 1

¹⁹ C(2015) 3379

²⁰ C(2015) 4093

²¹ C(2015) 4154

²² C(2014) 5375

²³ Regulation (EU) No 233/2014, OJ L77/44

not be faced by domestic financial resources alone. Therefore, the AIP will not support any operation which could normally be financed by the market.

Overall coordination aimed at achieving complementarity between the different aid modalities and tools (budget support operations, projects and programmes implemented under direct management, ACP Investment Facility (ACP IF), EU-Africa Infrastructure Trust Fund (ITF), the EU Emergency Trust Fund for Africa, Energy for All initiative, the Global Energy Efficiency and Renewable Energy Fund (GEEREF)) and with other donors will be ensured in all countries and regions while implementing the AIP.

1 CONTEXT

1.1 Sector/Country/Regional context/Thematic area

Economic growth in Africa is not inclusive enough and labour markets include high rates of working poverty, informal work and vulnerable employment. In Africa, by 2035, the number of Sub-Saharan Africans reaching working age will exceed rest of world combined (IMF²⁴). 11 million young people are expected to enter Africa's labour market every year for the next decade. Therefore, the main drivers of economic migration are better standards of living and opportunities in other countries and unemployment or working poverty in countries of origin. The key push factor is unemployment/under-employment in countries of origin which cannot overcome pressing demographic challenges. Socio-economic development, job creation and resilience thus are the prime objectives in fighting the economic roots of migration. They can be achieved via the support of the different areas described below.

Addressing the funding gap for **Small and Medium Enterprises (SMEs)** in Sub-Saharan Africa (SSA) is crucial for tackling specific socio-economic root causes of migration, including irregular migration. At this stage this funding gap (in the formal and informal sectors) is estimated by the International Finance Corporation at USD 140-170 billion. More than 85% of Micro, Small and Medium Enterprises (MSMEs) in SSA do not have access to finance and are therefore unserved or underserved. The majority of the population in Low Income Countries (LICs) is employed in the informal sector in agriculture (70%), non-farm household enterprises (18%) and only 5% of the population in wage employment (formal sector). The numbers are only slightly different in Lower Middle Income Countries (LMICs), 54%, 21% and 15% respectively. A lack of finance is a key constraint to the growth of SMEs in the region but it is also limiting employment, as well as economic and inclusive growth. Whereas banks are still the main source of formal funding across the region, very few SMEs actually have access to bank credit and even less to long-term lending; around 60% of loans in SSA have a maturity of less than one year. SMEs in the region need alternatives to the current short-term debt financing options being offered, local financial sector needs to be strengthened. Furthermore, micro and informal enterprises financing need is close to double than for formal SMEs. Although SME and microfinance investment funds have been continuously growing in the region, there is still a significant need for more specialised and adequate investments vehicles responding to MSMEs effective financial needs.

Africa will need to provide adequate food supplies for over 2 million additional people every year, as the population is predicted to double from 1 billion (in 2014) to 2 billion by 2050. Food security and climate change are likely to remain major development concerns for SSA in the near future. The agriculture sector is the main source of employment (65%) and is essential for pro-poor economic growth in most African countries. **Agriculture and rural infrastructure** are

²⁴ IMF Regional Economic Outlook Sub-Saharan Africa, April 2015.

therefore central to tackle root causes of migration, including irregular migration. The sector requires substantial investments, public and private, to increase agriculture productivity and to achieve food security, in particular in food storage and processing. In many countries, bank lending to agriculture is less than 10% and interest rates are relatively high. In addition, physical access to rural banking is very limited with high transaction costs. If risks can be managed and impediments to investment alleviated along with the provision of finance, agribusiness can play a critical role in jump-starting economic transformation that bring much-needed jobs and incomes. Rural infrastructure is particularly key for ensuring connectivity and hence development of the local economic activity.

Agribusiness faces, as investment barriers, poor infrastructure, limited access to venture capital, and lack of information on commercially oriented climate-smart technology investment opportunities. Growth in the agriculture sector requires facilitating agricultural markets and trade, improving agricultural productivity and value chains, investing in public infrastructure for agricultural growth, reducing rural vulnerability and insecurity and improving agricultural policy and institutions.

Infrastructure investment and development remains critical to enabling strong African growth, through economic diversification and structural transformation with an impact on addressing specific socio-economic root causes of migration, including irregular migration, while contributing to the achievement of the goals of the United Nations 2030 Agenda for Sustainable Development.

In particular, power and transport infrastructure development are needed to support the African economies diversification, widen the industrial base in a number of countries and create more inclusive patterns of growth in the region. Investment needs in the **energy** sector are around USD 40 billion per year, the main challenges being: (i) access to electricity – average access rates in urban areas is 58% but only 12% in rural areas; (ii) cost of producing power is exceptionally high and on the rise; (iii) economic costs of frequent power outages across the region, specifically for SMEs and thus also regional economic growth; (iv) low energy efficiency in production, transmission and distribution, as well as end-use; and (v) the majority of investments in energy in SSA go towards energy for exports and not energy to be consumed within the region. It is estimated that renewable energies could reach 44% by 2040 in the African energy mix. There are still important barriers to private sector investments in renewable/green energy projects such as the lack of regulatory and legal transparency, the (perceived) risk of retroactive changes to the Feed-in Tariff schemes and the limited creditworthiness of a single-off taker. Increasing the efficiency of energy transmission and generation, in order to increase supply and decrease the costs of energy will be important to creating positive change in the energy sector in Africa. Access to energy in rural areas is of particular importance for sustainable development in Africa but remains a challenge. By involving the private sector into the rural electrification business, through providing the missing seed capital via appropriate schemes (such as "ElectriFI") it will be possible to increase and improve access to modern, affordable and sustainable energy services for poor populations living principally in rural areas.

Transport needs in SSA have been estimated by the African Development Bank at USD 36 billion²⁵ per year, required to create a transport network that provides adequate regional, national, rural, and urban road connectivity complemented by adequate rail, port, and airport infrastructure. Transport is an integral part of daily subsistence for the poor: poor households transport their water, their fuel and their food and need infrastructural improvements and

²⁵ Programme for Infrastructure Development in Africa (PIDA) studies.

transport services to be able to access markets, jobs, health care, and education services. Investments remain a high priority to improve infrastructure and services, while financing must be increased in parallel for maintenance and management.

Improvements to transport infrastructure and other investments in support of trade facilitation will benefit from their alignment with improvements made in 'soft' infrastructure and customs and border procedures in the course of implementing the WTO Trade Facilitation Agreement. In combination these measures present a strong contribution to the promotion of regional integration, African intra-regional and international trade and overall economic growth in the region, in particular in the context of the Economic Partnership Agreements that are being concluded with the different ACP regions.

SSA is the most vulnerable region in the world to the impacts of **climate change**, particularly in the health, agriculture, water and sanitation sector. Therefore, investments in improving the climate resilience of infrastructure in these sectors, and in adaptation are a priority for Africa. Adaptation costs are in the range of USD 20-30 billion per year over the next 10 to 20 years and up to USD 70 billion, depending on the estimations, much higher than what is currently available. In addition, Africa has the opportunity to transition onto a low carbon development path, which requires prioritising such investments in all relevant sectors in the AIP. Africa's capacity to adapt to and effectively participate in mitigating climate change depends critically on access to funding.

Access to water and sanitation is highly inequitable across the income distribution. Access to sanitation is rare and only half of the large cities in the region operate a sewage network and patterns of access are very different among the income groups. The tariff levels do not cover capital expenditure, or rehabilitation or maintenance, hindering the further development of water and sanitation infrastructure. The poorest households, which are excluded from the utilities coverage cannot benefit from subsidies and suffer from affordability constraints. Along with the development of water and sanitation infrastructure there is a need for continuous institutional reform for better water sector performance. Water requirements in Africa are expected to increase significantly by 2040. An increase in water demand (population growth and demand for water for food) and water scarcity in many basins creates the need for the expansion of water storage infrastructure and large-scale irrigation schemes.

Poor waste management practices, including widespread dumping of waste in bodies of water and uncontrolled dumpsites are common. Waste management infrastructure is practically non-existent in rural areas of Africa. There is a need for urgent improvements in waste management infrastructure, especially in urban areas. The generation of waste is expected to increase as a result of industrialisation, urbanisation, and modernisation of agriculture. The main challenge is creating sufficient capacity for sound waste management, access to finance and technical know-how. The scale of investment needed is beyond the capacity of African countries.

Evidence shows that the private sector is likely to undertake the majority of investments in the **Information and Communications Technology (ICT)** sector. However, a number of specific projects might still require support, with a targeted approach, in particular on the aspects of inclusiveness and security as well as the development of e-infrastructures.

E-infrastructures are particularly important for developing regions (e.g. more than 12 million students and researchers in Africa) because e-infrastructures reduce the barriers of distance and location. A dedicated research and education network is key to provide better facilities and possibilities for students, scientists and professional experts to stay in their countries, allowing them to be linked over international access to worldwide valuable work and educational

resources and databases and thus preventing brain drain. Limitation to proper connectivity is a critical handicap for education and research where the access to up-to-date information and networking (e.g. instantaneous sharing of knowledge, virtual collaborations within and between continents, and remote access to MOOCs²⁶, scientific resources and instruments), and involvement in education and research projects are an absolute must. Despite a better access to connectivity, access to Internet connection is often limited, the connectivity prices are excessive and the available Internet capacity is insufficient as broadband network services are owned either by monopoly incumbents or a few dominant operators that set high prices. This is also partly a result of a regulatory failure, as the legal and regulatory provisions (in general and in particular for research and education networking) are not fully developed in Africa (for example legislative gaps or bottlenecks to allow cross-border connectivity of research and education networks).

The continuous evolution of e-commerce and of digital financial services ecosystems, coupled with the extensive access to mobile telecommunications and smartphones, offered enormous capacity building and productivity dividends for the SME sector. Traditional barriers like lack of access to financial services, to business development services, to market intelligence, to business partnerships are being gradually removed as impediments to productivity in the formal or informal private sector expanding financial inclusion in an unprecedented manner. The exposure and familiarity of the young generation in Africa, including women, to information technology and the digital economy and society hold particular promise and need to be systematically supported at all levels, from policy and regulation to support to education and entrepreneurship culture.

Social infrastructure in Africa requires substantial capital and non-capital expenditures, particularly in the field of health where the lack of a skilled workforce is as severe as the lack of hard infrastructure in coping with the increasing demands from a growing population. Investments needed in health infrastructure are estimated between USD 25-30 billion in new investment over the next decade. Urban housing requires large infrastructure investments (70% of African urban dwellers live in slums).

In order to help Africa reap the benefits of its "youth bulge" and urbanisation process it is necessary to ensure that the infrastructure is in place to support the major demographic changes taking place on the continent. This includes financing basic infrastructure, such as water and sanitation, public transport, and energy in the growing urban centres across the region. Financing needs to go beyond the possibilities of public resources and meeting these challenges will require better coordination of public support and leveraging private sector financing as has been recognised under the Addis Ababa Action Agenda on Financing for Development.

Innovation and research infrastructures are at the centre of Africa's socio-economic development and growth on critical sectors such as agriculture, energy, environment, health, mining and water. Support to innovation and research infrastructures is essential to achieving the knowledge economy and sustainable socio-economic development across Africa. The current level of investment in innovation and research infrastructures by Africa as a continent (of which more than half is internationally funded) puts Africa at a strategic disadvantage. Most innovation activities are not sustainable as they are over reliant on short-term project funding often linked to events such as workshops and consultancies. By and large, this is reflected in Africa's low scores in many major classifications or indices such as the world's leading universities and competitiveness indexes. This also reflects the gap in achieving the 1% of GDP target agreed by

²⁶ MOOC: A massive open online course aimed at large-scale interactive participation and open access via the web.

African Union (AU) Member States as desired minimum expenditure on research and development.

Promoting innovations in Africa requires the upgrading of science laboratories and research infrastructure. This includes research and innovation facilities such as laboratories (for teaching, engineering and clinical trials), teaching hospitals, ICT equipment and infrastructure, Innovation Spaces, Living Labs and National Research and Education Networks (NRENs). Existing physical and digital infrastructure and resources should be leveraged and networked to increase utilisation efficiency at national and regional level and reduce maintenance and operating costs through Shared Services.

Meeting the challenges faced by the African continent with the objective of contributing to the achievement of the goals of the United Nations 2030 Agenda for Sustainable Development thus tackling specific socio-economic root causes of migration, including irregular migration, will require the best possible use of grant resources including via increased mobilisation of private resources for the benefit of development projects in all relevant sectors.

1.1.1 Public Policy Assessment and EU Policy Framework

EU development cooperation policy with Africa is based on Article 208 TFEU with poverty eradication as its primary objective.

Relations with Sub-Saharan countries are framed by the Partnership Agreement with the African²⁷, Caribbean and Pacific States (the so called Cotonou Agreement)²⁸. The Agreement is based on three pillars:

1. Political dimension
2. Economic and trade cooperation
3. Development cooperation

Poverty eradication, sustainable development and the gradual integration of the ACP countries into the world economy are the priorities. The Cotonou Agreement covers both political dialogue and financial cooperation at the national, regional and intra-ACP level.

The EU-Africa Strategic Partnership is defined by the Joint Africa-EU Strategy (JAES). The Joint Africa-EU Strategy (JAES)²⁹ is the overall political framework, which defines continent-to-continent relations based on a shared vision and common principles. Both sides will also promote holistic approaches to development processes. JAES³⁰ remains the strategic political reference for EU-Africa relations for the years to come. The strategy implementation is guided by the Roadmap 2014-2017³¹, which defines key priorities as well as areas for joint actions and provides necessary orientations for their implementation. The implementation of the Strategy 2014-2017 focuses on the following joint priority areas:

1. Peace and security
2. Democracy, good governance and human rights
3. Human development

²⁷ 48 Sub-Saharan countries belong to the EU's comprehensive the Cotonou Agreement.

²⁸ The Cotonou Agreement was revised in 2010: http://www.eeas.europa.eu/acp/cotonou_en.htm.

²⁹ <http://www.africa-eu-partnership.org/key-documents>.

³⁰ JAES was adopted in 2007.

³¹ The roadmap was adopted during the 4th EU-Africa Summit in April 2014.

4. Sustainable and inclusive development and growth and continental integration
5. Global and emerging issues

The Commission issued in May 2014 a Communication on the Stronger Role of the Private Sector in Achieving Inclusive and Sustainable Growth in Developing Countries³². The Communication sets out the future direction of EU policy and support for private sector development in partner countries. In line with the 'Agenda for Change'³³, it introduces private sector engagement as a new dimension in EU development policy and cooperation and proposes concrete actions in areas where the Commission believes it can add value and effectively complement actions by Member States and other development partners, including through the use of blending. The Council issued two sets of conclusions³⁴ calling for continued efforts to promote the active role of the private sector as a strategic and accountable partner in achieving the goals of the United Nations 2030 Agenda for Sustainable Development.

The Commission has also issued communications preparing for the new sustainable development agenda³⁵ and for climate action before and after 2020. The AIP is also in line with the objectives of these communications, as well as with the objectives of the 2030 Agenda for Sustainable Development and of the Climate Action Plan. It will also incorporate the objectives and the EU commitment under the Addis Ababa Action Agenda on Financing for Development.

The 11th European Development Fund (EDF) is the main financing instrument for the 2014-2020 framework aimed at the implementation of the Cotonou Agreement priorities. EDF resources will be implemented in the context of the national, regional and intra-ACP programmes.

Under the general budget of the Union, the Development Cooperation Instrument³⁶ (DCI) establishes the Pan-African Programme³⁷, which provides dedicated support to the Africa-EU Strategic Partnership and has a budget of EUR 845 million for 2014-2020. It is a key programme for the implementation of the Joint Africa-EU Strategy and is fully aligned with its priorities. The programme allows the EU to link up the cooperation it has with Northern Africa, South Africa and Sub-Saharan Africa.

The ACP-EU Council of Ministers adopted in June 2014 a Declaration on the Post-2015 Development Agenda³⁸, reaffirming the shared commitment to work together towards achieving poverty eradication and sustainable development, as outlined in the Cotonou Agreement.

The Valletta Action Plan as agreed by EU and African leaders attending the Valletta Summit on migration agreed on 11-12 November 2015³⁹ and the Strategy Orientation Document for the "EU Emergency Trust Fund for stability and addressing root causes of irregular migration and displaced persons in Africa"⁴⁰ (EUTF Africa) provide a framework and guidance for establishing where and how the blending facilities, could contribute to fighting the roots causes for economic migration.

³² COM(2014) 263 final: <http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52014DC0263&from=EN>.

³³ COM(2011)637

³⁴ Council conclusions of 23 June 2014 and 12 December 2014

³⁵ COM(2015) 44 final

³⁶ Regulation (EU) no 233/2014 of the European Parliament and of the Council of 11 March 2014 establishing a financing instrument for development cooperation for the period 2014-2020

³⁷ http://europa.eu/rapid/press-release_IP-14-908_en.htm.

³⁸ Declaration on the Post-2015 Development Agenda. June 2014. ACP-EU Council of Ministers.

³⁹ <http://www.consilium.europa.eu/en/press/press-releases/2015/11/12-valletta-final-docs/>

⁴⁰ C(2015) 7293 final

The Communication of the Commission on establishing a new Partnership Framework with third countries under the European Agenda on Migration⁴¹ sets out the need to support investments in regions outside the EU as a means to contributing to the achievement of sustainable development goals and thus tackling specific socio-economic root causes of migration, including irregular migration. It suggests for a specific, coherent overall framework to promote investment, leveraging funds from the EU, its Member States and other donors and financing from public financial institutions and the private sector.

Within this context, the European Commission, in the Decision to which this Action Document is annexed, refocuses the AfIF to become the AIP. AIP will replace AfIF to bring it in line with Regulation (EU) 2017/1601.⁴²

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The AIP will connect the objectives of EU development policy for Africa and the objective of promoting the goals of the United Nations 2030 Agenda for Sustainable Development thus addressing specific socio-economic root causes of migration, including irregular migration via its support operations financed through EDF and DCI resources.

AIP priorities will concentrate on investments that accelerate the sustainable development of the local communities in Africa, notably through the improvement of social and economic infrastructure and the support to MSMEs, access to finance and job creation.

1.1.2 Stakeholder analysis

The final beneficiaries of the AIP will be partner countries, either directly or indirectly through their central, regional and local administrations or public or semi-public institutions. Other final beneficiaries can be the private sector and in particular households and SMEs for categories of operations dedicated to job creation and private sector development.

In addition, all African countries eligible to receive financing under the EDF regional and national programmes as well as under the intra-ACP programme, and the DCI Pan-African Programme will be beneficiaries of the AIP.

Multilateral and European financial institutions will be direct partners and important stakeholders of the AIP.

In accordance with Article 40 of Council Regulation (EU) No 2015/323, financial instruments will be implemented whenever possible under the lead of the European Investment Bank (EIB), a multilateral European financial institution such as the European Bank for Reconstruction and Development (EBRD), or a bilateral European financial institution.

The involvement of non-European financial institutions as Lead Financial Institutions should be examined by the Operational Board, to be set up under the framework of the AIP, on a case by case basis following a targeted approach, based on the specific added value as a lead financier brought in a particular project or region. This would include those aspects in which non-European financial institutions might contribute to fill the gap left by European financial

⁴¹ COM(2016) 385 final

⁴² Regulation (EU) 2017/1601 of the European Parliament and Council of 26 September 2017 establishing the European Fund for Sustainable Development (EFSD), the EFSD Guarantee and the EFSD Guarantee Fund.

institutions (, for example in the case of fragile and/or conflict affected countries), in particular regarding their:

- a. specific thorough knowledge of local conditions and presence in the region;
- b. specific analytical capacities and specific expertise and know-how, notably on private sector financing and the promotion of financial instruments and /or of innovative financing tools that attract private funding;
- c. specific know-how and experience in relevant sectors;
- d. additional technical and/or financial capacity to substantially leverage further resources.

The role of non-European financial institutions already acting as lead in specific Blending Facilities should be preserved, if previous conditions are met. In the context of the AIP, it relates to the African Development Bank acting as Lead Financial Institution under the conditions set above.

In accordance with the recommendations made under the EU Platform for Blending in External Cooperation (EUBEC), non-European finance institutions active in a particular region should be invited to attend technical and Operational Board meetings as observers.

1.1.3 Priority areas for support/problem analysis

Contributing to economic and social development of partner countries by boosting investment and employment opportunities, with a focus on sustainability, job creation and socio-economic sectors, should be holistic and target a variety of sectors and sub-sectors thus addressing specific socio-economic root causes of migration, including irregular migration. Many of these sectors are the ones already supported through the EU blending facilities. Activities in these areas will benefit from further financing, while being targeted to the regions which are most severely affected by migration , including irregular migration (relevant sectors: energy, transport, communication, environment including water and sanitation, ICT, [sustainable](#) agriculture, social infrastructure including health and education, municipal infrastructure and private sector development, in particular job creation and MSMEs support and financing). For the purposes of blending, the particular projects targeting specific socio-economic root causes of migration, including irregular migration, in countries of origin should be bankable and have a rather mid- to long-term perspective.

Blending can be of particular relevance in contributing to increasing and enhancing these investments, in particular for projects with a high potential development impact and economic rate of return, but a below-market expected financial internal rate of return, which cannot attract public lenders or commercial financiers without support. This may be because certain projects, including appropriate technical assistance components to ensure quality and sustainability, do not generate sufficient revenue to cover their cost. Alternatively, the (perceived) risks involved in certain projects may be too high to attract private financing at the necessary scale. Development finance can be particularly important where the private sector (domestic and foreign) is unwilling to invest because risk/return profiles are not sufficiently attractive. Across all sectors, aid can be used to attract investments through blended operations.

The added value (or additionality) of EU assistance in blending operations is defined by the positive results that an EU grant achieves above and beyond what could have been achieved without the grant. The use of the scarce grant funding is justified only when additionality is shown for the funding. EU support can make the project happen, make it happen faster or on a greater scale. Additionality can also lie in greater quality and better development impact, improvements in terms of sustainability, implementation of reforms and policy improvements or use of innovative technologies. Some forms of additionality are quantifiable, and the EU and

financial institutions should make every effort to calculate these benefits. Other forms of additionality are not quantifiable and should be addressed in a qualitative manner.

2 RISKS AND ASSUMPTIONS

Risks	Risk level (H/M/L)	Mitigating measures
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 debt sustainability framework. This can negatively impact blending operations in selected regions, in particular those countries that are under a moderate to high risk of debt distress.	M	Project application form contains information about debt sustainability provided by financial institutions (FIs). FIs also have internal policies in terms of sovereign lending. Assessment process involves EU Delegations and other competent services on the issue of debt sustainability and investment programmes, including the information available on IMF/World Bank debt sustainability framework.
The development of favourable policies by the target countries in the 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. Renewed commitment by Financial Institutions to continue working through the AIP represents a fundamental condition. The pipelines of operations must be of high quality and volume and fulfil the criteria of sufficient additionality.	L	Delegations are involved at a very early stage in project identification, and blending operations are leveraged in the sector policy dialogue. Blending facilities have been operating successfully over 2007 and 2013 in all regions covered by the Commission Directorate General for International Cooperation and Development (DEVCO) with finance institutions. Commitment of FI showed to be very strong, including in the context of the EUBEC.
Projects should not crowd out private sector financing.	L	Avoidance of market distortions is one of the 12 key requirements included in annex 1 to the project application form. Any qualitative aspects should be commented in section 27 of the project application form completed by the finance institutions and then assessed internally by Commission services and the EEAS.

Lack of robustness of the financial sector may have a negative impact on the preparation/ implementation of the projects.	L	The pillar assessment on financial instruments is carried out by all the Lead Financial Institutions.
The results of technical assistance financed by the AIP to prepare preliminary studies (to be managed by the Lead Financial Institution) might be negative or not conclusive for the project.	L	Explore with the IFIs all the possibilities of financing technical assistance (TA) for projects which could potentially lead to bankable and sustainable projects.
Financial risks when dealing with local financial intermediaries in partner countries, also stemming from capital markets situation.	L/M	Due diligence of local financial intermediaries is performed by the IFI's and related information is examined in the context of the assessment of the project application form.
Lack of knowledge regarding disaster risk might limit the integration of appropriate prevention and mitigation measures in the investment design	L/M	Better understanding of disaster risks in all its dimensions, promotion of mainstreaming of disaster risk assessment, mapping and management into investment planning
Implementing blending operations in particular sectors in certain countries may be considered as not enough bankable / leverage effect generating while being strategically important for the fulfilment AIP objectives.	L/M	Proposing other aid modalities for the actions and/or adopting a flexible approach to the leverage effect expected for strategically important interventions.
Assumptions		
A stable political and financial climate on the regional level in general and on the country level in particular is needed to promote and secure investments. The level of economic governance will be conducive to investment. Bankable projects are identified and developed by financial institutions with partner countries in close cooperation with the EU Delegation, taking into account the reality and challenges of each country/region.		

3 LESSONS LEARNT, COMPLEMENTARITY AND CROSS-CUTTING ISSUES

3.1 Lessons learnt

Since first introduced at the beginning of the Multiannual Financial Framework 2007-2013, blending gradually evolved into an important tool of EU external cooperation, complementing other methods of implementation. EU regional blending facilities⁴³ have been set up in all regions of EU external cooperation. By the end of 2015, the support approved under the facilities from the EU budget and EDF resources has reached a sum of around EUR 2.7 billion, generating around EUR 50 billion total investments. In Africa, the ITF was set up in 2007 and has provided since then support to projects for a total of more than EUR 500 million mainly in energy,

⁴³ EU-Africa Infrastructure Trust Fund (ITF), Neighbourhood Investment Facility (NIF), Latin America Investment Facility (LAIF), Investment Facility for Central Asia (IFCA), Asian Investment Facility (AIF), Caribbean Investment Facility (CIF), Investment Facility for the Pacific (IFP), Western Balkan Investment Framework (WBIF), Africa Investment Facility (AfIF).

transport and water sector. In 2015, the AfIF was created via Commission Decision C(2015) 5210.

Over the period 2007-2013, two facilities were subject to a mid-term evaluation (MTE), the ITF in 2012 and the Neighbourhood Investment Facility (NIF) in 2013. Both concluded that these are valuable and effective instruments in supporting their respective objectives: European Neighbourhood Partnership (ENP) objectives and the development of infrastructure in Africa. In particular, project identification, relevance and design were considered positive, and both instruments achieved their goal of leveraging significant financial resources. The MTE also pointed to the significant contribution brought to the development of partnerships and increased coordination and cooperation among finance institutions as well as with the Commission. A number of recommendations were made, notably in terms of improvements to the decision making structure and in particular the role of EU Delegations and partner countries, further exploring the involvement of private sector, as well as the use of specific financial instruments such as risk mitigation instruments, and finally the implementation of a result measurement framework.

These findings have been used, with other reports, by the EUBEC, set up in December 2012, to produce deliverable and make concrete recommendations for further increasing the effectiveness of aid delivered by the EU through blending. The European Court of Auditors published a special report on blending in October 2014⁴⁴. The conclusions were very much in line with the above: blending the regional investment facility grants with loans from financial institutions to support EU external policies was found generally effective and projects were relevant. The recommendations covered the following aspects: ensure documented assessment of the additionality resulting from the EU grant, ensure the maturity of projects submitted to executive boards, produce guidelines, ensure more proactive role of the EU Delegations, simplify the decision making process, improve Commission's monitoring of the projects and ensure appropriate visibility for EU funding.

Part of these recommendations has already been dealt with by the EUBEC with the development of a harmonised and improved project application form and its guidelines as well as the development of a results measurement framework including standard indicators.

The AfIF (Africa Investment Facility), NIF (Neighbourhood Investment Facility), LAIF (Latin America Investment Facility), IFCA (Investment Facility for Central Asia), AIF (Asia Investment Facility), IFP (Investment Facility for the Pacific) and CIF (Caribbean Investment Facility) are framed in the context of a revised and harmonised framework⁴⁵ that improves the accountability of the decision making process while reducing transaction costs. The proposed structure of the AIP is in line with the existing agreed framework.

Additionally, following the requirement of Article 140 of Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council on the financial rules applicable to the general budget of the Union and repealing Council Regulation (EC, Euratom) No 1605/2002⁴⁶, applicable by virtue of Article 17 and Articles 40 of Council Regulation (EU) 2015/323, an ex-ante evaluation of the AfIF was carried out following the requirement of Article 140 of Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council on the financial rules applicable to the general budget of the Union and repealing Council Regulation

⁴⁴ http://www.eca.europa.eu/Lists/ECADocuments/SR14_16/SR14_16_EN.pdf

⁴⁵ EDF Blending Framework was established by Commission Decision C(2015) 5210 of 29.7.2015 on the individual measure "Creation of the Africa Investment Facility under the 11th EDF".

⁴⁶ OJ L298, 26.10.2012, p. 1.

(EC, Euratom) No 1605/2002, applicable by virtue of Article 17 and Articles 40 of Council Regulation (EU) 2015/323. The recommendations of this evaluation have been and will be taken into account.

The results of the ex-ante evaluation demonstrated that the nature, magnitude and focus of the challenges faced by Africa (e.g. urbanisation, degrading access to essential service, food insecurity, poverty, impacts of climate change), the current EU and partner countries cooperation objectives (i.e. sustainable and inclusive development and growth, continental integration, poverty eradication, climate change) and the commonly understood need to mobilise additional financial resources require a new flexible framework of financing. Taking those results into account and with the additional objective of addressing specific socio-economic root causes of migration, including irregular migration, the AIP can provide a value added in expanding to new sectors which represent key challenges in Africa. In this way, the AIP will contribute to inclusive growth and the achievement of the goals of the United Nations 2030 Agenda for Sustainable Development thus addressing specific socio-economic root causes of migration, including irregular migration, through a wide range of forms of assistance to be adjusted to the country risk and specific project.

The current portfolio and pipeline of Africa used in the AfIF already provides for projects that contribute to the objective of addressing root causes of migration, including irregular migration. Whereas job creation is the main focus of projects supporting the financial sector and MSMEs through local banks or dedicated trust funds or of projects supporting agriculture finance and rural development including rural roads and electrification, employment opportunities may also be the result of particular infrastructure projects in the (renewable) energy sector or wider transport sector including not only rural roads, but also road and port construction and rehabilitation. Job creation and poverty reduction have been mentioned as an outcome of some energy projects listed in the ITF annual report, for example, although this would be more part of a larger objective.

A first screening of the ITF portfolio and the AfIF pipeline indicate that these blending mechanisms have and could also in the future provide for an appropriate and complementary mechanism to contribute to the objective of addressing root causes of migration, including irregular migration, leveraging finance from the partner finance institutions involved. A short screening of the 150 projects in the current AfIF pipeline reveals that possibly up to 30% of the projects could be relevant to contribute to tackling root causes of migration, including irregular migration. Some projects target job creation and support of MSMEs as the main objectives, while the majority of the projects targets socio-economic development and resilience and in some instances also job creation and poverty reduction as a secondary effect. Out of the 23 specific countries listed as eligible under the EUTF for Africa, 18 countries are covered by the current AfIF pipeline for the Sahel/Lake Chad and for the Horn of Africa regions.

3.2 Complementarity, synergy and donor coordination

Building on the experience in Africa and other regions, the AIP will be implemented in close coordination with EU Member States with the objective of contributing to the achievement of the goals of the United Nations 2030 Agenda for Sustainable Development thus tackling specific socio-economic root causes of migration, including irregular migration.

By enabling joint European operations (combining bilateral and EU grant funding with eligible finance institutions loan operations), the AIP will generate greater coherence and better coordination between the donors, in line with the Paris Declaration principles on aid

effectiveness and in compliance with the Financial Regulation 2012/699. Member States' resources will reinforce the EU effort. The AIP will finance larger operations, better supporting partners in the necessary reforms and investments, and bringing greater visibility for the European dimension of external cooperation. Co-financing with non-EU financial institutions could certainly further improve donor coordination.

Building on the experience in Africa and other regions, the AIP governing bodies will provide a very suitable arena for coordination amongst European financial institutions and other financial institutions and amongst the EU Member States allowing regular discussions on project pipelines, priority projects and synergies between them with the objective of contributing to the achievement of the goals of the United Nations 2030 Agenda for Sustainable Development thus addressing specific socio-economic root causes of migration, including irregular migration.

Special attention will be given to ensure the complementarity to other existing EU instruments for the region which have the objective of contributing to the achievement of the goals of the United Nations 2030 Agenda for Sustainable Development thus tackling specific socio-economic root causes of migration including irregular migration, notably the African, Caribbean and Pacific Investment Facility (ACP IF) under the EU ACP Agreement ("Cotonou Agreement") and the EUTF Africa . This will be ensured through close cooperation with the EUTF Africa secretariat which is managed by the Commission as well as close consultation and cooperation with the EIB in the context of its operations under the ACP IF. In particular, the Commission and the 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. Complementarity will also be ensured with the operations financed under the Energy for All initiative and the different approaches implementing the Commission Communication on Private Sector⁴⁷. Complementarity will be achieved by providing an opportunity to support within the AIP a larger variety of sectors, built with a large group of stakeholders and with the help of a diversified toolbox in terms of support modalities. The coherence and complementarity will be ensured also by the presence of the EIB in the EFSD governing Boards.

Overall coordination aimed at achieving complementarity between the different aid modalities and tools (budget support actions, projects and programmes implemented under central management, ACP IF, ITF, Energy for All initiative, GEEREF, "ElectriFI", and any new initiatives related to agri-business) will be ensured while implementing the AIP, through the regular internal consultation processes and exchanges between the different Commission services.

In order to ensure complementarity, extensive information is provided in the grant application form of each project to ensure coherence with relevant EU policy objectives related to contributing to the achievement of the goals of the United Nations 2030 Agenda for Sustainable Development while tackling specific socio-economic root causes of migration, including irregular migration, the general policy framework, basic principles for blending as well as the remaining existing support programmes in the relevant field. Furthermore, additionality and complementarity with other EU measures are always ensured in the preparatory process, by close financial institutions coordination with the partner(s), Commission and the European External Action Service (EEAS), as well as during the decision making process.

⁴⁷ COM(2014) 263 final.

3.3 Cross-cutting issues

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 rights, etc.), public procurement, state aid, equal opportunities and will also respect the principles of sound financial management with effective and proportionate anti-fraud measures as well as gender equality, good governance and human rights (applying the recent Rights Based Approach Toolbox⁴⁸).

Synergies between the AIP and EU funded (regional) climate change capacity building programmes and, where applicable, policy reform instruments including sector budget support should be strengthened and Pillar 3 of the EIP will be an important source of support. Technical assistance as delivered through Pillar 2 of the EIP as well as capacity building programmes should facilitate the identification and formulation of climate relevant projects at country and/or regional level, and support local and regional climate policies. This will strengthen the already ongoing processes of pipeline development and securing local ownership.

As mentioned by the Commission Communication on Private Sector⁴⁹, EU's support for private sector development will be guided by a set of clear principles.⁵⁰ In the case of direct grants to financial institutions or private businesses, or subsidised business development services the set of defined criteria will have to be applied.⁵¹

Cooperation under this programme will also contribute to: consolidating and supporting democracy, the rule of law, good governance, human rights, and the relevant principles of international law; implementing a rights-based approach (RBA) encompassing all human rights in line with its guiding principles (transparency, participation, non-discrimination, accountability); and implementing the Gender Action Plan⁵².

The achievement of those objectives will be measured using relevant indicators, including human development indicators, in particular Sustainable Development Goals (SDG) and other indicators agreed at international level by the Union and its Member States (e.g. UN Guiding Principles on Business and Human Rights).

4 DESCRIPTION OF THE ACTION

4.1 Objectives/results

Contributing to the achievement of the goals of the United Nations 2030 Agenda for Sustainable Development thus addressing specific socio-economic root causes of migration, including irregular migration, through economic and social development of partner countries (by boosting investment and employment opportunities, with a focus on sustainability, job creation and socio-economic sectors) should be done by holistically targeting a variety of sectors and sub-sectors. Many of these sectors are the ones already supported through the EU blending facilities. Activities in these areas will benefit from further financing, while being targeted to regions most

⁴⁸ SWD(2014) 152 final

⁴⁹ COM(2014) 263 final

⁵⁰ Section 2.1 of Commission Communication COM(2014) 263 final

⁵¹ Box 1 under Section 2.1 of Commission Communication COM(2014)263 final

⁵² SWD(2015) 182 final

affected by migration, including irregular migration.. Relevant sectors include: energy, transport, communication, environment including water and sanitation, ICT, agriculture, social infrastructure including health and education, municipal infrastructure and private sector development, in particular job creation and MSMEs support and financing. For the purposes of blending, the particular projects contributing to address specific socio-economic root causes of irregular migration, including irregular migration should be bankable and have a rather mid- to long-term perspective.

The main objectives of AIP are to:

- contribute to economic and social development, with particular focus on sustainability and job creation (in particular women and young people), addressing specific socio-economic root causes of migration, including irregular migration;
- target socio-economic sectors (infrastructure including energy, transport, water, communication, environment including water and sanitation, Information and Communication Technologies (ICT), environment, social infrastructure, human capital, municipal infrastructure, proximity services etc.), agriculture and support to private sector development (mainly SMEs), including and finance in favour of MSMEs. Particular focus should be kept on private sector development;
- deliver clear results in terms of output, outcome and estimated impact (differentiated by sector);
- leverage financial institutions capacity and expertise, comparative advantages for specific products;
- be additional to the market and other instruments (in particular instruments funded by EU budget/EDF and Member States' budgets, including EIB existing facilities and mandates).

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The AIP will also contribute to the implementation of the Paris Agreement by also targeting investments to sectors that advance climate change mitigation and adaptation. It will include a Climate Change Window⁵³ aimed at supporting the implementation of projects helping partner countries tackle climate change through mitigation and/or adaptation measures. Such windows have been created in all other blending facilities in order to enable tracking of all climate change related projects funded through the facilities. Their main purpose is to promote additional investments and provide visibility to projects which have climate change as their principal objective. They can target either mitigation or adaptation or both of them and should contribute to the objective of stabilisation of greenhouse gas (GHG) concentrations in the atmosphere. The Climate Change Window will be managed in a streamlined way and have the same rules and the same financing and implementation modalities as the AIP.

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The Council Regulation (EU) No 2015/323 on the financial regulation applicable to the 11th EDF⁵⁴ as well as Regulation (EU, Euratom) No 966/2012 foresee that the Union contribution to a financial instrument will aim at mobilising a global investment exceeding the size of the Union contribution. In practice and based on past experience with blending operations in Africa but also in other regions, the leverage effect of the operations financed under the AIP is expected to reach a higher multiplying factor.

⁵³ The term "Climate Change Window" as established by Commission Decision COM 2011(9538) in the context of the blending facilities, shall be differentiated from the "investment windows" as defined in the Regulation (EU) 2017/1601 for the purpose of the EFSD Guarantee.

⁵⁴ Article 40 of COUNCIL REGULATION (EU) No 567/2014 of 26 May 2014.

Operations financed by financial institutions combining their loan resources with the ones from the AIP can lead to increasing risk and credit ceilings to the benefit of the partner countries. It can result in the financing of categories of investments which at present cannot be financed either by the market or by single development finance institutions. Support provided by the AIP can make the project happen, make it happen faster or at a greater scale. It can also result in greater quality and development impact of projects, improvements in terms of sustainability, implementation of policy reforms or use of innovative technologies.

4.2 Main activities

AIP interventions will focus on those sectors contributing most to the achievement of the goals of the United Nations 2030 Agenda for Sustainable Development thus tackling specific socio-economic root causes of migration, including irregular migration. Relevant sectors for blending as an implementation modality should be identified mainly pursuant the policy objectives of the EU in terms of contributing to the achievement of the goals of the United Nations 2030 Agenda for Sustainable Development thus addressing specific socio-economic root causes of migration, including irregular migration. Complementarity of expertise between the European Commission and financial institutions will be pursued, in the spirit of joint programming and division of labour among financing partners.

Strategic orientations will be discussed with beneficiary countries and/or relevant regional organisations in dedicated strategic meetings⁵⁵, under the ownership principle of EU development cooperation or, where relevant, in dedicated super-regional coordination meeting organised specifically for the purpose of AIP coordination. These strategic discussions will cover regional investment plans and priorities, provide strategic and policy guidance and advice for identification and preparation of the most relevant proposals for blending and for the Operational Board to review the pipeline and formulate an opinion on the most relevant projects for achieving EU objectives.

AIP interventions will focus indicatively on the following sectors with the objective of contributing to the achievement of the goals of the United Nations 2030 Agenda for Sustainable Development thus addressing specific socio-economic root causes of migration, including irregular migration:

A) Job creation and growth of SMEs and improvement of the employment situations, addressing specific socio-economic root causes of migration, including irregular migration, notably through:

- Improved access and use of financial services for underserved population (households, micro and SMEs) at the different stages of enterprise creation, restructuring and modernisation, including technological poles, vocational centres, enterprise incubators, etc.
- Impact financing of social enterprises is increased
- Support to the development of local financial services and functioning of local financial markets

B) Agriculture and rural development as a means to job creation and sustainable development:

- Improved sustainability and development impact of value chains
- Improved access to finance for households, micro enterprises and SMEs

⁵⁵ These strategic meetings are the regional steering committees set-up in the context of the different Regional Indicative Programmes, the ACP-EU PSD platform and the Consultative Committee established in the context of the Pan-African programme.

- Reduced risks affecting agricultural production, increase competitiveness of smallholders, improve advisory and other services to smallholders and SMEs, enhanced financial absorptive capacity
- Support to agriculture related infrastructure
- Improved compliance with market requirements, safety and quality standards
- Promote, through investment projects, the enabling political and regulatory environment
- Promoting responsible land governance and sustainable land use

C) Better and more sustainable / green energy infrastructure, notably:

- Increased availability and access to renewable and green energy including in rural areas
- Promote, through investment projects, the establishment of the enabling market, regulatory and political framework for deployment of sustainable energy technologies
- Improvement of safety and security of energy infrastructure and respect of EU environmental standards
- Improvement of energy efficiency energy and energy savings including in rural/urban areas
- Support the expansion/improvement of infrastructure in line with regional and continental strategies, with an emphasis on completing the key "missing links" and providing interconnectivity between national energy networks

D) Better and more sustainable transport infrastructure, notably:

- Reducing the transport operating cost and improving the quality of infrastructure and services by promoting the optimum use of existing multimodal transport systems and supporting adequate maintenance of the existing infrastructure including at municipal level
- Contributing to the improvement of regional transport corridors (roads, railways, waterways, ports, airports, intermodal facilities) in order to enhance transportation flows and to promote closer regional integration by strengthened trade exchange
- Improving road conditions, reducing the number of road blocks and avoiding delays at custom posts in order to reduce travel times and, more importantly, transport costs to ports and regional hubs
- Improving transport services (thereby improving access to markets, increasing access to health care/education services)
- Improved rural connectivity
- Increased intermodality

E) Water and Sanitation and increased protection of the environment and enhanced resilience to climate change impacts, notably:

- Integrated waste management including necessary related infrastructures
- Introduction of integrated water management, including the necessary related infrastructure
- Promotion of climate change related investments, i.e. renewable energy, energy saving and cleaner production and other environment friendly techniques, support to adaptation measures
- Promotion of sustainability measures regarding a better management of the urban areas
- Reduction of air, soil and water pollution including monitoring infrastructure when needed
- Support access to safe drinking water and sanitation in both urban and rural areas
- Fighting deforestation

F) ICT

- Increase broadband penetration at reduced costs focusing on physical interconnections and internet exchange points and cyber-security (including regional public key infrastructure)
- Development of research and education e-infrastructure for better access of science and education communities to broadband capability and on-line resources

G) Improved social/urban services and infrastructure, including:

- Better access to health care and improved health services installations
- Better education facilities, increased access to education
- Urban development
- Local/Municipal development
- Proximity services

H) Focus on innovation and the research infrastructures, notably:

- Promoting high-potential SMEs, business incubators, start-ups, and innovators
- Building and/or upgrading research infrastructures
- Promoting entrepreneurship and innovation
- Diffusing inventions and innovative methods
- Supporting integration and demonstration activities
- Enhancing professional and technical competencies

The types of operations that can be financed under the AIP are the following:

- Direct investment grants
- Interest rate subsidies
- Guarantees
- Technical assistance
- Risk capital operations
- Any other risk sharing mechanisms

5 IMPLEMENTATION

5.1 Financing agreement

In order to implement this action, it may be foreseen to conclude financing agreements with the partner countries, referred to in Article 184(2)(b) of Regulation (EU, Euratom) No 966/2012 and to in Article 17 of Annex IV to the ACP-EU Partnership Agreement.

5.2 Indicative implementation period

The indicative operational implementation period of the blending operations will be indicated in the relevant regional and annual action programmes.

5.3 Implementation modalities

The operational workflow will be organised in a two level structure:

- opinions on project proposals will be formulated by the Operational Board;
- such opinions will be prepared in dedicated technical meetings of the Technical Assessment Group.

Rules of procedure of the Operational Board will further detail the decision making process and will be approved in the first meetings of the Operational Board by consensus.

The Operational Board is chaired by the European Commission and is composed of representatives of the Commission, the High Representative of the Union for Foreign Affairs and Security Policy, EU Member States as voting members, and financial institutions as observers. . Financial institutions will be present mainly for the purposes of presenting their proposals and responding to any request for clarifications on proposals submitted but they will not be present during the formal formulation of opinions by the Board. The part of the meeting where opinions on EU contributions requests are expressed will be restricted only to voting Members. The conclusions including their justifications will be subsequently communicated to the financial institutions in writing.

In the Operational Board **opinions on project proposals** will be taken in principle by consensus, but if it cannot be achieved, regular voting rules of the EDF Committee should apply when EDF resources are being used (when DCI resources are being used, the voting rules of the DCI Committee will be applied).

The Operational Board will also be responsible for:

- providing strategic guidance to participating institutions on appropriate future financing proposals (based on strategic priorities defined in the context of the programming process and in relevant strategic discussions),
- monitor and review the pipeline of projects, based on the results of the discussions at the technical level,
- examining project related results (including the annual reports), monitor the portfolio of approved projects and feed the discussions on the set-up of EU blending framework based on results,
- promoting exchanges of best practices,
- drawing upon the specific expertise of the financial institutions as appropriate and respect the appropriate division of labour,
- adopting/amending the Board's Rules of Procedure and amending them as necessary,
- examine the involvement of non-European financial institutions as lead financiers on a case by case basis following a targeted approach, based on the specific added value as a lead financier brought in a particular project or region.
- providing support to the Commission in the implementation of Regulation (EU) 2017/1601⁵⁶ in accordance with Art.6 thereof;

The **conclusions** of the Operational Board including their justifications will be communicated to the financial institutions in writing. These conclusions must be incorporated in relevant **Commission decisions** for the EU budget and EDF as mandated by the relevant Financial Regulations and their Implementing Rules/Rules of Application.

The Operational Board would meet two to four times a year, depending on the need and back to back with the respective EDF committee meetings. When duly justified by time constraints, opinions on projects could be requested by written procedure.

⁵⁶ Regulation (EU) 2017/1601 of the European Parliament and of the Council of 26 September 2017 establishing the European Fund for Sustainable Development (EFSD), the EFSD Guarantee and the EFSD Guarantee Fund.

Technical meetings chaired by Commission services with the participation of EEAS and finance institutions will be held to:

- Review and discuss the pipeline to ensure coordination at an early stage, including in relation to geographical balance and agreed EU political objectives. Results of the pipeline discussion will be transmitted to the Operational Board.
- Assess project proposals submitted by a so-called Lead Financial Institution based on the appropriate application form. The proposal will also be shared with other financial institutions for peer review and possible written comments. In particular, such assessment will include alignment to EU policy objectives, the justification of the added value of the grant contribution, social and environmental aspects, appropriate financial structure and other issues such as debt sustainability.
- Facilitate exchanges on best practices across regions, including the possible development of selected blending operations or financial instruments that extend across geographical regions.

The Commission will summarise the main outcomes of the discussion and recommendations as to the way forward. Such meetings will be held on a regular basis depending on the needs and will be organised pragmatically bringing together appropriate experts from the financial institutions, the Commission and the EEAS. If appropriate such meetings may include or be complemented by virtual meetings and/or written exchanges facilitated by the Secretariat. The Lead Financial Institution, on the basis of and depending on the comments made, will then be able to submit a revised proposal for further technical discussions at a later technical meeting or a final revised application form in view of the submission to the Operational Board.

The Commission will ensure the Secretariat of the AIP, supporting the Operational Board in all its tasks (opinions on project proposals, internal consultation of Commission services and the EEAS, monitoring, consolidation of the pipeline on the basis of the information provided by the financial institutions including a short project description, production of regular up-to-date information and annual reports, preparation of exchanges on best practices). It will also support the organisation of communication events and the general implementation of the communication strategy (websites and other communication tools), thereby contributing to the visibility of the EU. The Secretariat also organises the technical meetings and is the central contact point for all stakeholders involved in the blending frameworks.

The strategic orientations will stem from the EFSD Strategic Board and from existing strategic meetings⁵⁷ in the context of the regional, Intra-ACP and Pan African programmes. Recommendations and strategic guidance at all levels should be reflected in the identification, preparation and implementation of blending operations in the context of the AIP.

Commission services and the EEAS will conduct and co-chair strategic discussions with EU Member States, where financial institutions participate as observers.

These strategic discussions will cover:

- the consistency and compatibility with the relevant regional, bilateral and continental agreements and partnerships;

⁵⁷ As described in 4.2

- the needs and the situation in the various priority support sectors in the partner countries, including progress made on sectoral policies, in the respect of EU and partner country policy agenda;
- the effectiveness, results and impacts based at strategic level.

5.3.1 Contributions to the AIP

Financing of the AIP will come, as in the case of the AfIF created by means of Commission Decision C(2015) 5210⁵⁸ and to be replaced by AIP, from the different programmes under the European Development Fund (EDF)⁵⁹, such as regional indicative programmes (Eastern Africa, Southern Africa and Indian Ocean⁶⁰, West Africa⁶¹; Central Africa⁶²), the intra-ACP indicative programme (for actions financed in Africa) and relevant national indicative programmes as well as from the Pan-African indicative programme⁶³ and other relevant thematic programmes of Regulation (EU) No 233/2014⁶⁴. The amounts for blending operations to be financed under the AIP will be decided in the context of the relevant annual action programmes.

The AIP Climate Change Windows will be managed in a streamlined way and will have the same rules and implementation modalities as the AIP.

These contributions will be implemented under indirect management with the entities, called Lead Financial Institutions, and for amounts identified in the relevant regional and national action programmes, in accordance with Article 58(1)(c) of Regulation (EU, Euratom) No 966/2012 also applicable by virtue of Article 17 of the Council Regulation (EU) 2015/323 to be identified by a complementary decision.

In accordance with Article 40 of Council Regulation (EU) No 2015/323, these contributions will be implemented whenever possible under the lead of the EIB, a multilateral European financial institution such as the EBRD, or a bilateral European Financial Institution.

The Lead Financial Institution will be awarded a contract for an individual operation based on its operational and financial capacity.

These Lead Financial Institutions are not definitively known at the adoption of this Action Document. Once they will be known, a complementary financing decision needs to be adopted in order to fulfil all the requirements of Article 84.3 of Regulation (EU, Euratom) No 966/2012 also applicable by virtue of Article 26 of the Council Regulation (EU) No 2015/323.

The Commission will only entrust budget implementation tasks to Lead Financial Institutions, which have been assessed through the pillar assessment pursuant to Article 60 of Regulation (EU, Euratom) No 966/2012 applicable by virtue of Article 40 of the Council Regulation (EU) No 2015/323 and have transparent, non-discriminatory, efficient and effective review procedures in place. Certain entrusted entities are currently undergoing the ex-ante assessment in accordance with Articles 61(1) and 140.13 of Regulation (EU, Euratom) No 966/2012 applicable by virtue of

⁵⁸ Commission Decision C(2015)5210 of 29 July 2015 on the individual measure "Creation of the Africa Investment Facility" under the 11th European Development Fund

⁵⁹ Council Regulation (EU) 2015/322, OJ 58; 3.3.2015, p. 1

⁶⁰ C(2015)3379

⁶¹ C(2015)4093

⁶² C(2015)4154

⁶³ C(2014) 5375

⁶⁴ Regulation (EU) No 233/2014, OJ L77/44

Article 17 of Council Regulation (EU) No 2015/323. The Commission's authorising officer responsible deems that, based on the compliance with the ex-ante assessment based on Art 140 of Regulation (EU, Euratom) No 966/2012 and also applicable by virtue of Article 40 of the Council Regulation (EU) No2015/323, they can be entrusted with budget-implementation tasks under indirect management.

The entrusted budget-implementation tasks as foreseen in Article 17 of Council Regulation (EU) No 2015/323, as well as in Articles 58 and 139.4 of Regulation (EU, Euratom) No 966/2012, consist of the implementation of procurement, grants and payments. The entrusted Lead Financial Institution will also monitor and evaluate the project and report on it.

For the purpose of using multi-annual indicative programmes (both regional indicative programmes and national indicative programmes) resources in support of blending projects, a reference will be made in the relevant Annual Action Programme (AAP) to the sector, objectives and amount foreseen for the envisaged blended operation. Once the funds are committed through the AAP, the project application form will be completed by the Lead Financial Institution in full coordination with the relevant EU Delegation and the European Commission, and be subject to the process foreseen within the AIP (submission to the technical meetings of the Technical Assessment Group, Operational Board, etc.).

EU Member States will have the opportunity to channel additional contributions to blending operations through a dedicated Fund. Such a Fund will be created by the participating Members States in a dedicated agreement also specifying the relevant rules of procedure. Decisions on the projects to be funded out of the Fund will be taken in the AIP Operational Board, taking into account possible earmarking of donors' contributions. The voting rules for the Member States donating resources to the Fund will be established in the Fund Agreement and will reflect donors' contributions. The donors to the fund will have a possibility to earmark their contributions to support blending projects in particular region, sectors or countries.

5.4 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 will apply.

The Commission's authorising officer responsible may extend the geographical eligibility in accordance with Budget Article 9(2)(b) of Regulation (EU) No 236/2014, Article 22(1)(b) of Annex IV to the ACP-EU Partnership Agreement 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.

5.5 Indicative budget

The amounts for blending operations to be financed under the Africa Investment Platform will be decided on in the context of the relevant regional national or thematic annual action programmes.

5.6 Organisational set-up and responsibilities

Described in chapters 5.1 to 5.4 in particular in chapter 5.3.

5.7 Performance monitoring and reporting

In accordance with Article 40 of the Council Regulation (EU) 2015/323 on the Financial Regulation, financial instruments may be grouped into facilities for implementation and reporting purposes. The Commission will report annually to the European Parliament and the Council on the activities relating to the AIP following the requirements set out in Article 140.8 of Regulation (EU, Euratom) No 966/2012 and applicable by virtue of Article 40 of the Council Regulation (EU) 2015/323.

Reporting will also be carried out at an individual operational level by the entrusted entities, in line with the contractual provisions of the bilateral agreement that the Commission will sign with these entities. The entrusted entities should provide all the relevant information on the execution of the projects in order to enable the European Commission to carry out the required follow up of the actions.

As per the recommendation of the EUBEC, the Commission will monitor the performance of the projects benefiting from EU grants through the AIP based on the minimum set of results indicators listed below or any further indicator agreed. The reporting will also enable the Commission to report on the performance indicators defined in the EU Results Framework as well as in the context of the different regional and national programmes.

SECTOR INDICATORS			
OUTPUTS		OUTCOMES	
1 TRANSPORT			
1.1	Length of new or upgraded roads	1.6	Traffic on new or upgraded roads
1.2	Length of new or upgraded railways	1.7	Traffic on new or upgraded railways
1.3	Length of new or upgraded public transport lines	1.8	Passengers in new or upgraded public transport lines
1.4	Port terminal capacity (passenger, container or cargo)	1.9	Ports: Terminal(s) user traffic (passenger, container or cargo)
1.5	Airport terminal capacity	1.10	Airport traffic
2 ENVIRONMENT / Water and Sanitation			
2.1	Length of new or rehabilitated water supply pipes	2.6	Population benefitting from safe drinking water
2.2	Length of new or rehabilitated sewer pipes installed	2.7	Population benefitting from improved sanitation services
2.3	New connections to water supply	2.8	Potable Water Produced
2.4	Water treatment capacity	2.9	Wastewater Treated
2.5	Wastewater treatment capacity		
3 ENERGY			
3.1	Transmission and distribution lines installed or upgraded	3.5	Population benefitting from electricity production
3.2	New connections to electricity	3.6	Power production
3.3	Additional capacity from conventional electricity production	3.7	Variation in CO2 emissions
3.4	Additional capacity from renewable energy sources	3.8	Energy efficiencies
4 SOCIAL SECTOR (social housing, health, education)			
5.1	New and/or refurbished habitable floor area	5.3	Population benefitting from improved housing conditions

SECTOR INDICATORS			
OUTPUTS		OUTCOMES	
5.2	New and/or refurbished health facilities	5.5	Bed occupancy rate
5.3	New and/or refurbished educational facility	5.6	Inpatients
		5.7	Outpatient Consultations
		5.8	Students benefitting from new and/or refurbished educational facility
5 PRIVATE SECTOR DEVELOPMENT			
4.1	<u>For direct operations:</u> Access to finance: number of units served among relevant target group	4.4	<u>For indirect operations:</u> Access to finance: number of units served among relevant target group
4.2	<u>For direct operations:</u> Access to finance: Amount of outstanding loans to relevant target group	4.5	<u>For indirect operations:</u> Access to finance: Amount of Outstanding Loans to relevant target group
4.3	<u>For indirect operations:</u> Access to liquidity/capital: volume of new loans made available to financial intermediaries (e.g. banks, microfinance institutions, funds)	4.6	<u>For direct operations:</u> Number of MSMEs reporting increased turnover (as a result of <u>direct</u> support received from the FIs)
		4.7	<u>For both direct and, where feasible, indirect operations:</u> Number of jobs sustained (resulting from the project)
CROSS-SECTOR INDICATORS			
1	Total number of beneficiaries		
2	Number of beneficiaries living below the poverty line (whose living conditions are improved by the project)		
3	Variation CO ₂ / Greenhouse gases		
Application subject to current practices and methodologies by Financial Institutions:			
4	Sustainable jobs sustained / created		

5.8 Evaluation

At the level of the individual operations, evaluation tasks will be carried out 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 external evaluations and audits in accordance with international standards, and in that case it will be financed by other financial sources.

5.9 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.

Operations can be the subject of financial control by the Commission (including by the European Anti-Fraud Office) as well as by the European Court of Auditors.

5.10 Communication and visibility

The European Commission and its implementing partners will abide by the visibility rules for European Union financing as per relevant provisions in the respective project agreements and contracts. For each individual project, a communication plan will be prepared by the Lead Financial Institutions, allowing the involvement of the EU Delegations at key stages of the projects having visibility potential. Additional communication measures might be taken if necessary. The European Commission will publish an annual activity report providing an overview of the financed projects.

Communication and visibility of the EU is a legal obligation for all external actions funded by the EU and the Communication and Visibility Manual for European Union External Action will be used to establish the Communication and Visibility Plans.

In any event, even in cases where non-European financial institutions would assume the lead financier role, the European added value and European visibility in each project should be ensured and maximised as much as possible.

In this context, operational/technical coordination and co-operation among European and non-European financial institutions remains of critical significance, so as to ensure synergies and complementarity of capacities, knowledge and expertise.