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ANNEX

LIST AND DESCRIPTION OF GUARANTEE TOOLS FOR INVESTMENT

to the

Commission Decision

on the approval of the conclusion of EFSD guarantee agreements with selected eligible counterparts under the EFSD Guarantee

1. List of guarantee tools to be funded

Title of the project	Selected Entrusted Entity	Maximum EFSD Guarantee amount
1. NASIRA Risk-Sharing Facility - Financing for underserved entrepreneurs	FMO	EUR 75 million
2. African Local Currency Bond Guarantee Programme (ALCBGP) - Developing local currency capital markets in Africa	KfW	EUR 100 million
3. Africa GreenCo - Boosting green electricity generation and financing	AfD	EUR 28 million
4. DESCO Financing Programme - Bringing 'rent-to-own' solar power kits to thousands of homes	AfDB	EUR 50 million
5. Room2Run - Helping to raise up to EUR 2 billion fresh investment for new sustainable energy projects	AfDB	EUR 87 million
6. Sustainable Logistics and Interconnectivity Guarantee (SLIG) - Encouraging investment to make the transport industry greener and more sustainable	EBRD	EUR 50 million

7. Energy Efficiency and Sustainable Cities in EU Neighbourhood - for low-carbon industries, green buildings and sustainable urban development	EBRD	EUR 100 million
8. Framework to Scale-up renewable energy investments - more clean power generation thanks to more certainty for investors	EBRD, EDFI	EUR 100 million
9. Resilient City Development (RECIDE) - Making investment in urban infrastructure more compelling	AECID	EUR 100 million
10. European Health Guarantee Platform for Africa - Improving healthcare with high-quality health screening labs	EIB	EUR 80 million
11. Digital Transformation Platform - Increasing the use of digital technologies, and widening rural access to broadband	EBRD, EIB	EUR 70 million
TOTAL		EUR 840 million

2. Description of guarantee tools

2.1. NASIRA Risk-Sharing Facility - Financing for underserved entrepreneurs

EU budgetary guarantee programme	EFSD Guarantee
Date Board Opinion	Operational Board of 20 June 2018
Partner country/region	Sub-Saharan Africa (SAA), EU Neighbourhood
Lead FI	FMO
Maximum EFSD Guarantee amount	EUR 75 million
Maximum Technical Assistance amount[1]	EUR 8 million
Expected total investment to be generated	EUR 500 -1 000 million
Objectives and expected results	The proposed program has been designed with the aim to support financing operations that address the pressure and root causes of irregular migration. The new instrument is intended as a powerful risk mitigation mechanism to leverage private sector financing whilst avoiding market distortions. NASIRA will address the high risks, perceived and real, involved in lending to under-served entrepreneurs in countries neighbouring the EU and in Sub-Saharan Africa, many of whom were forced to flee their homes. It will give them access to investment loans by offering local financial institutions, such as banks and microfinance institutions, portfolio guarantees containing loans to entrepreneurs. FMO will also provide technical assistance to those financial intermediaries, and to those taking out loans ('end-borrowers'). The guarantee tool will benefit a wide cross-section of society that currently has difficulties borrowing money at affordable rates. It will focus on: • people who have been forced to flee to other parts of their countries (internally displaced people) or leave their countries altogether (refugees); • those who had fled but have recently returned (returnees); and • young people aged 18 to 30 and women.

[1] All Technical Assistances mentioned in this Annex will be financed by funds outside of the EFSD Guarantee.

	Providing the guarantee focused on the mentioned target group, FMO expects to be able to grow a number of financings provided catering to it. Equally important, providing guarantees will help address one of the main market imperfections in the European Neighbourhood and Sub-Sahara Africa, which is the high level of liquidity (money available in the banking system) that is not reaching either Entrepreneurs and SME's or underserved market segments. The facility aims at creating and supporting between 600,000 – 800,000 jobs and supporting around 200,000 irregular migrants in the SSA and Neighbourhood Countries.
Sectors covered	All sectors
Types of instruments	Portfolio guarantees, loans and other forms of funding or credit enhancement
Expected leverage ratio	Between 1:6.7 and 1:13.3
Justification/additionality of the EFSD Guarantee	The program focuses on key root causes of irregular migration. It allows the eligible counterpart (FMO) to build experience and expertise on the target group specific issues and difficulties. As an example, a likely complication is the financial inclusion of refugees without residence permits or collateral. Learning to deal with such issues will give important lessons learned and give FMO and other banks the means to properly asses the risks associated with tackling the root causes of migration. Geographical focus: The program is specifically focused in host, transfer and 'sending' countries of migration. Other programs often either have a mandate that is wider (such as the global IFC risk sharing facility) or more restricted (such as the SANAD fund and EIB's risk capital facility focussing on the European Neighbourhood.). As with the former point on focus on end-users, having a specific country mandate increases the means that FMO has to reach its goal: combating the root causes of irregular migration. Tailor-made products: NASIRA offers tailor-made solutions per financial intermediary. This means that FMO can propose different sorts of first and second loss positions that cater to the specific requirements of the financial intermediaries. This reduces the amount of concessional funding required for the local financial institutions to on-lend money to the target-groups. This is different from other programs such as AFD's MENA guarantee facility that solely provides first-loss positions. Size/Structure of the program: NASIRA includes a risk-sharing

	facility, funding (both syndicated and direct from FMO) to local financial institutions and a technical assistance program for both the end-users and local financial institutions. This reduces the costs that normally arise due to the inefficiencies of having to find either the risk-sharing-facility, the funding or the technical assistance from other investors/donors. This makes the product more attractive for local financial institutions and thus reduces the amount of concessional funding needed.

2.2. African Local Currency Bond Guarantee Programme (ALCBGP) - Developing local currency capital markets in Africa

EU budgetary guarantee programme	EFSD Guarantee
Date Board Opinion	Operational Board of 20 June 2018
Partner country/region	Sub-Saharan Africa, EU Neighbourhood
Lead FI	KfW
Maximum EFSD Guarantee amount	EUR 100 million
Maximum Technical Assistance amount[2]	EUR 2 million
Expected total investment to be generated	EUR 1 000 million
Objectives and expected results	The EFSD Guarantee will be utilised in order to make investments in local currency bonds issued in Sub-Saharan African and EU neighbourhood countries primarily by local financial institutions, utility companies, or state-owned enterprises (SoEs). Local banks and other financial institutions, companies or "special purpose vehicles" set up to finance public-private partnerships will facilitate this. Issuing such bonds will in turn help to develop capital markets. Local currency financing is often costly or unavailable in developing countries. This forces entrepreneurs and governments to borrow in hard currency, such as euros or US dollars. Access to local currency loans is therefore crucial for the economy of a country esp. in Africa, to mitigate the risk of over-indebtedness caused by foreign currency loans and for MSME as the backbone of an economy. This has a positive impact on economic growth/stability and employment e.g. in rural areas and for women in a long-term perspective. Both objectives go alongside EFSD Regulation objectives of scale up private sector involvement in socio-economic development in partner countries and attract investors to invest in attractive projects. The EFSD will help to: • enable investors' lending to the ALCB Fund in local currency; • balance the ALCB Fund's exposure to a certain country

[2] Technical Assistance will be financed from sources other then EFSD Guarantee Fund.

	(and/or currency); • mitigate risk by offering local bond investors a first-loss cover. The ALCB Fund will also offer technical assistance to bond issuers, central banks, stock exchanges and other local financial authorities. The ALCB Fund will directly benefit people looking to set up or expand small businesses (MSMEs), and individuals and families on lower incomes who currently have little or no access to financial services like bank loans. Thanks to the contribution of the EFSD Guarantee, the Fund will enable bond issuers to provide financial services for, or direct investments in: • renewable energy and energy efficiency • agriculture • waste management and other urban infrastructure • healthcare and education • low-income housing • leasing. 100,000 jobs are planned to be created because of the implementation of the project. USD 300,000 of new financing will be made available to financial intermediaries in the targeted areas and 2,500,000 beneficiaries will be reached because of the deployment of the project.
Sectors covered	MSMEs active in the sectors of - renewable energy and energy efficiency - agriculture - waste management and other urban infrastructure - healthcare and education - low-income housing - leasing.
Types of instruments	Guarantees, loans and other forms of funding or credit enhancement
Expected leverage ratio	1:10
Justification/additionality of the EFSD Guarantee	Local capital markets have the potential to increase the scale and sustainability of private-sector investments. African markets are underdeveloped party due to a self-fulfilling (vicious circle) where market actors (investors, intermediaries and issuers) lack transaction experience and, as a result, do not create demand and conducive conditions for new primary bond issuance. The Fund seeks to address this through anchor investment and technical assistance. The Fund aims to improve the lack of experience among bond arrangers and investors when assessing and understanding credit risk – limiting the scale and scope of bond issuance by high impact companies. Furthermore, the Fund helps to

	create an enabling regulatory environment by providing support to the local financial authorities (e.g. Central Banks, stock exchange). The prospected economic benefits of the proposed guaranteed investments are to increase: (i) capital available in high impact sectors such as microfinance/MSMEs, housing, agriculture, renewable energy, infrastructure, education and healthcare; (ii) sustainability and affordability of funding sources by enabling access to local markets; and (iii) resilience for companies through reduced FX risk and for investors through portfolio diversification.

2.3. Africa GreenCo - Boosting green electricity generation and financing

EU budgetary guarantee programme	EFSD Guarantee
Date Board Opinion	Operational Board of 20 June 2018
Partner country/region	Southern Africa
Lead FI	AfD
Maximum EFSD Guarantee amount	EUR 28 million
Maximum Technical Assistance amount	EUR 0.9 million
Expected total investment to be generated	EUR 450 million
Objectives and expected results	AFD supports its local private- and independently managed power intermediary. GreenCo will buy electricity from renewable electricity generation companies, and sell such electricity to both state- owned and private sector companies that buy electricity ('offtakers') mitigating the risk of payment defaults. The AFD and EFSD guarantees would be called if the national power utility failed to make payments when due and GreenCo's liquidity instruments were exhausted. This will enable GreenCo to provide capital protection to commercial lenders to renewable electricity generation companies. The innovative risk mitigation mechanism is expected to attract more investment in renewable energy projects. GreenCo's initial target project size is 5-50MW in Southern African countries (Zambia, Zimbabwe, Botswana, Namibia and other SAPP connected countries). EU delegations, AFD and GreenCo representatives have maintained a close policy dialogue with government representatives on energy related policy matters and intend to deepen this dialogue as part of the implementation of the programme. Local communities will enjoy better access to more reliable and cleaner electricity. This will mean they will benefit from better provision of basic services such as healthcare and education that depend on electricity. Increased electricity access will also help create jobs and raise incomes. Smaller businesses in particular will benefit from improved

	access to electricity. They will save money, with lower energy bills as they will no longer have to rely on expensive diesel-powered generators. Approximately 10 000 jobs will be created as a result of the project.
Sectors covered	Renewable energy generation
Types of instruments	Guarantee
Expected leverage ratio	1:16.6
Justification/additionality of the EFSD Guarantee	GreenCo is committed to generating positive social change in its target markets to ensure that the effects of its work are shared as broadly as possible and for the benefit of local populations. The ultimate beneficiaries of GreenCo's intervention, being the many millions of Africans, including many at the base of the pyramid, without access to reliable electricity, both in terms of new connection and increased security of supply for those who are already connected. In economic terms, the main additionality is the reduction in tariff due to the change in investment conditions caused by the intervention of GreenCo.

2.4. DESCO Financing Programme - Bringing 'rent-to-own' solar power kits to thousands of homes

EU budgetary guarantee programme	EFSD Guarantee
Date Board Opinion	Operational Board of 20 June 2018
Partner country/region	Sub-Saharan Africa
Lead FI	African Development Bank (AfDB)
Maximum EFSD Guarantee amount	EUR 50 million
Maximum Technical Assistance amount	EUR 6 million
Expected total investment to be generated	EUR 275 million
Objectives	This guarantee tool will help to bring electricity to some of the many areas in Sub- Saharan Africa (in particular Sahel) that lack access to the power grid. It will build on a new business model of pay-as-you-go (PayGo) solar power systems for use at home that has recently emerged in East Africa. The programme will help offset some of the risks that both local banks and international investors perceive in financing in the sector. These include lack of familiarity with the technology, currency risk, and limited information about consumers' credit history. DESCO will guarantee so called 'rent-to-own' agreements via a receivable financial model. Customers will buy a solar power system through monthly fixed payments over a period of 24-36 months. Monthly payments will be as low as EUR 4 per month. Partnerships with telecoms firms will allow suppliers to debit payments directly from clients' monthly phone bills. The guarantee tool will extend access to clean electricity to an estimated 3.5 million people. Poorer people in rural communities will benefit in particular. No longer would they need to use low-quality kerosene lamps which are harmful to their health. Instead, they would be able to afford cleaner, more reliable electricity more easily and run appliances ranging from TVs and refrigerators, to fans, lamps and grain mills. And of course they could recharge their mobile phones. Having electric lighting will mean children can study for longer, and entrepreneurs could keep their small businesses and shops open for longer. The guarantee tool will also

	allow more people in rural areas to access financial services such as mobile payments.
Sectors covered	Solar energy
Types of instruments	Loans and other forms of funding or credit enhancement
Expected leverage ratio	1:5
Location	Investments will be located in Sub-Saharan Africa.
Justification/additionality of the EFSD Guarantee	• Reduced solar systems prices to the consumers due to a lower cost of capital • Deployment at scale will address market's high demand for solar solutions including solar agri-pumps and lower products' costs • Improve affordability for low income population • Access to energy improves the quality of life of rural population; • Clean, affordable power for appliances ranging from TVs to refrigerators, fan and grain mills • Enables convenient charging of mobile phones • A healthier source of energy by replacing low-quality kerosene lamps with modern light and a proper electricity installation. Solar systems enables customers to transition away from unsafe and health damaging energy sources such as kerosene and to reduce the risk of domestic accidents related to burns, ingestion of kerosene by young children, and fire incidents • Improved crop irrigation through solar powered irrigation kits lowers the double burden of women in domestic labour and farming by saving farming time and allowing them to focus more on other revenue generating activities and thus efficiently use their working time. • Solar kits allow improved education for children through longer study hours • Improve farmers climate resiliency through solar powered irrigation kits • Clean electricity for small business and shops allowing for longer opening hours • The DESCO model boosts mobile money payments and fosters financial inclusion of rural population.

2.5. Room2Run - Helping to raise up to EUR 2 billion fresh investment for new sustainable energy projects

EU budgetary guarantee programme	EFSD Guarantee
Date Board Opinion	Operational Board of 13 November 2018
Partner country/region	Sub-Saharan Africa, EU Neighbourhood
Lead FI	African Development Bank (AfDB)
Maximum EFSD Guarantee amount	EUR 87 million
Maximum Technical Assistance amount	N/A
Expected total investment to be generated	EUR 1-2 billion
Objectives and expected results	Room2Run will allow the AfDB to finance more sustainable renewable energy projects in Sub-Saharan Africa. As a result of the USD 1bln transaction the risk weights will be reduced by 60% which translates in an amount of USD 600mn of new funding capacity to be reinvested in. The new capital will be fully deployed into renewable energy projects, resulting in a total of USD 2bln of total new investment in renewables in Africa. The EFSD Guarantee supports a securitisation structure that enables private investors to invest in AfDB projects by taking credit risk on a defined tranche of the private sector portfolio. This will free up AfDB capital and thus enable the bank to finance new renewable energy projects. Some of these projects will be located in fragile states, where the AfDB's strategy focuses on funding: • large-scale, renewables-based solar power producers, which provide electricity to the national grid; • distributed renewables-based programmes, which are not connected to the national grid but supply particular communities or areas. After careful analysis, several pension funds have concluded that the risks of African private sector investments are lower than is commonly assumed. Through the EFSD-enabled transaction, they will for the first time invest in the highest-risk components of African private sector loans. So the transaction will have an important demonstration effect, as well as bringing in more investment in renewable energy projects, AfDB had the transaction rated by Standard &

	Poor's, the rating agency, in the preparation. The AfDB estimates that the sustainable energy projects it is tracking over the medium-term will provide electricity for over a million households (by creating over 1 GW of generation capacity) and create 15,000 jobs. Industries, businesses and local communities will enjoy better access to more affordable, more reliable and cleaner electricity. Thus, the guarantee tool will help increase production/commercial activity, create jobs, contribute towards the improved provision of basic services such as healthcare and education, facilitate the provision of training, and raise incomes.
Sectors covered	Sustainable energy – renewables, energy efficiency and clean cooking
Types of instruments	Loans and other forms of funding or credit enhancement
Expected leverage ratio	Between 1:11.5 and 1:23
Justification/additionality of the EFSD Guarantee	With the assistance of the EU, the EFSD guarantee will allow AfDB to free up capital, allowing it to redeploy its funds into renewable energy projects, which not only improves the environment in line with the European Union's climate action commitments, but also creates employment in local areas, thus additionally complimenting the Union's migration policy. The enhanced lending potential as a result of the private investor and EFSD Guarantee capital would enable AfDB to expand lending across Africa, with infrastructure and other socially improving sectors in focus. These new renewable projects that will be able to be funded as a result of the EFSD guarantee will provide clean energy to numerous regions in Africa, which will also be sustainable for future generations. Such investments will propel growth in these areas, as a result of new employment opportunities provided as well as better living conditions for future generations.

2.6. Sustainable Logistics and Interconnectivity Guarantee (SLIG) - Encouraging investment to make the transport industry greener and more sustainable

EU budgetary guarantee programme	EFSD Guarantee
Date Board Opinion	Operational Board of 20 June 2018
Partner country/region	EU Neighbourhood
Lead FI	EBRD
Maximum EFSD Guarantee amount	EUR 50 million
Maximum Technical Assistance amount	EUR 2.5 million
Expected total investment to be generated	EUR 250 million
Objectives and expected results	SLIG focuses on logistics: the process of planning, managing, and carrying out the movement of goods (freight). Transport makes up a big part of these activities. This guarantee tool will provide commercial financing and investments from the EBRD and other co-financiers. The guarantee will encourage companies and investors to invest more in the industry in partner countries than they have to date. It will do so by offering better access to, and more affordable, debt financing, rather than having to rely solely on equity (capital), which can curtail expansion. Areas of investment will include among others: • modernising fleets of trucks and maintaining roads • making ports, ships and warehouses more energy efficient • upgrading rail networks and trains • introducing advanced systems for tracking shipments • making airports greener. UN figures suggest transport accounts for 25% of all energy-related greenhouse gas emissions. So this guarantee tool will help make freight transport greener – enabling companies to use energy more efficiently, emit less greenhouse gas, cut air pollution, make less noise and reduce the number of accidents in the industry. It will also: • improve transport links (connectivity) within and between countries • thereby help regions to integrate and boost trade • lower transport costs for small businesses, and open up more markets to them

	• improve road safety.
Sectors covered	Transport and logistics sector
Types of instruments	Loans and other forms of funding or credit enhancement
Expected leverage ratio	1:5
Justification/additionality of the EFSD Guarantee	Reduced road congestion, for instance as a result of shifting away from road transport to railways, intermodal or maritime transport. Reduced traffic noise - better logistics planning, modal shift and new and more silent trucks all help to reduce noise pollution. Pollution reduction, particularly local air pollution (NOx and particulate matter), is a co-benefit of projects introducing cleaner motor vehicles, modal shift away from road transport and increased efficiency (for instance through eco-driving techniques). Improved reliability of the logistics frameworks and systems in each country of operation, which will benefit competition. Improved safety due to reductions in the number and/or severity of traffic accidents, which can happen via various channels including traffic levels, vehicle characteristics, etc. Although heavy vehicles have a lower overall accident rate, there is a significantly higher probability of them being involved in a fatal accident (up to three times higher).

2.7. Energy Efficiency and Sustainable Cities in EU Neighbourhood - For low-carbon industries, green buildings and sustainable urban development

EU budgetary guarantee programme	EFSD Guarantee
Date Board Opinion	Operational Board of 20 June 2018
Partner country/region	EU Neighbourhood
Lead FI	EBRD
Maximum EFSD Guarantee amount	EUR 100 million
Maximum Technical Assistance amount	EUR 5 million
Expected total investment to be generated	EUR 755 million
Objectives and expected results	This guarantee tool pursues two goals in the EU Neighbourhood: • supporting companies in the manufacturing, services and buildings sectors to • use less energy and natural resources by investing in efficiency technologies • helping town and city authorities to provide better and more sustainable urban services and infrastructure, with green measures integrated. The EFSD Guarantee will provide partial guarantees for loans to green projects lowering real risks, and the risks and barriers perceived by financiers, e.g.: • perceived risks of implementing technologies not widely used • lack of local suppliers, installers, skilled maintenance workers for such technologies and measures • low capacity of municipalities and lack of awareness of companies about energy efficiency or opportunities, that can be addressed via dedicated technical assistance (TA). The Guarantee and TA will mobilise more financing for a wide variety of projects: • green technology adoption by industrial companies, e.g. helping them to recover and use waste heat in their operations, use waste materials as fuel to replace fossil fuels, produce goods in ways that use less raw materials, etc. • energy efficiency measures in buildings, such as via better insulation or integrated renewable energy

	technologies such as solar or heat pumps • sustainable city investments, e.g. in water supply network rehabilitation, more sustainable solid waste management or better wastewater treatment. People, communities and municipalities will benefit from lower energy bills, better quality and extent of green urban services, cleaner air, better preparedness for flooding or water shortages, better water and wastewater services, etc. Companies in the industrial, services and building sectors will benefit from investing in high performing technologies to lower operational costs related to energy or other materials, more comfortable buildings, enhanced long-term competitiveness, and a greener company image. All the supported projects will increase opportunities for sustainable economic growth and job creation. They will also lower greenhouse gas emissions.
Sectors covered	Industry, buildings, municipal sector
Types of instruments	Loans and other forms of funding or credit enhancement
Expected leverage ratio	1:7.5
Justification/additionality of the EFSD Guarantee	In the absence of the EU Guarantee and Technical Assistance support, there will remain more missed opportunities to mainstream energy efficiency and other green measures in the industrial, commercial, construction and municipal sectors of the Neighbourhood. On an institutional level, additionality is one of EBRD's three core operating principles rooted in the Agreement Establishing the Bank. According to the EBRD Operations Manual, an assessment of the additionality of the Bank's involvement is undertaken for every project, based on a combination of the following dimensions: • in providing financing at reasonable terms, in particular appropriately priced, otherwise not available from private sources; and/or • in sharing specific attributes, in particular as a multilateral institution; and/or • in structuring conditionalities, in particular to deliver transition (*development*) impact (or other important Bank objectives). Consideration of these three dimensions of additionality will ensure that the EU Guarantee is used only as part of financing action that is additional within the project context.

2.8. Framework to Scale-up renewable energy investments - More clean power generation thanks to more certainty for investors

EU budgetary guarantee programme	EFSD Guarantee
Date Board Opinion	Operational Board of 20 June 2018
Partner country/region	Sub-Saharan Africa, EU Neighbourhood
Lead FI	EBRD, EDFI
Maximum EFSD Guarantee amount	EUR 100 million
Maximum Technical Assistance amount	EUR 3 million
Expected total investment to be generated	EUR 1 billion
Objectives and expected results	This guarantee will enable renewable energy investments by addressing barriers to finance of otherwise viable projects and to crowd-in the private sector. As a result, it will unlock the countries' substantial renewable energy potential, promote wider renewable energy development and demonstrate how the private sector can play a role in meeting growing demand for power. This matters because public money is insufficient to cover the large-scale investment needed, and private investment can also help make projects operate more efficiently. The guarantee tool will help address market failures or sub-optimal investment situations, addressing bottlenecks to private investments and leveraging private sector financing and contributing to climate action and environmental protection and management, thus producing climate co-benefits, allocating 100% of the financing to renewable energy investments. It will catalyse the development of multiple private, renewable energy projects, resulting in significant CO_2 emission reductions, and introduce a number of new private investors to the sector and country, supporting its transition to a low carbon economy. Individuals, communities and businesses will benefit from cleaner, cheaper, more reliable energy and experience fewer power cuts. The guarantee tool will also: • create jobs and raise people's incomes; • improve people's health since they'd no longer have to

	burn biomass to cook; • help businesses operate more efficiently; • make it easier to deliver healthcare and education services that rely on electricity. Investments financed through this framework will create jobs (direct effect) as the plants need to be build, operated and maintained. Indirectly, it will foster the development of the countries with increased domestic energy production from renewable sources.
Sectors covered	Renewable energy
Types of instruments	Debt Guarantee cover to private investors co- financing alongside EBRD/EDFI
Expected leverage ratio	1:10
Justification/additionality of the EFSD Guarantee	This PIP will support and facilitate financing structures which are not widely available for these types of projects from commercial banks but which may be expected to enter the market once precedents are established. As long term limited recourse financing is essential to enable increased levels of investment for renewable energy projects, the PIP could have a fundamental role in establishing this market across the region. LFIs financing is structured so as not to distort the market. The risk of crowding out of private finance is also mitigated because during the lifetime of the PIP long-term limited recourse finance is not likely to emerge. Should it become available the EFSD guarantee would leverage rather than displace private finance, by giving a positive signal by lowering risk perception of the private sector. The projects will unlock the countries' substantial renewable energy potential, promote wider renewable energy development and demonstrate how the private sector can play a role in meeting growing power demand.

2.9. Resilient City Development (RECIDE) - Making investment in urban infrastructure more compelling

EU budgetary guarantee programme	EFSD Guarantee
Date Board Opinion	Operational Board of 20 June 2018
Partner country/region	Sub-Saharan Africa, EU Neighbourhood
Lead FI	AECID
Maximum EFSD Guarantee amount	EUR 100 million
Maximum Technical Assistance amount	EUR 14 million
Expected total investment to be generated	EUR 500 million
Objectives and expected results	This guarantee tool will help cities develop public-private partnerships and lower the risks for private investors involved in financing urban infrastructure in Africa and the EU's Southern Neighbourhood. It will focus on: • energy efficiency; • environment – particularly improved flood protection and sewerage; • public transport; • water supply and sanitation and the management of solid waste. The EFSD Guarantee will reassure: • partial recovery of losses for lenders; • lower the financing costs of borrowers; • ensure solvency of utility concessionaires. This will make urban infrastructure projects in African cities more 'bankable', enabling them to attract private finance. Communities in cities in several African countries will benefit from this guarantee tool, with improvements in utilities ranging from sewage systems and street paving and lighting to the supply of clean water in some cases. They'll also benefit from: • better transport links between where they live and where they work • more affordable housing • cleaner living conditions thanks to better rubbish collection and disposal • improved protection from flooding and climate change.
Sectors covered	Urban infrastructure

Types of instruments	Debt, Public Private Partnerships and Land Value Capture transactions
Expected leverage ratio	1:5
Justification/additionality of the EFSD Guarantee	Overall, the WB/AECID consortium wants to point out that the EU contribution will be essential for the implementation of projects which would otherwise not materialise. WBG and AECID will use their network and programs (CoMSSA and CRP) to identify a pipeline of investments as efficiently as possible, and the EFSD guarantee will enable the crowding-in of private investors that are typically not deploying capital to these types of projects. Having this in mind, the consortium provided input on the different types of additionality. The additionality of EFSD and its TA components is about pooling instruments to scale up the volume of interventions and not just about materializing individual initiatives of the participating partners. As such, the requested guarantee will be structured and activated in situations where the availability of such guarantee will be the most optimal solution for expanding the pool of investors. In many instances due to the absence of guarantee mechanisms the projects would have to be either down-scaled, or phased in much longer time-span, or even abandoned due to the inability to establish a viable capital structure. In the fragile and immature markets specifically targeted by RECIDE, the impact of institutional guarantee would be particularly undeniable as it would help infrastructure projects become ultimately bankable by reducing the cost of capital (both on equity and borrowing sides), expanding the duration of tenors, and improving markets access for investors who in many cases would be first-comers to those nascent markets.

2.11. European Health Guarantee Platform for Africa - Improving healthcare with high-quality health screening labs

EU budgetary guarantee programme	EFSD Guarantee
Date Board Opinion	Operational Board of 20 June 2018
Partner country/region	Sub-Sahara Africa
Lead FI	EIB
Maximum EFSD Guarantee amount	EUR 80 million
Maximum Technical Assistance amount	EUR 12.5 million
Expected total investment to be generated	EUR 500 million
Objectives and expected results	This guarantee tool is being developed in close cooperation with the Bill & Melinda Gates Foundation (B&MGF) to strengthen diagnostic services for low-income populations in Sub-Saharan Africa. It will do so by mobilising investment from private providers in international-standard laboratory facilities that will provide timely, cost-effective and accurate diagnostic services for diseases such as tuberculosis, HIV, and malaria. In low-income countries, governments sign contracts to pay private providers for diagnostic services offered to their citizens. Backed by the EFSD Guarantee, the European Health Guarantee Platform covers the risk that the government might not pay. This guarantee tool will lead to better, cheaper healthcare services for people on low incomes - and could even save lives. Where testing (diagnostics) laboratories exist in Africa, they often provide only a limited range of services of variable quality. With this guarantee tool, poorer people in these regions will have better access to higher quality testing. More and better testing means better chances of proper treatment. Reliable testing for diseases such as tuberculosis, HIV, and malaria, and for maternal and child healthcare, allows doctors to detect diseases or other issues early, respond faster, and save patients and governments' money by better targeting treatments. Having laboratory capacity available locally also helps countries respond better to disease outbreaks when they occur.

Sectors covered	Health diagnostic services
Types of instruments	Guarantees for payment of services (off-take guarantees)
Expected leverage ratio	Between 1:5 and 1:6
Justification/additionality of the EFSD Guarantee	Certainty of payments under any type of off-take agreement is often one of the most important considerations for investors. By partially guaranteeing these payment streams, be it from sovereign or private sources, the Platform supported by the EFSD would contribute to creating confidence for investors and thus foster private sector investment and ultimately improved health outcomes. Other sections under the Platform would address market gaps or areas where the private sector can provide a high added value to the public sector in order to perform activities or services in the Healthcare sector in Africa. Increased investment by private sector. Reduced cost of treatment thanks to an accurate diagnosis. Targeted use of medical and pharmaceutical resources, thus reducing waste and optimising expenditure. Better handing of epidemics or other widespread health concerns. Reduced mortality and reduced long-term health expenditure.

2.12. Digital Transformation Platform and Broadband Investment Programme - Increasing the use of digital technologies, and widening rural access to broadband

EU budgetary guarantee programme	EFSD Guarantee
Date Board Opinion	Operational Board of 20 June 2018
Partner country/region	EU Neighbourhood
Lead FI	EBRD, EIB
Maximum EFSD Guarantee amount	EUR 70 million
Maximum Technical Assistance amount	EUR 3 million
Expected total investment to be generated	EUR 350 million
Objectives and expected results	This guarantee tool is being developed to invest in the infrastructure needed to provide affordable high-speed broadband in EU Neighbourhood – especially outside the main urban centres and in rural, remote and unserved areas. It targets to offer a guarantee that will lower risks for potential private investors and so make projects more attractive ('bankable') to them. The EIB and the EBRD and private co-investors are currently considering how to lend directly to companies, public entities, city and regional authorities, and publicly-owned telecommunications companies. They are also exploring how to enable corporates, public administration and the general public to: • make more use of software and other digital services in the way they operate, so they become more efficient and competitive • access more information and services online in an efficient manner – from booking a doctor's appointment to registering a new business or paying taxes. The adoption of digital services will be encouraged both by supporting the supply and demand sides. When rolled-out successfully, the programme has the potential to: • bring fast broadband to between 300,000 and 600,000 homes in rural areas; • enable new small companies outside the main urban centres and in rural areas to take off and employ local people;

	• allow people and businesses to take part more fully in the digital economy – for example, by selling goods and services or banking online; • make it easier to use basic government services, and improve transparency.
Sectors covered	Telecom infrastructure and digital services
Types of instruments	Loans and other forms of funding or credit enhancement
Expected leverage ratio	1:5
Justification/additionality of the EFSD Guarantee	The platform will address the market failures of an underinvested digital sector due to significant investment cost, high competition, situations of dominance, access to finance and pressure on revenues. More specifically, for telecom networks it will address the following market failures: • Generate positive network externalities by enabling more users to benefit from the access to information, digital services and better communications. The project generates further externalities to other sectors of the economy supporting innovation and competitiveness. • Address the failure to invest in alternative/competing digital infrastructure as a result of the market power of the incumbent. • Address failures in access to financing caused by the fact that the economic lifetime of digital infrastructure exceeds the tenor of loans that are typically available on domestic capital markets. This is exacerbated in scarcely populated regions where unit costs of investment are particularly high.