



EEP AFRICA TRUST FUND

Annual Report 2019



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Cover Photo: Developing PAYG solar-powered water pumps and irrigation systems among smallholder farming households builds resilience. In 2020, EEP Africa will produce an in-depth study taking a closer look at this and other business models in the portfolio that build linkages between clean energy technology solutions and climate adaptation. (Photo credit: SunCulture)

EEP Africa is hosted and managed by the Nordic Development Fund (NDF) with funding from Austria, Finland and NDF.



WELCOME FROM THE SUPERVISORY BOARD CHAIR



EUR 15M for 2018-2022 with an additional contribution of EUR 1.9M. This enabled 4 additional projects to join the portfolio, stemming from the 2019 gender-themed call for proposals prioritizing women-led companies. These projects will take place in Kenya, Malawi and Rwanda and together are projected to reach more than 16,000 households with enhanced energy access and add more than 900 jobs.

I had the personal privilege and pleasure to announce the new financing during the combined EEP Africa Knowledge Forum on Energy for Productive Use and Green Growth and EEP Africa Supervisory Board end-of-year meeting, both taking place in December in Arusha, Tanzania.

In 2019, Finland also hosted the World Circular Economy Forum and took on a leading role in promoting circular economy solutions globally and including Africa. We see numerous synergies with NDF and other partners coming together around this theme in 2020 and beyond.

The EEP Africa 2020 call for proposals prioritizes clean energy in circular economy solutions. We see this as an opportunity for Finnish private sector to develop new solutions and business opportunities in new regions and look forward to seeing EEP Africa continue to expand its portfolio in the year ahead.

Finland is working to enhance its support to Africa, climate, clean energy, women and jobs. EEP Africa links all of these themes and represents an integral part of our international development financing activities going forward.

Juha Savolainen
Director of the Unit for Southern and Western Africa
Ministry for Foreign Affairs of Finland

Dear Friends,

Finland launched EEP Africa in 2010 with a vision to provide flexible financing to catalyse early stage clean energy innovation and a green transition in Southern and East Africa.

Today, 10 years later, Finland remains a committed funder, and EEP Africa is poised to enter its second decade with renewed relevance under the leadership of the Nordic Development Fund (NDF).

Achieving energy access for all and sustainable, inclusive and circular economies remains at the top of the agenda as we look ahead to meeting the 2030 SDGs on time, a task made all the more challenging by the currently unravelling COVID-19 crisis.

In 2019, Finland increased its commitment to EEP Africa by topping up its initial financial contribution of





MESSAGE FROM THE HOST INSTITUTION



Dear Partners and Friends of EEP Africa,

I am pleased to share with you this 2019 Annual Report of the EEP Africa Trust Fund. 2019 was the second full year for EEP Africa under NDF management. It was a year of enhancing integration with the NDF climate finance portfolio and consolidating good processes and governance.

We also added to the financial resources of the Fund, saw some very exciting synergies materialize with other operations in our portfolio and introduced new partnerships and knowledge work to enhance our presence and relevance on the ground.

We launched a gender-themed call-for-proposals, "Promoting Gender Inclusion, Female Leadership and Opportunities for Women," prioritizing women-led companies. The call attracted more than 250 proposals

and a combined financing request of nearly EUR 100 million. Strong evidence if any was needed that women are leading the clean energy transition!

We also saw EEP Africa companies attracting new investors. In August, the Facility for Energy Inclusion Off-Grid Energy Access Fund (FEI-OGEF), where NDF is an anchor equity investor together with the AfDB and others, announced a new loan to SunCulture, a Kenya-based startup specializing in solar pumping and irrigation for small-holder farmers and an EEP Africa grantee. Just one example among many!

Fundraising continued successfully with an additional EUR 13,9 million in combined new commitments from Finland and NDF. New contributions are one of the clearest signals we get that we are on the right track, and we remain so grateful for the active engagement of our funding partners and the financial trust placed in us.

Part of this new funding is earmarked for the pilot phase of EEP Catalyst, our new EEP Africa impact debt window. The team took the first concrete steps to operationalize this new window in 2019, and we look forward to the first investments closing in 2020.

Climate resilience, clean energy, sustainable jobs and gender are at the core of our agenda at NDF. As we set our sights on the 2030 SDGs deadline at the end of this new decade, we will be striving to strengthen all of these aspects through EEP Africa in the years ahead.

Leena Klossner
Vice President, Deputy Managing Director
Nordic Development Fund

ABOUT EEP AFRICA

The Energy and Environment Partnership Trust Fund (EEP Africa) is a multi-donor fund providing early stage grant and catalytic financing to innovative clean energy projects, technologies and business models in 15 countries across Southern and East Africa.

EEP Africa is hosted by the Nordic Development Fund (NDF) with funding from Austria, Finland and NDF.

EEP Africa has been at the forefront of the clean energy transition since 2010 and, over a period of 10 years, has invested close to EUR 50 million in 250 pioneering projects; creating over 8,700 jobs, improving energy access for almost 5 million people, and reducing or avoiding 1.4 million tonnes of CO_{2e} emissions.

Powered by a vision for a sustainable, inclusive and climate resilient future, EEP Africa supports private sector-led operations in: **Botswana, Burundi, Eswatini, Kenya, Lesotho, Malawi, Mozambique, Namibia, Rwanda, Seychelles, South Africa, Tanzania, Uganda, Zambia and Zimbabwe.**

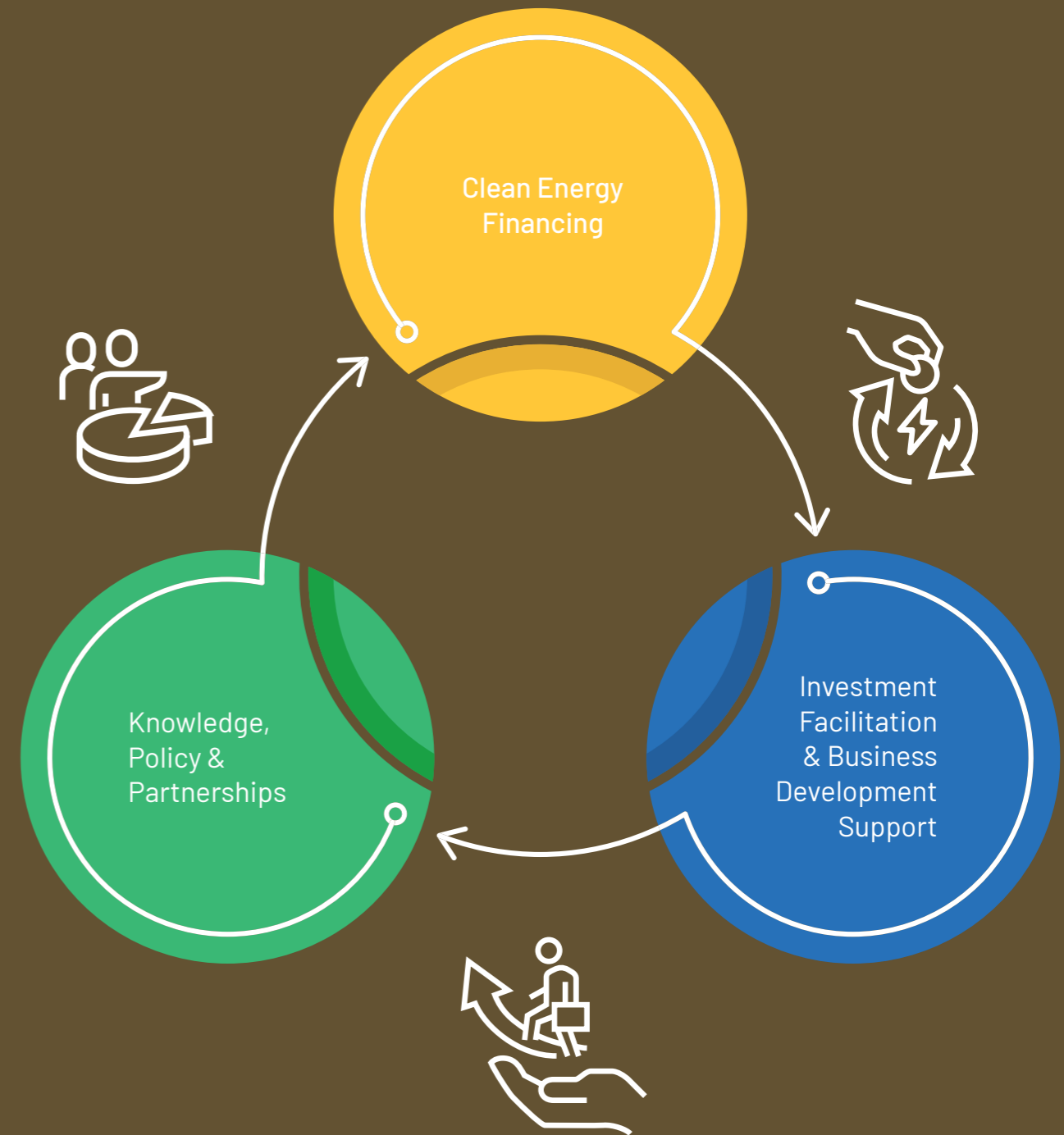
The objective of EEP Africa is to enhance clean energy access, development and investment, with a focus on benefiting poor and underserved groups.

EEP Africa focuses on three core activities:

Clean Energy Financing: EEP Africa channels funding through two windows. EEP Innovation provides early stage grant financing to projects in active development through competitive, open calls for proposals. EEP Catalyst provides flexible, follow-on debt financing to successful EEP Africa grantees with the purpose of closing financing gaps and crowding-in new investors.

Investment Facilitation & Business Development Support: EEP Africa improves the investment readiness of projects through targeted business support services and by facilitating linkages with the global investor community.

Knowledge, Policy and Partnerships: EEP Africa leverages the extraordinary applied learning happening inside its diverse portfolio to develop a wide range of knowledge products and partnerships that advance clean energy understanding and awareness.



2019 MILESTONES

Gender-themed Call for Proposals Attracts Women-led Companies

EEP Africa opened a themed Call for Proposals on 20 February under its Innovation window on *Promoting Gender Inclusion, Female Leadership and Opportunities for Women across the Clean Energy Sector in Southern and East Africa*. By the close of the call on 2 April, 285 Concept Notes had been submitted with a combined project value of EUR 400 million. Over 60% of applications were from women-led companies.



Knowledge Exchange Forum Held in Johannesburg

Close to 100 participants engaged in the EEP Africa Knowledge Exchange Forum in Johannesburg, South Africa on 28 March. The keynote address was given by the Coordinator of Power Africa, and key findings from the SADC Status Report on Renewable Energy were presented by the SADC Centre for Renewable Energy and Energy Efficiency (SACREEE). A panel of EEP Africa National Focal Points provided their perspectives on private sector engagement and renewable energy uptake in the region.



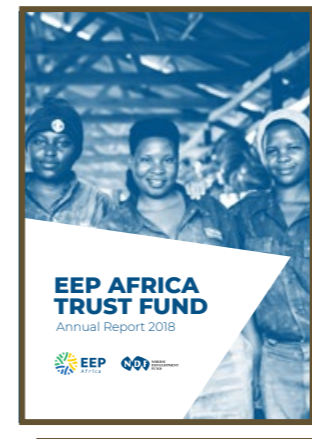
Investor Forum Kickstarts African Utility Week in Cape Town

The Southern Africa Investor Forum was held in conjunction with African Utility Week in Cape Town, South Africa on 13 May. This invitation-only event brought together 40 investors and project developers to identify deal flow opportunities and unlock additional investments in the renewable energy sector in Africa. A keynote address calling for renewed partnerships in the clean energy space was delivered by the African Development Bank (AfDB).



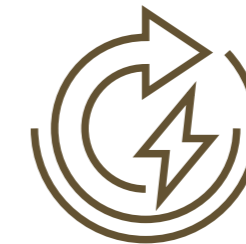
NDF Expands its Financial Commitment to EEP Africa

Following a review of the 2018 Trust Fund Annual Report, the NDF Board of Directors approved an additional EUR 12.2 million in financing for EEP Africa at its June meeting. EUR 5 million of this commitment was earmarked for pilot loans under the Catalyst financing window.



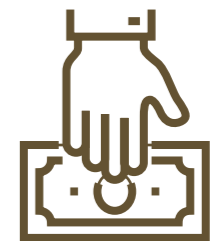
EEP Catalyst Becomes Operational

EEP Africa launched the Catalyst window to provide follow-on debt financing to successful companies from the Innovation portfolio. During the start-up phase, the EEP Africa team analysed its portfolio to identify prospects for pilot loans under the new window. As of the end of 2019, multiple transactions were in active processing.



Investment Committee Approves 19 Projects Featuring Women

The EEP Africa Innovation Window Investment Committee convened on 26 September in Nairobi, Kenya to approve funding for a new cohort of projects submitted under the gender-themed call. Nineteen clean energy companies, 11 of which are led by female CEOs, were selected with a total financing commitment of EUR 6.7 million. The Investment Committee included representatives of the Fund's donors as well as the African Guarantee Fund.



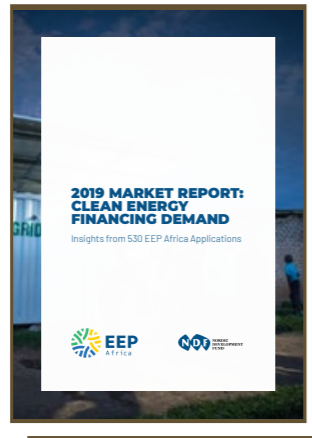
Investor Forum with Partners in Nairobi

EEP Africa, Shell Foundation and Factor[e] Ventures convened a select group of investors and companies in Nairobi, Kenya on 24 September for a joint Investor Forum. The event brought together more than 50 global and regional investors, DFIs and funds with over 20 innovative companies in clean energy and sustainable transport. The event showcased the value of partnerships at all levels.



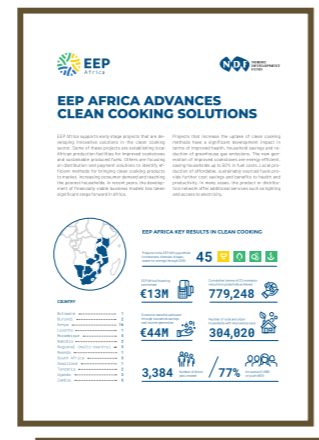
Market Report Published

Due to the high volume of applications received, as well as the geographic and technological diversity in our portfolio, each EEP Africa call for proposals collects a broad set of data about the current state of the market. In October, EEP Africa published its *2019 Market Report: Clean Energy Financing Demand*, which offers an analysis of the last general call and observations about emerging trends in the sector.



Promoting Investment in Clean Cooking

EEP Africa moderated a panel on "Clean Cooking Investment" at the Clean Cooking Forum in Nairobi, Kenya on 6 November. Knowledge about recent trends in the sector based on our extensive portfolio of projects was shared at the panel and through an EEP Africa fact sheet on the sector. Five new clean cooking projects were approved in the 2019 gender-themed call, bringing our portfolio total to 45 clean cooking projects with EUR 13 million in financing.



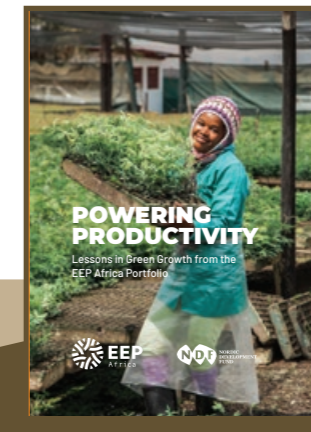
EEP Africa Achieves Full Operational Stride

The EEP Africa Supervisory Board met for the second annual governance meeting of the Trust Fund in Arusha, Tanzania on 3 December. Representatives of Austria, Finland and NDF confirmed the strategic direction of the Fund and endorsed EEP Africa as "the most active, most dynamic, most effective early stage clean energy financing facility operating in Southern and East Africa." The Ambassador of Finland to Tanzania and a high-level representative of the East African Community (EAC) participated as observers.



Launch of New Study on Productive Use at Knowledge Forum in Arusha

EEP Africa launched an in-depth study on *Powering Productivity: Lessons in Green Growth from the EEP Africa Portfolio* at its Knowledge Exchange Forum in Arusha, Tanzania on 4 December. Key stakeholders from the clean energy development, investment and policy space took part in lively discussions on innovative business models for productive use of energy and other trends in the sector. During the event, the EEP Africa Project of the Year Award was presented to SunCulture, a solar irrigation company in Kenya.



New Finnish Commitment Concludes 2019 Financing Round

At the events in Arusha, the Ministry for Foreign Affairs of Finland announced an additional financing commitment of EUR 1.9 million to EEP Africa. This contribution increased the total funds under management to EUR 42 million. The end-of-year announcement from Finland was a strong indication from a founding partner that EEP Africa is moving in a positive direction and demonstrating results.



Ministry for Foreign Affairs of Finland

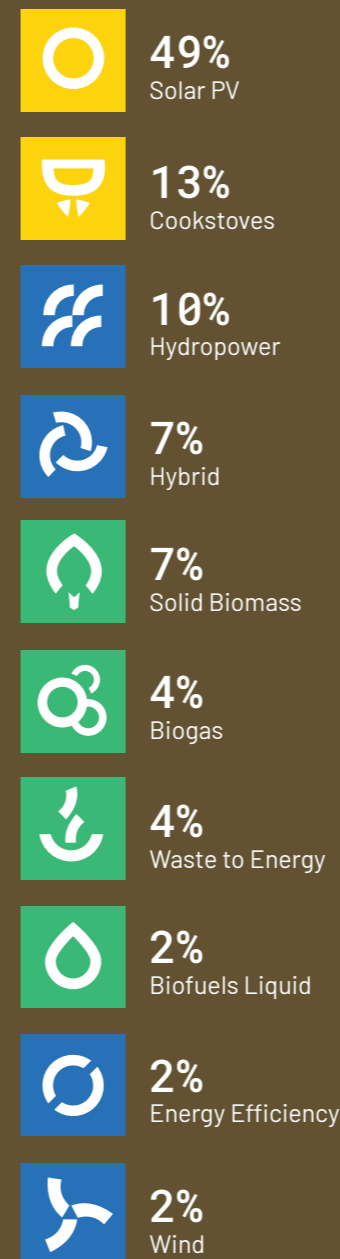
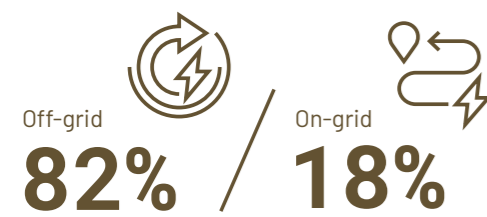
2019 PORTFOLIO OVERVIEW

EEP Africa conducted a gender-themed Call for Proposals in 2019 that attracted 285 applications.

The call focused on promoting gender inclusion and opportunities for women in the clean energy sector. Over 60% of the applications were from women-led companies and organisations. Nineteen projects were approved for financing and entered the contracting stage. During the more detailed E&S review, one project was cancelled and 18 moved forward. These join the 27 projects in active implementation, resulting in an **active portfolio of 45 projects**.

The total project value for the 45 projects in implementation or contracting at the close of 2019 was EUR 76 million, with EUR 20 million in committed grants and repayable grants from EEP Africa. The projects represent 10 different technologies in 14 countries. The portfolio reflects the extraordinary diversity of business models, technologies and social impact profiles visible in the clean energy revolution happening today across the region.

ACTIVE PORTFOLIO FAST FACTS



Highlights of 2019 gender-themed call:

- The high number of applications (285) demonstrates the strong need for catalytic financing to support gender equality (SDG 5) in the clean energy sector.
- A majority of applicants (61%) were women-led entities, compared to just 18% in the 2018 open call. Of these, 59% were private companies and 21% non-profits or social enterprises.
- Many projects promoted women as end users or beneficiaries, fewer considered gender across the whole value chain.
- Clean cooking and solar PV projects demonstrated the most viable approaches to gender inclusion.
- Jobs for women constituted a larger proportion of expected job creation, 68% in this call compared to just 37% in the previous call.

PROJECTED RESULTS ACTIVE PORTFOLIO

€195M Mobilised climate finance



GHG emissions reduced or avoided per year

427,000 tonnes of CO₂e



1.5M



People with enhanced energy access



6,700 / 46%

Direct jobs created for Women



Energy generated per year

82,000 MWh



€15M

Annual savings on energy-related expenditure



21 MW



Clean energy capacity



47% Women in leadership



* Excluding projected results from feasibility studies.

PROJECT HIGHLIGHTS



Solarwood

Wundersight Investments is a global engineering firm that has developed more than 150MW renewable energy plants globally. This project will provide a secure energy supply for a local hospital in Eswatini through a containerized system that combines solar energy and biomass technology.



Yellow Solar Power

Yellow is a women-led, Malawian solar home systems (SHS) start-up company that focuses on last mile distribution of PAYG units to low-income households in rural areas. This project will scale up distribution to 11,000 SHSs while increasing women's income generating capacity and empowerment through a digital inclusion and training program.



Villageboom

Villageboom is a German manufacturer and distributor of solar lamps that works with local partners to pilot last mile distribution strategies. This project aims to reach 48,000 bottom-of-the-pyramid households in Uganda and Tanzania by selling solar lamps in small instalments via local women's groups.



Empowering Villages

Empowering Villages is a women-led, Rwandan non-profit that produces electric cookstoves locally. This "Bye Bye Charcoal" project aims to provide 200 manufacturing jobs for women and to produce 5,000 Tier 5 cookstoves for grid-connected customers.



Sistema.bio

Sistema.bio is the largest biogas company in Kenya. This scale-up project will build a women-led last mile distribution team through the recruitment and training of new sales agents and technicians. The company aims to sell 10,000 biodigesters to smallholder farms through PAYG.





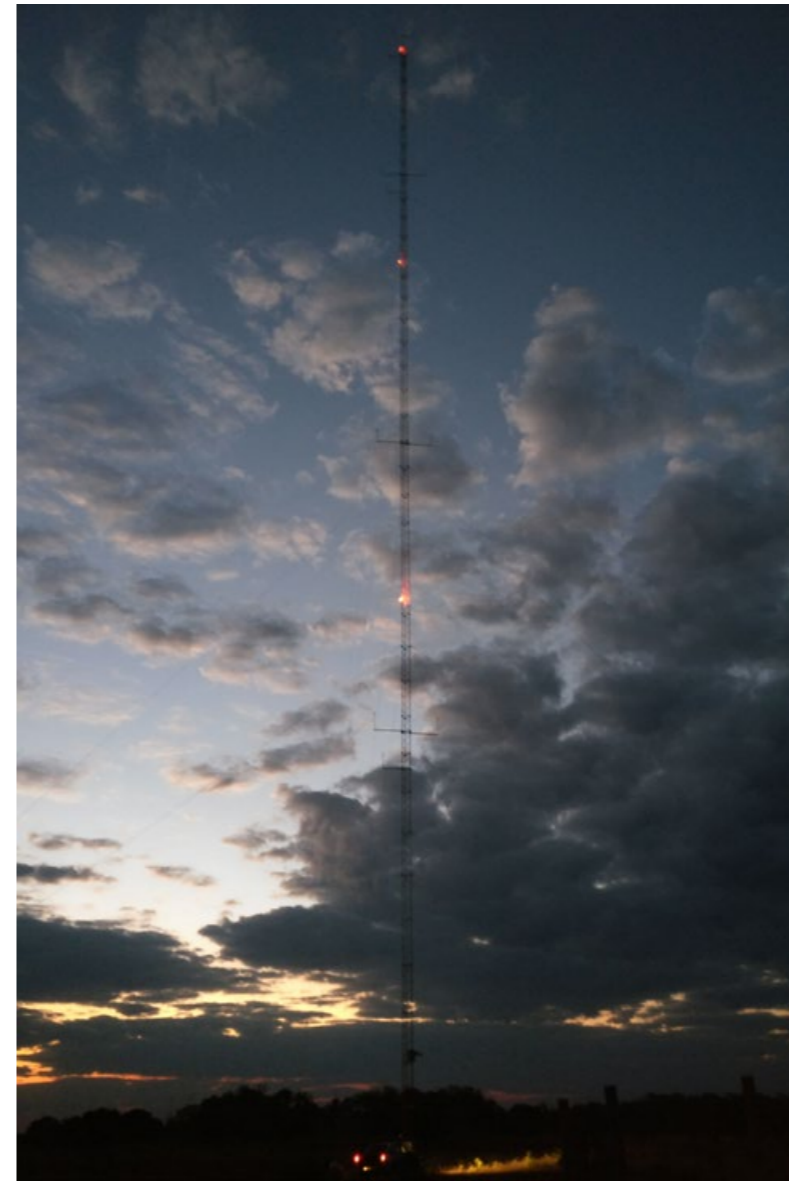
Jaza Energy

Jaza Energy is a Canadian social enterprise that provides affordable electricity to bottom-of-the-pyramid customers by installing solar energy hubs in rural village centres. This scale up project in Tanzania will develop 60 new solar energy hubs in last-mile communities, providing 7,500 households with clean energy.



iLive

iLive is a South African company that develops technologies and projects in waste to energy and bio-energy. This pilot project aims to increase local bio-diesel production and promote women in the sector by establishing 10 small, decentralised retail fuelling stations owned by women.



Mphepo Power

Mphepo Power is a women-led Zambian company that develops and manages wind power projects. This is a feasibility study for UNIKA 1, the first large (150 MW), grid-connected wind project in Zambia, which will significantly increase the country's renewable capacity and power 500,000 households.



Engie-Equatorial

Engie-Equatorial is an international joint venture based in Uganda. This pilot project will deploy four solar mini-grids to provide clean energy to 15,000 people through 2,700 Tier 5 connections. This Rural Economic Agro Labs through Mini-grids (REALM) initiative includes a business incubation program for 1,000 local entrepreneurs.



Powerlive

Powerlive Zimbabwe is a local, women-led social enterprise that sells, distributes and installs modular solar home systems (SHSs) on a PAYG basis. This scale-up project aims to deploy 30,000 SHSs to rural off-grid households in Zimbabwe and empower women through "feminist electrification."



OUTLOOK FOR 2020

EEP Africa will celebrate 10 years of operations in 2020 and increase its focus on promoting green growth through all aspects of its financing, business development support and knowledge products.

The Innovation window will launch a new call for proposals with the theme of Clean Energy Powering Green Growth and a focus on clean energy for productive use and clean energy in circular economy solutions. This theme builds on the EEP Africa *Powering Productivity* study, as well as on Nordic and other expertise in circular economy, to target companies developing innovative business models in these areas. The call will emphasize increasing economic activity and creating sustainable jobs (SDG 8), especially for women and youth.

The Catalyst window will complete its first round of pilot loans in 2020. Through this new window and other initiatives, NDF will continue to maximize the synergies between EEP Africa and other parts of its climate finance portfolio.

The Catalyst window will complete its first round of pilot loans in 2020.

At the time of this writing, the energy access sector is facing an unprecedented period of disruption from COVID-19. We do not know the full impact or duration of this crisis, but we do know that early-stage clean energy companies are facing new and unexpected challenges to business viability. EEP Africa remains fully operational and committed to providing active support to our portfolio. In the first half of 2020, we have already launched rapid response business development support, shifted many activities online, and shared insights with the broader market through a published article on how companies are responding and adapting to the crisis.

During the COVID-19 crisis, EEP Africa is committed to providing active support to our portfolio companies.

In the second half of 2020, EEP Africa will produce an in-depth study on the role of clean energy in climate adaptation and resilience. Clean energy solutions play a critical role in advancing the capacity of urban and rural communities to respond to deforestation, drought, waste, pollution and other climate challenges. EEP Africa projects are piloting and scaling-up innovative technologies to help people adapt to their rapidly changing environment while also creating new economic opportunities. The study will highlight lessons learned from the EEP Africa portfolio to further advance this effort.

A new study will be published looking at the role of clean energy in climate adaptation and resilience.

During this year NDF will also reach out to new donors and conduct an impact assessment of the fund. The results of this review will inform the next decade of EEP Africa's work and ensure that it continues to be the most active, most dynamic and most effective early stage clean energy financing facility operating in Southern and East Africa.



SUCCESS STORIES: POWERING GREEN GROWTH

LEVERAGING FINANCE

From Grant-financed Pilot to Commercial Success

SunCulture received early stage grant financing from EEP Africa in 2016 to develop a commercially viable solar irrigation business model. Since then the Kenya-based company has developed into a leader in the field. SunCulture's services are transforming livelihoods, enhancing climate resilience, and dramatically increasing household income by providing reliable access to water for small scale agriculture.

During 2019 SunCulture secured loan financing from the Facility for Energy Inclusion Off-Grid Energy Access Fund (FEI-OGEF), a blended finance fund established by the African Development Bank (AfDB) and NDF.

Other key achievements for the company during 2019 include: delivering access to over 20,000 people; increasing household income by 5-10 times; launching new products and technologies; expanding operations with pilots in four new countries; and winning two Global LEAP Awards for best-in-class off-grid technology.

SunCulture's trajectory demonstrates how NDF's portfolio approach to climate finance yields powerful synergies in the marketplace. EEP Africa's grant financing supported SunCulture while it developed its business case. Working capital debt financing from Catalyst and FEI-OGEF will now enable the company to scale-up and achieve its growth potential.

In recognition of its success, SunCulture was awarded EEP Africa 2019 Project of the Year by a panel of donors and investors at the Knowledge Exchange Forum in Arusha, Tanzania.



"SunCulture was extremely fortunate to benefit from an EEP Africa grant at an early stage in our development," said Samir Ibrahim, CEO and Co-founder of SunCulture. "2019 was a breakthrough year for us and we're excited to bring life-changing solar irrigation technology to more and more smallholder farmers in 2020."

Broadening Investor Outreach through Partnerships

The 2019 East Africa Investor Forum was organized in partnership with Shell Foundation and Factor[e] Ventures. The invitation-only event in Nairobi, Kenya brought together over 70 impact-oriented investors and clean energy companies from the portfolios of all three partners and the Nordic Climate Facility.

Investors consider EEP Africa's semi-annual forum a flagship event in the climate finance sector in Africa. Shell Foundation also has long experience hosting investor events and a deep early stage investment portfolio in clean energy. Together with Factor[e] Ventures and the Nordic Climate Facility, the partners provided pure added value for investors and companies alike.

The day also offered dedicated opportunities for investors to network and discuss topics such as catalysing blended finance, valuation strategies, access to local currency debt and guarantees and best practices on identifying, mentoring and investing in African entrepreneurs. Participants included private equity and impact investors, debt and guarantee providers, grant facilities, local banks, and DFIs.

The event was a testament to the power of partnerships and provided an expanded group of investors with an efficient platform to connect with emerging players in the sector.



"The Investor Forum is a great opportunity to think out of the box in order to disrupt the financial value chain of the developers." Franck Adjagba, African Guarantee Fund

"Events like these help investors shift focus from building pipelines to closing deals." Alex Kanyonga, Lions Head Global Partners

PROMOTING INCLUSION

Women are Key to the Clean Energy Transition

Women are leading the clean energy transition in Africa and stand to benefit the most from the availability of sustainable, affordable and renewable energy sources. However, too many women lack access to clean energy finance and are viewed mainly as beneficiaries rather than leaders and innovators.

This was one of the main motivations for EEP Africa's gender-themed call for proposals in 2019.

A majority of the projects approved for financing are led by women and they significantly expand gender inclusion at all stages along the energy value chain. These projects will pilot and scale-up innovative business models that engage women in clean energy design, delivery and use.

Some projects under active implementations in the EEP Africa portfolio are already testing innovative solutions to gender inclusion.

Tiny Totos, a Kenyan social enterprise awarded funding in 2018, is targeting marginalised women in Nairobi through partnerships with informal daycare centres. With EEP Africa financing, Tiny Totos has developed a credit financing platform that offers low-income women, including many single mothers, access to clean energy products and financing, thus creating a healthier and safer environment for women and children.

This innovative platform developed with EEP Africa support won the global People's Choice Award and an African Regional Award in the 2019 MIT Inclusive Innovation Challenge.



Opportunities for Youth in the Clean Energy Sector

Africa's future depends on channelling the talent and dynamism of its youth. Each year 10-12 million young Africans enter the market and youth unemployment is a significant problem that negatively affects young women at an especially high rate. The clean energy sector has high potential to create jobs and sustainable livelihoods for African youth.

The EEP Africa portfolio has created close to 3,000 permanent jobs for youth since 2010. Our recent thematic brief on *Profiles of Change: Opportunities for Youth in the Clean Energy Sector* shows that jobs are being created through the direct generation and distribution of energy, as well as productive use of energy.

Experiences from our portfolio indicate that young people find a diversity of opportunities for professional growth and development in the clean energy sector. In *Profiles of Change*, some of the diverse career paths available to youth are highlighted. These include a young man lacking formal education who is now a successful local technician, and a young woman with a banking and finance degree who is now a project manager for a pipeline of rural mini-grids.

Through its projects and partnerships, EEP Africa is investing in youth and opening new green growth pathways for young people across Southern and East Africa.



Building Partnerships



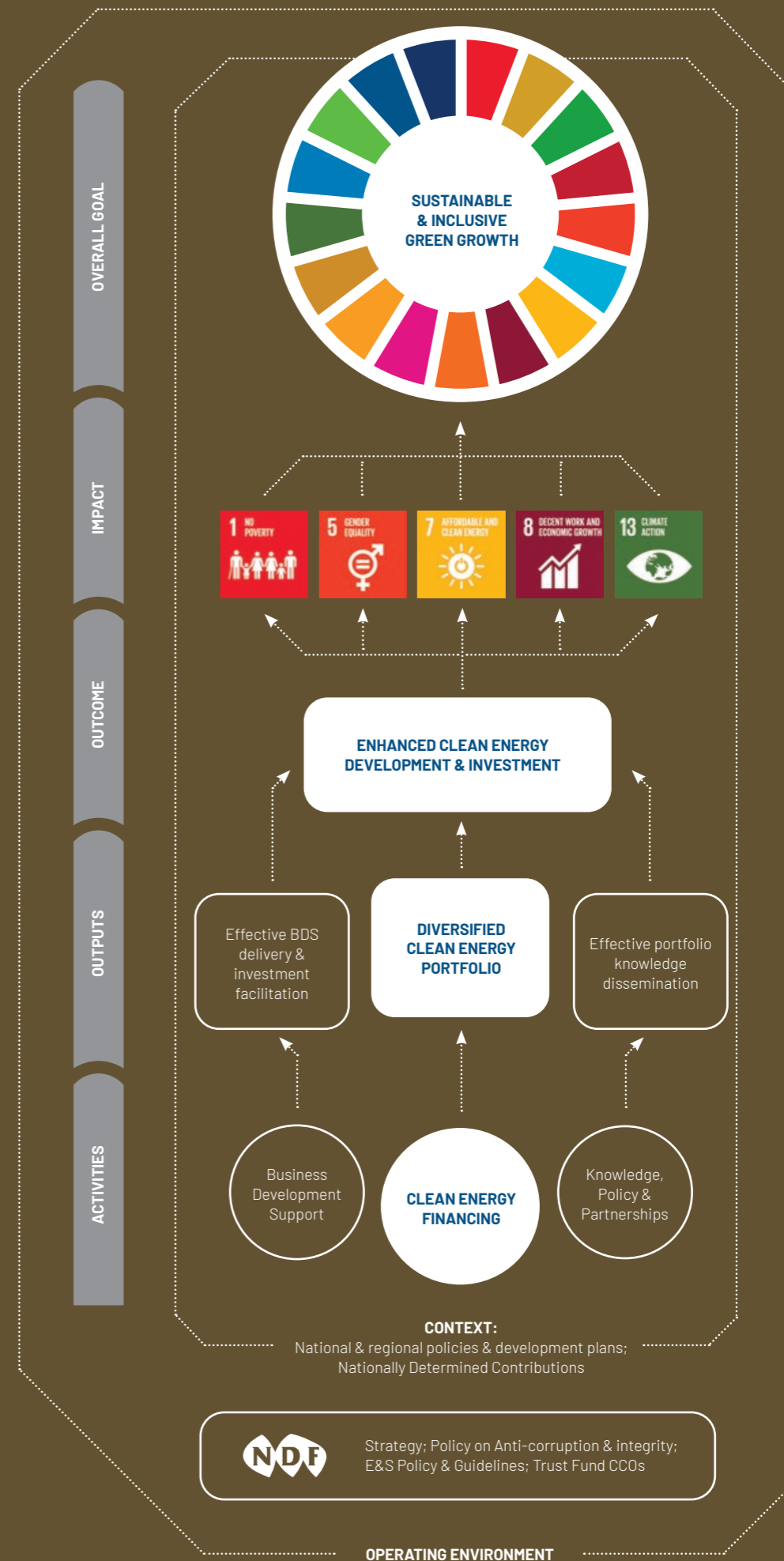
APPROACH TO RESULTS

The overall goal of EEP Africa is to contribute to sustainable and inclusive green growth and to the achievement of the Paris Climate Agreement and the Sustainable Development Goals (SDGs).

EEP Africa focuses in particular on five goals: No Poverty (SDG 1); Gender Equality (SDG 5); Affordable and Clean Energy (SDG 7); Decent Work and Economic Growth (SDG 8); and Climate Action (SDG 13).

The EEP Africa monitoring and evaluation framework integrates innovative approaches to measuring the impact of private sector-led projects. The Fund's Theory of Change and Results Framework aim to encompass the wide diversity of technologies, business models, markets and stages of development in our diverse portfolio. It is devised to take into consideration the Multi-Tier Framework¹ and standardised impact metrics² that have been adopted across the clean energy sector.

EEP Africa projects are monitored and evaluated based on six key Impact Indicators: Savings on energy-related expenditure; Women in leadership; People with enhanced energy access; Direct job creation; Mobilised climate finance; and CO₂e emissions reduced or avoided.



¹ Esmap Multi-Tier Framework for Measuring Energy Access <https://www.esmap.org/node/55526>

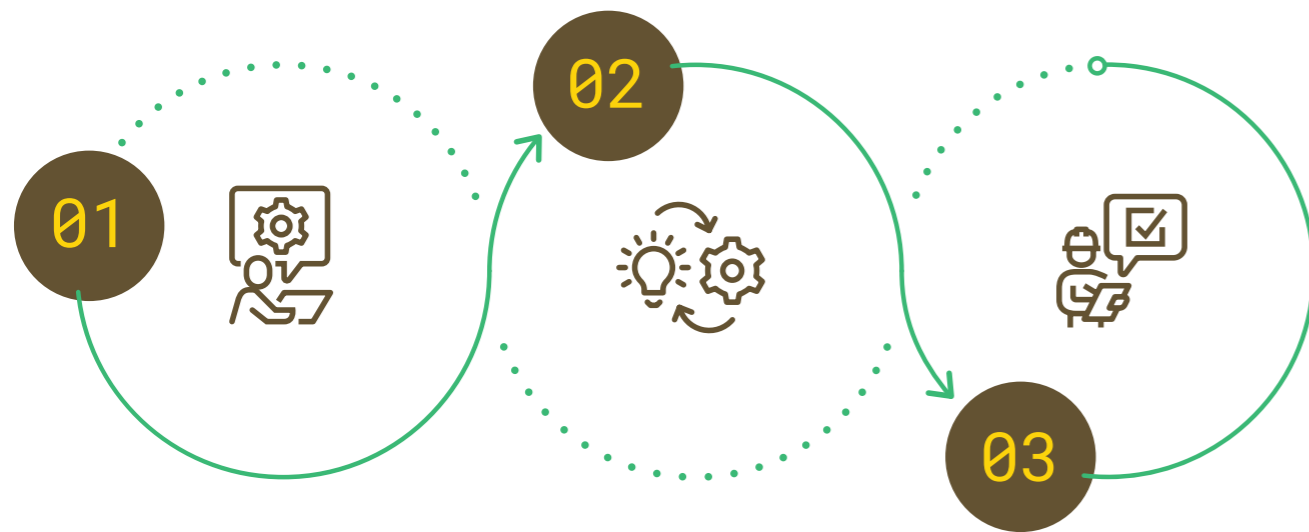
² Gogla Impact Metrics <https://www.gogla.org/impact/gogla-impact-metrics>

ENVIRONMENTAL AND SOCIAL PERFORMANCE

EEP Africa is committed to ensuring that economic growth and sustainability go hand in hand. The environmental and social (E&S) impacts of projects are assessed and monitored at all stages to reduce risks and foster inclusive green growth.

EEP Africa projects must comply with NDF's Environmental and Social Policy and Guidelines, which incorporate international standards set by the World Bank, International Finance Corporation

and International Labour Organization. All project participants must also operate in line with the NDF Policy on Anticorruption and Integrity. Projects should also support the development objectives of the country of operations, including Nationally Determined Contributions (NDCs), and be aligned with EEP Africa's cross-cutting objectives on climate change, poverty reduction, development effectiveness, inclusive development, gender equality and human rights.



Application

- Identification and assessment of E&S risk factors in proposals
- Contract clauses committing project developers to address risk factors

Implementation

- Business development support to reduce, mitigate or avoid risks
- Knowledge exchange among project developers and other stakeholders on mitigation measures

Monitoring & Evaluation

- Continuous monitoring of project risks by Portfolio Coordinators
- Regular reporting and risk mitigation
- Site visit verification of risks and results

E&S CASE STUDY: ADDRESSING THE CHALLENGE OF E-WASTE

The rapid growth in solar PV as a viable off-grid solution has elevated the need for more proactive electronic waste (e-waste) management. Rural areas are particularly vulnerable due to the lack of infrastructure to collect and process e-waste.

National governments in the region are tackling the issue and leading with legislation to regulate the processing of e-waste. Industry organizations like GOGLA and CLASP are producing programs and toolkits to develop these services.

EEP Africa is committed to working with all partners and resources to help project developers manage this E&S challenge.

Project developers in the EEP Africa portfolio are working at points along the e-waste supply chain to build sustainable and innovative solutions that foster a circular economy.



Reduce:

Jaza Energy has moved from lead acid to Lithium-ion batteries, increasing the battery lifetime up to 6 years. This reduces the number of batteries used and replaced.



Reuse:

REDAVIA is partnering with equipment suppliers in Tanzania to establish an exchange scheme for diesel-powered equipment. This enables suppliers to redeploy or recycle old equipment.



Recycle:

Zonful is establishing a recycling facility in Zimbabwe. A feasibility study is being initiated that will assess the value chain and the volume of batteries that could be recycled.

ABOUT THE PARTNERSHIP

Host Institution

The Nordic Development Fund (NDF) is both Fund Manager and funding partner for EEP Africa.

NDF is a multilateral development finance institution established by the governments of Denmark, Finland, Iceland, Norway and Sweden and focusing exclusively on climate change and development, primarily in low and middle income countries. Headquartered in Helsinki, NDF deploys flexible, catalytic financing for climate change mitigation and climate adaptation in Africa, Asia and Latin America.



Funding Partners

The Austrian Development Agency (ADA) is the operational unit of Austrian Development Cooperation and has supported EEP Africa since 2010. ADA's goals prioritise reducing poverty, ensuring peace and contributing towards conservation of the environment with particular emphasis on gender equality and climate protection. ADA's focus themes, such as the water-energy-food security nexus and private sector development, are strongly supported by EEP Africa.



EEP Africa Supervisory Board meeting in Arusha, Tanzania in December 2019.

The Ministry for Foreign Affairs of Finland administers Finland's ODA and led EEP Africa from 2010-2017. Finland's development policy supports eradication of poverty and inequality and the promotion of sustainable development, with particular focus on strengthening the rights of the most vulnerable, promoting gender equality and improving climate change preparedness and mitigation. Enhancing energy access is a key component in reaching these goals.



ABOUT THE EEP AFRICA TEAM

The EEP Africa team is headed by a fund management unit at NDF in Helsinki, Finland and operates out of regional hubs in Pretoria, South Africa and Nairobi, Kenya.

The team is comprised of a diverse group of professionals and experts with multi-sectoral profiles and extensive regional expertise in clean energy access, energy financing, portfolio management, energy policy and partnerships, communications, and monitoring and evaluation.



EEP Africa team members in the field and at events.

FINANCIAL REPORT ¹

FUNDS RECEIVED ² EUR

Funds provided by:

Austrian Development Agency	1 000 000,00
Ministry for Foreign Affairs of Finland	6 900 000,00
Nordic Development Fund	4 500 000,00

Funds provided, total **12 400 000,00**

Deposit interest

Funds received, total **12 403 484,93**

USED FUNDS

Project disbursement

Administrative expenses

Service provider expenses

VAT disbursements ³

Bank expenses

Audit expenses

Used funds, total **7 591 339,55**

REMAINING FUNDS **4 812 145,38**

Placements ⁴

Bank account, 31.12.2019

¹ Financial figures represent the full life of the Fund from 26.04.2018 - 31.12.2019.

² Funds received represent total cumulative disbursements to the Fund during the Fund life. Total funds committed amount to EUR 41,9 million, representing EUR 3 million from ADA, EUR 16,9 million from MFA Finland and EUR 22 million from NDF.

³ VAT disbursements reflect net outstanding VAT payments as of 31.12.2019. VAT payments are fully recoverable and return to the resources of the Fund as and when processed.

⁴ Placements follow the NDF Liquidity and Placement Policy with the goal of placing excess liquidity in highly-rated green instruments.

REPORT ON THE AUDIT OF THE FINANCIAL REPORT

Opinion

We have audited the accompanying financial report of the Energy and Environment Partnership Trust Fund (the "Fund") for the year ended 31.12.2019. Our audit covers the transactions for the period 1.1.2019- 31.12.2019

In our opinion, the Financial Report presents fairly, in all material respects, the funds received and used during the period 1 January 2019 to 31 December 2019 as well as remaining funds (EUR 4.812.145,38) at the end of the accounting period in accordance with the accounting principles described therein.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial report section of our report. We are independent of the Nordic Development Fund ("NDF") in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial report, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of management for the financial report

NDF's management is responsible for the preparation and fair presentation of the financial report in accordance with the accounting principles described in the notes to Financial Report and for such internal control as NDF's management determines is necessary to enable the preparation of financial reports that are free from material misstatement, whether due to fraud or error. The financial report has been prepared on cash basis.

In preparing the financial report, NDF's management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of NDF's management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Helsinki, 15 April 2019

Ernst & Young Oy
Authorized Public Accountant Firm

Terhi Mäkinen
Authorized Public Accountant

Disclaimer

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