



EEP AFRICA TRUST FUND

Annual Report 2018



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EEP Africa is hosted and managed by the Nordic Development Fund (NDF).
Funding partners for EEP are Austria, Finland and NDF.
Implementation support is provided by KPMG.



WELCOME FROM THE SUPERVISORY BOARD CHAIR



Energy, and electricity in particular, is one of the cornerstones of modern development. It lights our homes, powers our computers and home appliances, and enables real-time communication over long distances. Much of our modern way of life would be impossible without affordable and reliable access to energy. However, for many people this is still not a reality. Over one billion people still live without access to electricity. Almost three billion people use solid fuels to cook indoors, exposing themselves to chronic indoor air pollution and associated illnesses. Women and children suffer most. But it is not just household livelihoods we are considering. Climate change requires that we urgently develop alternatives to fossil fuels, which still supply most of global primary energy demand.

We now have unprecedented technological options to address these problems. Distributed renewable power, particularly small solar systems, allow even poor households to cover the basic needs of lighting and mobile device charging in their homes. In Africa, the

EEP programme has brought such services to about 1 million households, roughly the population of Finland. Larger installations, often a combination of solar, wind, small hydro or biomass, could provide stable, reliable and clean energy services from locally available, renewable and virtually unlimited sources.

EEP Africa started in 2010 as a Finnish initiative and soon attracted other funding partners. It has opened unprecedented markets for small- and large-scale solar power generation across Southern and East Africa, creating jobs, enhancing energy security and driving local entrepreneurship.

EEP Africa has now entered a new phase in 2018 with continued strong backing from Finland. Under NDF's management, the new Trust Fund structure has made it possible for the concept to diversify its means of financing renewable energy and energy efficiency projects. By doing so, EEP Africa has once again proved itself to be a demand driven mechanism at the forefront of blended climate finance.

Finland's contribution of EUR 15M over the period of 5 years is one of the Ministry's largest individual funding decisions supporting renewable energy and energy efficiency technologies in sub-Saharan Africa. The Ministry's long-time support to the initiative, stretching back to 2010, highlights our continued confidence in the basic delivery model as a means to tackle not just climate change but also poverty and inequality.

Matti Lassila
Ambassador
Energy and Climate Change
Ministry for Foreign Affairs of Finland





MESSAGE FROM THE HOST INSTITUTION



EEP Africa also fits into a broader portfolio shift for NDF in recent years toward more private sector-oriented operations and partnerships across the climate finance ecosystem. Renewed funding commitments from Austria and Finland in 2018 signal our growing reach as an implementing agency and clear confidence in our capacity to deliver real climate impact, clean energy access and green growth on the ground in the 15 EEP Africa focus countries.

Moving into 2019, we are enhancing our focus on women leaders in clean energy value chains, upgrading our own in-house capabilities to deliver a mix of instruments to match the real needs of projects on the ground and prioritising a new fundraising round to mobilise additional capital and bring on board new funding partners. EEP Africa has all the right attributes in place – brand recognition, strong demand, sound institutional setting and a proven working model linked to the SDGs – and we know we are serving a key matchmaking function for downstream investors looking for investible projects.

In 2018, NDF proudly took on the legacy and future direction of EEP Africa, expanding our commitment to the clean energy and green growth transition in Africa. We will continue to build on the strong foundation of success inherited from Finland as the founding donor to EEP Africa since 2010 and a founding shareholder of NDF since 1989.

There is a real and urgent climate need to fast track early stage financing for clean energy and green growth. We are pleased to be at the forefront of this effort with EEP Africa and many other financing activities and count on continued strong results in the years ahead.

During the course of the year, we built EEP Africa into a fully operational trust fund facility, with governance structure, project selection and contracting processes up and running and a strong external team fully integrated with our policies and extending our reach with hands-on presence in the region. We saw immediate synergies materialize between EEP Africa and other financing activities in our own portfolio as well as those of our partners in the Nordic region and beyond.

Leena Klossner
Vice President, Acting 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. It is hosted by the Nordic Development Fund (NDF) with funding from Austria, Finland and NDF and is guided by a vision for a climate resilient, zero-carbon future.

Since 2010, EEP Africa has been at the forefront of efforts to fast track clean energy access and stimulate sustainable and inclusive green growth. It has committed more than EUR 70 million to 250 pioneering projects, creating over 8,200 jobs, improving energy access for more than 5 million people, and avoiding 1.4 million tonnes of CO_{2e}.

In 2018, EEP Africa transitioned into a multi-donor fund hosted and managed by NDF. This new chapter combines the strong EEP Africa brand and proven delivery methodology with new financing instruments and an enhanced results focus on the Sustainable Development Goals (SDGs).

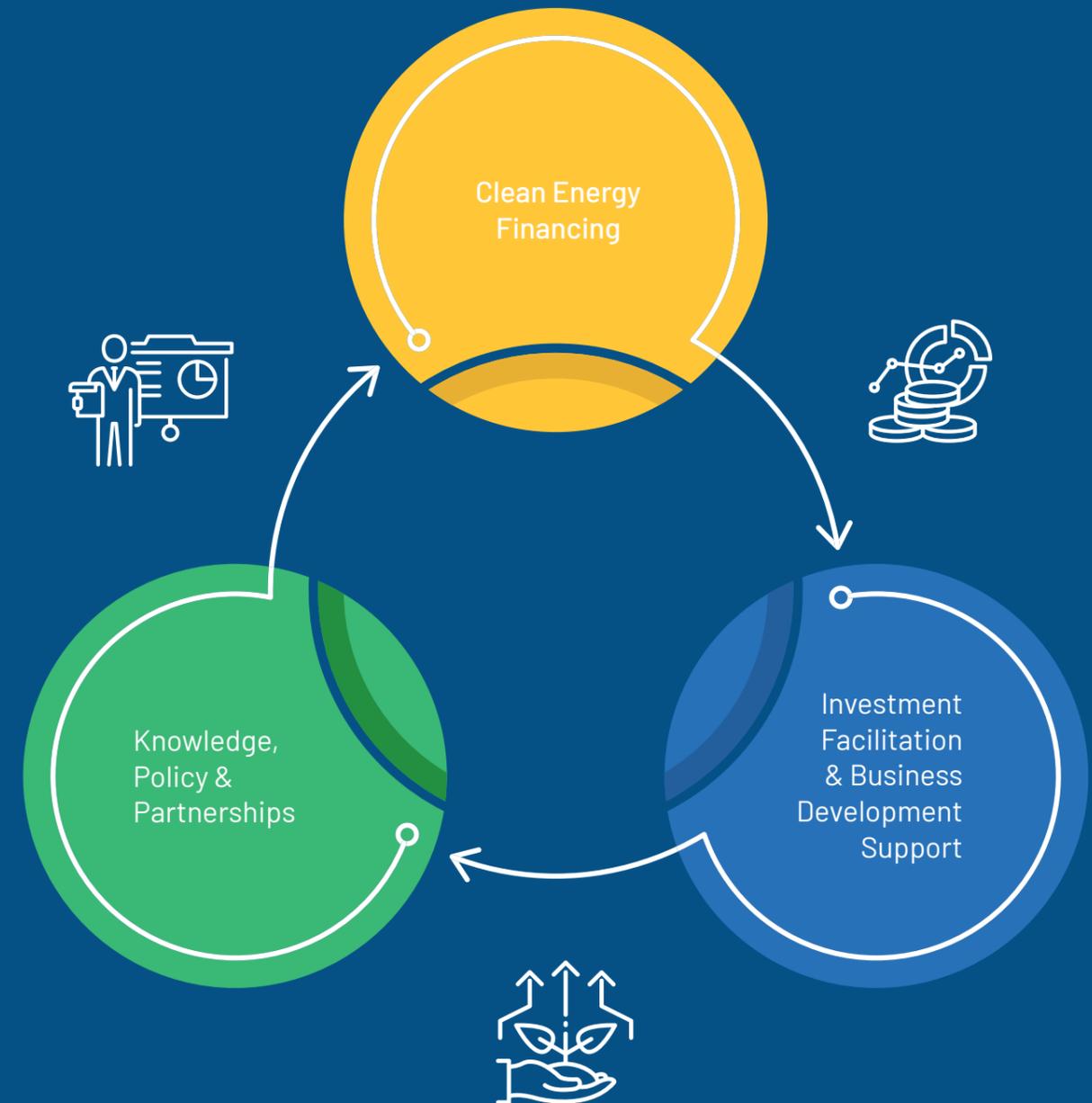
The immediate objective of EEP Africa is to enhance clean energy access, development and investment across the region, with a particular focus on benefiting poor, vulnerable and underserved groups.

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. Selection is based on competitive, open calls-for-proposals. EEP Catalyst (in development during 2018) is intended to provide flexible, follow-on debt financing to successful EEP Africa grantees with the purpose of closing financing gaps and crowding-in new investors.

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

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



2018 MILESTONES

Renewable Energy Market Landscape Study Affirms Business Case

NDF and other donors commissioned a Renewable Energy Market Landscape Study in 2017. The findings from the study affirmed that “[EEP’s] combination of early-stage flexible financing, business development support, knowledge exchange and downstream investor networking continues to offer unique value toward enhancing energy access.”

NDF Seed Financing Marks First Commitment to the New Fund

Following the launch of the Renewable Energy Market Landscape Study, NDF obtained approval from its Board of Directors in late 2017 to contribute EUR 10 million to the first round of fundraising.



Signature with Finland Launches the EEP Africa Trust Fund

On 9 March, the MFA Finland signed an agreement with NDF to contribute EUR 15 million to the Fund under NDF management. This agreement officially re-launched EEP Africa. “EEP has been a flagship programme for the Ministry,” said Leena-Kaisa Mikkola, Director General for the Department of Africa and the Middle East, at the signing ceremony.



KPMG Finland Selected to Support Implementation

NDF appointed KPMG Finland as service provider to support implementation on the ground following an open, international, competitive procurement process. KPMG Finland, which played a similar role for the EEP Programme in 2013-2017 under contract with MFA Finland, combines extensive practical experience with project developers, investors and policy makers in the region together with a network of offices in all 15 EEP Africa focus countries, providing for close monitoring and supervision of the portfolio.



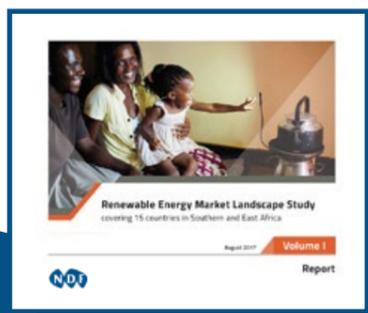
Investor Forum in Cape Town

The flagship EEP Investor Forum is a matchmaking event that provides developers with market-ready business cases an opportunity to pitch their projects to a select group of international investors. The first Investor Forum under the Trust Fund stage was held in Cape Town, South Africa on 14 May. A group of 16 project developers with proven business concepts and scale-up potential pitched to 19 investors, representing venture capital, impact finance, private equity, DFIs and financial institutions.



Launch of 14th Call for Proposals at African Utility Week

The 14th Call for Proposals, the first under the Trust Fund Innovation window, was launched on 15 May during an official side event at African Utility Week in Cape Town. The event featured a panel of past recipients of EEP Africa financing, including Mean Sea Level, East African Power, Ensol Energy, and UgaStove. A video introducing the Fund and informing about the application and evaluation process was shown at the event and disseminated widely on social media. The deadline for applications was 28 June.



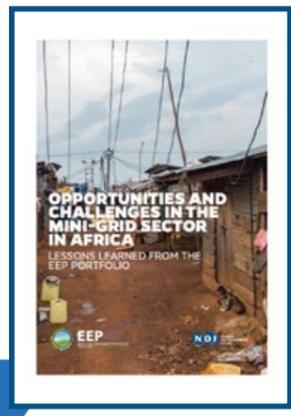
Austria Renews its Commitment

On 3 July, the Austrian Development Agency (ADA) joined NDF and MFA Finland as a funder of the EEP Africa Trust Fund. ADA has supported EEP since 2010. Martin Ledolter, ADA Managing Director, noted that “this successful partnership with Finland and NDF provides Austria a unique opportunity to... jointly be at the forefront of efforts to fast track clean energy access and sustainable and inclusive green growth across the region.” Austria’s contribution raised the combined commitment to the Fund to EUR 28 million.



EEP Africa Mini-grid Study Launched in Nairobi

EEP Africa launched a new in-depth study on mini-grids, Opportunities and Challenges in the Mini-Grid Sector in Africa: Lessons Learned from the EEP Portfolio, on 12 September at the Future Energy East Africa Conference in Nairobi. The study is based on data from 43 mini-grid projects in 10 countries, representing 19% of the total EEP portfolio. It found that smart technologies and business models that prioritise productive use have improved mini-grid efficiency and sustainability. The launch event was co-hosted by Power for All.



Knowledge Exchange Forum at Rwanda Sustainable Energy Week

On 9 November, EEP Africa organised its flagship Knowledge Exchange Forum (KEF) as part of Rwanda Sustainable Energy Week in Kigali. Over 120 specialists took part in lively discussions on mini-grids, private sector experiences and financing. Participants included project developers, investors, donors, researchers and government representatives. The EEP Project of the Year Award was presented to Vitalite, a Zambian solar home systems company.



Investment Committee Approves 28 Projects & Supervisory Board Convenes

The EEP Africa Investment Committee met on 13 November in Pretoria, South Africa to review the CfP14 recommended projects. Out of 530 applications received, 28 projects were selected for financing with a total portfolio size of EUR 14 million. The EEP Africa Supervisory Board, comprised of all current donors, convened for the first time on 15 November in Pretoria. The Board approved the 2019 work plan and adopted the new results framework.



Investor Forum in Nairobi

On 11 December, EEP Africa held its second Investor Forum of 2018 in Nairobi, Kenya. This forum was co-hosted by the Africa Enterprise Challenge Fund (AECF) and included project developers from EEP Africa, AECF and the Nordic Climate Facility (NCF). The event featured 19 projects and 19 investors.



New EEP Africa Logo Approved

At the end of 2018, EEP Africa launched a new logo that reflects its focus on energy, climate and Africa, as well as its emphasis on partnerships and connections. The design evokes the dynamism and innovation at the core of EEP Africa’s mission and offers a fresh look for the Trust Fund stage. “The new logo reflects our active approach to financing and our focus on the positive connections among clean energy, climate action and green growth in Africa.” – Charles Wetherill, EEP Africa Fund Manager at NDF.



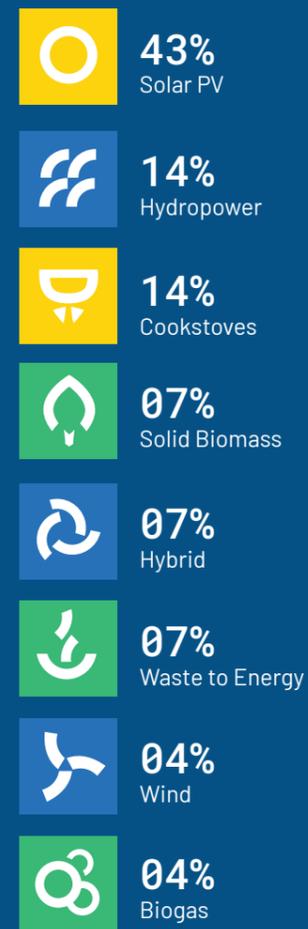
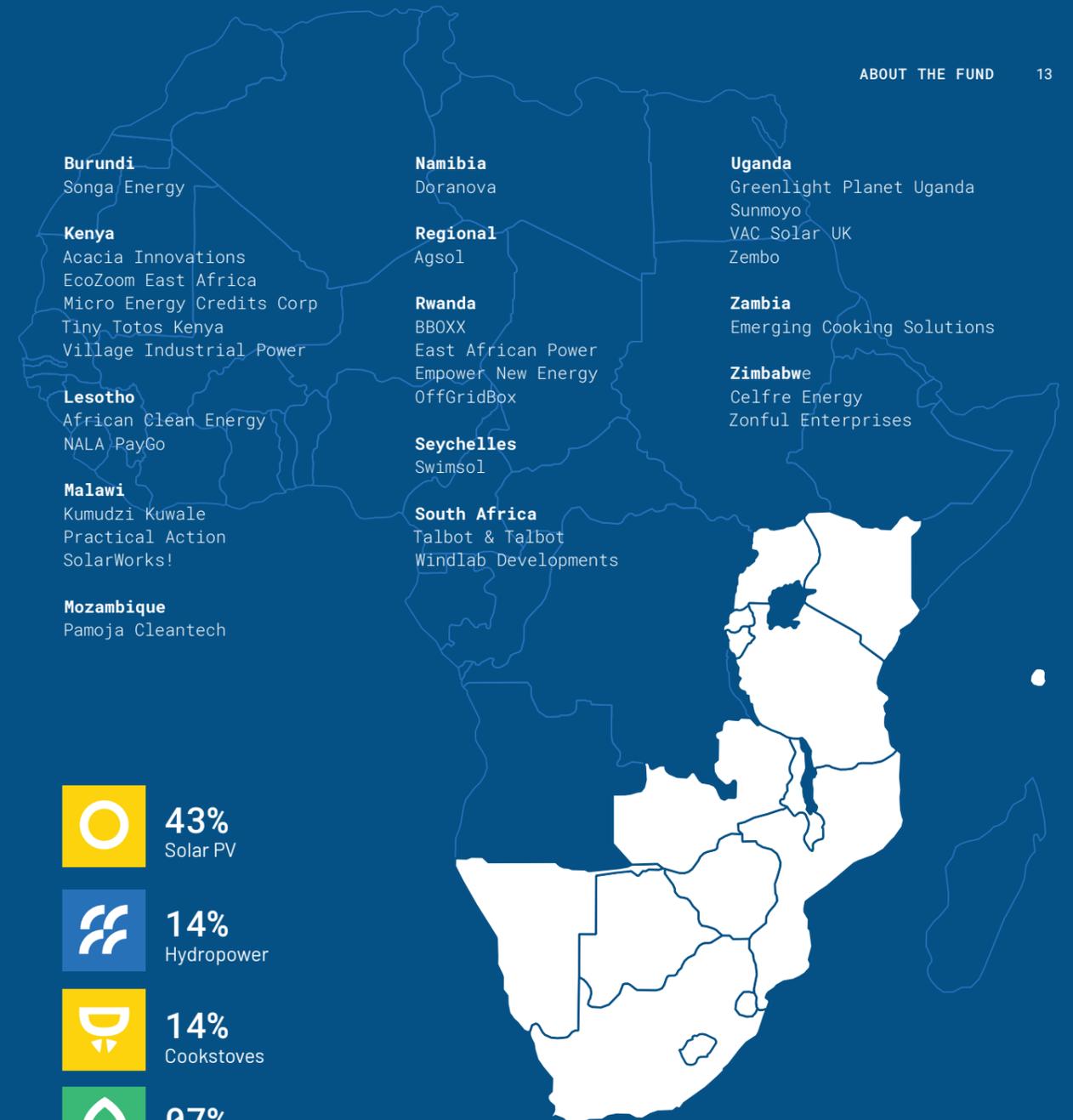
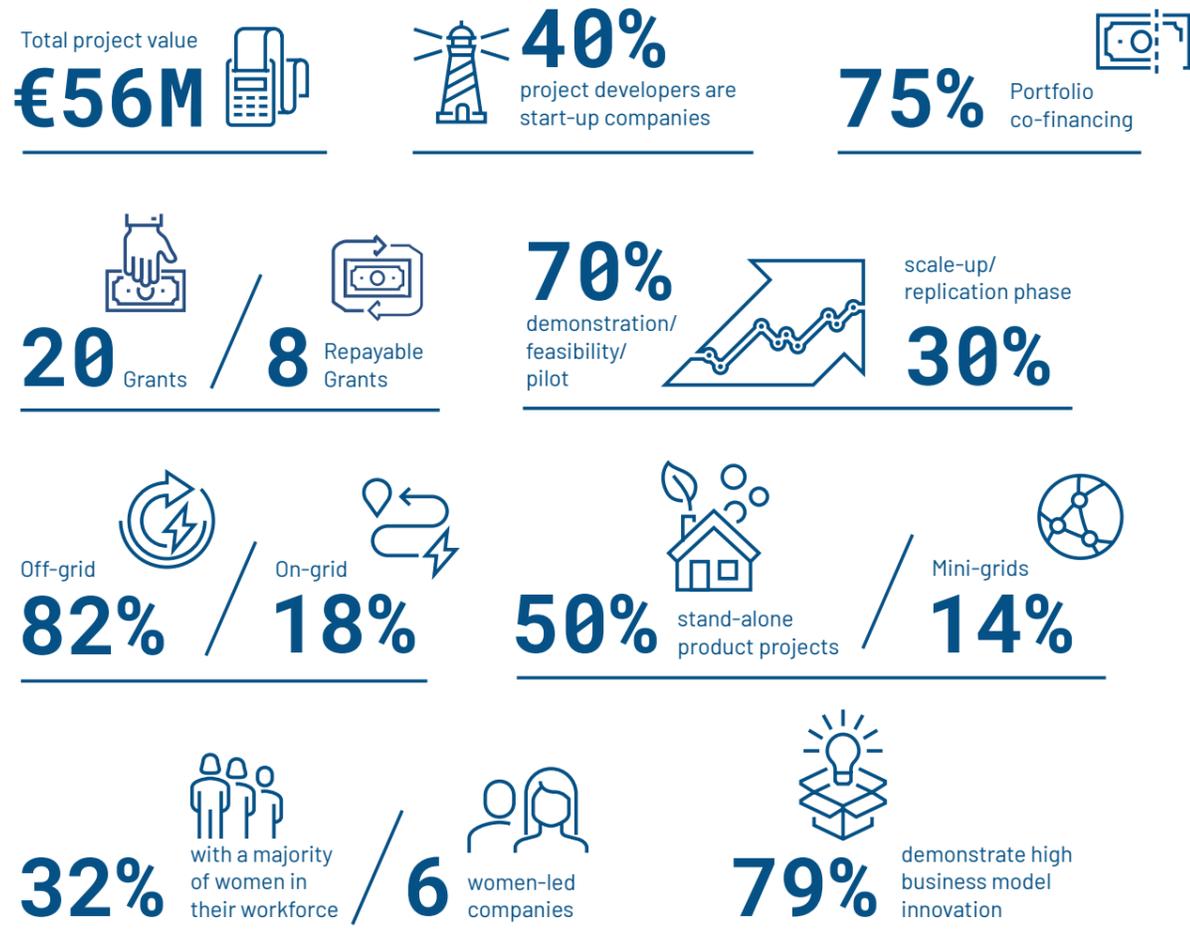
2018 PORTFOLIO OVERVIEW

EEP Africa launched its 14th Call for Proposals, the first since the transition to NDF, in May 2018.

A total of 530 applications were received representing more than EUR 1 billion in combined investment possibilities. A final selection of 28 projects were approved for financing, representing a commitment of EUR 14 million in grants and repayable grants.

The projects represent 8 different technologies in 13 different countries and reflect the extraordinary diversity of business models, technologies and social impact profiles visible in the clean energy revolution happening today across the region.

PORTFOLIO FAST FACTS



New features developed in 2018:

- Repayable grant introduced as a new financing instrument
- Malawi and Zimbabwe added to the portfolio, increasing the total eligible countries to 15
- Evaluation based on Concept Innovation, Development Impact, Business Model & Financial Sustainability
- Enhanced Integrity Due Diligence procedures conducted through KPMG's Astrus tool
- EEP Portal, an intelligent online platform, developed for proposal process and portfolio management

EXPECTED RESULTS FOR 28 NEW PROJECTS

€100M Mobilised climate finance



GHG emissions reduced or avoided

500,000 tonnes of CO₂e



1.2M 

People with enhanced energy access



5,000 / 1,900

Direct jobs created / for Women



Clean energy generated

125,000 MWh



€13M

Energy related expenditures saved per year



48 MW



Clean energy capacity



42% Women in leadership

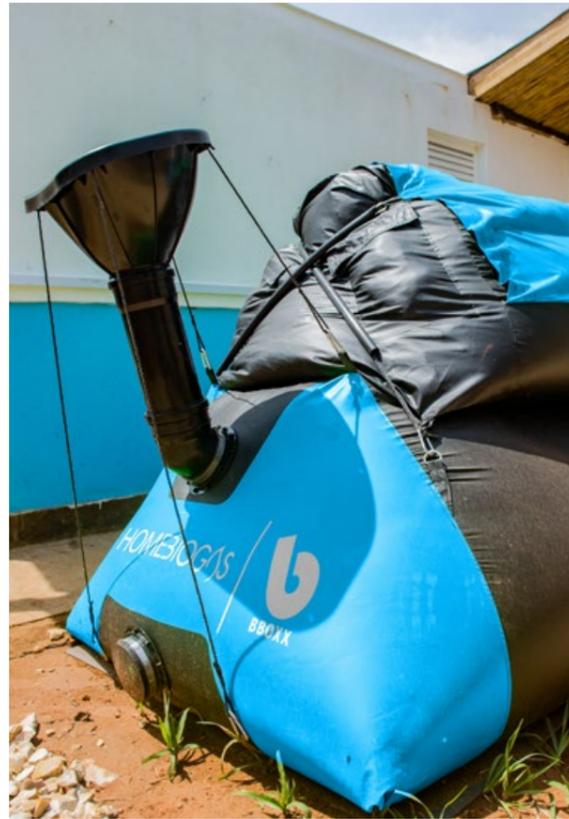


PROJECT HIGHLIGHTS



Songa Energy

Songa Energy is constructing the first independent power producer (IPP) hydropower plant in Burundi. The plant will produce 6.5 GWh of renewable electricity, which will mitigate 3,200 tonnes of CO₂e emissions.



BBOXX

BBOXX is developing a smart valve for household-scale biogas digesters, which will enable pay-as-you-go and remote monitoring, in order to promote biogas in rural Rwanda. The project will result in CO₂e emission reductions of 15,000 tonnes per year and is expected to mobilise EUR 10 million in climate financing.



Emerging Cooking Solutions

Emerging Cooking Solutions is a Swedish social enterprise that is bringing clean cooking to scale in Zambia with its Tier-4 cookstove and waste biomass pellets. The project will create 600 new jobs and avoid 210,000 tonnes of CO₂e emissions annually.



Windlab

Windlab is assessing the feasibility of building an innovative, utility scale, hybrid wind-solar-battery system in the city of Cape Town, South Africa. If the system is approved and built, it will generate 20 MW of clean energy and reduce 80,000 tonnes of CO₂e per year.



Kumudzi Kuwale

Kumudzi Kuwale, a social enterprise with minority Norwegian ownership, is building solar charging stations across Malawi that will provide affordable, renewable light and electricity to the most marginalised populations. The project will create over 300 direct jobs and bring light to over 100,000 rural residents.





Nala PayGo

Nala PayGo is a woman-owned and operated local start-up that is distributing solar home systems across Lesotho. The project will create 130 new jobs and enhance access to clean energy for over 20,000 people.



Practical Action

Practical Action is establishing a micro-hydro mini-grid in Malawi that will provide electricity to a coffee cooperative and other productive use customers. The 300 kW mini-grid will result in 165 new jobs and support economic development in the community.



Tiny Totos

Tiny Totos Kenya is piloting the distribution and financing of cookstoves and other clean energy products through business partnerships with daycare centers in the Nairobi slums. The project will reduce 9,723 tonnes of CO₂e emissions and provide costs savings of close to EUR 1,000,000.



Sunmoyo

Sunmoyo is testing an innovative PPP model in Northern Uganda and installing a solar hybrid system on the roof of a municipal market that was funded by the African Development Bank. The project will supply clean energy and improve business opportunities for over 2,330 predominantly women market vendors.



Swimsol

Swimsol, an Austrian firm operating in the Seychelles, is demonstrating the potential capacity of offshore solar installations for island nations. The 355 kW solar plant will reduce 315 tonnes of CO₂e annually.



OUTLOOK FOR 2019

Next year the EEP Africa Trust Fund will reach its full operational stride with a growing portfolio under management, new financing instruments and new knowledge products planned for release.

During the first quarter of 2019, the portfolio of projects awarded financing under CfP14 will begin implementation and receive their first fund disbursements. EEP Portfolio Coordinators are working closely with the project developers to assess status and needs in order to ensure a smooth start for all projects.

During the second quarter, EEP Africa will open a gender-themed 15th Call for Proposals with the aim of promoting leadership and economic opportunities for women across the clean energy sector. Women are disproportionately affected by energy poverty and underrepresented in the renewable energy sector. CfP15 will look for applications that propose innovative approaches to gender inclusion, while also supporting core business objectives and growth.

EEP Africa will open a gender-themed 15th Call for Proposals to promote leadership and economic opportunities for women.

“Current gender inclusion efforts remain insufficient,” notes Wim Jonker Klunne, Lead Coordinator for the KPMG Finland service provider team. “Many initiatives have a narrow focus on women as consumers, rather than supporting women as leaders and innovators in society. This call will aim to strengthen the role of women in a variety of roles at all levels of the clean energy sector.”

In the latter half of 2019 EEP Africa expects to launch EEP Catalyst, the second financing window planned for the trust fund. Catalyst will offer follow-on concessional loans to select projects and companies to enable continued growth, close financing gaps and expand collaboration with other investors.

EEP Africa expects to launch a second financing window under the trust fund: EEP Catalyst.

EEP Africa will also continue to develop strategic partnerships and knowledge products with other clean energy initiatives to ensure synergies and core competences are fully utilised. A report on Energy for Productive Use, stemming from experiences in the EEP portfolio, is planned for release by year end.

The sector needs strong cooperation to close the energy access gap and tackle the challenges of climate change head on with all available resources. EEP Africa will continue to work with its network of National and Regional Focal Points and other stakeholders to build effective partnerships.



CUMULATIVE ACHIEVEMENTS SINCE 2010



14
different clean energy technologies



Energy related expenditures saved per year
€93M





15 Projects implemented in
countries



Mobilised climate finance post EEP project
€78M





1.4M tonnes
CO₂e emissions reduced or avoided



5 million
People with enhanced energy access





€70M invested in
250 projects



€230M total project investment



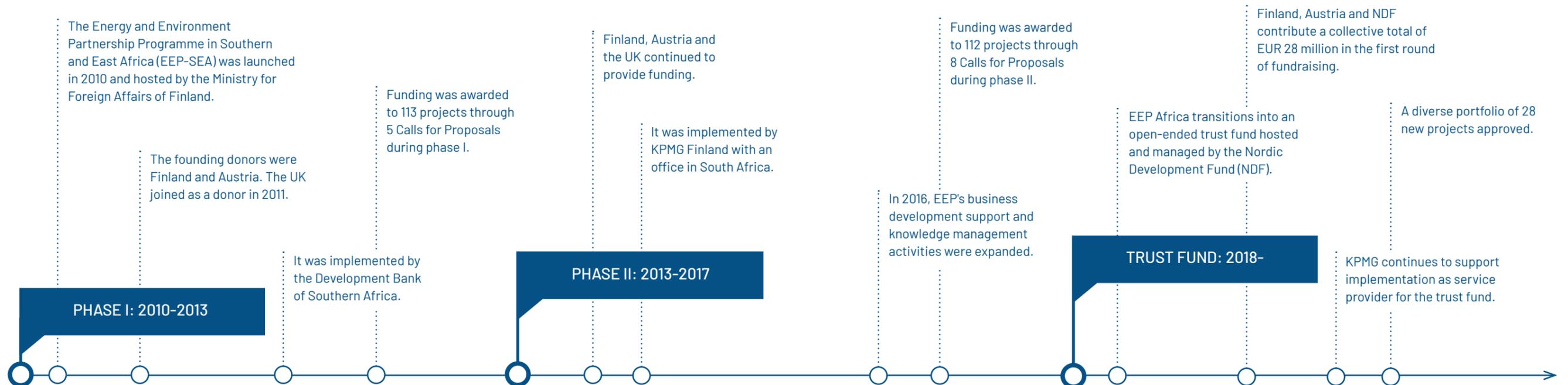


8,200 / **33%** / **37%**
Direct jobs created for Youth for Women



Clean energy generated per year
256,000 MWh





SUCCESS STORIES

RUBAGABAGA MINI-HYDRO IN RWANDA

East African Power and **Practical Action** developed a highly innovative 445 kW grid-connected, run-of-the-river hydropower plant in a rural area of the Nyabihu District in northern Rwanda. This demonstration project resulted in the commissioning of the completed plant in 2018. More than 1,000 jobs were already created in the construction phase.



Rubagabaga uses Norwegian technology by Haneseth Energi AS and is the first containerised hydropower project in East Africa. A power purchase agreement (PPA) with the national utility of Rwanda allows the plant to feed clean electricity to the national grid, helping the country reduce its reliance on fossil fuels. In addition, a connected mini-grid brings renewable energy access to the local community.

EEP Africa financing enabled a local management approach and focus on socio-economic development. A new micro-industrial park and community centre will be connected to the plant by a direct low-voltage power line. This will support agro-processing and other small enterprises, stimulating jobs and economic opportunities.



Location
Rwanda



Sector
Hydropower

Total Project Budget
EUR 1,802,197

EEP Africa Financing
EUR 600,000

Type
Mini-grid Connected

Project Code
RWA8007



CLEAN ENERGY AGRO HUBS IN UGANDA

The Swedish project developer **Pamoja Cleantech** developed a biomass gasification power plant and mini-grid at the Bukurungo trading centre in the Kamwenge District of western Uganda that uses local crop residue to generate clean energy for over 500 households and an agro hub of 75 kVA. The project demonstrated a replicable model for productive use of energy in agro-processing in Uganda.



Location
Western Uganda



Sector
Waste-to-Energy

Total Project Budget
EUR 461,471

EEP Africa Financing
EUR 300,000

Type
Mini-grid Stand-alone

Project Code
UGA12079



This waste to energy system provides local communities with access to renewable electricity and healthy food, while improving soil fertility, creating local employment and mitigating climate change. The biomass plant produces electricity for agro-processing, heat for drying agro-produce, and bio-char for organic fertilizer. The project uses a smart grid solution for increased grid reliability and reduced operating costs.

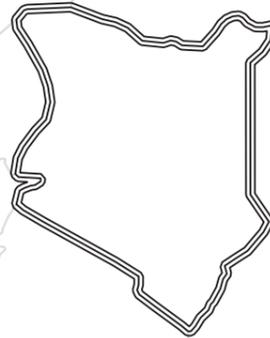
Based on the success of this EEP Africa project, which ended in 2018, Pamoja plans to scale up to a 200 kVA hub in Bukurungo and replicate the micro-grid model in up to 100 sites across Uganda.

COOKSTOVES AND JOB CREATION IN KENYA

Livelyhoods scaled up its product distribution and job creation model in the urban slums of western Kenya. The clean cookstoves sold bring fuel savings and reduced carbon emissions and Livelyhoods' door-to-door distribution network creates job and training opportunities for unemployed women and youth. In 2018, Livelyhoods sold close to 5,000 improved cookstoves and hired over 100 new agents at 10 sales branches.



EEP Africa provided Livelyhoods with customized business development support (BDS) and investment facilitation in 2018 based on a request for support in its marketing and promotional efforts. EEP Africa visited the project site and produced a promotional video and a portfolio of high quality photos. These were published online and disseminated to investors and media outlets in order to raise Livelyhoods profile and visibility, thus helping it continue to grow and spread its impactful model beyond the end of the EEP-financed project.



Location
Kenya



Sector
Cookstoves

Total Project Budget
EUR 414,140

EEP Africa Financing
EUR 279,555

Type
Scale-up Stand-alone

Project Code
KEN13027



PAYG SOLAR IN ZAMBIA

The EEP Africa Project of the Year 2018 was awarded to **VITALITE** for pioneering pay-as-you-go (PAYG) solar in Zambia. VITALITE, which is a local company, launched Zambia's first PAYG solar home system (SHS) in early 2016 and is now rolling out operations across rural Zambia. To date they have distributed 25,000 SHSs and 6,000 improved cookstoves.



Location
Zambia



Sector
Solar PV

Total Project Budget
EUR 1,005,851

EEP Africa Financing
EUR 300,000

Type
Scale-up Stand-alone

Project Code
ZAM13037



By combining quality products with an innovative approach to community engagement, VITALITE has experienced impressive growth. Its scale-up strategy is to establish and operate Sales and Service Hubs that support complementary distribution channels and bring a strong service culture to rural towns. The hubs offer renewable energy and productive use products and services that improve quality of life through better lighting, information, communication, productivity and clean cooking.

The company plans to grow from 29 to 40 Sales and Service Hubs in the next year, with the aim of reaching 100,000 households by 2021. As part of the Project of the Year award, VITALITE was invited to speak at the 2019 African Utility Week.

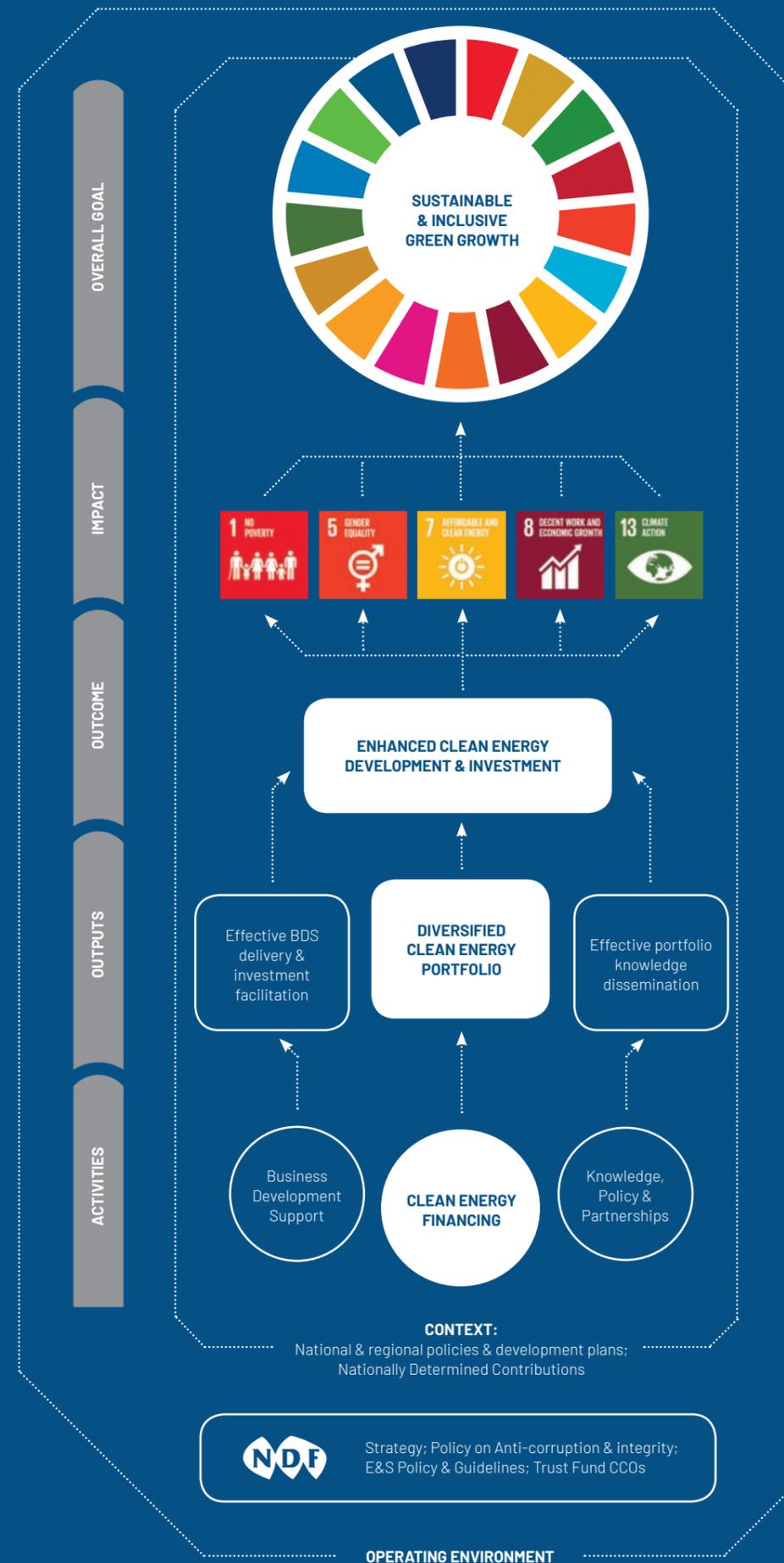
APPROACH TO RESULTS

The overall goal of the EEP Africa Trust Fund 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 of the global 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 new Theory of Change and Results Framework aim to encompass the wide diversity of technologies, business models, markets and stages of development in the Fund's diverse portfolio. It is devised to take into consideration the Multi-Tier Framework¹ and standardised impact metrics² that are being 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

In line with NDF's mission, EEP Africa believes that economic growth and sustainability can go hand in hand and that taking environmental and social aspects into account is consistent with sound economic policy.

EEP Africa assesses the environmental and social impacts of all potential projects during the project screening and evaluation processes. Risk factors identified for a project are monitored and updated regularly during implementation. All project developers must demonstrate that they are taking appropriate measures to reduce, mitigate or avoid all potential negative impacts in order to be eligible to receive financing.

All projects should support the development objectives, including the Nationally Determined Contributions (NDCs) of the country of operations. Projects should also be aligned with EEP Africa's cross-cutting objectives: climate change, poverty reduction, development effectiveness, inclusive development, gender equality and human rights.

During project implementation, all 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 (IFC) and International Labour Organization (ILO). All project participants must also operate in line with the NDF Policy on Anti-corruption and Integrity.

E&S CASE STUDY: RISKS FROM PRODUCTIVE USE OF ENERGY

Agsol is a start-up company that manufactures solar-powered agro-processing machines for off-grid farms. With EEP Africa financing, Agsol will distribute its Gen2 solar mills to new rural markets in Kenya, Tanzania, Uganda and Zambia. The Gen2 mills are purpose built to meet the staple food processing needs of African farms, and include remote monitoring capacity.

The project identified two main environmental and social risks. First, the milling equipment being used has potential health and safety risks. To mitigate these, Agsol incorporated a DC motor, which provides a level of safety through its low voltage supply, and requires its manufacturer to comply with ISO 9000 standards on quality management and assurance.

The company ensures all technical and field staff have access to personal protective equipment and adhere to a comprehensive safety protocol. Furthermore, its field staff provide proper training to end users on how to use the machine safely.

The second risk is environmental and relates to possible hazardous waste from end-of life products. To mitigate this the company is participating in an e-waste recycling program for motors, controllers, and switch-gears that is run by CLASP, an environmental NGO. Agsol also works with its distribution partners to ensure that end users receive training on the environmental harm of e-waste and batteries, and are provided with guidance on battery recycling waste disposal.



ABOUT THE PARTNERSHIP

Host Institution

The Nordic Development Fund (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-income countries. Headquartered in Helsinki, NDF deploys flexible, catalytic financing for climate change mitigation and climate adaptation in Africa, Asia and Latin America.

NDF is both Fund Manager and funding partner for EEP Africa and led the relaunch of the initiative as a multi-donor trust fund in 2018.



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 Pretoria, South Africa in November 2018.

The Ministry for Foreign Affairs of Finland administers Finland's ODA budget 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.



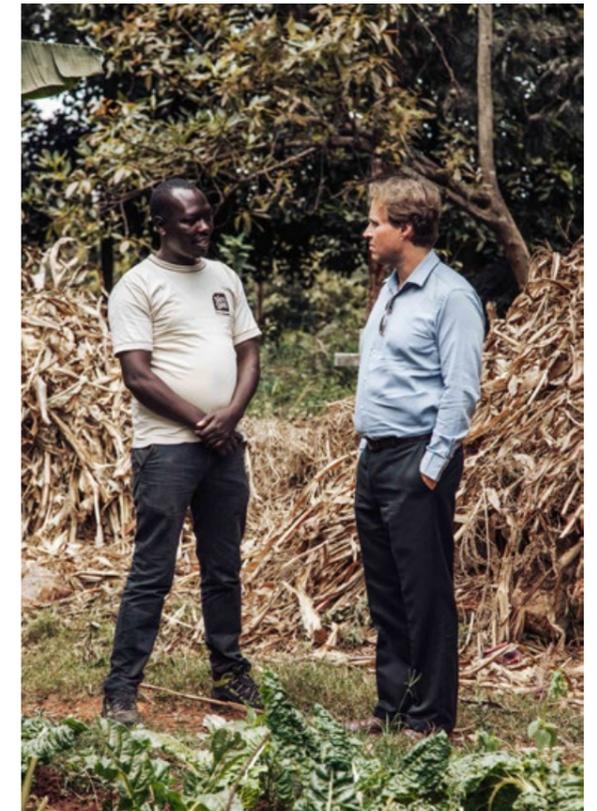
ABOUT THE EEP COORDINATION OFFICE

The EEP Coordination Office (ECO) provides direct implementation support to EEP Africa on behalf of NDF and ensures active portfolio engagement in the region. NDF contracted KPMG Finland to deliver this support following an open, international, competitive procurement process in 2017.

ECO operates from regional hubs based in Pretoria, South Africa and Nairobi, Kenya and leverages the network of KPMG offices around the region to ensure close and continuous monitoring, support and supervision of the growing portfolio.

ECO comprises a team of short and long term staff and consultants with diverse, multi-sectoral profiles and deep background from the region in energy access, clean energy financing, energy policy and partnerships, portfolio management and monitoring and evaluation.

ECO operates under the supervision of a fund management unit at NDF.



ECO team members in the field and at events in 2018.

FINANCIAL REPORT

FUNDS RECEIVED	EUR
Funds provided by:	
Austrian Development Agency	500 000,00
Ministry for Foreign Affairs of Finland	2 000 000,00
Funds provided, total	2 500 000,00
Deposit interest	484,93
Funds received, total¹	2 500 484,93
USED FUNDS	
Administrative expenses	231 354,52
Bank expenses	466,14
Used funds, total	231 820,66
Remaining funds	2 268 664,27
Placements²	998 500,00
Bank account	1 270 164,27

¹ Funds received represent total disbursements to the Fund during 2018, as a portion of total funds committed of EUR 28 million, which is comprised of EUR 3 million from ADA, EUR 15 million from MFA Finland, and EUR 10 million from NDF.

² Placements follow the NDF Liquidity and Placement Policy with the goal of placing all excess liquidity for the year 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 31.12.2018. Our audit covers the transactions for the period 26.4.2018– 31.12.2018

In our opinion, the Financial Report presents fairly, in all material respects, the funds received and used during the period 26 April 2018 to 31 December 2018 as well as remaining funds (EUR 2.268.664,27) 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

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