

ANNUAL REPORT 2023

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Peru. Social Housing © KfW







Undersea power cable will enable Tunisia to export green energy to Europe © Benne Ochs / KfW



TOGETHER IN TEAM EUROPE FOR SUSTAINABLE GLOBAL TRANSFORMATION

- JEFIC shares a common vision for a truly joined-up European development finance system alongside the Practitioners' Network, the European Development Finance Institutions, the European Investment Bank and the European Bank for Reconstruction and Development for increased, efficient investments towards the SDGs.
- JEFIC strategic activities are implemented under an inclusive Team Europe approach, enhancing coordination on the field, promoting initiatives from European actors, and covering multiple target countries and sectors to achieve the SDGs. JEFIC members are currently contributing to 127 TEIs at national, regional and global levels, and to all five sectors in Global Gateway.
- JEFIC plays an important role in supporting sovereign /sub-sovereign /public entities, in enhancing the local regulatory framework and in leveraging the private sector.
- JEFIC members are pooling their strong financing capacities -for example by utilising the Cofinancing Framework Agreement-, their knowhow and their vast presence on the ground in order to implement EU and national development policies, in line with our partners' priorities.

JEFIC in numbers

 COMBINED FUNDING VOLUME 2023	EUR 20 billion
 OFFICES WORLDWIDE	200 offices in 85 countries, 7.000 staff members.
 JOINT PORTFOLIO 2023	EUR 133 billion
 CURRENT TEI COMMITMENT	127 TEIs are currently being supported.

A NEW MEMBER IN 2023

Bank Gospodarstwa Krajowego (BGK), the Polish development bank, joined JEFIC on March the 17th, 2023, becoming the fifth member of the network. Since then, BGK is an active participant, engaged in mutually sharing its experience and know-how with the JEFIC peers. In BGK's view, participation in the JEFIC network offers many benefits to its members, as sharing a common voice in front of the EU institutions by combining experiences and developing a common position on topics important for development cooperation. JEFIC allows for a constant exchange of knowledge and good practices to build potential partnerships and to finance joint projects.

In October 2023, BGK hosted a two-day JEFIC workshop in Warsaw, dedicated to discussing the architecture of development finance assistance, coordination at the national levels, challenges related to aid effectiveness, exchange of best practices and the use of new sources of financing. The first day focused on the role and plans of JEFIC member states on facing challenges in Ukraine, in the context of the new financial instrument – Ukraine Facility. The discussion also concerned the implementation of projects in the Eastern Partnership, including Georgia and the Republic of Moldova.



JEFIC workshop in Warsaw hosted (October 2023) © BGK

A CO-FINANCING FRAMEWORK AGREEMENT

In 2023, the four JEFIC founding institutions have been delighted to sign a co-financing framework agreement on March 17, following intense and fruitful negotiations in 2022. It was first operationalized on October 24 with a joint co-financing in favour of the Fondo Mi Vivienda in Peru by AFD and KfW.

With this agreement, JEFIC members have confirmed their ability to set up an innovative finance mechanism allowing for improved efficiency and a better response to partners' needs, particularly relying on:

- A single point of contact for all partners, due to the lead position taken by the JEFIC member with the most suitable expertise on each project or programme
- Simplified procedures for partners, who will follow the procedures of the single lead entity.
- Capacity to mobilize several sources of funds (grants including delegated funds, loans, etc.).
- Possibility of leveraging the contribution and experience of smaller financial partners.

By the end of 2023, 10 projects were under appraisal, for a total indicative amount of EUR 1.2 bn, covering a wide range of technical sectors & geographic areas, and collaborating with a large range of public stakeholders.



JEFIC High Level Meeting on March 2023 © Dominik Bach / KfW

A NEW PRESIDENCY: AECID

The first transfer of the JEFIC rotatory presidency took place on June the 28th, 2023 in Brussels when KfW handed over the annual Presidency to AECID. During the event, JEFIC partners and the various permanent representations of the countries gathered to exchange perspectives on development policy within the EU. Some of the most relevant features of AECID’s annual Presidency during 2023-2024 have been attending the first meeting of the Global Gateway Business Advisory Group in September 2023 in order

to build alliances with the private sector and promote sustainable investments and the international event “The impact investment in the context of a global Europe: mobilizing the European private sector”, organized by AECID in Madrid in November 2023, that brought together key public and private stakeholders from the international impact investment ecosystem, seeking new solutions to meet the financing needs for achieving the Sustainable Development Goals by 2030.



Signature of the Cofinancing Framework Agreement. Photo © Dominik Bach / KfW



Solar Panel Project © KfW

STRENGTHENING THE IMPLEMENTATION OF THE GLOBAL GATEWAY

By joining our capabilities, we are facilitating the implementation of the Global Gateway

As part of the 2023 edition of the Finance in Common Summit (FiCS), held in Cartagena (Colombia), in September 2023, AECID hosted the event “The Global Gateway Investment Agenda: How to Strengthen the EU-LAC Partnership for Sustainable Development,” led by its director, Anton Leis García, on September 5. The meeting took place at the Training Center of Spanish Cooperation in Cartagena de Indias, with the participation of 200 representatives from Public Development Banks (PDBs), leaders of multilateral organizations, private sector actors, regional development finance associations, and delegates from Colombian government and civil society.

During his speech, Leis emphasized the importance of reflecting on the role of development finance institutions and European development agencies, along with their counterparts in the region, to harness investment opportunities.

During the first Global Gateway Forum in October 2023 in Brussels JEFIC participated in the high-level breakfast roundtable organised by Commissioner Jutta Urpilainen with Public Development Banks and private sector representatives. On this occasion the role of European bilateral financial institutions to increase the mobilisation of funds was highlighted.

In addition, JEFIC members signed several projects with with Team Europe key partners.



Social Housing in Peru © Fondo Mi Vivienda

Energy and Climate

PERU: PROJECT “FONDO MI VIVIENDA”

First project under the new JEFIC cofinancing agreement financed by KfW and AFD with EUR 160 million, designed to support the green and social housing programme in Peru. The focus is on promoting energy-efficient technologies in social housing, sustainable public energy supply and the reduction of CO₂ emissions in line with national climate targets.

VIETNAM (JETP): SUPPORT TO THE JUST ENERGY TRANSITION PARTNERSHIP

Alongside with EIB and the EU, AFD and KfW contribute to the JEP. AFD implements a technical assistance facility (EUR 16,6M), financed by the EU to support Electricity Viet Nam (EVN) in the preparation and implementation of projects linked to JETP. The technical assistance facility will accompany a total of €1 billion sovereign and non-sovereign loans provided by Team Europe (AFD, KfW and EIB).

TANZANIA: KAKONO PROJECT

EU and AFD jointly finance the construction of the Kakono hydropower plant in Tanzania. Through this agreement the EU and the AFD will jointly contribute €146 million, about half of the total cost of €296 million of the project.

MOLDOVA: ENERGY EFFICIENCY

JEFIC partners, together with international organizations and EU and G7 countries agreed on political, technical and financial assistance for the Republic of Moldova at the 4th meeting of the Moldova Support Platform in Chisinau.

Within this framework, a Memorandum of Understanding was signed on October 17, 2023, for a new support to national authorities by KfW and AFD to promote energy efficiency through the Cofinancing Framework Agreement (up to EUR 38.7 million KfW grant and by EUR 30 million AFD loan).

Improving energy efficiency in buildings is a top priority for the Moldovan government after the country experienced a severe energy crisis in the context of the Russian war of aggression in Ukraine.

By signing the agreement, KfW and AFD are supporting the Republic of Moldova on its path to Europe and at the same time contributing to better living conditions, climate protection, energy transition - and less dependence on energy imports through improved energy efficiency.

TUNISIA: UNDERSEA POWER CABLE

Tunisia is another, most important, partner country in the energy sector. The 600 MW interconnection submarine power cable to be created between Cap Bon and Partanna, Italy, with a length of 200 km, will allow for green energy imports or exports between Tunisia and the EU, as well as a more stable energy supply and more balanced energy mix. The project is financed by KfW with EUR 35 million on behalf of the German government.

MOROCCO: GREEN ENERGY AND ESTABLISHMENT OF A LOCAL HYDROGEN INDUSTRY

Due to its exceptional climate conditions, Morocco is a key partner for sustainable and green energy supply in Europe. KfW is supporting the 580 MW Ouarzazate solar complex and wind farm with a volume of EUR 830 million and EUR 500 million respectively. This setting will be completed by a 100 MW hydrogen reference plant designed for the production of 10,000 t H₂ per year, financed by KfW with EUR 13.5 million on behalf of the German government. An important milestone to support Morocco as a major exporter of green hydrogen on the doorstep of the EU..



Undersea power cable will enable Tunisia to export green energy to Europe © Benne Ochs / KfW



The AAWDC project is designed to cover 40% of Jordan drinking water needs © KfW

Drinking Water

JORDAN: AQABA-AMMAN DESALINATION PROJECT

The Aqaba–Amman desalination project is conceived as an innovative and sustainable plan to solve Jordan’s water scarcity. This flagship project will take water from the Red Sea at the Gulf of Aqaba in the south, desalinate it, and channel it 450 kilometres north to the capital Amman and its surrounding area, supplying a desperately needed 300 million cubic metres of water a year. This gigantic infrastructure project, the largest in the country’s – and the region’s – history, is intended to become a reality as a result of cooperation between the Jordanian government, the European Investment Bank and Team Europe (AECID, AFD, KfW), as well as other international agencies and institutions. It is expected to create 4,000 jobs during the construction phase. This project is part of the Global Gateway flagship projects’ list for 2023.

PARAGUAY: DRINKING WATER AND SANITATION PROJECT FOR THE METROPOLITAN AREA OF ASUNCIÓN, LAMBARÉ BASIN

This initiative is included in the European Union’s Global Gateway Investment Initiative in Latin America and the Caribbean as a flagship project, expecting it to be one of the projects with the greatest impact in Paraguay.

It aims to improve the access to sanitation and sewerage and to upgrade water and sanitation quality services to around 450,000 inhabitants (120,000 households) in the Lambaré basin in Asunción.

The total cost of the project is USD 175M, where AECID’s financial contribution is USD 60M together with an EU LAIF Programme for complementary actions (EUR 10M).

Financial inclusion

REGIONAL AFRICA: CDP ARCHIPELAGOS PROGRAM

The Archipelagos program (also “the initiative” or “the program”) is a successful partnership between CDP and the European Commission in Africa. Officially launched in 2023, Archipelagos envisages the creation of a digital platform that brings young entrepreneurs and SMEs from the African continent closer to the capital market providing trainings, new collaborative networks and leveraging on collaboration with local stock exchanges and on innovative financial instruments specifically dedicated to support the growth of the SMEs targeted by the training program.

In the first phase, Archipelagos promotes capacity-building activities through training and coaching, with the aim of strengthening financial, industrial and operational skills of African SMEs; additionally, companies considered ready to access the capital markets will have the opportunity to access innovative financing instruments that will benefit from subsidized pricing thanks to guarantees made available by the European Commission.

The program has achieved a first significant goal: 100 African companies have joined the capacity

building platform. Through the whole life cycle of Archipelagos the main objective for CDP and the European Commission will be to reach out more than 1,000 participants.

WESTERN BALKANS: CDP GREEN FINANCE FOR INCLUSION PROGRAM

The Green Finance for Inclusion program (also “GF4I”, “the initiative” or “the program”) has been presented by CDP to the European Commission under the Western Balkans Investment Framework in order to promote a sustainable and green transition in the region and to support the financial inclusion of local small and medium-sized enterprises (“SMEs”). In 2023 CDP was able to disburse the full amount of resources allocated to GF4I by financing two banks in Serbia and one in Albania, reaching over 300 beneficiaries in the countries.

Thanks to the European Commission resources, the banks were able to provide financing to more risky beneficiaries that otherwise they wouldn’t have financed. The aim of CDP and of the European Commission is to scale-up GF4I in other Western Balkans’ countries over the next years and potentially in other geographic regions.

Transport

INDONESIA: MODERN HIGH-SPEED TRAINS FOR THE SURABAYA REGION

The Surabaya metropolitan region in the province of East Java is Indonesia’s second largest urban centre with more than ten million inhabitants. An integrated and climate-friendly suburban railway system will be set up here with KfW’s financial support of EUR 230 million – for the benefit of people, climate and the environment in a major G20 partner country.



Expansion of Public Transportation in Surabaya, East Java © KfW

↗ Enabling Sectors

SOUTHERN NEIGHBOURHOOD: REGIONAL TEI JOBS THROUGH TRADE AND INVESTMENT

The initiative aims at building stable, sustainable, and inclusive economies by integrating trade, investment, and entrepreneurship with the overarching goal to create decent jobs.

The official launch of the TEI at the 5th UfM Ministerial on Employment and Labour on 17-18 May 2023 provided an excellent opportunity to showcase the TEI and the engagement of the TEI members.

Alongside their Member States, JEFIC members are contributing to the deployment of the initiative: together their financial contribution is EUR 700 million (out of EUR 3 billion) and they are involved in the three pillars. AFD is for instance very dedicated to pillar 2 on TVET (France and Italy in lead of this pillar) with for instance the regional network “Méditerranée Nouvelle Chance” to federate and strengthen innovative and sustainable socio-professional integration structures in the Mediterranean, to offer new chances to disadvantaged young people.



Students of the programme “Méditerranée Nouvelle Chance” © <https://www.mednc.org/>

Education

AFRICA: REGIONAL TEACHERS INITIATIVE

With €46 million from the EU, a new Regional Teacher Facility will support the development and implementation of policies, education and professional development for teachers in Africa. The facility will be managed by EU Member States Belgium, France (AFD and Expertise France) and Finland in a Team Europe approach.

On the ground, our projects are fully aligned with the Global Gateway priority sectors and contribute to give flesh to the Team Europe Initiatives alongside the European Commission and other Team Europe members.



Regional Teachers Initiative in Africa

Health

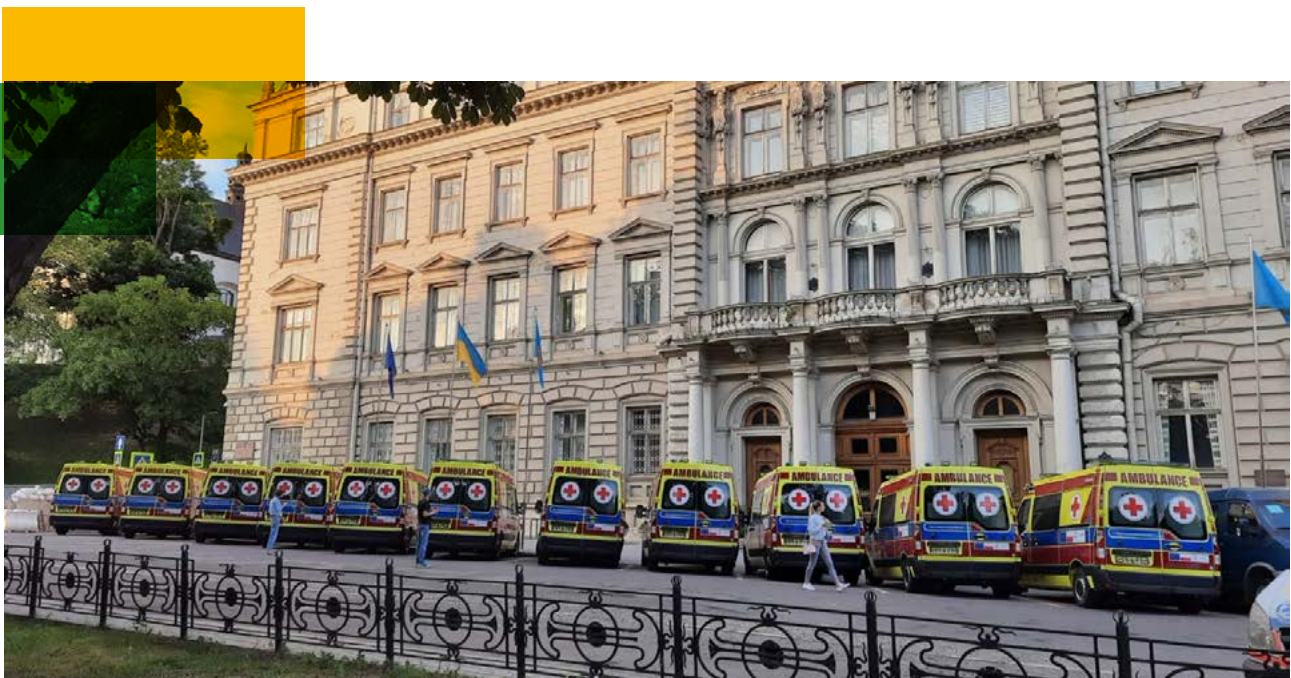
EASTERN PARTNERSHIP: TEI COVID-19 VACCINES

In December 2021 the EU and BGK, pillar assessed state entity, signed an agreement to finance a new Team Europe Initiative on COVID-19 vaccine sharing for the Eastern Partnership coordinated by Poland to support the EaP countries in reducing COVID 19 health hazards. In March 2022, in the context of the unprovoked military aggression against Ukraine, the TEI objectives were aligned with the security situation in Ukraine. Immediate needs related to essential medicine items, first aid kits, medical devices, food safety and hygiene items were provided, as well as humanitarian aid to over 350 local partners.

Subsequently Ukrainian municipalities were provided school buses supplies for the autumn and winter period, including psychological support, by BGK under the EU NDICI Health Resilience title.

- Source of funding EU Health Resilience (NDICI)
- Overall amount of the EU grant (incl. indirect costs) EUR 35 m
- COVID 19 vaccines EUR 7,8 m
- Repurposed amount Ukraine EUR 25,8 m

Implementing partner: Bank Gospodarstwa Krajowego (BGK), Polish development bank in cooperation with Solidarity Fund PL.



Ambulances handover ceremony in Lviv © BGK

INSIGHTS ON THE 2023 COMMON ADVOCACY ACTIVITIES

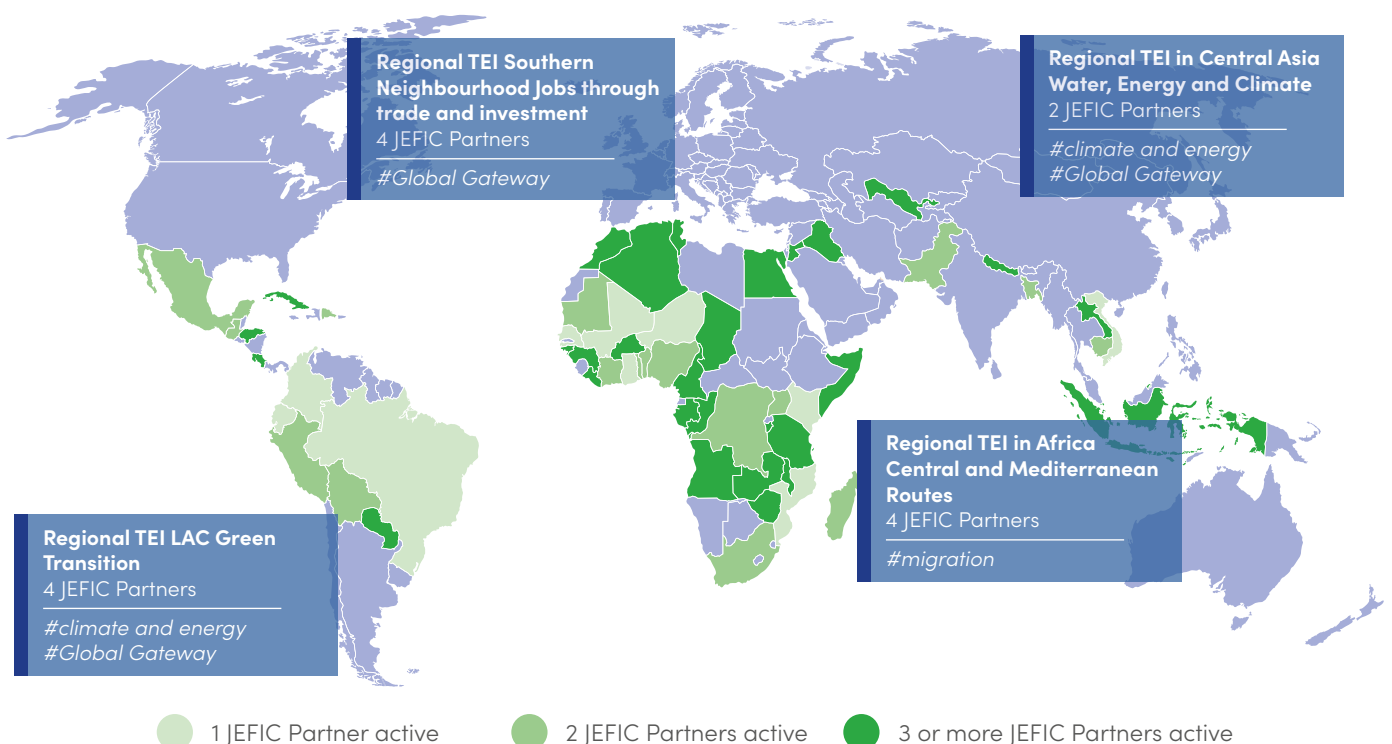
Given its critical contribution to the implementation of European strategies and instruments, the JEFIC network has remained mobilized in several key European discussions: in 2023, it has been confirmed as an observer of several committees & groups such as the Global Gateway Business Advisory Group or the 2023 EFSD+ strategic board.

JEFIC has also voiced common messages all over the year on behalf of its five members during key meetings involving the European Commission and the Member States (Global Gateway Forum, DG Dev, CODEV) and in strategic discussions (support to Ukraine, some deep dives organized by the European Commission, etc.)

Lastly, JEFIC has publicized joint positions including for the Mid Term Evaluation and called for a closer cooperation in the context of crises, particularly in the Eastern Neighborhood and with regards to reconstruction in Ukraine. The JEFIC network has also contributed to an EDFI, JEFIC and PN Statement of Intent on enhanced collaboration of the three networks, as critical stakeholders in the European Financial Architecture for Development (EFAD).

JEFIC thus adds its potential to strengthen Team Europe, relying on an ever closer coordination, sharing of knowledge and best practices among its actors, to best valorise the European instruments and our joint impacts on the ground.

JEFIC IS WORKING IN 127 TEIS (NATIONAL, REGIONAL, GLOBAL)



KEY PRINCIPLES

The partnership is based on **3** principles:

#TeamEurope approach and shared strategic vision

The institutions support the #TeamEurope approach, a concept born as the EU's and Member States' global response to the COVID-19 pandemic. This approach was incorporated into the European external action policies in order to improve the coherence and coordination of efforts between the different European actors involved in external action.



Mutual trust, transparency and visibility

Member States' institutions have identified common priority areas and countries for their cooperation that allow JEFIC to develop its own project pipeline. JEFIC partners contribute to greater European visibility in cooperation and coordination with the EU.

Pragmatism and pooled resources

Member States' institutions will promote a strong and pragmatic European partnership. To maximise the impact of the investments, JEFIC projects will draw on pooled resources – this means co-financing and joint implementation, but also the sharing of local and technical expertise and common pipeline generation.



MEMBERS



AECID, the Spanish Agency for International Development Cooperation, is the main management body of the Spanish Cooperation, aimed at poverty reduction and sustainable human development. Its strategic roadmap, in line with Agenda 2030, is the 5th Master Plan for Spanish Cooperation, based on a human rights approach; it pays special attention to three cross-cutting issues: gender, environmental quality and respect for cultural diversity. AECID's toolbox includes technical assistance and financial cooperation, managed through FONPRODE (Fondo para la Promoción del Desarrollo, Spanish Fund for the Promotion of Development). Launched in 2011, it includes grants and loans, and implements both debt and equity operations.

www.aecid.es



Agence Française de Développement (AFD) implements France's policy on international development and solidarity. Through its financing of NGOs and the public sector, as well as its research and publications, AFD supports and accelerates transitions towards a fairer, more resilient world. AFD is part of the AFD Group, along with its subsidiary Proparco, which is dedicated to private sector financing and member of the EDFI network, and Expertise France, a technical cooperation agency and member of the Practitioners' Network. With our partners, we are building shared solutions with and for the people of the Global South. Our teams are at work on more than 4,000 projects in the field, in the French Overseas Departments and Territories, in 115 countries and in regions in crisis. We strive to protect global public goods – promoting a stable climate, biodiversity and peace, as well as gender equality, education and healthcare. In this way, we contribute to the commitment of France and the French people to achieve the Sustainable Development Goals (SDGs). Towards a world in common.

www.afd.fr



Bank Gospodarstwa Krajowego (BGK) joined JEFIC in March 2023 and is Poland's development bank. Its mission is to support sustainable economic and social development in Poland. BGK builds social capital, fosters entrepreneurship, and provides responsible financial cooperation by partnering with the public and private sectors, as well as with financial institutions, addressing economic needs and promoting sustainable development. BGK is actively engaged in development cooperation and, in December 2020, received accreditation to manage European Union funds.

www.bgk.pl



Cassa Depositi e Prestiti (CDP) is the Italian National Promotional Institution that has been promoting the sustainable development of the country since 1850. It supports companies, finances infrastructures, promotes investments of the public administrations and it is a shareholder of leading Italian companies operating in strategic sectors. CDP is also the Italian Financial Institution for International Cooperation and Development Finance with the objective to promote sustainable growth initiatives in developing countries and emerging markets, by offering a Wide range of financial products to public and private entities.

www.cdp.it



KfW is one of the world's leading promotional banks. It uses its decades of experience to work on behalf of the Federal Government and the federal states of Germany to improve economic, social and environmental living conditions at home and abroad. KfW Development Bank is responsible for part of KfW's international business, and the two group subsidiaries, KfW IPEX-Bank and DEG, are also involved. While KfW IPEX-Bank is active in international project and export finance, DEG finances and advises private companies investing in developing countries and emerging economies.

www.kfw.de

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