

FINANCING ENERGY WITH THE AfDB

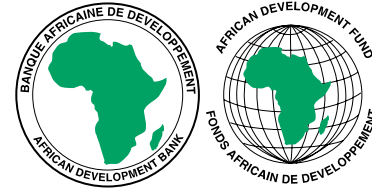
Climate Investments and Clean Energy



ECOWAS Renewable Energy Investment Forum

Dakar, 27-28 September 2012

Who we are



- AfDB is the pan-African multilateral development bank
- Top priorities: infrastructure finance, private sector development, and regional integration
- AfDB leverages its AAA, UA 100 billion strong balance sheet to support economic and social development for all Africans
- AfDB has consistently been a major financer of the energy sector in Africa and a leading voice on climate finance and related issues for the continent

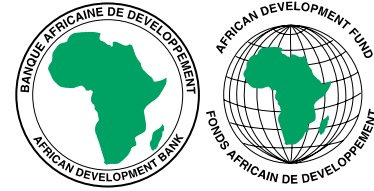


GRUPE DE LA BANQUE AFRICAINE DE DÉVELOPPEMENT
AFRICAN DEVELOPMENT BANK GROUP

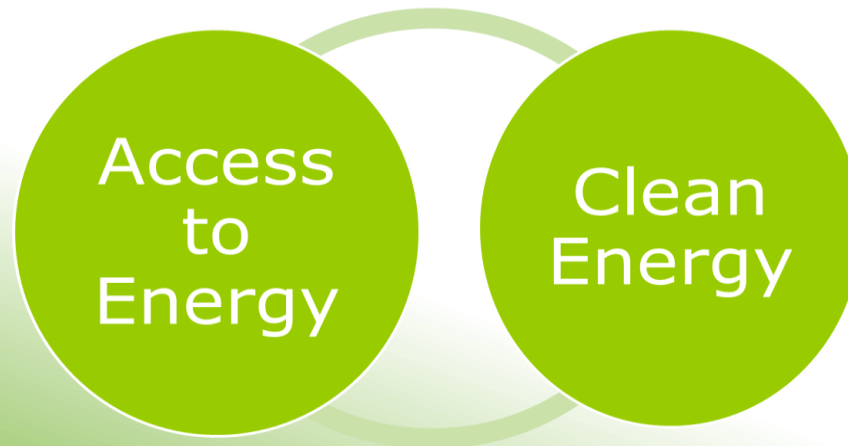
AfDB Energy & Private Sector Strategy



Our energy objective



Increasing **access**
to energy while
helping Africa
adopt a **green**
growth path.



AfDB's Energy Objective



Access to energy is closely correlated with observed reduction in the levels of poverty indicators

Sub-Saharan Africa has a disproportionately high percentage of households without electricity.

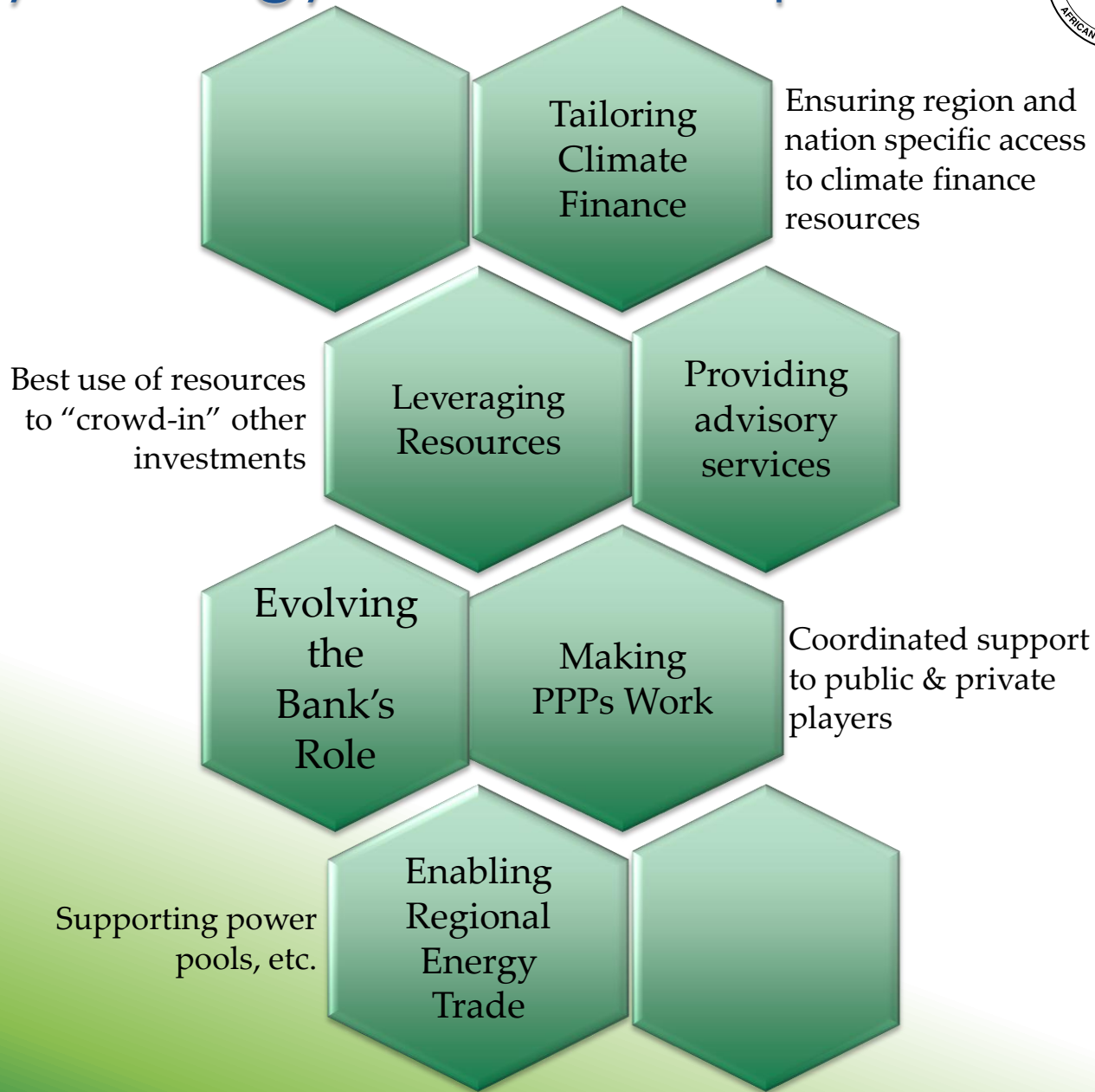
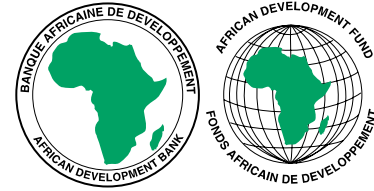
Africa has significant energy resources, yet energy production remains low

Africa currently contributes only 4% of GHG emissions, yet if industrial and economic development continues along a "business as usual" course, Africa's emissions will increase significantly

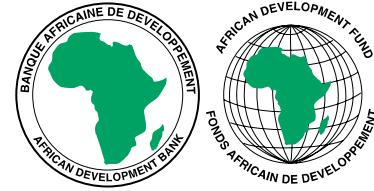
Objective

The African Development Bank programs in the energy sector are targeted to scaling up access to energy services while assisting Africa adopt a sustainable path to a low-carbon economy.

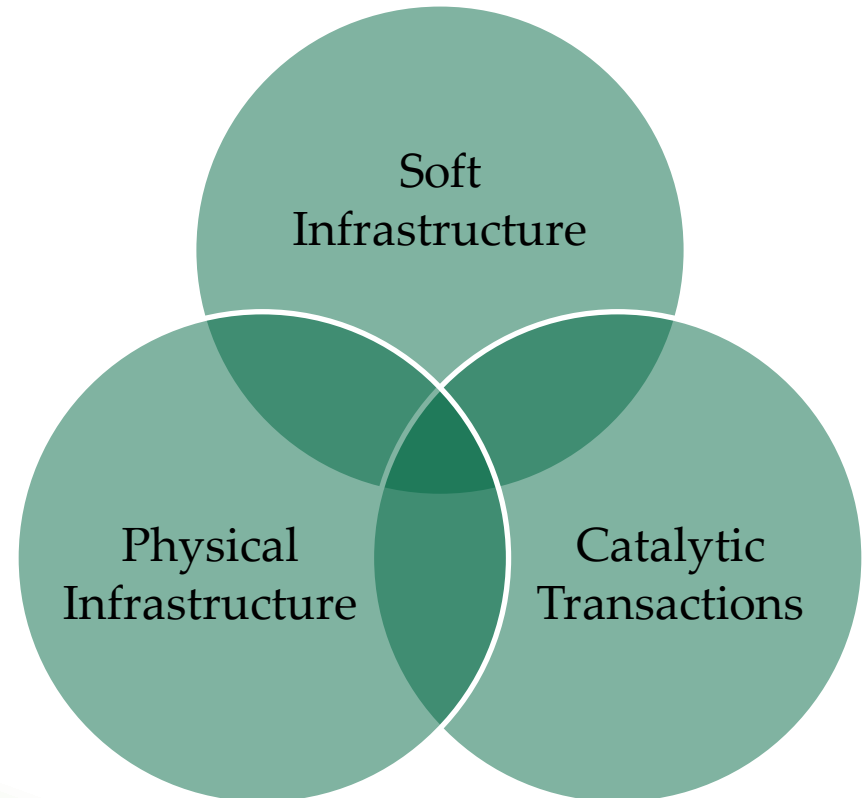
Energy Strategy: Areas of Emphasis



Private Sector Strategy



- Enabling environment for the private sector:
 - Improve physical infrastructure
 - Improve “soft infrastructure” (i.e. regulatory and legal frameworks, financial sector, trade liberalization)
- Catalytic and demonstration effects by assisting entrepreneurs with specific transactions:
 - **Infrastructure** (e.g. power, transportation, telecoms, water)
 - **Industries and Services** (e.g. mining, O&G, cement, agribus, hotels)
 - **Financial Intermediation** (e.g. banks, MFIs, insurance, leasing)



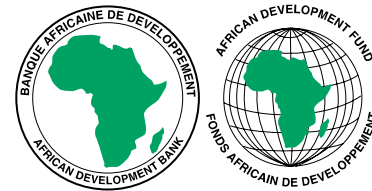


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Sovereign, Private and Special Financing Instruments



AfDB Energy Investments: “Instrument Panel”



AfDB Statutory Resources

AfDB-managed
Donor Resources
(trust funds,
programs, etc.)

Additional
External Resources

Non-sovereign
Operations

Sovereign
lending

SCAF

ACSP

SEHA

ACF

Strategic
Climate
Funds

CTF

Debt

Equity

Guarantees

Concessional

Grants

Non-concessional

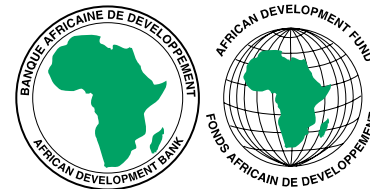
Other Initiatives:
FAPA, AWF, CBFF,
NEPAD-IPPF, RWSSI, ICA,
AFP, ClimDev Africa, GEF
etc.

SREP

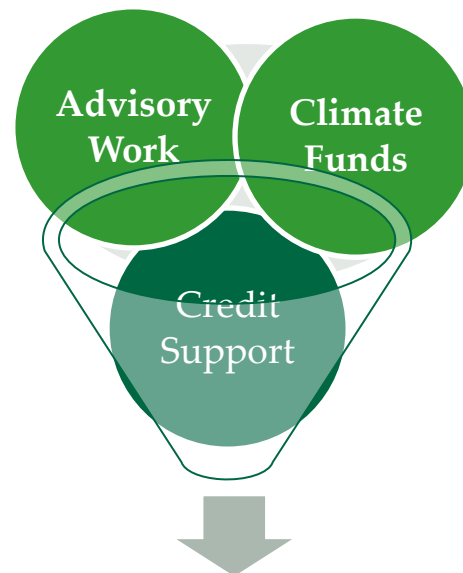
PPCR

FIP

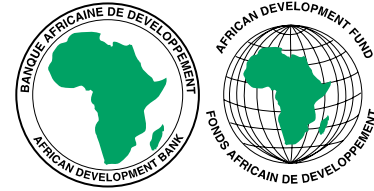
What is the AfDB's role?



- Catalyst, provider of technical assistance, and source of financial support
- Tools:
 - Grants
 - Concessional loans
 - Equity/quasi-equity
 - Debt
 - Syndication
 - Guarantees
 - Climate finance (Sustainable Energy Fund for Africa (SEFA), Climate Investment Funds (CIFs), Africa Carbon Support Program ACSP), Global Environment Facility (GEF), African Water Facility (AWF), Seed Capital Assistance Facility (SCAF).



PSO Selection Criteria



Strategic Alignment

- Country's Economic & Social Priorities
- AfDB's Regional or Country Strategy

Commercial Viability

- Market Fundamentals
- Financial structure
- Sponsor's experience & financials

Potential Project

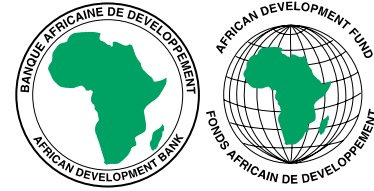
Development Outcome

- Employment
- Local Content
- E&S impacts
- Tax revenues

Additionality

- Deal structuring
- "Crowding in" of other investors
- Political risk mitigation
- Financial risk mitigation

Sovereign Instruments for Energy



Senior Lending

- Generation
- Transmission
- Distribution
- Rehabilitation

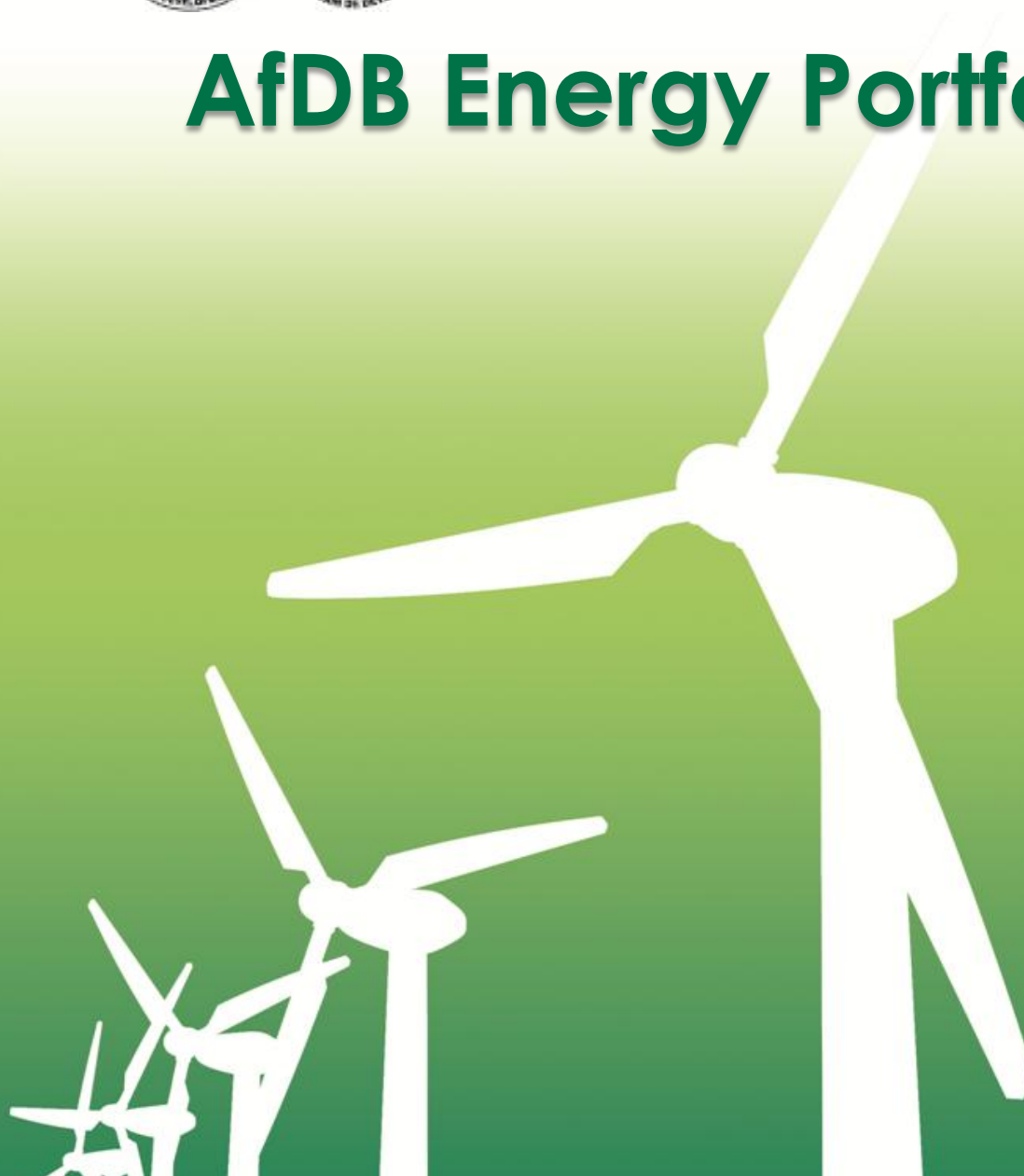
Advisory Services

- Technical Assistance
- Regulatory Reform
- Budget Support

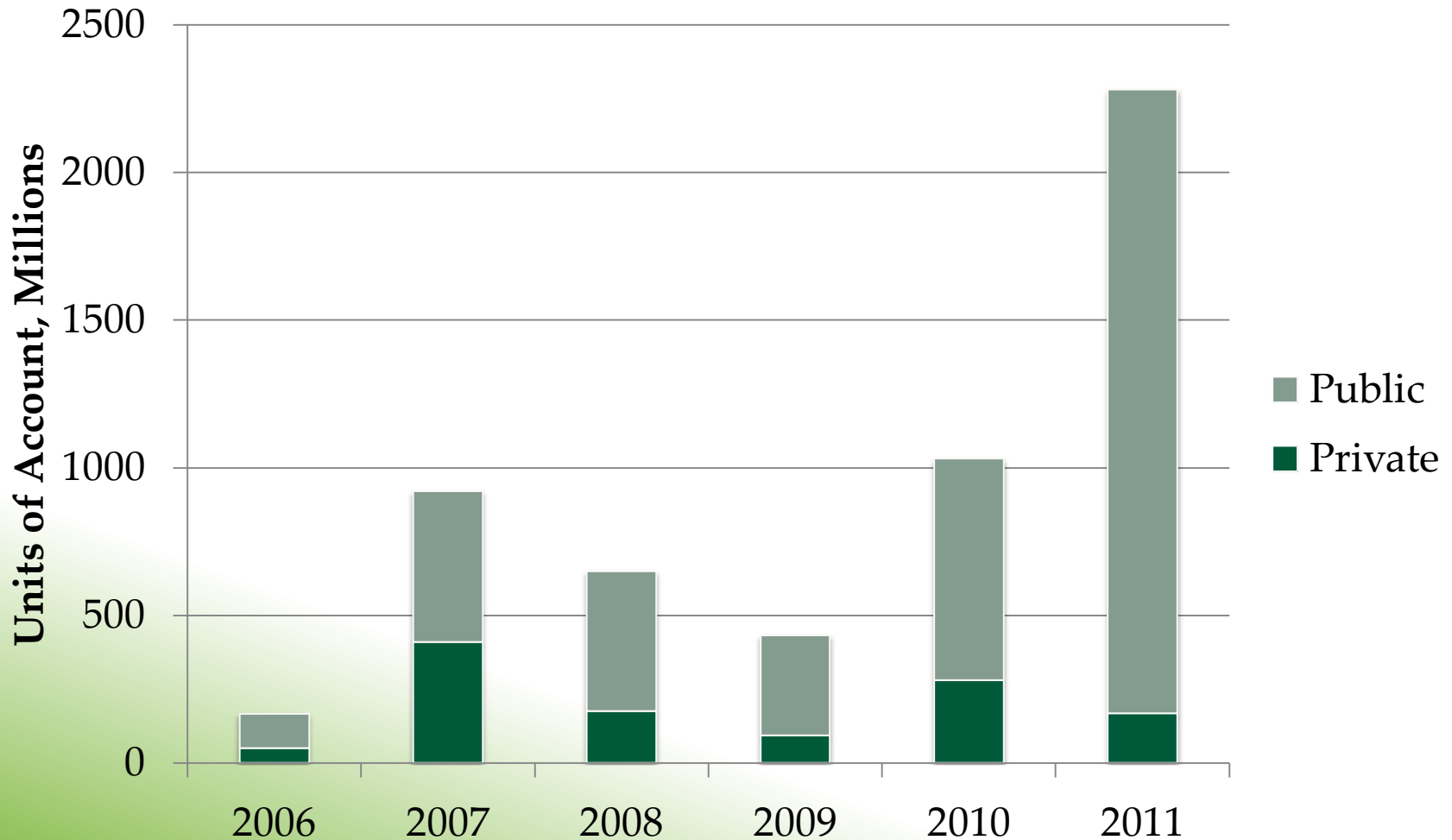
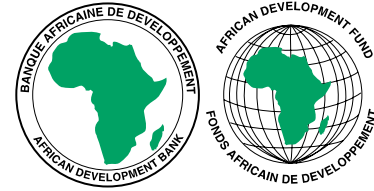


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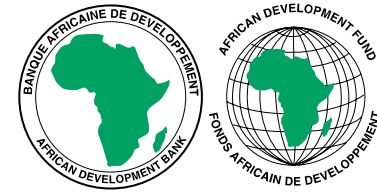
AfDB Energy Portfolio



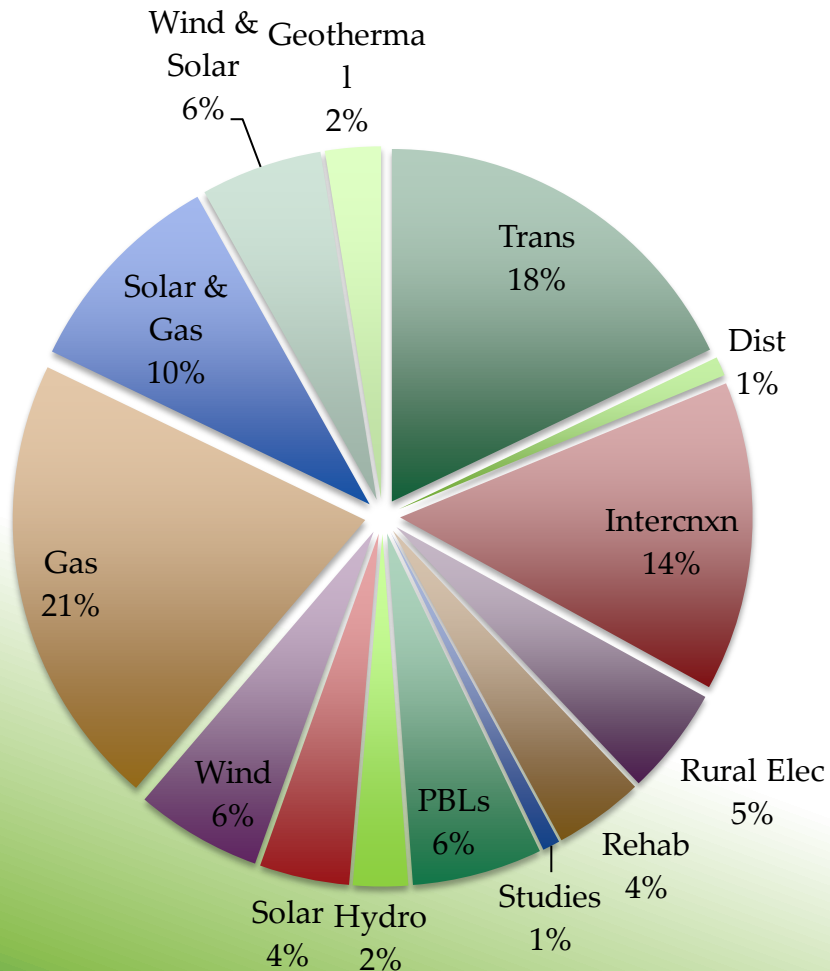
Total Lending for Energy 2006-11



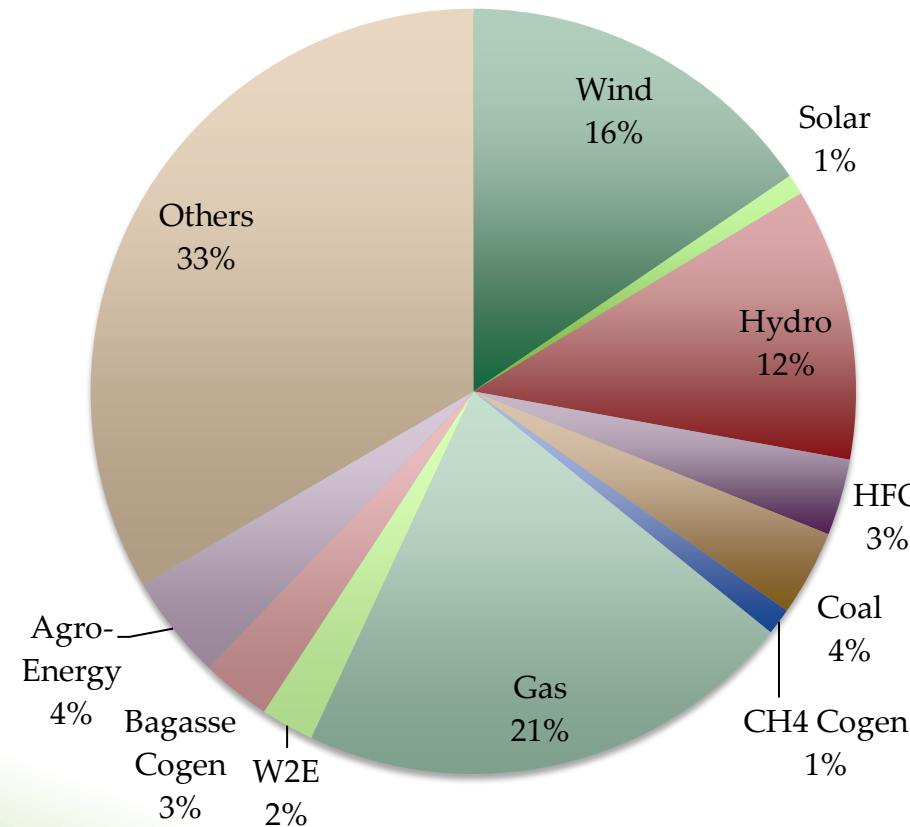
Public & Private Energy Lending: 2006-11



Public



Private



→ Roughly one-third going to renewable energy infrastructure!

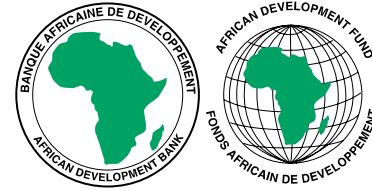


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Project Snapshots



KivuWatt Energy - Rwanda



The Project

Integrated methane extraction & power production facility on Lake Kivu

- First subaquatic extraction of methane in Africa;
- Phase I installed capacity of 25 MW;
- Phase I increases Rwanda's installed capacity by 40%
- Tariff 38% less than market standard per kWh;
- Project Sponsor: ContourGlobal

ADB Role

- ADB Long-term Loan;
- Led Environment and Social Safeguard Validation

Key Figures

| | |
|--------------------|--------------------|
| Total Project Cost | USD 127.58 million |
|--------------------|--------------------|

| | |
|---------------|-----------|
| Debt / Equity | 65% / 35% |
|---------------|-----------|

| | |
|-----------------|----------------------|
| ADB Senior Loan | Up to USD 25 million |
|-----------------|----------------------|

| | |
|--------------------|----------|
| ADB Board Approval | Feb 2011 |
|--------------------|----------|



Cabeólica Wind – Cap Verde



The Project

Installation of four onshore wind farms in Cape Verde:

- First Wind IPP in Sub-Saharan Africa;
- Combined installed capacity of 25.5MW;
- Project Sponsor: Infraco.

Key Figures

| | |
|--------------------|----------------|
| Total Project Cost | EUR 64 million |
|--------------------|----------------|

| | |
|---------------|-----------|
| Debt / Equity | 70% / 30% |
|---------------|-----------|

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|-----------------|----------------|
| ADB Senior Loan | EUR 15 million |
|-----------------|----------------|

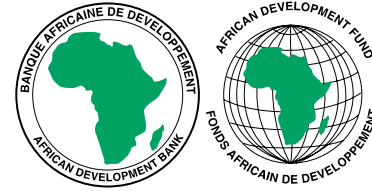
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| ADB Board Approval | May 2010 |
|--------------------|----------|

ADB Role

- ADB Long-term Loan;
- Co-financing of the transaction with the European Investment Bank.



Menengai Geothermal - Kenya



The Project

Phase I geothermal project sponsored by GoK

- Part of a steam field with 1.6 GW potential generation;
- Phase I installed capacity is 400 MW
- Project Sponsor: GoK

Key Figures

| | |
|--------------------|-----------------|
| Total Project Cost | USD 500 million |
|--------------------|-----------------|

| | |
|--------------------|-----------------|
| ADF Sovereign Loan | USD 124 million |
|--------------------|-----------------|

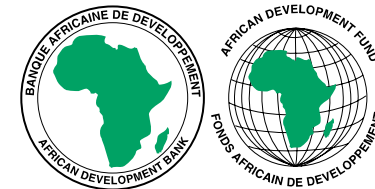
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|---------------------|-----------|
| Expected Completion | July 2016 |
|---------------------|-----------|

ADB Role

- ADF USD 124 million loan
- Co-sponsoring USD 25 million grant through Scaling-up Renewable Energy Program (SREP) under CIFs



Buseruka Small Hydro - Uganda



The Project

Small, independent hydro plant in rural Uganda

- 9 MW small hydro generation facility
- New connections for rural, off-grid population

Key Figures

| | |
|--------------------|----------------|
| Total Project Cost | USD 40 million |
|--------------------|----------------|

| | |
|---------------|-----------|
| Debt / Equity | 30% / 70% |
|---------------|-----------|

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| ADB Senior Loan | USD 9 million |
|-----------------|---------------|

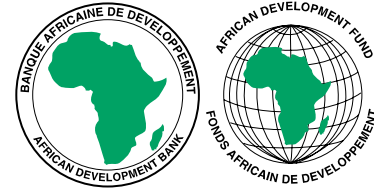
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| ADB Board Approval | July 2008 |
|--------------------|-----------|

ADB Role

- ADB Long-term Loan;
- ADB Advisory Services



Sahanivotry Small Hydro - Madagascar



The Project

Small, independent hydro plant in rural Madagascar:

- 15 MW small hydro generation facility
- New connections for rural, off—grid population

Key Figures

| | |
|--------------------|----------------|
| Total Project Cost | EUR 14 million |
|--------------------|----------------|

| | |
|---------------|-----------|
| Debt / Equity | 30% / 70% |
|---------------|-----------|

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|-----------------|---------------|
| ADB Senior Loan | USD 6 million |
|-----------------|---------------|

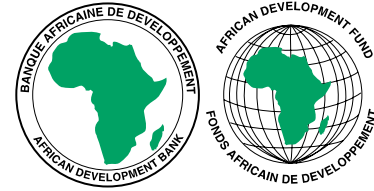
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| ADB Board Approval | July 2007 |
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ADB Role

- ADB Long-term Loan;
- ADB Advisory Services



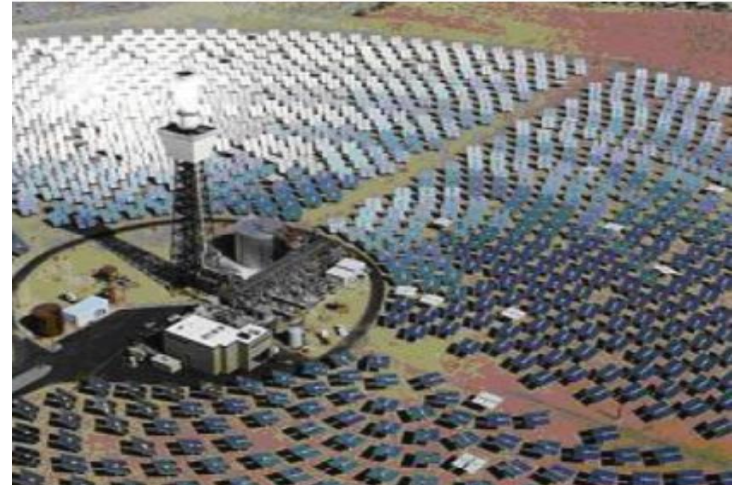
Eskom CSP/Wind – South Africa



The Project

Combined Wind & Concentrated Solar project in South Africa

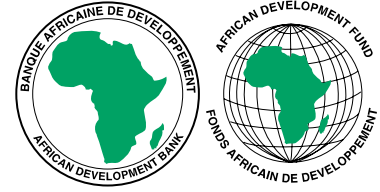
- 100 MW Wind farm in Sere
- 100 MW CSP array in Uppington
- First CSP plant in SSA



ADB Role

- AfDB sovereign loan
- Clean Technology Fund channeling USD 100 million through AfDB

Thank You & Contact Information



Contact Information:

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