



**AFRICAN DEVELOPMENT
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Cabeólica Wind Power Project

Cape Verde

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Private Sector, Infrastructure Finance

ECOWAS Renewable Energy Investment and Business
Initiative



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Project Overview

Key parameters

Project description

- ❖ 4 onshore wind farms on 4 islands
- ❖ Combined capacity: 25.5 MW

Project development

- ❖ Joint Development Agreement: InfraCo – GoCV – Utility

Power Purchase Agreement

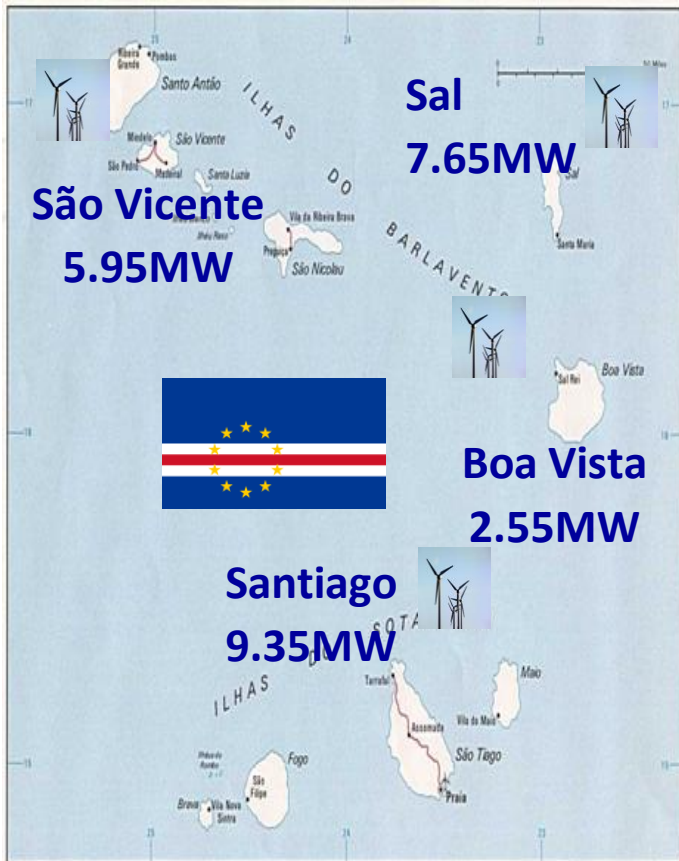
- ❖ 20-year PPA contract (Take-or-Pay)

EPC and O&M

- ❖ Full-wrap EPC and Operating contracts with Vestas

Financing

- ❖ Debt: AfDB and EIB
- ❖ Equity: AFC and Finnfund





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Project Rationale

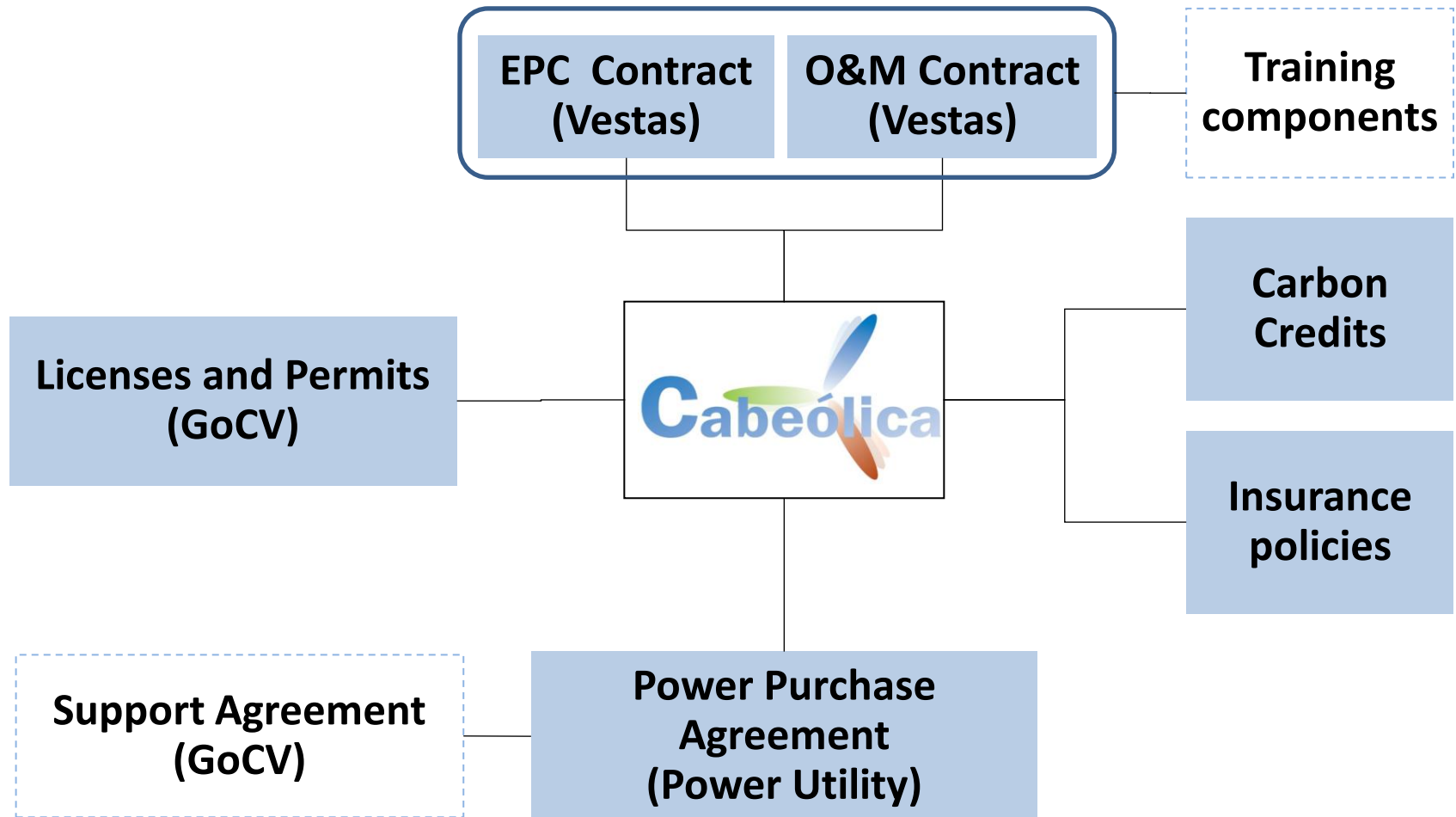
Strong rationale for a wind project in Cape Verde

- ❖ Exceptional wind resources: use abundant renewable and clean domestic resource for energy generation
- ❖ Among the highest electricity prices on the continent: absence of domestic conventional resources, high oil transport costs, lack of economies of scale
- ❖ Energy security: reduce generation cost and shelter the electricity sector from increases in oil prices
- ❖ Green growth: Meet renewable energy penetration targets set by government: 25% by 2012 and 50% by 2020



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Contractual structure

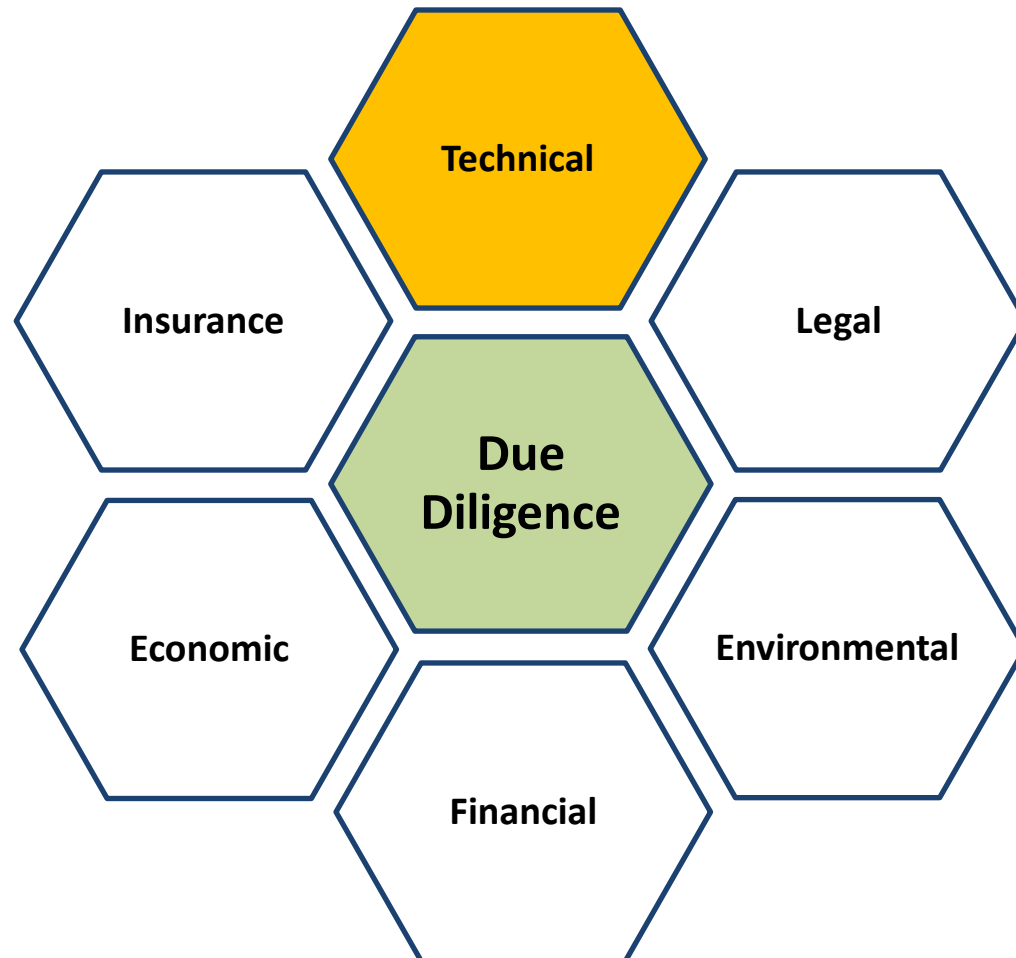


Risks allocated to party that is best able to manage it



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Lenders' Due Diligence



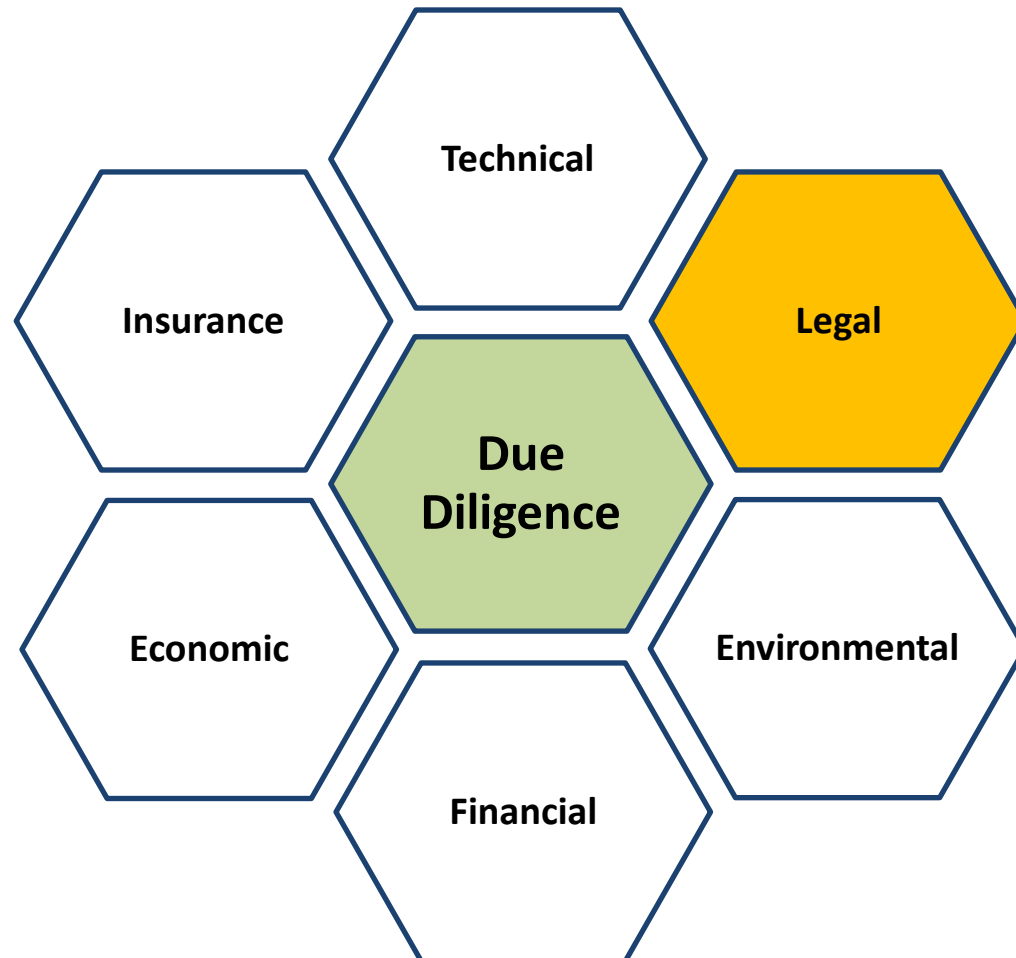
Technical:

- Feasibility study
- Wind measurement data and forecasts
- EPC and O&M contractual terms
- Wind farm integration and grid stability



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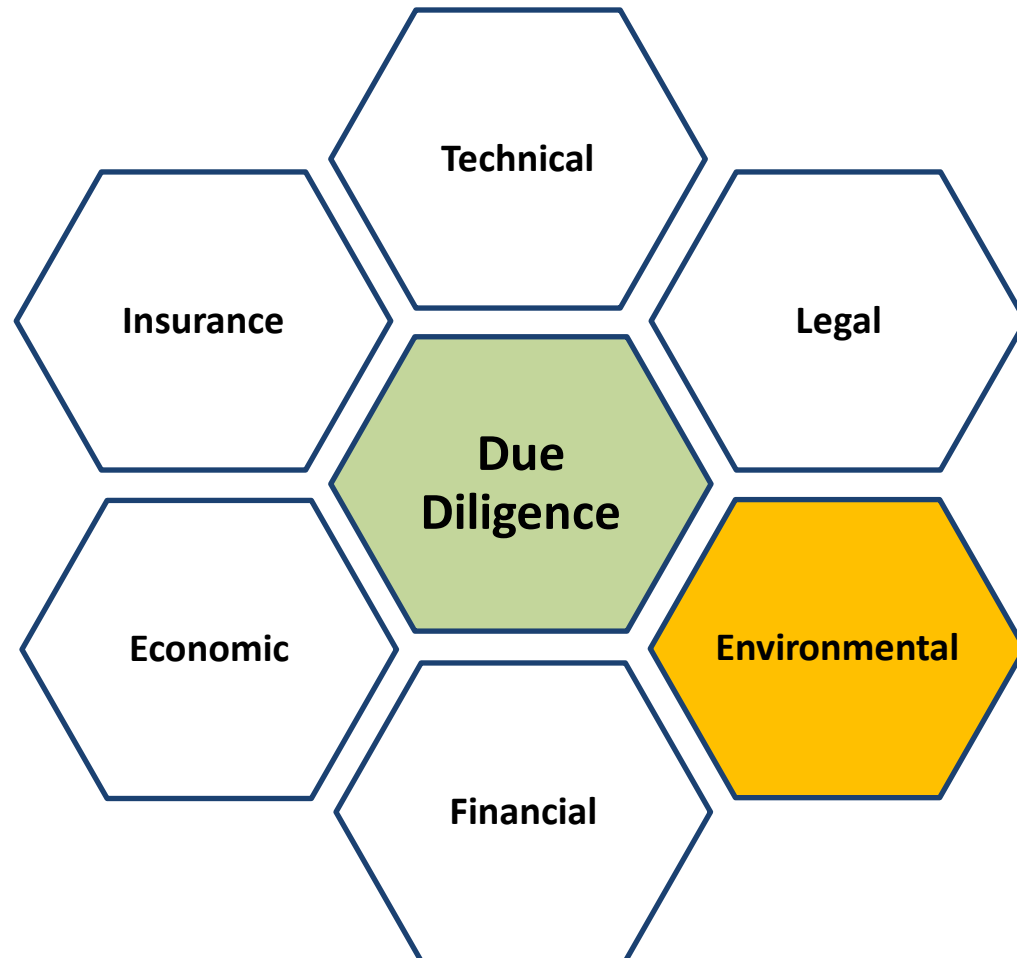
Legal:

- Review of all contracts (PPA, Support Agreement, EPC, O&M)
- As needed, strengthen contracts
- Validation of all permits and licenses
- Negotiation of financing documentation



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Lenders' Due Diligence



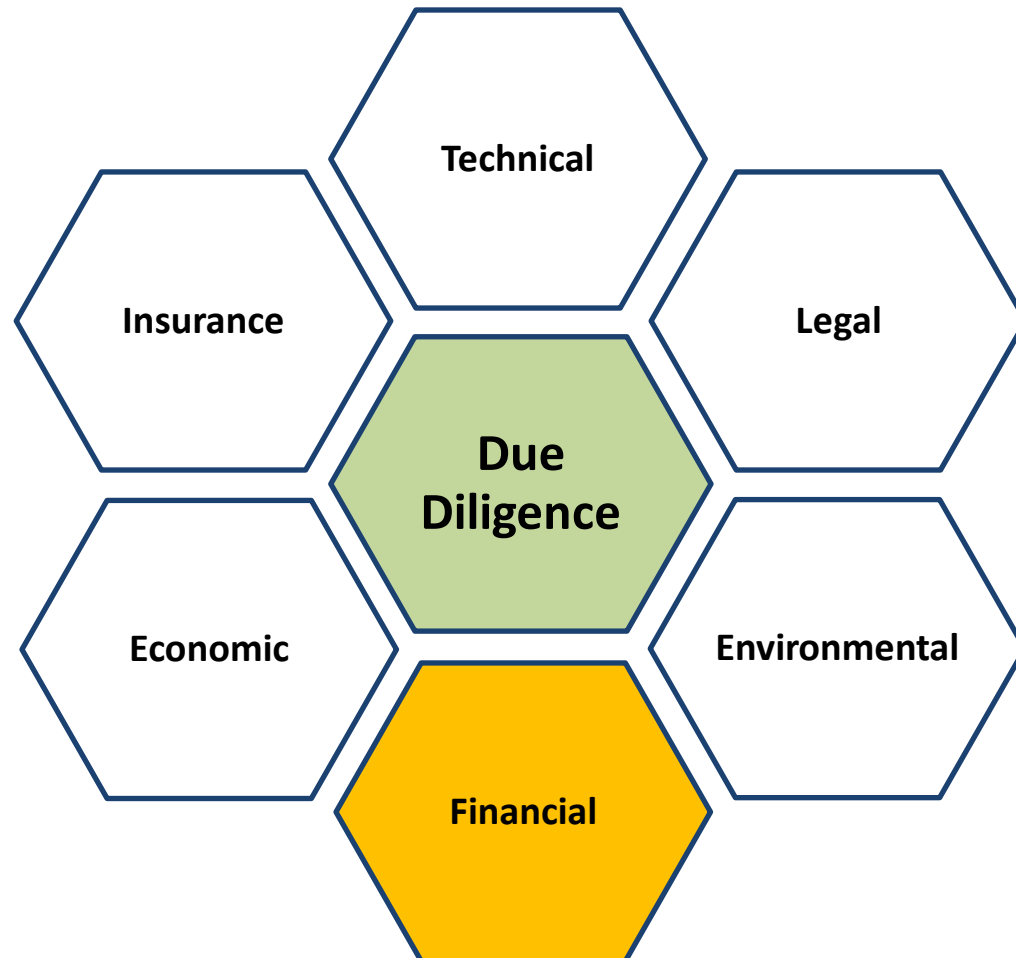
Environmental:

- **Environmental and Social Impact Assessment (ESIA)**
- **Environmental and Social Management Plan (ESMP)**
- **To conform with the Bank's E&S Policies**



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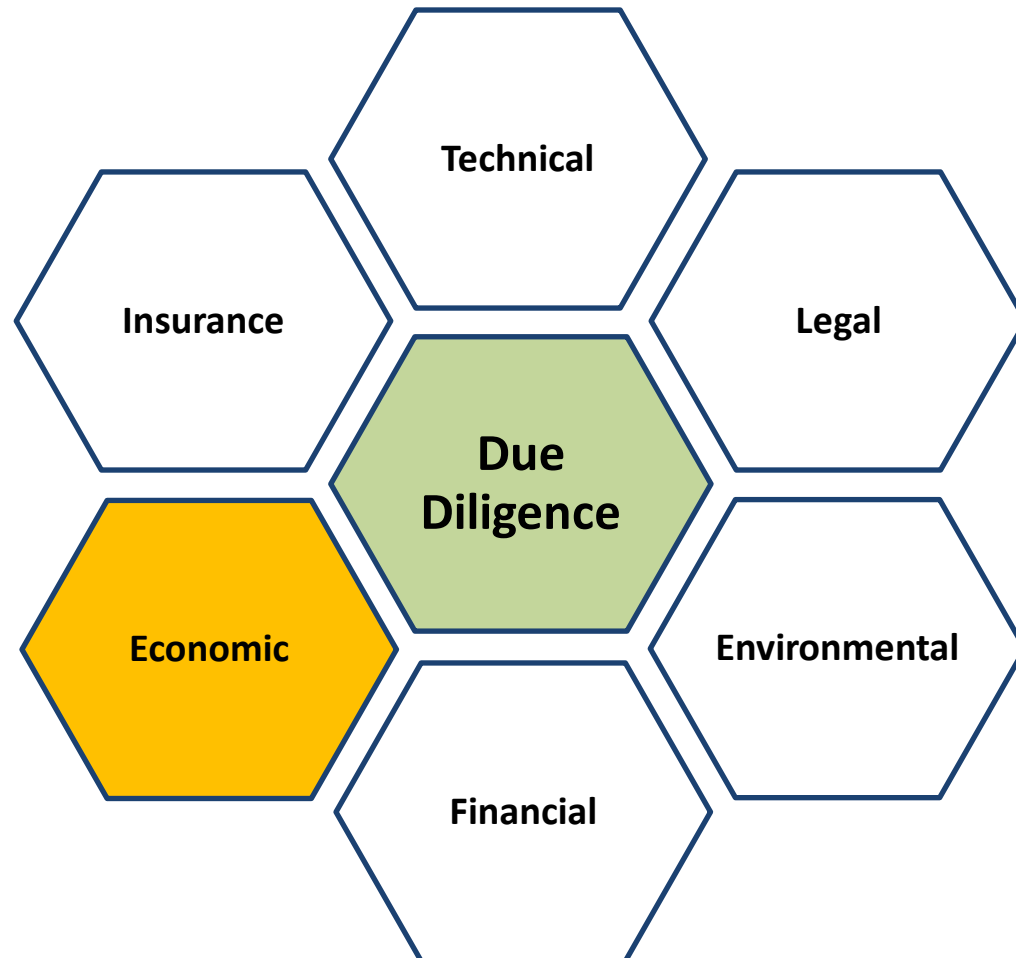
Financial:

- **Confirm financial viability**
- **Confirm debt servicing capacity**
- **Confirm financing plan and contingencies**



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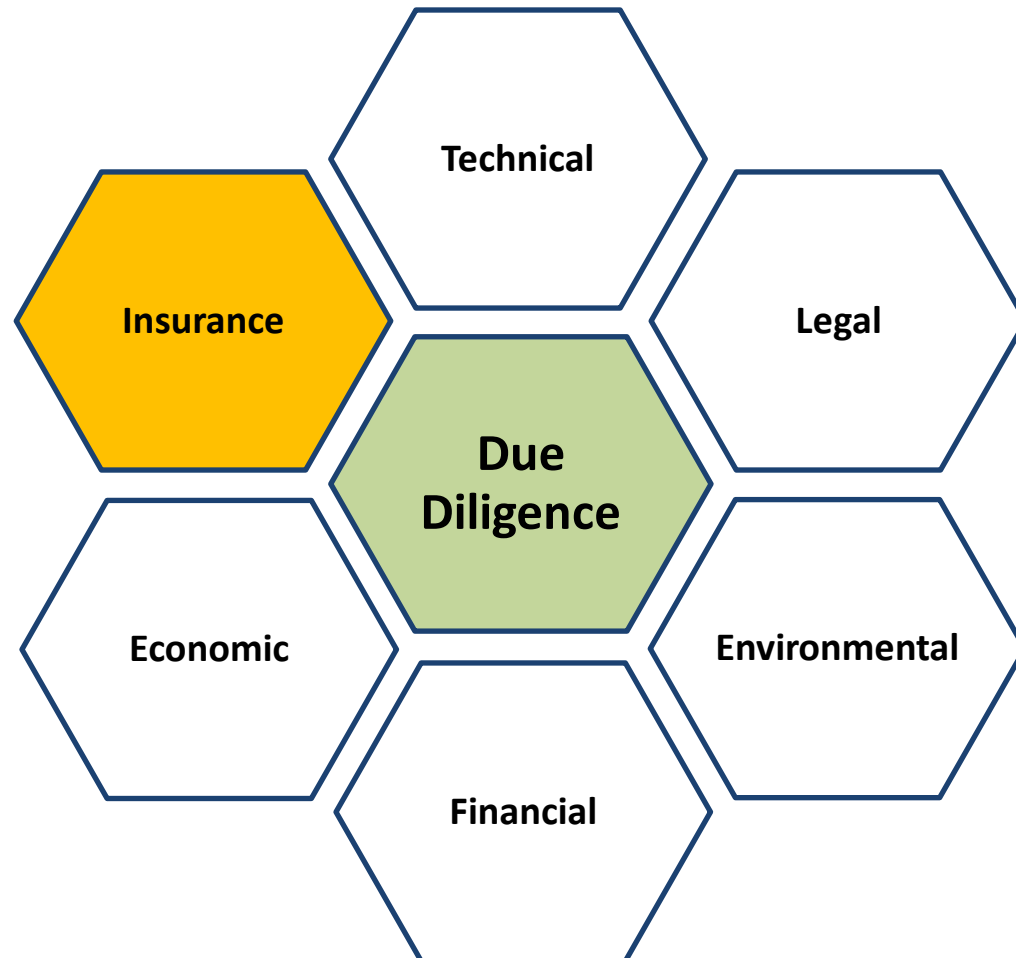
Economic:

- **Develop economic model**
- **Analysis of PPA price vs. cost of displaced energy**
- **Confirm positive economic impact on sector and country**



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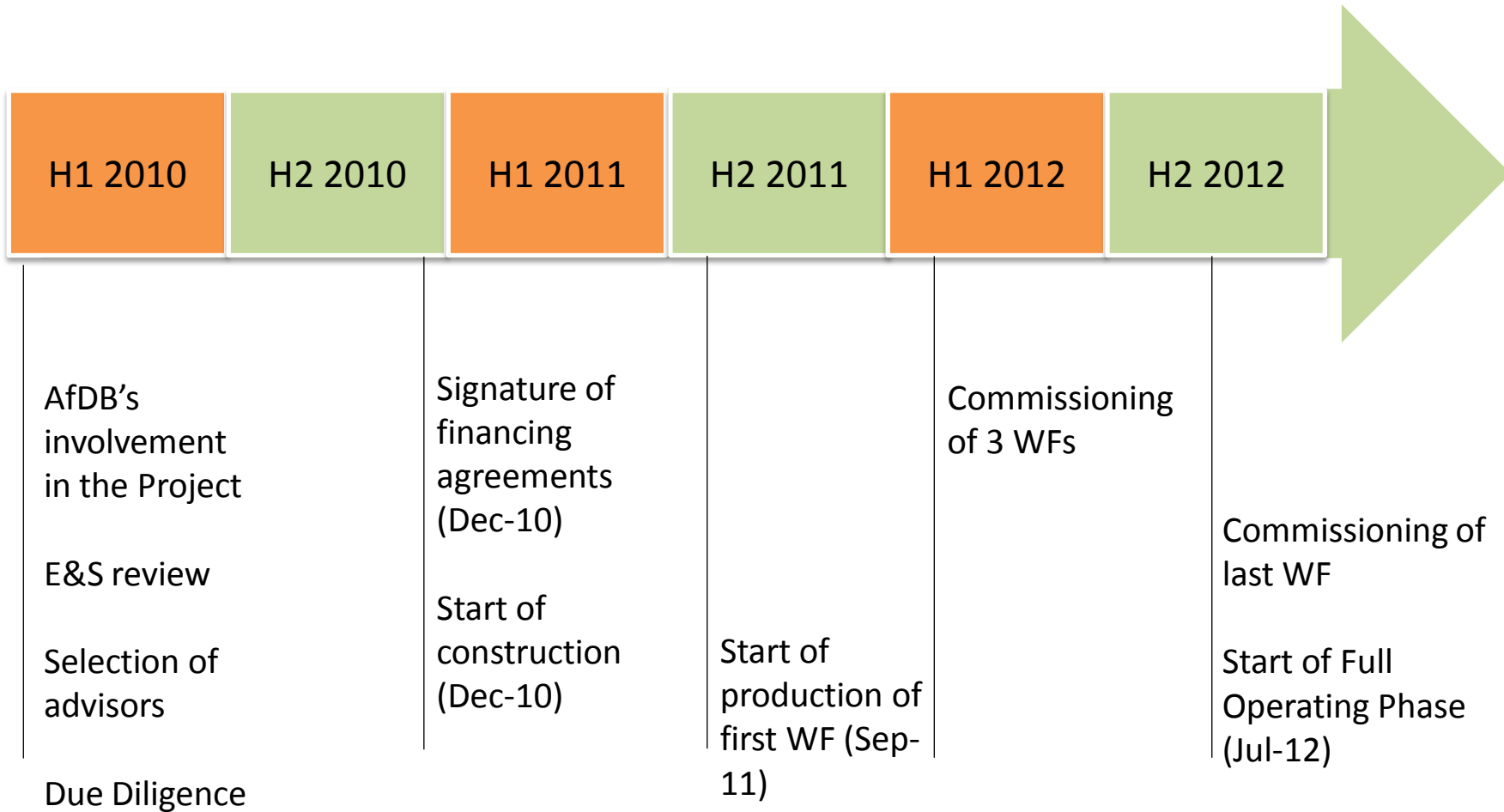
Insurance:

- Review soundness of insurance package



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Project timeline



Start of DD → signing of loans: < 1 year

Start of construction → production of first WF: < 1 year



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Key roles played by the Bank

Securing strong Project fundamentals

- ❖ In depth technical Due Diligence from the banks and advisors
- ❖ Modifications to certain contractual terms to strengthen Project
- ❖ Confirm financial and economic viability
- ❖ Contribution to E&S work stream
- ❖ Bring experience from similar Projects

Moving the transaction forward

- ❖ AfDB role as “Honest broker”
- ❖ Catalytic role during difficult times
- ❖ Strong support during Project Implementation



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A success story

- ❖ First infrastructure PPP in Cape Verde
- ❖ First PPP in the renewable power sector in Sub-Saharan Africa
- ❖ Providing today 25% of annual production in Cape Verde
- ❖ “Best Renewable Project in Africa Award” at the 2011 Africa Energy Awards (Johannesburg)

