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USAID'S SUPPORT TO TRIGGER CLEAN ENERGY (CE) INVESTMENTS IN WEST AFRICA

Workshop Presentation

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CONTENT

- Background to USAID/West Africa's Clean Energy Program
 - The Power Africa Initiative
- Basic Facts
 - CE Financing in West Africa
- USAID/West Africa's Support for CE Investment in West Africa
- The Way Forward



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BACKGROUND

- USAID/West Africa has provided technical assistance to the ECOWAS Centre for Renewable Energy and Energy Efficiency (ECREEE) in developing a wind and solar resource observatory.
- USAID collaborates with the West African Power Pool (WAPP) to advance ECOWAS' transmission line interconnectivity through capacity building and technical advisory services.
- Through the National Association of Regulatory Utility Commissioners (NARUC), USAID works with regional regulators to examine clean energy regulation and its integration into the traditional energy regulation.



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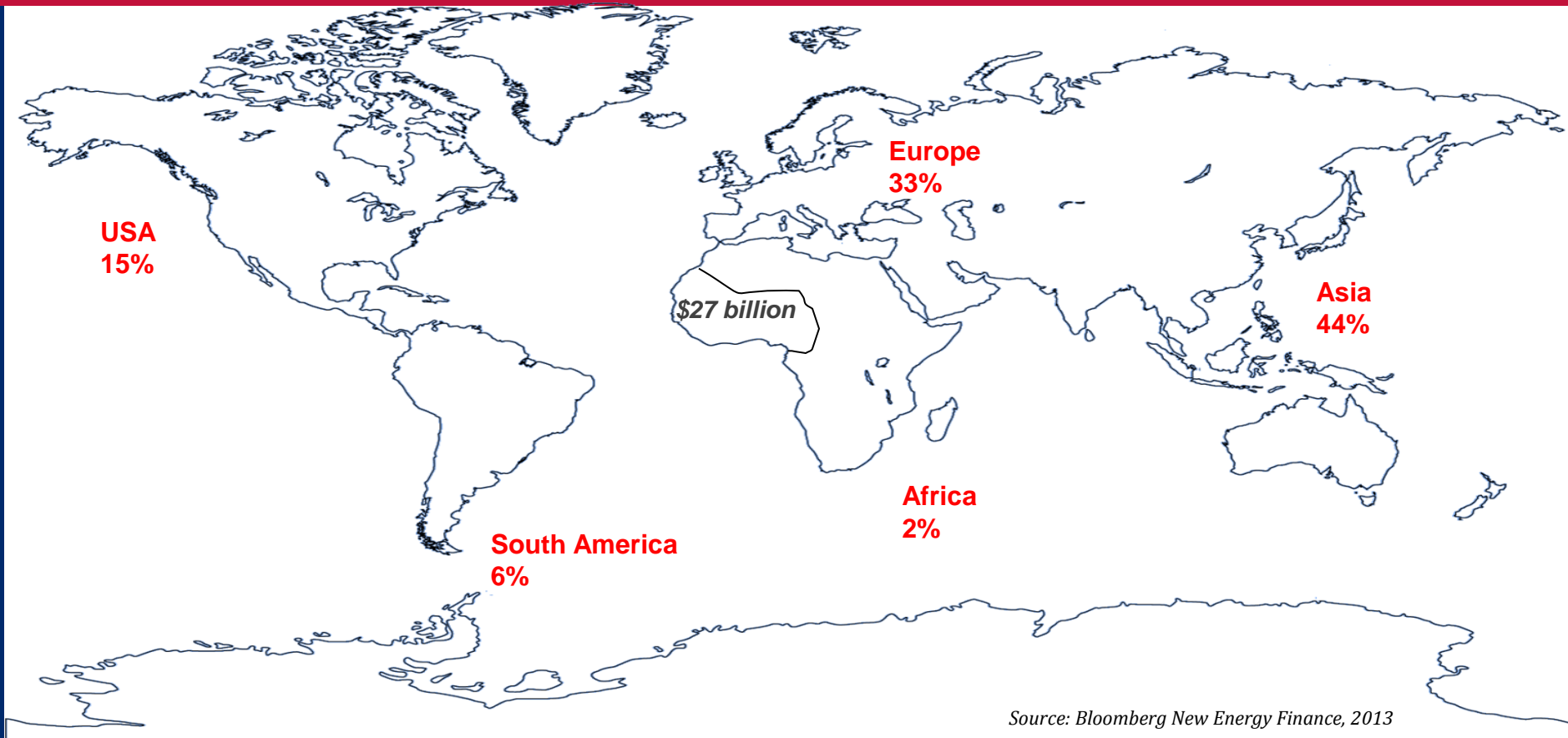
THE POWER AFRICA INITIATIVE

- A new 5-year U.S. Government (USG) initiative to double access to power in sub-Saharan Africa.
- Rooted in Partnership
 - Partner countries,
 - USG Agencies and other multilateral agencies,
 - Private sector.
- Will help attract investment in Africa's energy sector
 - Takes a transaction-centered approach that provides incentives to governments, private sector, and donors.
- Will build capacity for project delivery and energy sector reform.



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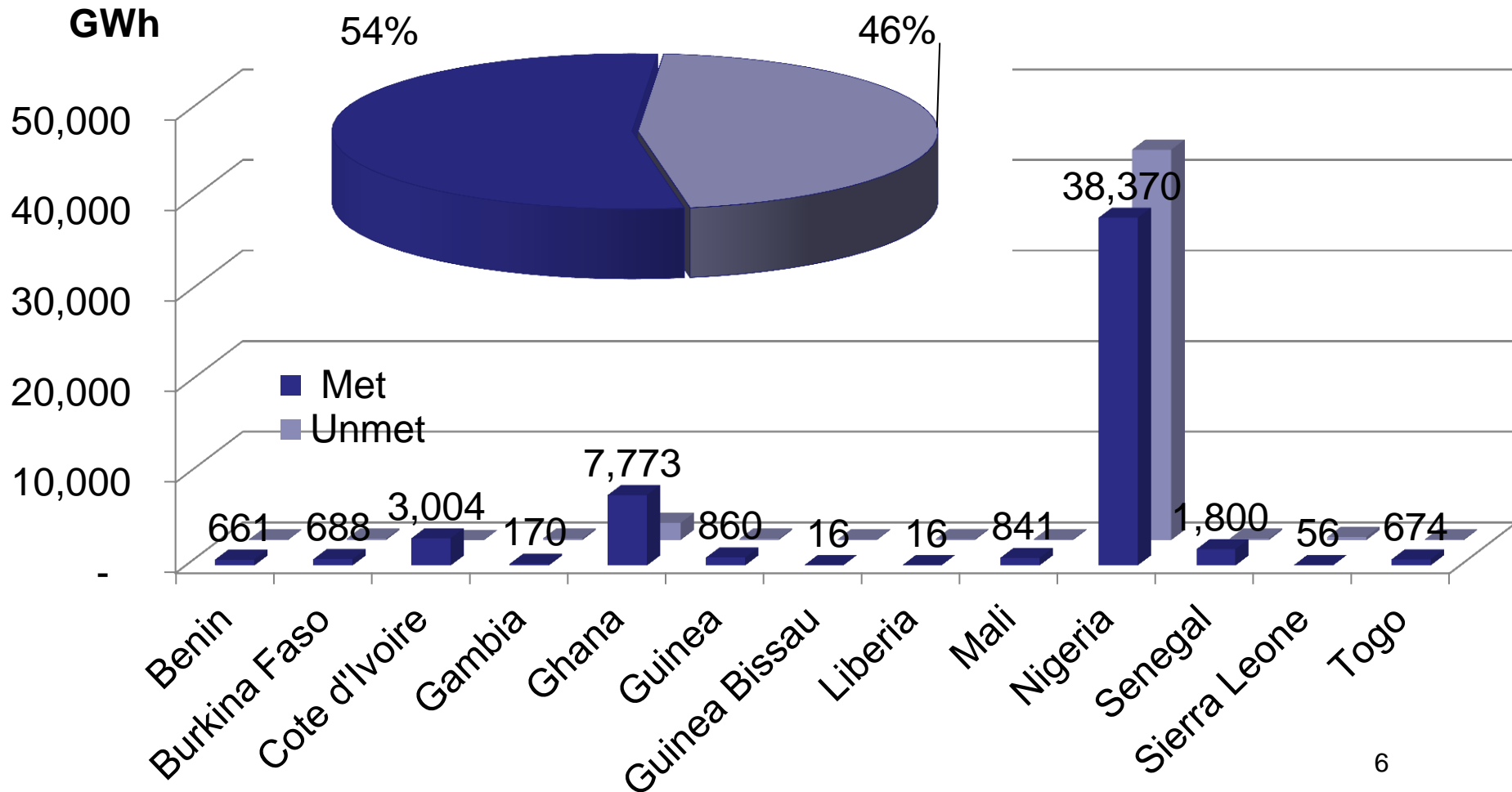
BASIC FACTS



- Global CE Investment totaled \$244 billion (2012)
- Challenges include the gap between finance and project development, policy risks, wider economic challenges, etc.

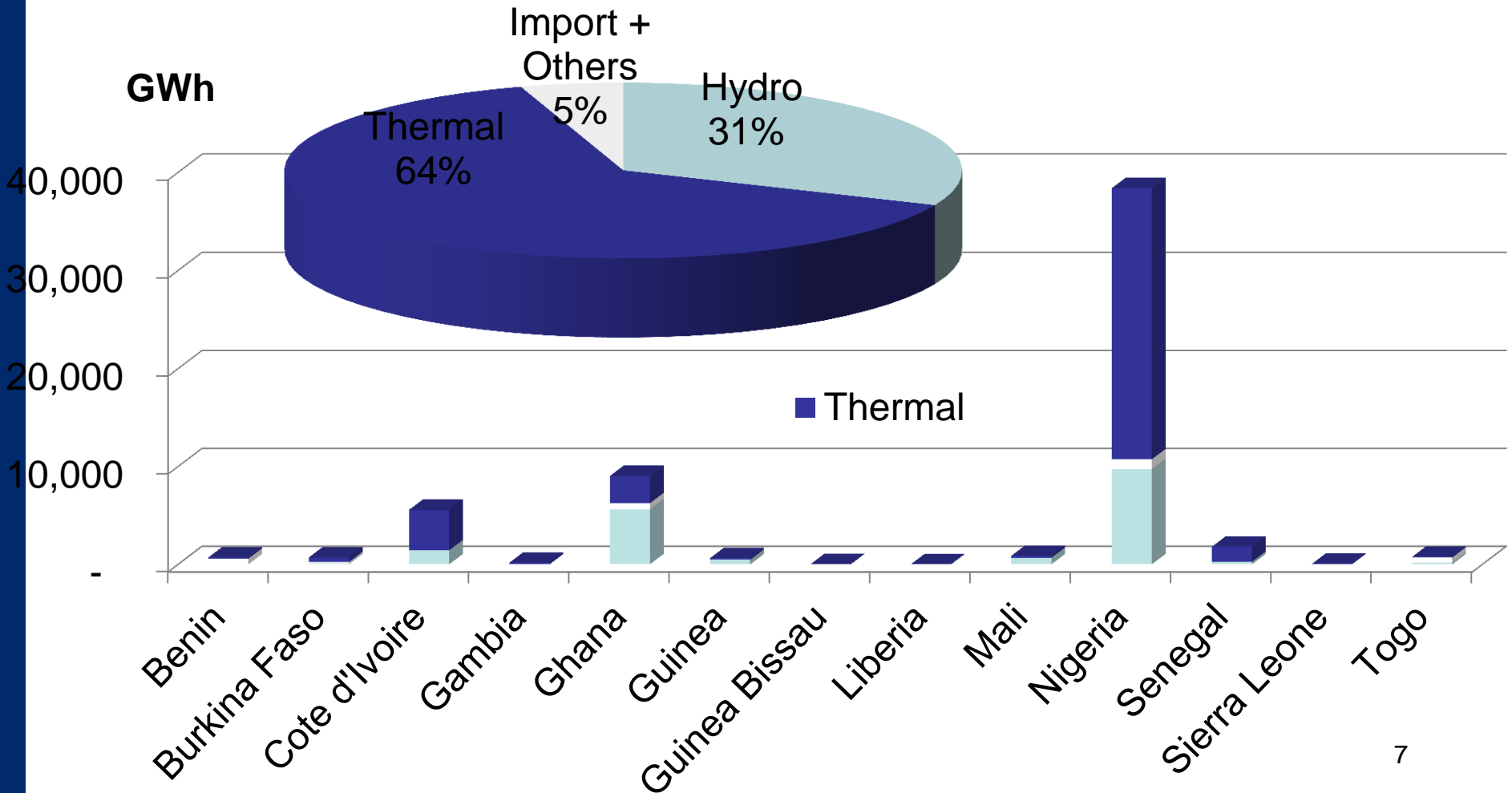


POWER DEMAND-SUPPLY MIX





POWER SUPPLY IN WEST AFRICA*



*With exception of Cape Verde, due to WAPP activity coverage



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CE INVESTMENT IN WEST AFRICA: USAID'S ROLE

- Project identification, assessment and classification

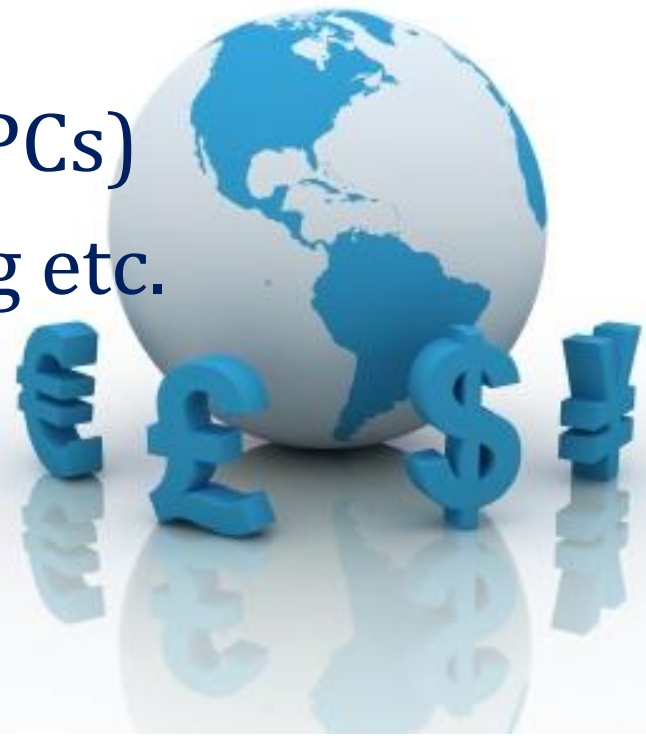




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CE INVESTMENT IN WEST AFRICA: USAID'S ROLE

- Project development and technical assistance
 - ✓ Negotiations (PPAs, EPCs)
 - ✓ Tendering and Bidding etc.





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CE INVESTMENT IN WEST AFRICA: USAID'S ROLE

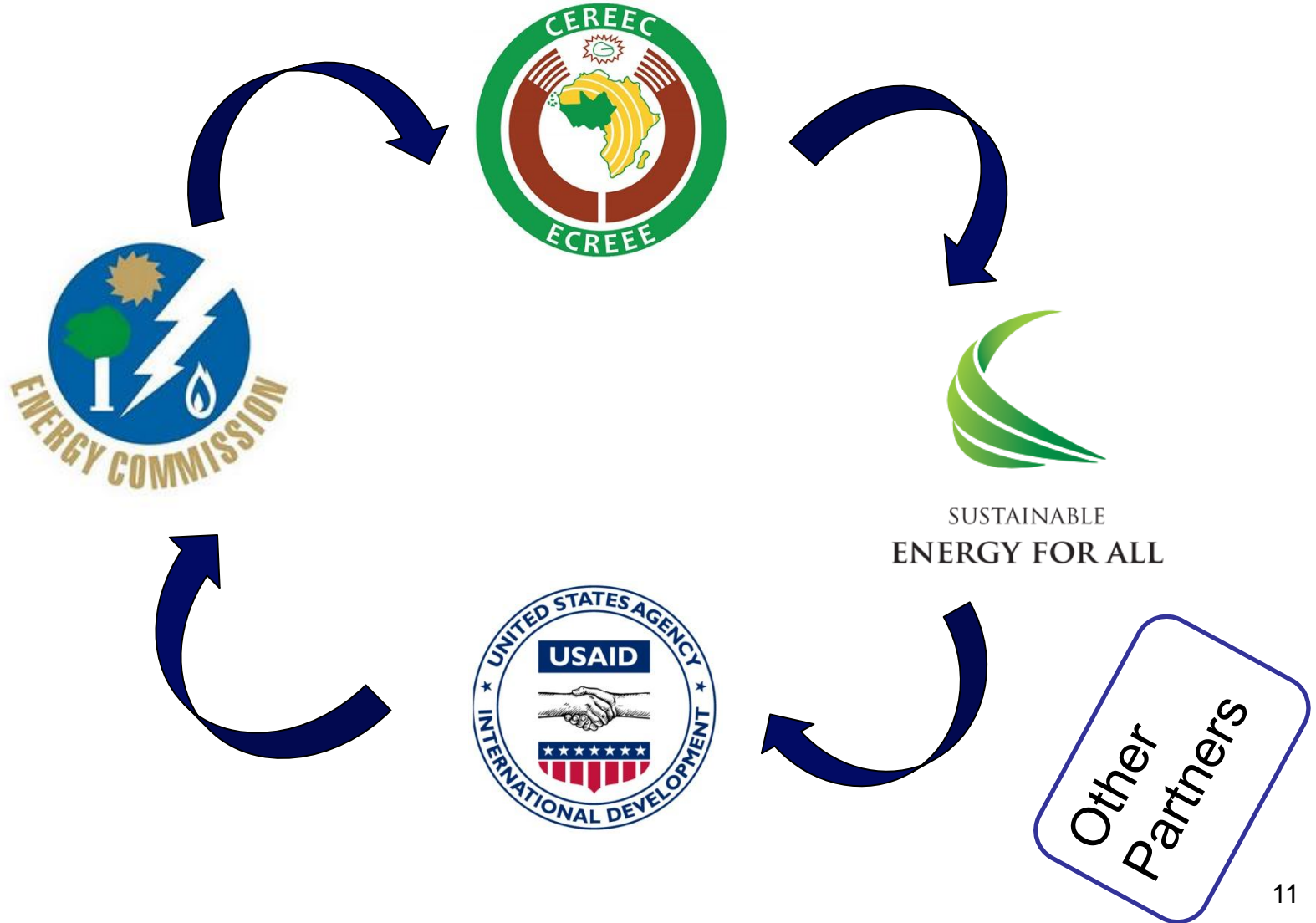
- Financing facilitation
 - ✓ Equity investment
 - ✓ Debt investment





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PARTNERS FOR DELIVERY





THE WAY FORWARD

- Given the volatile regional economy, CE financing costs have become sensitive.
- Policymakers should look to creating an investment environment which is a key to attracting private investment.
 - Power market risk options: implement well-designed, high quality policy and policy risk insurance .
 - Counterparty risk options: best practice operations, cost recovery and loan guarantees/partial risk guarantees.
- Take advantage of existing RE policies to invest in the sector; e.g. EREP, EREI, Ghana's REFiT premiums etc.

Thank you

