EIB Contribution in Renewable Energy Projects Financing in West Africa

ECOWAS Forum for Investments in Renewable Energy

EIB West Africa Regional Office

Accra, October 9th 2013

EIB: Who we are

- European Union's long-term lending bank set up in 1958 by the Treaty of Rome.
- Shareholders: 27 EU Member States.
- Only multilateral institution engaged in both Europe and the ACPs.
  - ⇒ Unique experience and expertise, dedicated technical experts and sector specialists
  - ⇒ Lessons learnt in one region can help overcome technical challenges, fill investment gaps and efficiently blend long-term loans with technical assistance support in another region
- Close collaboration with EU and multilateral financing partners.
- Long-term relationships with local regional organisations.

What EIB can bring
Renewable Energy Financing Worldwide

	EIB 2012 Total Lending	EIB 2012 Energy Lending	EIB 2012 R.E./E.E Lending
EU + Non EU	**52 Bn**	**8.4 Bn**	**4.4 Bn**
% of total lending	-	16%	8%

Germany - **Offshore wind farm**
EIB contribution: EUR **302**M.

Spain - **Solar Power Plant**
EIB contribution: EUR **80**M.

What EIB can bring
Renewable Energy Financing ACP

	EIB 2012 Total Lending	EIB 2012 Energy Lending	EIB 2012 R.E. Lending
ACP	**636.8 M**	**256.5 M**	**130 M (*)**
% of ACP lending	-	40%	20%

(*): Liberia – Mount Coffee Hydro Generation Rehabilitation. EUR 50M
Cameroun – Lom Pangar Storage Dam. EUR 30M
Zambia – Itezhi-Tezhi Hydro Project. EUR 50M

Case Study:
CABEOLICA WIND FARM (CAP VERT)

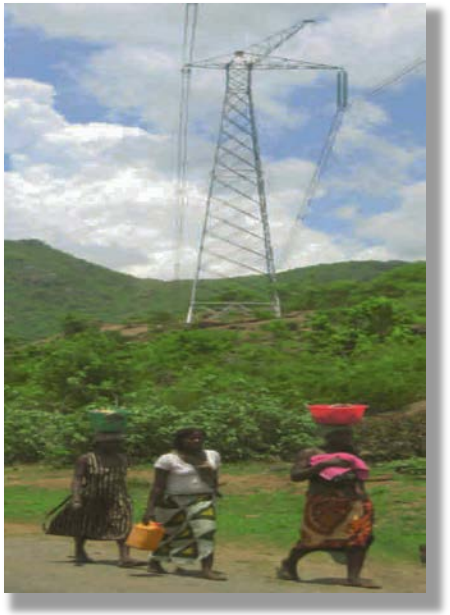
EUR 30m IF loan and interest rate subsidy (IRS);

4 onshore wind farms to increase access to electricity in Cape Verde and **reduce carbon emissions** (est. 92,000t CO_2/yr);

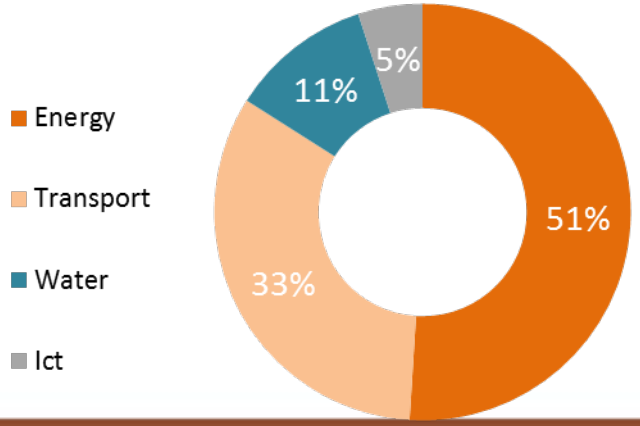
- adding over **28 megawatts** of electricity to local energy supply and ease reliance on imported fossil fuels ;
- supporting government's aim to **increase energy supply** by 40% by 2012 and **double share of wind energy** production by 2020 from 25% to 50%;
- one of **largest wind projects** and first renewable energy PPP in sub-Saharan Africa;
- **EIB** was involved at a very early stage and designated "**lead financier**", working closely with the African Development Bank;
- '**Best Renewable Project in Africa**' prize at the Africa Energy Awards 2011 in Johannesburg.

EU-Africa Infrastructure Trust Fund (ITF)

- EU initiative in partnership with the African Union launched in 2007
- Main objective: promotion of regional infrastructure projects in sub-Saharan Africa
- Blending loans with grants to leverage EU donors' funding
- **Budget** of EUR 747 million (incl. EUR 329 million pledged by European Commission for SE4All* initiative)
- **Donors:** European Commission + 12 EU Member States
- **Instruments:** interest rate subsidies, technical assistance, direct grants, Insurance Premia
- **To date**: EUR 385m approved for 77 operations



Breakdown by sector



Supporting large regional renewable energy solutions

Examples
Felou Hydropower – Mali/Senegal
Caprivi Power Interconnection – Southern African Power Pool
Muchinga Hydropower - Zambia
Geothermal Risk Mitigation Facility for Eastern Africa

SE4All

The Sustainable Energy for All initiative (SE4All) was launched by the United Nations Secretary General, with three inter-linked objectives:

- providing universal access to modern energy services;
- doubling the global rate of improvement in energy efficiency;
- doubling the share of renewable energy in the global energy mix.

The ITF has been chosen as the main instrument for the EU response to this initiative:

- working with EU Commission to significantly scale up efforts in the energy sector;
- through dedicated use of grant-loan blending.

Since July 2013:

⇒ ITF window for supporting SE4All in Sub-Saharan Africa;
⇒ for **EUR 329m** grants for SE4All eligible projects;
⇒ to support smaller **national** and **local** renewable energy and energy efficiency projects.

SE4All
FINANCING MECHANISMS

3 complementary innovative initiatives:

- **AEGF**: Africa Energy Guarantee Fund (covering Sub-Saharan Africa)
- **ASEF**: ACP Sustainable Energy Facility - East Africa Pilot (with IFC)
- **REPP**: Renewable Energy Performance Platform

As well as SE4All dedicated windows under:

- EU-AFRICA Infrastructure Trust Fund
- GEEREF: Global Energy Efficiency and Renewable Energy Fund
- EDFI EFP: European Development Finance Institutions/European Financing Partners

Lessons learned from / Main targets for Renewable Energy Projects

- R.E. generation is now becoming competitive in some off-grid applications.
  Feed-in tariffs, negotiated PPAs, support of carbon credits, are for the moment still needed in many grid connected applications.

- Variety of renewable sources available:

  - **Hydro** remains feasible large scale grid-connected source in some countries; large investments, long implementation times, predictable and flexible production.
  - **Wind** faces problem that grids do not have backup power; on the other hand very competitive to oil-based generation that is widely used.
  - **Solar** water heaters are very feasible distributed energy sources, and reduce the load of grids.
  - **Off-grid solar.**
  - **Biomass** used largely now in form of firewood; for electricity generation the difficulty is collection/transportation of biomass.

Lessons learned from / Main targets for Energy Efficiency Projects

- Reduction of technical losses ;
- Low-energy lighting, solar water heaters;
- Quality/energy standards (domestic appliances, buildings insulation and air conditioning).

Thank you !