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
AfDB Energy & Private Sector Strategy
Our energy objective

Increasing access to energy while helping Africa adopt a green growth path.
AfDB’s Energy Objective

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.

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

Tailoring Climate Finance
- Ensuring region and nation specific access to climate finance resources

Leveraging Resources
- Best use of resources to “crowd-in” other investments

Providing advisory services

Evolving the Bank’s Role
- Coordinated support to public & private players

Making PPPs Work

Enabling Regional Energy Trade
- Supporting power pools, etc.
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)
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

Sovereign lending

- SCAF
- ACSP
- SEFA
- ACF

Non-sovereign Operations

- Debt
- Equity
- Guarantees
- Concessional
- Grants
- Non-concessional

Strategic Climate Funds

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

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
AfDB Energy Portfolio
Total Lending for Energy 2006-11

- Units of Account, Millions

2006: Public 100, Private 20
2007: Public 300, Private 100
2008: Public 500, Private 200
2009: Public 800, Private 400
2010: Public 1600, Private 800
2011: Public 2400, Private 1200
Public & Private Energy Lending: 2006-11

Public

- Wind & Solar: 6%
- Solar & Gas: 10%
- Solar Hydro: 4%
- Gas: 21%
- PBLs: 6%
- Interconxn: 14%
- Rural Elec: 5%
- Rehab: 4%
- Studies: 1%
- Trans: 18%
- Dist: 1%

Private

- Wind: 16%
- Others: 33%
- Solar: 1%
- Hydro: 12%
- HFO: 3%
- Coal: 4%
- CH4 Cogen: 1%
- Gas: 21%
- W2E: 2%
- Bagasse Cogen: 3%
- Agro-Energy: 4%

→ Roughly one-third going to renewable energy infrastructure!
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

Key Figures

<table>
<thead>
<tr>
<th>Description</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Project Cost</td>
<td>USD 127.58 million</td>
</tr>
<tr>
<td>Debt / Equity</td>
<td>65% / 35%</td>
</tr>
<tr>
<td>ADB Senior Loan</td>
<td>Up to USD 25 million</td>
</tr>
<tr>
<td>ADB Board Approval</td>
<td>Feb 2011</td>
</tr>
</tbody>
</table>

ADB Role

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

### ADB Role

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

### Key Figures

<table>
<thead>
<tr>
<th></th>
<th>EUR 64 million</th>
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</thead>
<tbody>
<tr>
<td><strong>Total Project Cost</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Debt / Equity</strong></td>
<td>70% / 30%</td>
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<tr>
<td><strong>ADB Senior Loan</strong></td>
<td>EUR 15 million</td>
</tr>
<tr>
<td><strong>ADB Board Approval</strong></td>
<td>May 2010</td>
</tr>
</tbody>
</table>
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

<table>
<thead>
<tr>
<th>Total Project Cost</th>
<th>USD 500 million</th>
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<tbody>
<tr>
<td>ADF Sovereign Loan</td>
<td>USD 124 million</td>
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<tr>
<td>Expected Completion</td>
<td>July 2016</td>
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</table>

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

<table>
<thead>
<tr>
<th>Total Project Cost</th>
<th>USD 40 million</th>
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<tbody>
<tr>
<td>Debt / Equity</td>
<td>30% / 70%</td>
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<tr>
<td>ADB Senior Loan</td>
<td>USD 9 million</td>
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</table>

ADB Board Approval: July 2008

ADB Role

• ADB Long-term Loan;
• ADB Advisory Services
The Project

Small, independent hydro plant in rural Madagascar:
• 15 MW small hydro generation facility
• New connections for rural, off-grid population

ADB Role

• ADB Long-term Loan;
• ADB Advisory Services

Key Figures

<table>
<thead>
<tr>
<th>Total Project Cost</th>
<th>EUR 14 million</th>
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<tr>
<td>Debt / Equity</td>
<td>30% / 70%</td>
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<td>ADB Senior Loan</td>
<td>USD 6 million</td>
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<td>ADB Board Approval</td>
<td>July 2007</td>
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</table>
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

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African Development Bank

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