USAID’s Support to Trigger Clean Energy (CE) Investments in West Africa

Workshop Presentation

Kwabena Adom-Opare
USAID/West Africa
Trade and Investment Office

Abidjan, Côte d'Ivoire
Novotel, Abidjan Plateau
March 17-20, 2014
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
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.
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.
• 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

GWh

54%

46%

Met

Unmet

Benin 661
Burkina Faso 688
Cote d'Ivoire 3,004
Gambia 170
Ghana 7,773
Guinea 860
Guinea Bissau 16
Liberia 16
Mali 841
Nigeria 38,370
Senegal 1,800
Sierra Leone 56
Togo 674
POWER SUPPLY IN WEST AFRICA*

*With exception of Cape Verde, due to WAPP activity coverage
CE INVESTMENT IN WEST AFRICA: USAID’S ROLE

• Project identification, assessment and classification
CE INVESTMENT IN WEST AFRICA: USAID’S ROLE

• Project development and technical assistance

✓ Negotiations (PPAs, EPCs)
✓ Tendering and Bidding etc.
CE INVESTMENT IN WEST AFRICA: USAID’S ROLE

• Financing facilitation
  ✓ Equity investment
  ✓ Debt investment
PARTNERS FOR DELIVERY

SUSTAINABLE
ENERGY FOR ALL

Other Partners
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