



African Development Bank: Powering the Future on Africa's Terms

Financing Energy Access

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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 financier of the energy sector in Africa

Access to energy reduces poverty

Sub-Saharan Africa has a disproportionately high percentage of households without electricity.

If current trends continue, fewer than half of of Sub-Saharan African countries will reach universal access even by 2050.

The potential is there



Energy resources	Potential	Environmental impact/ Climate change
Crude Oil	Moderate	Has a negative impact on environment
Hard coal	High	Has a negative impact on environment
Natural Gas	High	Limited impact
Hydro Electric	Very high	Limited impact
Geothermal	High	Limited impact
Wind	High	Limited impact
Solar	Very high	Limited impact
Co-gen	Moderate	Limited impact

Our energy objective

Increasing **access**
to energy while
helping Africa
adopt a **low-**
carbon growth
path.



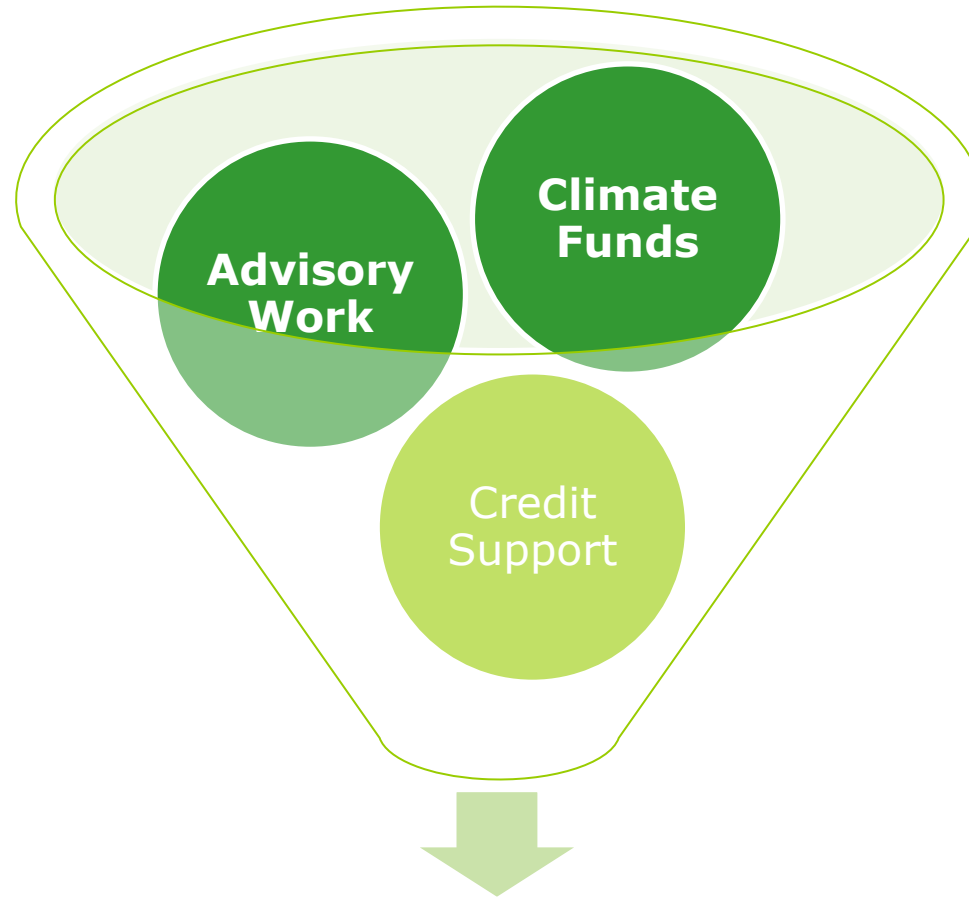
Pillars of AfDB energy strategy



Access
to
Energy

Clean
Energy

Instruments



Blend of instruments to leverage resources and assist African member governments in **meeting energy challenge**

Two lending windows: public & private

	AfDB's lending operations	
	Public window AfDB and ADF (LICs)	Private window
Recipient	Governments or state owned enterprises	- Privately owned enterprises - Financially strong government owned enterprises
Guarantee	Sovereign	Non sovereign
Financial terms	Concessionary terms	Commercial terms



Energy Sector Finance Tools of AfDB Group

□ Wide range of instruments:

- grants,
- concessional loans,
- Equity/quasi-equity
- debt,
- syndication,
- Guarantees
- Climate finance

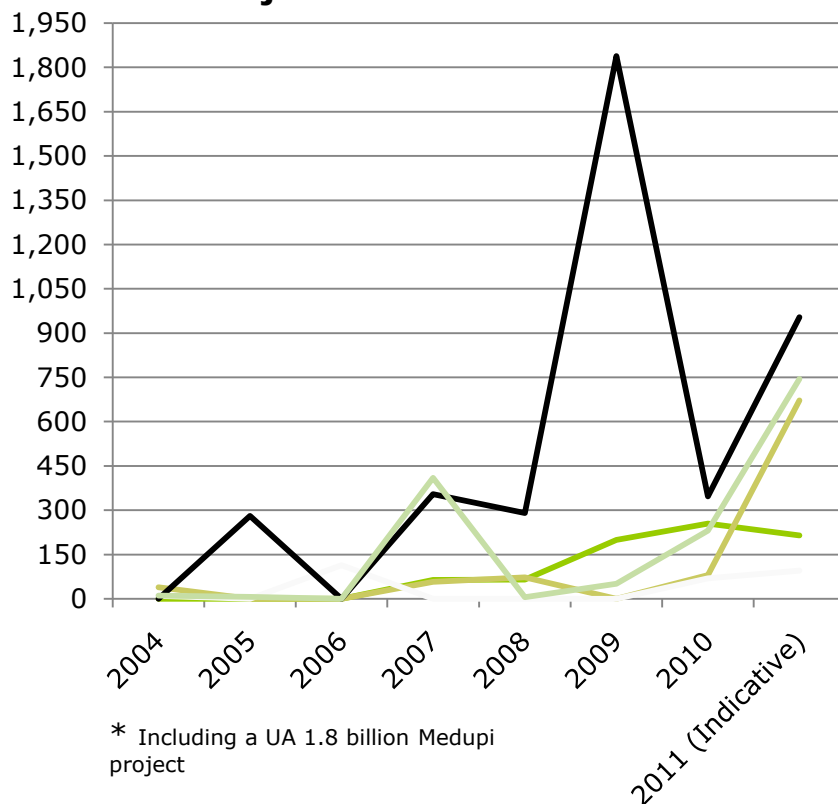
□ Policy dialogue for sector development

Energy Access Projects

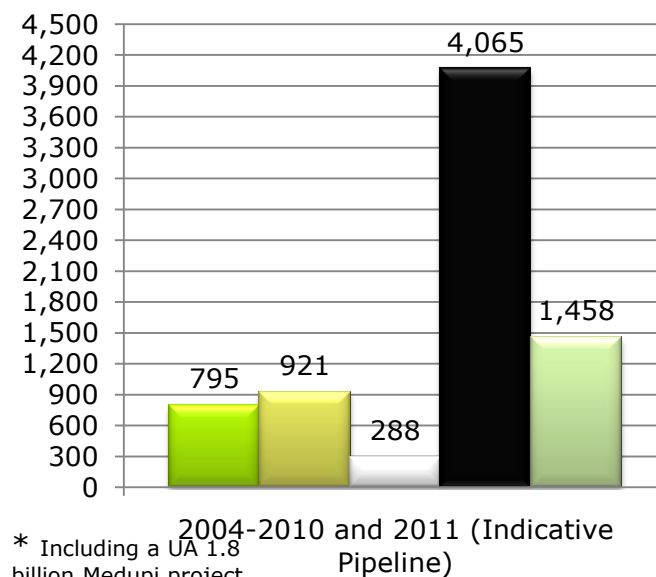
AfDB Energy Access Projects in UA million	2004	2005	2006	2007	2008	2009	2010	2011 (Indicative)	Total
Transmission	0.00	0.00	0.00	63.60	64.51	198.76	253.90	214.30	795
Interconnection	38.48	0.00	0.00	57.98	72.49	0.00	79.67	672.00	921
Rural Electrification	9.58	0.00	113.50	0.00	0.00	0.00	69.69	94.96	288
Generation	0.00	281.24	0.00	354.20	289.99	1,838.2	347.00	954.00	4,065
Private Sector Financing	10.45	6.84	0.00	409.28	5.52	51.40	230.92	743.88	1,458

Energy Access Projects - A Snapshot

Annual Approvals Energy Access Projects in UA million*



Total Approvals Energy Access Projects UA million*



- Transmission
- Interconnexion
- Rural Electrification
- Generation
- Private Sector Financing



Rural Electrification, Burkina Faso

Project Description

- Reinforce and extend transmission and distribution lines to new localities
- Improve operating conditions, including rehabilitated distribution network and pre-paid meters

Long-term Goal

- Increase electricity access from 18% in 2007, to 60% by 2015

Financing

- Total cost: \$57.5 million
- ADF grant: \$40 million

Benefits

- More households with access to electricity
- Reduction of technical and commercial losses
- Boost countrywide network coverage
- Reduced production costs

Itezhi-Tezhi Hydro Power Plant, Zambia

- 120MW base load hydro power plant to be located at the site of the existing ITT dam on the Kafue River in Zambia
- The dam is also the reservoir for the 990 MW Kafue Gorge Plant located downstream of the proposed ITT project
- Sponsor is ITPC - 50/50 JV between ZESCO Ltd and Tata Africa
- First PPP in the energy sector in Zambia
- Power will be evacuated using a new 300 km 220/330kV Transmission Line



- Project cost: USD 231 M
- AfDB Window - \$50 M towards debt in SPV
- ADF Window - \$10 M towards ZESCO's equity in SPV, and \$30M towards the Transmission line financing





Addax Bio-Energy, Sierra Leone

Project Description

- 10,000 ha irrigated sugarcane to ethanol and power
- Roughly 85,000 m3 annual production
- Farmer development program for food production

Business Strategy

- Ethanol to EU, electricity for domestic market
- Revenues: 75% ethanol, 25% power
- Core plantation initially, outgrowers added later

Financing Structure

- Total cost: \$340 million, 60/40 debt/equity
- Equity: Sponsor + DFIs
- Debt: DFIs
- AfDB role: Lender

Benefits

- Strong job creation
- Renewable electricity supply
- Export generation



Our vision: More and cleaner energy in Africa

Thank you!

