A new architecture for financing access to modern energy services
OPEC Fund for International Development

✓ Established 35 years ago
✓ Financial support to non-OPEC developing countries
✓ $13 Billion in 129 countries
✓ Half of operations for Africa
✓ Closer coordination with “Arab Coordination Group”: $5 billion per year in development assistance
New financial architecture

✓ Two pillars: financial & institutional

✓ Not a revolution

✓ To build on the positive aspects of the current financial architecture

✓ To propose relevant points of improvement to ensure sustainable energy access for all
Need for a diversified financing mix

- Wide spectrum of projects: from cook-stoves to power plants
- Each type of project needs a specific type of financing
- Diversified financing mix: Local, international
  - From grants to market based loans with appropriate risk sharing
Need to improve the project identification process

✓ Lack of substantial pipeline of good projects to reach the poor

✓ **Countries**: further prioritize energy access, in national development strategies

✓ **DFIs**: More feasibility studies to be carried out with grants. With enhanced coordination amongst DFIs
Need to define sustainable business models for the poor

✓ Paradoxically, the poorer they are, the more they pay for energy

✓ Not all energy projects reach the poor

✓ Market–based approach ineffective; strong government involvement with pro-poor policies necessary

✓ Appropriate subsidies coupled with structured tariff: cross subsidization, prepaid meters, reliance on renewables

✓ Prerequisite: strengthening financial institutions, developing capacity building
Need to enhance DFIs coordination

✓ Aid fragmentation is detrimental to effectiveness

✓ Better DFI coordination: harmonization, risk mitigation, project identification and finance, synergy between technology and finance

✓ ‘Arab Coordination Group’, the World Bank and others: “coalition of the willing” against energy poverty
Thank you