



# **EIB**

## **Climate Action in ACP**

**Business Climate Conference on Renewable Energy in ACP**

**Brussels, November 14, 2011**

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# Role of Climate Action at EIB

- **Climate Action is one of the key priorities of the EIB, both inside and outside the EU**
- **Focus:**
  - **Low Carbon Investments that mitigate greenhouse gas emissions**
  - **Climate-resilient projects that improve adaptation to climate change impacts**
- **2010: 33% (€20 bn) of lending for climate change related projects (energy, transportation, water, forestry, RDI)**
- **2011: Target: 25% but achievement is higher: 33%**



# Climate Action in ACP

- **2010: 5 projects Climate Action projects signed for EUR 230 mln:**
  - **Olkaria I and IV Geothermal in Kenya**
  - **Cape Verde Wind Power PPP**
  - **Interact Climate Change Facility (ICCF) Regional**
  - **Philips Lightning Maseru in Lesotho**
  - **ETED Power Transmission DR**
- **2011: Investec Climate Action Project (SA)**
- **Considerable pipeline – wind, hydro, solar**



# Cabéolica S.A.



- **Project:** 27 MW wind power project on four islands
- **Total project cost:** EUR 60 mln
- **EIB:** Senior Loan of EUR 30 mln
- **Promoters:** Infraco, Electra (utility) and GoCV
- **Long term equity:** Africa Infrastructure Investment Fund and Finnfund
- **Co-financiers:** African Development Bank, Finnfund, Africa Finance Corporation

Cape Verde has outstanding wind resources but the country relies heavily on expensive imported fossil fuel for power generation. It is one of the largest wind projects and the **first wind farm public-private partnership (PPP) in sub-Saharan Africa.**

**The EIB was involved at a very early stage and designated “lead financier” by the Borrower, working closely with the African Development Bank.**



# GEEREF



## Global Energy Efficiency and Renewable Energy Fund

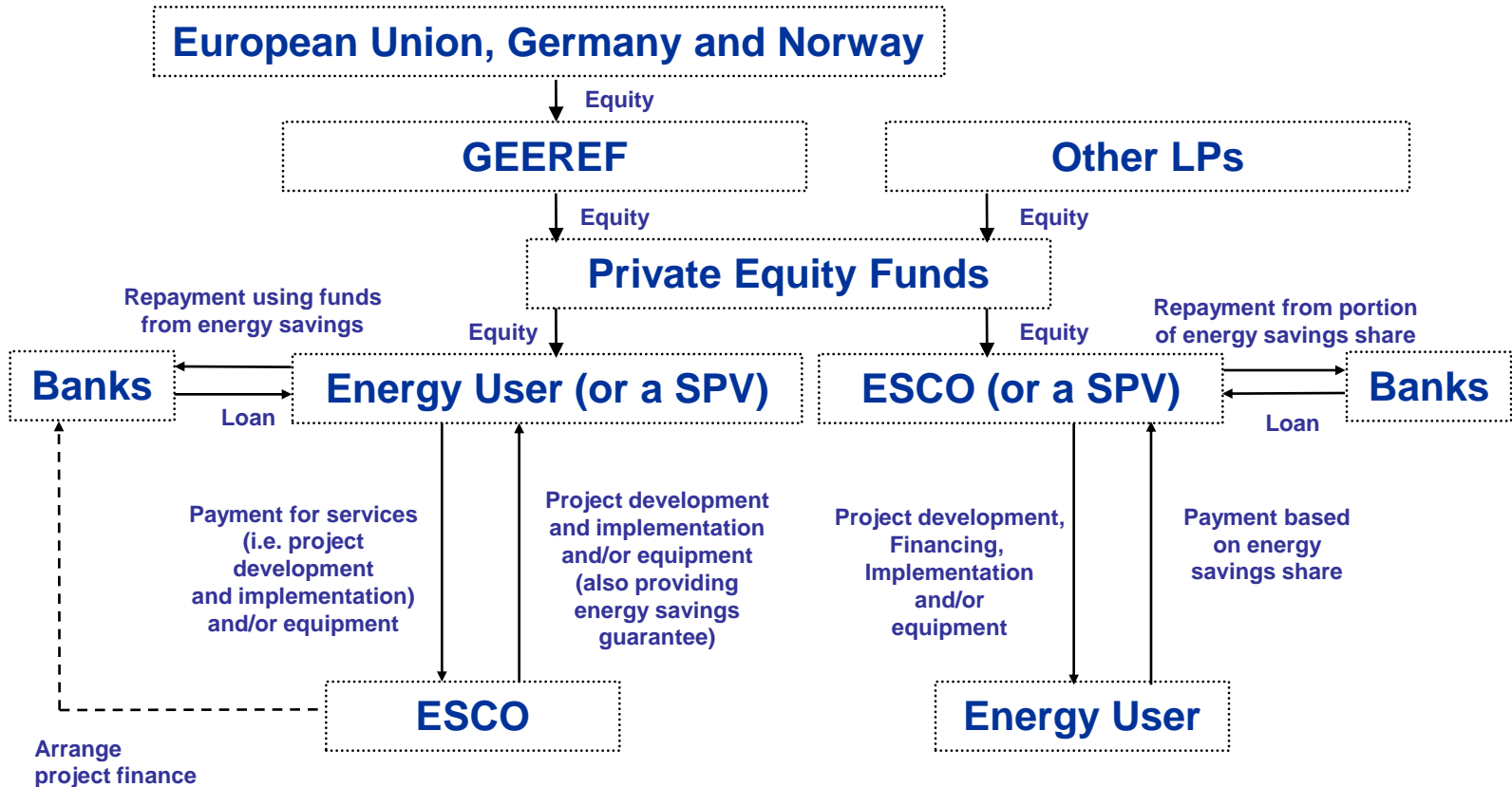
- **Funds of funds (€108 mln) domiciled in Lux as SECAV**
- **Investors: EU, Germany and Norway**
- **Objective: provide equity funding for funds that invest in private, small/medium RE and EE projects**
- **Africa, Asia and Latin America**
- **Two funds supported in Africa:**
  - **Evolution One – Southern Africa (GEEREF: €10 mln)**
  - **DI Frontier Market – East Africa (GEEREF: €10 mln) - founding father: Confederation of Danish Industry**

**“People Planet Profit”**

**[www.GEEREF.com](http://www.GEEREF.com)**



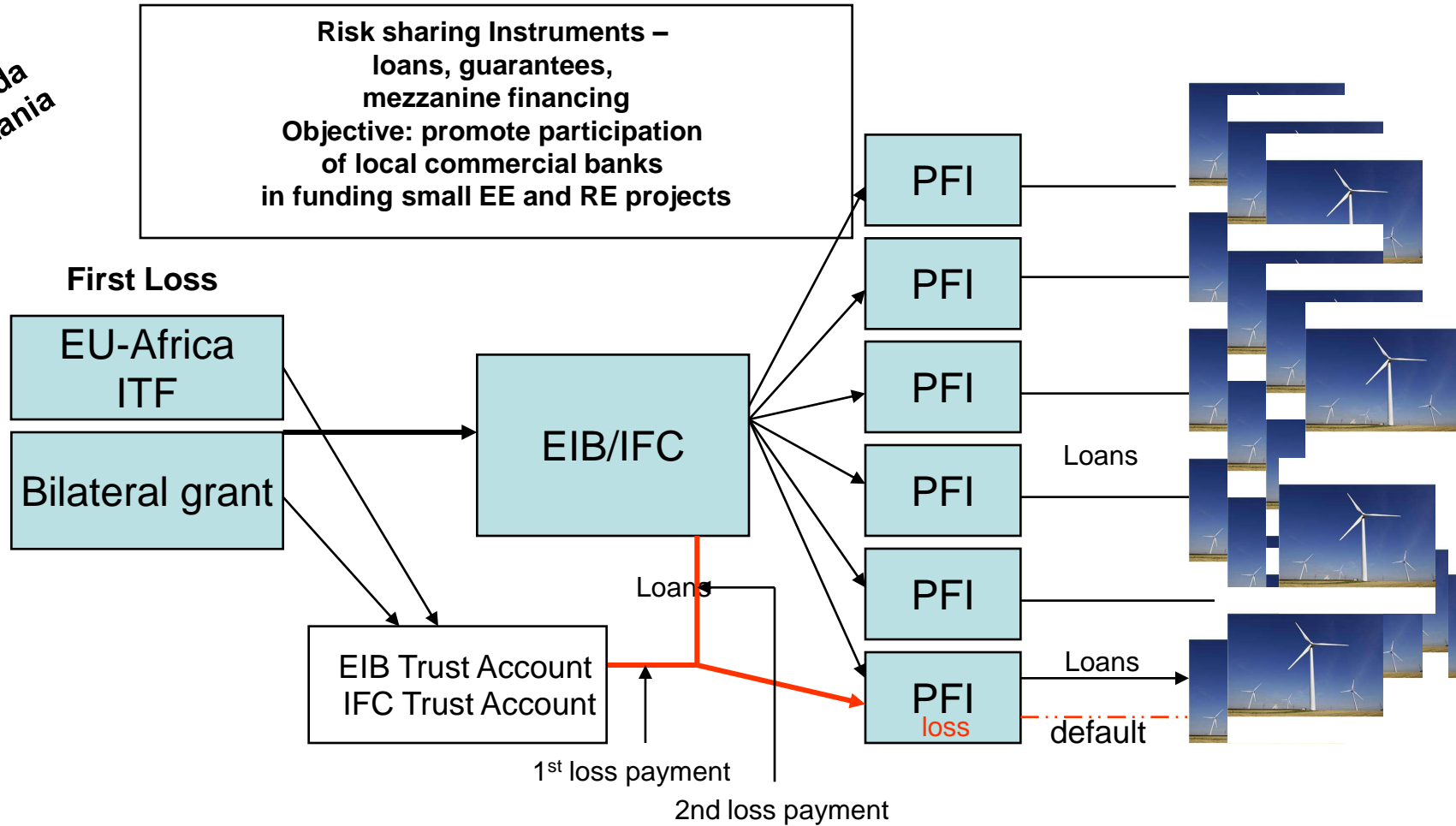
# Examples: Energy Efficiency Project Finance



An ESCO is an energy service company (which may also be an equipment producer)  
An SPV is a special purpose vehicle, which is set up for the purpose of project finance  
The diagram was partially based on "Financing energy efficiency", The World Bank, 2008

# Africa Sustainable Energy Facility

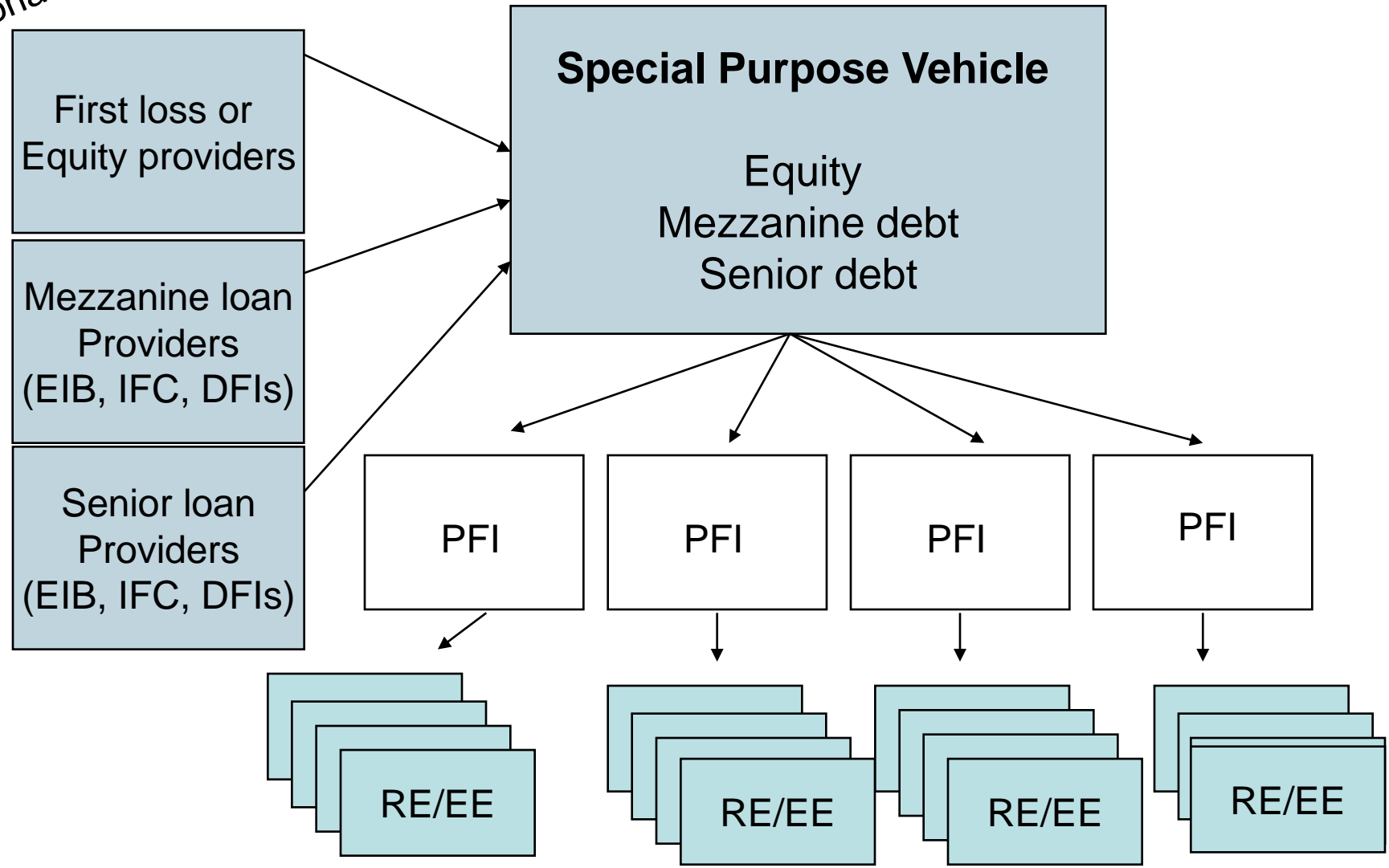
**PILOT**  
Kenya  
Uganda  
Tanzania



**EIB and IFC to share risks pari passu**  
**Backed by first loss grants**



# Africa Sustainable Energy Facility



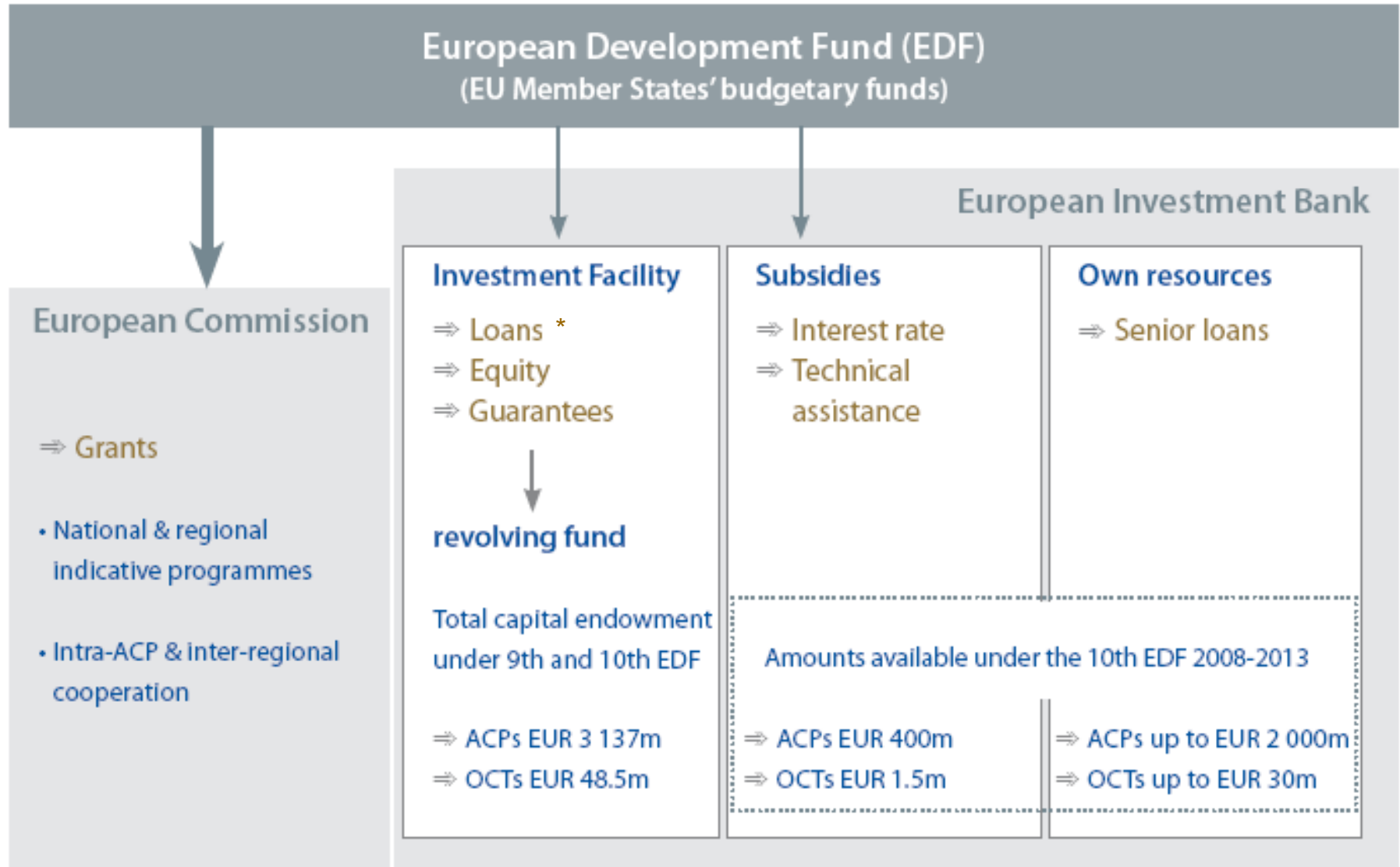




# Thank you !



# EIB lending in ACPs & OCTs



\* Senior, junior, subordinated and intermediated loans, as well as quasi-equity operations



# Instruments The Investment Facility

## A revolving fund

providing

**Flexible / risk-bearing financial instruments**  
denominated in EUR, widely traded currencies or local currencies

	Investment Facility
Direct loans/senior debt	✓
Junior/subordinated debt	✓
Intermediated loans	✓
Quasi-equity operations	✓
Equity investments and investments in venture capital funds	✓
Guarantees	✓
Currencies and foreign exchange risk:	
• widely traded currencies	✓
• local currencies	✓
Interest rate subsidies	✓
Project-related technical assistance	✓



## Cotonou mandate Interest Rate Subsidies



- Available to increase concessionality for:
  - ✓ Infrastructure projects in Least Development Countries, post-conflict and post-natural disaster countries, HIPC countries
  - ✓ projects with substantial and clearly demonstrable environmental or social benefits
  - ✓ restructuring operations in the framework of privatisations

- General rule applied :
  - Interest rate subsidy: maximum 3 %
  - Final rate of loan: cannot be less than 50% of the reference rate
  - In the case of HIPC countries, the interest rate may be reduced by such amount as required to comply with the level arising from the HIPC initiative.

*By end-2010, a total of EUR 65.8 m committed in favour of 35 projects in the ACPs and OCTs with a further EUR 112 m in the pipeline*