2017 PARTNERSHIPS CONFERENCE
Light Up and Power Africa

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Africa is rich in energy resources...

SOURCE: WEO 2014; Brighter Africa report
... and poor in energy supply

**Distribution of population without access to electricity by region**

% of total population, 2013

<table>
<thead>
<tr>
<th>Region</th>
<th>World population</th>
<th>Population without access to grid electricity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other</td>
<td>18%</td>
<td>10%</td>
</tr>
<tr>
<td>Middle East</td>
<td>9%</td>
<td>34%</td>
</tr>
<tr>
<td>LatAm</td>
<td>31%</td>
<td>53%</td>
</tr>
<tr>
<td>ASEAN¹ &amp; China</td>
<td>24%</td>
<td></td>
</tr>
<tr>
<td>South Asia²</td>
<td>16%</td>
<td></td>
</tr>
<tr>
<td>Africa</td>
<td>100% = 7.0 billion</td>
<td>1.2 billion</td>
</tr>
</tbody>
</table>

1 Association of Southeast Asian Nations.
2 Bangladesh, DPR Korea, India, Mongolia, Nepal, Pakistan, Sri Lanka, Other Asia.

SOURCE: World Energy Outlook, 2015; Electricity Access Database, © OECD/IEA 2013
The business as usual scenario is untenable and the New Deal on Energy aspires to achieve universal access by 2025.

Africa's access to electricity, % of population

- **New Deal on Energy**: universal access by 2025
- **SDG7 goal**: universal access by 2030
- **Africa Power Vision**: 80% access by 2040
- **Business as usual**: 45% access by 2025

SOURCE: WEO 2014; Brighter Africa report
The New Deal on Energy has 4 targets to achieve universal access:

- **AfDB central convening role among energy related institutions**
- **Strong relationships with African countries**
- **Successful partnerships between DFIs, and with the public & private sector**
- **A prerequisite for achieving the High 5s & SDGs across Africa**

**The New Deal on Energy for Africa - key elements**

- **On-grid generation to add 160 GW of new capacity**
- **On-grid transmission & distribution that will create 130 million new connections**
- **Off-grid generation to add 75 million new connections**
- **Access to clean cooking energy for around 150 million households**
First year achievements of the New Deal (1)

- Establishment of the Vice Presidency and recruitment of the management team.

- **High level stakeholder consultations** and dialogue for political support of Heads of State and Government.

- Approved Energy Sector operations amounting to US$ 1.7 billion and leveraging 1.4 billion in additional financing to deliver:
  - 546 MW of additional installed capacity
  - 21,264 km of distribution lines
  - 641 km of transmission lines
  - 688,950 new households / businesses receiving electricity access
  - 700,000 tonnes CO₂ avoided

- Policy- based operations for energy sector reforms started in 5 countries.
First year achievements of the New Deal (2)

• **Examples of projects** approved in 2016:

  ✓ USD 134 million for **Phase II of the transformative Kenya Last Mile Connectivity Project**, which will entail providing 300,000 new connections.

  ✓ USD 150 million for **Côte d’Ivoire Power Transmission and Distribution Networks Reinforcement Project**, which will construct over 3,000km of transmission and distribution lines and connect 20,000 households.

  ✓ **Segou Solar IPP in Mali**, which entails the design, construction and operation of a 33 MW solar PV power plant.

  ✓ Approval of a USD 500 million **Debt Facility for Energy Inclusion** with an initial Bank contribution of USD 100 million to focus on small scale independent power producers, off-grid and mini-grids.

• **Increased project preparation support** through the Sustainable Energy Fund for Africa (SEFA) and launch of the Green Mini-Grid Market Development Program.

• **Receipt of several key mandates**, including to assist Mozambique, Tanzania and Zambia in their utility turnaround, and to act as lead arranger for key regional power projects, such as the 2400MW Batoka Gorge Hydropower project.
Focus areas of the New Deal going forward (1)

• Increased **private sector focus** for the Bank’s energy investments with a view to increase the leverage of available resources;

• Supporting **policy- and institutional-level reforms** in countries to improve the environment to increase private sector participation and strengthen utilities (e.g. IPP procurement programme; utility turnaround);

• Development of **access-focused programs** that would address power and clean cooking & lighting needs;

• Development of **regional projects** including Inga III and interconnections e.g. Nigeria-Niger-Burkina-Benin (“Northcore”), Guinea-Mali, and Cameroon-Chad;

• Market development activities in the oil & gas area and financing for specific project opportunities;

• **Transformative Partnership for Energy** - Strengthening existing partnerships and establishing new strategic partnerships to increase the number of bankable projects and their available funding pool, building on existing initiatives (e.g. SE4ALL implementation hub) and in-country donor coordination mechanisms.
Focus areas of the New Deal going forward (2)

- Innovative financing instruments and approaches including:
  
  ✓ Establishment of a **Co-Guarantee Platform for Renewable Energy Projects in Africa** to achieve economies of scale and efficiency by aggregating the guarantees from multiple institutions into a single facility.

  ✓ Development of an approach to back **PPAs without recourse to sovereign guarantees**.

  ✓ Bringing in of capital from investors who are looking for stable returns from de-risked assets, i.e. energy projects that have been completed and are operating. We are currently working on a first such transaction: the refinancing of the **Bujugali hydropower plant** project in Uganda.

  ✓ Increasing **local currency financing** from commercial banks and investors.

- Launching of the “**Off-Grid Revolution**” in close collaboration with partners, to focus on: (i) removing barriers; (ii) scaling up financing; (iii) managing risks.

- Establishment of **dedicated funds and lines of credit** in support of energy efficiency and small-scale renewable energy projects.
Partnerships are at the heart of the New Deal

Ecosystem of Partners

The Bank will work with the ecosystem of partners
inter alia

- Work with Governments to support integrated sector planning and to improve enabling environment for private sector investments;

- Work with other DFIs and donors to increase coordination and impact around shared priorities;

- Work with the private sector to increase investments in the energy sector including mobilization of institutional investors and pension funds;

- Work with civil society to reach the « bottom of the pyramid ». 
Let us work together to light up and power Africa

Thank you!

AFRICAN DEVELOPMENT BANK
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