

AfDB's instruments for Renewable and Sustainable Energy solutions

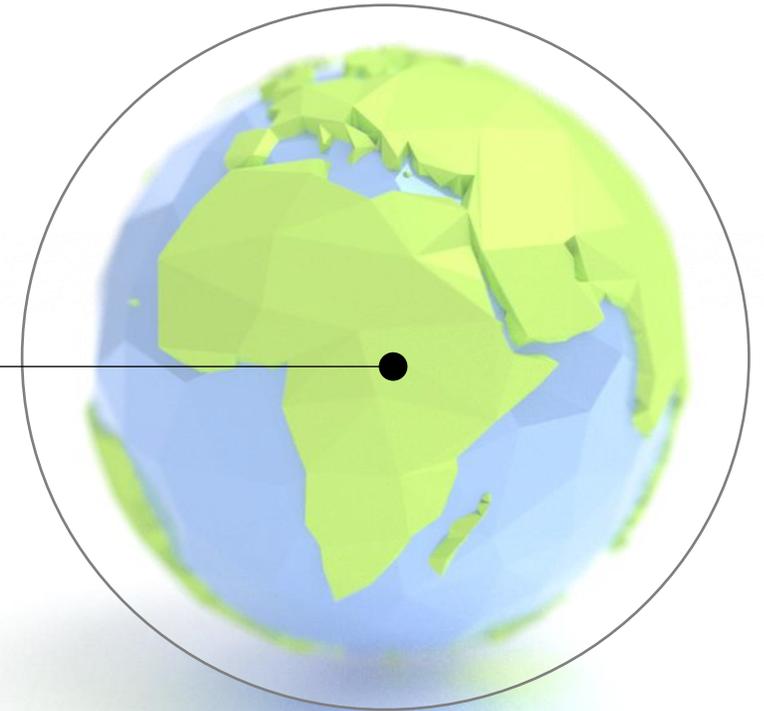
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Power, Energy, Climate Change and Green Growth Complex



AFRICAN DEVELOPMENT BANK GROUP
GROUPE DE LA BANQUE AFRICAINE
DE DEVELOPPEMENT



The New Deal on Energy for Africa (NDEA) aspires to achieve universal access by 2025

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 across Africa

Aspirational goals



On-grid generation to add **160 GW** of new capacity



On-grid transmission & distribution that will create **130 million** new connections

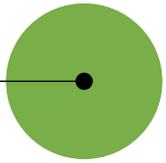


Off-grid connections to add **75 million** new connections



Access to clean cooking energy for **150 million** households





AfDB's resource mobilization and catalytic role

AfDB and ADF resources

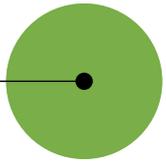
- Bank's pocket of own resources from regional and non-regional member countries, allocated to projects with a leveraging purpose

Bilateral and multilateral trust funds

- Additional technical and financial instrument for development cooperation, focusing on countries, sub/regions and/or themes.

Mobilization of external resources

- Climate finance (AfDB as implementing agency of climate finance funds)
- Co-Financing (joint or parallel; different roles and procurement processes)



AfDB's financial instruments to achieve NDEA objectives

Loans

Commercial debt products for MICs

Concessional debt products for LICs

Project finance and corporate finance

Equity

Investments in PE funds and FIs

Promote African participation

Catalyze other investors

Guarantees

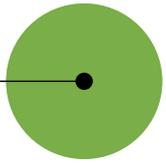
Partial Credit Guarantees

Partial Risk Guarantees

Grants

Project preparation

Enabling environment

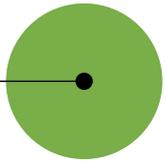


AfDB's loans: types and features

AfDB loans are available to non-sovereign guaranteed borrowers and all private sector borrowers in Regional Member Countries on commercial terms.

- Currency: EUR, USD, ZAR, JPY and any lending currency approved by AfDB, including local African currencies.
- Maturity: up to 15 years tenor including a 5-year grace period.
- Lending rate formula: Base Rate (Floating or Fixed) + risk-based lending spread
- Base Rate:
 - Floating → 6-month Libor for USD and JPY, 6-month Euribor for EUR, 3-month Jibar for ZAR, or
 - Fixed → amortizing swap rate

Type of loans/debt products	Features
Senior Loans	Loans with priority over security and first to be repaid in the event of bankruptcy of SPVs or companies.
Corporate Loans	Loans provided against the balance sheet of a company.
Mezzanine Loans	Hybrid of debt and equity financing that gives the lender the right to convert to an equity interest in the company in case of default.



AfDB tailors private sector loans to deploy large renewable energy projects



Cameroon - Nachtigal 420 MW Hydro IPP

Jointly developed with the Republic of Cameroon, EDF and IFC.

The project will increase national installed capacity by 33%, which will help meet the demand for power.

Bank financing of USD 150 M and co-financing of USD 1.2 Bn.

Financial close achieved in December 2018

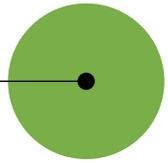


Morocco - Ouarzazate I CSP Project

As the world's largest CSP, the purpose of the Ouarzazate CSP plant is ultimately to generate a total of 500 MW.

Increase in the share of renewable energies in Morocco's energy supply by 2020

Bank financing of USD 240 M and co-financing of USD 1.2 Bn.



A special case: the Facility for Energy Inclusion (FEI)

\$500 m debt financing platform anchored by the AfDB for small-scale projects with the objectives of aggregating capital, structuring bankable projects and accelerating delivery as to increase access to clean energy across Africa

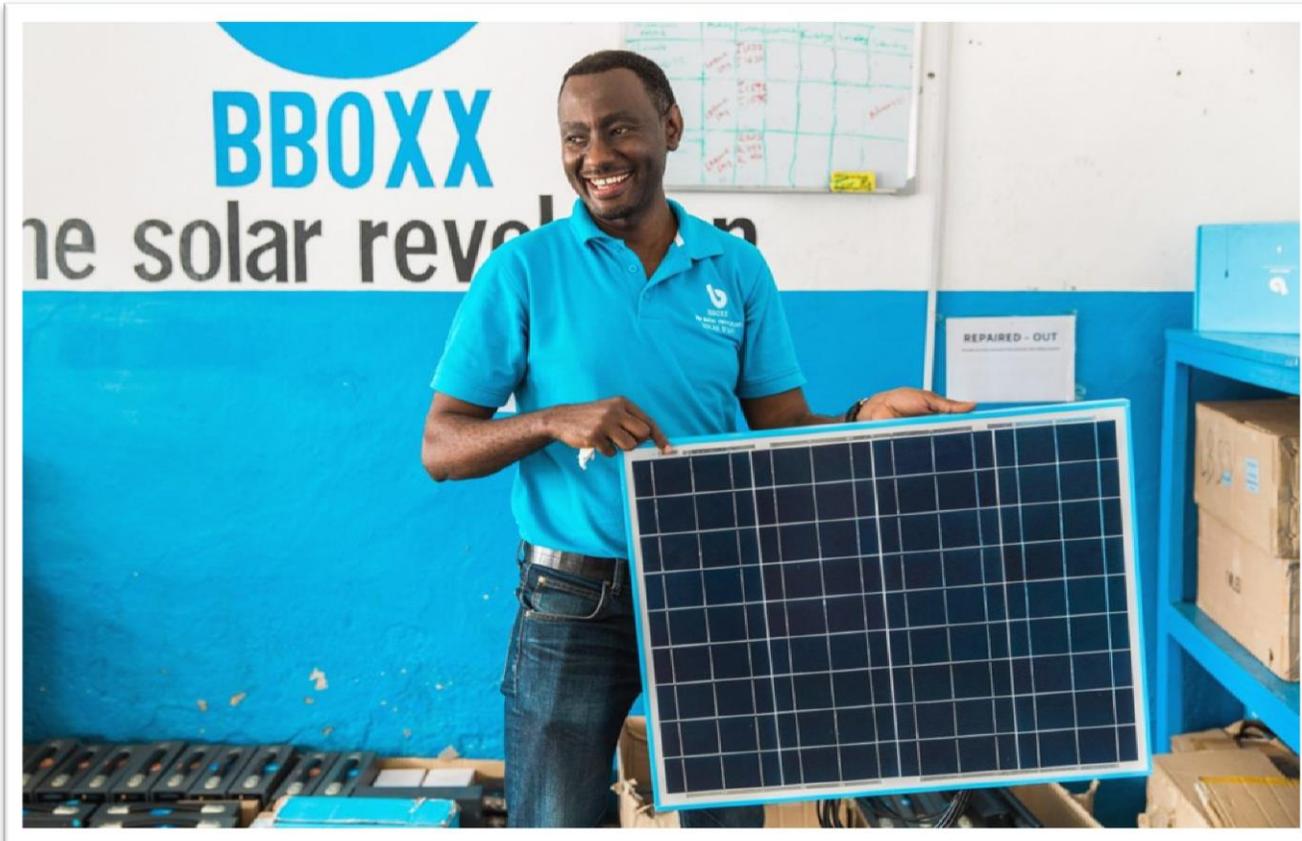


- First close in June/July 2019.
- Small-scale IPPs, captive power projects, commercial & industrial projects and mini-grids.
- Investment limit at \$30m or 25MW for projects
- Long-term amortizing loans in project finance structures (senior and subordinated)
- EUR, USD or local currency.

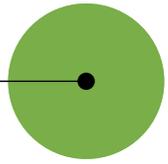
- Operational since Q3 2018.
- Off-grid solar companies using pay-as-you-go technologies or lease-to-own models
- Debt for working capital, inventory finance and consumer finance.
- Corporate, secured or senior loans to SPVs in asset-backed structures (securitization).
- EUR, USD or local currency.

BBOXX Rwanda: first FEI project

BBOXX secures \$8 million loan to boost Rwanda operations



- Local currency loan in Rwandan Francs secured by inventory, to finance consumer receivables.
- Biggest BBOXX market, with more than 80,000 solar home systems installed in Rwanda.
- Loan will enable the financing of an additional 40,000 solar home systems.



AfDB's equity contributions play a catalytic role in attracting other investors and lenders to projects

AfDB has taken significant equity positions in the leading RE private equity funds in Africa



\$200 million equity fund targeting small to medium renewable energy segment, with a focus on greenfield projects producing 5 - 50 MW.



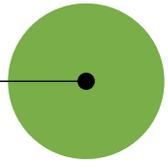
\$250 million equity fund looking to deploy infrastructure capital investments though clean & sustainable energy infrastructure and energy and resource efficiency projects.



\$250 million equity fund focusing in grid-connected IPPS, captive power projects with C&I off-takers, and off-grid projects (SHS and GMGs).



\$775 million construction equity fund willing to finance small-to-medium renewable energy projects in Africa.



Unlocking Africa's clean energy potential for economic growth through grants: **Sustainable Energy Fund for Africa**

\$100 million trust fund providing early-stage capital to unlock private investments in clean energy.

SEFA therefore provides grants under 2 different components:

PROJECT PREPARATION (PPGs)

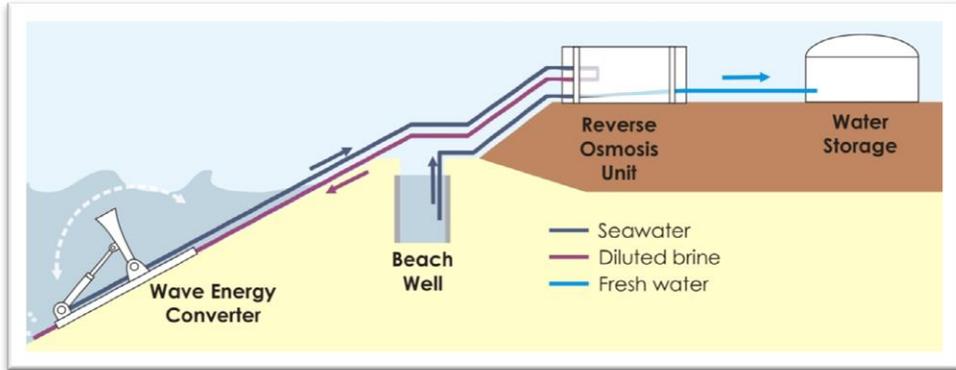
- (reimbursable) grants to private project developers to share development costs and risks.
- Development activities from feasibility up to financial closure
- projects with total capital investments in the range of USD 30 - 200 m.

ENABLING ENVIRONMENT (EEGs)

- Grants to support public sector institutions to improve the framework for private sector RE investments.
- Includes advisory and implementation of legal, regulatory and policy regimes.
- Increasingly supporting public tender programmes for IPPs and mini-grids



SEFA Project Preparation Grants in Lusophone countries



Cape Verde: Wave-powered desalination system (Wave20) that requires NO ELECTRICITY to operate



Guinea Bissau: Saltinho site at Corubal river for a run-of-river hydropower station



Mozambique: Namaacha 60MW wind farm site to install the 1st utility scale wind farm in the country

SEFA Enabling Environment Grants in Lusophone countries



Promotion of Renewable Energy in Mozambique

TA to promote investments in small-scale renewable energy, both on-grid and off-grid (first FiT regime and mini-grid regulatory framework).



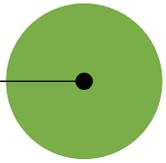
São Tomé & Príncipe Mini Hydro Power projects support Programme

TA programme to attract private sector and PPP investments on mini-hydro projects



Angola Renewable Energy Programme

Support for IPP/PPP projects to improve bankability of RE projects and capacity building for project procurement and contract design.

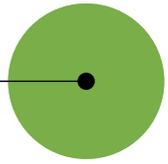


AfDB's guarantees: types and features

Through its guarantee product, the Bank seeks to leverage its preferred creditor status and AAA rating to help eligible borrowers to obtain financing from third party lenders, including capital markets.

Guarantees also enable borrowers to obtain financing in their local currency where the Bank is not able to provide such financing directly from its own resources.

Type of guarantees	Features
Partial Credit Guarantees (PCG)	PCGs cover a portion of scheduled repayments of private sector loans or bonds against the risk of default. It can be utilized to support mobilization of private funds for project finance, financial intermediation and policy-based finance.
Partial Risk Guarantees (PRG)	PRGs cover private lenders against the risk of a government, or a government-owned agency, failing to perform its obligations vis-à-vis a private sector project. Such risks could include political force majeure, currency inconvertibility, regulatory risks, and various forms of breach of contract.

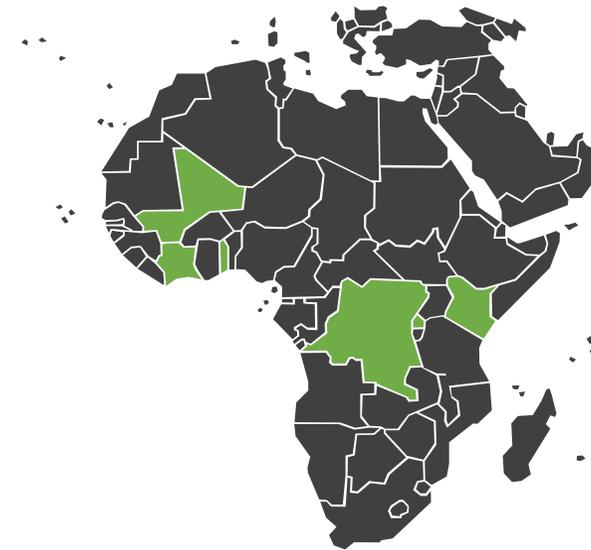


Promote local investment DESCOs Financing Program

Flagship AfDB programme (in collaboration with the EU) to unlocking local commercial bank financing in off-grid companies (DESCOs)

Project Objectives

- Scaling up DESCOs growth
- Crowding in local Financial Institutions
- Mobilizing local currency funding
- Developing securitization

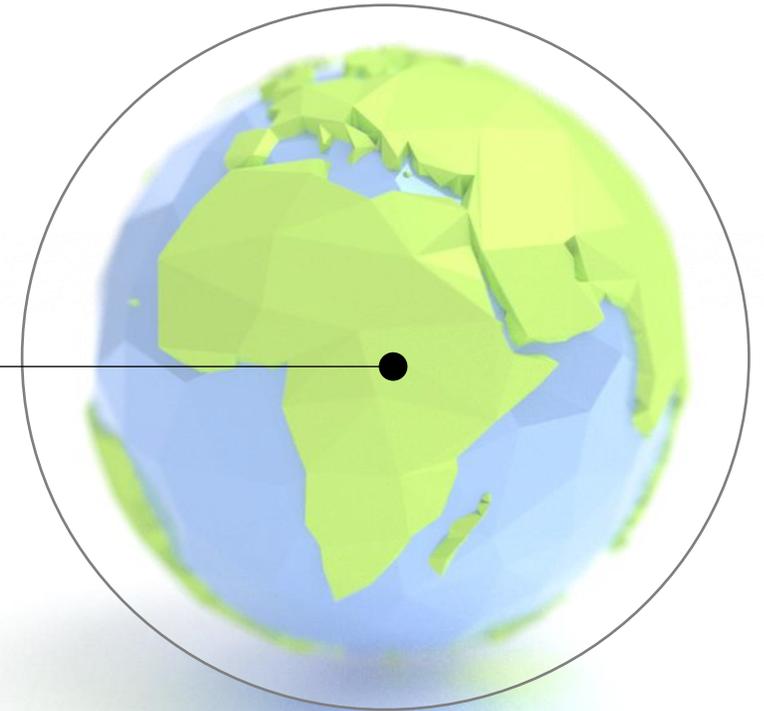


Indicative pipeline

- 100% in LDC countries
- 60% in fragile countries

- EUR 50 million EU second loss cover
- EUR 6 million Technical Assistance facility

OBRIGADO!



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