The New Deal on Energy for Africa
A transformative partnership to light up and power Africa by 2025

UPDATE ON IMPLEMENTATION
Message from the President

Dr Akinwumi Adesina, President, African Development Bank

2016 was a year of milestone achievements for the New Deal on Energy for Africa, the transformative partnership to light up and power Africa by 2025.

I am pleased with the progress so far. I want to thank our Heads of State and Government, our Board of Governors, and the Boards of Directors of the African Development Bank and the African Development Fund, and their Advisors for the phenomenal support they have accorded the New Deal on Energy for Africa.

I also want to thank the staff of the African Development Bank, our institutional partners and stakeholders around the world for the hard work and commitment in co-developing and co-implementing the New Deal on Energy.

We have committed to invest about US$12 billion between 2016 and 2020 and expect to leverage US$45 – 50 billion in co-financing for energy projects in Africa during the period.

The plan is clearly laid out, the political will is now assured by our Leaders. What we need now is to work together to significantly increase the pipeline of bankable projects to attract the financing needed to accelerate universal access to energy services in Africa. Without universal access to energy, the Sustainable development Goals and the COP 21 Agreement will not be achieved in Africa.

“Let us stand together, invest together, and work together to light up and power Africa”. 
What is the New Deal on Energy for Africa?

The New Deal on Energy for Africa is a partnership-driven effort with the aspirational goal of achieving universal access to energy in Africa by 2025. To achieve this goal, the African Development Bank has worked with governments, the private sector, and bilateral and multilateral energy sector initiatives to develop a Transformative Partnership on Energy for Africa – a platform for public-private partnerships for innovative financing in Africa’s energy sector.

The New Deal on Energy for Africa helps to unify all the other initiatives that are currently geared towards achieving the goals of universal access in Africa. It focuses on five key principles: raising aspirations to solve Africa’s energy challenges; establishing a Transformative Partnership on Energy for Africa; mobilizing domestic and international capital for innovative financing in Africa’s energy sector; supporting African governments in strengthening energy policy, regulation and sector governance; and increasing the African Development Bank’s investments in energy and climate financing.

Why the New Deal?

Over 645 million Africans have no access to electricity. Power consumption per capita in Sub-Saharan Africa is the lowest of all continents, currently estimated at 181 kWh per annum, compared to 6,500 kWh in Europe and 13,000 kWh in the United States. Energy-sector bottlenecks and power shortages are estimated to cost Africa some 2 – 4 per cent of GDP annually, undermining economic growth, employment creation and investment. Companies in Tanzania and Ghana are losing 15 per cent of the value of sales as a result of power outages. South Africa’s economic growth has been hobbled in recent years by severe electricity generation capacity constraints and frequent ‘load-shedding’.

An estimated 600,000 Africans (mostly women and children) die annually due to indoor air pollution associated with the use of fuel wood for cooking. Children under-perform for lack of electricity, since over 90% of Africa’s primary schools lack electricity. Lives are at risk in African hospitals, as life-saving equipment and services lie unused because of lack of electricity.
At the same time, Africa is rich in energy resources. The continent has well over 10 TW of solar potential, 350 GW of hydroelectric potential, 110 GW of wind potential and an additional 15 GW of geothermal potential. This does not even include coal and gas, which can still provide some of its cheapest electricity. Africa cannot power its homes and businesses unless it unlocks this huge renewable energy potential, and combines it with conventional energy to light up and power the continent. Energy is the engine that powers economies.

While a number of programmes and projects exist (and more are emerging), the lack of sufficient innovative and appropriate financing, of bankable projects, of appropriate policy and regulatory environments, of pricing incentives and of coordination severely limits the scale and speed at which energy is provided to the continent. The African Development Bank has established the New Deal on Energy for Africa to address these issues.

What does the New Deal aim to achieve?

To reach the goal of providing energy access to over 645 million people and sufficiently power business, Africa must achieve four targets:

- Increase on-grid generation to add 160 GW of new capacity by 2025
- Increase on-grid transmission and grid connections that will create 130 million new connections by 2025, 160 per cent more than today
- Increase off-grid generation to add 75 million connections by 2025, 20 times what we have today
- Increase access to clean cooking energy for around 130 million households.
What underpins the New Deal?

The New Deal is built on five inter-related and mutually reinforcing principles.

1. **Raising aspirations to solve Africa’s energy challenges**
   The New Deal calls on partners to raise aspirations and mobilize political will and financial support to solve Africa’s energy challenges. This is a pre-requisite for achieving the UN’s Sustainable Development Goals (SDGs) agreed in New York in September 2015, and for implementing the global climate change deal reached at the UN summit (“COP 21”) in Paris in December 2015.

2. **Establishing a Transformative Partnership on Energy for Africa**
   The New Deal is being implemented through a partnership designed to provide a platform for coordinated action amongst partners (private and public) and for innovative financing. The Partnership will unlock Africa’s energy potential, and eventually foster a transition to low carbon energy futures. It will help reduce duplication and pool resources to achieve economies of scale in Africa’s energy investments.

3. **Mobilizing domestic and international capital for innovative financing in Africa’s Energy sector**
   To achieve universal access by 2025, innovative mechanisms are required to mobilize an additional $30-55 billion annually in domestic and international capital. This is a significant increase on the $22.5 billion invested in the sector in 2015. Achieving this scale of energy financing requires that collective action be taken by all stakeholders – public and private – to create enabling conditions for financial flows, to develop bankable projects, to reform utilities, and to enhance African countries’ absorptive capacities.

4. **Supporting African countries in strengthening energy policy, regulation and sector governance**
   The New Deal builds on and further scales up the Bank’s investments in the “soft” infrastructure of national governments and institutions, to enhance energy policies, regulations, incentive systems, sector reforms, corporate governance, and transparency and accountability in the energy sector.

5. **Increasing the African Development Bank’s investments in energy and climate financing**
   Over the past five years, the African Development Bank has invested some $6 billion in the energy sector. Under the New Deal, the Bank will ramp up its investments to provide finance and guarantees, co-financing and syndication.

   Between 2016 and 2020, the Bank will invest about $12 billion and leverage about $50 billion in public and private financing for investments in the energy sector. In addition, it will triple its climate finance to about $5 billion per annum, and leverage about $20 billion in private and public sector investments in climate mitigation and adaptation by 2020.
How the New Deal Works

The Journey So Far, September 2015 - January 2017

Institutional Innovation to Achieve the New Deal –

The African Development Bank has established a New Vice Presidency Complex on Power, Energy, Climate Change and Green Growth, staffed by international Energy, Climate Change and Green Growth Experts to deliver on the New Deal. The AfDB is the first MDB to do so, positioning itself to lead Africa’s Energy Transformation. Under the Vice Presidency Complex, five Directorates have been established.

Key dates

1. **September 2015**: First High Level Consultative Energy Stakeholders Meeting hosted to co-design the New Deal.
2. **January 2016**: Appointment of a Senior Advisor to the President on Inclusive and Green Growth-Strategy, Policy and Implementation to advise on and guide Bank-wide implementation strategy and activities
4. **May 2016**: The New Deal Strategy approved by the Board to deploy $12 billion that will leverage $45-50 billion by 2020
5. **August 2016**: Appointment of the Head of the Independent Delivery Unit of the Africa Renewable Energy Initiative
6. **September 2016**: Presidential Task Force for the implementation of the New Deal launched to fast track implementation
7. **November 2016**: Establishment of a new Complex on Power, Energy, Climate Change and Green Growth by the Board to implement the New Deal
8. **November 2016**: Appointment of the Vice President to lead the Power, Energy, Climate Change and Green Growth Complex
9. **December 2016**: Approval of a USD 500 million debt-fund Facility for Energy Inclusion with an initial AfDB contribution of USD 100 million targeting small-scale renewable IPPs, mini-grids and off-grid solutions by the AfDB’s Board of Directors.

**January – December 2016**
High Level Stakeholder Consultations and Dialogue to elicit political commitment at the levels of Heads of State and Government
Key achievements in 2016

29 Energy Sector operations approved amounting to US$ 1.7 billion to deliver:

- 546 MW of additional installed capacity of which 526 MW are from Renewable Energy Sources
- 300,000 prepaid meters to be installed
- 21,264 km of distribution lines
- more than 1,600 jobs created
- 641 km of transmission lines and associated substations
- 800 staff trained, and
- 7,800 public lighting units
- 700,000 tonnes CO2 avoided.
- 688,950 new households / businesses receiving electricity access

Policy based operations for energy sector reforms commenced in 5 countries.

Over the course of 2016, the Bank’s investments in the energy sector (public and private) have leveraged USD 1.4 billion in additional financing, including USD 57 million from external funds channeled by the Bank (e.g. Bank administered trust funds, co-financing arrangements, climate finance facilities) and USD 1.36 billion in other external co-financing (including USD 965 million in syndication for Eskom, in addition to other public and private co-financing and recipient countries counterpart funding).
Looking ahead

The African Development Bank has pledged to commit $12 billion of its resources to implement the New Deal by 2020 and to leverage $45-50 billion.

• Over 50 energy sector opportunities (public and private) in the current 2017 pipeline amounting to around USD 5 billion in potential Bank financing. The Bank will invest from its own resources up to USD 2 billion in the sector in 2017 and we expect a strong emphasis on private sector operations as well as significant leverage to attract an additional USD 5 to USD 7 billion.

• The Bank will look at new innovative financing structures and launch a new “Off-grid revolution” initiative.

In terms of outputs, we expect in 2017 to approve projects that will contribute towards:

• 2 GW of power capacity.
• 2,500 km of transmission lines including regional interconnections.
• 1,250 km of distribution lines.
• 500,000 solar home systems.
Amadou HOTT, Vice President, Power, Energy, Green Growth and Climate Change Sector Complex. With 20 years of experience in structured finance, sovereign wealth funds management, investment banking, infrastructure and the development of integrated energy solutions, Mr. Hott has led the Power, Energy, Climate Change and Green Growth Complex, since 01 November 2016. Prior to joining Bank, Mr. Hott held various Investment banking and Investment advisory positions in New York, London, Dubai and Lagos. He was Director of Millennium Finance Corporation for Africa; Managing Director of UBA Capital, and then founder Managing Director of Afribridge Capital; Special Advisor to HE President Macky Sall, Chairman of Aéroport Internationale Blaise Diagne (Senegal’s new international airport) and Founder and CEO of Senegal’s Sovereign Wealth Fund. Amadou has undergraduate degrees in applied mathematics and economy, and MSc in Finance, from Sorbonne University in Paris. He was named a Young Global Leader by the World Economic Forum in 2012.

Prof. Kevin Chika URAMA, FAAS - Senior Advisor to the President of the African Development Bank Group on Inclusive and Green Growth – Strategy, Policy Development & Implementation. Prof. Urama holds a First Class Honors degree and a Master of Science in Agricultural Economics from the University of Nigeria, Nsukka; a Master of Philosophy degree with distinction and a Ph.D. in Land Economy from the University of Cambridge, UK. He won the 2002-2003 James Claydon Prize for the most outstanding Ph.D. thesis in economics or related subjects at the University of Cambridge. He was named the Technology Executive of the Year by the Africa Technology Awards in 2012, adding to the many international prizes and awards he has received for academic excellence and science policy leadership. Prof. Urama has held various Executive Management positions in the academia, international organizations and in the private sector. He is currently a Fellow of the African Academy of Sciences, Deputy Chairman of the OMFIF Economists Network, an Extra-Ordinary Professor in the School of Public Leadership, Stellenbosch University, South Africa, an Adjunct Professor at the Sir Walter Murdoch School of Public Policy and International Affairs, Murdoch University, Western Australia, and Visiting Professor at the University College London. Prof. Urama’s role includes guiding and supporting Bank-wide efforts on energy, climate change, agriculture and natural resources management, and alignment of activities to deliver on the High 5 priorities of the Bank in countries and across regions.
Prof. Anthony NYONG, Director – Climate Change and Green Growth. Anthony holds a Ph.D. in Geography from McMaster University, Ontario, Canada and a Post Graduate Diploma in Global Business from the University of Oxford, UK. He is a Senior Executive Fellow at the Harvard Kennedy School of Government, USA and a Fellow of the African Academy of Sciences. Mr. Nyong has over 27 years’ experience in delivering innovative solutions on climate change, green growth, environmental and social safeguards and natural resources management. Anthony joined the Bank in 2008 as the Bank’s pioneer climate change expert. He has held several positions including Head of the Gender, Climate Change and Sustainable Development Unit; Manager of the Compliance and Safeguards Division, and Lead expert on the Presidential Task Force for the implementation of the New Deal on Energy for Africa. Prior to joining the Bank, Anthony was a Professor of Climate Change at the University of Jos, Nigeria, Senior Program Specialist with the International Development Research Centre of Canada and Coordinating Lead Author for the 4th Assessment Report of the IPCC. Anthony has led several global and continental initiatives on climate change.

Wale SHONIBARE, Director - Energy Financial Solutions, Policy and Regulation. Wale holds an MBA from Imperial College, University of London and a Bachelor’s Degree in Civil Engineering from University of Glasgow. He brings with him over 25 years’ experience in debt and equity capital markets, mergers and acquisitions and project finance spanning Asia, Europe, Middle East and Africa. Prior to establishing Shonibare Consulting, he was the Deputy Group CEO/Managing Director, Investment Banking at United Capital Plc (former UBA Capital Plc) in Lagos. Previous positions include: Managing Director and CEO, of Shonibare Consulting FZE, Dubai, Unites Arab Emirates (UAE); Managing Director and Head of Infrastructure, Africa, Middle East and New Markets at Renaissance Capital in Dubai, Director KPMG UAE in Dubai and Associate Director KPMG UK in London.

Astrid MANROTH, Director – Energy Transformative Partnerships. Ms. Manroth holds a Master of Science Degree in European Political Economy from the London School of Economics and Political Science, London, UK; and a graduate degree from Koblenz School of Corporate Management, Otto-Beisheim-Graduate School, Germany. Astrid brings over 20 years of investment banking and development finance experience in emerging markets, including over ten years of development finance experience in over 20 African countries. Astrid started her career at JP Morgan Securities Ltd., London, UK, where she worked in various capacities including as Head of Credit Rating Advisory for Emerging Markets Debt Capital Markets between 1997 and 2003. Between 2003 and August 2014, she worked at the World Bank in various positions, including as Operations Adviser for Openness and Aid Effectiveness in the Operations Policy and Country Services Department, Senior Infrastructure Finance Specialist, Africa Region, and Senior Energy Specialist, Europe and Central Asia Region.

Prior to joining the African Development Bank, she was the Managing Director for Sustainable Investments Europe and Africa at Deutsche Bank, Frankfurt, Germany, since September 2014. She led a team of investment professionals, managing the only commercial bank-based private debt and private equity platform which blends subordinated public capital with senior-ranking private capital in structured funds for sustainable investments, providing a successful model for scaling up financing for the Sustainable Development Goals.
Ousseynou NAKOULIMA, Director - Renewable Energy and Energy Efficiency. He holds a Master of Business Administration from Harvard University Business School, USA and Master degrees in Engineering and Applied Mathematics from Ecole Polytechnique and Ecole des Mines in Paris. He brings along more than 15 years of experience in energy, climate change, international banking and financial sector development.

Ousseynou has been the Director at the Green Climate Fund in Korea since 2014, with global responsibility for partnerships, country strategies and project preparation support. He was responsible for managing relationships with 140 countries, advising them on how to develop low carbon and climate resilient programs, while managing substantial financial resources for technical assistance and project development.

Before joining the Green Climate Fund, he worked at BNP PARIBAS from 2009 to 2014 in Paris and then in Senegal. As Deputy CEO of the local subsidiary, he positioned the Bank as lead advisor of the Government of Senegal in energy and infrastructure. Ousseynou had earlier on worked at the African Development Bank as Senior Investment Officer between 2002 and 2009. During that time, he developed projects in power, water, sanitation and infrastructure and led teams in high impact transactions.

Henry Paul BATCHI BALDEH, Director – Power Systems Development. Mr. Batchi holds a Master of Business Administration from Boston University Graduate School of Management, USA and a Bachelor of Science, Electrical and Electronic Engineering from the University of Newcastle-Upon-Tyne, United Kingdom. He brings over 30 years of experience as an investment banker, infrastructure developer, project finance, energy and utility management specialist and a wealth of expertise covering the entire power sector value chain. He has worked as Senior Vice President for the Africa Finance Corporation (AFC) and currently leads its power sector operations, as Director, Power Systems. At AFC, he helped to grow the size of the power sector portfolio, including assets under the complex Nigeria Power Privatization Program, and green-field development of two regional 450 MW Independent Power Producers (IPPs) under the West African Power Pool. Henry started his career in Gambia's national utility as an Electrical Engineer and became the pioneer Managing Director of Gambia's National Water and Electricity Company in 1995. He subsequently worked in Lesotho as an Advisor to the Board of Lesotho Electricity Company, Director of Energy and Director of the Privatization Unit. Henry is a Fellow of the Institute of Directors of South Africa and member of the Institute of Engineering and Technology, United Kingdom. He is also Chairman of the Board of two AFC investee companies: Cabeolica SA and Cenpower Operations Services Limited.
The High 5 for transforming Africa

Le Top 5 pour transformer l'Afrique

The High 5 agenda – five priority actions for the Africa Development Bank and for Africa – is the ADB’s channel for focusing and scaling up to 2013-2022 Ten-Year Strategy to bring about the social and economic transformation of Africa.

The High 5s are designed to deliver the twin objectives of the Ten Year Strategy: inclusive growth that is shared by all, and the gradual transition to green growth. The High 5s are: Light up and power Africa, Feed Africa, Industrialise Africa, Integrate Africa, Improve the quality of life for the people of Africa.

Le Top 5, c'est-à-dire les cinq actions prioritaires pour la Banque africaine de développement et pour l'Afrique, constitue le moyen utilisé par la BAD pour concentrer et étendre la mise en œuvre de sa Stratégie déterminée pour la période 2013-2022 visant à transformer l'Afrique sur le plan social et économique.