PARTNERSHIP

One of CIF’s main strengths is the partnerships that underpin its business model. CIF brings the MDBs together to support larger-scale, more coherent investment packages. This in turn brings the best of each institution to bear in driving life-changing results in developing countries.

The 10 years’ partnership between the African Development Bank and the CIF is contributing to the achievements of meaningful results. These include: (i) installation of 800MW of capacity from renewables; (ii) recovering 300,000 ha of land covered under reforestation and sustainable forestry; iii) and supporting over 300,000 people to cope with the effects of climate change.

SUSTAINABLE ENERGY FUND FOR AFRICA (SEFA)

The Sustainable Energy Fund for Africa (SEFA) was initially set-up in 2011 as a bilateral technical assistance trust fund with Denmark in 2011. SEFA has converted to a special fund in 2020 through an expanded toolbox, including concessional finance instruments earmarked for the support to projects across three thematic areas: “green mini-grids”, “green base-load” and “energy efficiency”. SEFA is now one of the most prominent trust funds hosted by the Bank, with contributions from two new donors - Germany and the Nordic Development Bank - and renewed commitments from several of the existing donors, notably Denmark, United States, United Kingdom, Italy, Norway, Spain, and Sweden.

Since 2014, CIF partners with SEFA on several renewable energy projects. For example, the Ministry of Energy and Water Agency, MASEN (Moroccan Agency for Solar Energy) and private operators. It also benefits from a significant grant (donation) from the European Union.

In December 2020, the African Development Bank’s Board of Directors approved $15 million from SEFA and $10 million from CTF to capitalize a catalytic tranche into the African Renewable Energy Fund (AREF), arrangement that brings together the African Development Bank, the World Bank, the Clean Technology Fund (part of Climate Investment Funds), the European Investment Bank, the KfW Development Bank, the French Development Agency, MASEN (Moroccan Agency for Solar Energy) and private operators. It also benefits from a significant grant (donation) from the European Union.

PARTNERING TO ACHIEVE UNIVERSAL CLEAN ENERGY ACCESS IN AFRICA

The renewable energy AfDB/CIF operations are in line with the Bank’s New Deal on Energy for Africa, which is a partnership-driven effort aimed at scaling up investments in energy in Africa and achieving universal access to energy on the continent by 2025.

The New Deal is poised to transform Africa’s energy by exponentially increasing on-grid generation and transmission, off-grid connections, and access to clean cooking energy throughout Africa.

Noor Ouarzazate provides an important early example of the type of project, which can trigger the transformation of Africa’s energy sector required to achieve the New Deal’s ambitious vision. The New Deal will operate through five principles: raising aspirations to an ambitious vision; transforming the energy sector; supporting African governments in strengthening energy policy, regulation and sector governance; and increasing the Bank’s investments in energy and climate financing.

NOOR

The Ouarzazate solar complex was the first tangible development of the solar program of Morocco, also called the NOOR program. The cost of the project is 2.105 billion euros. Its funding is raised through a public-private partnership (PPP), arrangement that brings together the African Development Bank, the World Bank, the Clean Technology Fund (part of Climate Investment Funds), the European Investment Bank, the KfW Development Bank, the French Development Agency, MASEN (Moroccan Agency for Solar Energy) and private operators. It also benefits from a significant grant (donation) from the European Union.

Within the framework of a public-private partnership (PPP), the African Development Bank also mobilized $285 million to help finance the initial development phases of the NOOR Midelt solar projects.

SOUTH AFRICA

Three concentrated solar power (CSP) plants called Xina, KaXu and Khi plants have put South Africa at the forefront of modern solar technology.

Costing $2 billion, these plants testify to the power of partnership. They were built by the engineering and construction company Abengoa, and financed by several partners, including close to $100 million from CIF, as well as the South African government, private companies and multilateral development banks. The African Development Bank contributed $80 million for Xina, and the International Finance Corporation (IFC) provided $250 million for all three. With development led by the South African government, the plants now operate through agreements between private firms and the public electric utility, Eskom.

In 2011 as a bilateral technical assistance trust fund with Denmark, SEFA has converted to a special fund in 2020 through an expanded toolbox, including concessional finance instruments earmarked for the support to projects across three thematic areas: “green mini-grids”, “green base-load” and “energy efficiency”. SEFA is now one of the most prominent trust funds hosted by the Bank, with contributions from two new donors - Germany and the Nordic Development Bank - and renewed contributions from several of the existing donors, notably Denmark, United States, United Kingdom, Italy, Norway, Spain, and Sweden.

Since 2014, CIF partners with SEFA on several renewable energy projects. For example, in collaboration with Mali’s Renewable Energy Agency (AER-Mali) and the Ministry of Energy and Water to promote investments in Mali’s renewable energy sector under the framework of the Renewable Energy in Mali Support Project (PAPERM). The project is ending in 2021.

In 2019, the African Development Bank, the European Commission, KfW, the CTF, Norfund, and other investors committed nearly $160 million to the first close of the Facility for Energy Inclusion (FEI). FEI is a targeted $300-400 million fund to improve energy access across Africa through small-scale independent power producers and mini-grid projects, structured by the Bank through SEFA funding. The Bank, as the Facilitis anchor sponsor, has put up $70 million in financing, and has additionally contributed $20 million in its capacity as the implementing entity of the CTF.

In December 2020, the African Development Bank’s Board of Directors approved $15 million from SEFA and $10 million from CTF to capitalize a catalytic tranche into the African Renewable Energy Fund (AREF)’s projects with the objective of boosting low-carbon energy generation in sub-Saharan Africa.