



# **Blending AFD-EU in the energy sector**

Paris, 9/02/2017

Paris, 9/02/2017

Christian de Gromard, Nicolas Guichard AFD/TED

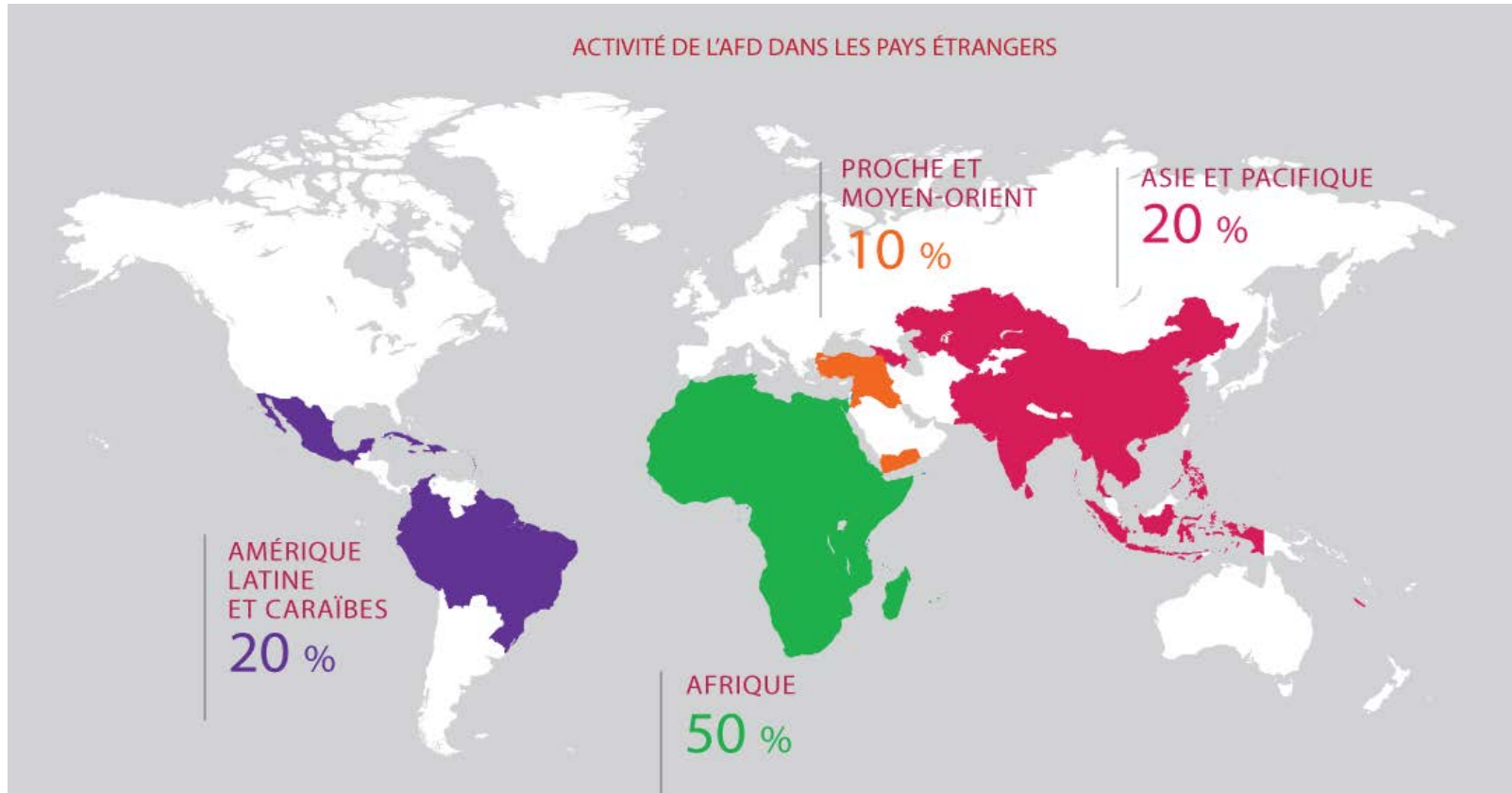
Christian de Gromard, Nicolas Guichard AFD/TED

**Nicolas Guichard, Deputy Head of Energy Unit**

**Bruxelles, 21/11/2017**

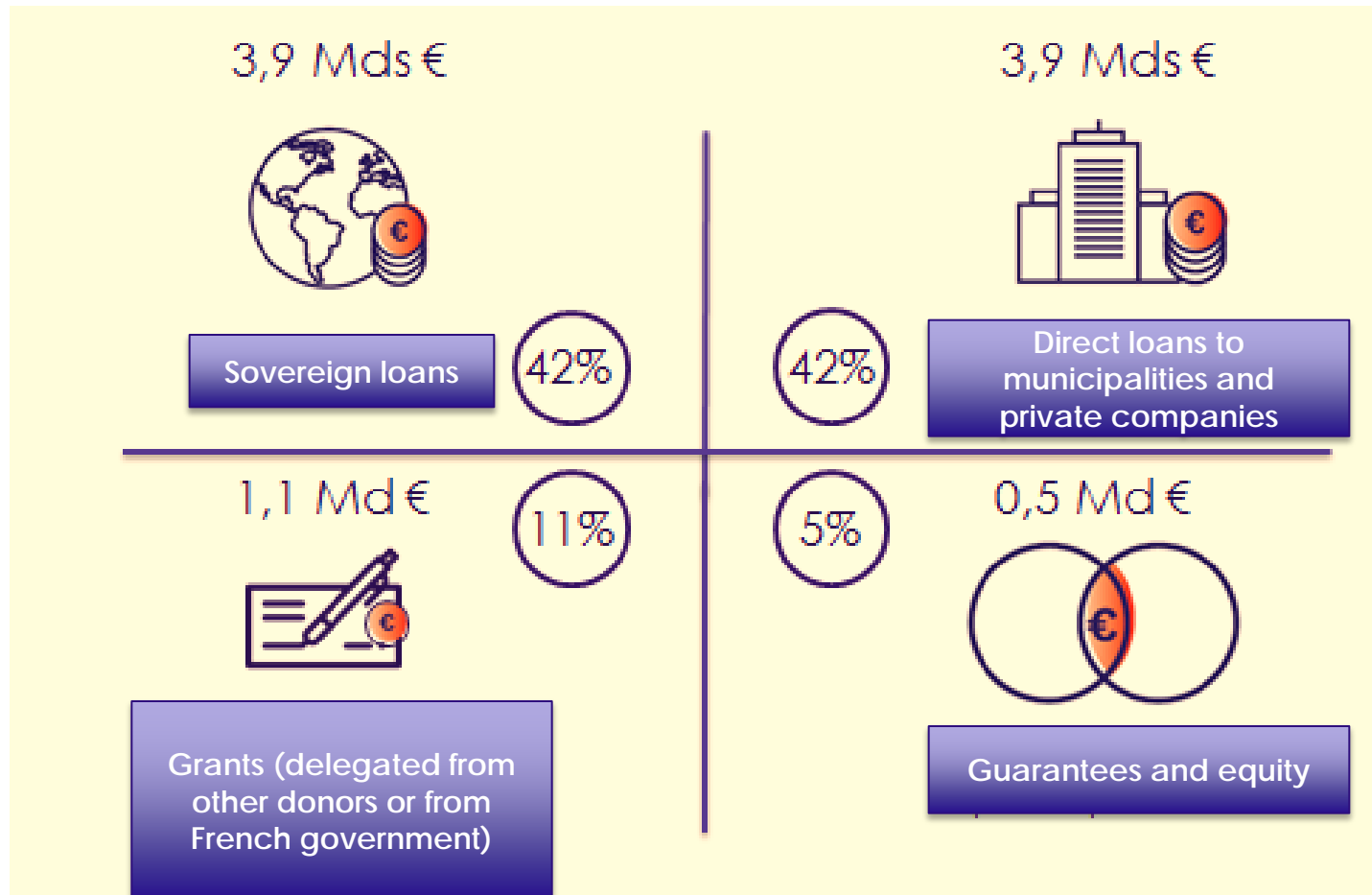
# AFD: General overview

Presence in 90 countries, with 75 local agencies



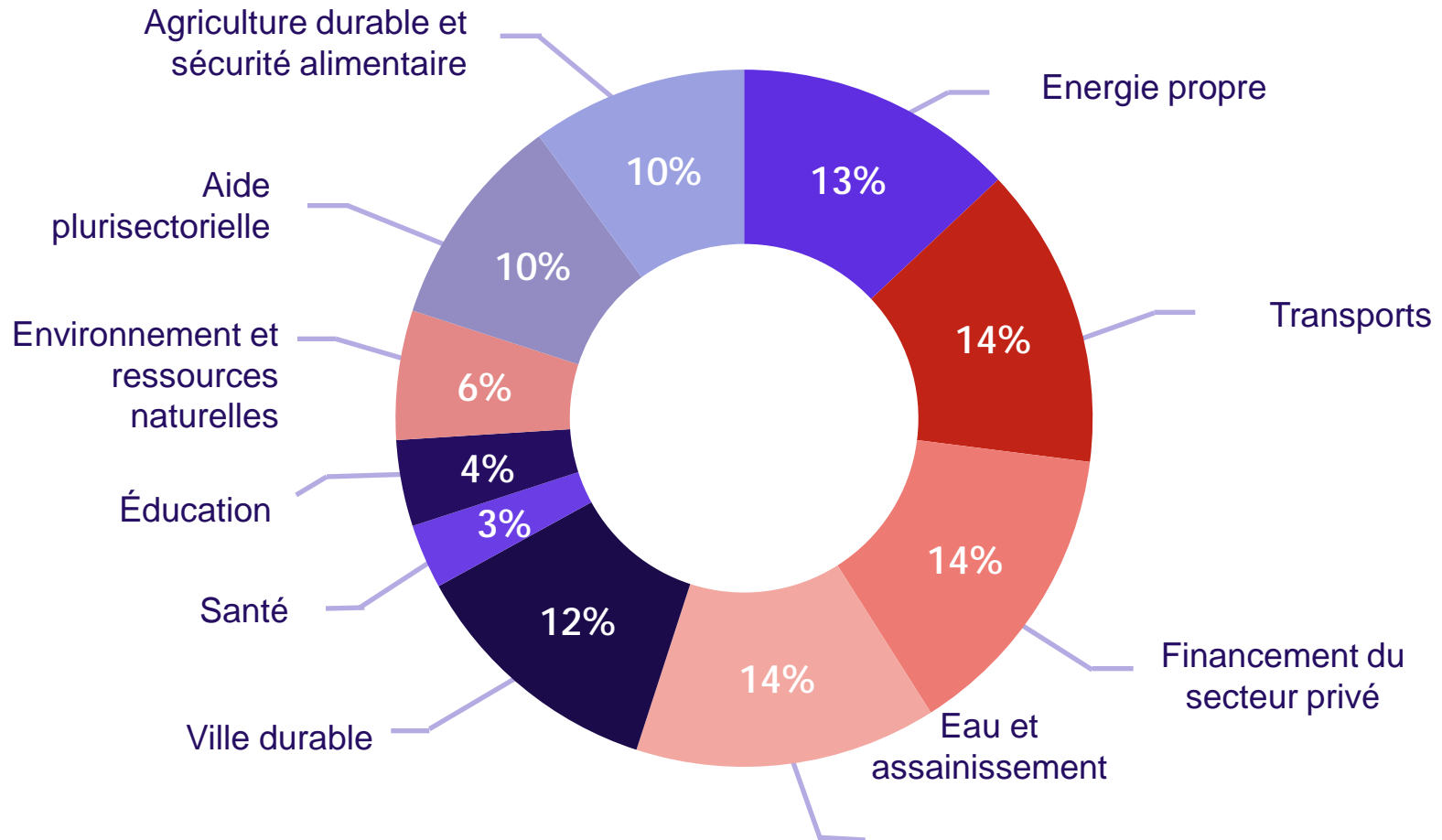
# AFD: General overview

9,4 Bn € of commitments in 2016



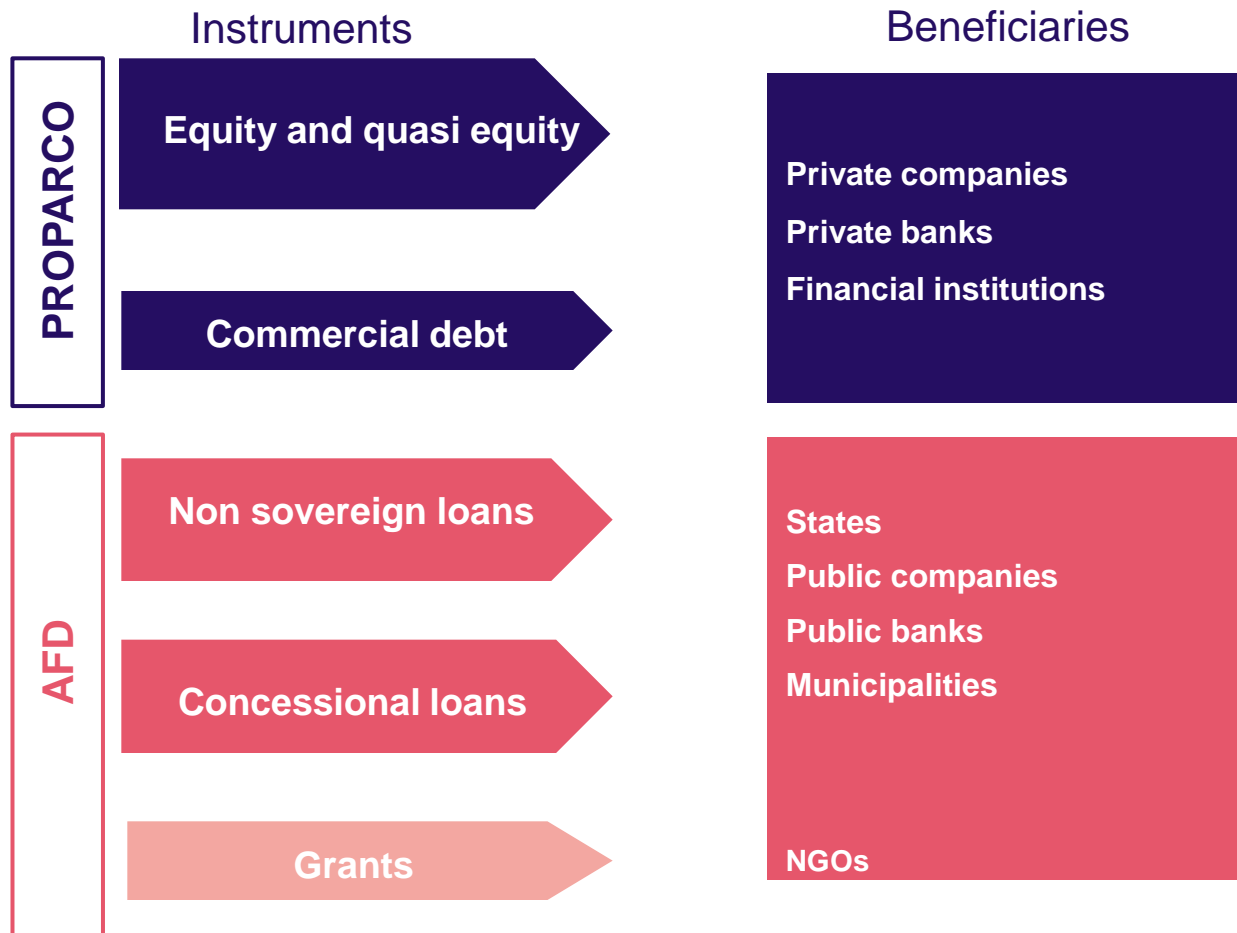
# AFD: General overview

A large panel of intervention sectors



# AFD: General overview

A wide range of financial tools to meet the local needs



# AFD Energy Strategy 2012-2017

## Supporting energy transition through 3 pillars

### Fight against climate change

#### 1. Sustainable Energy

Renewable energies & energy efficiency



##### *Investments :*

- Renewable energy
- Energy efficiency in industry, buildings, transport

### Support economic development

#### 2. Reliable Energy

Modernizing "on grid" energy systems



##### *Investments :*

- Transmission & distribution networks
- Regional interconnections
- Smart grids

### Improve living conditions

#### 3. Access to Energy

Closing the energy divide; improving access in rural & peri-urban areas



##### *Investments :*

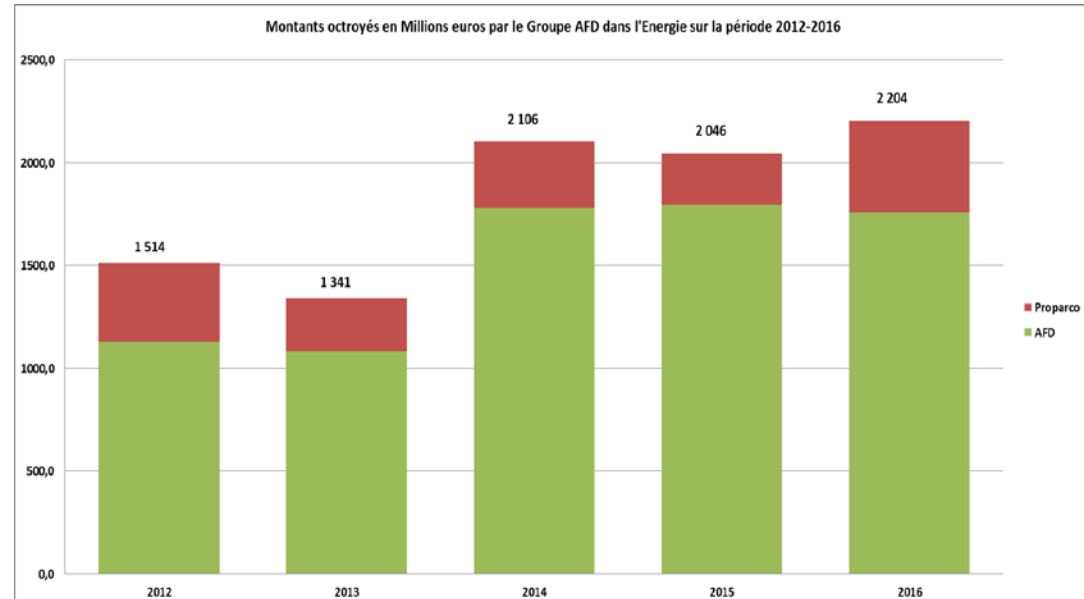
- Rural and peri-urban electrification
- Innovative off-grid systems

### Cross cutting :

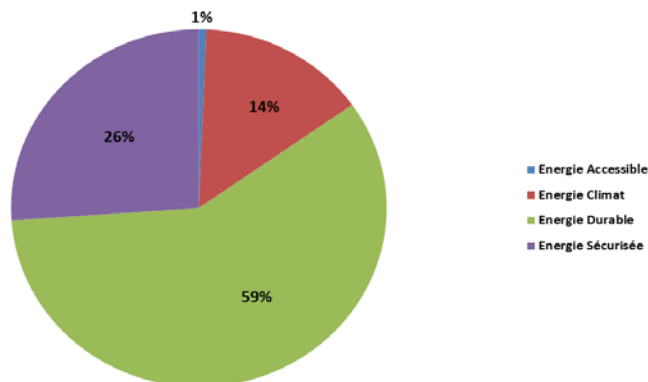
Policy support & capacity building in the energy sector for various stakeholders, including the framework for private sector investment

# AFD commitments in the energy sector (2012-2016)

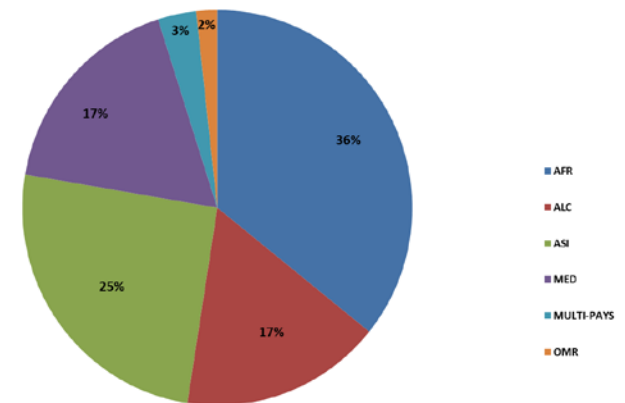
- >2 billion €/year
- Main characteristics
  - 60% on sustainable energy
  - 25% on grid up-grading
  - 25% for private sector (through Proparco and credit lines)
  - Strong support to the African Renewable Energy Initiative (3 Bn€ to commit within 2020)



Répartition des Engagements par Axe Stratégique 2012-2016  
Montant total en Milliards euros : 9,2



VENTILATION PAR ZONE GEOGRAPHIQUE 2012 - 2016



# AFD and EU collaboration through blending

## Added value of EU grant

### AFD usual financial tools to support public counterparts :

- Concessional loans to governments, usually on-lent or on-granted to utilities
- Concessional credit lines to public local banks for private sector investment

- Grants coming from French government are very limited and mainly for the social sectors and NGOs
- EU Blending Facilities (AFIF, LAIF, etc) are an opportunity for AFD to **secure Investment or TA grants to cofinance projects** in the energy sector

### Added value of EU grants :

- Limit the debt burden for the beneficiary country
- Increased scope and accelerated timing for the project
- Opportunity to support pilot and innovative projects
- Opportunity to finance non profitable projects or components (rural electrification for example) and to increase the social impact
- Opportunity to finance ambitious TA components : capacity building, training, owner's engineer



# AFD and EU collaboration through blending

## Projects recently cofinanced through AFIF

Year	Project	AFD (sovereign loan) M€	EU (grant) M€
2016	Grid expansion and connexions in Ivory Coast	120	34
2017	HV Line Manantali-Bamako within the WAPP	80	26
2017	Defissol project : Solar plant in Benin	50	10
2017	Solar plant (13 MW) in Agadez - Niger	16	16
2017	Solar plant (25 MW) in Gorou banda - Niger	23,5	5
2017	Grid extension and connexions (Togo)	30	8

- Mainly focused on African Renewable Energy Initiative (AREI)  
main priorities : Renewable energy and access

# AFD and EU collaboration through blending

## One example : Gorou Banda solar plant in Niger

- **Scope:**
  - Component 1: solar PV (20 MW<sub>c</sub>) connected to the grid
  - Component 2: Owner's engineer, capacity building
- **Time:**
  - Expected Commercial Operation Date: beginning of 2019
- **Financing scheme :**

Total Budget	AFD (concessionnal loan to Niger, on-lent to Nigelec)	UE (grant)		Niger (own contribution)
		TA	IG	
30.0	21.5	2.9	4.1	1.5

- **Institutional set-up**
  - Grant delegation agreement (Pagoda) between EU and AFD
  - Grant and loan agreements between AFD and Ministry of Finance
  - On-granted and on-lent to Nigelec, public utility in charge of the implementation of the project and the operation of the plant

# AFD and EU collaboration through blending

## One example : Gorou Banda solar plant in Niger

- **EU additionnality :**
  - Improved financial conditions with the grant
  - Large dedicated budget for capacity building/ TA
  - Visible and fast solution for Niger, on a first of a kind project (of this scale, in Niger)
- **Private sector involvement**
  - Preparation Phase : feasibility studies and ESIA
  - Implementation phase :
    - EPC + O&M for 2 or 3 years : signed with Nigelec
    - Owner's engineer
    - Capacity building
- **Procurement procedure**
  - The contracts will be made in accordance with the regulations in force in Niger concerning public procurement and the AFD Procurement Directives.
  - Call for tenders (amount over 15 kEUR) will be published on AFD's DgMarket website and at the same time on one or more EU sites.



**Thanks for your attention**

Paris, 9/02/2017  
Paris, 9/02/2017

Christian de Gromard, Nicolas Guichard AFD/TED  
Christian de Gromard, Nicolas Guichard AFD/TED