

Case Study: Cape Verde Wind Farm PPP Project

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Overview



1. Background
2. Scope
3. Environmental Impact
4. Stakeholders
5. Development and Implementation
6. Conclusions

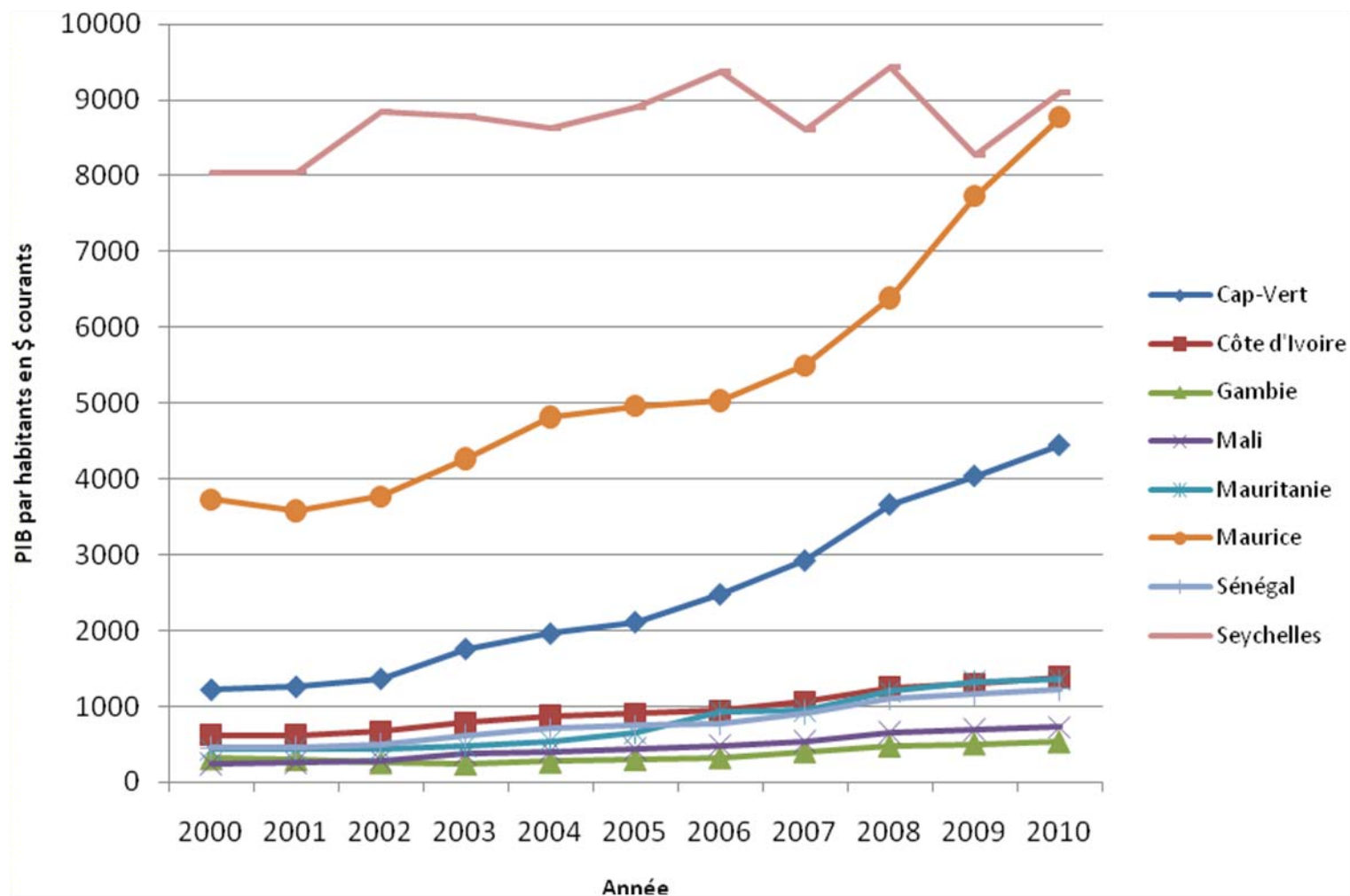


1. Project Background



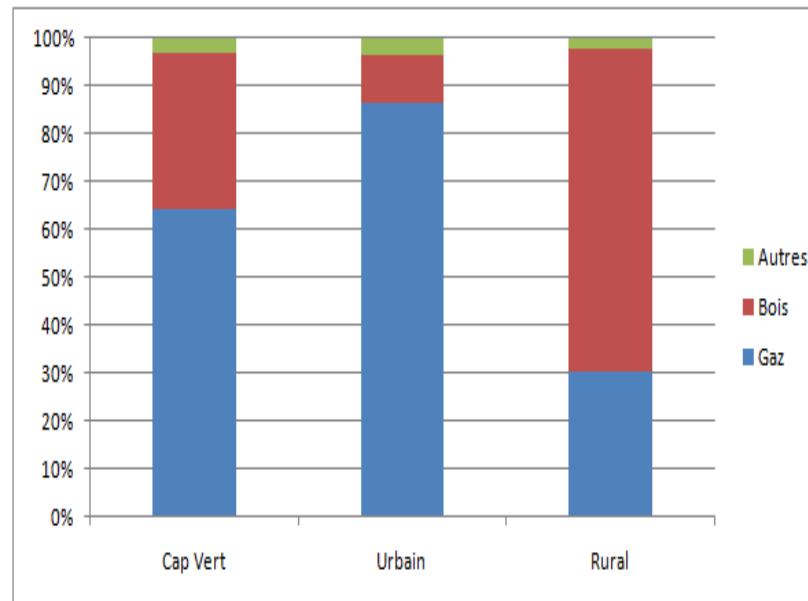
- Population 500,000
- 9 inhabited islands
- Dependent on imports
- High cost of utilities
- 6% avg. economic growth
- FDI and remittances







- 45% of population inhabit rural areas
- 65%: access to electricity
- Composition of alternative fuels (2006)



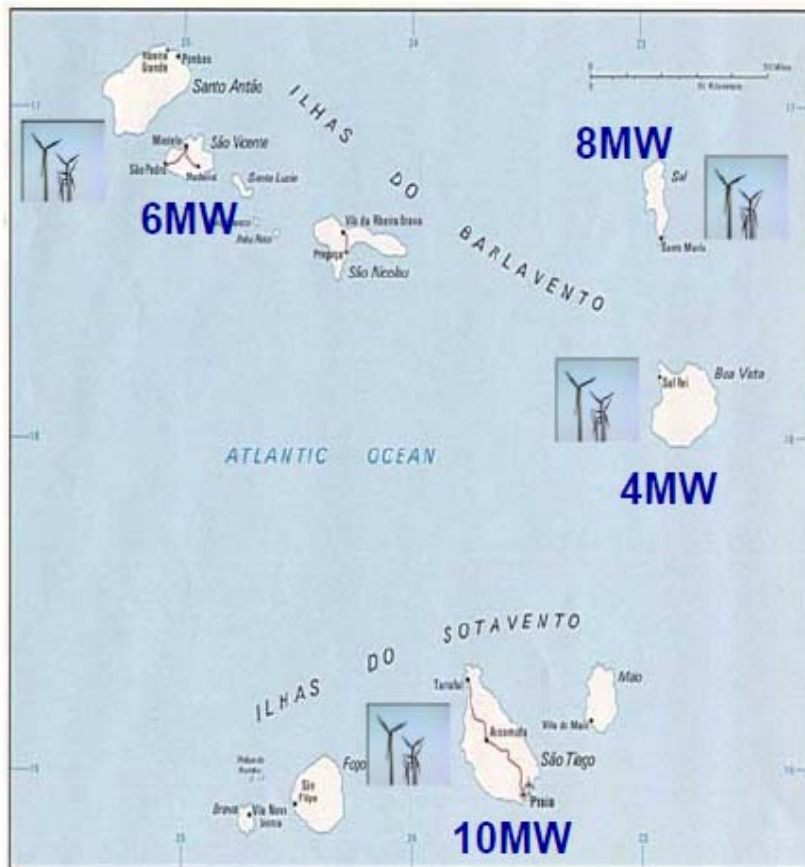


Cape Verde's vision:

- Eliminate dependence on fossil fuels
- Security of supply
- Sustainability
- Efficiency

2. Project Scope

- Development, construction, and operation of four windfarms and transmission infrastructure
- Project cost: EUR 63.2 million



- Existing installed capacity in the archipelago: 75 MW (Electra)
- 28 MW wind power capacity to be installed on four islands
- Cabeolica project will ensure high penetration of renewable energy in Cape Verde energy matrix
- Cabeolica will represent the first commercial scale privately financed PPP wind farm in Sub-Saharan Africa
- Cape Verde will assume leadership position in wind power generation in the region



3. Environmental Impact Analysis

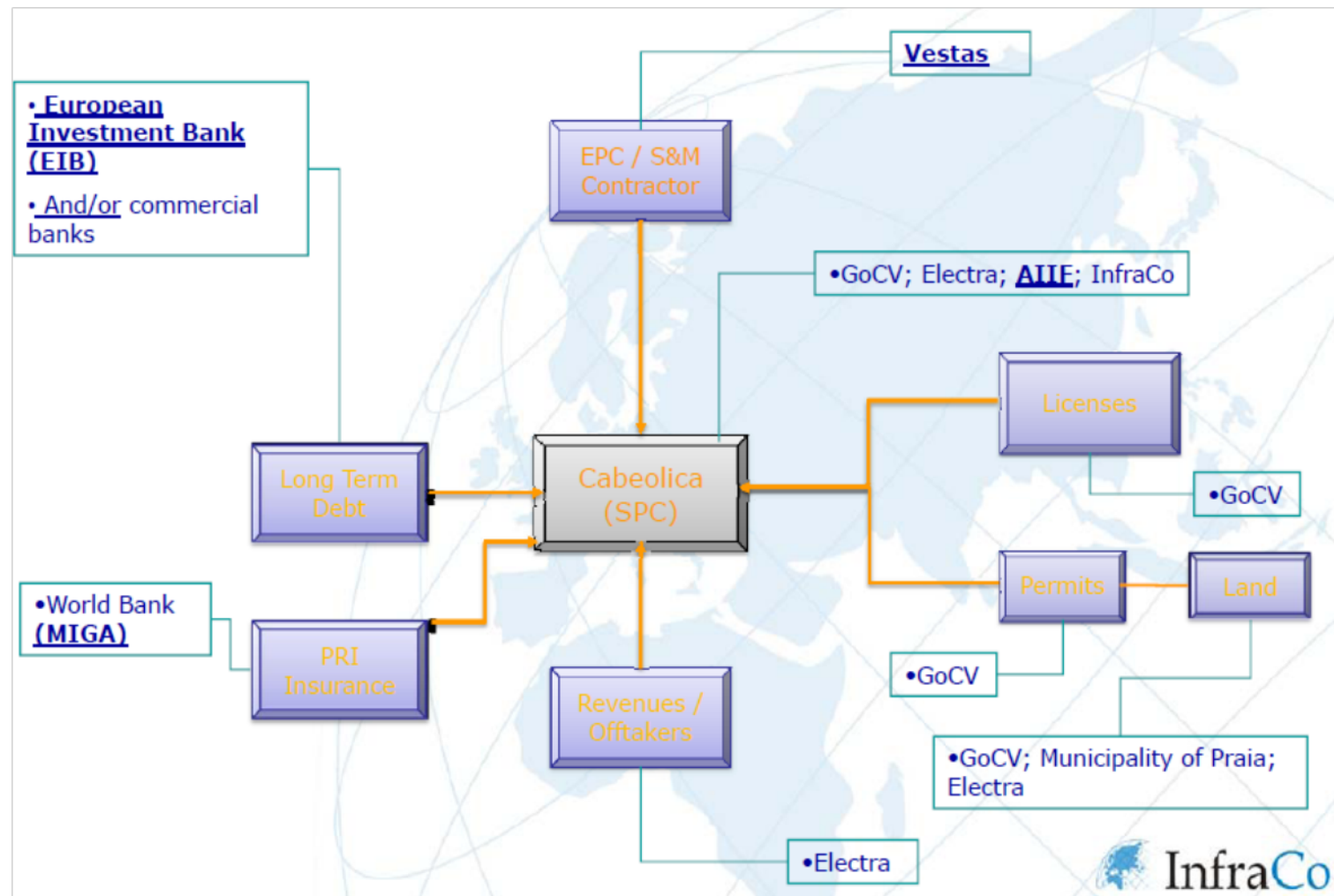


General view of the study area showing trees of *Prosopis juliflora* and *Calotropis procera*.
A) North-South valley; B) East-West valley, S. Vincente



Dorsal and lateral view of the endemic gecko subspecies of S. Vincente Island,
Tarentola caboverdiana substituta

4. Project Stakeholders





Final structure



Shareholders:

GoCV 18%

Elektra 11%

InfraCo 71%

Sub-Loans:

Finnfund: EUR 8m

AFC: EUR 8.1m

InfraCo: EUR 2.1m (sub-loan)

Senior Loans

EIB: EUR 30m

AfDB: EUR 15m



5. Project Development & Implementation - key issues



- Land use agreement
- Procurement
 - OJEU publication
- Turnkey EPC contract
- Lender's engineer
- Power purchase agreement (PPA)
 - Take or Pay
 - LT bankability?



PPA Risk Allocation





Project Development & Implementation

- key issues (cont'd)

- LT Service agreement
 - Maintenance and availability guarantee
 - Fixed price O&M
- DSRA
 - Government fall-back
- Dividend lock-up



6. Conclusions



- The project will set a precedent for Public Private Partnership in the infrastructure sector in Cape Verde and create an opportunity of replication across the industry and the region.
- The project will allow Cape Verde to reach its renewable energy penetration target and will reduce dependency on foreign oil imports.
- For the project to be constructed and financed – among others – an effective EPC solution, a bankable PPA, the support of the GoCV and appropriate land agreements needed to be arranged between all stakeholders



Thank you !

