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Energy Efficiency and SE4All Action Agendas & Bank financing instruments

Energy Efficiency in Sub-Saharan African Cities
SE4All and the Covenant of mayors in Africa
Workshop – Dakar

SE4All Africa Hub

SE4All Africa Hub hosted by AfDB

Mission

- Coordinate and facilitate SE4All implementation in Africa (CEMA Nov. 2012)

Operating Principles

- African ownership (partnership with AUC and NPCA)
- “Light” structure
- Results orientation

Activities

- ✓ Coordination and facilitation
- ✓ Information sharing and match-making
- ✓ Mobilization of financing
- ✓ Monitoring, evaluation and reporting



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SE4All AA and IP

Key steps for achieving SE4All objectives



ACTION AGENDA

- The AA is a strategy-driven and **holistic** document that intends to determine how the three goals of SE4All could be achieved by 2030
- Umbrella framework for the sector that includes nexus angles
- **Long-term vision** which ensures the sector-wide **coherence and synergy** of accumulated efforts towards SE4All goals
- Developed in an inclusive manner

INVESTMENT PROSPECTUS(ES)

- The IPs provide an approach to operationalizing the Country Action Agenda
- Short- to medium-term set of investment opportunities (3-5 years)
- Conversation starter for a variety of investment opportunities that will provide preliminary information to prospective investors

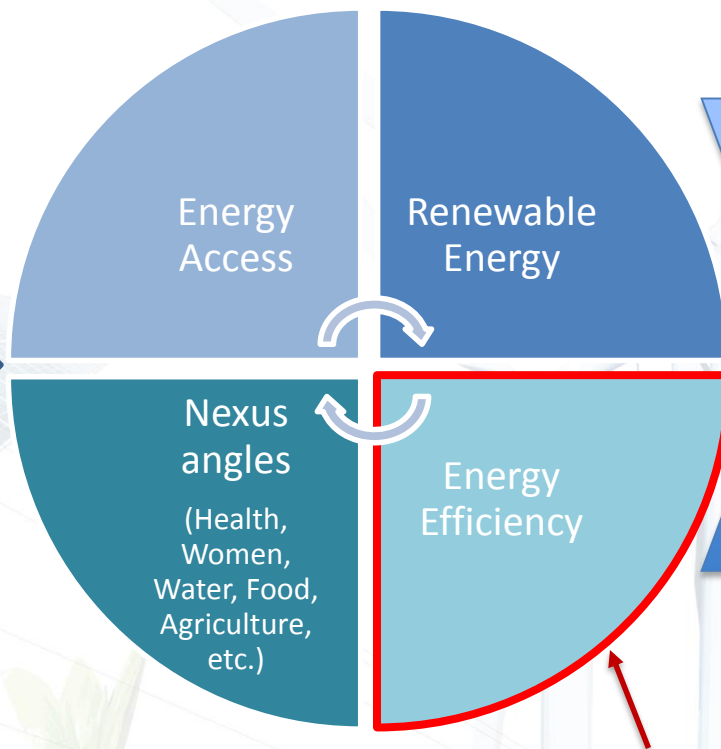
The AA: a holistic approach

National SE4All Action Agenda

Holistic long-term vision &
Sector wide coherence

Inclusive development

- ✓ Government (inter-ministerial)
- ✓ Development partners
- ✓ Private sector
- ✓ Civil society
- ✓ Energy Producers
- ✓ Energy Consumers
- ✓ Other Energy Stakeholders



- ✓ Defining national 2030 objectives
- ✓ Outlining actions required to achieve objectives
- ✓ Providing a coordination platform for partners
- ✓ Providing confidence to potential investors
- ✓ Defining tracking and monitoring
- ✓ Establishing implementation structure

The Action Agenda identified priorities in energy efficiency in different sectors including buildings and appliances, industrial and agricultural processes, grid infrastructure and supply efficiency, transportation and enabling action areas.



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The AA: Implementation tool for SDG 7

The **Sustainable Development Goal (SDG) 7** was adopted end of September in New York. Implementation will be key for Africa.

“Encourage that the SE4All Action Agenda be formally recognized as an implementation tool for proposed SDG7 at national level”

SE4All Energy Access Committee, May 2015

“National AA and IP present a robust framework for accelerating the implementation of energy related goals and targets of the country”

SE4All Advisory Board, May 2015

“We welcome [...] the development of Action Agendas and Investment Prospectuses at country level”

Financing for Development Outcome Document, July 2015

“Support the ongoing and future African voluntary country-led processes to develop SE4All Action Agendas with appropriate goals as an umbrella framework for energy sector development at the national level.”

G20 Action Plan on Energy Access in SSA, October 2015

“We welcome the development of SE4All Action Agendas as umbrella energy sector development documents looking at access, renewables and energy efficiency in a holistic manner”

SAIREC declaration, October 2015



Country views on the role of the AA

Country views on the AA expressed at the SE4All Forum

- Provides a **framework to align stakeholder objectives**
- A long term view of the sector and a **holistic planning tool** integrated to the broader policy framework of the country
- Identifies sector gaps and suggests actions to address gaps and costs achieving targets
- **Central repository** of resources for the purpose of coordination of SE4All as well as defining follow-up actions
- A **platform for sharing experiences** on best practices
- A tool to **accelerate the mobilization of needed investment** into the sector

“The Action Agenda is as much a holistic planning tool encompassing our long-term vision as it is a framework to help align stakeholder objectives and partner interventions to mobilize necessary investments.”

Alain Harelimana, Advisor to the Ministry of Infrastructure of Rwanda



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Where do we stand?

Countries developing AAs – October 2015

SE4All Action Agendas are under development or finalized in **half of the African countries**



West Africa is following a coordinated regional approach under ECREEE lead

Several East African countries, including Kenya, Rwanda, Tanzania and Uganda advanced on the AA.

In 2015, AfDB and UNDP supports AA/IP processes in Angola, DRC, Malawi, Zimbabwe, Zambia, Cameroon and Swaziland

In total, some 27 countries have embarked on the process



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A few examples

(the Action Agendas mentioned are not yet formally adopted by the countries concerned)



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Action Agenda of Rwanda

High level targets

Sector	Target
Access to clean and sustainable cooking	<ol style="list-style-type: none">To close the gap (currently about 20%) between production and consumption of biomass, through:<ol style="list-style-type: none">100% access to much more efficient cook stoves than currently usedImprove charcoal production and partially replace charcoal with biomass pelletsIncreasing production of wood by improving forestry managementTo maximise health benefits of efficient cook stove solutions
Access to electricity	<ol style="list-style-type: none">To achieve 100% electricity access: By 2025, all households will have at least basic levels of access (Tier 1 and above), and by 2030, all households will have at least moderate access to electricity services (Tier 2 and above).Progress to higher quality and quantity of electricity over time, with >50% of the population having Tier 3-5 access by 2030.
Renewables	<ol style="list-style-type: none">Exceed the global target (26%) of renewables as share of primary energyExceed the global SE4All target (44%) of renewable electricity
Energy efficiency	<ol style="list-style-type: none">At least double the efficiency of biomass energy useExtend current rates of electrical efficiency improvement to 2030



Action Agenda of Rwanda

Summary of enabling actions for Energy Efficiency

- Actions from 2015-2018: Follow the Energy SSP
- Actions from 2018 onwards: Identified by SE4ALL

Energy Efficiency:

	Enabling Actions on Energy Efficiency
Clean Cooking Access	<ul style="list-style-type: none">• Harmonise taxes on charcoal and alternatives (e.g. biomass pellets)• Support alternative livelihoods for charcoalers and transition to efficient production• Create cross-ministerial taskforce (national and district) to coordinate biomass activities• Work with local manufacturers, suppliers and financiers to enable tier 3-4 cookstoves• Support improved forest management techniques
Energy Efficiency	<ul style="list-style-type: none">• Set up dedicated Energy Efficiency unit within the designated institution• Develop industrial energy efficiency strategy, and implement programme of audits and benchmarking with a view to introducing minimum energy performance standards• Revise building codes to incorporate energy efficiency for commercial buildings



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Action Agenda of Tanzania

High level targets

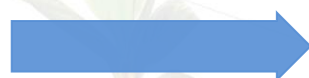
Tanzania's 2030 SE4All Goals

Universal access to modern energy services		Doubling global rate of improvement of energy efficiency	Doubling share of renewable energy in global energy mix	
Percentage of population with electricity access	Percentage of population with access to modern cooking solutions	Rate of improvement in energy intensity	Renewable energy share in Total Final Energy Consumption	
			Power	Heat
>75%	>75%	-2.6% per year	>50%	>10%

Tanzania Access Trajectory - Power

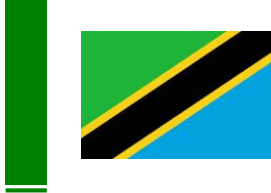
Year	Total	Added Connections	Households	Level of Access
2012	1,881,343			20.70%
2015	2,706,128	351,209	9,844,849	27.49%
2020	4,732,786	381,125	11,247,637	42.08%
2025	7,202,993	575,735	12,850,307	56.05%
2030	11,023,016	931,094	14,681,341	75.08%

Number of on and off-grid Connections projected by MEM with support from the consultants



MEM Five Year Strategic Plan (2016 – 2020)

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Action Agenda of Tanzania

High Impact Interventions on Energy Efficiency

SE4ALL Goal	Enabling Actions on Energy Efficiency
Universal Access – Improved Cookstoves	<ul style="list-style-type: none"> • Creation of a framework for going efforts and improve coordination across agencies, private sector, CSOs and NGOs. • Foster the use of LPG as a cooking fuel especially in rural areas. • Develop solid fuel supply and demand master plan for the main supply and demand centres
Energy Efficiency	<ul style="list-style-type: none"> • Develop a comprehensive regulatory framework that specifically addresses energy efficiency (EE) in the electricity, petroleum and biomass sectors, with concrete goals and targets. • Develop and implement a National Energy Efficiency Programme to assess opportunities for energy efficiency in multiple sectors • Define Minimum Energy Performance Standards (MEPS), and provide adequate support for its implementation and oversight, including the development of voluntary agreements for efficient refrigerators and air conditioners.



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Some Bank instruments to finance energy efficiency



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1/ Africa Climate Technology and Finance Centre (ACTFCN)

- It is financed from the GEF Trust Fund (9.09 million USD) and the Special Climate Change Fund (5.25 million USD) and includes both mitigation and adaptation activities. The project is implemented through the use of expert consulting services

Objective:

Support SSA Countries in scaling-up the deployment of low-carbon and climate resilient technologies.

Components:

- 1) Enhance **networking and knowledge dissemination** with respect to climate technology transfer and finance;
- 2) Enable the scaling-up of technology transfer through policy, institutional and organizational **reforms of the enabling environments** at the national and regional levels;
- 3) **Integrate climate change into investment programs** and projects.

1/ ACTFCN

Component 2. Enabling the scaling-up of technology transfer through policy, institutional and organizational reforms

Activities: enhance the enabling environment for climate change technology transfer focused on renewables and energy efficiency, which is one of the main constraints in SSA countries

Activities could include:

- Develop/update, and implement **national or regional policies** and strategies;
- Provide **support to** the establishment of **appropriate institutions**
- Support the design and implementation of **de-risking instruments/regulations**

STATUS: framework contract facility with service providers in place: ready to receive requests (up to 300'000 USD in technical assistance)

➔ **Example of activities on Energy Efficiency:**

A project is starting with the Energy Commission of Ghana to conduct energy audits and develop energy efficiency standards/regulations for public and commercial buildings

1/ ACTFCN

How to apply for assistance

Eligibility: all public sector entities of SSA countries and sub-regional institutions.

Eligible proposals will be evaluated using the following evaluation criteria:

- (a) investment orientation of the proposal;
- (b) potential impact on climate change and technology transfer; and
- (c) country commitment demonstrated, for example, by existing national documents such as **SE4All Action Agendas** or **Technology Needs Assessments** or similar approved by the Government and national institutions.

Contacts: SE4ALL.Africa@afdb.org



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2/ Sustainable Energy Fund for Africa

SEFA plays a catalytic role through 3 financing windows...

	I - PROJECT PREPARATION GRANTS	II - EQUITY INVESTMENTS	III - ENABLING ENVIRONMENT
SCOPE	<i>Preparation support to RE/EE Projects</i>	Seed/growth capital for RE Projects	Enabling environment for private investments in RE
FINANCING INSTRUMENT	Grants up to USD 1 million to project developers / sponsors	Equity and TA through a Private Equity Fund	Grants for TA and capacity building of public actors
MANAGEMENT	SEFA Secretariat	Berkeley Energy / Africa Renewable Energy Fund	SEFA Secretariat / SE4All Africa Hub
RESOURCE ENVELOPE	USD 15 million	USD 35 million	USD 20 million



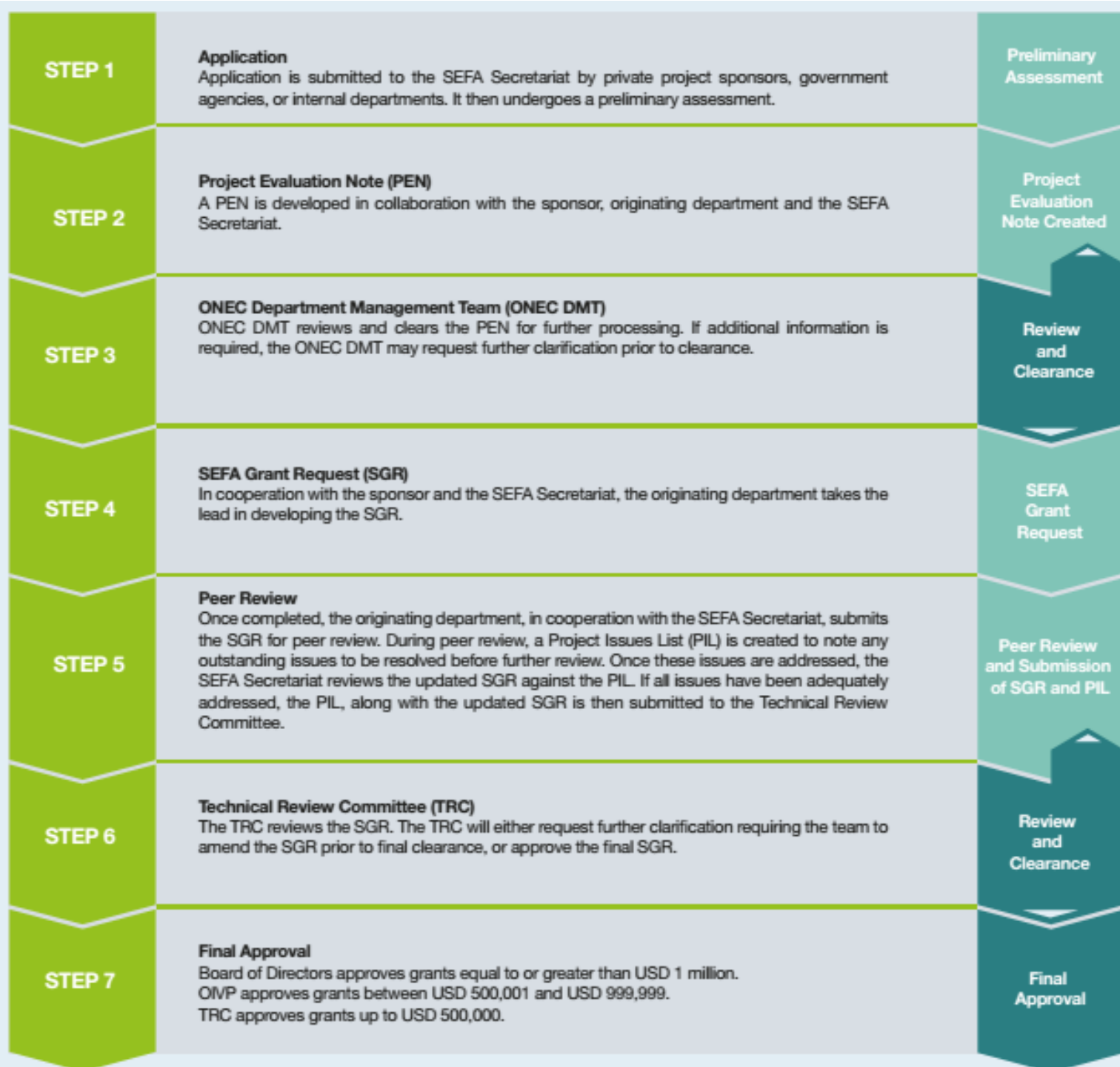
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SEFA REVIEW & APPROVAL PROCESS

4- 6 months average turnaround time from preliminary assessment to final approval...

...but this depends on:

- Quality of project
- Readiness for process
- Client responsiveness
- Timings of DMT / TRC
- Availability of SEFA support



3/ Lines of Credit on Energy Efficiency

- The Bank is working on setting-up lines of credit to support small and midsize investments in Energy Efficiency in several countries.
- Market study is ongoing to assess the potential of the countries and to design a relevant financing facility.

In addition, on the public sector side the Bank's standard financing instruments, such as its ADB and ADF windows can finance energy efficiency projects if prioritized by the Governments.



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Thank you!

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Contact:
Dr. Daniel-Alexander Schroth
d.schroth@afdb.org



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