



# FINESSE Africa Program

Financing Energy Services for Small-scale Energy users

**AFRICAN DEVELOPMENT BANK**

**Sustainable Development and Poverty Reduction unit (PSDU)**

**e-mail : [finesse@afdb.org](mailto:finesse@afdb.org)**



## Background

Delivering affordable, economically viable, socially acceptable and environmentally sound energy services – central to Africa's economic development and poverty eradication.



## Energy in Africa

TPES/capita: Africa 0.63 toe, OECD 4.6 toe  
13% of global population - 3% of global energy  
8% of rural population and 50% of urban population has access to modern energy services  
biomass still a primary energy source to over 75% of the population in SSA less South Africa  
96% and 90% of the continent's oil and natural gas reserves are in North Africa, Nigeria, Angola  
90% of coal reserves in southern Africa



## ADB in RE & EE

1967–2001: > \$ 4 billion invested in energy sector  
Only 1.1 % hereof allocated to renewable energy  
Mostly studies

### Why ?

Inadequate awareness of the existence of alternative energy investment opportunities in Africa  
RMCs do not prioritise alternative energy in their developmental needs



## Bridging the Gap

RE & EE markets developed and sustained

Capacity Building

Business Plans

Policy and Regulations

base case



## FINESSE Africa Program

Funded by the Dutch government

US \$ 5.3 million grant to ADB

4 years' project to develop the continent's abundant renewable energy resources



## Overall goal

“Assist countries in Africa, working through the Bank, to formulate the appropriate policy and regulatory frameworks and develop capacity to generate a pipeline of investment projects in renewable energy and energy efficiency”



## Development objective

Reduce poverty through

- increased access to modern energy, especially to rural inhabitants
- improved energy and electricity services for all sectors
- increased economic opportunities and employment
- greater access to clean water supply
- reduced exposure to ambient air emissions from fuel combustion



## Program strategy

### Policy and regulatory measures:

- integration of environmental externalities in energy sector planning
- encouraging private sector investment and lending
- development of alternative energy policies and strategies



## Program strategy

### Capacity building measures:

- train RMCs in identifying and developing RE & EE projects
- exchange of information, best practises, experiences etc.
- expose RMCs to the Bank's operationalised alternative energy projects and programs



## Program objectives

1. increase capacity of Bank staff to deal with alternative energy
2. establish RMCs ownership and commitment to alternative energy programs
3. operationalise renewable energy in Bank's projects and programs
4. identify and develop alternative energy components to be included in the Bank's lending portfolio



## Stakeholders / partners

- RMCs – energy ministries / policy makers
- private sector investors
- bi- and multi-lateral organisations
- Non-Governmental Organisations (NGO)
- sub-regional research institutions
- other donors



## Program beneficiaries

communities and sectors that have constrained or limited access to modern energy services

### How ?

- increased capacity in policy implementing institutions
- conditions conducive for increased access to modern energy services
- increased opportunities for income generating activities and creating local and global environmental benefits



## Expected results

The development of the vast potential of renewable energy resources and the broad range of energy efficient technologies in Africa.

### How ?

- addressing policy and institutional bottlenecks and developing human resources capacity of local institutions to promote investments in RE & EE
- reducing the transaction cost of potential investments in RE and EE project on Africa
- operationalisation of RE and EE programs in the ADB



## Contact details

**Alois P. Mhlanga**

Renewable Energy Research Associate



[a.mhlanga@afdb.org](mailto:a.mhlanga@afdb.org)

African Development Bank  
Sustainable Development and Poverty reduction Unit (PSDU)  
ADB FINESSE Africa team  
[finesse@afdb.org](mailto:finesse@afdb.org)