

Innovative Financing Mechanisms for Energy Projects in Africa

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Innovative Financing

is not limited to raising funds for project implementation but it also includes the creation of appropriate environment for raising project finance at reasonable price for the KWh



PROJECT BANKABILITY IS FUNDAMENTAL PREREQUISITE FOR
RAISING PROJECT FINANCE

Project Preparation
Instruments

Concept Stage

Grants
NEPAD SDM

Venture Capital



From developed
concept to
bankability

Feasibility Study

Financial
Viability

Technical
Viability

EIA

Financial
Structuring

Engineering
Design



Instruments

IPPF

DBSA

ECOWAS

USTD

Africa 50
Private
sector

Co Financing PPFs



NEPAD Service Delivery Mechanism ,SDM

Facility addresses PIDA Projects at inception stage
Out of PIDA PAP 400 Projects ,173 are at concept
stage

Provides professional services to develop project idea
and prepare project document for consideration by
PPFs

It addresses Capacity constraints at national and
regional level and gives initial momentum to tunnel
the project into the IPPF cycle



Africa Power Vision Approach

Partnership with USAID Power Africa

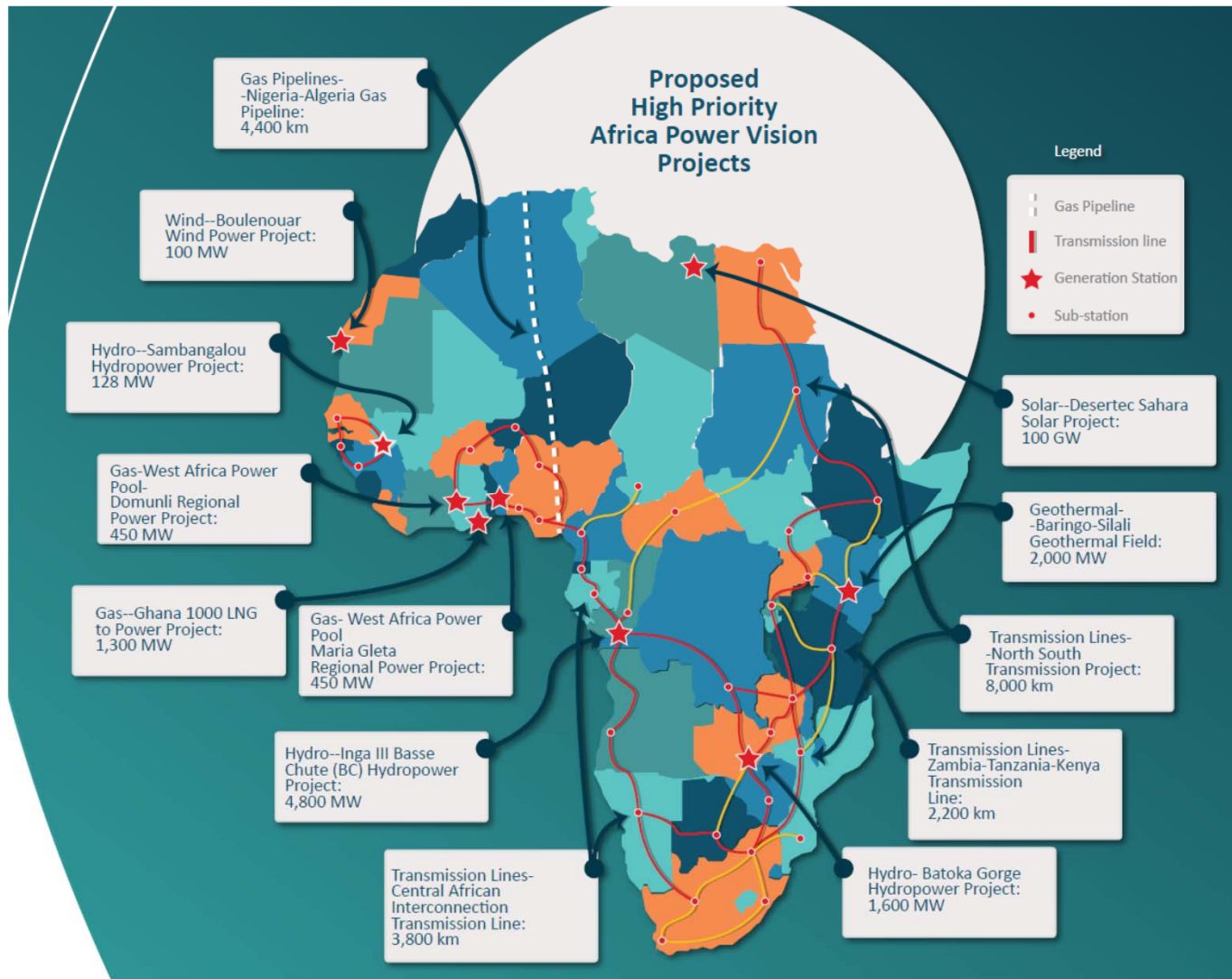
NEPAD Transaction Advisor

USAID Transaction Advisors

Project status
,challenges ,Gaps



APV AND INNOVATIVE FINANCING



focus :Private sector and USAID Power Africa Transaction Advisors



Successful Recent Example for
unlocking Private Sector
Investment

REPPPP
Over 4000 MW Renewable to the
Grid in a record time

Main Success Factors

Political
Leadership

Credible off
taker

Transparent
bidding and
procurement



Successful Recent Example
for Domestic Resources
Mobilization

Egypt Suez Canal Extension
35 Km bypass, 9 Billion US\$

Main Success Factor

Government
commitment and
Political Leadership

Sovereign Bond

Sound Business
Case



Specific Issues of Particular Importance to resources mobilization

Energy tariff

Off Taker

Sound legal framework

Intergovernmental MoU for Regional Projects

PMU and its finance

Revising the Regulatory Framework for Pension fund

Diaspora Funds/confidence



Thank You



NEPAD - TRANSFORMING AFRICA



Creating the right environment for unlocking private sector firms innovation

(PPP, Sovereign Guarantee ,deriskng measures, sound legal framework, blending ,etg)

Unlocking domestic finance whether pension funds , individual funds or diaspora financing is Innovation

Government guaranteed bonds is effective in this regards



Introducing a levy for certain categories of tax payers ,
Exemption or reduction of import duties on imports for
energy project duties are effective vehicles for raising finance.
Projects development

Using the right financing instrument at the correct stage
of project development/Implementation is innovation as well

eg grant ,venture capital, equity ,concessional loan ,
cofinancing ,mezzanine or commercial debt ,etc



Some Measures to reduce project finance, through NEPAD Transactive

Project packaging

Sound Project Financial Structure

Independent assessment of FS

Training on PPP negotiation



Thank You

