

## ADB FINESSE Africa Program

FINESSE—Financing Energy Services for Small-Scale Energy Users .

Stakeholders for the ADB FINESSE Africa program include, African countries' policy makers, private sector investors, bi- and multi-lateral organisations, civil society, sub-regional research institutions and other donors.

As part of the program activities, the ADB FINESSE Africa program will support the development of potential investment projects. The projects will be in the following target areas

- ✧ Biomass
- ✧ Geothermal
- ✧ Solar photovoltaic
- ✧ Small hydro power
- ✧ Wind
- ✧ Solar thermal
- ✧ Energy efficiency

The general characteristics of the pilot projects that will be considered include emphasis on possibility of replication, poverty alleviation focus; alignment with local sustainable development needs; making use of a participatory approach; be an integral part of bigger project; have sub-regional coverage; and result in increased access to energy by the local communities .

The ADB FINESSE Africa program publishes a monthly newsletter which provides a platform for exchange of information, knowledge, experiences and best practices that will lead to widespread dissemination of renewable energy and energy efficient technologies in Africa.

To subscribe to the newsletter, send your request by E-mail to : [finesse@afdb.org](mailto:finesse@afdb.org)

*Mainstreaming sustainable energy systems in poverty reduction interventions in Africa*



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AFRICAN DEVELOPMENT BANK FINESSE Africa Program

FINESSE-Financing Energy Services for Small-Scale Energy Users

**ADB FINESSE Africa Program**

The complex block contains a vertical banner for the ADB FINESSE Africa Program. At the top, it features the ADB and PSDU logos. Below the logos is the program title 'ADB FINESSE Africa Program' in large, bold, black letters. Underneath the title is a vertical stack of four small images: wind turbines, a solar panel, a person using a water pump, and a solar water heater. At the bottom of the banner, the text 'FINESSE-Financing Energy Services for Small-Scale Energy Users' is written vertically.

## ADB FINESSE AFRICA PROGRAM

### Mainstreaming sustainable energy systems in poverty reduction interventions in Africa

#### Preamble

A direct link exists between energy use and human well-being. Energy provides critical services such as light, heat, power, transport and communication. Access to reliable and affordable sources of energy resources is a prerequisite for human development.

Increasing the availability, accessibility and acceptability of sustainable energy brings about new and better development options and opportunities to humanity. This is particularly critical in Africa given that access to basic energy forms or services by the majority of the population is still very limited.

On average, people in Africa use about 15% of energy consumed by their counterparts in developed countries. The main energy source for more than 70% of the continent's population is traditional biomass energy forms like fuelwood, animal and crop waste. Furthermore human and animal power still plays a significant part in the transport systems and other activities like farming.

Africa is however endowed with vast renewable energy resources that are still to be exploited. These resources include solar energy, wind energy in coastal regions, hydroelectricity and geothermal energy.

Multilateral and bilateral agencies' traditional strategy of supporting large-scale investment in incremental grid-based power generation, transmission and distribution has not significantly translated to increased access to energy by the majority poor. Given the prohibitive cost of connecting low population areas such as rural communities to the power grid, renewable energy and energy efficient technologies that make use of localised resources become a realistic option. Several projects and programs have been im-

plemented in Africa to try and promote the dissemination of renewable energy and energy efficiency technologies. Analysis shows that these initiatives faced a host of barriers that are related to developing and sustaining a market of these technologies. Two of the main barriers encountered are the absence of appropriate policy and regulatory frameworks to promote these technologies and lack of capacity to make a business case for such technologies.

### FINESSE Africa program

The African Development Bank (ADB) Financing Energy Services for Small-Scale Energy Users (FINESSE) Africa program was conceived to assist countries in Africa, working through the Bank, to formulate appropriate policy and regulatory frameworks and to develop capacity to generate a pipeline of investment projects in renewable energy and energy efficiency.



Wind energy in Africa remains undeveloped

#### Program 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.

#### Program Objectives

- ▣ Increase capacity of African Development Bank staff to deal with alternative energy.
- ▣ Establish African countries' ownership and commitment to alternative energy programs.
- ▣ Operationalise renewable energy and energy efficiency in African Development Bank's projects and programs.
- ▣ Identify and develop alternative energy components to be included in the Bank's lending portfolio.
- ▣ Increased economic and employment opportunities.

#### Development Objectives

Reduce poverty through

- ▣ Increased access to modern energy services, especially to rural inhabitants.
- ▣ Improved energy and electricity services for all sectors.
- ▣ Greater access to clean water supply
- ▣ Reduction of exposure to ambient air emissions from fuel combustion.

The ADB FINESSE Africa Program's strategy involves capacity building measures and policy and regulatory measures as following,

#### Capacity building measures

- ▣ Building capacity to identify and develop renewable energy and energy efficiency projects
- ▣ Exchange information, best practises, experiences etc.
- ▣ Expose the Bank's regional member countries to operationalised alternative energy projects and programs.



Solar energy has clear advantage in Africa

#### Policy and Regulatory Measures

- ▣ Encourage private sector investment and lending.
- ▣ Develop of alternative energy policies and strategies.
- ▣ Integrate of environmental externalities in the energy sector.

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