

ADB FINESSE Africa newsletter



Financing Energy Services for Small-Scale Energy Users-ADB FINESSE AFRICA NEWSLETTER 1.7, NOVEMBER 2004

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From the Editor's desk

This is the last issue of the FINESSE Newsletter for the year 2004. The previous two newsletters were covering the wind energy situation in Africa and the Energy & Gender nexus. The current newsletter, focuses more on the ongoing activities of the ADB FINESSE program. In this vain, this edition, discusses the ADB staff capacity building seminar on renewable energy held on 23 September 2004 in Tunis. It then covers the first Africa Wind Energy Investors Conference organized by the private sector arm of the Bank and FINESSE, held on 28-29 October 2004 in Tunis. This edition also reports on meetings in which FINESSE-staff participated, such as the Clean Development Mechanism (CDM) workshop in Maputo, Mozambique in October 2004, and the OECD Conference on Climate Change and Sustainable Development in Paris in November 2004.

This edition also announces one of the most important FINESSE coming event - the Regional Consultative Workshop to be held in Tunis late February 2005.

As part of the FINESSE strategy development, 5 energy experts were recruited to assess the current situation of renewable energy in their respective sub region as well as to identify potential high impact projects. The five regions covered are the North, West, South, East and Central. The outcome of these sub-regional assessments will be presented during the Regional Consultative Workshop mentioned above.

This edition carries news items highlighting the ever rising cost of petrol cost and its effects on customers. These articles reinforce the urgent need to shift from petrol-based energy which, in addition to be environmentally harmful, is becoming more and more expensive, jeopardizing the economic indicators of countries which are compelled to import it.

Finally, since this edition is the last one for this year, the FINESSE team would like to seize the opportunity, to wish you all merry festive season and new year full of energy!

FINESSE regional consultative workshop

23 - 25 February 2005

FINESSE Regional Consultation Workshop
Tunis

Info via finesse@afdb.org

FINESSE's capacity building seminar on renewable energy for ADB staff

On 23 September 2004, the ADB FINESSE Africa program conducted a full day training seminar on renewable energy for Bank staff. The overall objective of the seminar was to sensitise Bank staff on,

- the energy situation and challenges in Africa;
- the linkages between energy, poverty and sustainable development;
- specific renewable energy technologies and their potential in Africa; and
- financing mechanisms and options available for renewable energy projects.

Attended by over 30 participants, that included Bank's management staff, task managers and executive directors, the seminar was an eye opener as it created a solid basis for future capacity building activities for Bank staff.

Dr. Vyas, who is the head of Sustainable Development and Poverty Reduction Unit (PSDU) in ADB, opened the seminar by outlining the energy situation on Africa. He explained the FINESSE initiative in context of both the global drive towards renewables and the need to provide modern energy services to alleviate poverty. He provided an outline of the energy challenges the continent faces which include;

- poor and low access to modern energy services;
- under exploitation of available energy resources;
- unevenly distributed energy resources coupled to poor energy trade within;
- constrained power sector;
- weak financial sector and private sector; and
- gender insensitive energy planning.

Although renewable energy and energy efficient technologies face a number of barriers such as technical, financial, economical, policies and sheer lack of information or awareness, it was emphasised that these technologies have a role to play in alleviating poverty as they can be used to energised currently marginalised communities. Bank staff were challenged to promote these technologies by integrating renewable energy components to mainstream Bank projects and also seek advice from the FINESSE team on how to identify, develop and leverage financial resources for such projects. Development of partnerships with other regional development banks, other IFI, the private sector and other stakeholders was encouraged to promote the dissemination of these technologies and

learn from already developed best practices.

The feedback from the seminar was very encouraging and the participants identified a number of issues related to renewable energy they would want to receive more information through similar training seminars. The issues are;

- renewable energy and poverty alleviation
- identifying potential renewable energy technologies;
- financing renewable energy projects and accessing GEF and other grant resources;
- climate change and renewable energy; and
- gender equity and energy access.

The training seminar also included demonstration units such as solar street lamps, solar/wind hybrid systems



and solar water pump. The solar water pump demonstration equipment proved to be very popular given the importance of this technology in increasing access to safe water particularly in Africa where only about 60% of the population has access to safe water supply. Incidents of water related diseases are still very high and they are re-

sponsible for over 3 million deaths per year.

Based on the outcomes of this training seminar more capacity building activities will be conducted to help develop awareness on how renewables can be effectively used to alleviate poverty. This training is addition to other brief training sessions that are currently ongoing in the Bank. For more information on this event please contact the FINESSE team at finesse@afdb.org.



Seminar on Kyoto Protocol and CDM Projects in Sub-Saharan African countries

A seminar entitled, "Capacity building in CDM for Sub-Saharan African Countries" took place in Maputo, Mozambique, on August 56. It was the second seminar within the framework of the Project "CDM for Sustainable Africa- Capacity Building for Clean Development Mechanism in Sub-Saharan African Countries", funded by the European Commission, within the SYNERGY Cooperation Program Managed by DG TREM.

The project is coordinated by the IST - Instituto Superior Técnico - Portugal (RGESD - Research Group on Energy and Sustainable Development), with the duration of 18 months (ending 31 December 2004), and is developed in consortium with European and African Institutions. Besides IST, it involves with CINAR Ltd (UK), Universidade de Roma La Sapienza - CIRPS (Italy), ITC - Instituto Tecnológico de Canária (Spain), WBP (German), TNO (The Netherlands), COGEN Europe (Belgium), AGRHYMET Regional Centre (Niger), representing the CILSS Countries - Mauritânia, Mali, Senegal, Gâmbia, Cabo Verde, Guiné Bisau, Burkina Faso, Niger e Chad - CEEAZ (Zâmbia), CSIR (South Africa), UEM -Universidade Eduardo Mondlane - CEISA (Mozambique) and EECG (Botswana).

The objective of the Project is to create an appropriate framework for CDM project implementation and facilitate CDM related investments in the Sahel region (meaning the Sahara desert boundary) and the SADC (Southern Africa) regions. To accomplish this goal, the project tackles the Kyoto Protocol issues as a general frame to implement its specific objectives. These objectives include the proper use of the Clean Developing Mechanism (CDM) as a contribution towards sustainable development in Africa. This continent has an enormous natural resource potential, including energy resources, but also has the lowest development indicators in the world, presenting the greatest diversity of resources and facing crucial development problems at all levels.

The actions carried within the developed work intend to contribute to creating the most appropriate framework enabling CDM activities in Sub-Saharan Africa, identifying barriers to CDM investments, supporting actions to create endogenous capacity to overcome the barriers, and to minimise future emissions on the current scenarios by promoting the transfer of efficient and environment-friendly technology.

In addition to developing a plan of action to overcome the identified barriers, an Atlas of CDM Projects for the region, and a portfolio of potentials projects is foreseen. In the scope of exploring these potential projects in the sub-Saharan countries, feasibility studies for the three most promising projects will be carried out, as well as a list of potential CDM Projects for the target region, along with the identification of financial mechanisms to support the projects.

The Seminar was developed with the collaboration of the local partner from Mozambique, CEISA (Center for Studies in Industrial, Safety and Environment Issues - UEM), and was open by the Vice Minister of Environmental Action Coordination from Mozambique, Mr Francisco Mabjaia. Also present in the opening session were the Scientific Director of UEM - University Eduardo Mondlane, Prof. Orlando Quelambo, and the Director of the Engineering Department, Prof. Gabriel Amós. Besides the representatives of the 12 members institutions of the Consortium, representatives of the European Commission, French Cooperation and from the GTZ in Mozambique were present, as well as members of public institutions related to the environmental sector, private companies, consultant, researchers, professors and students from the Mozambique universities and members of local Non Governmental Organizations. The seminar also counted with participants from other countries besides Mozambique, such as Canada, South Africa, and Tunisia (African Development Bank - PSDU).

The event was one of first on the Climate Change issue that took place in Africa after the positive signs given by the Russian Government with regard to ratification of the Kyoto Protocol. The event had an extensive cover by the local media (Mozambique's TV and Radio), as well as many on-line publications as electronic newsletters focused on the Climate Change subject and the Kyoto Protocol.

In the present phase of the project, the objective is to take 3 specific cases to feasibility studies in a process to tackle the learning curve on the most replicable and representative CDM projects for the region. From the information gathered the study has narrowed down the various options to the following cases: crop residue briquette production, landfill gas management to produce electricity, cogeneration in sugar cane mill, replacement of diesel generators with grid extension, use of improved efficiency kilns for charcoal production, biogas production from anaerobic digestion from sewage and from abattoir waste, and bio-diesel substituting diesel projects.

More information on the project and the presentations and proceedings of the event can be found on the web page of the Project: http://www.rgesd-sustcomm.org/CDM_AFRICA/CDM_AFRICA.htm. The Organization team welcomes expressions of interest from project developers and companies interested in executing studies in the above mentioned areas in continuing such projects and also for future project development purposes.

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First African wind energy investors' workshop held in Tunis

The Private Sector Department and the FINESSE unit within PSDU of the Bank organized an International Seminar on the Deployment of Wind Energy in Africa. The event took place on 28-29 October 2004 at Hotel Africa in Tunis, Tunisia.

This workshop is part of the action plan stemming from the strategic study of "Deployment of Wind Energy in Africa" carried out by the Private Sector Department (OPSD) of the African Development Bank (ADB) together with the consulting firm "Helimax Energy" of Canada and with the funding of the Canadian International Development Agency (CIDA).

This seminar provided the opportunity to:

- Present and discuss the results, conclusions and recommendations of the strategic study
- Present examples of successes in wind power projects which are of interest for Africa
- Mobilize governments and donors, as well private sector operators involved in the conceptualisation, design, financing and implementation of wind energy projects in Africa.

For this event, representatives from the eight countries selected according to the results of the study (Tunisia, Morocco, South Africa, Mauritania, Cap Verde, Madagascar, Eritrea, Mauritius) having particularly good potential for the development of wind energy were invited to attend.

The participants from the selected eight countries participated in two working groups to discuss issues pertaining to policy frameworks, institutional capacity and human resources availability in order to accelerate the development of wind energy. Discussions from this seminar are expected to facilitate the development of a pipeline of investment projects in wind energy in urban and rural areas. Therefore, the two working groups represented of the eight selected countries presented at the final session their recommendation and action plans for the promotion of wind energy in their respective countries.

Technical aspects recommendations by the working group:

Phase A.:

- Increase the awareness within the governments of the selected countries to support and accelerate the development of wind energy
- Adapt and implement the proposed action plans and recommendations of the wind study in the eight selected countries
- Identification of large and small scale projects
- Development of projects in collaboration with financial, governmental, private institutions
- Capacity building of human resources in the field of energy and environment

Phase B.: Project Preparation

- Identification of sites that are potentially suitable for establishment of wind parks
- Installation of wind measurement equipment
- Elaboration of wind resource maps for every country
- Study the possibilities of integration the wind energy to the national grid (grid connected wind turbines)
- Carry out feasibility studies (technical, economic, institutional and environmental.....)
- Creation of technological centers in each country, for the development of wind energy
- Development of technical collaborations between the eight selected countries (meeting having the purpose of experience exchange, technology transfer, capacity building sessions, and follow up seminars in order to disseminate the knowledge and experience in the field of wind energy, etc..)
- Creation and application of standardisation and certification systems

Financial aspects recommendations by the working group:

Being given the disparity between the African countries as regards their potentiality and their will to develop their wind energy resources, the seminar (Financial aspects group) recommends to the African Development Bank to:

- Give all its attention to all the projects developed at? the level of the countries independently of the countries selected in the study and to collaborate with other financial partners, so these proposed projects can be further developed and implemented
- Finance studies for the evaluation of the wind potential in each selected country, including the preparation of the technico-economic feasibility studies,
- Finance the wind projects for the development of other technical fields, such as, desalination of seawater using the dump load the wind park (in isolated cases), conservation of the products, etc.
- Prepare and adapt a legal framework to support the promotion of application of renewable energies, of which wind power
- Make obligations in the national and regional policy so that a certain percentage in electric power comes from renewable resources, especially wind power
- Find a financial means to ensure a minimum of installed working wind power capacity in the

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means of short term (2010) and long term (2020)

- Implement and adapt a financing mechanism taking in account the specific characteristics of renewable energies technologies for the development of the rural electrification and the reduction of poverty
- Encourage the private sector to invest in the manufacture and the maintenance of the wind power systems
- Continue to put efforts to access the various existing financings on behalf of the international financial institutions

It was also recommended that the ADB takes into account the low level of engagement of the private sector at the majority of the African countries. In this respect, it is necessary that the private sector of the Bank wid-

ens its interventions with the mixed projects (Public-Private-Partnership - PPP). In addition the ADB should continue its efforts of potential evaluation of wind power potential to allow the installation of a complete wind observatory in Africa. Further, the working group recommended that the ADB shall be able to grant subsidies to the selected African countries to develop their wind power potential

The recommendations by the working groups will be taken in consideration as a follow-up to the conference. Within its institutional mandate of promoting private sector development in member countries, the African Development Bank will consider supporting specific investment initiatives stemming from the results of the seminar. This is to mainstream sustainable energy projects in the Bank's lending portfolio.

OECD Forum on Sustainable Development and Climate Change

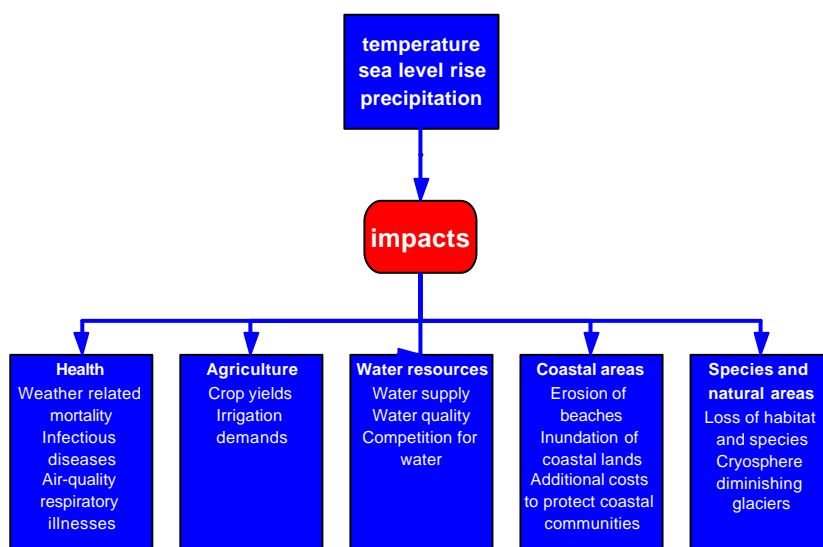
On the 11th and 12th of December, the Organisation for Economic Co-operation and Development (OECD) organized a forum on Sustainable Development: Development and Climate Change. FINESSE staff member Wim Klunne represented the ADB during this forum.

The aim of the Global Forum on Sustainable Development: Development and Climate Change was to bring representatives from OECD and non-OECD country governments together with members of the research community and non governmental organisations, to discuss key issues relating to mainstreaming responses to climate change into economic development planning policies. A primary focus will be on mainstreaming adaptation to climate change within developing countries, within donor portfolios on development assistance, and within OECD domestic contexts. The Forum facilitated a constructive dialogue among various experts and stakeholders and provided insights of relevance for the development assistance community, and national and regional planners in both OECD and non-OECD countries.

While discussing the impacts of Climate Change, the first attention has been on mitigation, reducing the amount of Green House Gases that we emit. Traditional renewable energy projects are typical examples of these. However, more and more evidence does become available that with mitigation only we will not be able to reduce the amount of GHG in our atmosphere to such a level that no climate change effects will be felt. Hence, we need to adapt to the changing situation. Unfortunately, as the IPCC (International Panel on Climate Change) highlighted in their report: "The impacts of climate change will fall disproportionate upon developing countries and the poor persons

within all countries, and thereby exacerbate inequities in health status and access to adequate food, clean water and other resources".

The Forum in Paris was attended by over 100 delegates, representing 38 countries, the EU, 10 multilateral organisations and 19 research institutes. In the two days best practices from all over the world were discussed and action plans developed to get adaptation the needed attention. Presentations on best practices highlighted the impact of glacier melting, rising sea level and increased extreme weather conditions. The projects presented focused on integrated approaches towards sustainable agriculture, rural development and infrastructure development and which tools could be used to integrate the effects of climate change. Up till recently, adaptation has not been given the attention it deserves to get, but with for example World Bank director Wolfensohn mentioning the link between climate change and sustainable development



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in his annual speech and the focus on adaptation in the forthcoming COP10 in December, forces get to be joined to address the issue.

In light of the FINESSE program and our increased attention on the global developments in relation to climate change, the Forum opened the opportunity to learn from other institutions efforts and lessons learned in the field of adaptation and gave ample opportunity to explore future collaboration. Due to the

clear link between climate change and sustainable development (and thus poverty reduction), mitigation and adaptation needs to get increased attention in the operations of the African Development Bank. The FINESSE team will use the results from the Forum in the further development of the ADB's response to the effects of climate change.

For more information on the OECD forum, please contact the FINESSE team at finesse@afdb.org.

Energy events

ERMADA 2004

Renewable Energy for Madagascar

6 - 9 December 2004

Toliara, Madagascar

Organiser: Deutsch-Madagassische Gesellschaft e.V.

contact: Edith Ratombotiana

E-mail: e.ratombotiana@ombiasy.com

internet: <http://www.ombiasy.com/>

Renewable Energies Development Conference

London, U.K.

31st January - 1st February 2005

"Showcasing Private Sector Initiatives, Projects and Technologies for Commonwealth Governments"

<http://www.cbcbglobeink.org/cbcbglobeink/events/RENEC04/register.htm>

World Conference Energy for Development

11-14 December 2004

The conference is a follow-up to the World Summit on Sustainable Development, held in Johannesburg in 2002, where energy was high on the agenda. Energy is regarded as essential for achieving the Millennium Development Goals, aimed at combating worldwide poverty.

The Energy for Development conference is to be held in Noordwijk aan Zee (the Netherlands) from 12 to 14 December. It is being organised by the Dutch government in cooperation with the World Bank, the UNDP, and the World Business Council for Sustainable Development.

<http://www.energyfordevelopment.org/>

Energy News

Extra \$200 Billion Power Investment Needed To Ease Poverty: IEA

Poor access to energy efficient fuels and electricity will keep billions of people locked in a cycle of poverty unless rich nations step in, the International Energy Agency (IEA) said in its annual World Energy Outlook released on Tuesday, Dow Jones reports. About one-third of the world still won't have access to electricity in 2030 and the UN's Millennium Development Goal of halving the proportion of poor living on less than \$1 a day by 2015 won't be met unless an extra \$200 billion is invested, the IEA said in the report. By 2030 most of Africa and South Asia will still lag far behind the levels of energy use and access industrialized nations reached three decades ago. About 2.6 billion people will rely on inefficient wood and other primitive biomass for heating and cooking. However, the number of people without electricity will fall from 1.6 billion to 1.4 billion.

Côte d'Ivoire: Après l'augmentation du prix du carburant la Sotra modifie ses tarifs

Les effets en cascade de la dernière augmentation du prix du carburant à la pompe n'en finissent pas. La Sotra se met aussi dans la danse... Prix des tickets
La Société des transports abidjanais (SOTRA) va certainement emboîter le pas aux transports privés qui, depuis une semaine, ont relevé leurs tarifs, suite à l'augmentation du prix du carburant. A compter du 1er novembre prochain, les titres de voyage pourraient passer de 400 F à 500 F sur les lignes Express. Sur les lignes ordinaires, une "uniformisation" des tarifs est envisagée: 300 F au lieu de 160 F ou 210F. Les travailleurs se réunissent en assemblée générale vendredi prochain au Centre de formation à Yopougon pour entériner ces décisions issues d'une pré-assemblée tenue samedi dernier au siège de l'entreprise à Vridi. Une fois

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n'est pas coutume, ce sont les travailleurs (et non la direction), en effet, qui se battent pour ce réajustement tarifaire. L'enjeu est de taille, a fait savoir M. Tahou Julien, délégué du personnel, samedi dernier au cours d'un point de presse en prélude à une pré-assemblée générale au siège de la société à Vridi. Il était entouré des leaders de tous les syndicats représentatifs de l'entreprise: Pascal Kouamé Camara du Synarso, Koné Mory du Syntras, N'dri Kouakou Bernard du Syntras et Dibo Ba du Sylatu. Il s'agit, dira-t-il avec emphase, de sauver une entreprise dont "la situation déjà bien difficile s'est aggravée avec l'augmentation du prix du baril de pétrole qui a automatiquement changé les règles du jeu". Si la direction, partage avec l'Etat le souci d'éviter de créer des troubles sociaux, ne peut pas toujours adapter ses prestations aux réalités économiques, il appartient aux 4.600 travailleurs de prendre l'initiative au regard du péril qui plane sur l'entreprise et sur leurs emplois. Ce d'autant plus que, soulignera-t-il, "la Sotra ne bénéficie pas toujours de ce que l'Etat doit lui reverser pour combler son manque à gagner."

<http://fr.allafrica.com/stories/200410260038.html>

Sénégal/Efficacité énergétique: de nouvelles opportunités pour les industriels

Réduire les coûts de production tout en protégeant le climat. C'est sans doute le rêve de beaucoup d'industriels. Au Sénégal, les Pays-Bas offrent, en plus les moyens de financer les investissements nécessaires à la réalisation de cet objectif, à travers un Fonds adossé au Mécanisme de développement propre.

La consommation énergétique et la maîtrise des émissions

de gaz à effet de serre constituent une préoccupation du secteur industriel sénégalais, au regard de l'évolution du contexte énergétique international. Sous ce rapport, le Mécanisme de développement propre (MDP) constitue une opportunité pour les entreprises industrielles du Sénégal qui veulent améliorer le processus de production et de diminuer les coûts et pour l'entreprise et pour le climat. Mieux, les professionnels qui évoluent dans ce secteur ont intérêt à élaborer des projets MDP en vue de bénéficier des financements disponibles.

Le Syndicat professionnel des industries et des mines du Sénégal (Spids) vient d'organiser un atelier sur "l'efficacité énergétique et le Mécanisme de développement propre". En effet, les Pays Bas ont créé un fonds MDP d'environ 300 millions d'euros (198 milliards de francs CFA environ) pour pouvoir acheter les crédits de carbone.

<http://fr.allafrica.com/stories/200411230684.html>

Angola slashes oil subsidies

Luanda - The price of fuel and other products derived from oil rose an average of 70 percent this week as the Angolan government chopped subsidies.

The cost of a litre of petrol had risen to 34 Angolan kwanzas (around R2.37) from 20 kwanzas, while diesel had gone up to 25 kwanzas from 14 kwanzas, a Reuters survey of fuel stations in the capital Luanda showed. Angolan newspapers said: "The price increases reflect the government's decision to gradually eliminate subsidies."

Keen to avoid the strikes and civil unrest which have plagued Nigeria, Angola has adopted a gradual approach.

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Tunis

More information finesse@afdb.org

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