

ACP-EU Energy Facility: Energising the ACP Countries, 4th November Brussels

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10th EDF ENERGY FACILITY Pooling Mechanism

EuropeAid, European Commission, Water and Energy Facility



ACP-EU Energy Facility Pooling Mechanism

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- Background
- Objectives
- Characteristics
- Submission of Project Proposals
- Types of Operations and Contractual Tools
- Financing Modalities (indicative)
- Operating Modalities

Pooling Mechanism: Background

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- Available grant financing is not sufficient to meet the needs of energy investments in ACP countries. It is necessary to attract private investments and other financing instruments
- Private sector investment hampered by the regulatory framework, scarcity and cost of the available financial resources (especially for renewable energy solutions requiring high upfront costs)
- First EF results reveal a limited amount of private sector direct investment and loans on EF projects (only 9.5% of the total cost of the projects where the private sector is involved)

Pooling Mechanism: Objectives

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- To propose a flexible financing tool for medium-size investment projects for access to energy in ACP rural and peri-urban areas
- To encourage private sector investments in energy sector in rural and peri-urban areas in ACP states
- To better coordinate at EU level available resources and expertises
- To maximise the impact of the Energy Facility grants through blending its grants with loans

Pooling Mechanism: Characteristics

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- Amount foreseen from the Energy Facility: €40 million
- Geographical scope: rural and peri-urban areas of ACP States

Actions financed:

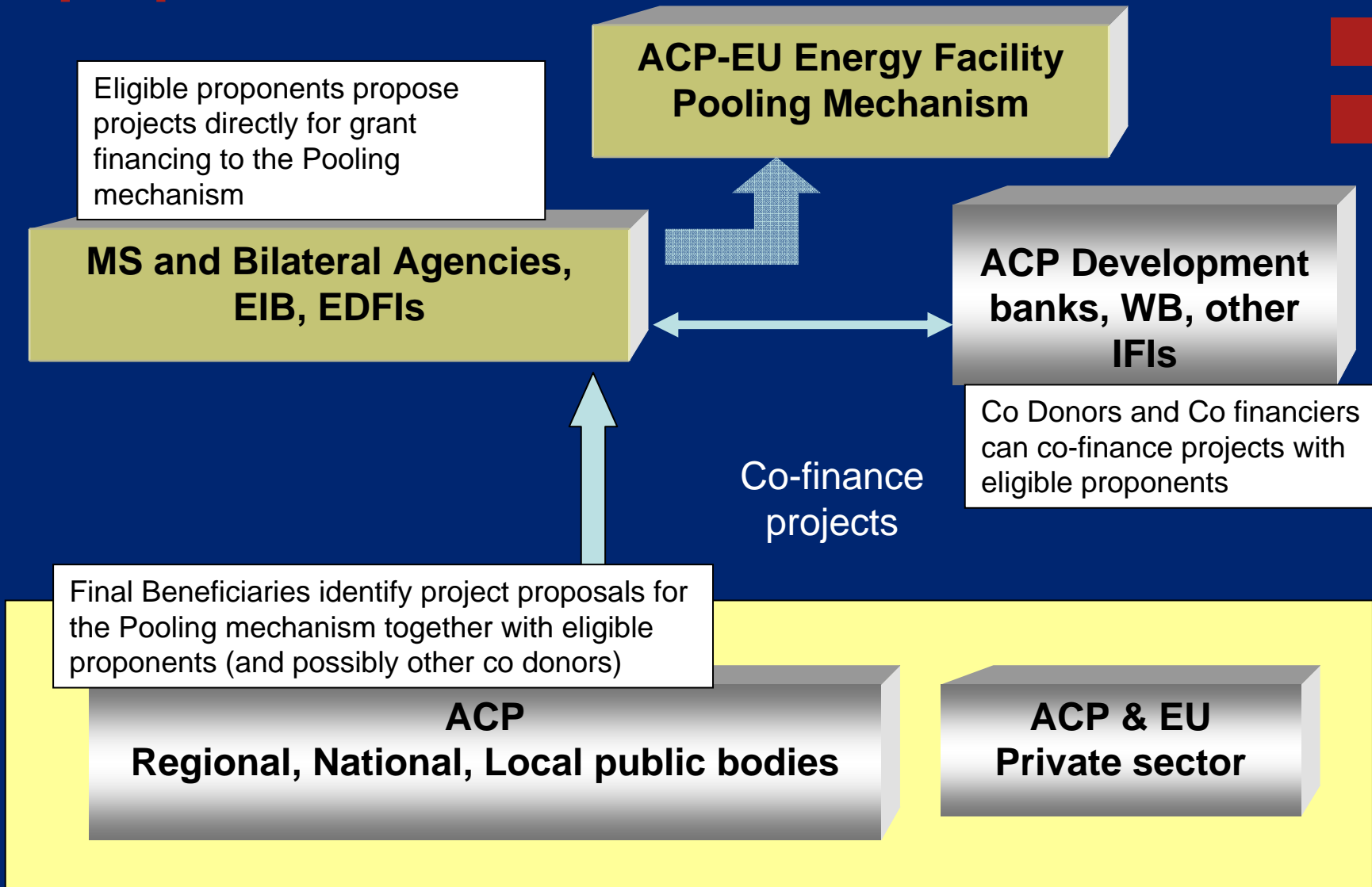
1. Infrastructure projects for access to energy in line with the principal objectives of the Energy Facility (within the range of approximately €10-50 million)
2. Governance, capacity building actions and advanced project preparatory studies

Eligible applicants:

- EIB, Member States, their official Development Cooperation Agencies and Development Financing Institutions

Pooling Mechanism: Submission of project proposals

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Pooling Mechanism: Types of Operations and Contractual Tools

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Types of Operations:

- Grants for direct investment (for projects initial investment costs)
- Interest rate subsidies (to enable the lenders to make long-term loan finance available at reduced interest rates)
- Technical assistance to finance advanced project preparatory studies as well as governance and capacity building activities when linked to a foreseen investment

Contractual Tools:

- To facilitate management, a range of flexible contractual instruments will be used to delegate the management of EC funds to the extent possible to the entity best placed for that

Pooling Mechanism: Financing Modalities (indicative)

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Action Type	EC Grant		
	Minimum	Maximum	%
1. Investments projects access to energy services (including related capacity building)	€1 million	€5 million	Average 10-15% with a maximum of 25%
2. Advanced preparatory studies	-	€1 million	-

Pooling Mechanism: Operating Modalities

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Consultation

Funding
decision

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- Exchange of information and Coordination among EU donors on the Pooling mechanism
- Leading Financiers present and discuss their proposals initially in the form of a concept paper for discussion

Step 1: Project
proposal

Project Approval: AIDCO

Project Evaluation Committee
AIDCO, other relevant DGs (DEV, TREN, ENV, etc), and ACP Secretariat

Step 2:
Project
submission

Leading Financier (from eligible proponent institutions)

- Prepares proposal for submission to the Pooling mechanism in accordance with pre established guidelines
- Coordinates with other interested co-financiers
- Submits project proposal to the Pooling mechanism

Thank you for your attention!

For more information please contact:

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