

»» Promotion of Renewable Energy in Ghana Perspectives of KfW Development Bank

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Ghana Renewable Energy Fair

4th WACEE Conference & Exhibition

Accra International Conference Center

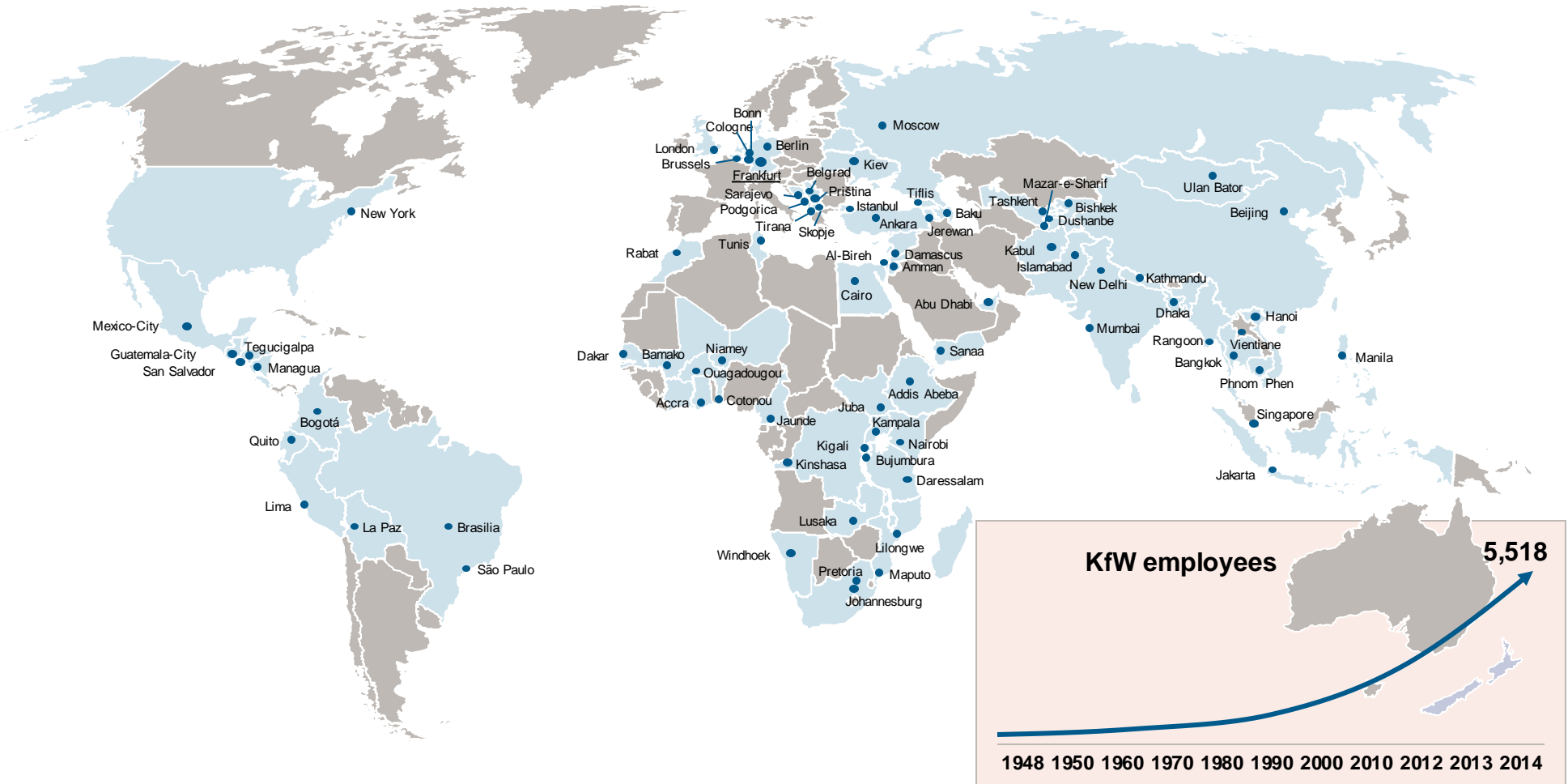
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The KfW logo is displayed in a bold, blue, sans-serif font. The letters 'K', 'F', and 'W' are connected, with the 'F' having a distinctive shape. The logo is positioned in the bottom right corner of the slide.

»» Worldwide presence

about 80 representative offices



»» 65 years of KfW

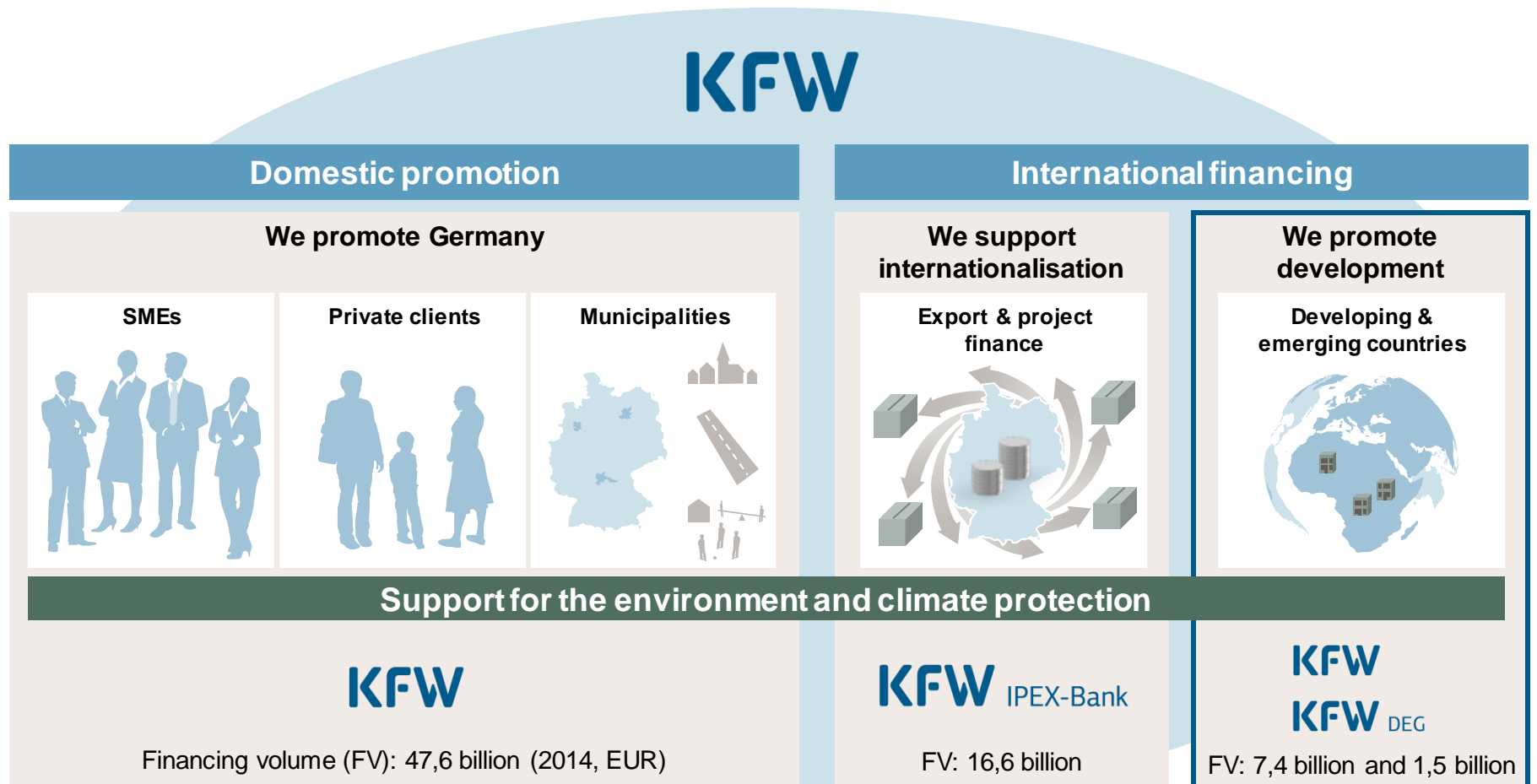
Financing with a public mission



- › Promotional bank of the Federal Republic of Germany
- › Established in 1948 as Kreditanstalt für Wiederaufbau
- › Shareholders: 80% Federal Republic, 20% federal states
- › Headquarters: Frankfurt am Main
Branches: Berlin, Bonn and Cologne
- › Representative offices: 80 offices and representations worldwide
- › Balance sheet total 2014: EUR 489.1 billion
- › Financing volume 2014: EUR 74.1 billion
- › 5,518 employees (2015) ¹
- › Best long-term rating: AAA/Aaa/AAA

¹ The average number of employees including temporary staff but without members of the Executive Board and trainees

»» KfW Development Bank as part of the KfW Group



»» Promoting development at the KfW Group

KfW
Financial
Cooperation



KfW DEG
Entrepreneurial
Cooperation

Governments and public companies	Partners/clients	Private enterprises
Fiduciary funds (German federal budget) and own funds (capital market)	Funds	Mainly own funds
Grants and loans, as well as advisory services for project preparation and support	Instruments	Participations and loans as well as advisory services
EUR 7,4 billion	Volume of commitments 2014	EUR 1,47 billion

»» The problem: Energy crisis and its response strategies

- › Lack of generation capacity is not the only key challenge, the other being the structural lack of sector funding leading to low financial strength of the national utilities
- › Better use of the electricity already produced by reducing technical losses and enhance energy efficiency
- › This can be approached at supply level (utilities) and at demand level (users/consumers)
- › Renewables are part of the solution!
- › The private sector is part of the solution but a strong public sector role is key!



»» KfW's expertise to promote renewables (I): Supply side approaches

- › Co-financing hydro power plants
- › Co-financing solar (photovoltaic) power plants
- › RE mini grids
- › Get fit approach: bring in the private sector



»» Project example: photovoltaic power plant in the Upper West region

- › 12 MW solar power plant with high demonstration effect
- › Project location: The project will cover two sites at Kaleo and Lawra
- › Project finance volume: 22.8 million EUR
- › Implementing agency: Volta River Authority (VRA)
- › Status: Negotiation of project agreements currently ongoing with Ghanaian partners
- › Timeline: EPC tender expected to be launched in Q1 of 2016 with construction projected to commence in Q3 of same year



»» KfW's expertise to promote renewables (II): demand side approaches

- › Green finance: energy efficiency and renewable energies
- › “Green credit lines” through financial sector
- › Net metered solar PV systems (supply side approach?)



»» (Huge) Potential for “green finance”

- › Freezing capacities of shop owners, farmers, restaurants
- › (uninterrupted) cold chain in health posts and/or hospitals
- › Food processors, bakeries
- › Residential sector: e.g. solar water pumps



»» Potential project approach: green credit line

- › Channeling funds to financial institutions for on-lending to SMEs and households
- › Partnering with a public sector financial institution or a fund structure
- › TA grant for product design, marketing campaigns and loan officer training
- › Main Impact:
 - › establishment of a bankable product for which there is a high demand in Ghana
 - › measurable CO2 reductions
- › tentative volume: 10-40 million EUR, easily scalable upon proven demand

»» Potential project approach: GET Fit

- › Rationale: bringing in the private sector
- › Potential: feed in tariffs already in place
- › But private sector needs comfort to mitigate off-taker risk
- › KfW could finance on grid-connection from private sector built/operated power plants (both transmission and distribution)
- › Good experience from Uganda, pre-feasibility carried out in Ghana this year



»» Challenges

- › Not much experiences form pilots yet
- › Financial strengths of utility, high oftaker risk
- › Tap the potential for loss reduction and enhancing energy efficiency
- › Cost of delivery per kWh, but decreasing over time
- › Develop good green financial products that bankers understand and with which banks can make money (= sustainability issue) → get bankers on board



»» Final messages

- › Cost of renewables kwh will not be higher than kwh from traditional energy sources in the foreseeable future
- › Huge potential to be tapped, this is a critical time to move forward
- › Don't neglect the demand side needs (= much more than just more kwhs): how to save energy = money
- › Bringing the private sector in truly means PPP, strong public sector role required (here sound framework conditions are key)
- › Involving the private sector includes financial institutions
- › KfW has a lot of expertise both from supply and demand side approaches!



»» THANK YOU FOR YOUR ATTENTION

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