

# ACP-EU Energy Facility

## Pooling Mechanism (€40M)

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## Definition/Objectives

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**Pooling mechanism:** blending financing instrument for medium-size investment projects (within approx. €10 - €50M) for **access to energy in ACP rural and peri-urban areas**

- To maximise the impact of the Energy Facility grants through blending its grants with loans
  - To encourage private sector investments in energy sector in rural and peri-urban areas in ACP states
  - To create a platform for coordination at EU level of available resources and expertises
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# Rationale

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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)

## Financial allocation provided by the EU

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- Overall indicative **amount** under the Pooling mechanism for the period 2009-2013: **€ 40 million**
  - **Deadline for submission** of an application to the Pooling mechanism: **31st December 2012**
  - Deadline for conclusion of contracts under the Pooling mechanism in compliance with the 10th EDF: 31st December 2013
  - Deadline for implementation period of the actions to be financed by the Pooling mechanism: 30th November 2017 (in compliance with the implementation period of the ACP-EU Energy Facility)
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# Eligible actions

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## 1) Investment projects

- Medium-size investment projects for increased access to modern, affordable and sustainable energy services. Priority to projects relying on renewable energy solutions and energy efficiency measures
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## 2) TA: Capacity Building Activities and Studies

- Capacity building activities when directly linked to a specific eligible investment project
  - Advanced project preparatory studies for potentially eligible projects
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# Selection criteria: Investment projects/TA

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## 1) Investment projects:

- Geographic and sector eligibility
- Development impact
- Local ownership and coherence with national strategies
- Leverage and grant justification
- Complementarity of operations
- Project feasibility and sustainability

## 2) Technical assistance activities:

- Technical assistance activities should always accompany measures ensuring the implementation of an eligible project and **not as stand-alone project.**
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# Eligible applicants

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- **Applicants eligible to submit proposals to the Pooling mechanism:** European Investment Bank (EIB); EU Member States national public-sector bodies or bodies governed by private law with a public-service mission in the field of development cooperation; official development cooperation agencies or ministries in charge of development aid, and the European Development Finance Institutions
  - **Eligible project promoters:** Entities of the ACP public and/or ACP and EU private sector
  - **Other co-donors and co-financiers:** ACP Development banks, other International Finance Institutions and commercial banks
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# Level of co-financing

## Level of co-financing

Action Type	Pooling mechanism grant		
	Minimum	Maximum	%
1. Investment projects for access to energy services (including related capacity building activities)	€ 1 million	€ 5 million	maximum of 25%
2. Advanced preparatory studies		€ 1 million	

# Types of financing operations

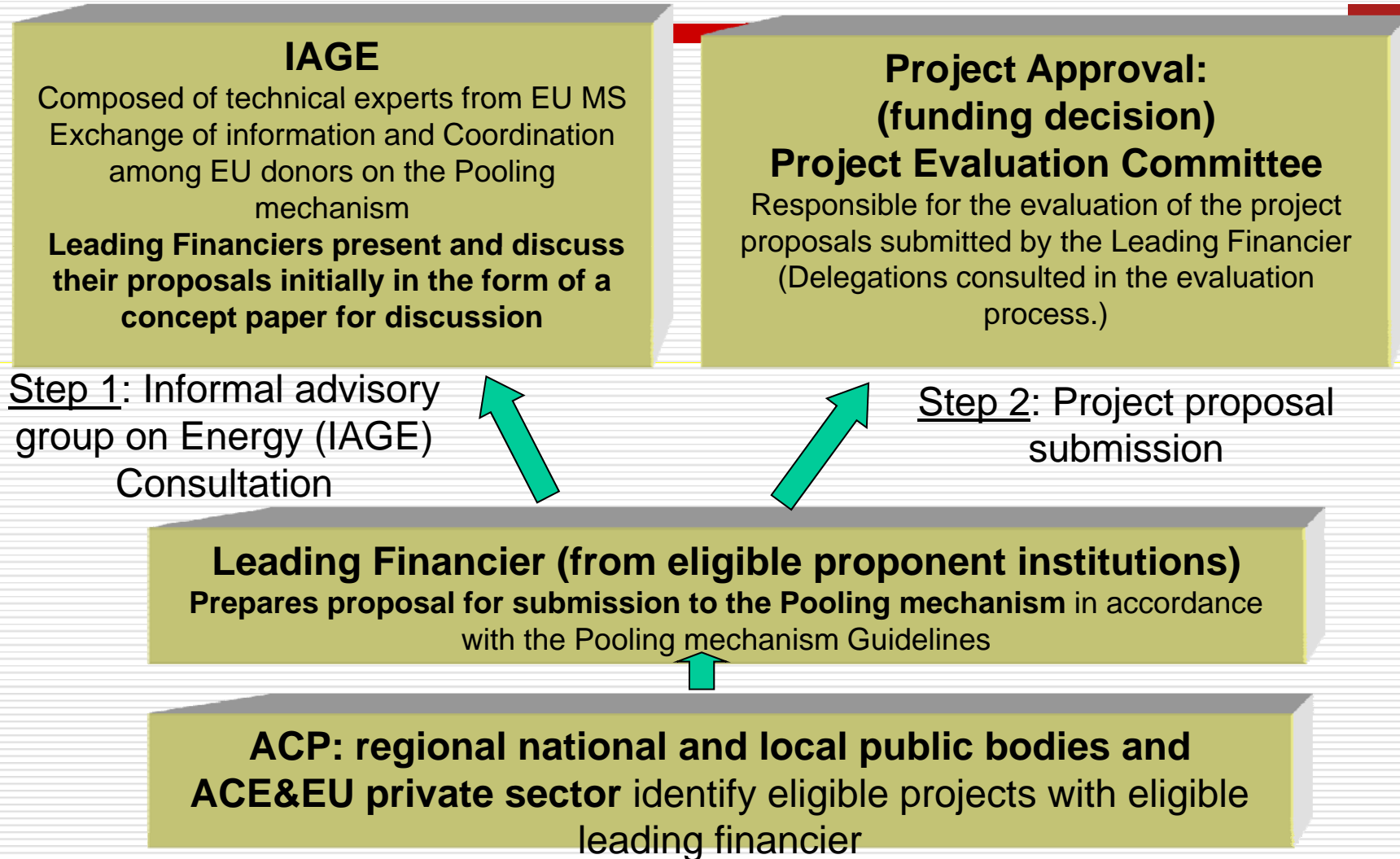
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## Types of financing operations

- **Grants** for direct investment to finance part of the projects initial investment cost
  - **Interest rate subsidies** to enable the lenders to:
    - Make long-term loan finance available at reduced interest rates
    - Finance credit lines for local private sector (including provision of guarantee schemes for financial intermediaries)
    - Finance packages of several projects in cooperation with Rural Electrification Agencies (funds)
  - **Technical assistance** to finance advanced project preparatory studies as well as governance and capacity building activities when linked to a foreseen investment
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# Application procedure for grant financing from the Pooling mechanism



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**Pooling mechanism guidelines available at:**

**<http://ec.europa.eu/europeaid/energy-facility>**

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**For more information please contact:**

**[Europeaid-energy-facility@ec.europa.eu](mailto:Europeaid-energy-facility@ec.europa.eu)**

**Thank you for your attention**

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