

Renewable energy financing in Africa

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✦ IFOK GmbH

✦ **Power Kick for Africa**

✦ Abuja, Nigeria, 30 June 2011

Company Profile – Sustainable energy consulting

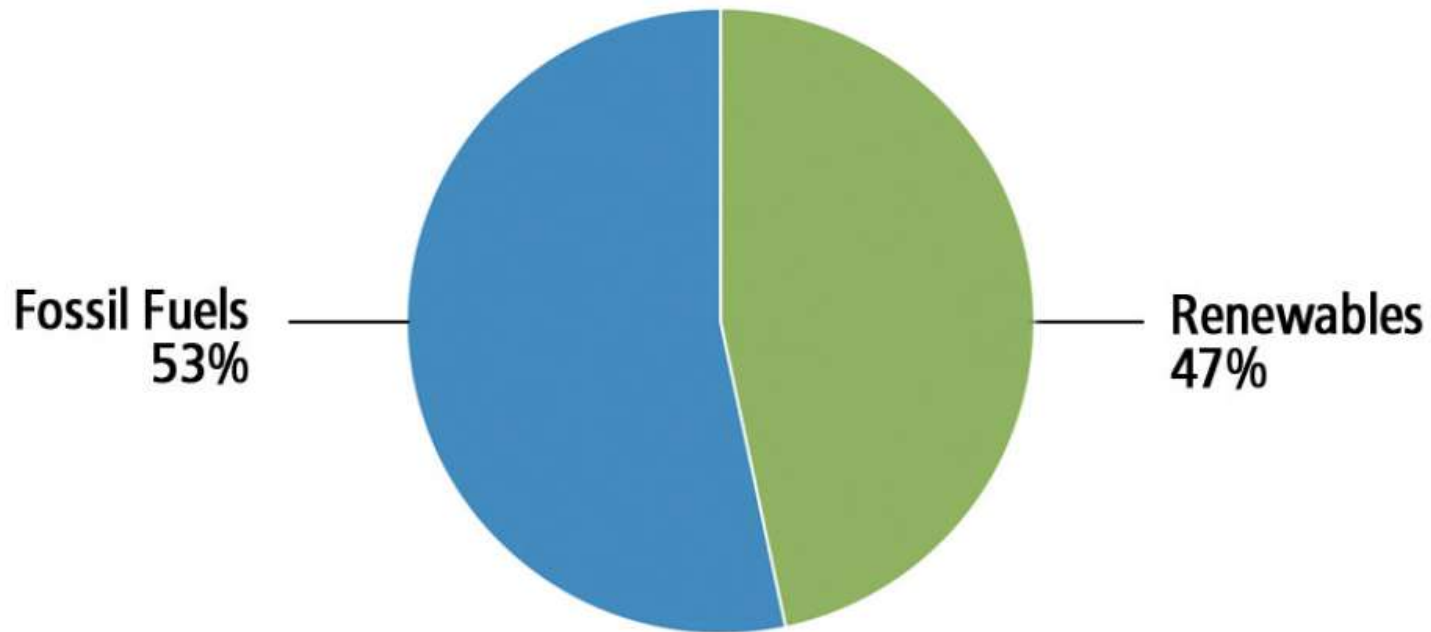
- ‡ Policy design and research
- ‡ Program development and implementation
- ‡ Consulting tools and methodologies
 - ‡ international best practice (50 countries)
 - ‡ rate setting models (Nigeria, Nova Scotia, etc.)
 - ‡ Computer simulation modeling (policy outcome)

‡ Clients:



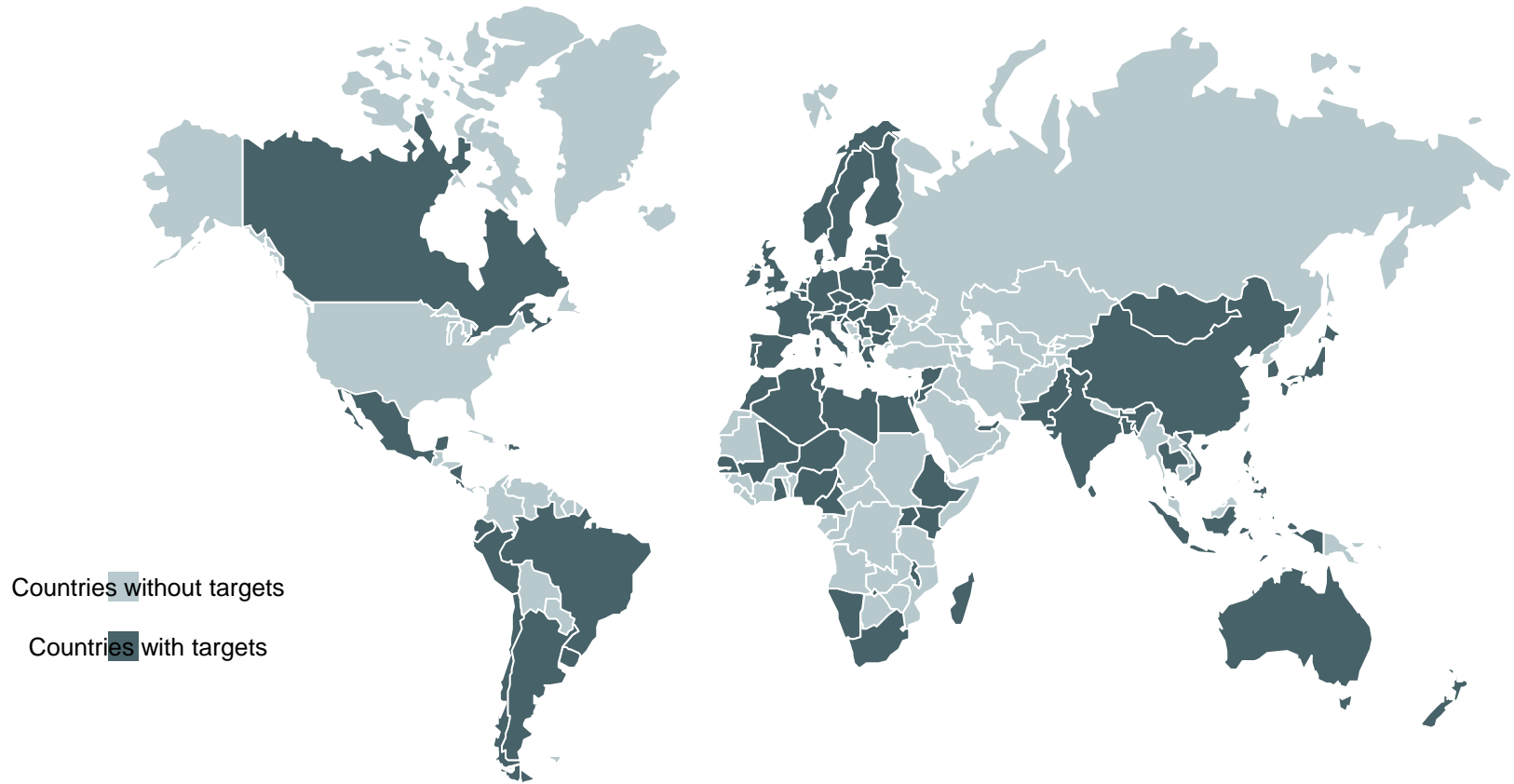
Investment in renewables

Figure 17. New Power Capacity Added Worldwide by Source, 2008–2009



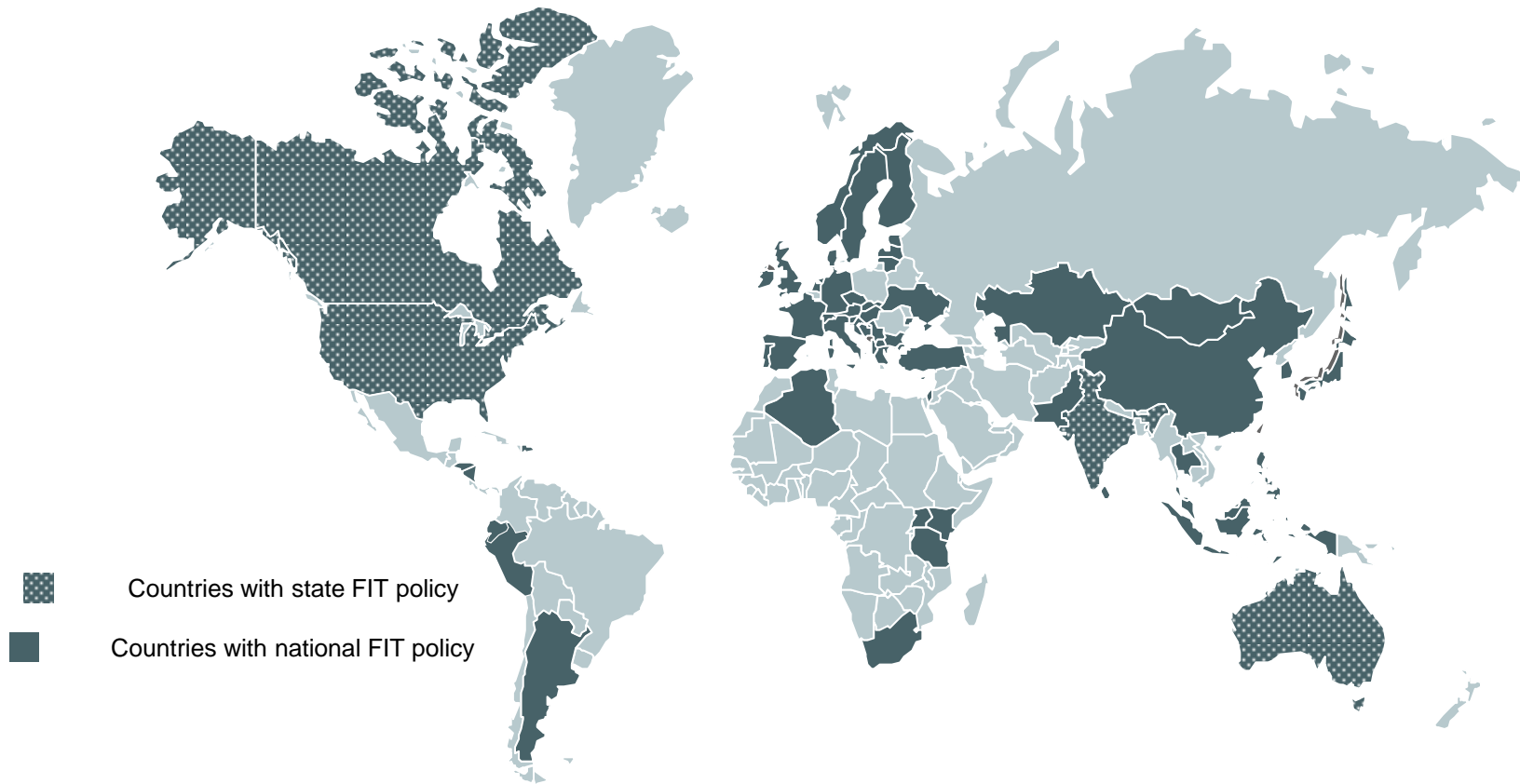
Source: REN21 2010

Countries with renewable energy targets



From 45 in 2005 to 85 in 2010

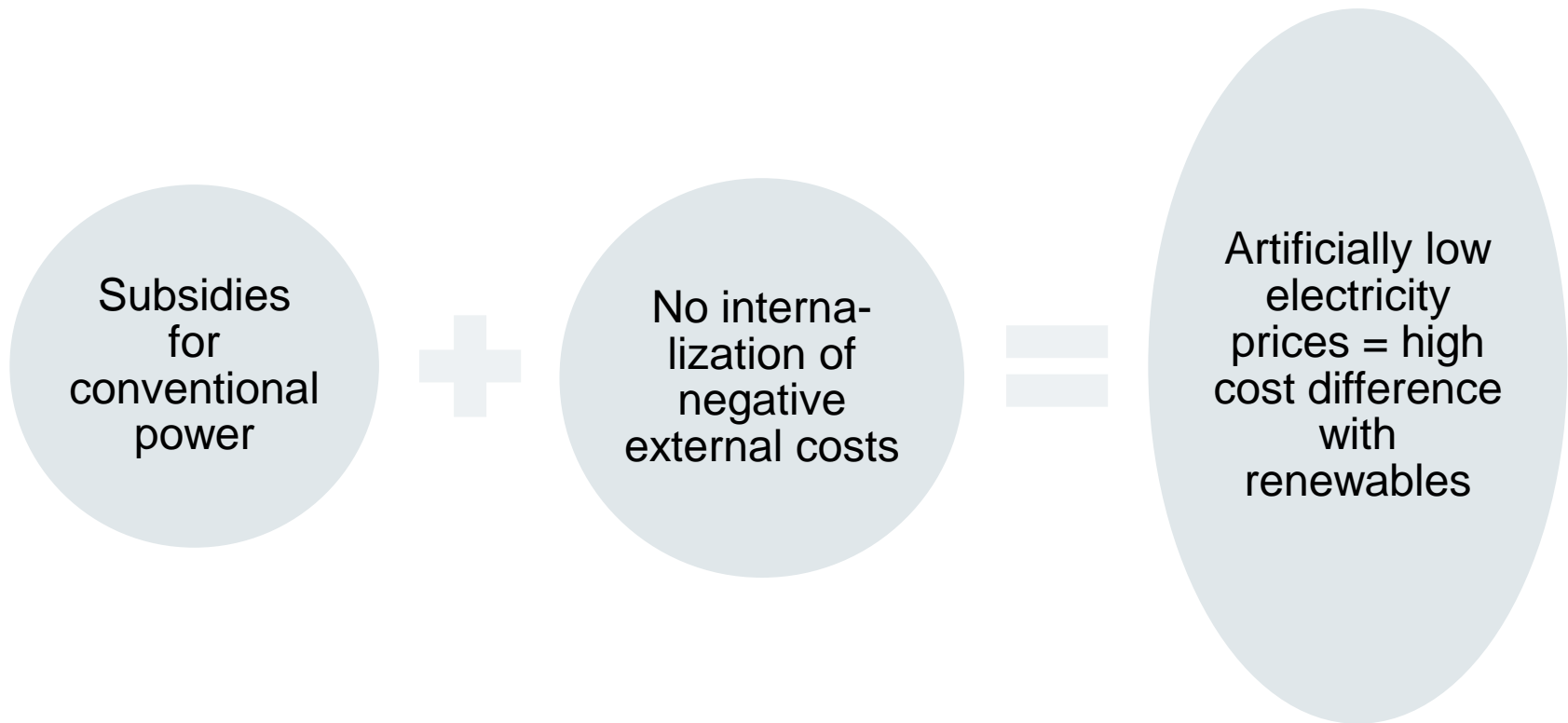
FIT Countries 2010



Source: REN21, Renewables 2010 Global Status Report

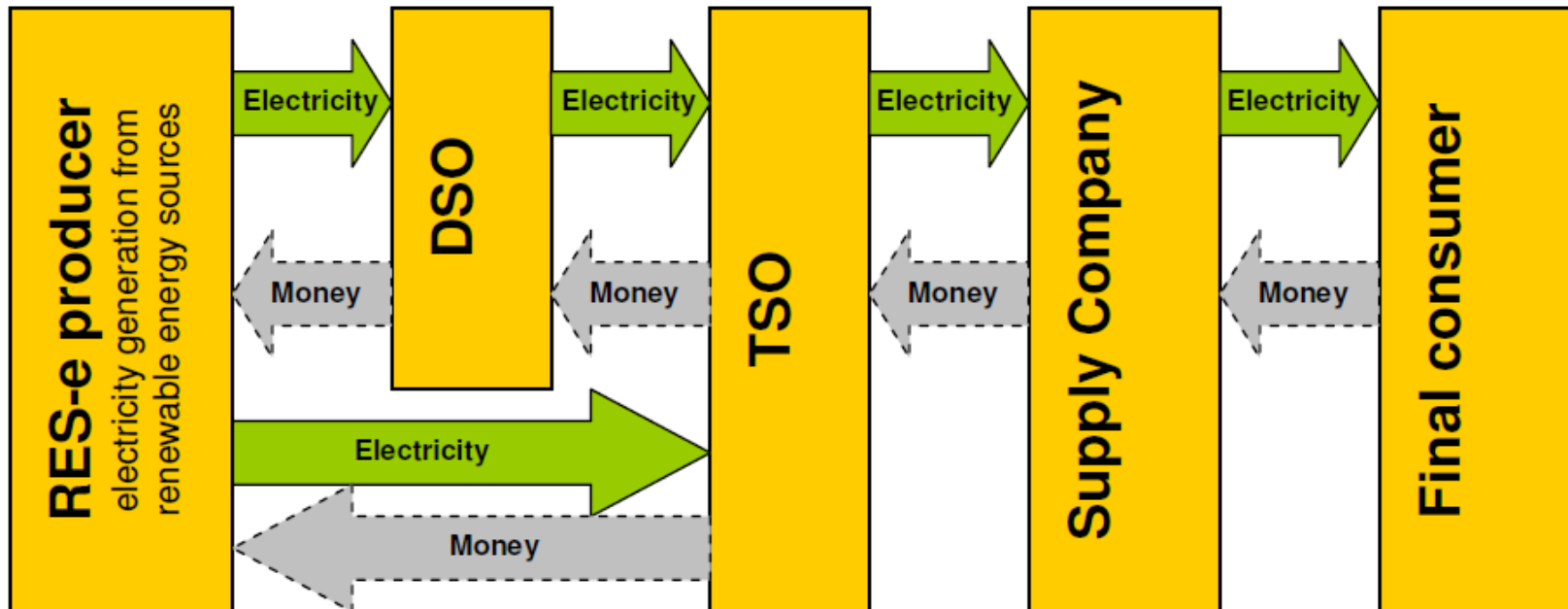
Differences in emerging economies and developing countries

- low electricity costs
- little acceptance of electricity price increases



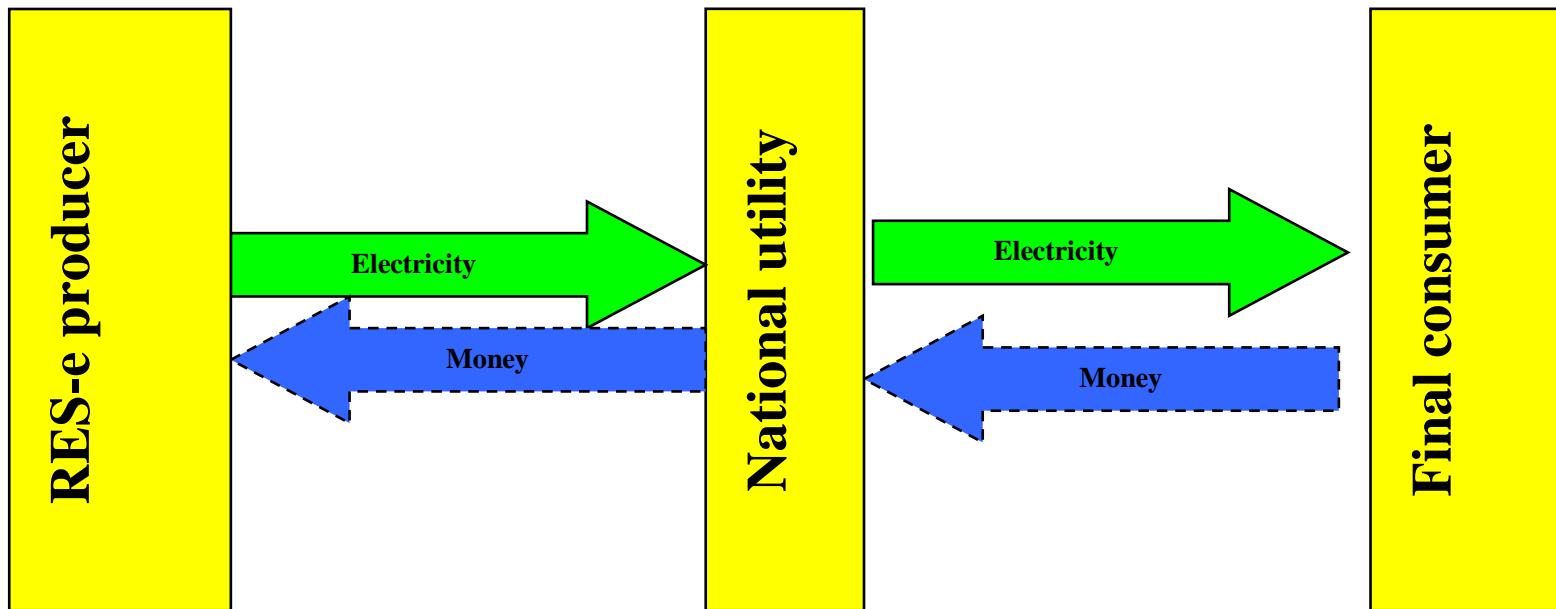
Financing mechanism

- ❖ Financing mechanism in liberalized electricity markets
- ❖ Financing through “burden sharing” between all electricity consumers



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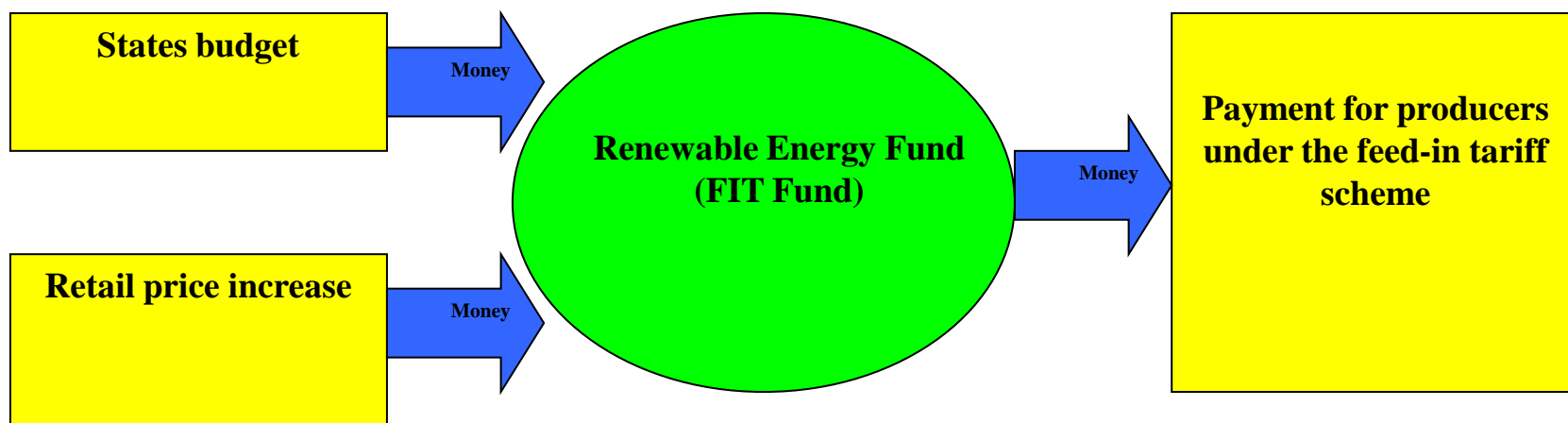


Source: Author based on Jacobs & Kiene 2009

Combined financing – retail price and FIT fund

- Increase the retail electricity price by a certain share
- Add additional financing to the national FIT fund

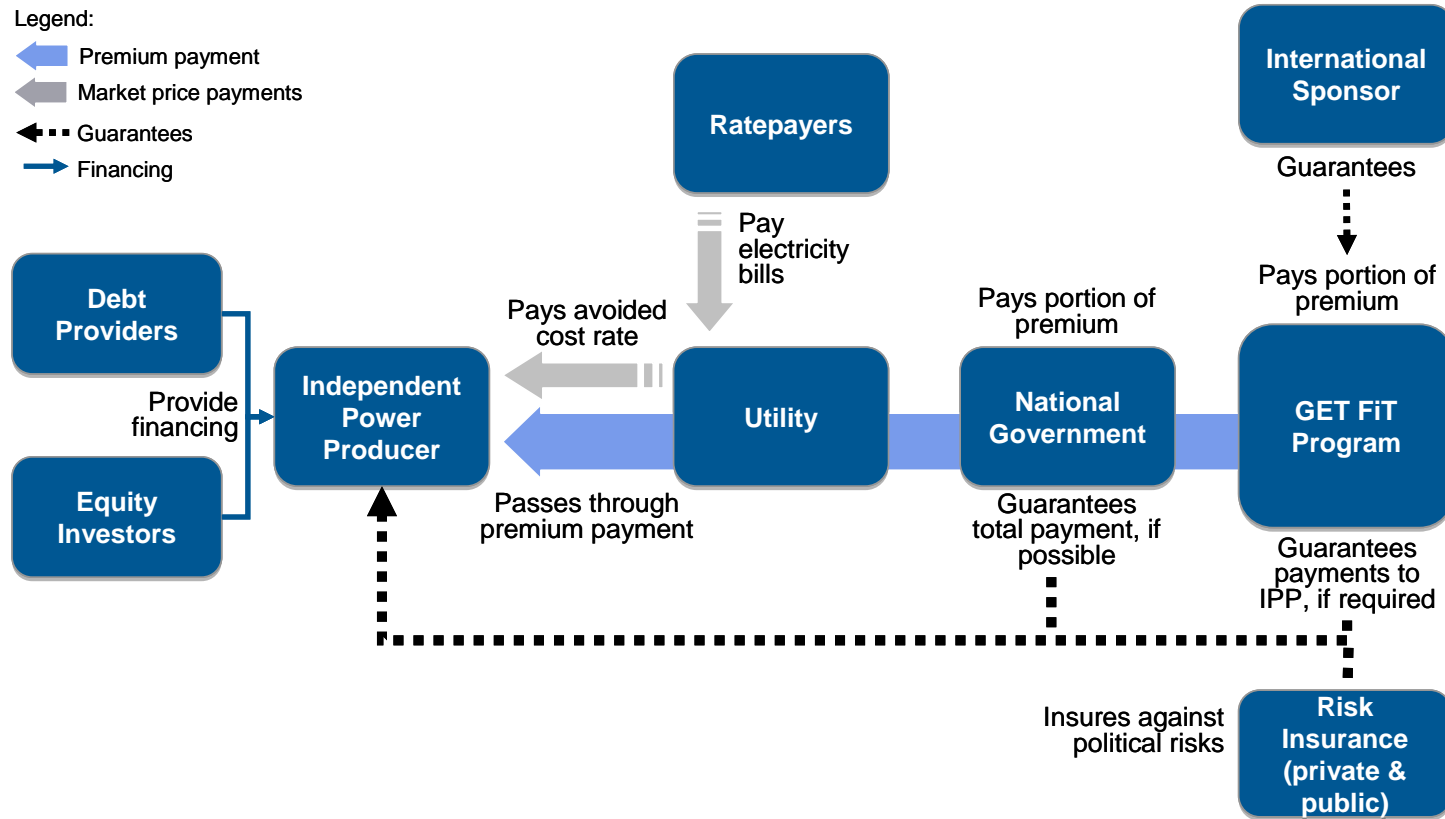
Source: Jacobs & Kiene 2009



Source: David Jacobs

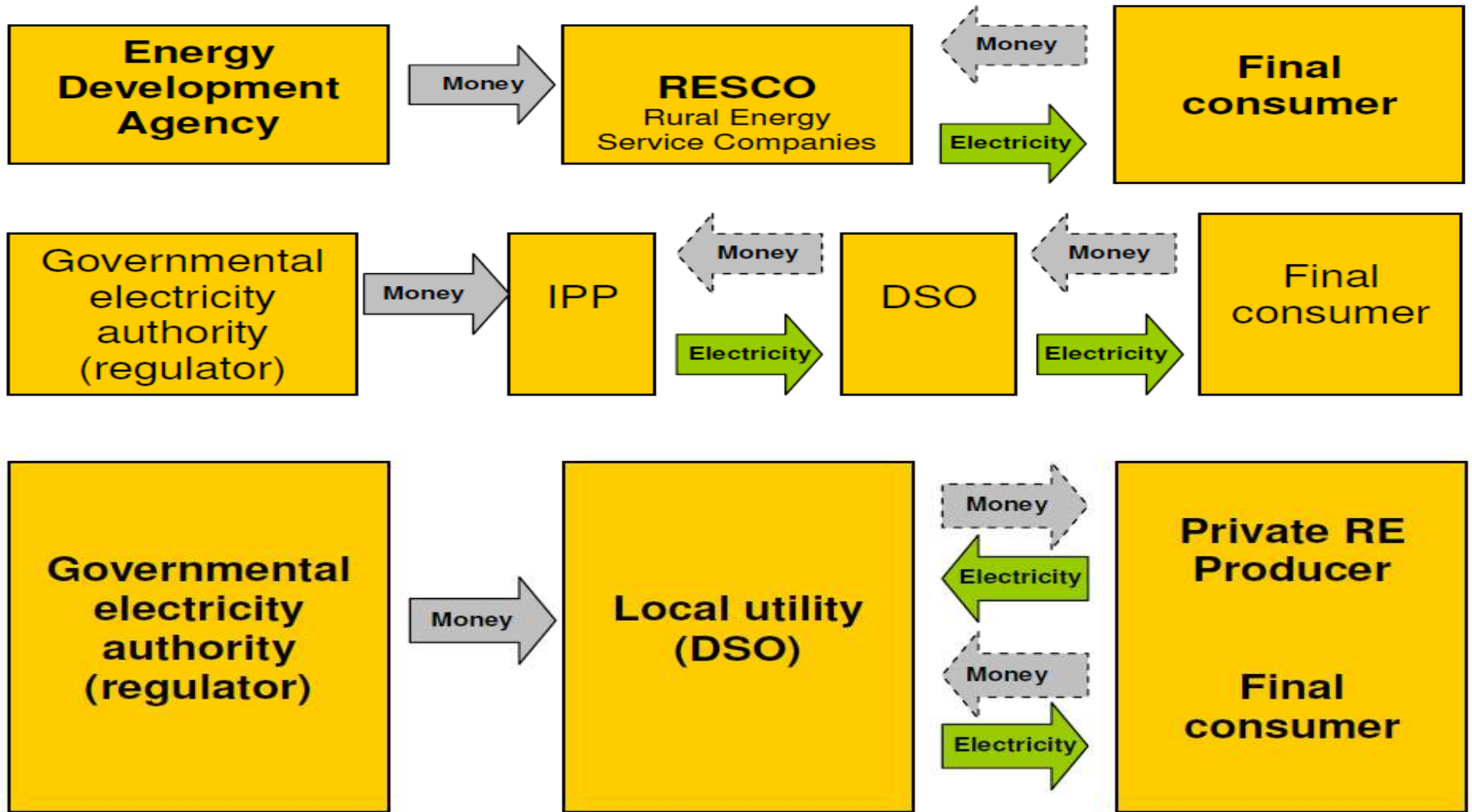
FIT Fund (GET FIT)

- Payment for costs above the avoided costs



Source: DB Research 2010

Financing mechanisms – FITs for mini grids



Source: Own elaboration based on JRC 2008

How to design good feed-in tariffs?



Online policy advice:
Make your own FIT law

www.futurepolicy.org



The feed-in tariff
handbook:

<http://www.earthscan.co.uk/?tabid=92822>

Thank you for your attention!!!

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