European Development
Finance Institutions

EDFI

INVESTING FOR A GREENER FUTURE

INITIATIVES THAT HELP TO CHANGE THE WORLD

The world is changing rapidly: Economies in developed countries are slowing down while, at the same time, economies in developing countries are growing rapidly. This has led to an increased middle class, with high pressure on production and consumption.

All this leads to considerable impact on natural resources, clean water, and the environment more generally. If we want to create a world in which 9 billion people in 2050 will have a decent life, we need to reconsider the way we produce, consume and use our planet's resources.

The European Association of Development Finance Institutions (EDFI) and its members strongly believe that the private sector plays an essential role to enable sustainable development for all.

To ensure sustainable development we need to fight climate change and the private sector should be part of the battle. The Global Commission on New Climate Economy (NCE) has estimated the total investments needed to adapt to climate change at USD 350 trillion for the coming 15 years. This is a huge challenge which can only be tackled if we reconsider the way we bring together necessary funding and develop new and innovative financial solutions.

We believe that no one can stand alone in such a challenge. As Development Finance Institutions (DFIs), we believe that true change can only be realised if we create new partnerships, by bringing together financial institutions with the public sector and other partners.

EDFI is the association of 15 bilateral institutions, headquartered in Brussels. By joining forces, DFIs have proven to be able to foster sustainable growth, with the ultimate goal to improve people's lives. Over the years, EDFI members have invested in private sector enterprises in developing countries in all continents, creating a still growing €33 billion portfolio.

This booklet aims to share examples of DFI initiatives and investments in climate finance from new funds, wind and solar energy projects, to geothermal and biogas investments.

With these investments EDFI members hope to build the road towards a more sustainable world. We believe that this road can only be sustainable with the participation of public and private investors as well as NGOs.

Nanno Kleiterp
CHAIR OF EDFI

A EUROPEAN PARTNERSHIP TO PROMOTE DEVELOPMENT

For years, EDFI members have been developing their cooperation. This partnership helps them to amplify their support to the private sector in developing countries and to fulfil their catalytic role.

WHO WE ARE

The association of European Development Finance Institutions (EDFI) was established in 1992. Its 15 members are focused on private sector funding in developing countries and emerging economies in order to foster sustainable development. Its main purpose is to promote technical and financial cooperation between members, as well as with the other bilateral, multilateral and regional Development Finance Institutions.

WHAT WE DO

The role of EDFI members (EDFIs) is to support sustainable, responsible and innovative businesses and financial institutions in Africa and South America, as well as in Asia or Middle East: from major emerging economies to the poorest countries, from politically stable environments to fragile states.
EDFIs' funding focuses on a wide range of sectors, such as renewable energy-based infrastructure, agribusiness, financial sector, health or education, with the aim of supporting sustainable economic growth, job creation, access to essential goods and services and, more broadly, poverty reduction and climate change mitigation.

LEVERAGING RESOURCES

EDFIs act as catalysts, attracting and mobilising additional public and private sector funding for their clients' projects by providing long-term financing solutions in the form of loans, mezzanine finance, equity investments and guarantees.
Their funding aims to demonstrate the economic and financial viability of private sector actors in developing countries in activities and/or regions that are *a priori* deemed unattractive.

PROMOTING RESPONSIBLE FINANCING

In addition to financing, EDFIs' role involves encouraging developing companies and financial institutions to act in a responsible manner in the countries where they are established.

To help them achieve this, EDFIs assist their clients in improving their environmental practices (reducing greenhouse gas emissions, renewable energy development), social practices (improving working conditions, fight against discrimination) and governance (fight against corruption, transparency of information...).

EDFIs COOPERATION

The cooperation between European institutions has led to the signing of several joint agreements that provide a framework for their investments.
It also allows co-financed operations to be conducted and funds to be mobilised to bring about large-scale projects, in particular through the two mutual funds created by EDFIs:

➔ European Financing Partners (EFP), dedicated to financing the private sector in the Africa-Caribbean-Pacific (ACP) region.

➔ Interact Climate Change Facility (ICCF), dedicated to the development of renewable energies and energy efficiency in developing countries.

The collaboration and coordination between peers also promote the adoption of common rules, procedures and standards that contribute to standardising practices. This also makes it possible to build harmonised tools and indicators to evaluate projects and measure results, in order to increase their impacts on development.

EDFI KEY FIGURES

(at December 31, 2014)

€32.9bn in portfolio

15 Development Finance Institutions

More than **1,700 staff**

4,006 projects in portfolio

€1,020m of total net profit

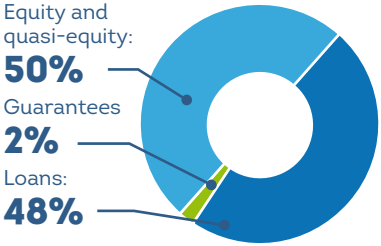
More than **40 offices worldwide**

PORTFOLIO

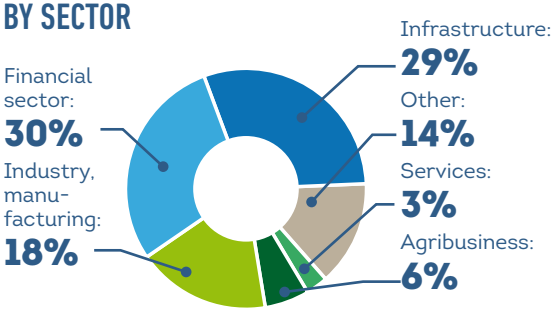
From 2004 to 2014, the EDFI **portfolio** was **doubled** and the number of projects increased by **39%**.

- **€9.6bn** 2,627 projects — 2004
- **€12.4bn** 3,194 projects — 2006
- **€16.8bn** 3,672 projects — 2008
- **€21.6bn** 3,307 projects — 2010
- **€25.9bn** 3,617 projects — 2012
- **€32.9bn** 4,006 projects — 2014

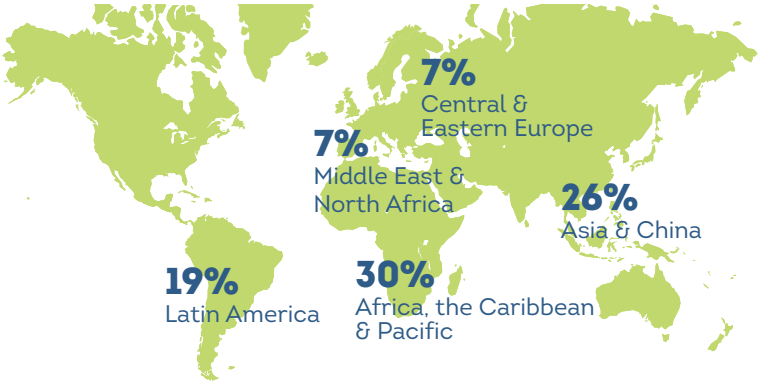
BY FINANCIAL INSTRUMENTS



BY SECTOR



BY REGION*



(*) Other countries & inter-regional: 11%

INSTITUTIONS COMMITTED TO THE FIGHT AGAINST CLIMATE CHANGE

After two centuries of economic development supported by access to cheap fossil fuels, the transition to a lower-carbon economy has begun. Private actors will be key players in this shift. EDFIs' role is to enable them to play their part as fully as possible.

Today climate change is a tangible reality and one of the major challenges of the 21st century. There is a need to devise new, less resource intensive and more resilient development models.
EDFIs' mandate is to support this goal, especially since the financial needs are enormous. International Energy Agency (IEA) has calculated investment needs, to avoid an average global temperature increase of more than 2°C, at USD 590 billion annually for OECD countries and USD 769 billion for non-OECD countries by 2035.

The private sector is, to date, the largest source of global climate finance and a key player in the transition to more eco-friendly economies that benefit the greatest number of people.

The private sector's key strengths are in identifying potential projects, developing them towards profitability, and executing them in a cost-efficient way.
Markets, when rightly incentivised, can provide a powerful vehicle for scaling up proven technologies to deliver to climate change objectives.

EDFIs' goal is to enable the private sector to play its part as fully as possible, by financing projects that have a "climate benefit", such as renewable energy projects, e.g. wind farms or solar power plants, or other projects that contribute to the reduction of greenhouse gas (GHGs) emissions (mitigation projects), including sustainable transport or forestry, green building, water resource management...

Climate finance is a top priority for EDFIs. Since 2009, their investments dedicated to climate change mitigation and adaptation were quadrupled: from €517 million to €2,167 million for a cumulative total of €6,174 million.

This funding aims to create positive knock-on effects and promote effective solutions for both climate and society, which reconcile economic development and the reduction of GHGs.

To do so, EDFIs seek to cooperate further in order to take on larger-scale projects and reinforce their catalytic role.

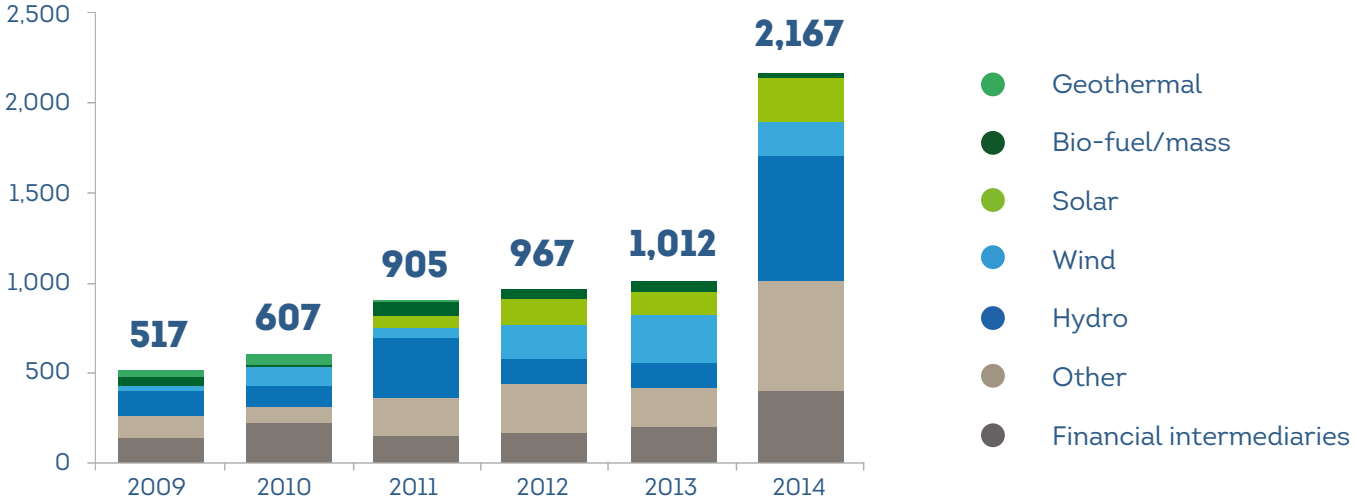
Beyond their contribution to more sustainable development in Southern countries, EDFIs' climate financing also has strong and positive effects on employment (direct and indirect), increasing government tax revenue and improving people's living conditions.

€6.17 billion

allocated since 2009 to operations with cobenefits for climate change mitigation.

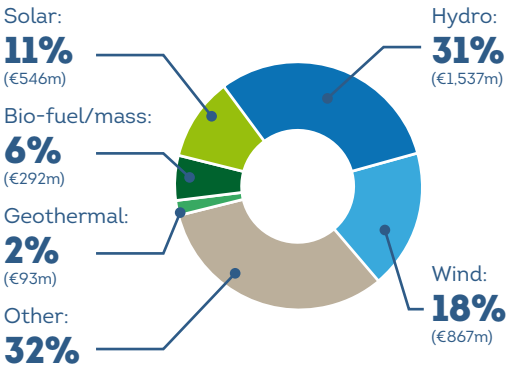
EDFIS CLIMATE FINANCE KEY FIGURES

EDFIS TOTAL CLIMATE FINANCE INVESTMENTS, 2009-2014 (IN €M)

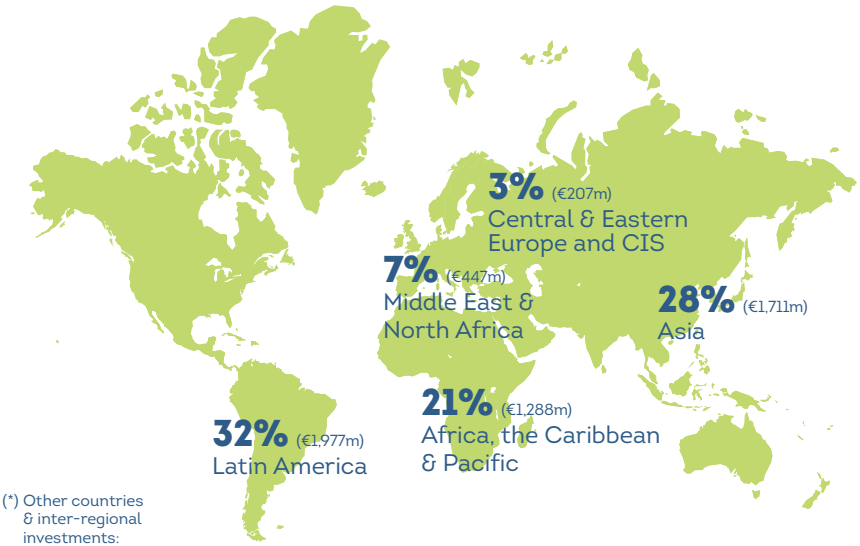


EDFIS DIRECT INVESTMENTS BY TYPE OF ENERGY, 2009-2014

From 2009 to 2014, solar, wind and hydro accounted for 60% of the total climate finance investments.



PORTFOLIO BY REGION*, 2009-2014



(*) Other countries & inter-regional investments: 9% (€543m)

INTERACT CLIMATE CHANGE FACILITY (ICCF)

A JOINT EUROPEAN INVESTMENT COMPANY FOR CLIMATE

To reinforce their efforts on climate finance, EDFIs created an investment company to finance renewable energy and clean energy projects. The ICCF stands today as an unique example in terms of financial and technical climate cooperation among donors.

In 2011, EDFI members increased collaboration in the climate finance sector and, together with the Agence Française de Développement (AFD) and the European Investment Bank (EIB), created the Interact Climate Change Facility (ICCF), an investment company dedicated to co-finance renewable energy and energy-efficiency projects in developing countries and emerging economies. This initiative follows the success of another investment company, European Financing Partners (EFP).

The operational structure of ICCF is characterised by an efficient and fast track process with low administrative overheads. ICCF investment decisions are decided by an Investment Committee, which is composed of representatives from each institution committed to ICCF. The facility contributes a maximum of two-thirds of the cost in senior or subordinated loans, with the leading EDFI member providing the remaining third under the same conditions.

The facility has been replenished twice since its creation, increasing the total financing capacity to €461 million.

Since its incorporation in 2011, ICCF committed €291 million for 16 "climate" projects submitted by its members in 10 different countries, mainly in Africa and Asia.

It has contributed to reducing carbon emissions by almost two million per year and installing 1,147 MW of additional renewable energy capacity.

Beyond its financing operations to fight climate change, ICCF enables its members to share their experiences, harmonise their practices and tools, and aligning their strategies. This initiative today stands out as an example in terms of financial and technical climate cooperation among donors.

Since 2011

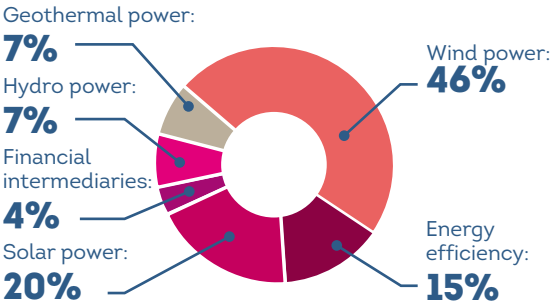
€291m
committed

16 PROJECTS
financed

10 COUNTRIES
of operations

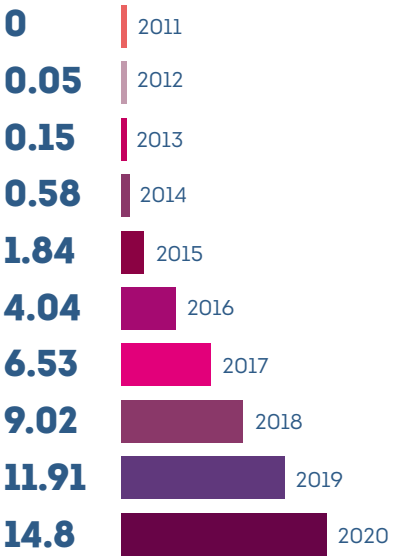
ICCF'S KEY FIGURES

SECTORIAL DISTRIBUTION OF PROJECTS (in €)



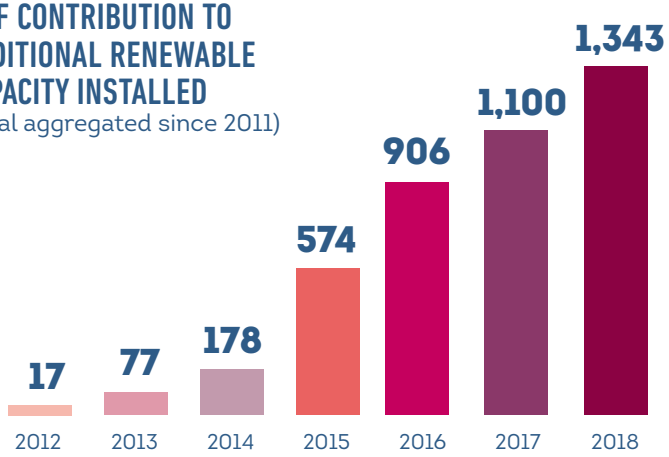
ICCF CONTRIBUTION TO CARBON EMISSION REDUCTIONS

(total aggregated since 2011 in million $teqCO_2$ per year)

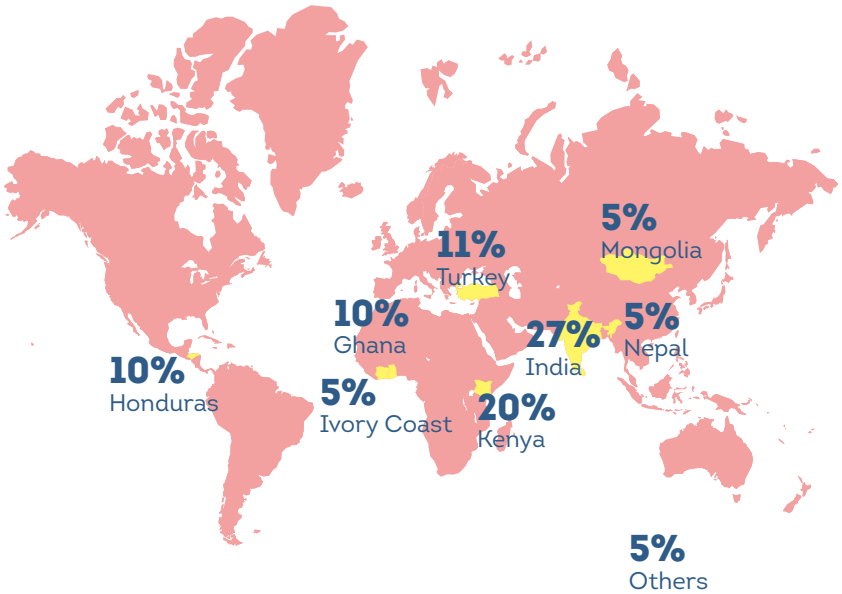


ICCF CONTRIBUTION TO ADDITIONAL RENEWABLE CAPACITY INSTALLED

(total aggregated since 2011)



GEOGRAPHICAL DISTRIBUTION OF PROJECTS (in €)



“The EU-EDFI Private Sector Development facility allows EDFIs to finance projects addressing the objectives of the Sustainable Energy For All (SE4All) initiative that would not have been supported under current market conditions.”

COOPERATION

PARTNERSHIPS WITH THE EUROPEAN UNION

The European Commission is a key partner for EDFIs. Together, they recently created a facility dedicated to promote access to modern energy services in Africa, the Caribbean and Pacific countries.

In 2013, EDFI, the European Investment Bank (EIB) and the European Commission created the "European Union - European Development Finance Institutions Private Sector Development Facility" (EEDF).

EEDF is a component of the Sustainable Energy for All (SE4All), initiative launched by the United Nations Secretary and supported by the European Union (EU). It combines EU funds with resources from private project developers and other private financiers in renewable energy and energy-efficiency projects, and more broadly, in projects aimed at promoting universal access to modern energy services in Africa, the Carribean and Pacific countries.

The risk-sharing mechanism implemented by EEDF allows EDFIs to finance projects addressing the objectives of SE4All that would not have been supported under current market conditions (because they are at an early stage of development and/or have a high risk profile) and to ensure their bankability.

In addition, the facility includes technical assistance to support feasibility studies, capacity building and advisory services.

Both technical assistance and EU guarantees thus provide significant additionality to financing partners' portfolios.

SOLAR HOME SYSTEMS TO OFF-GRID HOUSEHOLDS IN EAST AFRICA

In Tanzania and Rwanda, most households in rural areas remain without access to the power grid.

To address their needs, the German based company Mobisol offers "pay-as-you-go" solar home systems (30-200W) for low-income customers. Customers can pay monthly over a period of three year through mobile banking – allowing people without a bank account to purchase it.

After this period of time, they take ownership of the system. Controlled through a web-based database, the system can be analysed in real time.

In 2015, through the European Financing Partners facility (EFP), EDFI members have provided €10.7 million (77% convertible loan and 33% equity) to Mobisol for expansion investments. This is the first project financed under the EEDF facility.

Since its foundation in 2010, Mobisol has installed over 30,000 solar home systems on households in both countries. In the future, 150,000 individuals could use such a device. The company also trains its own staff (sales and installation) and has therefore become a significant employer in the relevant rural areas of Tanzania and Rwanda.

SOLAR POWER | Peru

FUNDING LATIN AMERICA'S FIRST LARGE-SCALE SOLAR PLANT

Like most Latin American countries, Peru aims to take advantage of its high solar irradiation and to shift its power mix towards greater use of renewables. The T-Solar project is an essential step to achieving this aim.

BACKGROUND

Peruvian economic development in recent years (annual average of almost 7% between 2006 and 2013) has led to a rapid increase in electricity demand from companies and households. This sharp growth requires considerable investment in order to maintain the balance of the system. In addition, domestic generation continues to lack diversification and is largely dominated by gas-fired thermal power plants and hydropower.

In 2008, Peru set out to ensure its energy security, while reducing its dependence on gas and the sector's carbon footprint, by developing its strong renewable energy potential, especially wind energy.
The private sector is playing an essential role in this strategy by providing over 70% of investment.

THE PROJECT

In 2011, EDFI members allocated USD 14.3m to the independent power producer Grupo T-Solar to build and run two photovoltaic power plants (44 MW) in Peru's southern Arequipa region.

T-Solar was the first major photovoltaic solar-power project developed in Latin America. It has also been considered an example of best practice in international funding. Following the environmental and social (E&S) assessment of the project, the initial perimeter of the site was modified to protect the nearby archaeological remains. T-Solar has also pledged to implement E&S measures, such as workers' safety or waste management.

The project was awarded the "2011 Latin American Renewables Deal of the Year", by Euromoney Institutional Investor PLC.

IMPACT

- Generation of 80 GWh per year eq. to the consumption of a town of 80,000 inhabitants.
- 40,000 teqCO_2 per year avoided.
- 160 direct jobs created during the construction phase.
- Increased revenues for local administrations (tax on project revenues).

KEY INDICATORS

- Financial tool: mezzanine debt
- Amount committed: USD 14.4m
- Beneficiary: T-Solar Group
- Date granted: 2011

WIND POWER | Kenya

EXPLOITING WIND POWER, A MAJOR ASSET FOR KENYA

Access to reliable, affordable energy is one of the greatest challenges facing Kenya. EDFI members, together with other investors, are playing a major role in financing the Lake Turkana Wind Power project, the largest wind farm in sub-Saharan Africa.

BACKGROUND

Power shortages and frequent outages hinder Kenya's competitive strength of growth potential. Moreover, power generation in the country depends on power plants that burn expensive, imported, highly polluting fuel and on hydroelectric facilities that are vulnerable to adverse weather conditions.
Electric power prices in Kenya are among the highest in Africa.

To meet the country's growing energy needs, the Government initiated a large-scale investment program in 2013 with the aim of raising Kenya's installed capacity by 5,000 MW to a total of 6,664 MW by 2017. This approach involves exploiting renewable energies like geothermal and wind power, which are plentiful but underused.

THE PROJECT

In 2014, EDFI members provided a total of €145m to support the financing of the Lake Turkana Wind Power project (LTWP), developed by KP&P BV Africa and Aldwych International Ltd.

Located in the Great Rift Valley (Northwest Kenya), this 300-megawatt wind farm involves the installation of 365 turbines, 200km of new road and a 436km power transmission line. At €623m, this will be the largest single private investment in Kenya history.

When commissioned in 2017, the LTWP will provide 20% of the current installed generating capacity, with the power produced purchased at a fixed price over a twenty-year period by the national power company.

IMPACT

- 382,000 teqCO_2 avoided per year.
- Fuel imports reduced by €120m.
- €450m in additional tax revenues for Kenya.
- 200 permanent jobs created for operating the wind farm.
- Generation of electricity almost 60% cheaper than from thermal power plants.

KEY INDICATORS

- Financial tool: senior and sub-debts, equity
- Date granted: 2014
- Amount committed: €85m in senior debt, €20m in sub-debt, €40m in equity
- Beneficiary: Lake Turkana Wind Power Ltd.

HYDROENERGY | Uganda

DEVELOPING HYDROPOWER CAPACITY TO PROMOTE ACCESS TO ELECTRICITY

Uganda is banking on exploiting its hydropower potential in order to address its energy deficit. In 2007, EDFI members supported the construction of the Bujagali run-of-river dam on the Victoria Nile, which was commissioned in 2012.

BACKGROUND

Uganda is one of the least developed countries in terms of access to electricity. With less than one inhabitant in ten connected to the grid, consumption is one of the lowest in the world. This is due to tariffs among the highest in East Africa and the major lack of generation infrastructure. It is exacerbated by the strong increase in demand (8% a year), as a result of population growth in the country (3.3% a year) and its economic growth (over 6% in 2014).

The authorities have set out to bridge this gap by continuing to develop hydropower, the country's main source of energy supply. They aim to raise generation capacity to 2,000 MW by 2017, against almost 600 MW in 2013.

THE PROJECT

In 2007, EDFI members, KfW and AFD, allocated a total of USD 197.8m to finance the construction of a run-of-river hydropower plant on the Nile (250 MW).

This project, for a total amount of €902m, has also benefited from the support of the European Investment Bank (EIB), the African Development Bank (AfDB) and the International Finance Corporation (IFC).

Since it was commissioned in 2012, the dam has increased power generation capacity in Uganda by over 40% and has considerably reduced power outages.

The project has also supported initiatives that benefit local communities: programs for rural electrification, microfinance and access to drinking water, construction of a health center and schools.

IMPACT

- Increase in country's generation capacity by nearly half.
- 2,600 jobs created during the construction phase.
- Rural electrification program benefiting 800 families.
- 1.5 million of teqCO_2 avoided per year

KEY INDICATORS

- Financial tool: senior and sub-debts
- Beneficiary: Bujagali Energy Limited
- Amount committed: USD 177.8m in senior debt, USD 20m in sub-debt
- Date granted: 2007

GEOTHERMAL | Kenya

TAKING ADVANTAGE OF THE EARTH'S HEAT TO SUPPLY ELECTRICITY

Geothermal power plants utilise steam and/or hot water resources, enabling power generation independent of fossil fuels. In Kenya, it is playing a growing role in meeting the country's energy demand. Olkaria III is the first private geothermal power plant in Africa.

BACKGROUND

Resource-saving power generation is crucial to address developing countries' growing need for electricity and limit the global temperature increase. The natural heat from the earth is part of the solution.

To diversify its energy mix and reduce fuel imports, Kenya has begun to develop its geothermal potential, which should account for a quarter of the country's installed capacity by 2017 (14% in 2013).

Operational since 2000, Olkaria III is the first geothermal plant to be financed, built and run by a private African operator, and therefore a model for Power Purchase agreement (PPA) to be used by other geothermal Independent Power Producers in the country.

THE PROJECT

In 2009, EDFI members provided a total debt of USD 105m, to Orpower 4. This funding supported the extension of the Olkaria III geothermal power plant, increasing its capacity from 13 to 48 MW.

Since its commissioning, Olkaria III is supplying 6% of national's energy consumption and is ranked among the top most efficient power stations in Kenya.

Furthermore, Orpower supports community projects which include: supporting local primary school through buildings, teacher salaries, and feeding programs; and providing bursaries for bright students. The company also complies with the World Bank environmental and social (E&S) standards.

IMPACT

- Addition of low cost and reliable energy to the country.
- Use of a high efficiency technology requiring less maintenance.
- 61 direct jobs created.
- Implementing E&S and Governance processes and procedures in the region.
- 177,000 teqCO_2 avoided per year.

KEY INDICATORS

- Financial tool: senior debt
- Amount committed: USD 105m
- Beneficiary: Orpower 4 Inc.
- Date granted: 2009

ENERGY EFFICIENCY | Ivory Coast

RECOVERING WASTE HEAT TO PRODUCE CLEAN ENERGY

At a time when national energy demand is growing, EDFI members have supported the extension of one of the most efficient power plants in West Africa. Commissioned in 2015, the new steam turbine will raise the country's power generation capacity by 15%.

BACKGROUND

Despite the dynamism of Ivory Coast's electricity sector, the country is faced with increasing demand, driven by the strong economic growth in recent years (8 to 10%). The authorities committed to address this situation with the objective of doubling the domestic generation capacity by 2020, while diversifying the energy mix.

The Azito Energie thermal power plant is one of the most successful public-private partnerships in the infrastructure sector in Sub-Saharan Africa. Since it was commissioned in 1999, this 288 MW power plant has covered a third of the country's electricity needs (2 200 GWh a year) by exploiting domestic gas resources. It uses a technology combining two gas and one steam turbines to provide a constant and affordable electricity supply.

THE PROJECT

In 2012, EDFI members and the Emerging Africa Infrastructure Fund (EAIF) mobilised a total of USD 170m, respectively USD 140m and USD 30m, to finance the extension of the Azito power plant. This project, which has mobilised USD 400m of foreign direct investment, involved installing a 139 MW steam turbine on the existing site.

Based on improving the power plant's output by recovering energy released in the form of heat (combined cycle), it will generate some 1,000 additional GWh a year and raise the country's power generation capacity by some 15%.

The Azito power plant will therefore be able to meet over 10% of Ivory Coast's consumption and allow electricity to be exported to neighbouring countries.

IMPACT

- 400,000 teqCO_2 avoided per year.
- Diversification of energy mix.
- 15% increase in domestic energy output.

KEY INDICATORS

- Financial tool: senior debt
- Date granted: 2012
- Amount committed: USD 170m (EDFI & EAIF)
- Beneficiary: Azito Energie S.A.

FINANCIAL INTERMEDIARY | Turkey

ALLOWING NATIONAL BANKS TO FINANCE LOCAL ENERGY PLAYERS

Turkey has become one of the fastest growing energy markets, but also heavily dependent on imported fossil fuels. To realise its own energy security, the country aims to increase the share of renewables in its energy mix.

BACKGROUND

Turkey's rapid growth and development has led to an increasing demand for and consumption of energy. This has in turn led to increases in energy imports – primarily of oil and gas – and rising carbon emission levels.

In response, the government aims to develop the share of renewables in the overall energy mix, prioritising local production. It has committed to obtain 30% of its total installed capacity from renewable sources by 2023.

To reach that target, the country is giving priority to the private sector to finance the infrastructure needed. Banks play an active role in supporting clean energy projects led by local businesses.

THE PROJECT

In 2013, *via* the Interact Climate Change Facility (ICCF), EDFI members allocated USD 30m to support the financing of renewable energy projects by BankPozitif, a small Turkish bank offering corporate services in targeted sectors, including renewable energy. This credit line has been dedicated to the financing of wind projects of between 12 and 21.5MW installed capacity, worth a total of €85m.

This funding has been the first transaction for ICCF with a financial intermediary. It supported BankPozitif's strategy to increase the share of renewable energy projects to 15-20% of its portfolio, but also the emergence of local renewable energy players.

IMPACT

- Setting up an E&S management system in the bank.
- Reducing national dependency on imported fossil fuels.
- 180,000 teqCO_2 avoided per year.
- 57 MW of additional installed capacity.

KEY INDICATORS

- Financial tool: senior debt
- Beneficiary: Bank Pozitif
- Amount committed: USD 30m
- Date granted: 2013

BIOGAS | Thailand

STINKING WASTE BECOMES CLEAN ENERGY

Thai Biogas Energy Company Limited (TBEC) is the leading biogas firm in Southeast Asia. Its seventh biogas project started commercial operations in 2015. TBEC produces green electricity from agro-industry wastewater and supplies it to customer companies.

BACKGROUND

Thailand's Alternative Energy Development Plan (2012-2021) aims to replace 25% of total fossil fuel consumption with renewable energy.

Thai Biogas Energy Company Limited was incorporated in Thailand in 2003 to build, own, operate and transfer biogas plants. It produces clean fuel and green electricity from agro-industry wastewater and supplies it to customer companies. Biogas can be used not only for heating but also to generate electricity.

TBEC is committed to various social and environmental certifications (ISO 9001, ISO 14 001, OHSAS 18001). TBEC is funded by Private Energy Market Fund L.P., Al Tayyar Energy, GuarantCo, ICBC and supported by EDFI members.

THE PROJECT

In 2009 and 2012, EDFI members provided a total of €8.87m to TBEC to expand its operations. Today, TBEC operates in Thailand and Laos, and is now the leading biogas energy investor and operator in the Mekong region.

The company has very high electricity generation efficiency in the biogas sector. TBEC's power plants produced about 13.7 million Nm^3 of biogas in 2014 and the amount is expected to grow significantly as two new plants have been commissioned in 2015.

In addition to producing electricity, the projects efficiently treat wastewater and significantly reduce CO_2 emissions.

IMPACT

- Improving wastewater quality of agro-industry.
- 14.9 GWh of clean electricity generated per year (2014).
- Reducing dependency on imported fuels.
- 215,000 teqCO_2 avoided per year.

KEY INDICATORS

- Financial tool: senior debt
- Beneficiary: Thai Biogas Energy
- Amount committed: €8.87m
- Date granted: 2009, 2012

FORESTRY | Tanzania, Uganda, Mozambique

TREE PLANTING FOR BIO-CHEMICAL AND ENERGY SECTORS

Deforestation is a major issue for developing nations in the fight against climate change. To meet this challenge, EDFI members have invested in Africa's largest forestry company and a leading producer of greenhouse gas emission offsets.

BACKGROUND

Deforestation and forest degradation result in as much as 1/6 of global greenhouse gas emissions. In Tanzania only, 420,000 hectares (ha) of forest disappear annually.

With more than 40,000 ha of standing forest in Mozambique, Tanzania and Uganda, the Norwegian private company Green Resources is Africa's largest forestation company and a leader in East African wood processing. Established in 1995, its main focus is to develop the commercial tree-planting industry for use in local markets as construction materials and bioenergy.

Currently, more than three-quarters of its planted forests are certified according to the world standard FSC. The company also aims to develop a leading African carbon offset business.

THE PROJECT

EDFI members have a long history of engagement with Green Resources and have provided financing through various instruments since 2003.

The company's strategy is based on developing forestation in a sustainable manner for both traditional use (sawn timber, panel board, poles etc.) and for the bio-chemical and energy sectors.

The company is also a leader in forestry-derived greenhouse gas emission reductions, having registered the world's first forestry project based on the Voluntary Carbon Standard (VCS) in 2009 and having sold the first issued credits in 2010. Green Resources expects to generate carbon credits of an average of 260,000 tons CO_2 equivalent per year from 2013-2017. Carbon revenues are locally reinvested and 10% is spend on community projects.

IMPACT

- Generation of Voluntary Emissions Reduction (VERs) over 99 years.
- Production of biomass energy, in addition to traditional wood manufacturing.
- 41,130 ha of total planted area.
- 3,344 direct jobs created.

KEY INDICATORS

- Financial tool: senior and mezzanine debts
- Beneficiary: Green Resources
- Amount committed: €24m
- Date granted: 2003

SUSTAINABLE AGRICULTURE | Egypt

PROMOTING ORGANIC FARMING AGAINST DESERTIFICATION

Around 30 years ago, an Egyptian farm started to grow organic spices and medical herbs on a 70-hectare plot of land in the desert. This idea has not only grown into Egypt's largest organic company, but also into an efficient way to fight desertification.

BACKGROUND

Rural area is the living space for about 75% of the population in developing countries. Therefore, agriculture is a potential key driver for the growth of income, employment and prosperity in rural areas.

In countries like Egypt, where agricultural land is limited, sustainable solutions like resource-saving growing techniques are particularly important.

The Egyptian Sekem Group produces and supplies organic teas, food, textiles and medicines. It has been a pioneer of organic farming in Egypt and for its ecological and social commitment for decades.

THE PROJECT

For more than 30 years, EDFI members have been supporting Sekem through financing (€18.5m in total) and technical assistance.

The company stands out for its commitment to training its employees and improving their living conditions. It operates schools, a job training centre for young people and a medical centre that provides healthcare to employees and residents of nearby villages. In 2012, it established the Heliopolis University in Cairo: all programs offered are oriented towards sustainable development.

In 2015, Sekem received the "Land for Life Award" for its sustained commitment to combating soil erosion and desertification. It also recently introduced a new agro-photovoltaic system, which will produce energy for irrigation systems.

IMPACT

- 2,000 permanent jobs created.
- Sustained commitment to combating soil erosion and desertification.
- Advancing of organic farming know-how.
- Providing free-of-charge health care for employees and nearby residents.

KEY INDICATORS

- Financial tool: senior debt and technical assistance
- Beneficiary: Sekem Group
- Amount committed: €18.5m

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See organisation web pages for more information on the individual institutions.

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