



AFRICAN DEVELOPMENT BANK GROUP  
GROUPE DE LA BANQUE AFRICAINE  
DE DEVELOPPEMENT

# Supporting the Development of Markets for Energy Service Companies (ESCOs) in Africa – The AfDB Africa Super ESCO Acceleration Program (ASAP)

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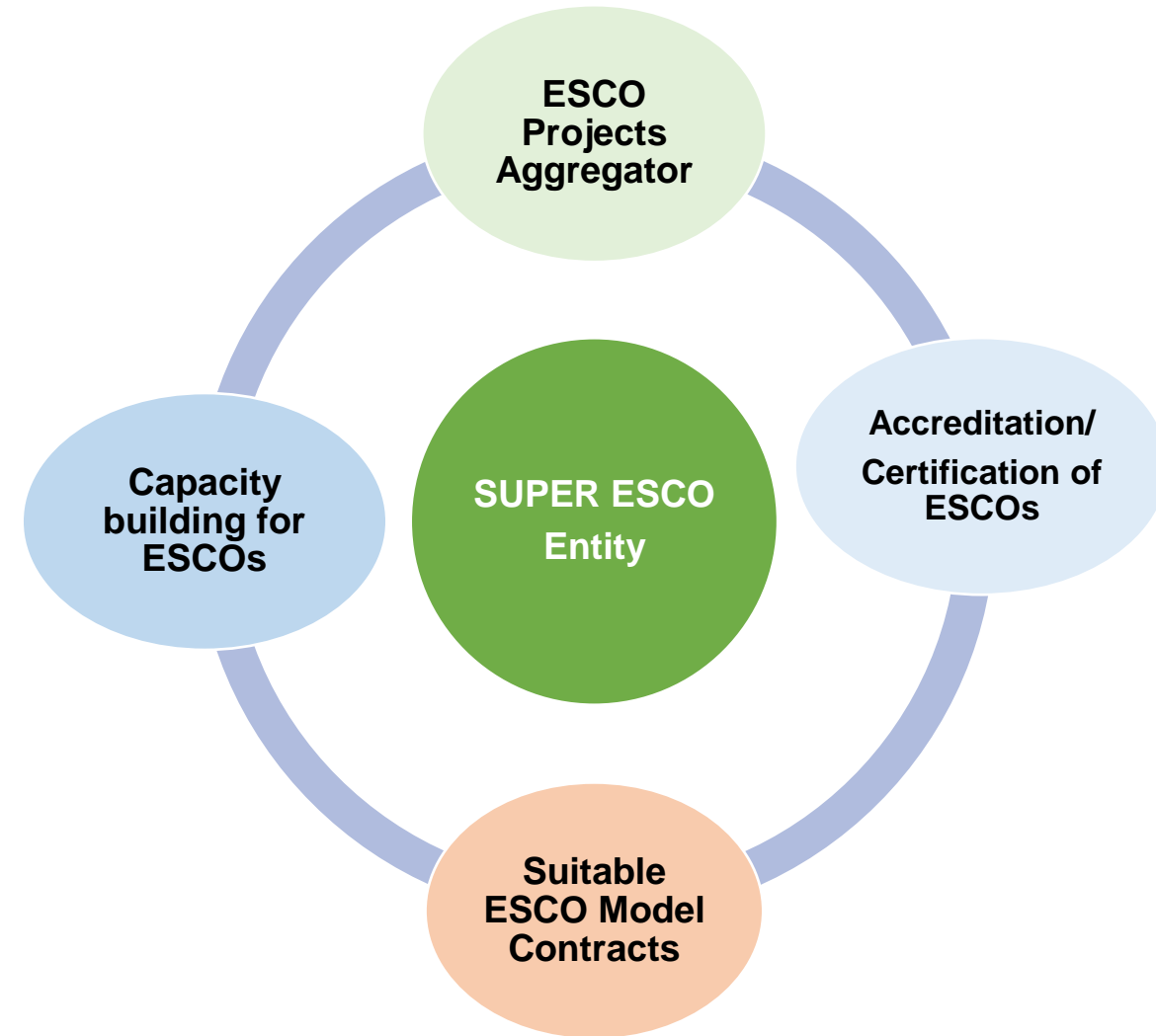
**October 22<sup>nd</sup>  
2024**

- According to the IEA Africa's annual growth rate of electricity demand during 2020-2030 is projected to be approximately 5.7%
- African countries are increasingly referencing Energy Efficiency (EE) in their energy policy frameworks and Nationally Determined Contributions (NDCs)
- Generally, public sector energy use is a major cost for governments
- Energy Service Companies (ESCOs) have been instrumental in accelerating EE investments in the public and private sectors in developed economies, but in Africa, the ESCO market is nascent

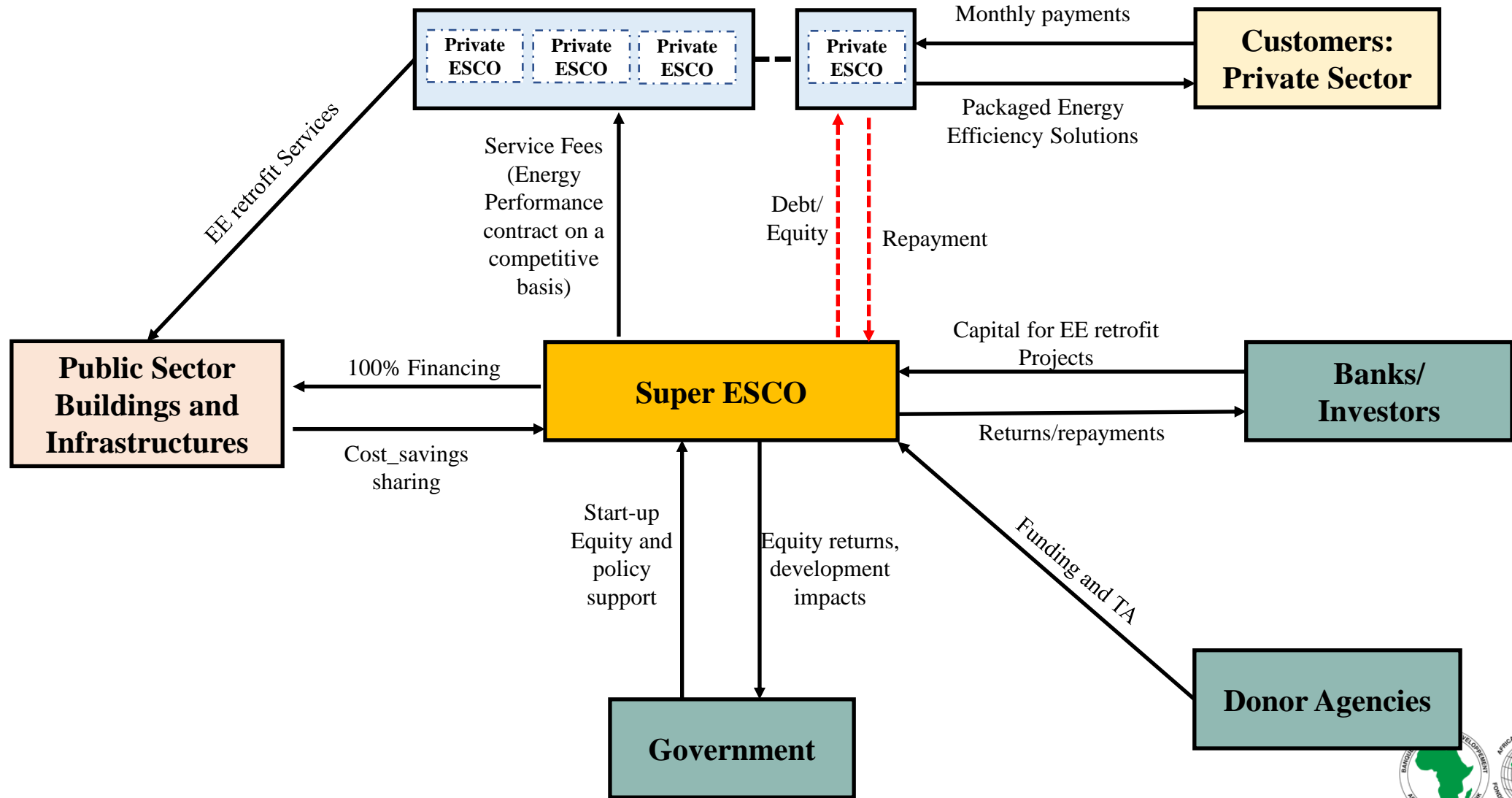


# SUPER ESCO AS A TOOL FOR UNLOCKING EE INVESTMENTS

- Governments need to lead by example by investing in energy efficiency retrofit programs in public facilities
- **Key challenge:** EE Investments are relatively small and fragmented
- A super ESCO, as an aggregator
  - Can help reduce the fragmentation
  - Support the development of an ESCO ecosystem

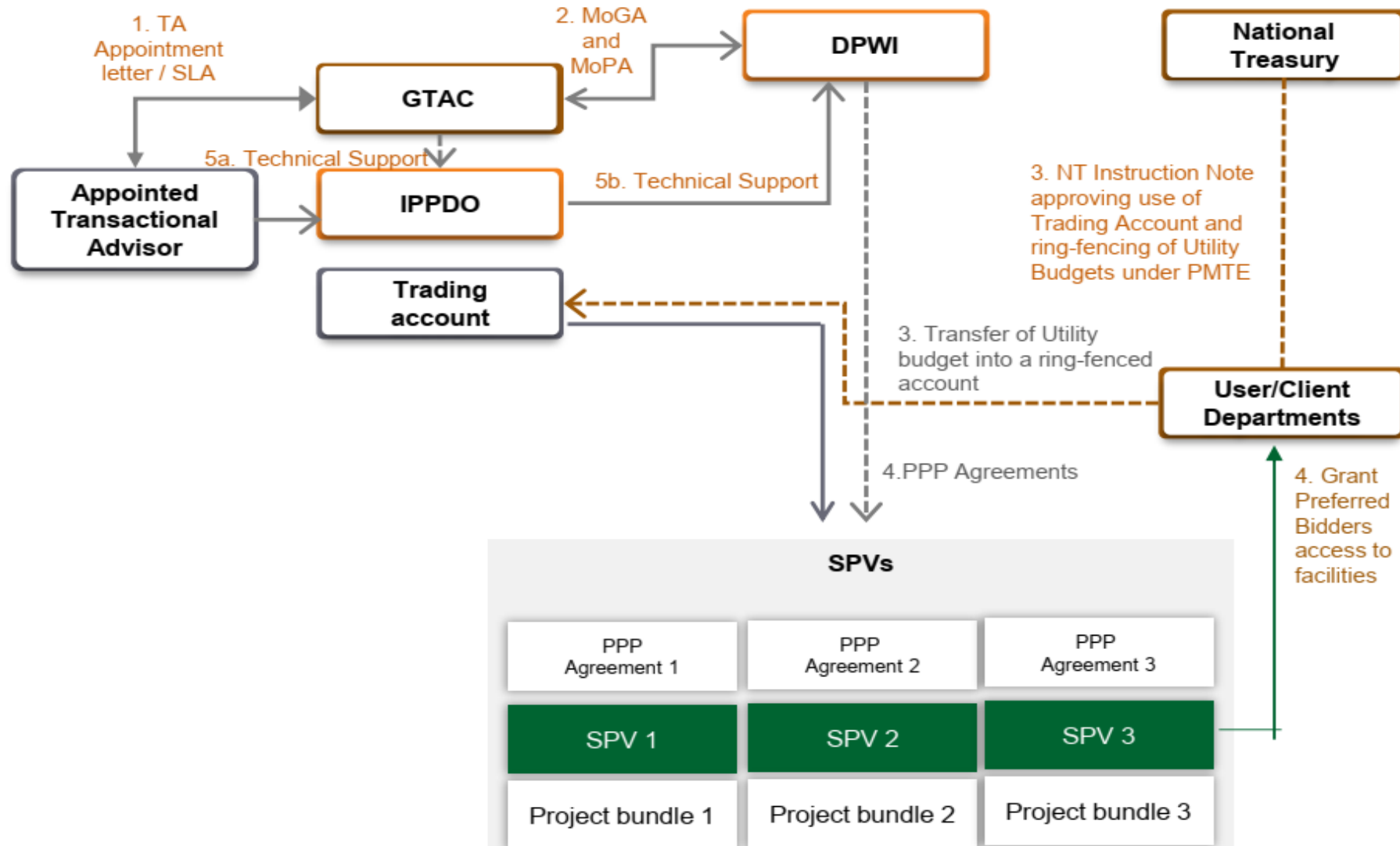


# Super ESCO Structure directly supporting Public-Sector Projects while supporting ESCOs for Private Sector Projects



# EXAMPLES OF THE USE OF THE SUPER ESCO CONCEPT IN AFRICA

## INTEGRATED RENEWABLE ENERGY & RESOURCE EFFICIENCY PROGRAM (IREREP) in South Africa-Operational Structure



# AfDB APPROACH FOR ESTABLISHING AND OPERATIONALIZING SUPER ESCOs IN AFRICA (1/3)

**Creation of an enabling environment** with the objective of putting in place standard procedures and documents for a successful operationalization of the Super ESCO

**Development of a pipeline of EE projects** to support the Super ESCO in the realization of its first set of projects

## Area 1: Enabling environment for the development and operationalization of the Super ESCO

- Business Plan development and roadmap formulation
- Mobilization of external financial resources,
- Capacity building sessions for the Super ESCO, private ESCOs, financial intermediaries and other key actors
- Development of the manual of internal and external procedures (risk analysis, budget and cost control, purchase of goods and services, information and documentation, etc. )
- Development of suitable ESCO model contracts and templates





## Area 2: Developing an initial pipeline of EE investment projects

- Conduct energy audits
- Develop innovative and viable business models for the implantation of EE projects
- Support the competitive procurement process and implementation for at least two project





## *Société d'Ingénierie Energétique (SIE)*

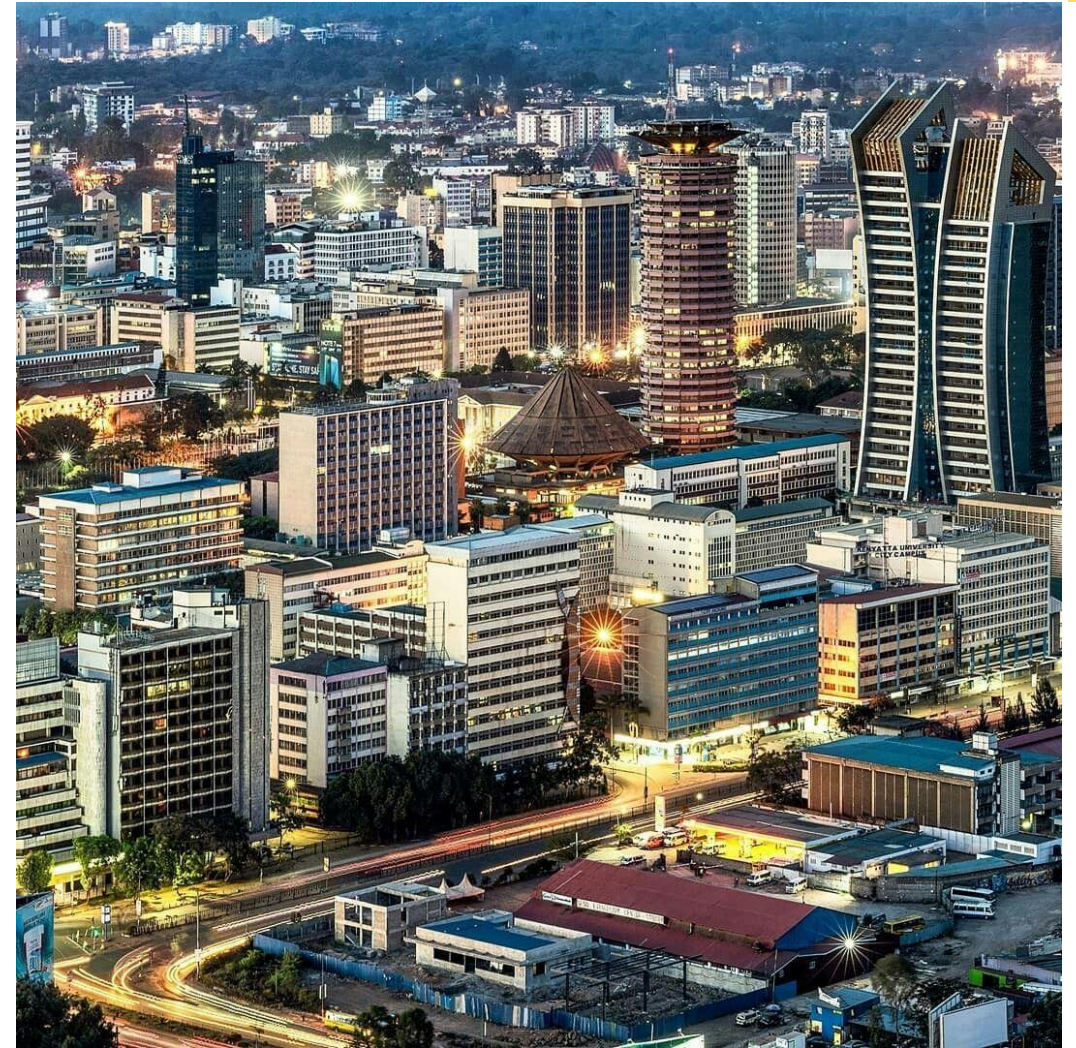
- **Objective of the TA support (2021-2023, extended to 2025):** Transform SIE into a fully-fledged Super ESCO
- **TA content:** (i) Development and implementation of operational tools; (ii) Development of a pipeline of bankable EE investment projects; (iii) Capacity building for SIE personnel; (iv) Awareness raising and capacity development for relevant market actors, including private ESCOs, financial institutions, energy consumers, etc.
- **SIE's Targeted Sectors:** Public buildings, street lighting, sustainable mobility; industries; and support to SMEs and private ESCOs
- **Expected results:** (i) Reduced electricity demand and consumption by 140 MW and 500 GWh/year, respectively; (ii) Avoided emissions of about 440 ktons of CO<sub>2</sub>/year; (iii) Job creation

## Kenya Power and Lighting Company (KPLC)

- **Objective of the TA support (2021-2024, extended to 2026):** Structure and build the capacity of a dedicated team within KPLC to operate as a utility-based Super ESCO
- **TA content :** (i) Development and implementation of operational tools; (ii) Development of a pipeline of bankable EE investment projects; (iii) Capacity building for KPLC Super ESCO personnel; (iv) Capacity development for relevant market actors, including private ESCOs, financial institutions, energy consumers, etc.
- **KPLC Super ESCO's targeted sectors:** Public buildings and infrastructure, including office buildings, hospitals, schools, street lighting, commercial and industrial sector and support to private ESCOs
- **Expected results:** (i) Reduced electricity consumption by 175 GWh/year; (ii) Avoided emissions of about 56 ktons of CO<sub>2</sub>/year; (iii) Job creation

# AFRICA SUPER ESCO ACCELERATION PROGRAM (ASAP)

- Approved in February 2023 with an overall dedicated envelop of 5 M USD, to be implemented over 3 years
- The Africa Super ESCO Acceleration Program (ASAP) is a TA program with the overarching objective of catalyzing private sector investments in EE
- The first phase : TA support provided to up to three countries (e.g: Senegal)
- Opportunities for Super ESCO Implementation assessed for Burkina Faso, Rwanda and Cote d'Ivoire.



Source: <https://www.businessquest.co.ke/surveynairobi-ranked-fourth-richest-city-in-africa/>

## Main Objectives

1

Establishing and operationalizing Super ESCOs in up to 3 selected countries

2

Developing harmonized regional certification schemes for ESCOs and Individual EE professionals

## Establishment and operationalizing Super ESCOs



- Activity 1:** Enabling environment for the development and operationalization of the Super ESCO
- Activity 2:** Developing an initial pipeline of EE investment projects

## Developing harmonized regional certification schemes for ESCOs and Individual EE professionals



- Activity 1:** Development of a framework and process for a harmonized regional certification scheme for ESCOs and EE professionals
- Activity 2:** Development of tools for the operationalization of the harmonized regional certification scheme
- Activity 3:** Communication and Awareness Raising





# THANK YOU



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