

Emerging issues in financing geothermal projects in the East Africa region

Addis Ababa November 3, 2016 – Several financial organizations yesterday held plenary discussion that explored modalities and challenges associated with financing geothermal projects in the East Africa region. In the panel to discuss this important topic were Ministry of Foreign Affairs - Icelandic International Development Agency (MFA-ICEIDA), East African Geothermal Energy Facility (EAGER), the United States East African Geothermal Program (US-EAGP) under the Power Africa program, Japan International Cooperation Agency (JICA) and World Bank, as well as an energy financing consultant.

The MFA-ICEIDA noted that it is important for governments and developers to undertake quality surface studies before decisions for further steps are taken, and that training should be linked with tangible outputs. The East African Geothermal Energy Facility (EAGER) provided an overview of the activities being undertaken by the DFID-Funded program in five countries – Ethiopia, Kenya, Rwanda, Tanzania and Uganda. EAGER observed that there is growing importance of geothermal data to aid decision making in a manner that will move the region from capacity building to decision-making.

The US-East Africa Geothermal Program (EAGP) noted that owing to Africa's underserved demand, growing markets and high electricity tariffs, there is great need for well-structured capacity building programs to create a critical mass of local expertise for geothermal development.



Representatives of financial organizations and governments

World Bank observed that there still existed critical bottlenecks in accessing financing for the initial high risk phases of geothermal development. World Bank is engaged in direct financing as well as capacity building. World Bank shared that two of their emerging focus areas are geothermal data management and improving gender equality and social inclusion in geothermal projects.

JICA gave an update of its capacity building programs undertaken in 2016, and the projects earmarked for 2017. In addition to capacity building, JICA is also providing grants and soft loans for plant implementation projects, in addition to research and development in exploration and drilling technology in collaboration with universities in Indonesia and Japan.

The plenary session also explored modalities of financing green fields, with Eyob Easwaran an independent financial consultant, noting that financiers were looking at fast Power Purchase Agreement (PPA) negotiations which could benefit from using templates that have worked elsewhere to reduce time taken. He also noted that tax holidays and other incentives are needed to make geothermal investment attractive to the private sector.



Eyob Easwaran

Africa Geothermal Centre of Excellence (AGCE) holds second Steering Committee meeting

AGCE Steering Committee meeting



In order to meet increasing geothermal development capacity building needs in Africa, a geothermal Centre of Excellence has been conceptualized and steps have been put in motion to ensure its realization. Various local, regional and continental geothermal forums have recognized the AGCE to be a vehicle to ensure the development of skilled manpower for sustainable geothermal development in the continent.

On the sidelines of the ongoing sixth ARGeo conference taking place in Addis Ababa Ethiopia, the AGCE held its second Steering Committee meeting to review progress made since the first meeting that was held in March 8, 2016 in Kigali Rwanda. All stakeholders have agreed that the Centre of Excellence will be constituted under the Kenyan Laws and will be recognized by the AUC as a Regional Centre of Excellence. The Centre will be hosted by the Government of Kenya and based in GDC, with a satellite campus in KenGen.

The IGA-Africa Regional Branch holds its inaugural AGM

The East African Regional Branch of IGA has been renamed IGA-Africa Regional Branch (IGA-ARB) to accommodate all countries in Africa. The IGA Board approved the name change during its 65th meeting held on 1st November 2016. The defunct IGA-EARB was established in November 2011 following an approval of the IGA Board of Directors with Meseret Zemedkun as Chair.

Yesterday, the IGA-ARB held its inaugural annual general meeting to discuss modalities of admitting national geothermal associations. In general membership is open to national geothermal associations in African countries. Members of such national geothermal associations will be automatic members of the IGA-ARB. Where countries do not have a national geothermal associations, individuals will be allowed to join IGA-ARB as individual members until their country established a national association. IGA-ARB will work with individual countries in forming national associations.

The Africa Regional Branch also welcomes individuals from other continents who are interested or already participating in geothermal development in Africa and would like to join IGA-ARB as individual members. An interim committee has been established chaired by Meseret Zemedkun.

The ARB joins two other IGA regional branches namely the European Regional Branch (ERB) and the Western Pacific Regional Branch (WPRB). The aim of the regional branches is to provide a close regional focus for members with common interests, not only geographically but also in terms of similar types of geothermal resources and technical applications

IGA-Africa Regional Branch AGM in session



Peketsa Mangi commenting during the AGM

