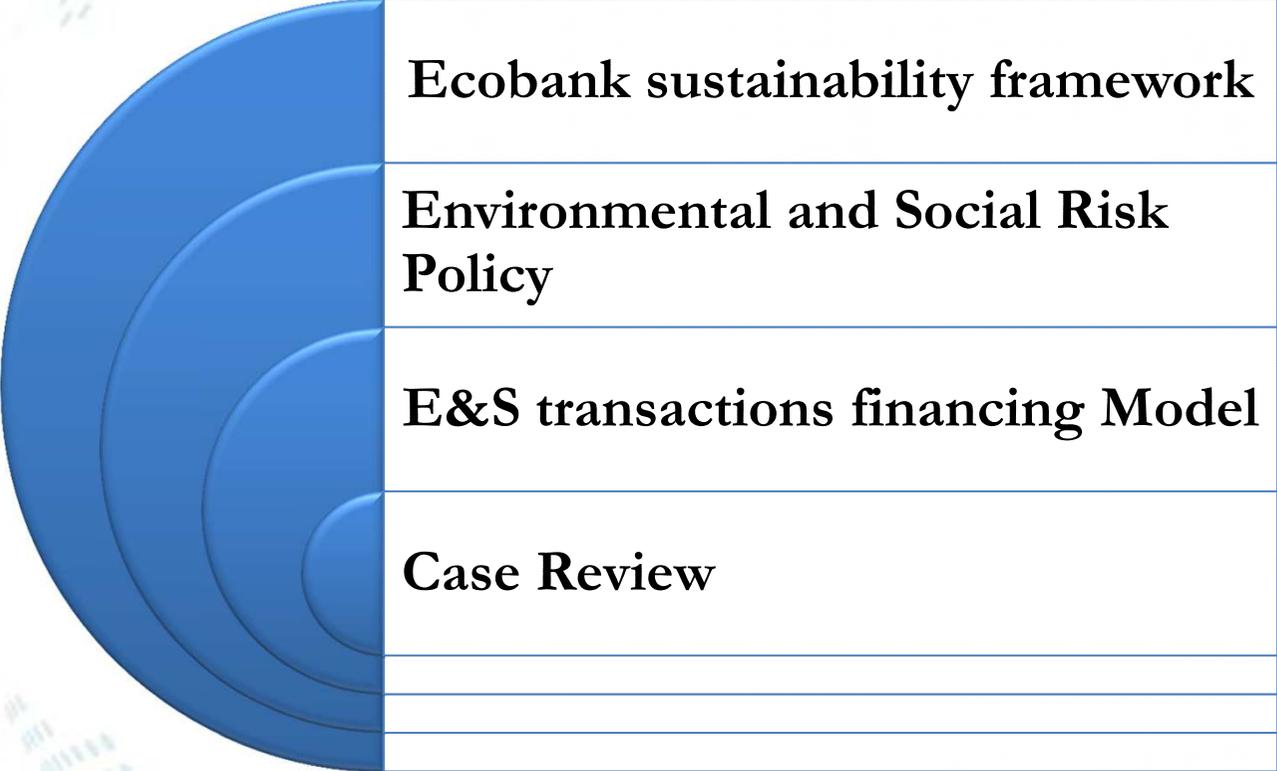




# Renewable Energy Technology (RET) Financing

IRENA Project Navigator Workshop

Cape Verde, September, 2014



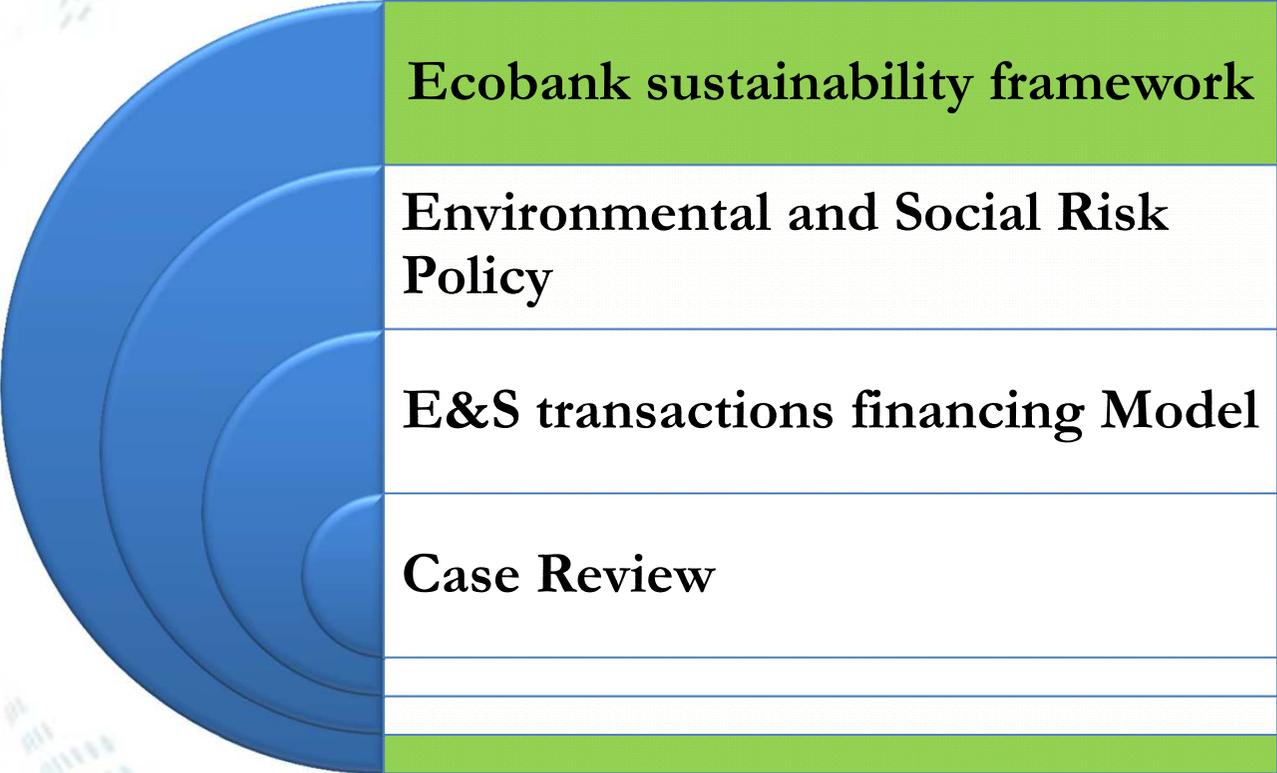
**Ecobank sustainability framework**

**Environmental and Social Risk  
Policy**

**E&S transactions financing Model**

**Case Review**





**Ecobank sustainability framework**

**Environmental and Social Risk  
Policy**

**E&S transactions financing Model**

**Case Review**

# Sustainability Framework

## Driving economic transformation

- Creating economic value
- Fostering Integration
- Partnership for Development

## Socially responsible finance

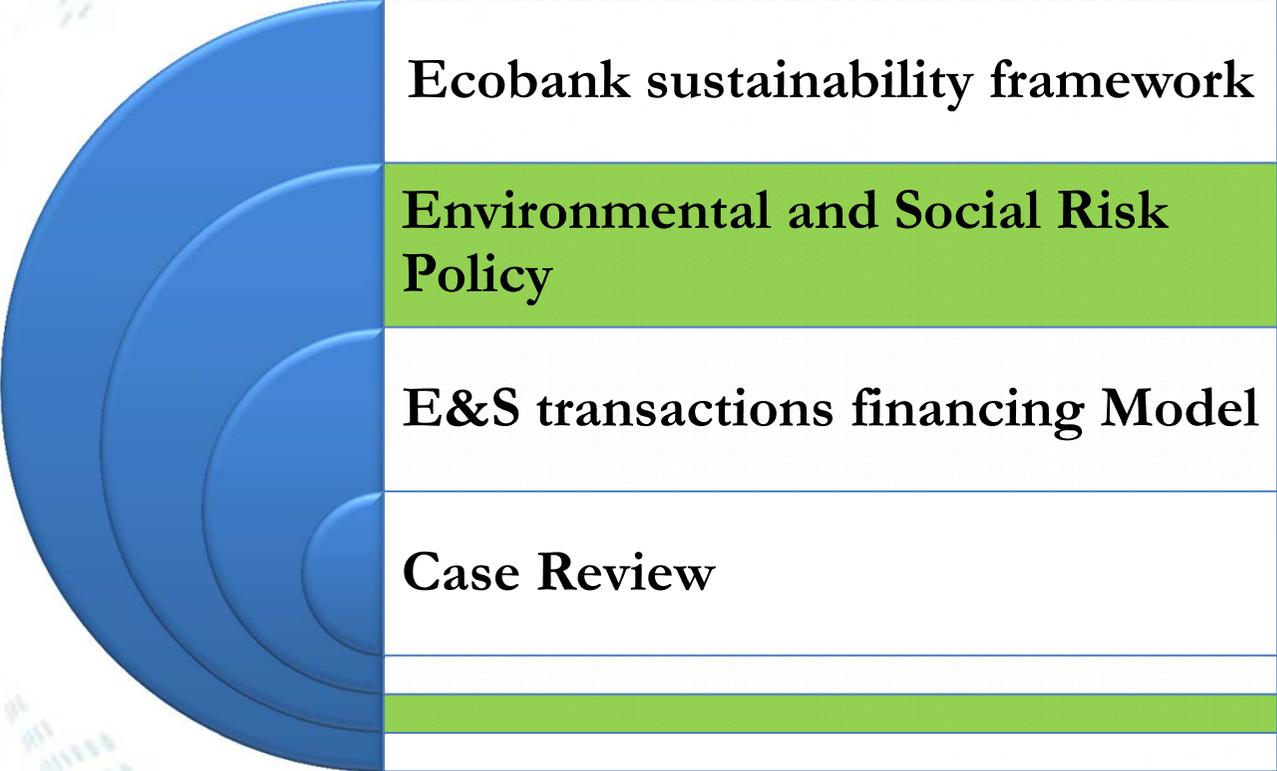
- Microfinance and microbanking
- Women in Business
- Ecobank Foundation
- Community engagement

## Protecting natural resources: environmental sustainability

- Risk management
- Green business
- Global initiatives
- Internal Carbon footprint Management

## Human Capital: attracting and retaining employees

- Diversity and culture
- Training and development
- Pan-African spirit



**Ecobank sustainability framework**

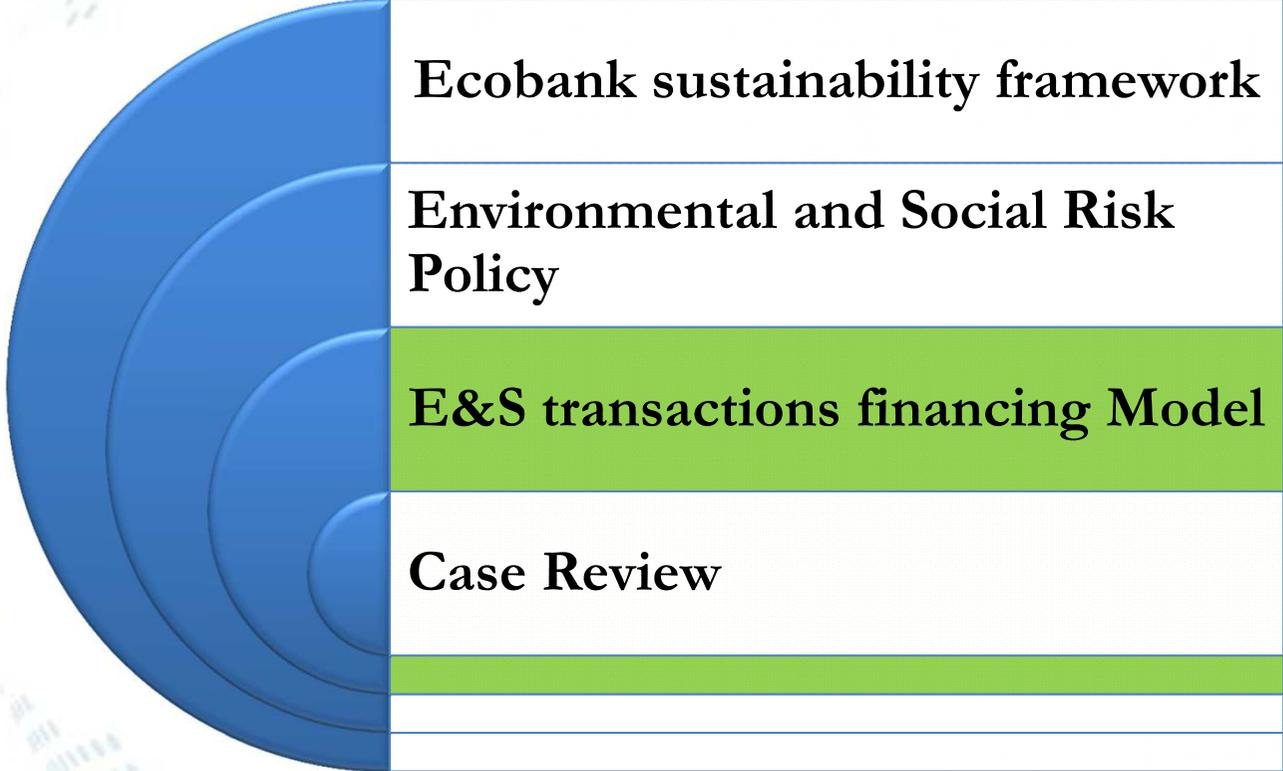
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# E&S Risk Policy Highlights

- Adopted by ETI Board in 1999
- Member and signatory of United Nations Global Compact (UNGC), the United Nations Environment Program Finance Initiative (UNEPFI) as well as adopted the IFC Performance Standards on Environmental and Social Sustainability (IFC PS)
- Objectives:
  - Transform environmental and social risks into opportunities
  - Build skills in environmental and social risk analysis and management
  - Achieve superior shareholder performance through better environmental and social operations
- All qualifying transactions for lending must be screened against E&S criteria set out in the policy Manual and directives that will be issued by senior management from time to time.



# Climate Financing Model in Ecobank

Great potential  
(Project related  
corporate financing)

Fuel switch



Sust Forestry



Industrial EE



High potential  
(SMME financing)

Household EE



Solar streetlight

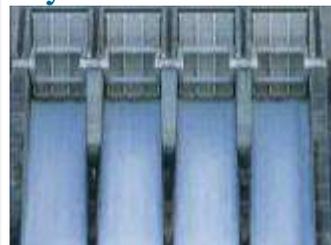


EE in Refrigerator



Great potential,  
hard to implement

Hydro



Landfill gas



Agricultural waste



# Climate Financing and Profits



## Telecoms

Energy efficiency, including Solar base station

## Mining & Quarry

1. Performance bond
2. Solar powered radio devices & CCTV
3. Cleaner Technology (Retrofitting)

## Real Estate & Hotel

1. Solar Home System (Lighting, cooling & water heating system)
2. Cleaner Technology (Retrofitting)

## Manufacturing industry

1. Energy efficiency
2. Cleaner Technology

## Ecobank internal M& A

Environmental Auditing

# Keys Risk Acceptance Criteria

## □ Industry attractiveness

- Porter's Five Forces Analysis
- PEST Analysis / SWOT Analysis

## □ Strategy, positioning and business model

- Vision, Goal and Values
- Business strategy (cost leadership / Differentiation)/ Corporate Strategy
- Value proposition, Profit Formula, Keys processes, Keys resources etc.
- Competitive position.

## □ Management quality

- Shareholding & Governance
- Structure and organization
- Management systems, processes and policies fits

# Keys Risk Acceptance Criteria

## □ Capital Structure

- Acceptable level of Equity
- Adequate level of Debt
- Leverage Ratios : D/E, D/Capital, Interests cover, Debt Service Cover.

## □ Return and financial ratios

- Free cash Flow analysis
- Project returns: NPV, IRR
- Business Return / Profitability: ROE, ROC, ROA, EVA.
- Liquidity: Current, quick, cash Ratio
- Net Working Capital : Days Inventories, Days payables, Days Receivables

## □ Risk Rating

- Investment Grade (minimum BBB)
- Non investment and Non speculative Grade ((Min. B)

# Funding

- ❑ Bank liabilities
- ❑ Deals fund raising arrangements
- ❑ Specifics funds and credit lines arrangements



<b>Ecobank sustainability framework</b>
<b>Environmental and Social Risk Policy</b>
<b>E&amp;S transactions financing Model</b>
<b>Case Review</b>

## Local Demand for Global & Regional Support

- Bagasse conversion to Ethanol, Kenya
- Waste to Energy, Cameroun
- UNEP AREED Energy Efficient End-User initiative, Ghana
- Energy Efficient refrigerator scheme, Ghana
- Captive Energy Initiative, Nigeria

# Captive Energy Financing, Lagos Nigeria



Production of Gas fired power generation facilities to replace Crude Oil power part of the power supply from the grid.

Thus far, in 18% savings from using the Gas plant.

Sector	Manufacturing Industry
Region	Lagos, Nigeria
Goals	Reduced reliance on crude oil electricity from grid & generators
Investments	<ul style="list-style-type: none"> <li>• Gas pipelines</li> <li>• Equipment retroffing</li> </ul>
Energy Savings	XXXX per annum
Financing	<p>Total facility approx USD3 million</p> <p>Tenor: 2-5 years</p> <p>Rate: <b>Customized</b></p>
Other Benefits	Increased reliability from own energy supply & green branding
CO2 Reduction	XXX CO <sub>2</sub> tons per annum



**Thank You**