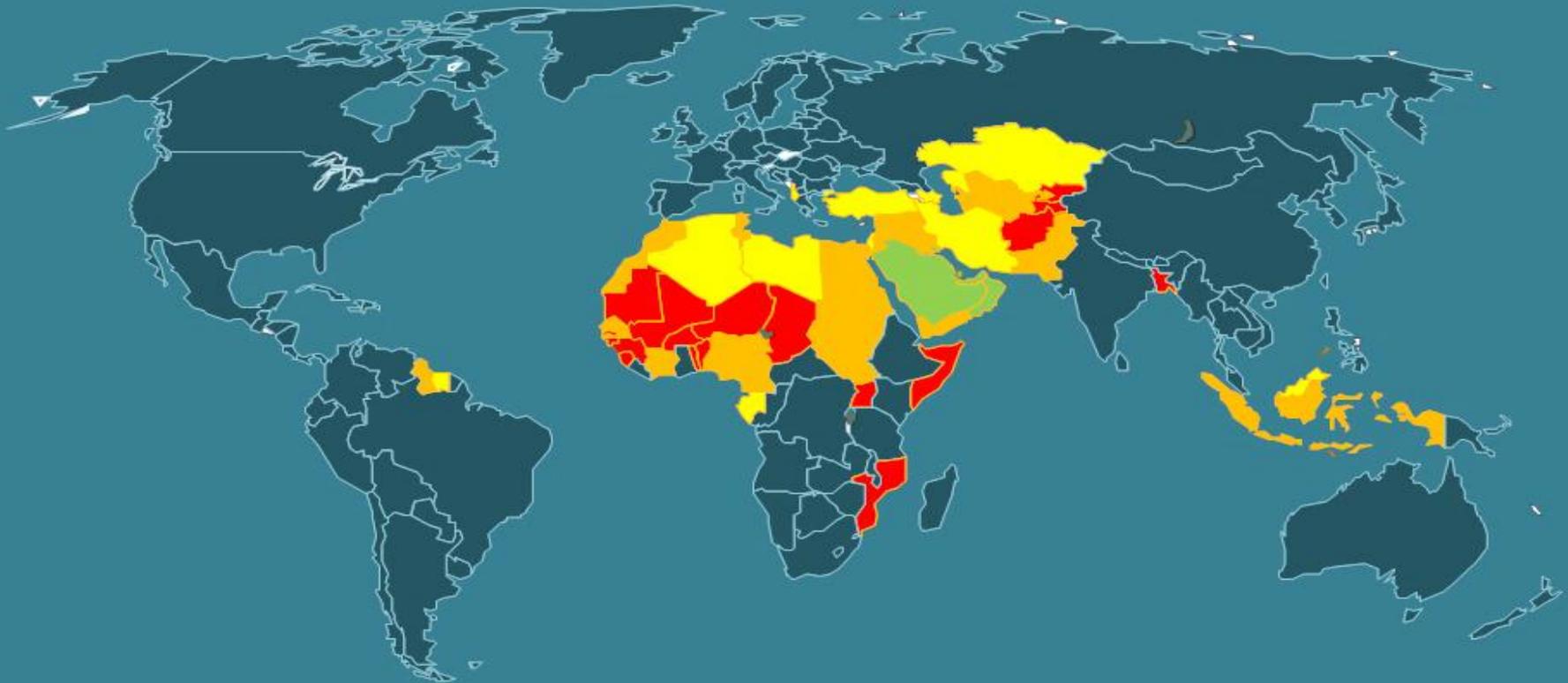




Islamic Development Bank

Together We Build A Better Future

International Off-Grid Renewable Energy Conference Accra, 1-2 Nov 2012



IsDB's Approach to Energy Poverty

The IsDB Group



1975



2008



1994



1999



1981



Islamic Development Bank (IsDB)

Foster the economic development and social progress of MCs and Muslim communities.

International Islamic Trade Financing Corporation (ITFC)

Promote and enhance intra-trade and trade cooperation through trade finance and promotion programs

Islamic Corporation for Insurance of Investment & Export Credit (ICIEC)

Provide export credit insurance, political risk insurance, technical assistance.

Islamic Corporation for the Development of the Private Sector (ICD)

Promote development of private sector development.

Islamic Research & Training Institute (IRTI)

Undertake applied & basic research in Islamic Economics and Finance.

Islamic Banking Compliance

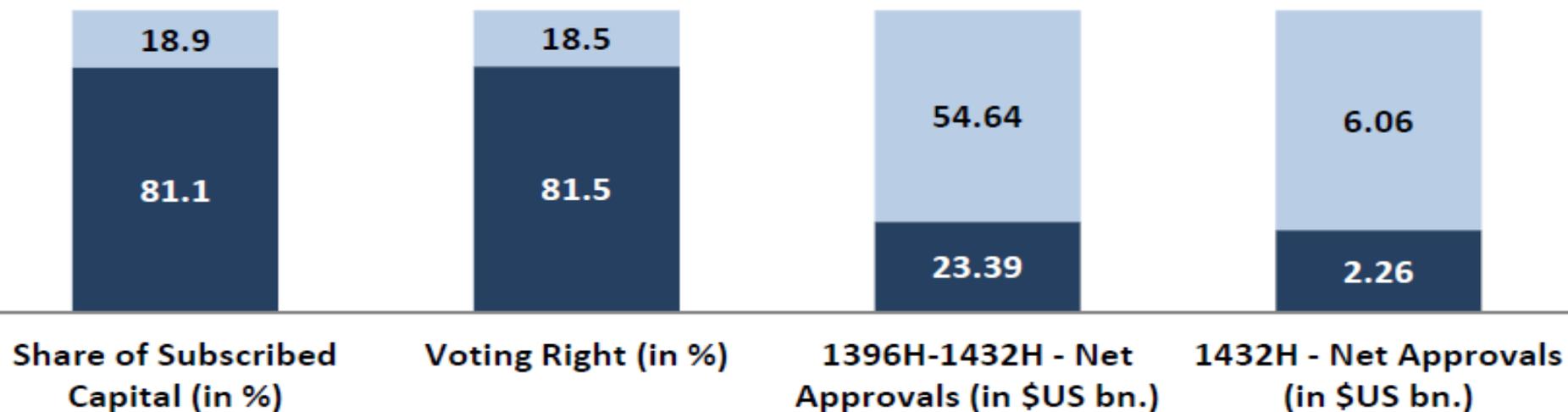
Overview of Islamic Development Bank



- **Established in 1975** to foster socio-economic development in Member Countries
- A Unique Model of **South-South Cooperation**
- **Global MDB:** Membership 56 Countries spread over 4 continents

- **Total Assets** : US\$ 14.2 billion
- **Authorized Capital** : US\$ 47.0 billion
- **Paid-up Capital** : US\$ 6.3 billion
- **Rated** : AAA Rating by Moody's, Fitch and S&P. Zero-Risk Rating by the EU

■ Nine Major Shareholders* ■ Others

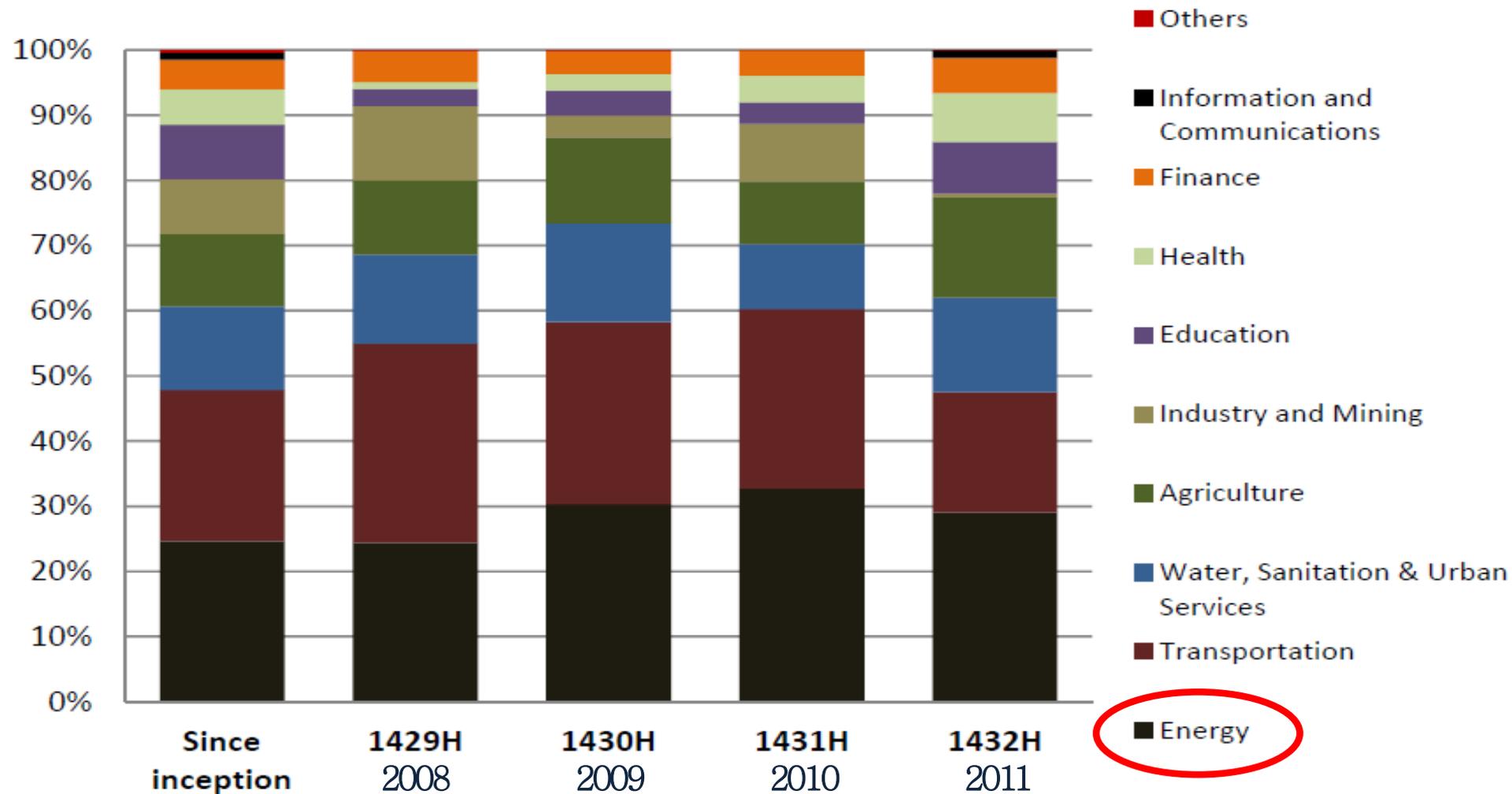


* Saudi Arabia, Libya, Iran, Nigeria, Qatar, Egypt, Turkey, United Arab Emirates and Kuwait

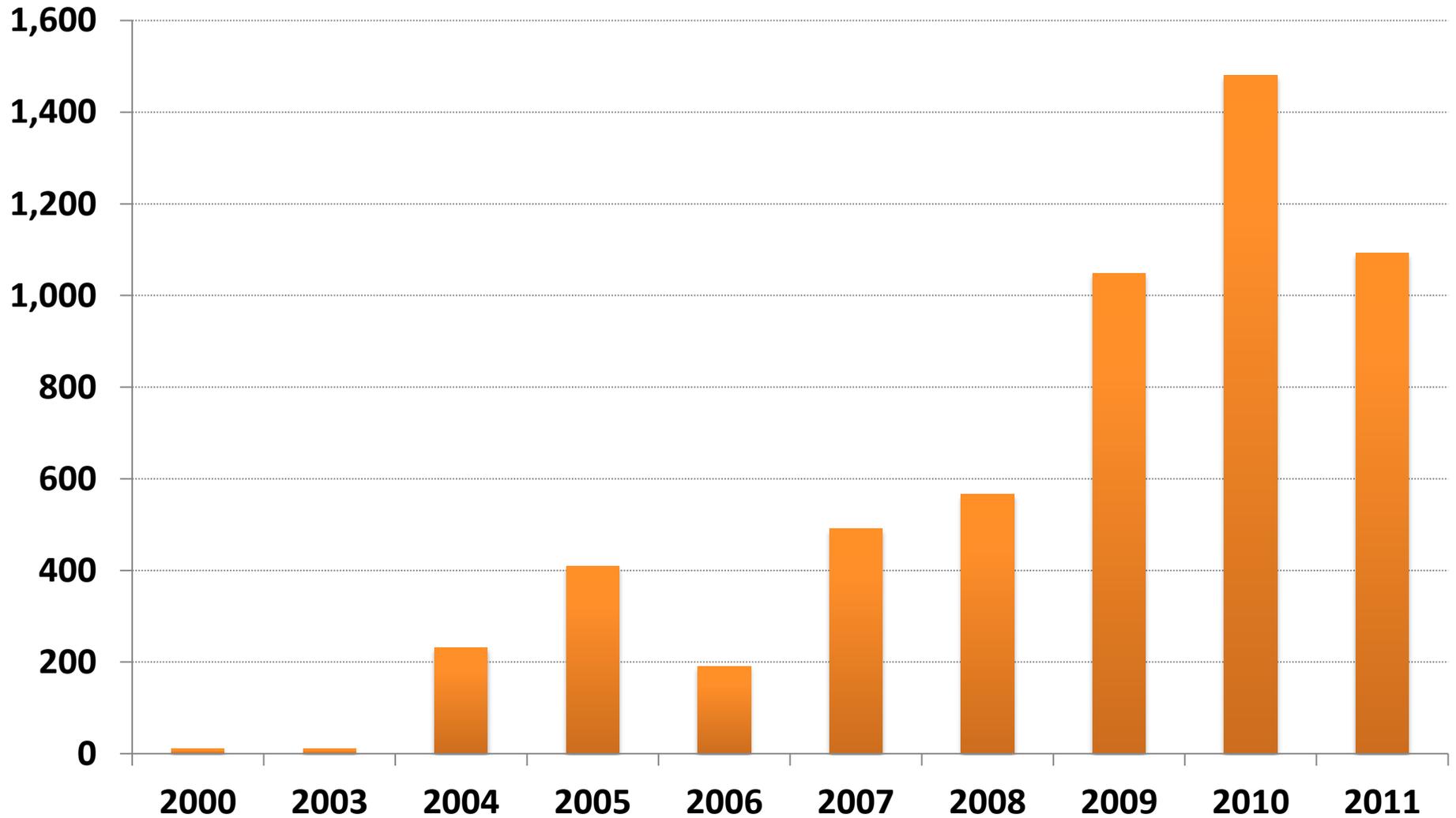
Overview of Islamic Development Bank



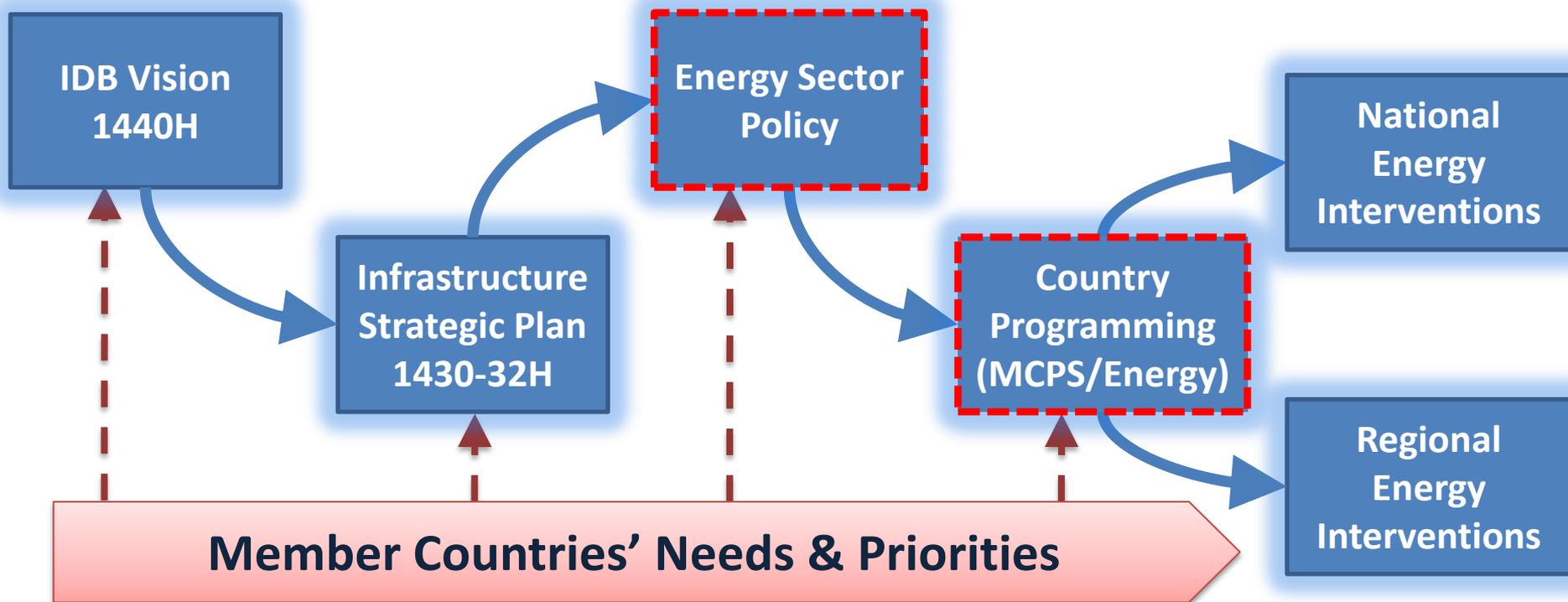
Net approvals of IsDB Group US\$78 billion by end-1432^H/2011^G



Rapid Scale-up in IsDB Energy Financing



IsDB Energy Policy in the making ...



Building on recognized strengths in power generation and grid infrastructure, but greater focus on:

- # Energy Poverty
- # Sustainability (RE & EE)
- # Knowledge

IsDB Energy Policy in the making...

Developing New Strengths in Addressing Energy Poverty



Energy for the Poor

Access to
Modern Energy

RE based
Off-Grid
Electrification

Non-Power:
Cooking, Water
Heating, etc.

Mini Grids

Home-based
Systems

Small-scale
Commercial

● Areas of existing strength

● Areas of increased focus

● Areas for future focus

3-Year Programme on RE for the Poor

-- focus on Off-Grid Solar

**Preparatory Study
(Consultancy ongoing)**

Off-Grid Solar Infrastructure Projects

Expected Outcomes:

- Identification of successful models of solar energy in IDB MCs
- Selection of two pilot MCs from SSA for off-grid solar energy projects

Expected Outcomes:

- Pilot demonstration projects: full cycle of a off-grid RE project from policy setting to infrastructure investment
- Off-grid solar projects (public, PPP)

Cooperation Mechanism and Financing:

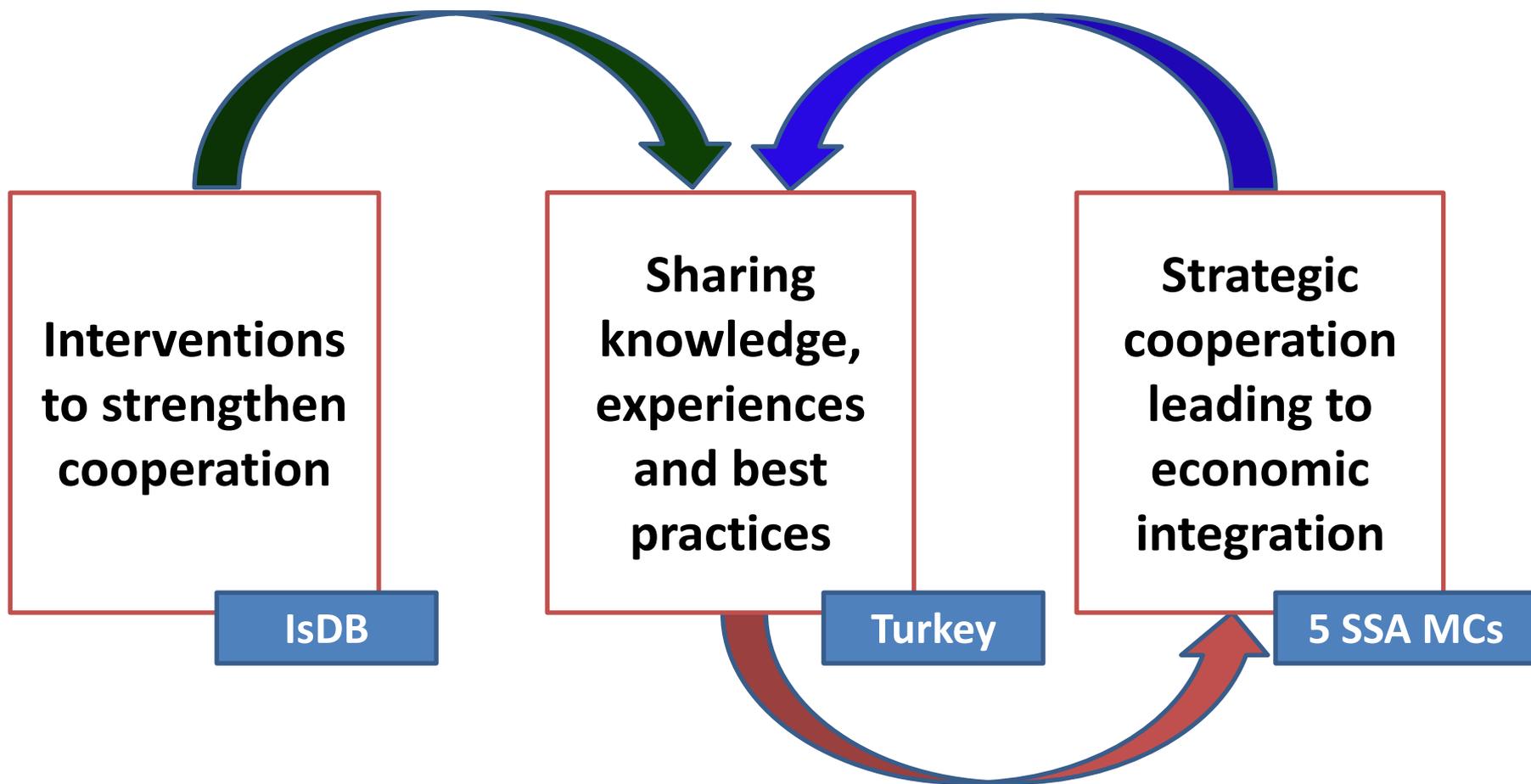
- TA grant financing by IsDB

Cooperation Mechanism and Financing:

- MC selection based on Preparatory Study findings
- Pilot projects to be implemented in cooperation wt partner institutions

Recent Initiatives

Reverse Linkage on “RE for the Poor”



Reverse Linkage on RE for the Poor

Short-Term Initiative

Provider: Turkey

Recipients: 5 SSA MCs

Kick-off
Workshop
in Jeddah

Technical
Visit to
Turkey

TR Private
Sector
Visit to
SSA

TR-IDB
coord.
mtg.

Medium-Term Initiative

Provider: SSA MC

Recipients: SSA MC

Share experiences among alike countries
of the region having RE dynamics

Expected Outcomes:

- Country specific road maps for IsDB MCs
- Pilot projects in selected countries (wt infrastructure component)

Cooperation Mechanism and Financing:

- RRAs based on Preparatory Study and in cooperation wt specialized institutions
- Twinning of public institutions wt TIKA support

Expected Outcomes:

- Development of Off-Grid RE policy framework and regulatory / institutional structures

Cooperation Mechanism and Financing:

- Workshops btw government institutions
- CDD grant financing

ICD Central Asia RE Fund

Investing in a Portfolio of RE Assets



Investment Manager: ICD

Investment Adviser: CIIC (Azerbaijan based investment management co.)

Target Region: Kazakhstan, Azerbaijan, Turkmenistan, Tajikistan, Kyrgyzstan, Uzbekistan, Turkey, Albania, Kosovo, & Bosnia

Core Target Technologies: Wind, Solar, Hydro, Biomass

Investment Universe: Renewable Energy Infrastructure projects and companies

Investment Horizon: 8 to 10 years

Fund Size: US\$25 to US\$150 million

A similar fund planned also for Africa

ICD Central Asia RE Fund

Investing in a Portfolio of RE Assets



Minimize market risk especially during initial years of operation (enhances leverage and gives clear visibility for cash flows)

Diversify Country Specific Risks while allowing some clustering of investments

Diversify performance risk and limit conflicts of interest



Focus on mature technologies

Minimize administrative costs while reasonably diversifying investments and avoiding costly large scale transactions

- The fund shall invest mainly in projects ready for construction and shall not take development risk.
- The fund may invest in operating ventures

For further information, please contact:

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The IDB's Approach to Energy Poverty

Islamic Development Bank
Infrastructure Department
Jeddah, S. Arabia

Website:

<http://www.isdb.org>

IsDB Energy Financing



- Public Financing by IsDB (sovereign guarantee)
 - ✓ Up to US\$ 225 million per project (up to US\$ 450 million in multi-tranches)
 - ✓ Very concessional to LDCs (“loan”): Tenor up to 25 years; administrative fee only during implementation
 - ✓ Other concessional lending: Tenor up to 15 years
 - ✓ Grants for TA
- PPP financing by IsDB
 - ✓ US\$ 120 million for PPP
 - ✓ Tenor depends on the project risks
- Private sector financing by ICD

