

Promotion of Developing Countries

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Special KfW Facility for Renewable Energies and Energy Efficiency



Cooking with biogas, Nepal
KfW Development Bank, Competence-Centre Energy

Targets clearly exceeded

The “Special Facility for Renewable Energies and Energy Efficiency” enables KfW Entwicklungsbank, acting on behalf of the German federal government, to provide borrowers in developing countries with up to EUR 500 million in low-interest loans during the period from 2005 to 2009.

With the facility, Germany is pioneering the energy turnaround because it makes available additional funds for clean and carbon neutral energy supply in developing countries. The programme module “Renewable Energies” promotes investment in wind farms, biomass use and biogas plants, photovoltaic systems and solar thermal energy, geothermal power plants and hydro power plants. This supports the partner countries in an energy management that conserves natural resources and preserves the environment.

The programme module Energy Efficiency promotes investment in the entire energy chain from primary energy conversion to end-use. This

includes efficiency improvements in electricity generation and the reduction of losses in electricity transmission and distribution, the use of district heat, combined heat and power, rational energy management and efficiency improvements in industrial and commercial end users.

Two years after the Special Facility was launched in 2005 the result is encouraging. The budget funds of almost EUR 50 million provided in the years 2005 and 2006 helped to provide low-interest loans worth EUR 300 million to finance investment projects that conserve natural resources and preserve the environment. In response to the great demand from the partner countries the German Ministry for Economic Cooperation and Development (BMZ) has already committed EUR 300 million only two years after the start of the Special Facility instead of the EUR 200 million it had planned, thus clearly exceeding the targets set.

The funds were used for altogether nine projects:

In **Morocco**, solar home systems are giving 37,000 households in rural regions that are not connected to the electricity grid access to modern energy services. Cooperation with a private concessionary will ensure that the batteries are changed regularly and that the systems are serviced and maintained properly over the next ten years.

In **Azerbaijan** the transmission stations are being upgraded to help to reduce the recurring power cuts that are undermining the economy. At the same time, the electricity supply will be made reliable in the southern parts of the country.

In several rural regions in **India** modernisation of the electricity grid is reducing excessive electricity losses. This releases energy for productive use

and improves the quality of supply throughout the region.

In cooperation with our partner banks, loan programmes in **Brazil, Chile** and the **Andes** are providing low-interest loans to finance investment in the field of renewable energies and energy efficiency. These funds are available to both private enterprises and public sector applicants.

Thanks to modernisation, the efficiency and reliability of a coal-fired power plant in **Ukraine** has been increased substantially, thus leading to more cost-effective operation of the plant. At the same time, a refit with modern environmental technology is achieving a distinct reduction in the emission of pollutants.

Link:

www.kfw-entwicklungsbank.de > Topics > Renewable Energies > Special Facility

In **Montenegro**, the rehabilitation of the Piva hydropower plant is helping to supply electricity that is ecologically sound, reliable and cost-effective for the next 25 to 30 years. Along with the Perucica hydropower plant, the Piva plant has a key role in the hydropower-dominated electricity supply in Montenegro.

Numerous project proposals have also been received from partner countries for the years 2007 and 2008. KfW Entwicklungsbank currently examines which of these proposals are eligible for promotion under the Special Facility.

Further information

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