

Energy

Large funding area

Modern energy supply is a key prerequisite for development. But it is also very significant for climate protection. Therefore, energy plays an outstanding role in the German development cooperation. In terms of commitments, it is one of the biggest sectors promoted by the Federal Ministry for Economic Cooperation and Development (BMZ) as well as by KfW Development Bank. And these commitments are projected to stay on a high level or even rise in the years to come – especially against the background of a growing federal budget for development issues as well as international money provided in the framework of the Paris Agreement. KfW Development Bank is supporting the Federal Government in its objective to provide another 100 million people with access to modern energy until 2030. Next to that it concentrates on projects and programmes in the field of renewable energy and energy efficiency, which make up the volume of KfW’s activities in this sector. That way it is improving security of supply and promotes the sustainable transition of energy systems in its partner countries.

Context

The global demand for energy continues to grow: according to the International Energy Agency’s (IEA) forecasts by about 40% until the year 2040. Yet, already today most developing and emerging market countries fail to meet their energy demands. This is why a lot of countries suffer from significant power shortages. But even if electricity is available, voltage fluctuations occur frequently and may damage electric equipment and machinery. Absent or insufficient electricity supply also affects the economy. Investments stay away and a sig-

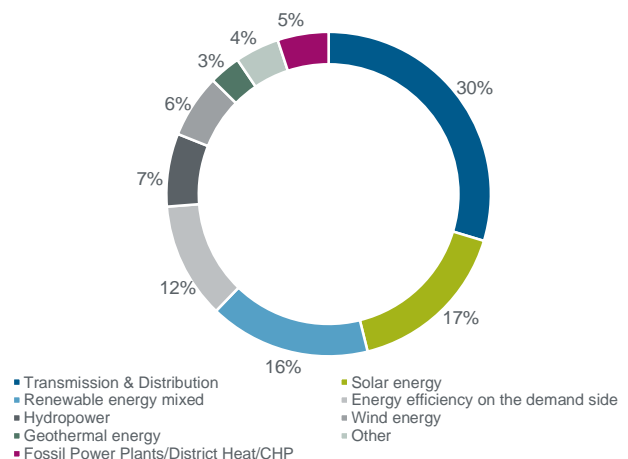
nificant source of employment and income generation possibilities get lost. Quite often a comprehensive body of laws to organise and regulate the energy sector is also missing. Sometimes even the institutions and authorities in charge work in an insufficient manner. And very often the necessary capital and know-how to realize urgently needed energy projects is not available.

The perception that energy is an important parameter has caused the topic to be explicitly included in the Sustainable Development Goals (SDGs) and thus become a part of the Agenda 2030. The proposed indicators accompanying the goals are identical with the objectives of the UN-Initiative Sustainable Energy for All (SE4All): provide all people with modern energy access until the year 2030 and double the share of renewable energy as part of the overall energy mix and the annual growth rate of energy efficiency during the same period. In that context the Federal Government has committed itself to provide another 100 million people with access to electricity until the year 2030.

KfW Energy sector commitments 2014-2018

Total: EUR 12.5 billion

In Mio. EUR:



The KfW development approach

Next to energy access KfW aims primarily at improving the energy supply in its cooperation countries and help to transform energy systems there. Between 2014 and 2018 KfW on behalf of the German Government has financed energy projects with approximately EUR 12.5 billion, around EUR 3 billion of which in the year 2018 alone.

KfW finances all forms of renewable energy like wind- and hydropower, solar and geothermal energy as well as biomass. With a high share in the portfolio energy efficiency also plays an important role. This includes measures for energy generation and rehabilitation of energy grids as well as on the demand-side in the buildings and industry sector. As the example of the German “Energiewende” demonstrates the share of renewable energy can hardly be increased without investments in transmission and distribution infrastructure.

KfW’s energy projects expand around the whole world: about 39% of the commitments in the last five years have benefited Asia, followed by Latin America with around 17%. About 15% went to Europe and the Caucasus. The share of the MENA region comes up to 14%. KfW’s projects and programmes show effects: The commitments of the year 2018 alone will provide more than 1.6 million people with access to modern energy – this being an important contribution to Germany’s access objective.



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Parabolic mirrors at the solar power plant. Source: KfW photo archive, photographer: photothek.net

Marocco – Focusing the Sun’s Rays

The southern Moroccan town of Ouarzazate, located at the edge of the Sahara, is known as “the door of the desert”. In the past, it has served as a setting for various movie productions like “Gladiator” and “The Physician”. In the meantime the city has taken over a pioneering role in a completely different industrial sector. As the radiation intensity is particularly high, the first big solar complex in Northern Africa and one of the biggest solar thermic power plants of the world is being constructed there at the moment.

In the beginning of 2016 the first of four power stations went into operation – in the presence of King Mohamed VI. It took around two years to finish it. Together the four plants shall have an installed capacity of 580 MW. Yet, the first part alone will provide around 350.000 people with environmentally friendly electricity from the desert; all four will reach 1.3 million people. Compared to conventional electricity production the plants will save 800.000 tons of CO₂ emissions per year. The country wants to meet its own rising energy demand to begin with, but also considers exporting electricity to Europe one day. KfW supports this pioneering project on behalf of the German government all in all with around EUR 830 million.