

**Speaking Points Mr. Quince – at African Union, Addis Ababa  
15.12. 2011 at 05:00 PM at the Hilton Hotel  
here:  
Signing ceremony of the Financing Agreement between the AU Commission  
and KfW (Geothermal Risk Mitigation Facility)**

December 13, 2011

## **Speaking Points**

**Hon. Dr. Elham Ibrahim, African Union Commissioner for Infrastructure and Energy,**

**H.E. Lieselore Cyrus, Ambassador of the Federal Republic of Germany to the Federal Democratic Republic of Ethiopia and to the African Union,**

**Dr. Thomas Duve, First Vice President of KfW Development Bank**

**Dr. Ronald Steyer, Director of KfW's Addis Ababa Office,**

**Members of the Media,  
Ladies and Gentlemen**

- Today we are witnessing another example of the EU-Africa Infrastructure Partnership in action. This Partnership was set up in 2007 to address the gaps in Africa's regional infrastructure network in energy, transport, water and ICT. Also in 2007, the EU established the EU-Africa Infrastructure Trust Fund as the EU's main financial instrument for financing regional infrastructure projects in Africa. The Trust Fund blends grants from the European Commission and EU Member States with long term financing from European financial institutions and the African Development Bank.
- It is a particular pleasure for me to be here today to witness this signing of the Financing Agreement for the *Geothermal Risk Mitigation Facility* for Eastern Africa in my new function of EU Head of Delegation to the African Union. As former chair of the EU-Africa Infrastructure Trust Fund (ITF) Executive Committee I am particularly aware of the Infrastructure challenges in Africa and familiar with this **flagship project of European cooperation with the AU Commission.**
- In addition to the grant funds of **20 million EUR from the Government Germany** to be signed today, **another 30 million EUR** is being mobilised from the EU-Africa Infrastructure Trust Fund.

- The key feature of this facility is to reduce the **barrier for capital investments** – by helping to offset the high risk of unsuccessful exploratory geothermal drilling – and so help to attract **public and private investors** for the construction of geothermal power plants. The involvement of the private sector is necessary to mobilise the large funding requirements.
- In Eastern Africa 80% of households **lack access to electricity**. This holds back economic development, and in turn frustrates efforts to reduce poverty.
- In this regard the European Union very much supports the Sustainable Energy for All initiative of UN Secretary-General Ban Ki Moon which aims to meet three interlinked energy targets by 2030:
  - achieving universal access to modern energy services
  - doubling the rate of improvement in energy efficiency
  - doubling the share of renewable energy in the global energy mix.
- Innovative projects like the *Geothermal Risk Mitigation Facility* will very much support these objectives.
- The **geothermal energy potential** in Eastern Africa is huge. With at least 10,000 MW of power, it is more than double the currently installed electric generation capacity in Eastern Africa. Consequently, the *Geothermal Risk Mitigation Facility* has a truly regional dimension, responding well to the objectives of the ITF and the AU Commission to support **regional integration in Africa**. As a very reliable renewable energy resource, the exploitation of geothermal energy can contribute to several development targets, such as **climate protection, sustainable economic growth, creation of employment and Sustainable Energy for All**.
- In this context, the EU-Africa Infrastructure Trust Fund puts high emphasis on energy projects. Already 50% of its support is concentrated on Energy, having mobilized 420 million EUR from other financiers supporting projects with a confirmed total financing of over two billion €.
- I note that the potential of this geothermal project is to mobilize potentially up to EUR 1 billion of new investments, providing energy for economic growth and improving conditions for the economic and social development for the people of Eastern Africa. I wish this project every success.