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## PRESS RELEASE

### KAM SIGNS KSH 286 MILLION ENERGY PROJECT WITH AFD

**27<sup>th</sup> April, 2011, Nairobi:** The French Ambassador to Kenya, H.E. Etienne de Poncins and the Chief Executive Officer of Kenya Association of Manufacturers (KAM) together with Mr Jean-Marc Gravellini, Head of the Sub-Saharan African Department, Agence Française De Développement (AFD) have today signed a two year project valued at 2.6 Million Euros (approximately Ksh 286 Million) for providing technical assistance to renewable energy (RE) and energy efficiency (EE) investments in Kenya, Uganda and Tanzania. The amount has been funded by an AFD grant 600,000 Euros (Ksh 66 Million) and an Africa Infrastructure Trust Fund of the European Union grant of 2 Million Euros (Ksh 220 Million).

The project, dubbed Regional Technical Assistance Programme (“RTAP”), is part of the environmental credit lines extended by AFD to local banks in Kenya, Uganda and Tanzania. The entire package comprises also of a generic line of credit (LC) for each country at soft conditions. In Kenya, the project funds will be available through CFC Stanbic and COOP Bank. A total of 30 Million Euros (Ksh 3.3 billion) has been availed to the two banks for onward lending to businesses that wish to invest in renewable energy and energy efficiency projects. In Kenya, the expected investments should reach around 56 Million Euros (Ksh 6.16 billion).

It is anticipated that the RTAP which will be organized as a regional platform will contribute to the development of capacities in the three countries through the transfer of skills to local experts and help the future development of RE / EE projects in the region. This platform will be located in Nairobi with a pool of experts through which local skills will be progressively built up.

The RTAP project is mainly aimed at providing support for the financing of selected investments in renewable energy projects of small hydro, wind, biomass, cogeneration and solar as well as in energy efficiency projects especially in the agribusiness and hospitality sectors in the three countries, as well as to the partner banks.

In East Africa the demand for energy has been rising steadily over the years characterised by an intensive use of biomass fuel (wood, charcoal). In Kenya alone, this demand represents 68 per cent of the total primary energy requirements, equivalent to 12 million tonnes of oil (TOE) per year. The figure stands at 94 per cent in Uganda and 90 per cent in Tanzania, a factor that has resulted in the massive depletion of natural resources in the three countries.

This combined with other trends including the region's increased demand for power, deforestation and continued use of fossil fuels to meet this demand, green house gases emissions are bound to rise sharply. Therefore, the region's transition process toward renewable energy sources is essential so as to mitigate climate change and reduce the cost of power.

The EE/ER RTAP Project is therefore particularly important because of the fact that it aims to bring additional solutions to achieve the diversification of energy resources in the East African region and help the region's transition towards sustainable energy solutions that are technically, economically and financially viable.

The energy efficiency (EE) and renewable energy (RE) projects, will additionally greatly contribute towards the improvement of the businesses sustainability and competitiveness, through the provision and facilitation of a more secure power supply and a lower energy bill, thereby boosting the regional dynamic towards "green energy".

KAM is particularly enthusiastic about this project because although we have been conducting Energy Audits for nearly 10 years now, some companies have not invested in the same as a result of financial constrains. Banks also claim not to know enough about the potential that lies in the area of Sustainable Energy lending. This line of credit therefore seeks to bridge the gap and it is our expectation that among the beneficiaries of this LoC will be KAM members or those we have interacted with in Audits which gives us a claim to value add services for members.

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