



## PRESS RELEASE

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# Southern Africa electricity cooperation boosted through European funded 950km Caprivi interconnector inaugurated today

The 300MW high voltage Caprivi connection between Zambia and Namibia will be officially inaugurated on 12<sup>th</sup> November by the Presidents of Namibia, Zambia, Botswana and Zimbabwe. This will reinforce electricity transmission between Zambia, Namibia and South Africa, linking northern and western parts of the Southern African Power Pool. The NAD 3bn (EUR 300m) project consists of a 950km connection between Katima Mulilo and Gerus, Namibia. The Caprivi Interconnector has been financed through long-term funding by the European Investment Bank, Agence Française de Développement and Germany's KfW with each institution providing EUR 35m support, with an additional EUR 15m interest rate subsidy from the EU-Africa Infrastructure Trust Fund. NamPower will fund the balance together with the Development Bank of Namibia.

Nampower Managing Director, Paulinus Shilamba added: "The Caprivi interconnector inaugurated today will enhance electricity supply to NamPower's customers and reinforce Namibia's role in the regional electricity network."

Plutarchos Sakellaris, European Investment Bank Vice-President, responsible for Africa highlighted "The Caprivi interconnector will ensure reliable and cheaper access to electricity, which is crucial for the economic development in Southern Africa. The inauguration of this truly regional project represents an important milestone for regional energy cooperation. The European Investment Bank and its European financing partners are pleased to support this crucial link in the Southern Africa Power Pool."

Jean-Michel Debrat, Agence Française de Développement Regional Representative for Southern Africa added that "The close cooperation between German, French and EU development institutions in favour of Southern Africa regional integration through a major energy infrastructure is a clear sign of the willingness and capability of Europe to be a key partner for the development of the region as a whole".

KfW Head of Division for Energy and the Environment for Africa, Klaus Gühr, said "This project is a door-opener and an important milestone towards intensified co-operation of southern African countries in the energy sector. Joining forces will be required to cope with the energy crisis in southern Africa. In a world that must reduce dependence upon limited and polluting fossil fuels, it provides greater opportunities for countries in the region that have considerable potential to develop and sell sustainable hydro power."

Provision of a EUR 15 million interest subsidy as a grant, from the EU-Africa Infrastructure Trust Fund, reduces the overall cost of the loans from the three financing institutions for Namibia and is motivated by the significant regional benefits of the project which should not be met by the Namibian tax payer alone. The EU-Africa Infrastructure Trust Fund was launched in 2007 by the European Union to support the EU Strategy for Africa and implementation of the Partnership for African Infrastructure.

European Union Ambassador to Namibia, Elisabeth Pape, added "This project represents close European cooperation in supporting energy infrastructure essential for economic growth in southern Africa. The EU-Africa Infrastructure Trust Fund helps implement the EU Strategy for Africa in key energy and other flagship infrastructure projects with regional benefits in Sub-Saharan Africa. The Caprivi Interconnector is the first project which received funding from the Trust in the form of a € 15 million grant in interest subsidies and can serve as an excellent model for future investments of such a collaborative nature of European Development Finance Institutions."

German Ambassador to Namibia, Egon Kochanke, said: “The Caprivi Interconnector is an excellent example of Namibian-European co-operation and of harmonisation in the sense of the Paris Declaration on Aid Effectiveness. Three European development financing institutions – the European Investment Bank, the German Development Bank KfW, and the French AFD, each with a share of 35 million Euro and the Development Bank of Namibia with a share of 60 million NAD are co-operating with NamPower to finance a project of a scope that none of the partners would have been able to realise alone nor without the crucial support from the EU Africa Infrastructure Trust Fund.”

French Ambassador to Namibia, Jean-Louis Zoël, stressed that “The French Government is very pleased to have contributed, in partnership with Germany and EU institutions, through its state-owned French Development Agency, to what is the first major energy infrastructure investment in Namibia since independence with a large regional impact for Southern Africa as a whole.”

The Caprivi Interconnector will encourage greater competition in the Southern Africa Power Pool and allow Namibia to benefit from cheaper and more reliable energy. Around 50% of electricity used in Namibia is imported and the project will reduce the need for coal power generation during the dry season when the main Ruacana hydro plant cannot operate at full capacity. The link will enable more efficient transmission of electricity imported from Zambia, Zimbabwe, Mozambique and the Democratic Republic of Congo. Currently, regionally generated electricity is transported via South Africa. The Link also allows Namibia to provide electricity to Angola and Botswana. Construction of the transmission line avoids nature reserves and conservation areas, and addresses social issues of local communities with no resettlement being necessary.

The Caprivi Interconnector is the first project to receive financial support from the EU-Africa Infrastructure Trust Fund. The Trust Fund benefits cross-border and regional infrastructure projects in sub-Saharan Africa and blends grant resources from the European Commission and European member states with the lending capacity of European development financiers. The EU-Africa Infrastructure Trust Fund targets energy, water, transport and telecommunications infrastructure and was established under the EU Strategy for Africa.

#### Press contacts:

- **NamPower:** John Kaimu, tel.: +264 62 205 2340, e-mail: [john.kaimu@nampower.com.na](mailto:john.kaimu@nampower.com.na)
- **European Investment Bank:** Richard Willis, tel.: +352 621 555758, e-mail: [willis@eib.org](mailto:willis@eib.org), website [www.eib.org/press](http://www.eib.org/press) - Press desk: +352 4379 21000 – [press@eib.org](mailto:press@eib.org)
- **EU Delegation Namibia:** Emma Mbekele, tel.: +264 61 202 6000, e-mail: [emma-selma.mbekele@ec.europa.eu](mailto:emma-selma.mbekele@ec.europa.eu), website [www.delnam.ec.europa.eu](http://www.delnam.ec.europa.eu)
- **AFD's Regional Office in Johannesburg:** Elisa de Chambost, tel.: +27 540 7100, [dechamboste@afd.fr](mailto:dechamboste@afd.fr)
- **KfW Bankengruppe:** Dr. Charis Pöthig, tel.: +49 69 7431 4683, e-mail: [charis.poethig@kfw.de](mailto:charis.poethig@kfw.de), website [www.kfw-entwicklungsbank.de](http://www.kfw-entwicklungsbank.de)

#### Notes for Editors:

- The European Investment Bank, the long-term lending institution of the European Union, whose shareholders are the 27 European Union member states, has been active in Africa for over 40 years. EIB activities follow policies and objectives set down by European Union member states and whose Finance Ministers are the EIB's Governors.
- The European Investment Bank is manager of the EU-Africa Infrastructure Trust Fund that provides grant-support for interest rate subsidies, project technical assistance and feasibility studies, one-off grants for environmental and social components linked to projects and payment of early-stage, risk-mitigation insurance premiums.
- The Agence Française de Développement is a bi-lateral development finance institution established in 1941 that works on behalf of the French government. Its mission is to finance development according to France's Overseas Development Assistance policies. In 2009, AFD committed over €6.2 billion to more than 60 developing countries. AFD's activities are aimed at reducing poverty and inequalities, promoting sustainable economic growth, and protecting “Global Public Goods” such as the fight against climate change and pandemics; the preservation of biodiversity; the promotion of social and environmental responsibility.
- On behalf of the German Federal Government KfW-Entwicklungsbank finances reforms, infrastructure and financial systems for socially and ecologically compatible economic growth. Reducing poverty, securing peace, protecting natural resources and helping to shape globalisation are the main priorities of KfW Entwicklungsbank. As part of KfW Bankengruppe it is a worldwide financing partner, and it also employs funds of its own for development projects. For its contribution to the Caprivi Interconnector, in

addition to the subsidy provided by the ITF, KfW is using a special facility by the German Government to subsidise loans for projects that contribute to the protection of the climate and the environment.