

Supporting South African SMEs to develop energy efficiency projects



Image © AFD

01/06/2016 - Project start date

31/12/2019 - Project end date

ENERGY, EMPLOYMENT AND SHARED PROSPERITY, CLIMATE - Sectors

SOUTH AFRICA - Location

LOAN, GRANT - Financing tool

120 000 000 EUR - Amount of funding

IDC (INDUSTRIAL DEVELOPMENT CORPORATION OF SOUTH AFRICA) - Beneficiaries

LE SECRÉTARIAT D'ÉTAT SUISSE À L'ÉCONOMIE (SECO) - Co-financiers

CONTEXT

With over 500 million tonnes (Mt) of CO₂ generated annually, South Africa is one of the 15 largest emitters of greenhouse gases (GHG) in the world. The national energy sector is highly dependent on

coal (74% of the energy mix) and contributes to 80% of all GHG emissions.

In South Africa, it is estimated that SMEs make up 90% of formal businesses, provide employment to about 60% of the labour force and contribute roughly 34% of GDP.

However, commercial banks remain very cautious when it comes to financing small and medium-sized businesses.

DESCRIPTION

Bio2Watt is an industrial scale biogas waste-to-energy company. Its largest biogas plant is located in Bronkhorstspuit, 120 km from Johannesburg, and it uses natural resources such as cow manure and food waste to produce 100% 'green' electricity.

The gas from the plant's digesters drives four large gas engines connected to generators and the national electricity grid (ESKOM). The plant's energy generation capacity stands at 4.4 MW generating electricity on a 24/7 basis.

Bio2Watt received a EUR 6 M loan through Sunref, AFD's green label, to realize its green investments of producing clean energy and reducing waste.

AFD's green finance label Sunref facilitates SMEs access to low-cost renewable energy and supports sustainable use of natural resources. The current second phase - Sunref II - is characterised by:

- A credit line of EUR 120 million granted to the International Development Corporation (IDC) to finance energy efficiency and small-scale renewable energy initiatives that contribute to local job creation;
- Technical assistance of EUR 3 million funded by SECO, the Swiss International Cooperation. It will aim at pursuing capacity-building for the participating banks, as well as for their clients, in order to create an enabling environment for the emergence of projects financed under the proposed credit line.

IMPACTS

Sunref aims to :

- Reduce the carbon footprint and energy intensity of the South African economy;
- Support small and medium businesses with a view to fostering and maintaining job creation and reducing inequalities.

