

 Early Warning System

AFDB-P-CV-F00-002

Cape Verde - Cabeólica Phase II Expansion Project Senior Loan Wind
and Installation of BESS project



Quick Facts

Countries	Cape Verde
Specific Location	Santiago, Sal, São Vicente, Boa Vista
Financial Institutions	African Development Bank (AFDB)
Status	Approved
Bank Risk Rating	U
Voting Date	2025-06-13
Borrower	Cabeólica S.A
Sectors	Energy
Investment Type(s)	Loan
Investment Amount (USD)	\$ 22.01 million
Loan Amount (USD)	\$ 22.01 million



Project Description

As stated by the AfDB, the Government of Cabo Verde (GoCV) signed a Memorandum of Understanding (MoU) with Cabeólica on 23 September 2022 to expand the Cabeólica Phase I project. The expansion includes 13.5MW of wind generation in Santiago, a 6MW/6MWh battery energy storage system (BESS) in Santiago, and another 6MW/6MWh BESS in Sal. These systems will provide key ancillary services to the grid, such as frequency regulation, energy balancing, spinning reserve, and voltage support. Building on the success of Phase I, GoCV launched a competitive tender on 11 August 2023 to procure additional BESS: 8MW/8MWh in São Vicente and 6MW/6MWh in Boa Vista. Cabeólica won this tender on 27 November 2023. The company has since merged both initiatives—the Expansion Project and the New BESS Project—into a single Phase II Project. Together, Phase I and Phase II will deliver 39MW of wind power and 26MWh of battery storage capacity. To meet the commissioning deadline of December 2025, Cabeólica plans to begin construction under advance contracting, funded initially by a Bridge Loan (BL). The company has asked the Bank to retroactively finance costs incurred after 30 June 2024 using BL proceeds. These include engineering, procurement and construction (EPC) costs and development expenses, co-financed with EIB.

The Project will provide an average of 48.3 GWh (at P90) and 57.8 GWh (at P50) per annum of additional renewable energy to households and will ensure a continued supply of low-cost renewable power in Cabo Verde. The availability of reliable and clean electricity will support green growth transition and economic growth in general and improve the financial performance of the power utility, with estimated costs savings of €10 million per annum to Electra. The project will help maintain the supply of low-cost renewable wind energy in Cabo Verde by increasing the share of renewables from 17% to 30% by 2025, while the BESS system will ensure the windfarm serves as a Green Baseload by ensuring predictability of dispatch and preventing the curtailment of wind power. The proposed expansion project will also contribute to the country's NDC targets of 50% renewable energy generation by 2030, acceleration of economic growth and decarbonization by avoiding the emission of 50,000 CO₂-eq per annum and reduced reliance on expensive oil generation.

The Project increases the penetration of renewable energy into the Cabo Verde power system by increasing renewables power generation. This will help further reduce the high utilization of fossil fuels in power generation, in addition, the Project will help the country to realise significant savings estimated at €10 million at current fuels prices as a result of reduced fossil fuel import. The Project is the first commercial scale renewable energy project with a BESS component in Cabo Verde, providing strong demonstration and replication benefits for upcoming projects in the country.



Investment Description

- African Development Bank (AFDB)

The investment consists of a US\$ 22.01 million loan, co-financed by the African Development Bank (US\$ 14.12 million) and the Sustainable Energy Fund for Africa (US\$ 7.89 million).



Private Actors Description

As stated by the AfDB, Cabeólica S.A. (the Company) was established in 2009 as a Public Private Partnership (PPP) between Infraco Limited, a privately managed infrastructure development company; the Government of Cabo Verde through the Ministry of Tourism, Industry and Energy; and the national utility Empresa de Eletricidade e Água (Electra S.A).



Private Actor 1	Private Actor 1 Role	Private Actor 1 Sector	Relation	Private Actor 2	Private Actor 2 Role	Private Actor 2 Sector
Infraco Africa Ltd	Parent Company	Infrastructure	owns	Cabeolica SA	Client	Energy
Infraco Africa Ltd	Parent Company	Infrastructure	contracts with	Empresa de Eletricidade e Água (Electra S.A.)	Investor	Infrastructure



Contact Information

AfDB Team Leader:

Charles Oyewole LAWUYI

Email: c.lawuyi@afdb.org

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Other Related Projects

- EIB-20230065 CAPE VERDE WIND POWER EXPANSION