Early Warning System

AFDB-P-DJ-FA0-004

Djibouti - Geothermal Exploration Project in the Lake Assal Region - Supplementary Grant II

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Quick Facts

Countries	Djibouti
Financial Institutions	African Development Bank (AFDB)
Status	Approved
Bank Risk Rating	U
Voting Date	2020-01-15
Borrower	Government of Djibouti
Sectors	Energy
Investment Type(s)	Loan
Investment Amount (USD)	$ 3.27 million

Project Description

According to bank documents, the project is part of a geothermal energy development programme aimed at improving the quality of life for Djibouti's population by increasing access to electricity through an expansion of the national energy production capacity. The specific project objectives are to: (i) increase the green energy generation capacity; (ii) reduce oil imports; and (iii) reduce greenhouse gas emissions.

The proposed operation concerns a UA 2.36 million ADF grant to the Republic of Djibouti for the second supplementary financing of the Geothermal exploration project in the Lake Assal region. The geothermal exploration project in the Lake Assal region was approved by the Bank in 2013 in a context where access to electricity was relatively limited in Djibouti (50% access rate). It comprises the exploration of the Lake Assal geothermal steam field and confirmation of the characteristics of the geothermal resources. Ultimately, the project will contribute to: (i) building the first geothermal power plant in Djibouti; (ii) increasing clean energy generation capacity; (iii) increasing the people's access to electricity through a more reliable and affordable source of energy; (iv) reducing oil imports by 214 000 barrels of oil annually; and (v) reducing greenhouse gas emissions by 250 000 tons of CO2 annually. Thus, it will facilitate the improvement of the quality of life for the people of Djibouti. A supplementary loan of UA 10.74 million from the African Development Fund was approved to the project on 02 May 2018 to cover: (i) the cost of drilling the third well, including the non-funded activities of the first two wells; and (ii) the cost of additional consultancy services and conduct of a feasibility study on the development of a geothermal power plant. The execution of the three wells, Fiale-1, Fiale2 and Fiale-3, has been completed. All the wells were tested except Fiale-3 due to over budget. The mobilisation of additional resources will enable the project to clean up Fiale-2 and conduct further tests for all the wells in order to collect sufficiently reliable data for the feasibility study with an acceptable risk profile to attract potential investors for the development of a geothermal power plant at a reasonable electricity selling price. This second supplementary financing will facilitate the acceleration of the second phase of the project, which is the development of the geothermal power plant.

Investment Description

- African Development Bank (AFDB)

Contact Information

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ACCOUNTABILITY MECHANISM OF AfDB

The Independent Review Mechanism (IRM), which is administered by the Compliance Review and Mediation Unit (CRMU), is the independent complaint mechanism and fact-finding body for people who have been or are likely to be adversely affected by an African Development Bank (AfDB)-financed project. If you submit a complaint to the IRM, it may assist you by either seeking to address your problems by facilitating a dispute resolution dialogue between you and those implementing the project and/or investigating whether the AfDB complied with its policies to prevent environmental and social harms. You can submit a complaint electronically by emailing crmuinfo@afdb.org, b.kargougou@afdb.org, b.fall@afdb.org, and/or s.toure@afdb.org. You can learn more about the IRM and how to file a complaint at https://www.afdb.org/en/independent-review-mechanism/.

Bank Documents

- djibouti - geothermal exploration project - esmp summary [Original Source]
- Djibouti - Projet de production d'energie geothermique - GPN [Original Source]
- djibouti - projet dexploration geothermique - rdge - resume esmp [Original Source]
- djibouti - projet dexploration geothermique - resume pges [Original Source]
- Final Djibouti Geothermal Exploration ESMP anglais [Original Source]
- Final ESMP - French [Original Source]