renewAfrica Initiative

Stimulating European commitment for Africa’s clean energy access

Rome, June 4th 2019
Where the renewAfrica Initiative comes from

In recent years, both holistic programs and financing instruments have been established to help African Countries filling their gaps…

…but we are falling short from achieving substantial results

Are all of them applying the right approach?
Are they addressing the right risks/needs?

Do we need more instruments, especially EU ones?
Shall we promote a specific initiative to work on new EU solutions?
RES4Africa has been seeding the soil with preparatory studies

Two studies were carried out to explore the need and potential for an innovative EU Support Program:

- An **ex ante evaluation** assessing its **added value** compared to the existing ones
- A **preliminary study** on its **high level design**
There’s a significant presence of EU Support Programs for RE in Africa…

A gap analysis was carried out to understand and map existing initiatives and support mechanisms, following the SCREENING CRITERIA:

- Large-scale RE generation (above 50 MW)
- Financing solutions offered
- Risk mitigation solutions offered
- Technology coverage
- Geographical coverage
- (EU actors presence

Over 75 existing EU Support Programs

Only 17 significant

Of the existing Support Programs only:

- 35% Are available in all African countries
- 29% Are technology neutral
- 40% Comprehend at least one risk mitigation mechanism
- 20% Offer an aggregated package of guarantees & insurances
...but none of them cover simultaneously all major investment risks…

The legal/regulatory and political framework is the most uncovered risk, while environmental and social issues represent the risk area covered the most.

Among the analysed Support Programs only EIP and Scaling Solar provide a overarching risk mitigation tool.
... nor provide equal support throughout all investment phases

the most uncovered areas

<table>
<thead>
<tr>
<th>Activity</th>
<th>Milestone</th>
<th>Level of Support</th>
<th>Type of Support</th>
</tr>
</thead>
<tbody>
<tr>
<td>Preparation</td>
<td>Bid Documents</td>
<td>100%</td>
<td>• High Level dialogue</td>
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<tr>
<td></td>
<td></td>
<td></td>
<td>• Feasibility study</td>
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<td></td>
<td></td>
<td></td>
<td>• Capacity building</td>
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<tr>
<td>Tender Process</td>
<td></td>
<td>29%</td>
<td>• Bankable / standardized documents negotiation</td>
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<tr>
<td>Bidder consultation RFP</td>
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<td>18%</td>
<td>• Transparent and clear tender procedures</td>
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<td></td>
<td>Proposal review signing</td>
<td>65%</td>
<td>• Technical assistance</td>
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<td></td>
<td>Loan, insurances, PPA, guarantees</td>
<td>41%</td>
<td>• Training for the availability of local skills</td>
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<td></td>
<td>Construction, commissioning, O&amp;M</td>
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The renewAfrica initiative: stimulating the creation of an innovative EU Supporting Program

The renewAfrica initiative, Europe flagged and led by RES4Africa Foundation, is conceived to:

- promote the creation of a one-stop-shop EU Support Program,
- propose the major features of the new Instrument, designed to address all the unveiled market gaps and integrate all positive aspects shown by the existing EU Support Programs.

Players:
- Industry
- Multilateral institutions
- Commercial and development banks
- Think tanks and academia
- European Commission

SCOPE:
- Promotes the creation
- Generates
- Envisages the main features that the Innovative EU Instrument shall have
We need an innovative EU Support Program for RE investments in Africa to:

- Facilitate high level dialogue with governments and authorities
- Provide financial support and risk mitigation tools
- Promote capacity building and knowledge transfer
- Set the stage for the right investment environment
- Design structured tender processes and standardized documentation
- Cover more African countries and technologies
The innovative Program shall operate as a de-risking instrument covering all the investment phases and enabling market entry for EU IPPs and Financiers.

<table>
<thead>
<tr>
<th>Phases</th>
<th>Project Preparation</th>
<th>Tender Process</th>
<th>Financial Close</th>
<th>Construction &amp; Operation</th>
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<tbody>
<tr>
<td>Steps</td>
<td>Preparation</td>
<td>Bid Documents</td>
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<td>Public-Private</td>
<td>Tender Process</td>
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<td>Construction and O&amp;M</td>
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<td>Partnerships</td>
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<td>Capacity Building</td>
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<td>and Knowledge</td>
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<td>Transfer</td>
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<td>Renewable energy</td>
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<tr>
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<td>projects portfolio</td>
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<td>Allocation of the</td>
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<td>existing funds</td>
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- Standardized documents for the tendering process
- Project evaluation
- Negotiation process for the contracts finalization
- Guarantees and insurances to cover risks
- Monitoring in the construction and operation phase.
- Development of local skilled workforce
<table>
<thead>
<tr>
<th>What</th>
<th>RE promotion and policy dialogue</th>
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<tbody>
<tr>
<td>Promotion campaigns concerning renewable energy potential to contribute to sustainable growth</td>
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<tr>
<td>Policy dialogue with Governments/Authorities across the African continent leading to favourable conditions for RE investments</td>
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<tr>
<td>Conferences, seminars to facilitate interactions, knowledge sharing, introduction to decision makers in Country</td>
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<tr>
<th>How</th>
<th>Consulting Activities</th>
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<tbody>
<tr>
<td>Provision of support to Governments and Authorities to design FDI policies, energy policies and/or regulations, tender schemes and procedures</td>
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<tr>
<td>Provision of services to industry players to establish relationships with Governments and Authorities. Market access through technical guidance on admin. procedures</td>
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<tr>
<th>Financial Support</th>
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<tr>
<td>Financial support will be provided through several instruments including equity/quasi-equity contributions, lending and guarantees, etc</td>
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<td>The financial contribution may be provided by different entities, who cooperates on a specific project</td>
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<tr>
<th>Capacity Building</th>
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<td>Knowledge sharing on successful policies supporting renewable energy</td>
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<td>Dissemination of the best implementation practices</td>
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<td>Provide middle/High level decision makers training and capacity building</td>
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How the innovative EU Support Program can be promoted: the NDICI as a window of opportunity

The innovative EU Support Program envisaged by the renewAfrica initiative shall be a dedicated one-stop-shop program to support EU industry RE investments in Africa, applying to the resources which will be made by the Neighbourhood, Development and International Cooperation Instrument (NDICI).

NDICI is incorporating all EU’s international cooperation programs in a single one, and include an evolution of the European Sustainable Development Fund (ESDF+) and other instruments aimed at Investment Climate enhancement through High Level Dialogue, innovating the External Investment Plan.

The innovative EU Support Program shall be promoted as a common initiative of the EU RE industry, International Financing Institutions (IFIs) and National Promotional Institutions (NPIs).

This will combine a steady demand for RE investments-devoted resources and a reliable process to money lending.
How does the envisaged innovative EU Support Program integrate and interact with the players?

Industry players investing in RES

Knowledge of market failures
Steady demand for investments

Multilateral and bilateral development banks

Establish the new proposed Instrument
Apply to NDICI’s resources
Ensure presence in the destination market (political and financial level)

Innovative EU Support Program

Build the project pipeline
Require support to overcome market failures

Provides tailored financial support to overcome market failure

Provides financial resources to support the new proposed Instrument
Integrates with actions to enhance business environment

European Commission (NDICI)

RES project
RES project
RES project
RES project
RES project
How does the envisaged innovative EU Support Program integrate and interact with the players?

- Industry players are most aware of the difficulties in developing RES projects in the Region and they are suited to help define the type of support financial instruments shall overcome to facilitate RES investments in Africa.

- Multilateral and bilateral development banks are able to build on the experience provided by the Industry and translate their need for support in a tailored financial instrument.

- Such instrument will be designed to fully align with the EU strategies and in compliance with the EU rules.

- Early discussions among financiers and promoters of RES investments would ensure that the demand and supply of financial support are best matched.

- The European Commission will benefit from the certainty to invest EU resources in instruments developed and tailored around the needs of the market and whose pipeline of projects is developed in coordination with existing market players.
So, we are here today to start promoting a new EU Program through the renewAfrica initiative

**1. The agreement** among Industry players, FIs and international institutions *generates the renewAfrica Initiative.*

**2. All the actors who signed the letter of intent contribute to the design of the renewAfrica initiative (first) and of a **new EU programme** (as a final objective).*

**3. The renewAfrica Initiative is established in the proper legal form.**

**4. The renewAfrica Initiative proposes a new EU programme concept (to be presented to EU-NDICI via IFIs).**
The proposed renewAfrica initiative roadmap

Signature of the Declaration of Intent
Commitment of the involved parties to cooperate and establish the initiative

June 4th
TODAY

Presentation of the initiative to UNECA and AUC

June

Steering Committee meeting
Identification of the main tasks/activities to be performed by the initiative

June 19th

Proposed IFIs meeting in Luxembourg
Working Groups meeting
Establishment of the governance and tasks of the innovative EU Support Program

July-October

EC meeting
High-level meetings
EC commissioners

November