renewAfrica

2nd meeting of the signatories
January 28th 2020

Advancing EU Commitment to deliver RES Investments in Africa
Advancing European Commitment to Africa’s Clean Energy Access at scale

13:30 Mr. Antonio Cammisecra, President SC renewAfrica; President RES4Africa Foundation
Africa's growth is asking for energy

Africa is the second most inhabited region globally, after Asia. It is the world’s **fastest growing continent in demographic terms**.

By 2030, **more than 50% of the Africa's population will be living in cities**.

African **economic growth is projected to accelerate** to 4% and 4.1% in 2019 and 2020 respectively, **but it remains insufficient to address structural challenges**.

Progress in access to electricity is expected throughout the world, but Sub-Saharan Africa lags behind. In 2030, **over 600 million people in Africa will be living without access to electricity** (36% of the population).

Driven in large part by demographic and urbanization trends, **energy demand is expected to increase faster than anywhere else globally** (at 2.1% per annum).
Global RES capacity more than doubled over the past ten years, but Africa is lagging behind.

Global Installed RES generation capacity (GW) has more doubled in the last decade...

...with Africa accounting only for 2% of the total installed capacity.

Bridging Africa’s energy gap will require additional RES capacity and private sector investment.

RES GW installed in Africa

118 GW of additional RES capacity needed in Africa until 2030

2017

Additional RES Capacity

2030

Investments in RES Generation Capacity

€140 billion

Most of the investment needed must come from the private sector.

Source: Enerdata, BNEF
Note: Pump capacity not included
Africa is ready for energy

Population growth
Urban concentration
Demand growth
Land availability
RES potential

... but it is still missing:

Sustainable bankable project development
An enabling regulatory framework
Adequate financing support
Why should Europe invest in RE in Africa?

- Leadership in Renewable Sector
- Geographic Proximity
- Financing Availability

- Electricity Frugality
- RES Potential and Economic Growth
- Environmental and Sustainability Challenges
There is a significant number of EU RE Support Programs in Africa...

A gap analysis was carried out to understand and map the 75 existing initiatives and support mechanisms. 17 of them are significant, but 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 investments risks...

None of the 17 analyzed instruments cover all typical risks.

The legal, regulatory and political framework is the most uncovered risk.

EIP and Scaling Solar programs, over-performed regarding the risk mitigation mechanisms offered.

Level (%) of coverage by main area

- Legal / Regulatory Framework
- Risks Affecting Revenues
- Risks Affecting Financial Structuring
- Risks Affecting Construction and Operational Costs
- Environmental and Social Issues

17 Instruments Scaling Solar EIP
…nor do they provide equal support throughout all investment phases

Phase
- Preparation
- Bid Documents
- Tender Process
- Award
- Final Agreements
- Construction and O&M

the most uncovered areas

Milestone
- Preparation
  - Legal, technical and economic analysis: 100%
- Bid Documents
  - Tender information & documents: 29%
- Tender Process
  - Bidder consultation RFP
- Award
  - Proposal review signing: 18%
- Final Agreements
  - Loan, insurances, PPA, guarantees: 65%
- Construction and O&M
  - Construction, commissioning, O&M: 41%

Level of support perceived
- Legal, technical and economic analysis: 100%
- Tender information & documents: 29%
- Bidder consultation RFP: 18%
- Proposal review signing: 65%
- Construction, commissioning, O&M: 41%

renewAfrica
2° Signatories meeting, Brussels
An innovative EU Support Programme for RE investments in Africa is needed 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

**renewAfrica Initiative**

2° Signatories meeting, Brussels

28 Jan 2020
renewAfrica aims to be an impactful RE EU Support Programme that:

- **Is a gamechanger** in scaling up access to RE at a transformative scale across the African continent

- **Addresses all the identified market gaps** and build on best practices

- **Creates a comprehensive one-stop-shop EU Programme** for RE support
renewAfrica is backed by 25 international stakeholders coming from 9 countries and 5 EU-level bodies

**Finance**

| CDP | COFIDES | EDFI | European Investment Bank | Norfund | FMO | INTESA SANPAOLO |

**Think Tanks and Consulting firms**

| PwC | AFRY | DNV-GL |

| SDA Bocconi School of Management |

**Independent Power Producers**

| Enel | Edp renewables |

| Green Power | powered by nature |

**Industry Associations**

| SolarPower Europe | GWEC | Wind Europe |

| Global Wind Energy Council | |

**Manufacturers**

| Siemens Gamesa | Nordex | SMA | Enercon | Vestas |


renewAfrica 2° Signatories meeting, Brussels
The EC and renewAfrica share a common vision

It is time for action!

- New European Green Deal
- A stronger Europe in the World ... and also boost European industry and innovation
- Africa sustainable development, job creation and industrialization
- SDGs: Closing the energy access gap & Climate action

renewAfrica’s overarching goals are in line with the new European Commission agenda
Ms. Ditte Juul-Jørgensen
Director General  ENER
Mr. Mauro Raffaele Petriccione
Director General  CLIMA
Mr. Koen Doens
Director General DEVCO
Mr. Birgitte Markussen
Deputy Managing Director for Africa
EEAS
renewAfrica

2nd meeting of Signatories

Mr. Roberto Vigotti, Secretary General
RES4Africa Foundation
Agenda of the meeting

14:15 renewAfrica mission as a part of the European Green Deal

- **Progress update: renewAfrica is ready for implementation**
  Mr. Roberto Vigotti, RES4Africa Foundation

- **The common vision and desired outcomes**
  Ms. Paloma Perez de Vega, European Investment Bank

- **Proposed timeline and reaffirming our signatories’ commitment**
  Mr. Jon Lezamiz, Siemens Gamesa

- **Q&A Session**
  Ms. Josefina Stubbs, RES4Africa Foundation

15:45 Wrap-up and the common way forward

- Mr. Alejandro Ulzurrun, DG ENER, Mr. Stefano Signore, DG DEVCO, Mr. Roberto Vigotti, RES4Africa Foundation
renewAfrica: our progress so far

14:15  Roberto Vigotti, Secretary General
       RES4Africa Foundation
renewAfrica signatories represent all segments of the European energy value chain...
... and have worked together in the last months to ensure renewAfrica a constant pace of progress

A **Steering Committee** elected in July 2019 has provided strategic guidance...

... while the **Secretariat** led the effort of dedicated **Working Groups** to build the Programme.

**Secretariat** coordinating through dedicated representatives

**Working groups (WGs)**

- Governance Drafting
- RE Promotion and Policy Dialogue
- Advocacy and Positioning
- Technical Assistance
- Capacity Building
- Financial Support

**Steering Committee’s composition**

- Manufacturers
- Finance
- SolarPower Europe
- Industry Associations
- Independent Power Producers
- Think Tanks and Consulting firms
- pwc
- AFRY
- enel
- FMO
- Siemens Gamesa
- Vestas
A blueprint of the Programme has been set up and is ready for implementation

- **WG 1 – Governance drafting**
  - Application to existing EU instruments for funds to start-up renewAfrica

- **WG 2 – Advocacy and positioning**
  - Preliminary plan of activities to be implemented in Brussels to engage the new Commission

- **WG 3 – Capacity building**
  - List of essential skills for job creation and de-risking of all project phases

- **WG 4 – RE Promotion and Policy Dialogue**
  - First draft of criteria for target country prioritization

- **WG 5 – Technical assistance**
  - Implementation-ready template of technical assistance activities

- **WG 6 – Financial support**
  - List of financial instruments available in the market, and gaps that need to be bridged
renewAfrica has lived up to ambitious expectations in only seven months...

Stimulate the creation of an comprehensive and impactful EU Support Program

Continuous stakeholder engagement by signatories and Secretariat

Development of renewAfrica Programme blueprint

renewAfrica ready for implementation and to be an important part of the new European Green Deal

**Stimulate the creation of an comprehensive and impactful EU Support Program**

- Continuous stakeholder engagement by signatories and Secretariat
- Development of renewAfrica Programme blueprint
- renewAfrica ready for implementation and to be an important part of the new European Green Deal

### Events

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<td>First Signatories meeting (04/06)</td>
<td>Presentation in Addis Ababa (19/06)</td>
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<td>Working Groups’ activities</td>
<td>Second SC Meeting (05/11)</td>
<td>Third SC Meeting (09/12)</td>
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<td>Presentation to EIB (17/07)</td>
<td>Discussion with DG ENER and DG DEVCO (16/09)</td>
<td>Workshop for WG Coordinators &amp; Content Managers (26/11)</td>
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**renewAfrica**

2° Signatories meeting, Brussels

28 Jan 2020
...and is now ready to engage in a deeper conversation with the new European Commission

Full commitment of our Signatories

- evident from the effort in the Working Groups:
  - 44 professionals
  - >20 meetings since October ‘19

An advanced structure of the Programme proposal

A strong network covering the renewables value chain

...confirming that there exists an appetite among EU majors for an integrated European programme to address existing fragmentation
The shared vision and desired outcomes
renewAfrica will fulfill its mission by offering comprehensive support to investors and Governments.

- **High level policy dialogue**, to create a conducive environment for investments
- **Financial support**, to provide de-risking instruments to IPPs
- **Capacity building**, to facilitate knowledge transfer and build local skills
- **Technical assistance**, to support Governments in preparing tenders

**Creation of a pipeline of sustainable RE bankable projects**
renewAfrica will build on existing EU instruments, and DFIs will help us ensure a harmonized approach.

renewAfrica will be a European Programme that covers:

- All risks
- All renewable technologies + grid
- All project sizes

There is agreement that a European one-stop-shop derisking and enabling programme is needed.

European Investment Plan

- Risk of curtailment
- Capital transfer and convertibility
- Revenue stability
- Inflation risk
- Tax regime

African Energy Guarantee Facility

- Regulatory and Policy Risks
- Property/concession rights
- Political risk
- Grid access rules
- Counterparty/sovereign risk
- Exchange rate risks
- Permitting/licensing
- Availability of local skills
- Logistics, security and safety risks
- Financing availability
- Etc.

EU-Africa Infrastructure Trust Fund

- Construction flaws
- Interest rate risks
- Etc.
To generate tangible results over the short-term, renewAfrica will target a few countries in its pilot phase.

The Pilot phase will generate insights and valuable lessons for the full deployment of renewAfrica.

The **country selection** will build upon a list of criteria drawn by renewAfrica in partnership with African countries.

- **Focus on countries** where renewAfrica can maximize its impact.
- **Geographical focus** on specific areas, e.g. at least one country in the Sahel.
- **Coherence with other existing EU initiatives**, as a further effort to harmonize the European commitment for Africa.
We are currently exploring routes to fund both the start-up and the full deployment of renewAfrica.

### Preparation
- **Short term**
  - Within the 2014-2020 MFF*
    - DFIs to prepare and submit an application for EU funds for TA activities in support of renewAfrica

### Implementation
- **Mid/Long term**
  - EU funds are allocated for renewAfrica TA
  - Pilot projects in the selected target countries

### Funding & operations
- Within the 2021-2027 MFF
  - In parallel, renewAfrica is active on generating insights for the preparation of a Programme proposal to the European Commission
  - renewAfrica running at full speed

*MFF = EU Multi Annual Financial Framework*
A common way forward

15:00  Mr. Jon Lezamiz, Siemens Gamesa
The time for action is now

Renewables need to be the answer

Africa is at a crossroads, and renewables need to become an entrenched answer to its rising energy needs. Renewables are the most competitive, cleanest, and fastest way to bridge Africa’s energy access gap.

Europe’s expertise and experience makes it the right partner for Africa

Europe is a global leader in the renewables sector, thanks to decades of stringent targets and R&D investments. Falling technology costs and the wealth of accumulated knowledge and expertise among European stakeholders can be key assets to help Africa leapfrog polluting technologies.
renewAfrica’s goal reflects the priorities of the new European Commission

The European Commission agenda includes **headline ambitions**...

**European Green Deal**
Climate action, tapping into private investment, green alliances

... for which renewAfrica is relevant and can represent a **fundamental part of the solution**

**Support for clean energy in Africa**
**Private investments** (by being industry-backed)

**A stronger Europe in the world**
Comprehensive strategy on Africa, promoting European industries

**Promoting EU renewables** industry abroad
Greater weight and stronger presence of Europe in Africa thanks to a **single reference Programme** for all it support instruments
We have a clear understanding of the work ahead of us.

Unleashing renewAfrica potential and its overarching goals:

1. The renewAfrica de-risking package shall meet Africa’s and investor requirements.
2. renewAfrica shall capitalize on best practices and EIP instruments that exist already (additionality).
3. renewAfrica shall move towards a long-term partnership with Africa based on business ties and investment.
4. Widening the European endorsement and membership of renewAfrica is a *conditio sine qua non* for its success.
renewAfrica provides the missing link between Africa’s RE needs and Europe’s ability to deliver RE investments.
The Commission’s endorsement is a fundamental step toward a Programme running at full speed.
Wrap-up and final remarks

15:45  Mr. Alejandro Ulzurrun, DG ENER
Mr. Roberto Vigotti, RES4Africa Foundation
Mr. Stefano Signore, DG DEVCO
Thank you!

https://www.renew-africa.org/