renewAfrica Initiative
Advancing European commitment to Africa’s clean energy access
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renewAfrica Initiative
Advancing European commitment to Africa's clean energy access
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.
- Driven in large part by demographic and urbanisation 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

Out of the 1.5 TW installed, 58% was in Asia Pacific, 7% in Latin America, and only 2% in Africa.
Bridging Africa’s energy access gap will require around €140 bn of investments in RES capacity

Projected growth of Africa’s RES capacity

- Hydro: 20% in 2010, 19% in 2017, 38% in 2030
- Other RES: 80% in 2010, 81% in 2017, 62% in 2030

RES Installed In Africa (GW)

- 2017: 44 GW
- 2030: 160 GW
- Additional RES Capacity: 116 GW

~140 bn€ to be invested in order to install ca. 120 GW of additional RES capacity in Africa

Regulations and supporting schemes vary across African countries

**SUPPORTING SCHEMES**

- **C&I PPA market**
- **RES Target and support mechanisms (existing or announced)**
- **RES Target but NO support mechanisms**
- **Scaling Solar**
- **REIPPPP**
- **Auctions**
The existing EU instruments in Africa do not cover all investment phases

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

- Type of support services offered (risk mitigation, technical assistance, capacity building)
- Support services for large-scale RE generation (above 50 MW)
- European instrument / European support
- Geographical coverage

<table>
<thead>
<tr>
<th>Phase</th>
<th>Perceived level of support</th>
<th>Milestone</th>
<th>The most uncovered areas</th>
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<tbody>
<tr>
<td>Preparation</td>
<td>100%</td>
<td>Legal, technical and</td>
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The most uncovered areas are:

1. Tender documentation
2. Tender process
3. Award
So what is still missing to scale-up renewable energies in Africa?

- Adequate financing support
- Sustainable project development
- An enabling regulatory framework
- Adequate de-risking measures
- Land availability
- Demand growth
- Urban concentration
- RES potential
- Population growth
We need a comprehensive approach to support EU RE investments in Africa

- Facilitate high level dialogue with governments and authorities
- Set the stage for the right investment environment
- Design structured tender processes and standardized documentation
- Provide financial support and risk mitigation tools
- Cover more African countries and technologies
- Promote capacity building and knowledge transfer
renewAfrica seeks to create an impactful EU Support Programme

- **Be a gamechanger** in scaling up access to RE at a transformative scale across the African continent
- Propose the major features of a **Programme** to address all the identified market gaps and **build on best practices**
- Create a comprehensive **one-stop-shop EU Programme** for RE support
Signatories include key actors from industry, finance and academia

Finance
- cdp
- European Investment Bank
- FMO
- INTESA SANPAOLO
- Norfund

Think tanks and consulting firms
- pwc
- PÖYRY
- DNV-GL
- SDA Bocconi School of Management

Independent Power Producers
- enel
- edp renewables
- SolarPower Europe
- GWEC

Industry associations
- Wind Europe

Manufacturers
- SIEMENS Gamesa
- NORDAX
- SMA
- Enercon
- Vestas
- Nordic Energy Research
- GE Renewable Energy
- Prysmian Group
- Soltec
The renewAfrica Steering Committee members cover each segment of the value chain

Members of the Steering Committee

- Manufacturers
- Finance
- Industry associations
- Independent Power Producers

Steering Committee’s composition

Represent the Initiative and promote its mission

Provide strategic guidance

Define the overall timetable, milestones and deliverables of the Working Groups

Approve the Working Groups outputs
6 Working Groups are elaborating the Programme

**WG1 - Governance**
Final governance structure to be adopted by renewAfrica after November 2019

**WG2 - Advocacy and positioning**
Advocacy strategy to increase endorsement and to position the Programme

**WG3 - Capacity building**
Structured knowledge-transfer to support local institutions, strengthen their skills and create an adequate framework

**WG4 - RE promotion and Policy dialogue**
Policy recommendations for a successful RES deployment in African countries

**WG5 - Technical assistance**
Wide set of supporting activities across the whole project cycle

**WG6 - Financial support**
Financial instruments to support RE deployment in African countries
Working Groups capitalize on the rich and diverse expertise of the renewAfrica signatories

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<thead>
<tr>
<th>Governance</th>
<th>Advocacy and positioning</th>
<th>Capacity building</th>
<th>RE promotion and Policy dialogue</th>
<th>Technical assistance</th>
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An independent and well-functioning governance is key to pursue the ambitious goal of creating a comprehensive and impactful Programme.

Secure EU endorsement for the Programme
Understand how to gain endorsement of the European Commission, and how to build on best practices of existing support schemes.

Legal form
Need to identify the most suitable legal form for the Programme.

Funding scheme
A suitable funding scheme will ensure the sustainability of the Initiative.

Governance structure
A well-balanced governance structure will ensure transparency and efficiency of decision-making.
The expected outcome is a proposal for the Programme governance and organizational structure

**Assessment of potential legal form options**
- What are the feasible legal form options, considering also the experiences of comparable initiatives? (e.g. Association, Foundation, other options)
- What is the preferred legal form for the Programme?

**Definition of an organizational structure**
- What are the priorities which the organizational structure should be consistent with?
- What are the preferred options for organizational structure and related governance principles? (e.g. roles and responsibilities, power of representation)

**Guidelines to secure EU endorsement for the Programme**
- What are the relevant existing EU support schemes?
- What are the options for gaining meaningful endorsement from the European Commission?

**Proposal for a governance structure**
- What kind of governance structure will enable renewAfrica to become a comprehensive Programme endorsed by the EU
Working Group 2
Advocacy and positioning

Need to harmonize EU effort towards RE in Africa
Many EU support instruments for RE investment in Africa already exist, renewAfrica aims to consolidate best practices and build a one-stop-shop programme

Specific advocacy strategy to be developed
A clear positioning needs to be supported by an effective and targeted advocacy strategy

A clear positioning of renewAfrica and a related effective advocacy strategy are key to ensure the engagement of the most relevant key European and local players of the RE African markets

Need to position renewAfrica viz. existing instruments
A clear positioning is a key factor to properly communicate the added value of renewAfrica and gather consensus and active support, both in the EU and in Africa

Opportunity to pursue synergies
renewAfrica can benefit from a common effort of all stakeholders active in the RE development in Africa, also those already committed to other programs
The expected outcome is a proposed strategy for advocacy and positioning of renewAfrica

Exploration of the landscape for renewAfrica positioning
- What are the existing comparable instruments and programmes supporting RE in Africa? What are their differences and commonalities?
- Can we pursue any synergies with instruments and programs already active in the field?

Definition of an advocacy and positioning strategy
- What are the key elements of our communication strategy? (main messages, added value, avenues of engagement, etc.)
- What organizations / sector stakeholders could endorse and provide guidance to renewAfrica? (i.e. UNECA, etc.)
- Define a roadmap to raise awareness and mobilize the engagement for renewAfrica among key players

Definition of an advocacy and positioning plan
- At what international events and workshops could renewAfrica be presented?
- Define a roadmap for reaching out and engaging with key stakeholders
- What is our advocacy monitoring plan? How will be gather feedback and assess our effectiveness?

Proposed strategy for advocacy and positioning
- Which strategy will allow renewAfrica to spread its mission over the African and European continent, ensuring to engage the most relevant key players in RE African markets?
A skilled local workforce and competent administrative / institutional framework are key to unlock the RES market potential in Africa.

**Trainings to further develop project skills**
Local skill sets to be enhanced through targeted training programs (e.g. local financial intermediaries and investors)

**Trainings to further develop technical skills**
Improve quality of technical training to stimulate the development of a construction and operations workforce

**Trainings to further develop administrative skills**
Build up competences of local administrative staff (ministries, energy authorities, etc.)

**Improve information on local capacities**
Improve information on local capacity in terms of qualification and reliability
The expected outcome is a proposed framework to develop a capacity building Programme

Framework for assessing the local context
- How will we identify gaps in the local knowledge, including regulatory/policy making, administrative, contractual, technical and financial skills? (build on RES4Africa study1)
- How will we manage our consultative process with local stakeholders? (e.g. survey, meetings, questionnaire)

Comprehensive list of skills and stakeholders
- What skills should be the focus of the Program’s Capacity Building activities?
- Who are the target stakeholders / beneficiaries of the Program’s Capacity Building activities? (e.g. government officials, local professional categories)

Map of potential channels to deploy capacity building
- What is our strategy for expertise procurement? (insourcing / outsourcing)
- What are the potential channels to effectively convey capacity building activities locally and at scale? (e.g. local universities)

Standard process to develop local trainings
- What are the existing efforts in capacity building? What best practices can we build on?
- How do we link capacity building activities to country specificities and Industry needs?

Proposed Capacity Building framework
- How do we approach and further develop Capacity Building in the Program?

Note: 1) Res4Africa Report "What does it take to accelerate RES investments in Africa: priorities and recommendations", June 2019
Working Group 4
RE promotion and Policy dialogue

Policy and regulatory framework to be strengthened
Establish a standardized approach to identify the most suitable practices to strengthen policy and regulatory frameworks.

Structured EU-Africa policy dialogue and public-private collaboration is essential to reinforce the RE market attractiveness

Public-private sectors collaboration to be enhanced
Open a dialogue channel to allow a mutual, proactive and effective collaboration between policy makers and RE industry players.

Need for a more attractive investment environment
Support governments in designing policies to reinforce the attractiveness of RE markets.

Need for a more structured EU-Africa policy dialogue
Set up a structured dialogue channel between African and EU institutions.
The expected outcome is a proposed policy dialogue channel to reinforce RE market attractiveness in African countries

- How do we assess gaps in the local regulatory framework concerning RE? (confirm RES4Africa study). Are there any relevant country similarities and clusters in terms of existing RE regulatory environments?

- What are the existing EU-Africa policy dialogue approaches? What are the successful past experiences in policy dialogue? What are the potential avenues to promote RE and its potential to address the energy trilemma? E.g. conferences, seminars and institutional meetings

- What are the policy recommendations and actions needed to create favorable conditions for RE investments? What are the avenues to improve public-private collaboration and to help industry players build relationships with governments?

- What are the relevant public and private stakeholders? What is their impact and influence? What is our communication strategy and plan? (e.g. messages, meetings, feedback mechanisms, timing and frequency of communications).

- What form of policy dialogue and public-private collaboration will facilitate the promotion of a RE-friendly regulatory environment in Africa?

Working Group 5  
Technical assistance

**Technical assistance along the whole project cycle is a key driver for the scale-up of RES and the increase of the African market attractiveness**

**Strengthen assistance in energy planning**
Provide support in the formulation of convincing medium- and long-term RE strategies with the objective to overcome grid / market constraints and build project portfolios.

**Expand business opportunity assessments**
Develop a standard methodology for ex ante assessment of investments (including pre-feasibility and feasibility studies as well as tax analysis).

**Enhance standardization of procedures**
Support local authorities in standardizing all documents relevant to the development of a tendering process (bid documents, PPA, etc.).

**Provide technical support at all stages**
Offer specific forms of assistance to all stakeholders involved, both upstream (e.g. governments) and downstream (e.g. offtakers).
The expected outcome is a preliminary set of technical services to support the development of the RES African market

Technical support framework for designing energy strategies
- In which activities can we support governments in structuring national RE portfolio? (e.g. targets, tenders)
- What are the lessons learned in the formulation of convincing medium- and long-term energy strategies?

Plan of technical assistance activities along the entire project cycle
- What are the relevant assistance activities for each stage of the project cycle? (e.g. upstream - feasibility study, downstream - offtake etc.)
- What are the best practices, synergies and opportunities for knowledge sharing?
- What is our expertise procurement strategy? What effort and resources do we need in order to provide the envisaged support?

Roadmap for enhancing standardisation of procedures
- What are the relevant procedures that can be standardized? (bid documents, environmental evaluation procedures, PPA, etc.)
- What is the level of standardization in various country clusters?
- What is the priority of procedures in terms of benefits unlocked?

Assessment of technical assistance needs for businesses
- In which domains can we provide assistance to industry players? (feasibility studies, permits and licensing, etc.)
- In which domains should the Programme build its expertise?

Proposed technical assistance framework
- What are the technical assistance tools for governments and businesses that will help renewAfrica build a strong and competitive RE project pipeline?
Define a financing approach
Identification of a financing set of instruments able to foster private investment through de-risking instruments

Strengthen support in the investment phases
Tap into existing EU investment phase energy programs, and identify investment and financing modalities from financing institutions

Comprehensive set of competitive financial and de-risking instruments to support RE deployment and foster investments in African countries

Identify a comprehensive set of de-risking tools
Integrate and build a full financial package including guarantees and insurances to cover all the main investment risks (political, regulatory, counterparty, convertibility, etc.)

Foster a favorable investment climate
Enhance the investment climate for private players planning to develop RE in Africa
The expected outcome is to shape a package of financial and de-risking instruments to support RE investments

- Analysis of existing financing instruments and de-risking tools
  - What are the main risks affecting RE investment in Africa? What are the existing financing schemes? (starting from the ex-ante study conducted by PwC)
  - What are the financial support instruments and ongoing programs / schemes that could be scaled up? (e.g. EGRE)
  - What is the preliminary ranking of best performing instruments?

- Preliminary list of solutions for renewAfrica
  - What are the proven suitable forms of financing support? such as debt (senior, subordinated, soft) and/or equity
  - What are the suitable existing tools on co-guarantors, insurers, etc.?

- Standard financing process for the Program
  - How to we build comprehensive financing and guarantee packages to support renewAfrica?
  - How do we design the right instruments to respond to country specificities?
  - Blueprint of the end-to-end standard financing package

- Proposed package of financial and de-risking instruments
  - What would be the prototype of a financial support package, including complementary de-risking measures and mechanisms?
The resulting Programme will be an enabler and a de-risking instrument...

It will combine the best diverse features of the existing instruments to form a **stronger, more complete platform to enhance the development of large scale RE projects in Africa**

It will be based on a holistic approach and **set the stage for the adequate investment environment**, covering all the investments phases and providing technical assistance / capacity building support to all stakeholders involved, complemented by dedicated financial support mechanisms

It will leverage the existing best practices and attract **the most relevant risk mitigation instruments from the market** to provide insurances or guarantees to ensure bankable projects
... covering all the investment phases

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<th>Phase</th>
<th>Milestone</th>
<th>Type of Support</th>
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<td>Preparation</td>
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<td>Monitoring in the construction and operation phase</td>
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<td>Development of local skilled workforce</td>
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renewAfrica has gained momentum

- **June 4th**
  - Launch of renewAfrica and signature of the Declaration of Intent by 22 stakeholders
  - Presentation to EIB and other EDFIs

- **June 19th**
  - Addis Ababa
  - Presentation to UNECA and AUC to start EU-Africa dialogue

- **June 19th**
  - Rome
  - First meeting of the Steering Committee

- **July 17th**
  - Luxembourg

- **September 9th**
  - Rome

- **September 16th**
  - Brussels
  - Presentation to DG DEVCO and DG Energy

**Since June 4th the Declaration of Intent is open for signature**
renewAfrica roadmap in order to run at full speed in 2021

**Short-term**
- Sept. – Dec. 2019
  - Presentation of the renewAfrica Initiative and proposed Programme to the European Commission

**Mid-term**
- 2020
  - Programme detailed set up, dedicated resources identified and allocated

**Long-term**
- 2021 – onwards
  - Harmonization of EU efforts to support energy transition in Africa
  - Establishment of a platform to further facilitate dialogue with African countries
  - Selection of one pilot African country to test the Programme
RES4Africa Foundation supports the creation of an enabling environment for RE Investments in African countries

What we have done since 2012

- **Dedicated studies and market intelligence**
  to provide an updated picture of the current renewable energy market context and specific analysis of the most crucial aspects for unlocking RES investments in a country

- **Dialogue and strategic partnerships**
  to connect stakeholders within strategic cooperation initiatives to achieve project results, access financing, and influence policy and regulatory dialogue

- **Capacity building, training and innovation activities**
  to create awareness about RE opportunities and support local institutions with a knowledge transfer approach

Where RES4Africa Foundation is

- Algeria
- Egypt
- Jordan
- Ethiopia
- Kenya
- South Africa
- Tunisia
- Morocco
- Zambia
renewAfrica is one of the five strategic initiatives promoted by RES4Africa

**RES4Africa Foundation**

- **Market readiness**
- **Water-Energy-Food Nexus**
- **renewAfrica**
- **Expanding capacity building programs**
- **Institutional positioning**

**An industry-driven initiative promoting the creation of a comprehensive EU supporting Programme for an impactful RE development in Africa**

Benchmarking progress in achieving policy and regulatory reforms able to attract investments for the integration at scale of RE

The Nexus reveals business cases that reimagine energy connecting with water and food to respond to energy access and development needs

Strengthen its capacity building efforts for public sector decision makers on state of the art policies and regulations in the energy sector

Strong institutional positioning in a larger ecosystem at international and regional level through specific and concrete alliances
Contact

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