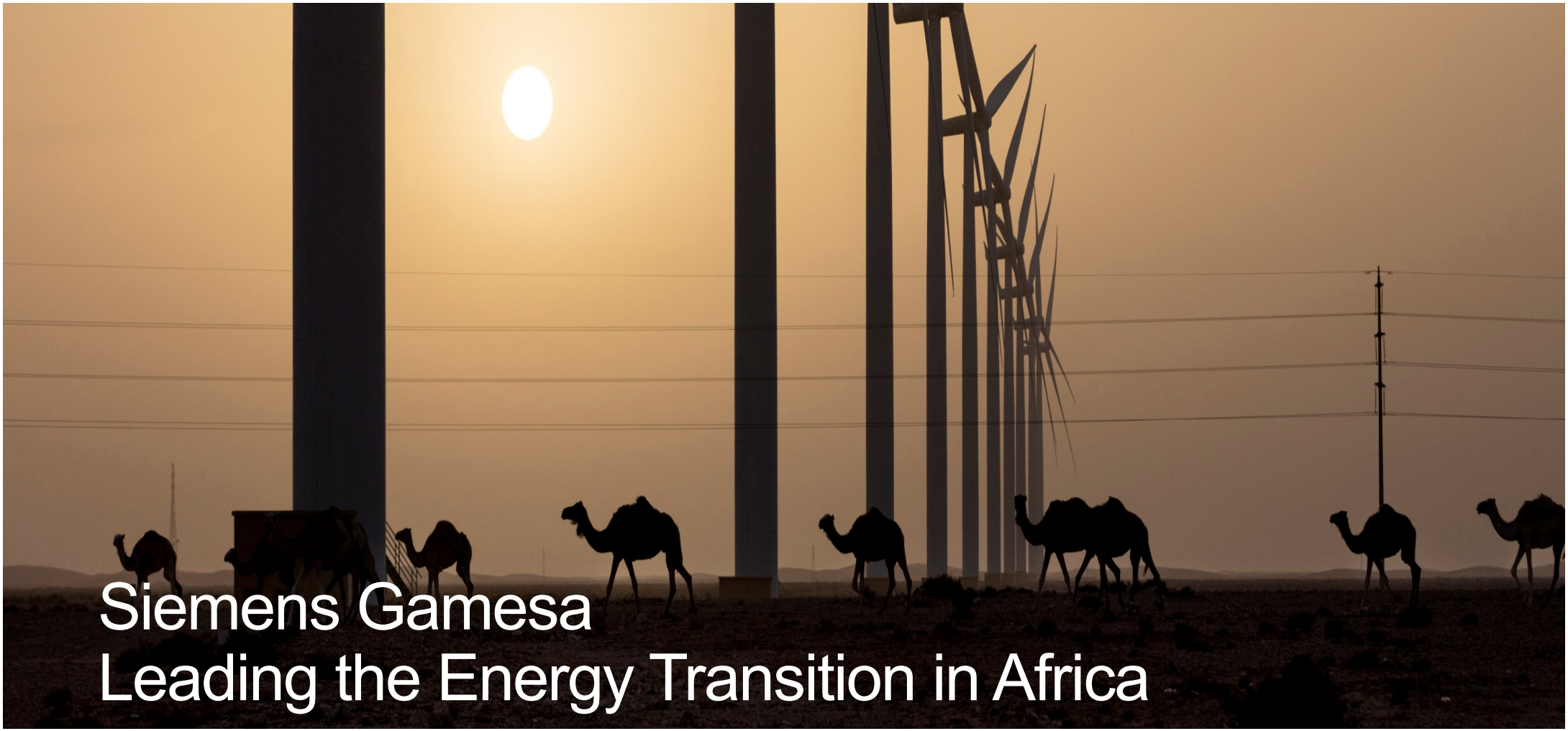

Siemens Gamesa
Leading the Energy Transition in Africa

October 24th, Rome, RIAB Special session

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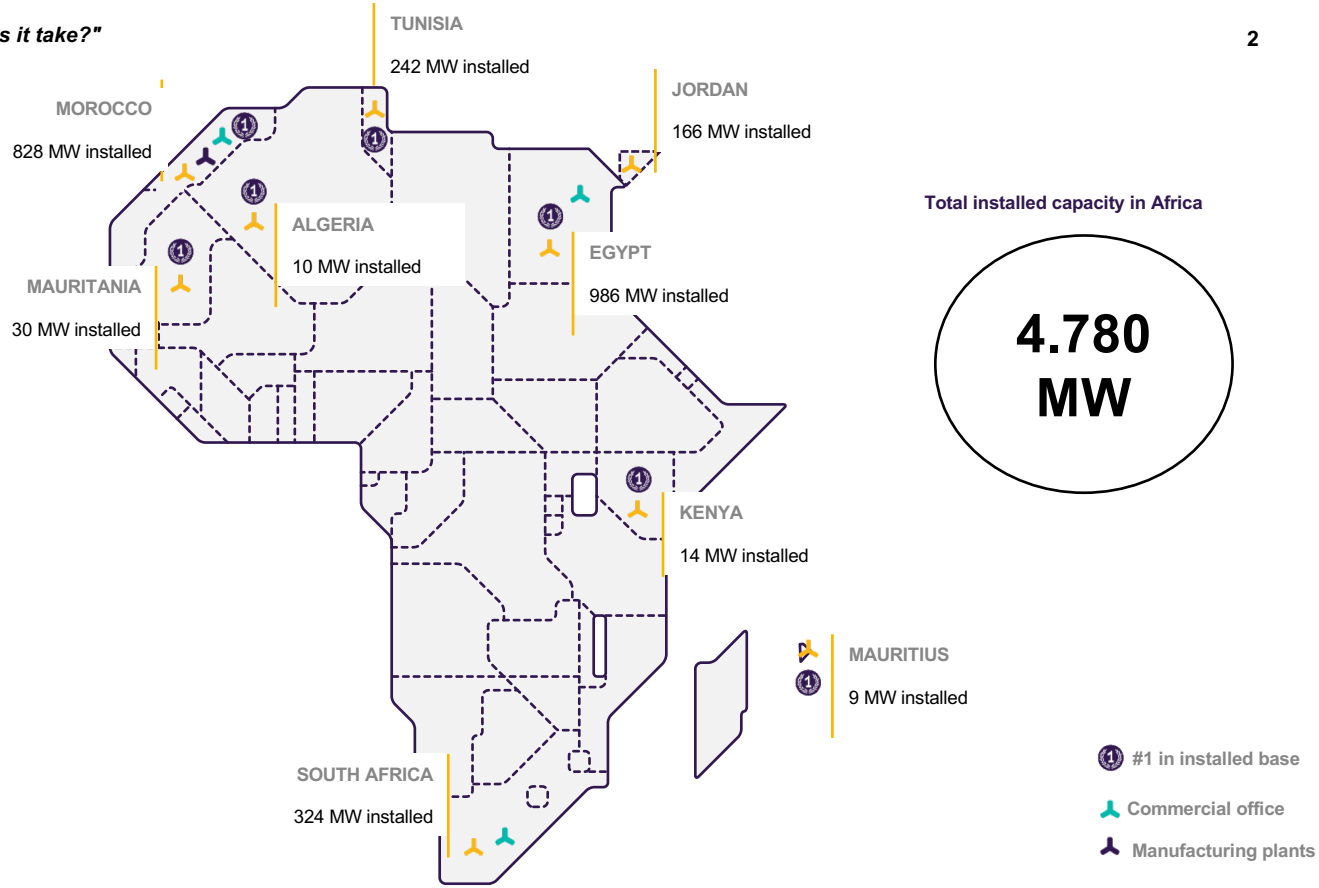
Siemens Gamesa in Africa



2,610 MW
of installed power
Most EPC

>50%
market share

* Figures as of 2Q2018

Leaders in the region with more than 2,6 GW installed

More than 17 years experience in the region, presence of the complete value chain

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African Energy sector: our role is to transform challenges into opportunities

Africa Energy sector, affected by **three main factors**:

1. Increasing population. From 1 billion to 2 billion by 2040. 1 billion are expected to live in Mega Cities by 2040.
2. Increasing energy demand: X3, (3.5%) p.a. vs. global average (1.3% p.a.), and faster than1990-2016 (2.7% p.a.). Electrification is widening in accordance with National development targets and new pathways of consumption (currently 57% Sub-saharan Africa population have no access to electricity)
3. Economic development is undergoing and growth should continue at a sustained rate (forecast to pick up to 3.1% in 2018; an average of 3.6% in 2019–20. World Bank, May 2018)

Current Africa´s energy infrastructures are under a high pressure

Africa Energy transformation, driven by **three keys of sucess**:

1. STABLE REGULATORY FRAMEWORK: long term stable and visible markets, leading to a competitive sustainable ecosystem
2. INNOVATION: technology and business model wise to transform regional challenges in opportunities
3. PARTNERSHIP: Holistic approach through regional cooperation, PPPs and power sector global integration

The energy transformation of Africa Will boost socio-economic development, unleashing Africa growing potential

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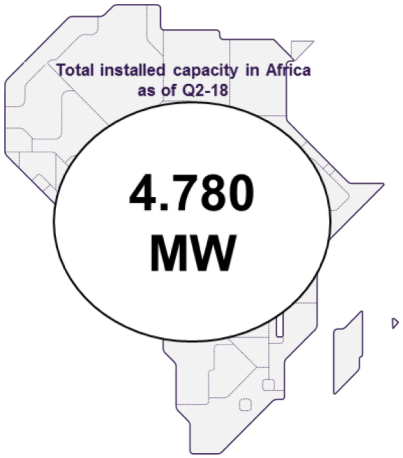
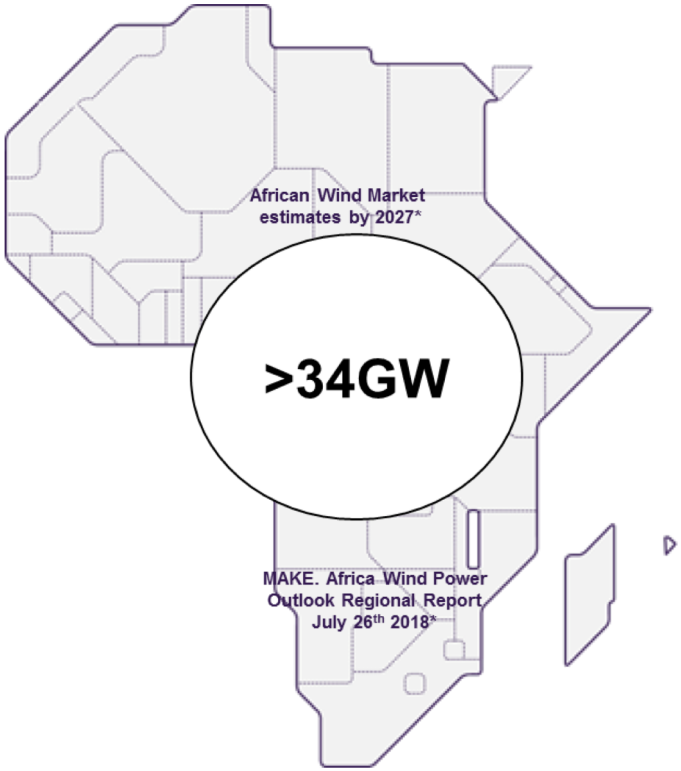
Unlocked value from sustainable energy

2018



- RES in Africa among **the most competitive in the world.**
- **Competitiveness of RES** provides **Africa energy independence and security**,
  - avoiding fossil fuel volatility, easing and alleviating the domestic balance of payments
  - with scalability & modularity,
- RES provides Africa a new **sustainable economic sector**.
  - Distributed job creation
  - With **Local Optimal Value Chain** (vs. LCR)
  - **RES fosters entrepreneurship, the creation of MSMEs:** economic and social resilience for Africa.

2027



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The Role of IFIs: making RES in Africa a real investment opportunity

- **The role of Private Sector**: IRENA has identified the private sector as the driving force behind RES investment, **providing 92% of funding in 2016 compared to that of Public Sector 8%,** leading the technology development & reduction of LCOE (contrary pattern in Africa: 40% public sources, 2005-2016 BNEF)

- **The Private Investment appetite:** private sector actors manage **US$** 210 trillion but **invest less than 5% in climate finance** (October 11th 2018, GCF´s first private sector conference).
- **Financing needs: IRENA** estimates that to fully exploit Africa's significant potential in renewables, **US$32 billion** will be needed on average every year **from 2015 to 2030.**

IFIs to have a specific mandate and authority from donors to invest in green infrastructures: less than 20% of Official Development Assistance (ODA) targets climate change objectives

Building domestic markets: continue to engage with Governments and Public Stakeholders for setting RES strong commitments, appropriate policies and long term price signals.

Instrumental to the private sector: IFIs bridge the gap when market fails to provide the market conditions that private sector is seeking, but should not substitute the role of the private sector (risk mitigation investments, refinancing guarantees…) with a Project holistic view, since inception to COM.

Standardization of market conditions: easing private project development, proper grid transmission risk schemes, fostering domestic incentive measures and Local Value Chain vs LCRs, etc.

Foster and trigger domestic private investors and entrepreneurship

New "profitability" and "Bankability" concept: *unusual* business models

Achieve a self sustainable business model: Scalability

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Unlock the potential from an already* built ecosystem: maximizing output while enriching with new initiatives

AREF – Banque Africaine de Développement – African Development Bank – Africa Renewable Energy Fund

EU External Investment Plan

RES4MED RES4AFRICA

Alliance for Rural Electrification

AREI – Africa Renewable Energy Initiative

IFC International Finance Corporation – World Bank Group

Power Africa

European Investment Bank

GEEREF – Global Energy Efficiency and Renewable Energy Fund

Private Infrastructure Development Group

Africa NDC Hub – The African Development Bank

United Nations Economic Commission for Africa

Sustainable Energy for All – Africa Hub

The G20 Compact with Africa

*non exhaustive

PARTNERSHIP: Aligning interests of financially sound and technological leading Energy Generators, OEMs, IFIs, ECAs together with Governments… will be the cornerstone for enabling long term market.

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Thank you!

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ON SE&A CEO

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