



# renewAfrica Initiative

Stimulating European commitment for Africa's clean energy access

Rome, June 4<sup>th</sup> 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%**

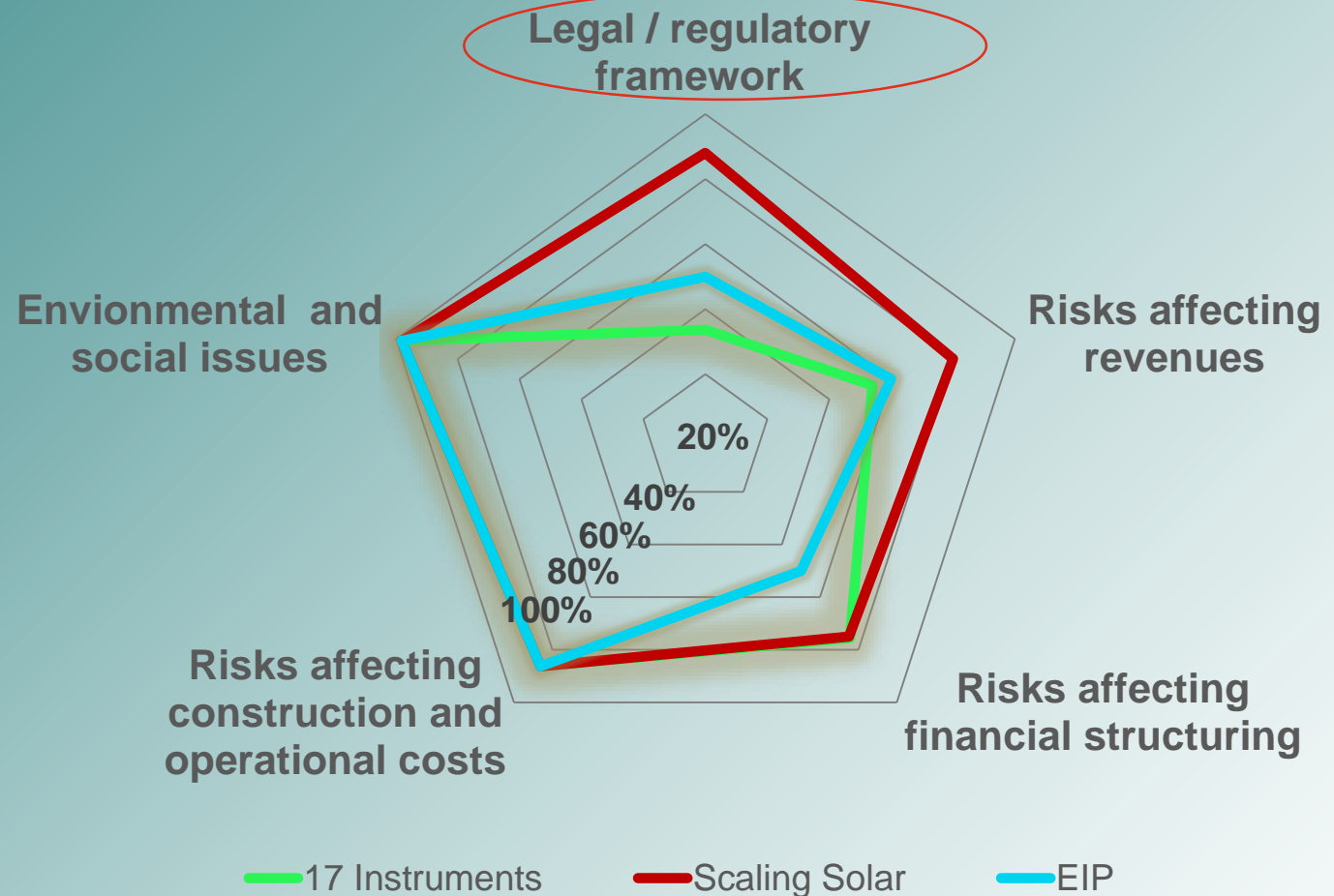
Offer an aggregated package of guarantees & insurances

# ...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.

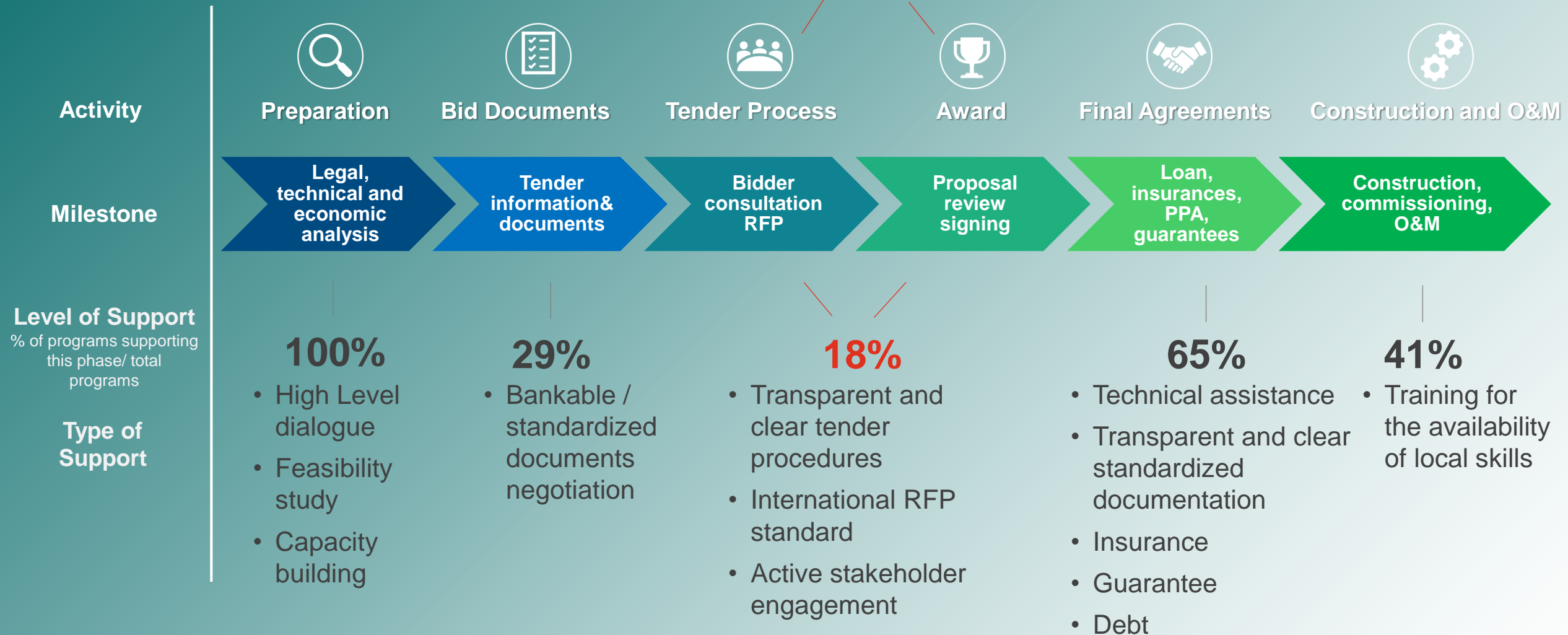
Among the analysed Support Programs only EIP and Scaling Solar provide a overarching risk mitigation tool.

Level (%) of Coverage by main area  
**the most uncovered area**



# ... nor provide equal support throughout all investment phases

## the most uncovered areas



# The renewAfrica initiative: stimulating the creation of an innovative EU Supporting Program

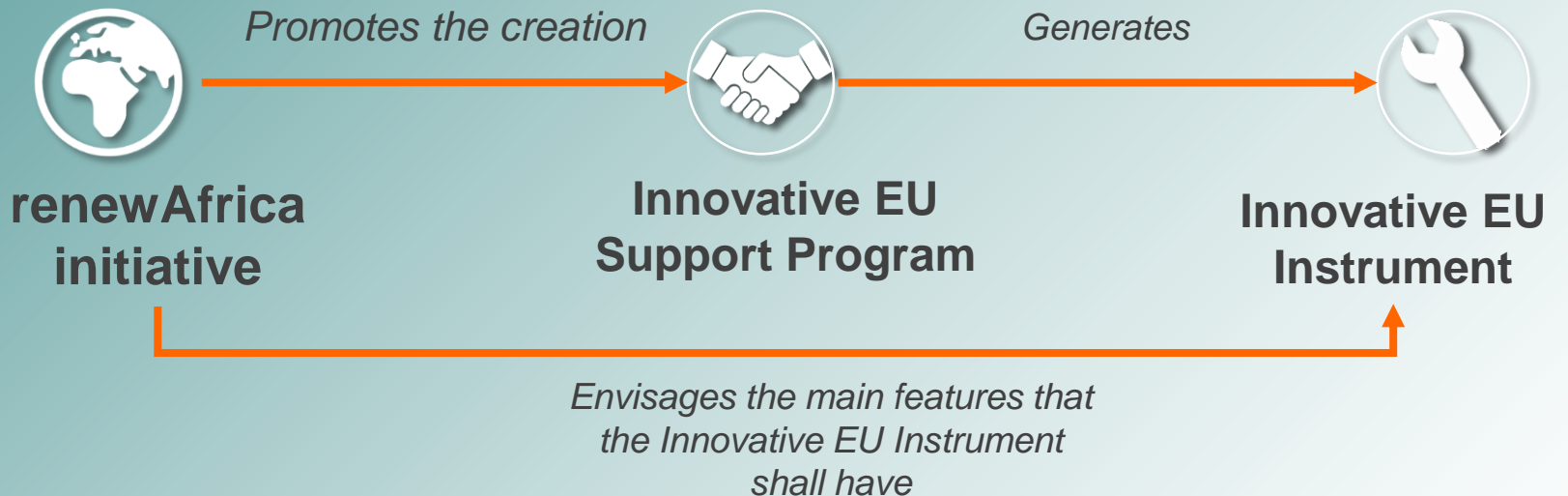
The renewAfrica initiative, Europe flagged and led by RES4Africa Foundation, is **conceived to:**

- **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.

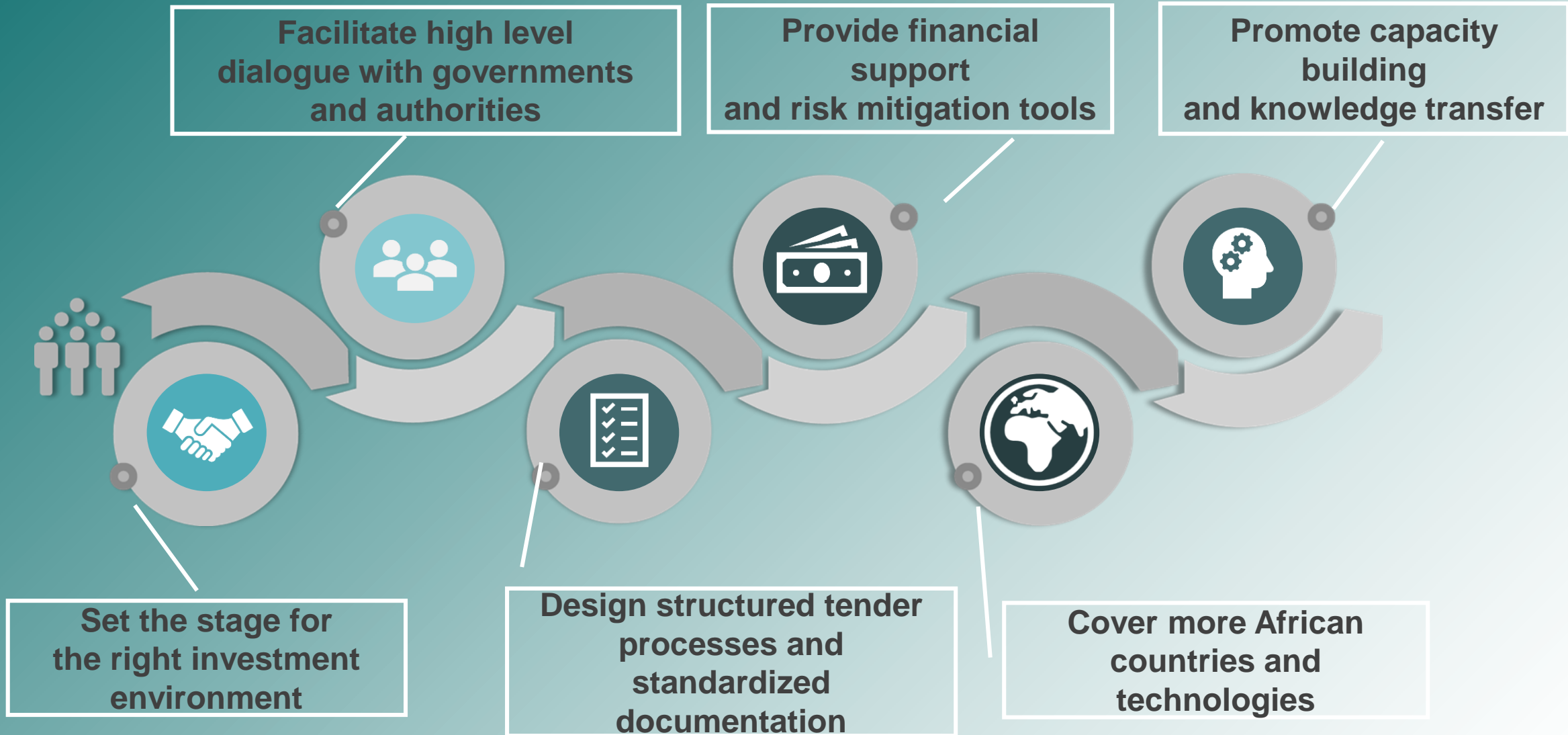
SCOPE

**PLAYERS**

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



# We need an innovative EU Support Program for RE investments in Africa to....





# ... and to de-risk all investment phases

Phases	Project Preparation		Tender Process		Financial Close	Construction & Operation
Steps	Preparation	Bid Documents	Tender Process	Award	Final Agreements	Construction and O&M
	<i>Public-Private Partnerships</i> <i>Capacity Building and Knowledge Transfer</i> <i>Renewable energy projects portfolio</i>  <i>Allocation of the existing funds</i>		<i>Standardized documents for the tendering process</i>  <i>Project evaluation</i>		<i>Negotiation process for the contracts finalization</i>  <i>Guarantees and insurances to cover risks</i>	<i>Monitoring in the construction and operation phase.</i>  <i>Development of local skilled workforce</i>

The innovative Program shall operate as a de-risking instrument covering all the investment phases and enabling market entry for EU IPPs and Financiers

# Which support an innovative EU Support Program shall provide

1 What



## RE promotion and policy dialogue

Promotion campaigns concerning renewable energy potential to contribute to sustainable growth

Policy dialogue with Governments/Authorities across the African continent leading to favourable conditions for RE investments

Conferences, seminars to facilitate interactions, knowledge sharing, introduction to decision makers in Country



## Consulting Activities

Provision of support to Governments and Authorities to design FDI policies, energy policies and/or regulations, tender schemes and procedures.

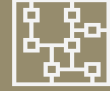
Provision of services to industry players to establish relationships with Governments and Authorities. Market access through technical guidance on admin. procedures



## Financial Support

Financial support will be provided through several instruments including equity/quasi-equity contributions, lending and guarantees, etc.

The financial contribution may be provided by different entities, who cooperates on a specific project



## Capacity Building

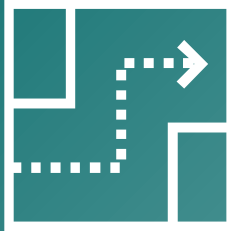
Knowledge sharing on successful policies supporting renewable energy

Dissemination of the best implementation practices

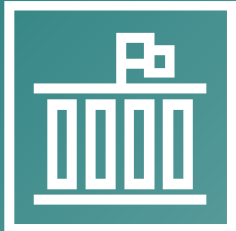
Provide middle/High level decision makers training and capacity building

2 How

# 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)**.



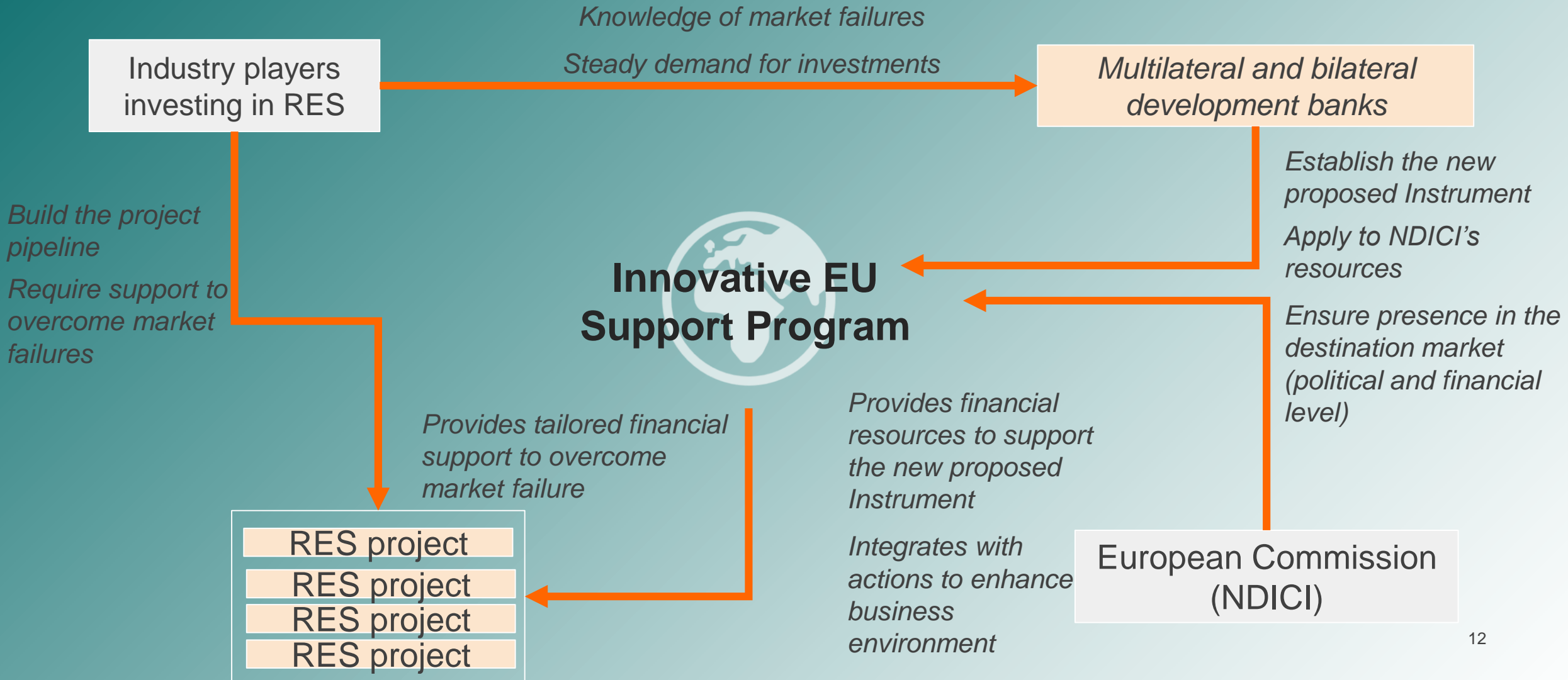
NDICI is incorporating all EU's international cooperation programs in a single one, and include an **evolution of the European Sustainable Development Fund (ESDF+)** and other instruments aimed at Investment Climate enhancement through High Level Dialogue, **innovating the External Investment Plan**.



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**.

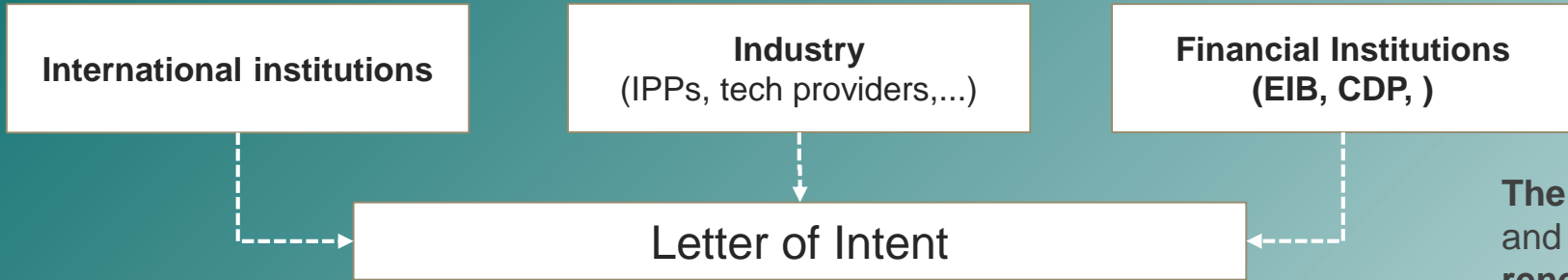
# How does the envisaged innovative EU Support Program integrate and interact with the players?



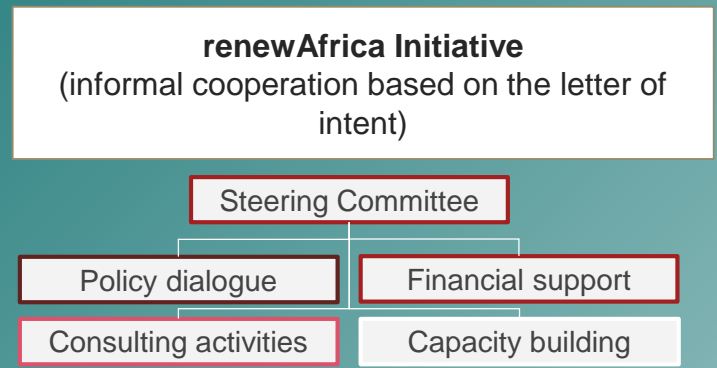
# How does the envisaged innovative EU Support Program integrate and interact with the players?

- **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.**

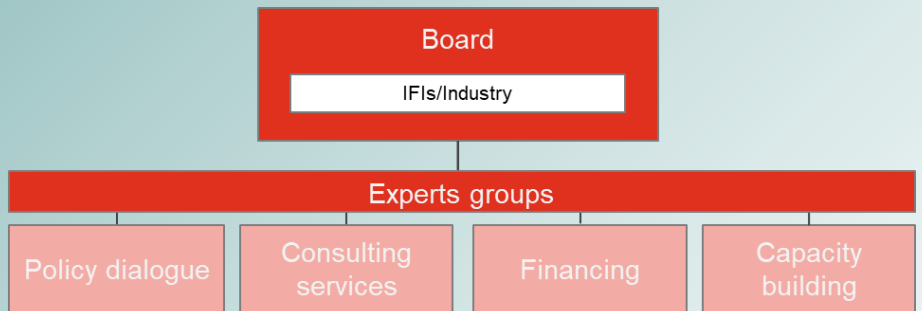
# So, we are here today to start promoting a new EU Program through the renewAfrica initiative



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



**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)



Working groups

# The proposed renewAfrica initiative roadmap

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

**June 19<sup>th</sup>**

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

**July-October**

**EC meeting**  
High-level meetings  
EC commissioners



**June 4<sup>th</sup>**  
TODAY

**Presentation of the initiative to UNECA and AUC**

**June**

**Proposed IFIs meeting in Luxembourg**

**Working Groups meeting**  
Establishment of the governance and tasks of the innovative EU Support Program

**November**

2019