



renewAfrica initiative

Stimulating European commitment for Africa's clean energy access.



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renewAfrica initiative

Stimulating European commitment for 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.



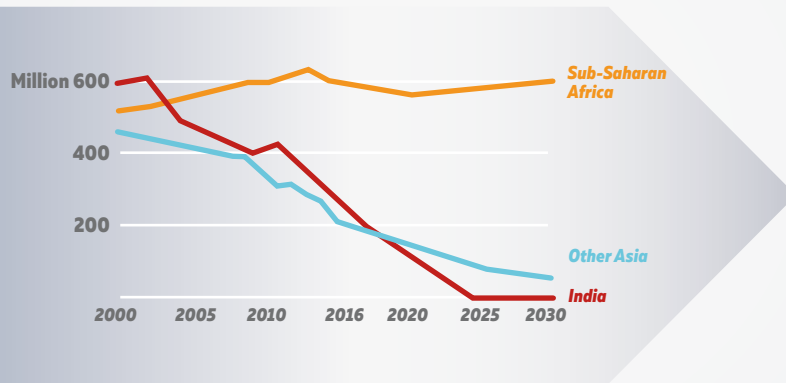
- ▶ Driven in large part by demographic and urbanisation trends, **energy demand is expected to increase faster than anywhere else globally** (at 2.1% per annum).



Energy equity in Africa is still a challenge

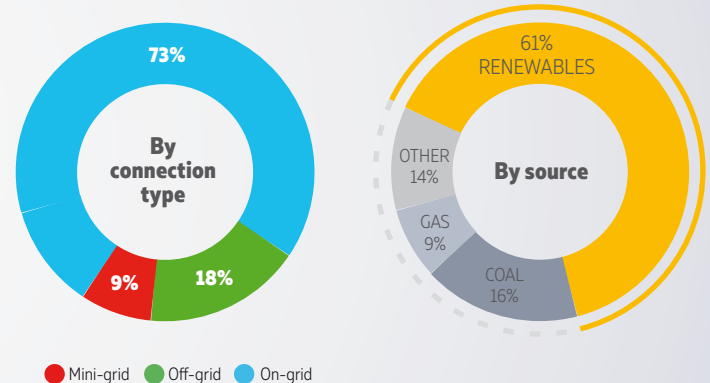
Electricity access evolution in Sub-Saharan African countries

People without electricity access in 2000-2030



Population growth in Sub-Saharan Africa will exceed electrification efforts: **more people will lack electricity access** in 2030 than today

Electricity generation for access in Sub-Saharan Africa by 2030(1)



Grid extension remains the main pathway to electrification, while renewables account for an ever increasing share of new access

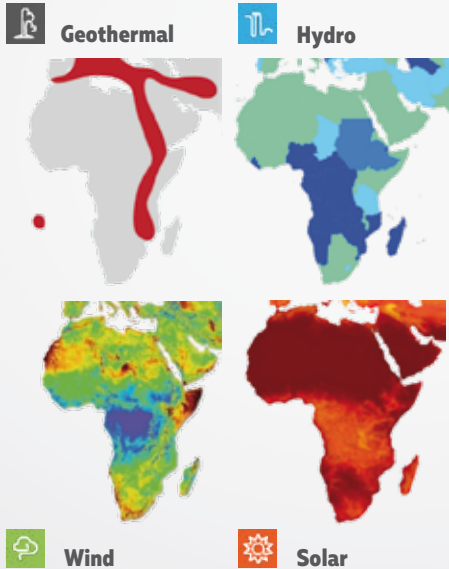
(1) Energy Access Outlook 2017 –New Policies Scenario –Source: IEA WEO 2017



Why investing in renewable energy is the solution

High local potential, short construction time and low LCOE offer a fast and flexible response to growing demand

Renewable energy potential in Africa



Construction time by plant type



PV & Wind
8 ÷ 12 months



CCGT
16÷20 months (open cycle)
26÷30 months (closed cycle)

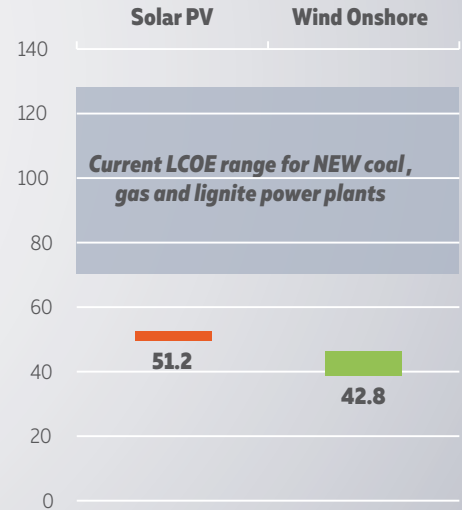


Coal
40÷60 months



Nuclear
120+ months

Estimated average LCOE €cent/kWh Africa in 2030





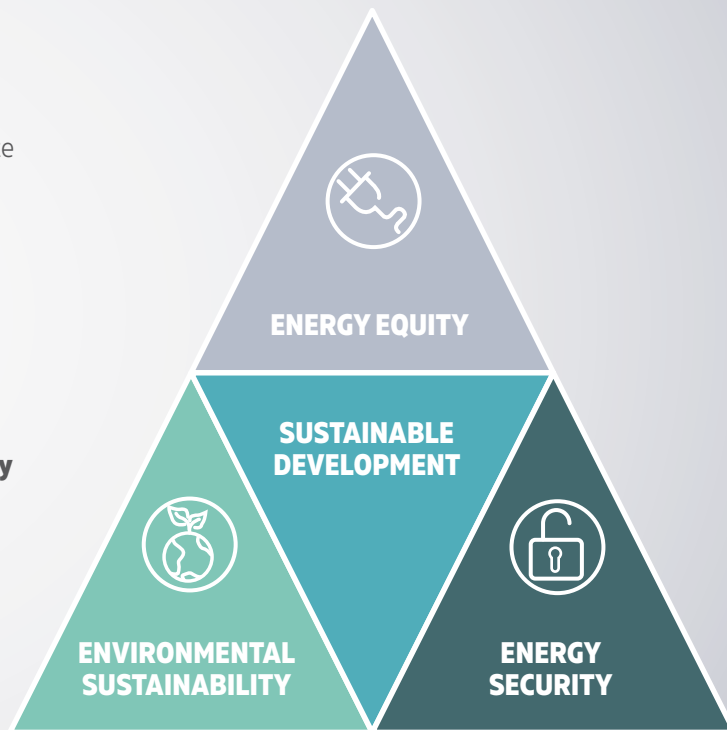
Moreover renewable energy seems to solve the energy trilemma

Today renewables represent the main solutions to minimize the **environmental impact** and climate change mainly caused by fossil fuels.

Cost-competitive renewable energy technologies that are readily and locally available enable **equitable energy** access.

Moreover, the exploitation of local resources will drive a **decrease in energy imports** and improve national **energy security**.

All together these elements are fundamental to ensure **sustainable development** for Africa.

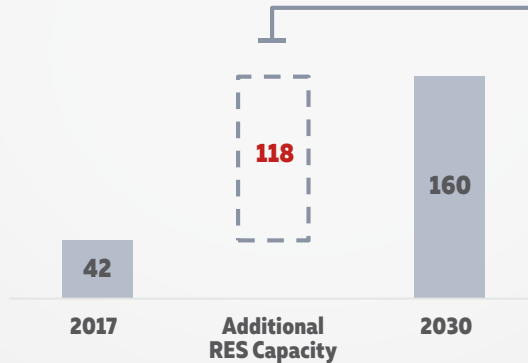




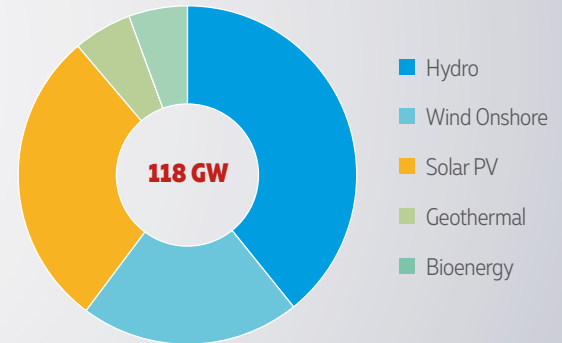
Expected evolution of RES in Africa

Around 120 GW and 150 bn€ are expected to be invested in RES projects in Africa by 2030

Evolution of installed RE capacity in Africa(1) [GW]



Additional investments in RES generation capacity by type of source



~150 billion Euros to be invested in order to meet the expected RES capacity growth





(1) Source: Enerdata, BNEF - Note: Pumping capacity not included

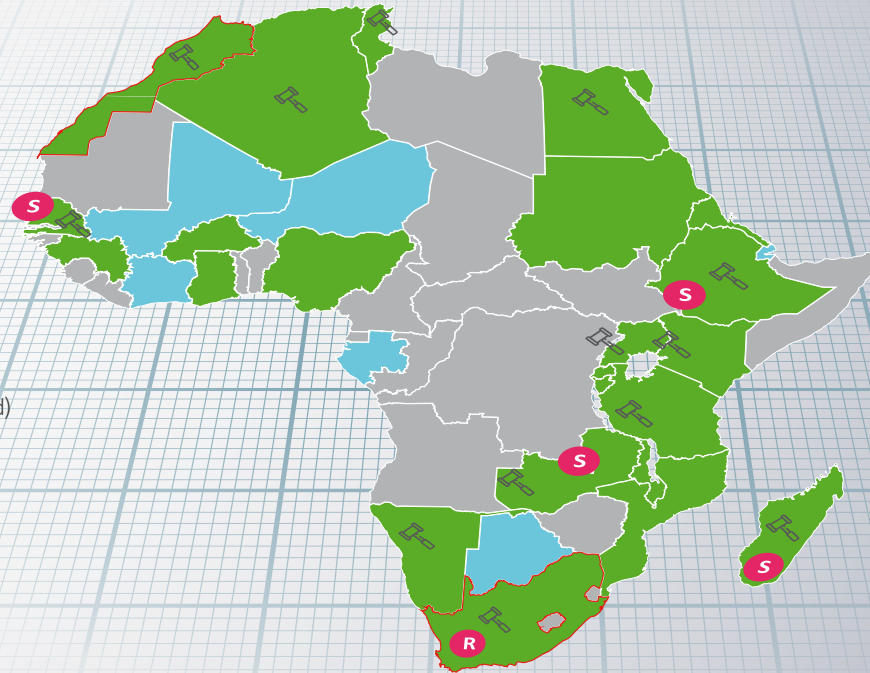


Regulations and supporting schemes in place for renewable energy in Africa

Over 20 countries adopted dedicated regulation for RES development mainly through tenders and the IFC's Scaling Solar

SUPPORTING SCHEMES

-  C&I PPA market
-  RES Target and support mechanisms (existing or announced)
-  RES Target but NO support mechanisms
-  Scaling Solar
-  REIPPPP
-  Auctions





So what is still missing to scale-up renewable energies in Africa?



Population growth



Urban concentration



Demand growth



Land availability



RES potential



Sustainable project development



An enabling regulatory framework



Adequate financing support



Adequate de-risking measures



Existing EU Support Programs for Africa

Over 75 EU Support Programs*, only 17 significant for RE in Africa

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

- ▶ Support Services (risk mitigation, technical assistance, capacity building);
- ▶ Large-scale RE generation (above 50 MW);
- ▶ European instrument / European support;
- ▶ Geographies.

Of the existing EU 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

There are over 75 existing EU Support Programs



Only 17 significant

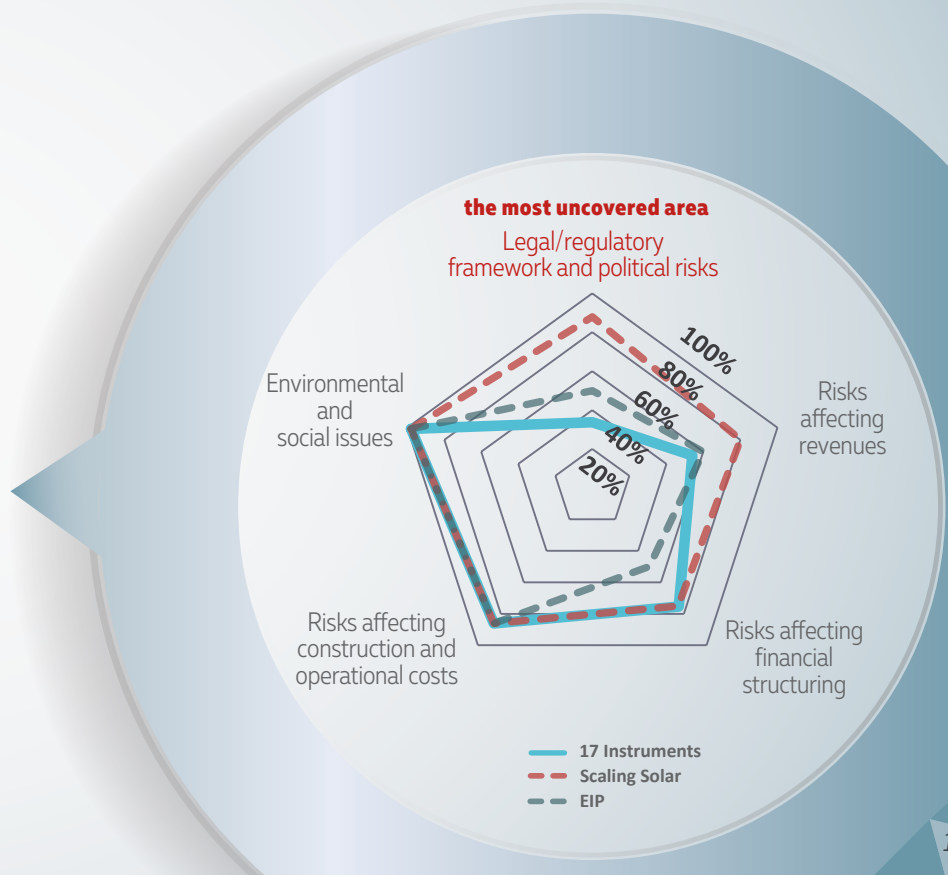
* Including national programs



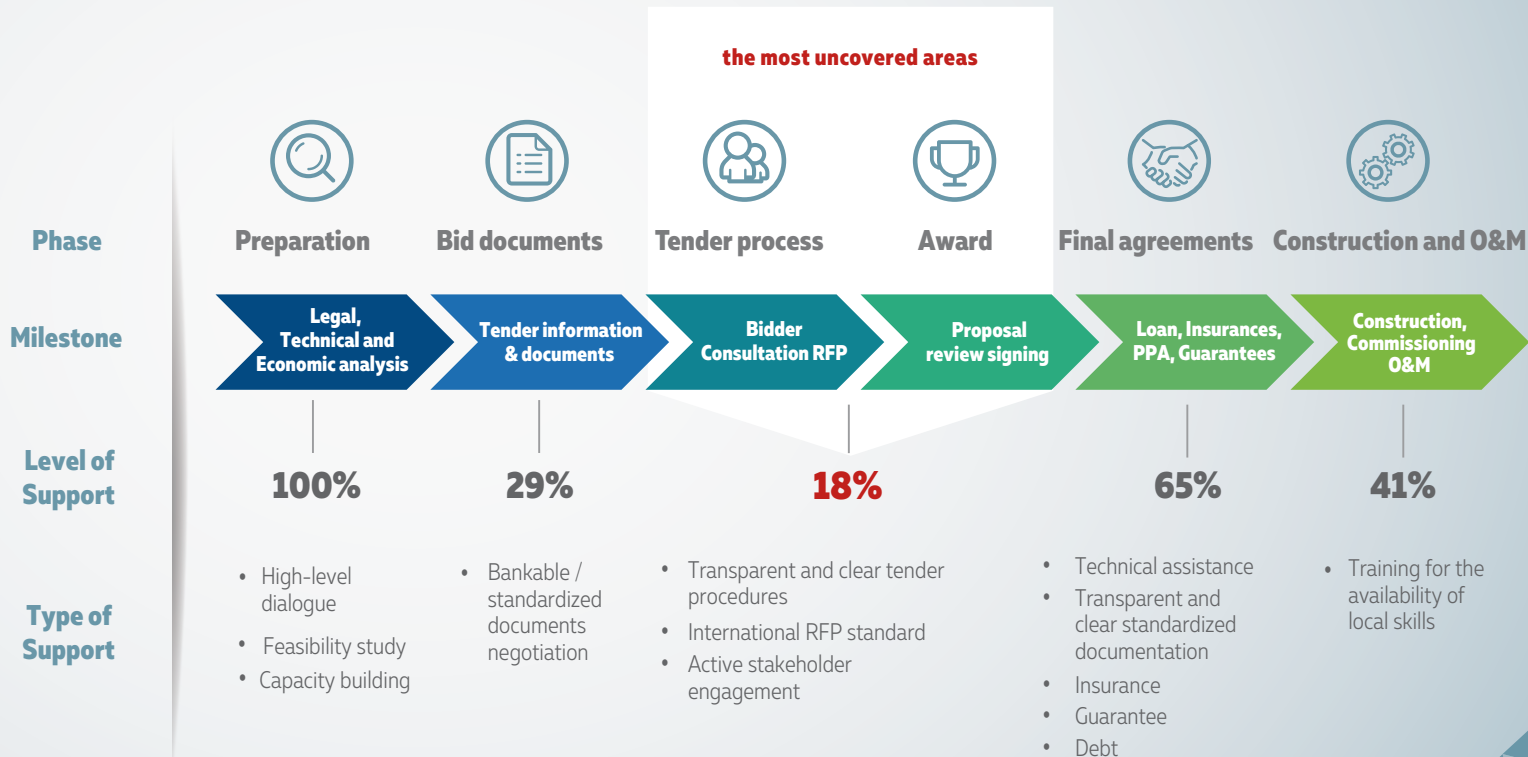
None of the 17 EU Support Programs cover all major risks at once

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.



Not all the investment phases are equally covered by the 17 EU Support Programs





The renewAfrica initiative

Built to stimulate the creation of an innovative EU RE investment support in Africa

SCOPE

The renewAfrica initiative, promoted by RES4Africa Foundation, is **conceived to**:

- **stimulate the creation of a one-stop-shop innovative EU RE Support Program**, with its own institutional framework;
- **propose the major features of an innovative Instrument**, designed to address all the unveiled market gaps and integrate all positive aspects shown by the existing EU Support Programs.

ACTORS

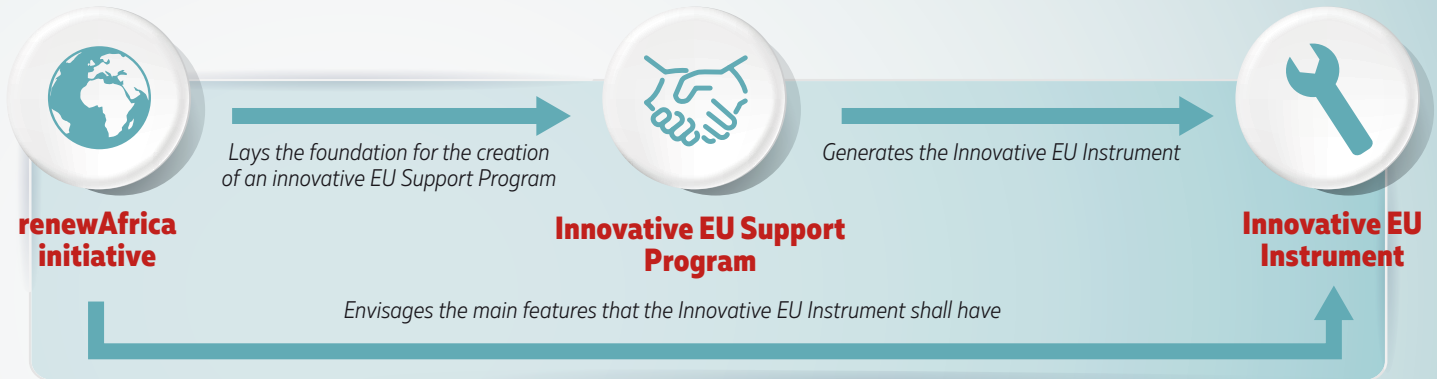
The renewAfrica initiative aims at gathering a working group of selected leading experts from:

- **EU industrial players investing in RES (both IPPs and technology manufacturers);**
- **EU multilateral and commercial development banks;**
- **European think tanks and academia;**
- **European Commission.**



The renewAfrica initiative

The scope of the envisaged innovative EU Support Program

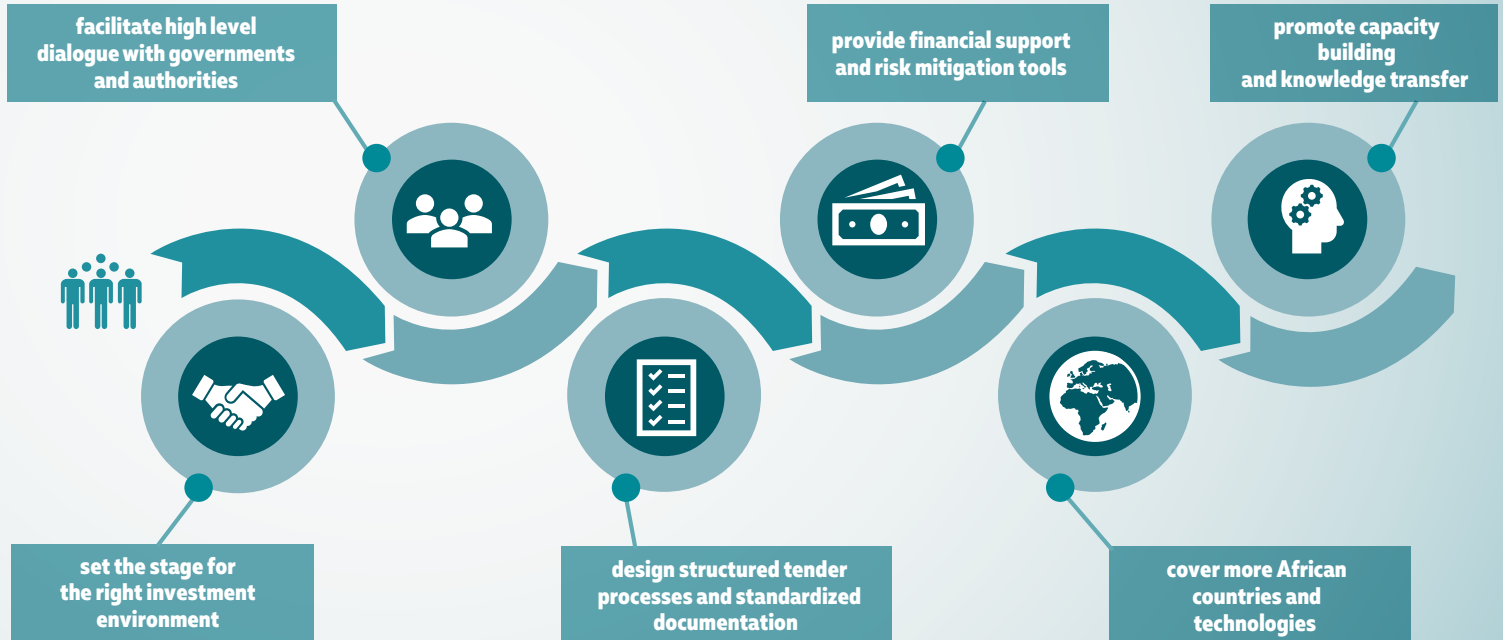


The scope of the innovative EU Support Program is to:

- **promote high-level dialogue between public-private institutions** to enable the creation of a suitable RE policy framework and a **favourable business climate**;
- offer a full staple **blending finance package** for bankable projects supported by guarantees and insurances as financial **de-risking tools**;
- **support all the phases of investment**, from project preparation to the construction and O&M phases, with **technical assistance** and **standardized project documentation** and procedures;
- promote **capacity building and knowledge transfer** at all levels.



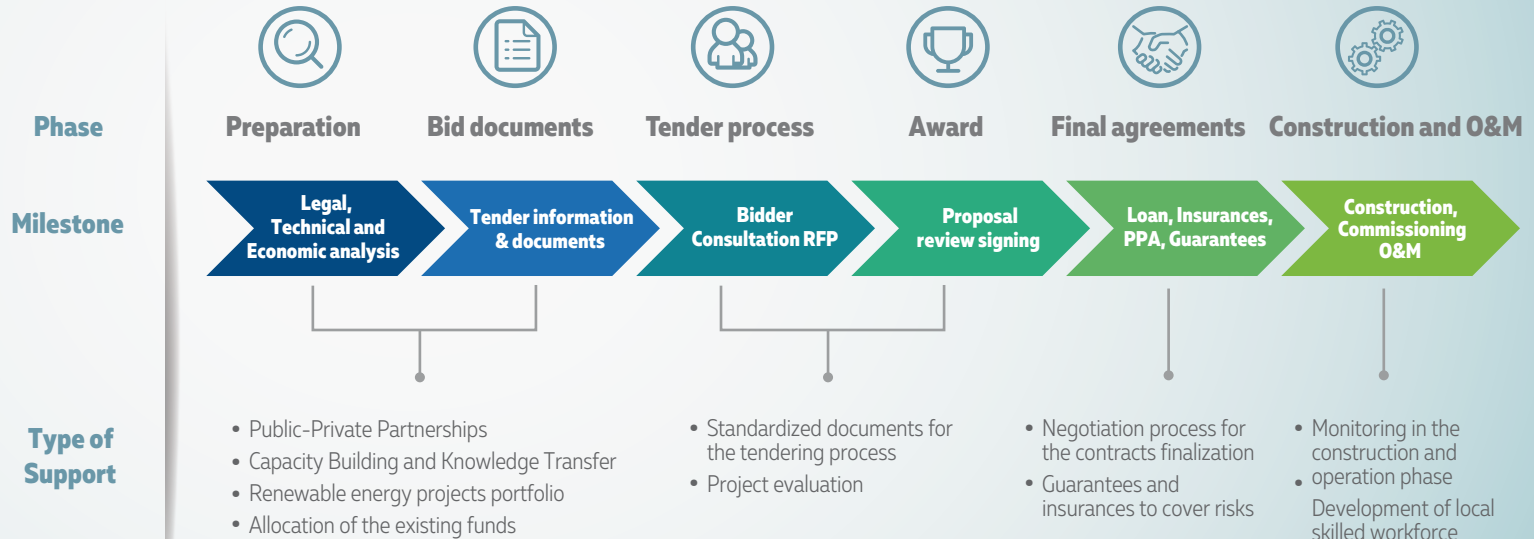
We need an innovative instrument to support EU RES investments in Africa to...





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

Covering all the investment phases and enabling market entry for EU IPPs and Financiers



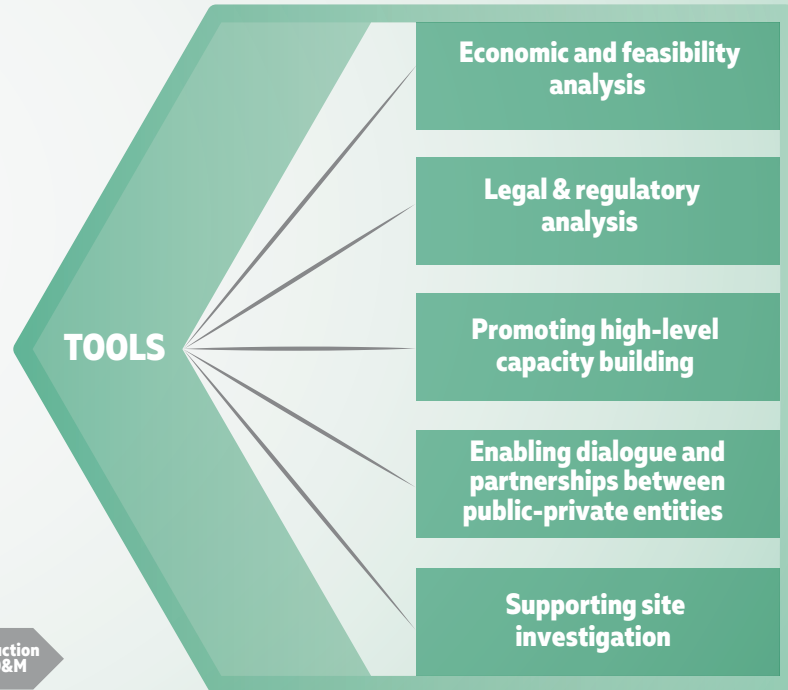
The envisaged support in Preparation phase

To make all the necessary preparations and studies to commence the tender process

FUNCTION

- To stimulate the political will for the promotion of RE investments
- To advise Governments on how to engage the private sector
- To help authorities to build a renewable energy projects portfolio
- To assess the right plant size according to the country energy needs

THE INNOVATIVE INSTRUMENT





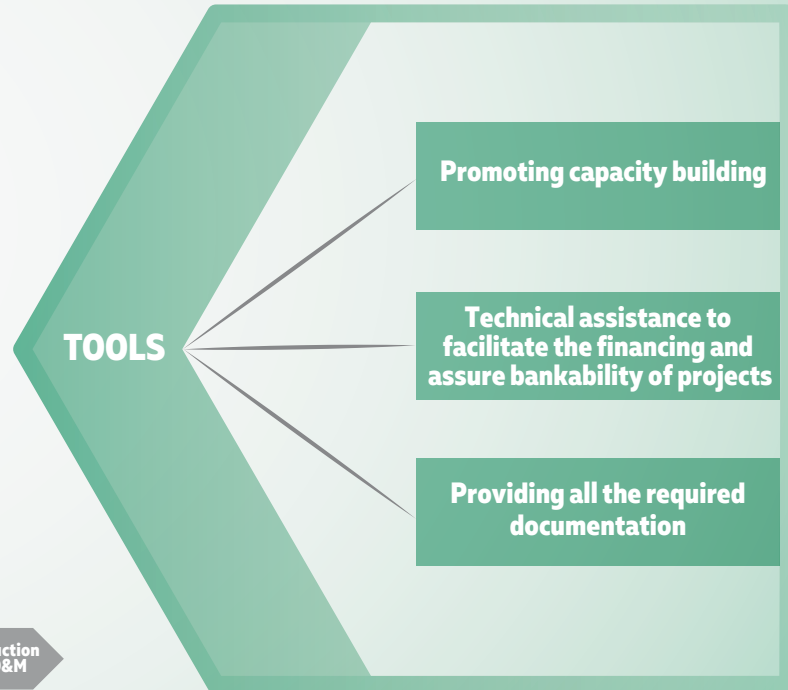
The envisaged support in Bid documents phase

To provide tender information and documentation

FUNCTION

- To provide early stage high-level training and capacity building activities
- To create optimal conditions to facilitate IFIs and commercial banks
- To prepare a detailed and comprehensive tax analysis

THE INNOVATIVE INSTRUMENT



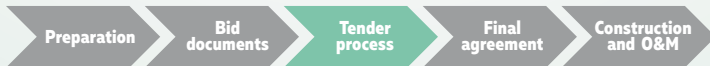
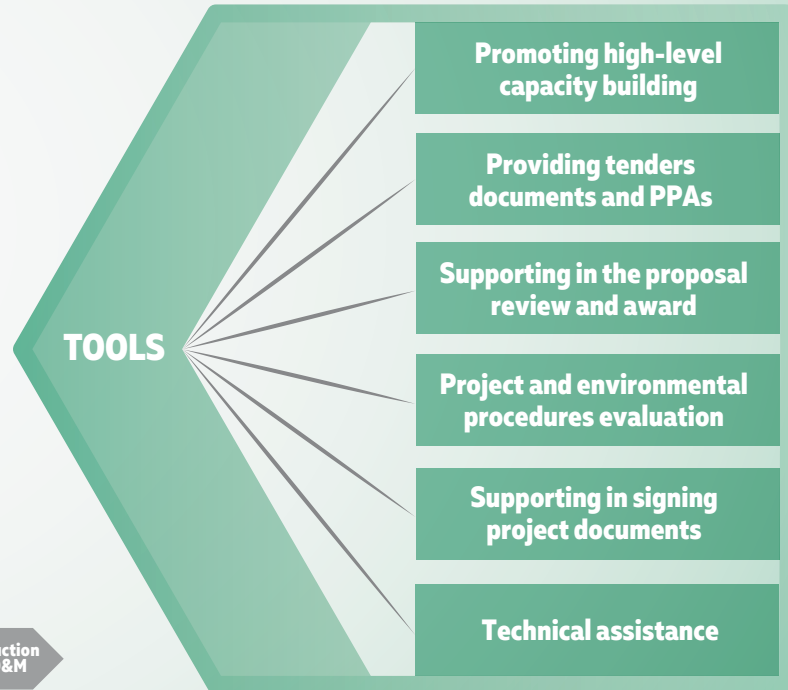
The envisaged support in Tender process and Award phase

To ensure clear and transparent tendering processes

FUNCTION

- To assess the institutions in the creation of a request for proposal
- To assess the institutions in the management of a tender process
- To support the preparation of the tender documents
- To support the project evaluation throughout the tender process

THE INNOVATIVE INSTRUMENT





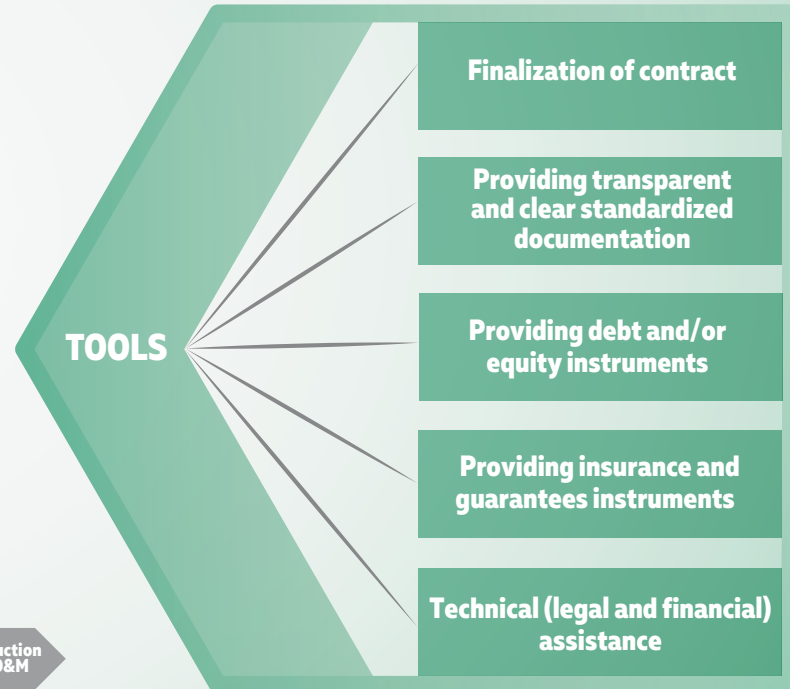
The envisaged support in Final agreements phase

To provide assistance in the financial close

FUNCTION

- To support the negotiation process for the contracts finalization
- To support the reach of the financial close
- To provide debt and/or equity
- To provide guarantees and insurances

THE INNOVATIVE INSTRUMENT





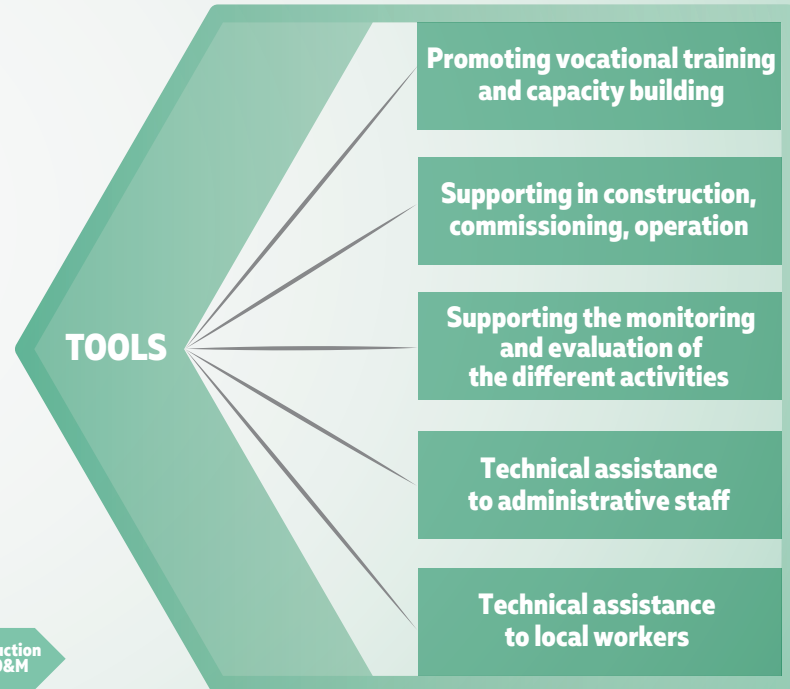
The envisaged support in Construction and O&M phase

To ensure smooth construction and operation phases

FUNCTION

- To reinforce skills of local administrative staff
- To improve quality of existing technical trainings
- To support procedures of the construction and O&M activities
- To support project commissioning to ensure compliance

THE INNOVATIVE INSTRUMENT





The renewAfrica initiative roadmap

2019

Signature of the Declaration of Intent

Commitment of the involved parties to cooperate and establish a sponsoring vehicle embodying the initiative

June 19^o

Steering Committee meeting

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

July-October

EC meeting

High Level meetings EU commissioners

June 4^o

Presentation of the initiative to UNECA and AUC

June

Working Groups meeting

Establishment of the new Governance and tasks of the innovative EU Support Program

November

About RES4Africa Foundation



Who we are: RES4Africa Foundation promotes the deployment of large-scale and decentralized renewable energy in African countries to meet local energy needs.

Our work: RES4Africa Foundation functions as a platform for members and partners of emerging markets to foster dialogue and partnerships, share knowledge and build capacity to advance sustainable energy investments in Africa.

Our mission: RES4Africa Foundation aims to create an enabling environment for renewable energy investments in emerging markets through 3 work streams:

- Acting as a connecting platform for **dialogue & strategic partnerships** between members and partners to exchange perspectives and foster cooperation;
- Providing **technical support & market intelligence** through dedicated studies and recommendations based on members' know-how to advance sustainable energy markets;
- Leading **capacity building & training** efforts based on members' expertise to enable skills and knowledge transfer that supports long-term sustainable energy market creation.



Contact

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