
European Guarantee for Renewable Energy (EGRE) and De Risking Investments in Sustainable Energy

Presentation to the Ghana-EU Business Forum

13th June 2019, Accra

AFD, CDP, EIB, KfW

Partners within the EIP under the EGRE and De Risking Investments in Sustainable Energy



- The **Agence Française de Développement (AFD)** finances, supports and accelerates the transitions to a fairer and more sustainable world. Focusing on **climate, biodiversity, peace, education, urban development, health and governance** and carrying out more than 4,000 projects in France's overseas territories and other 115 countries, AFD contributes to the commitment of France and French people to support the sustainable development goals.



- The European Investment Bank is the **lending arm of the European Union** and the world's largest multilateral lender, aiming at helping the economy, creating jobs and promoting equality. The EIB operates in Europe and abroad offering to both private and public sector **lending, blending and advising activities** and focusing on four main areas: **Innovation and skills, Small businesses, Infrastructure, Climate and environment.**



- Cassa depositi e prestiti (CDP) is the Italian National Promotional Institution and International Financial Institution for Development Cooperation. Our mission is to promote sustainable growth, in Italy as well as in emerging economies abroad, through a wide range of financial products (loans, equity and guarantees) offered to both public and private counterparts



- The **state owned KfW Development Bank** has been helping the German Federal Government to achieve its **goals in development policy and international development cooperation for more than 50 years. On behalf of the German Federal Government KfW** finances and supports programs that mainly involve **public sector players in developing countries and emerging economies.**

EGRE and De Risking Investments in Sustainable Energy: main features and potential outcomes

OBJECTIVES, CHARACTERISTICS, BENEFICIARIES

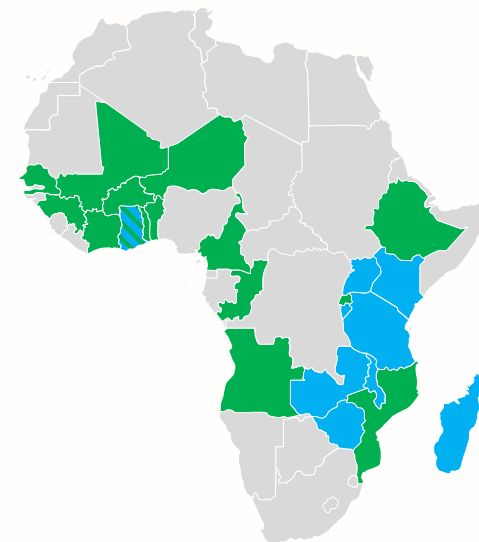
Joint initiative by AFD, CDP EIB and KfW to promote small renewable energy plants in sub-Saharan Africa

- **Two main objectives:**
 - Promotion of **renewable energy solutions** to support **sustainable, inclusive and "clean" economic growth** (low carbon and climate resilient)
 - Support to poverty eradication by helping **households and businesses to climb the "energy scale"**
- The initiative aims at supporting projects with **high development impact**, that fight against **climate change** and which contribute to **poverty reduction and jobs creation**
- **AfD / CDP / EIB / KfW partial risk guarantee** covers the **risk of non-payment for power purchases by the local off-takers** along the **start-up phase** of the renewable energy plants, built by IPPs
- **EC contribution focuses** both on **guarantee issue and technical assistance (TA)** for **project preparation and pipeline development**
- **Target countries: Sub-Saharan Africa** with some priorities

INDICATORS AND EXPECTED RESULTS

Indicators	Within 2020
EU contribution (Guarantee + TA)	192 €/mln
Mobilized resources	3,9 €/mld
Countries reached	At least 23
Fragile countries reached	At least 7
GWh/year of renewable energy produced	4.205
New jobs created on the ground	11.542

TARGET COUNTRIES



Targeted UN SDGs:

- 1 NO POVERTY
- 5 GENDER EQUALITY
- 8 DECENT WORK AND ECONOMIC GROWTH
- 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
- 10 REDUCED INEQUALITIES
- 13 CLIMATE ACTION
- 17 PARTNERSHIPS FOR THE GOALS

Modalities of access to EGRE and De Risking Investments in Sustainable Energy

What?

Support to small renewable plants (up to 50 MW)

How and Where?

- Partial Risk Guarantees
- Sub-saharan Africa

To Whom?

- Project promoters operating in the renewable energy sector at international level

How to apply?

- Directly through the partners of the initiative and/or local financial intermediaries

Promoting FI* → RE projects

The initiative envisages 4 components

- 1 Off-take guarantees *with* a sovereign recourse
- 2 Off-take guarantees *without* a sovereign recourse

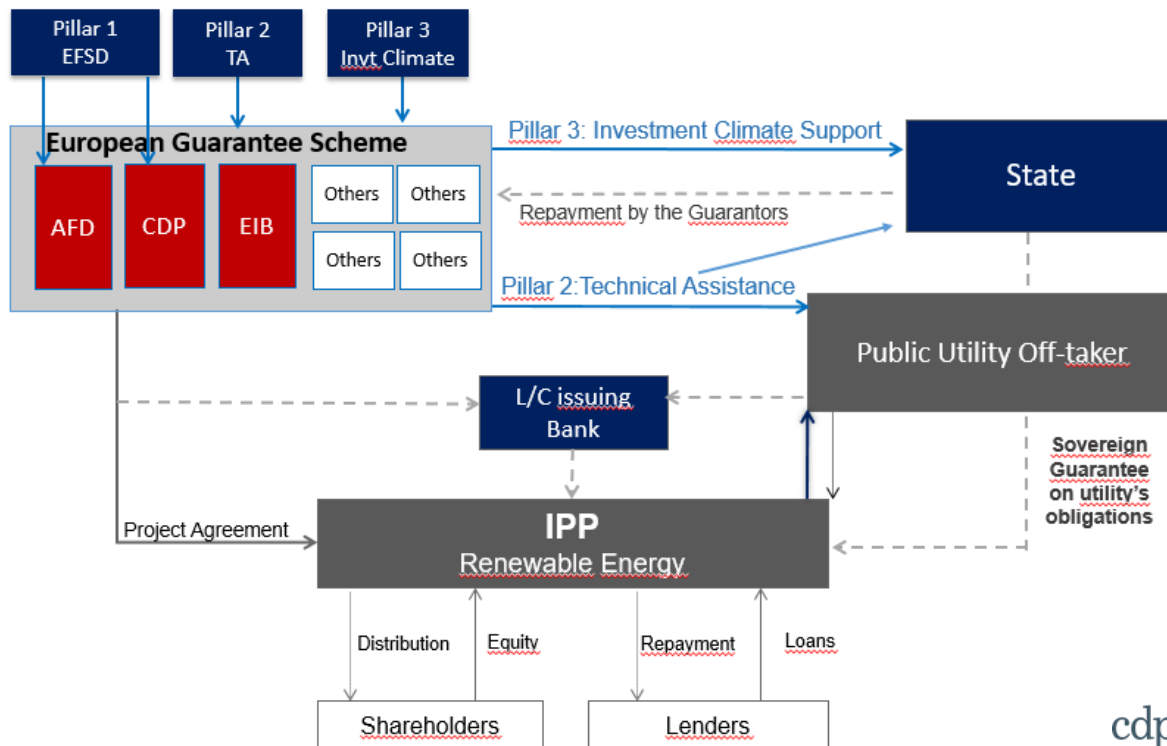
- 3 Residual Liquidity Support Facility (“RLSF”)
- 4 Africa Energy Guarantee Facility (“AEGF”)

EGRE: Components focus (1/4)

Financial Instrument – No. 1

Power purchases off-taker risk guarantee with a sovereign recourse

- AFD, CDP and EIB (and potentially others) will provide co-guarantees
 - **Partial risk coverage on the public off-taker (utility)'s payment service obligations** for supplies from renewable energy projects.
- AFD and CDP will require a *pari-passu* protection under the EFSD guarantee.

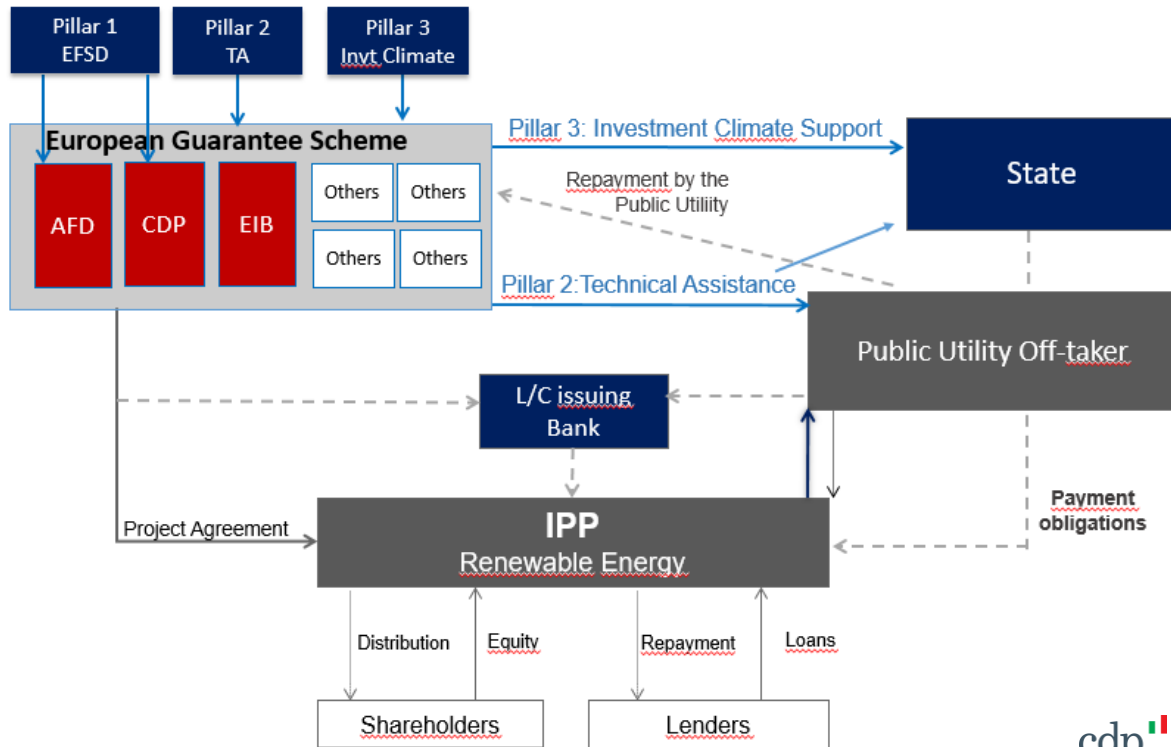


EGRE: Components focus (2/4)

Financial Instrument – No. 2

Power purchases off-taker risk guarantee without a sovereign recourse

- Similar mechanism to Financial Instrument No. 2
 - No explicit payment guarantee from the country's Government will be provided.
- AFD and CDP will require a first loss protection under the EFSD guarantee.

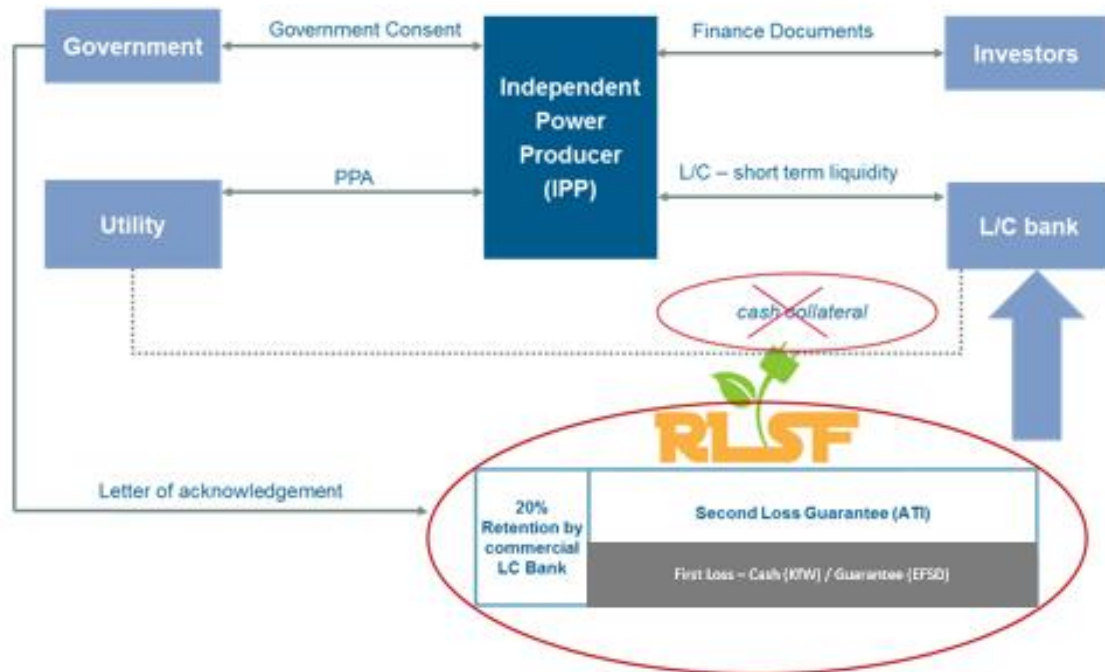


EGRE: Components focus (3/4) via ATI - African Trade Insurance

Financial Instrument No 3: Residual Liquidity Support Facility

The Regional Liquidity Support Facility (RLSF) is designed to help public utility companies in Africa meet the liquidity requirements of Independent Power Producers. Therefore, the RLSF is partly insuring the credit risk of the bank that is issuing the L/C in favor of the IPP, relieving the utility of the burden to provide a full cash collateral.

In the long term the RLSF aims to increase the trust of investors in the credit worthiness of the utilities, ultimately lowering the cost of energy for the end-consumer.

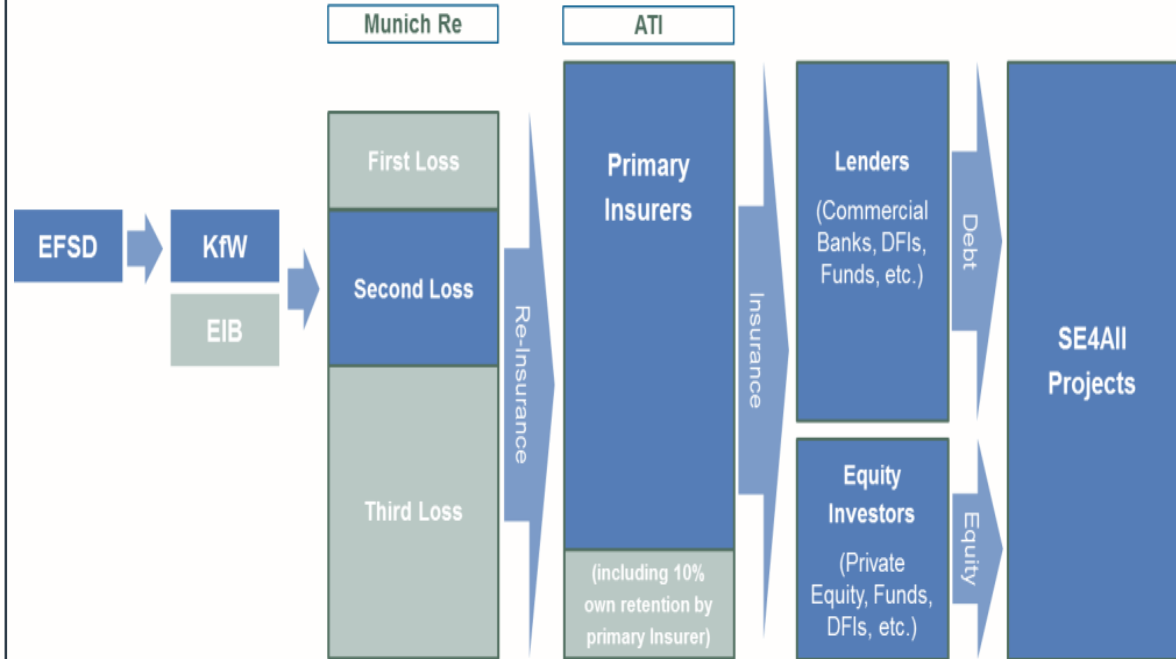


EGRE: Components focus (4/4) via ATI - African Trade Insurance

Financial Instrument No 4: The African Energy Guarantee Facility

The African Energy Guarantee Facility (AEGF) is designed to increase the availability of political and commercial risk insurance to actors in the Africa power markets. Therefore, the AEGF is supporting primary insurers to issue cover for SE4ALL projects, by developing a competitive re-insurance portfolio in cooperation with Munich Re. The increase in capacity will allow more private sector participation.

In the long term the AEGF aims to increase the trust of investors in the credit worthiness of the utilities and sovereigns by providing adequately priced insurance products, ultimately lowering the cost of energy for the end-consumer.



Annex 1

KFW focus

>>> KfW: Upcoming products for private sector development



KfW



Under the EU External Investment Plan - EIP

**African Local
Currency Bond**

**Local
Currency Lending
in SSA**

Under German Development Cooperation

**African Trade
Insurance**

**African
Guarantee
Fund**

**Green
Credit Line**

>>> The German Desk

GERMAN DESK

■ German Desk - Financial Support and Solution - coverage

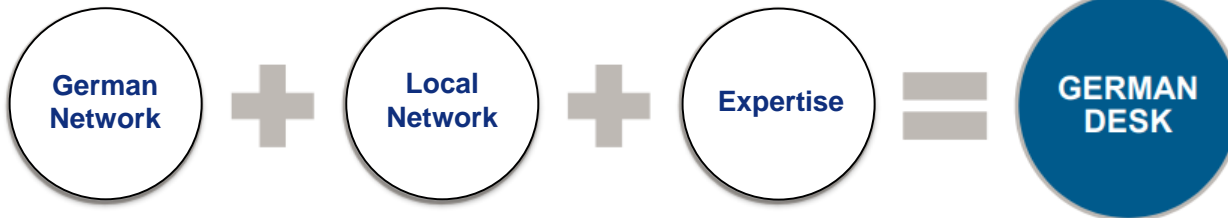
What does the German Desk - Financial Support and Solution - cover?

- Provide tailor-made financial solutions - through a one stop financial advisory power house for German companies that would like to enter business relationships with Ghanaian companies and vice versa
- Set up of accounts
- Provide short to medium-term credit lines
- Services for financing trade and transaction banking
- Act as point of contact that connects all products and services of Access Bank as well as the network and support of AHK & DEG
- Provide advisory services to SME German companies to establish business ties with Ghanaian companies before they invest in emerging markets
- Bridge language and cultural gaps



Contact us for more information:

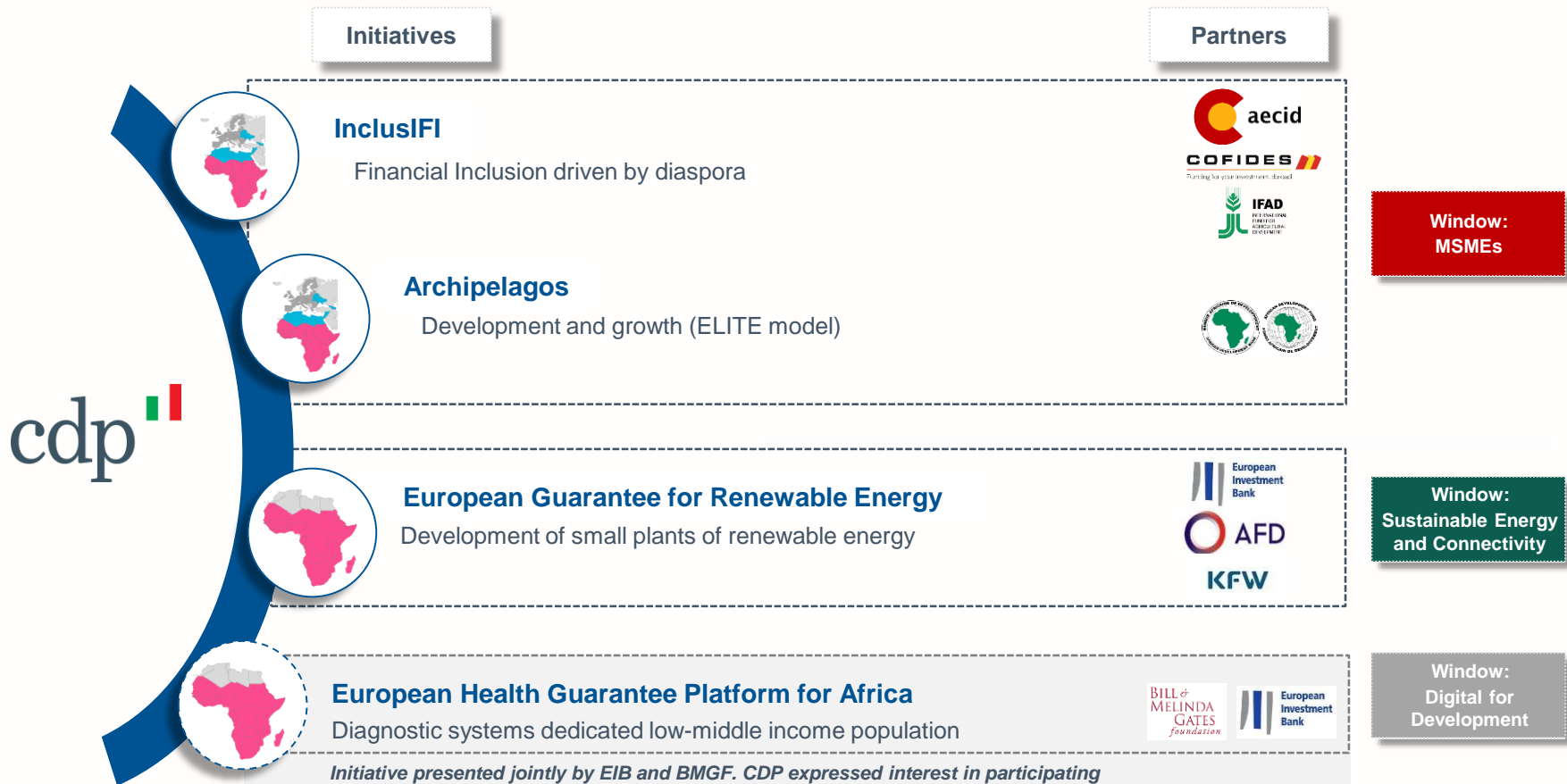
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Annex 2



Other CDP's initiatives under the External Investment Plan

EIP: all CDP's initiatives

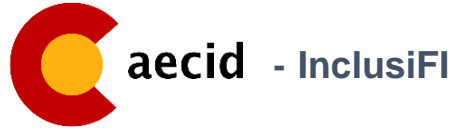


Other CDP's initiatives under the External Investment Plan

Initiatives are currently **being implemented** and will become operational at the **end of 2019**

	What?	How and Where?	To Whom?	How to apply?
InclusiFI	Support for financial inclusion and entrepreneurship in diaspora countries of origin	<ul style="list-style-type: none"> Loans Guarantees Equity 	<ul style="list-style-type: none"> Mali Morocco Senegal Tunisia 	<ul style="list-style-type: none"> Local Micro, small and medium Enterprises (MSMEs) owned by returnees or their families Local Guarantee Funds <p>Through local banks</p> 
Archipelagos-ONE4A	Supporting the growth of high potential African companies and their access to the capital market	<ul style="list-style-type: none"> Loans Guarantees 	<ul style="list-style-type: none"> Sub-Saharan Africa 	<ul style="list-style-type: none"> Small and medium-sized local enterprises (SMEs) with high growth potential and with a projection towards international markets <p>Through local banks and local Stock Exchanges</p> 

CDP main partners in InclusiFI and Archipelagos



- The Spanish Agency for International Development Cooperation (AECID) is **Spanish Cooperation's main management body**. The agency aims at combating poverty and promoting sustainable human development through five lines of action: **technical cooperation, economic and financial cooperation, humanitarian assistance and education for development and social awareness-raising**



- Archipelagos-ONE4A

- The African Development Bank is a **Multilateral Development Bank** with the objective of spurring sustainable economic development and social progress in its regional member countries. The Bank has proven expertise in **human and economic development in Africa**, with extensive experience in **financial sector development and SME support**, as well as in managing **innovative financing operations**.

Focus InclusiFI: main features and expected results

OBJECTIVES, CHARACTERISTICS, BENEFICIARIES

- InclusiFI deals with the **root and challenges of migration from Africa to Europe**
- InclusiFI main objective is to **help the transnational families through financial inclusion, targeted MSMEs financing and migrants investments**, facilitating access to financial services and preventing future migrations flows.
- The initiative is aimed at **local micro, small and medium-sized enterprises and young entrepreneurs** connected to the **Diaspora**
- Promotes **financial inclusion** in the countries of origin of migration flows **by supporting**:
 - access to **innovative, affordable and easily accessible financial services for migrant workers in Europe**, and
 - promote **entrepreneurship** and improve access to finance for **micro, small and medium-sized enterprises owned by returnees or diaspora families** through local financial intermediaries

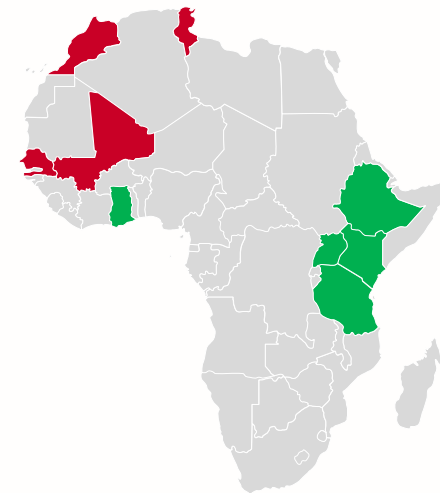
PHASE 1: Mali, Morocco, Senegal and Tunisia

PHASE 2: Ghana, Ethiopia, Kenya, Tanzania, Uganda

INDICATORS AND EXPECTED RESULTS

Indicators	Within 2020
EU contribution	20 €/mln
Mobilized resources	120 €/mln
Countries reached	At least 4
Fragile countries reached	At least 2
Local Financial Institutions involved	Up to 13
MSMEs accessing finance and new financial instruments	Up to 5,000
New jobs created on the ground	Up to 9,000

TARGET COUNTRIES



Focus Archipelagos-ONE4A: main features and expected results



OBJECTIVES, CHARACTERISTICS, BENEFICIARIES

- Promote **growth, job creation** and improve **access to finance for African SMEs with high growth potential** through a "One Platform for Africa" that will **connect** African "Archipelagos" - i.e. regional capital market hubs across the continent - to Europe (active network of over 1,000 companies)
- The **involvement of private investors** and an **economically viable financing cost** will allow the **de-risking of SMEs' financing**
- The initiative is aimed at the most ambitious African SMEs**
- 7 Hubs:** Morocco, Ivory Coast, Kenya, Nigeria, Cameroon, South Africa, Egypt

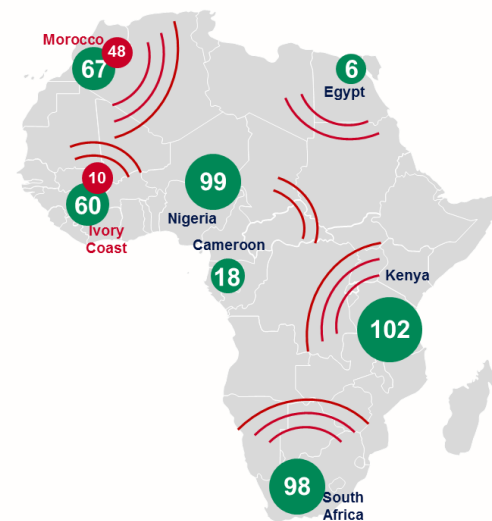
PROGRAM PHASES

- Step 1** Local stock exchanges activate the training and networking programme. Local SMEs enter the programme with the support of EU resources
- Step 2** Traditional finance: SMEs will be financed by local financial intermediaries ("Plafond" model) on CDP/AfDB funding with EU guarantee
- Step 3 Capital** Alternative Finance: structuring the first Basket Bond operation in Morocco on the Italian model
- Capital: through partner investors

INDICATORS AND EXPECTED RESULTS

Indicators	Within 2020
EU contribution	30 €/mln
Mobilized resources	120 €/mln
Countries reached	Up to 10
Fragile countries reached	At least 4
MSMEs accessing capacity building	Up to 1.000
MSMEs accessing finance and new financial instruments	Up to 40
New jobs created on the ground	50.000

TARGET COUNTRIES



Targeted UN SDGs



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Thank You

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