



A low risk environment for financing Renewable energy

**17th Inter-Parliamentary Meeting
on Renewable Energy and Energy Efficiency
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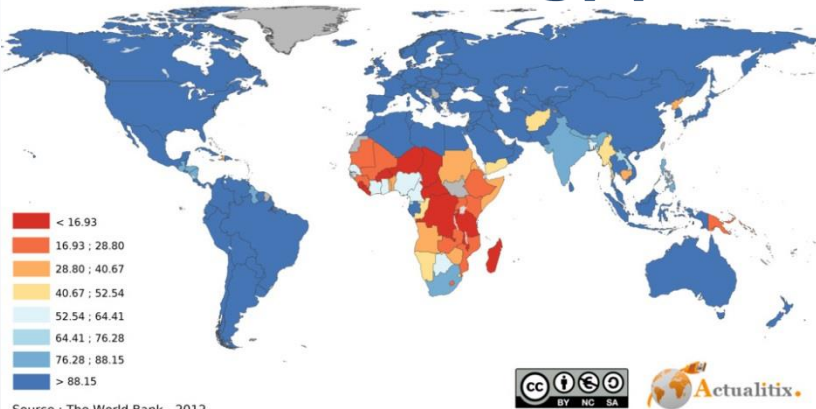
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| ...improving the energy sector | 3 EU drivers | policy, capacities, investments |
| ...lowering risks for investments | EU financial tools | blending, ElectriFI, >>> EIP |

Need to increasing access to energy and do it with renewables: facts & figures

Energy poverty

Access to electricity (% of population)



1.2 billion people without access to electricity (IEA, 2016)

3 billion people cook and heat their homes using open fires and simple stoves burning biomass (wood, animal dung and crop waste) and coal.

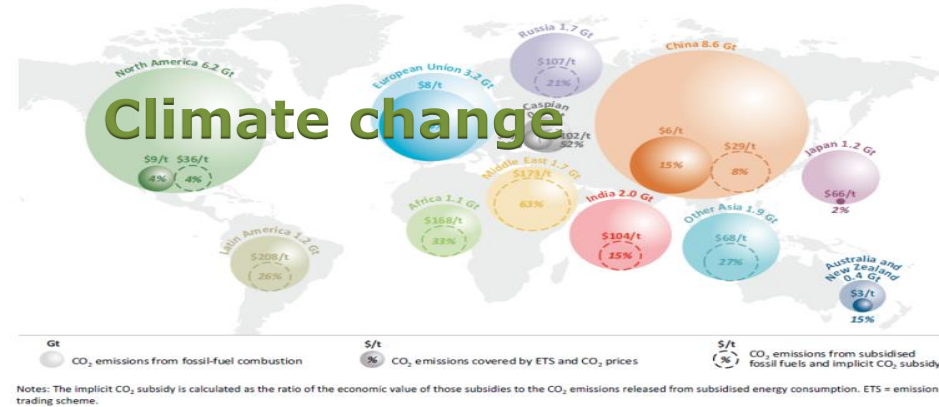
Over 4 million people die prematurely from illness attributable to the household air pollution from cooking with solid fuels (WHO, 2016).

Energy financing

Annual requirement for the period from 2010 to 2030 to achieve the universal access to modern energy services and doubling the share of renewable energy in the global mix :

- **\$50 billion for energy access** (current spending is \$9 billion)
 - **\$442-650 billion for renewable energy** (current baseline of \$258 billion). Except for Europe all regions need to increase investment to meet targets. The largest annual funding gap by far is in developing Asia.
 - **\$560 billion for energy efficiency** (current spending is \$130 billion).
- (SE4All Advisory Board's Finance Committee Report on Scaling Up Finance for Sustainable Energy Investments, 2015)

Figure 1.2 Energy-related CO₂ emissions in selected regions, 2014



3 pillars of the EU strategy

1. Increase access to renewable energy
2. Increase renewable energy generation capacity and energy efficiency
3. Contribute to the fight against climate change

- Council Decision on Climate and Energy 2014
- Council Conclusions on Energy and Development 2016
- New European Consensus for Development 2016
- Council Conclusions on Energy and Climate Diplomacies 2017
- Global vision: Sustainable Energy for All UN initiative–2011, UN 2030 Agenda for Sustainable Development-SDG7-2015, Paris Agreement 2016, COP22 Marrakech 2016, COP23 Bonn–2017, G7 and G20 energy, climate and development groups





Need to improving the energy sector as investors facing many risks

- Unclear and unpredictable legislative framework and planning
- Lack of transparency and of accountability of public utilities
- Non-cost-reflective (subsidized) tariffs
- Low profitability of the sector (customer with low consumptions per capita and lacking solvency, low payment recovery performance)
- Lack of technical qualifications of local workforces

3 drivers of the EU strategy

➤ **Political ownership of reform agenda**

- 23 Joint Declarations
- Africa Renewable Energy Initiative (AREI)
- Contribution to National/Regional and Global Indicative Programmes with (EUR 2.7 billion to sustainable energy in Sub-Saharan Africa)
- Covenant of Mayors in SSA to strengthen the role of local authorities

➤ **Capacity building**

- Technical Assistance Facility (TAF) – supporting Reforms and regulatory frameworks

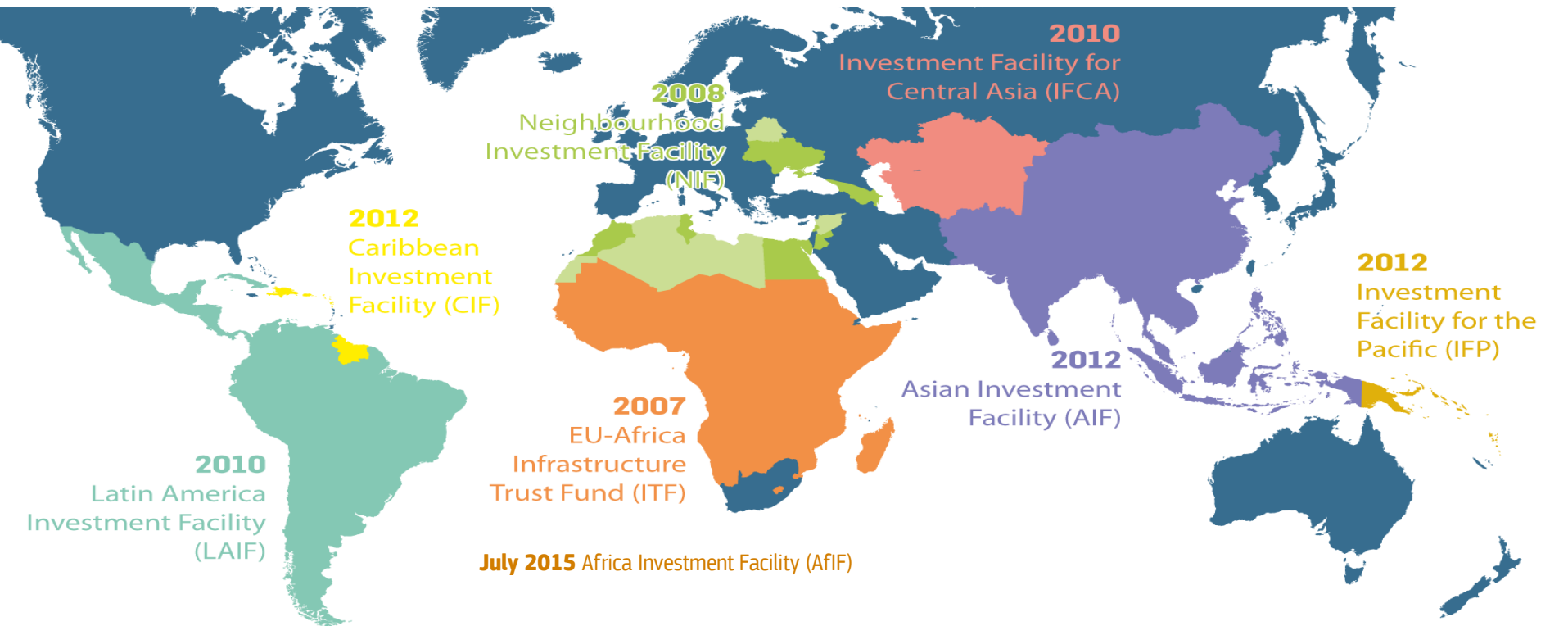
➤ **Investments**

- **Regional Blending facilities**
- **ElectriFI**
- **European External Investment Plan (EIP)**



Regional Blending facilities

- 7 Investment facilities set up for infrastructures in regions worldwide
- 40 % of projects are energy-related



Regional Blending facilities

Examples

Through AFIF:

Enhancing Vocational Training delivery for the power sector in Nigeria (NAPTIN)

SUNREF Nigeria

Through ITF:

Africa Energy Guarantee Facility (AEGF)

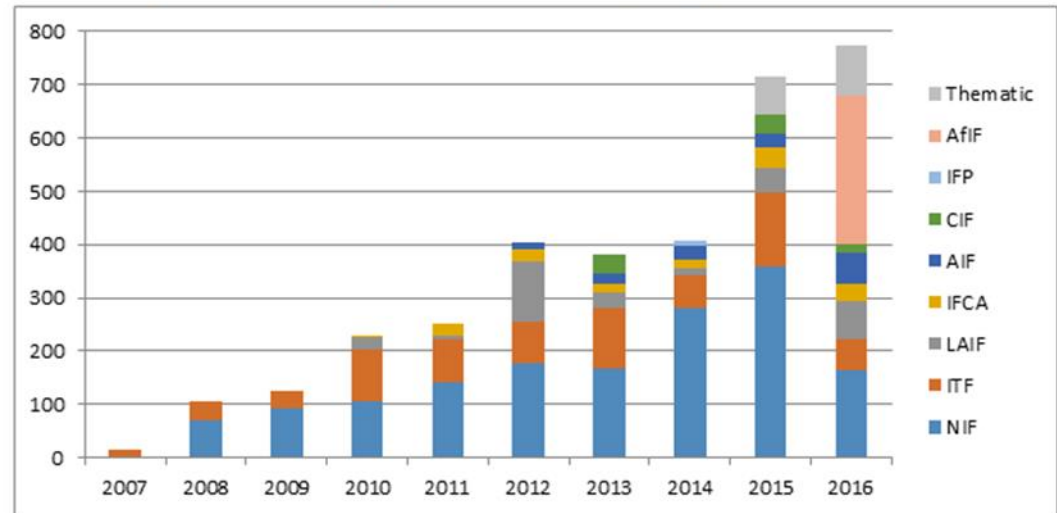
Clean Cooking Programme for Africa

Environmental Credit Lines for Kenya, Uganda and Tanzania – Engaging Banks in Energy Transition Projects

Geothermal Risk Mitigation Facility for East Africa (GRMF)

Renewable Energy Performance Platform (REPP)

Figure 3 - EU Blending Facilities: Annual grant approvals (in € million)



All facilities grant approvals to 380 operations

EUR 3.4 billion

Average: EUR 9 million per operation

EFIs financing to approved projects ¹ *

EUR 26.2 billion

Leverage: 7.7/1

Total investment amount

EUR 57.3 billion

Leverage: 16.8/1

¹ Regional Banks (e.g. AfDB, IADB, CDB, ADB.) and WB/IFC are NOT included.



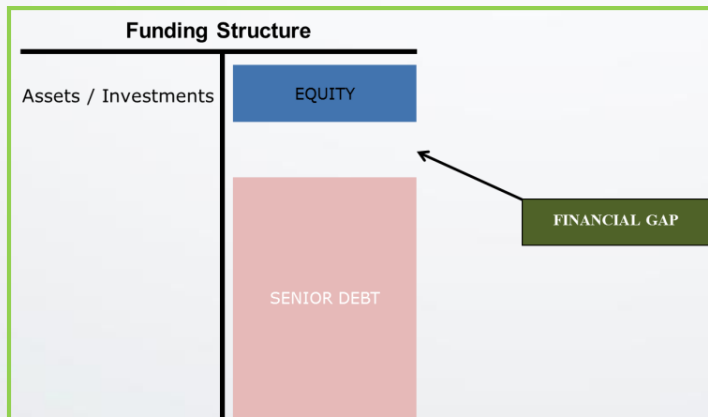
ElectriFI-FMO

www.electrifi.eu

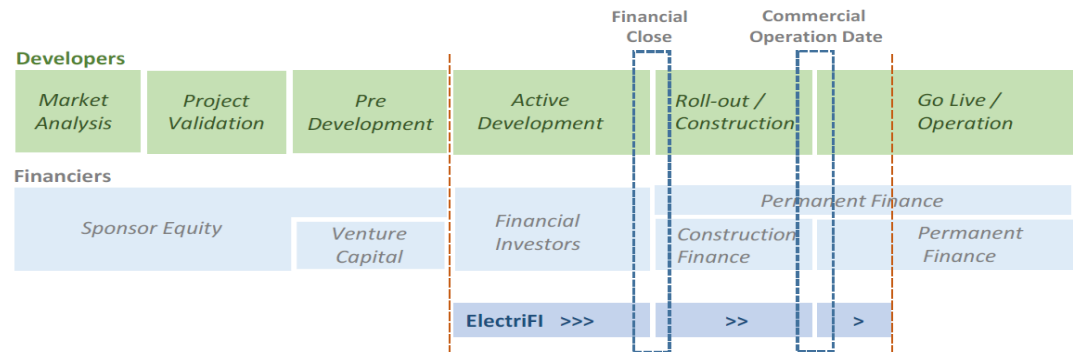
Investment facility to increase access to renewable energy (mainly decentralised) with the **private sector sharing high-risk** in projects business plan with **loans**.

Ticket size: **min. EUR 500k - max. EUR 10 M** (Small- to medium-scale)

Product range: **Equity, Quasi-equity, Debt and Development Finance**



Target ventures/projects



→ Projects or businesses at least in “active development” stage

External Investment Plan (EIP)

E
I
P

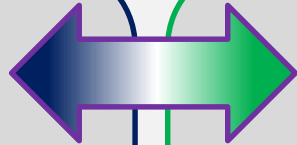
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European Fund for Sustainable Development (EFSD)

Mobilising investments and improving access to finance

EFSD Guarantee Fund
(especially for the private sector – EFSD Guarantee)

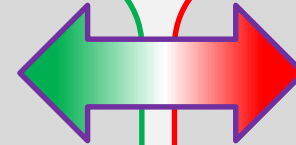
Regional Investment Platforms (Africa and the EU Neighbourhood)



2

Technical assistance

- To help developing bankable projects which could be financed under pillar 1
- To support activities aimed at enhancing business climate under pillar 3



3

Enhanced Investment Climate

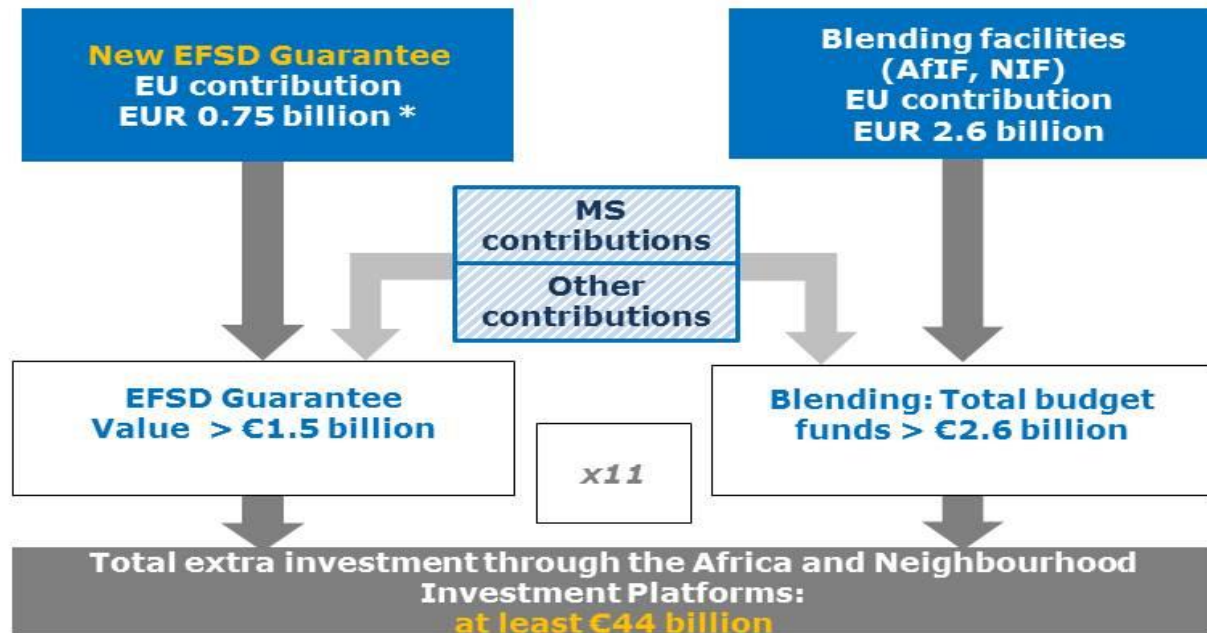
- Political and policy dialogue for economic reforms
- Support legal, institutional and regulatory frameworks
- Engaging with the private sector

One-stop-shop / web portal

External Investment Plan (EIP) Pillar 1 - Resources from EU and leverage

NEW PARTNERSHIP FRAMEWORK – EXTERNAL INVESTMENT PLAN

European Fund for Sustainable Development (EFSD)



* Plus a EUR 0.75 billion contingent liability.



European Commission Directorate-General for International Cooperation and Development

https://ec.europa.eu/europeaid/sectors/energy/energy_en

