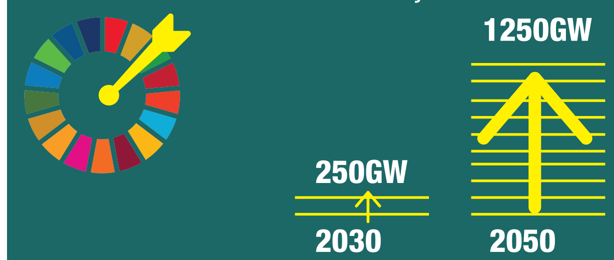
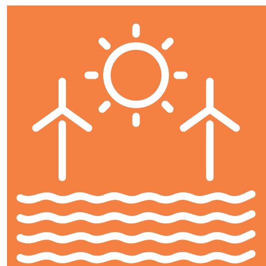
Team-Energy Africa

Bringing together African Investors and partners to accelerate financing of Africa's clean energy transformation

To meet its SDG objective



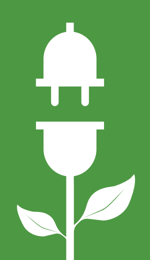
Africa will need to nearly double its present electricity generation capacity by 2030 and increase it by at least five-fold by 2050.



80%

electricity generation capacity can be from clean energy power sources by

2050



$ 500 bln

to add 250GW of renewable eletricity capacity by

2030

While the private sector, as an engine of growth that drives productivity, innovative financing and inclusivity of participation - which in turn drives inclusive economic growth - is critical for Africa's transformation, it is even more so if most of the private sector participation is from Africa's private sector.

Team-Energy Africa - an informal coalition of like-minded African investors and institutions keen on investing in, and championing Africa's energy transformation.

Team-Energy Africa aims to serve as a catalyst for transformative private sector investments in clean energy under the SDG7 Initiative led by the Economic Commission for Africa.

Team-Energy Africa brings together Africa's private sector and investors in clean energy to join forces and work with member States, development partners and international private sector to mobilise the needed finance.

VALUE PROPOSITION FOR TEAM-ENERGY AFRICA

- Opening access to Africa's capital for Africa's development.
- A group of African investors who know the continent best and understand the challenges, opportunities and real, not perceived, risks and how to manage them – while speaking with one voice.
- Able to work more effectively with member States to address key policy and regulatory barriers to signal greater investor confidence and catalyse the mobilisation of finance from capital markets – thus catalysing regulatory harmonisation for a single African power market.
- Brings together the combined efforts of individuals investors, project developers, financial institutions, power pools and policy makers to capitalise on the Africa Continental Free Trade Area to fast-track the establishment of a single African power market.
- Ensure economies of scale and speed in mobilising investments for Africa's power sector and establishing a common view on clean energy development in Africa.
- Helps to create a level playing field for investment in clean energy in Africa, including through increased transparency and promotion of the governance pillar of the SDG7 Initiative for Africa.
- Supports projects and member States with local currency debt. This is critical as one of the main barriers to mobilising project finance for developing countries is the need to secure contracts in hard currency whereas project revenue receipts are in local currency. This poses high risks and increased costs to receiving countries owing to exchange rate uncertainties.
- Better understanding of local and international landscapes and so able to fast-track the participation of foreign private sector investors in Africa's energy market.
- Innovative business models for domestic resource mobilisation to invest not only in power generation but also in the important areas of transmission and distribution.
- Contribution to quality jobs, energy access and climate change mitigation and adaptation by enabling transformative investments in clean energy.

THE SDG7 INITIATIVE FOR AFRICA

The SDG7 Initiative for Africa aims to accelerate private sector finance for clean energy to energize sustainable development in Africa faster and better, as well as to strengthen and upgrade transmission systems. The initiative is a mechanism built on three pillars - sustainability, governance and finance – to bring together countries, financiers and developers of clean-energy projects to align interests and combine scale and speed to fast-track financing from the private sector for deployment of clean energy in Africa.

Sustainability

Supports achievement of Sustainable Development Goals (SDGs) through long-term financing for clean energy solutions, environmental sustainability and business sustainability

Governance

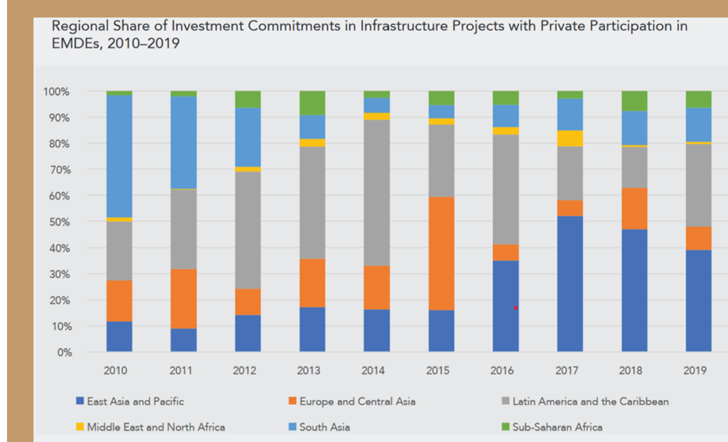
Adheres to responsible investment principles such as those promoted by the UN-supported Principles for Responsible Investment, covering environmental, social and governance factors

Finance

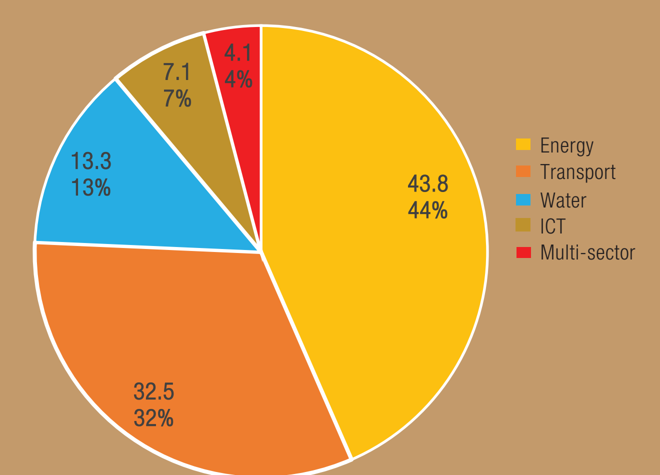
Mobilizes private-sector finance through bonds issued in capital markets and putting in place risk-mitigation instruments to fast-track investments for a bundle of clean energy projects covering different countries and technologies.

LEVERAGE

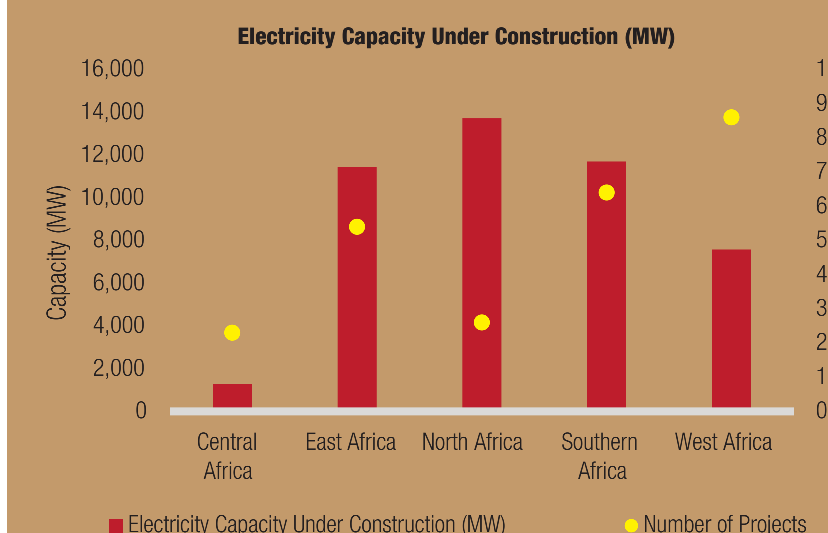
World -renowned investment expertise and resources	Experiences of major clean energy project developers in Africa	Political will and leadership in a number of African countries	Big portfolio of announced renewable energy projects	Low interest rates globally	Declining costs of renewable energy technologies



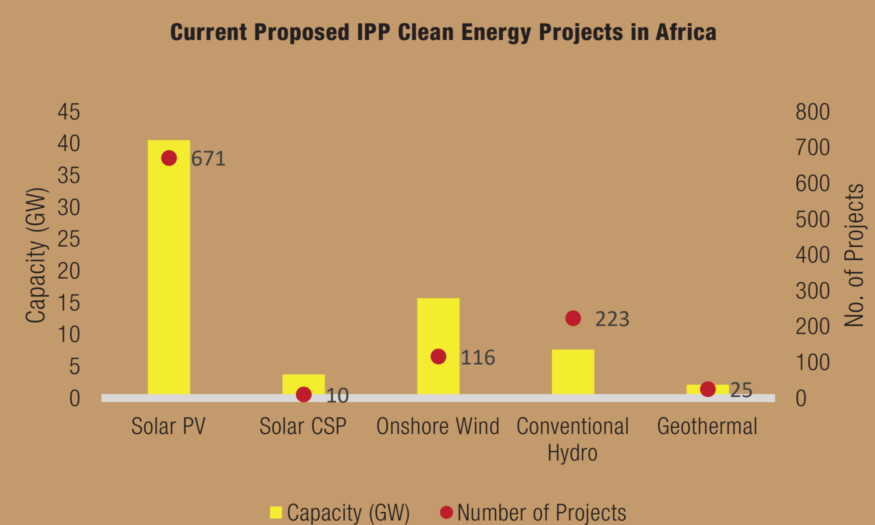
Infrastructure Investments in Africa in 2018 by Sector (Billion USD)



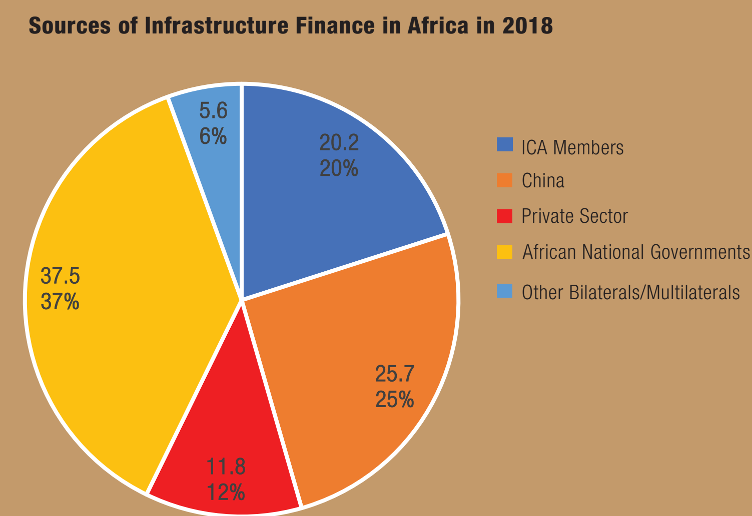
Electricity Capacity Under Construction (MW)



Current Proposed IPP Clean Energy Projects in Africa



Sources of Infrastructure Finance in Africa in 2018



70 GW pipeline of proposed IPP clean energy projects. Ramping up Africa's energy capacity requires a strong and transformational partnership between member States, the private sector and development partners to materialise the investment opportunity of the order of USD 500 billion to add 250 GW of new clan energy capacity by 2030. The African Development Bank estimates that a total of between USD 230 and 310 billion is required for investment in the energy until 2025, while an additional USD 190-215 billion is required for the period 2026-2030 to meet the Bank's New Deal on Energy for Africa.
The International Renewable Energy Agency (IRENA) estimates that with annual investments of USD 70 billion per year until 2030, it is possible to increase the share of clean electricity capacity in Africa's power mix to 310 GW (up from 42 GW in 2017) while resulting in carbon-dioxide emissions reductions of up to 310 megatonnes per annum.
Furthermore, all African countries have submitted very ambitious nationally determined contributions to climate action (NDCs) under the Paris Agreement, but the the level of ambition in those NDCs in terms of clean energy actions is very low at only 22 GW.

The huge energy investments needed to meet Africa's development objectives are far beyond what could be mobilised from public resources given the limited fiscal space for public revenue generation and competing demand for limited public resources – a situation that has been made worse by the COVID-19 pandemic.

This means that most of the financing needed will have to come from the private sector. Yet, private sector investment in infrastructure, including energy infrastructure, in Africa has been very limited.

Of the global USD 282.2 billion invested in renewable power generation in 2019, less than USD 4 billion was in Africa, mostly in 5 countries – South Africa, Kenya, Morocco, Egypt and Zimbabwe.

According to the Infrastructure Consortium for Africa, of the USD 100.8 billion of infrastructure investment in Africa in 2018 (43.5% of which was in the energy sector), only 12% was from the private sector – mainly the private sector outside of Africa.

The low participation of the private sector in investment in the energy sector in Africa is not because of lack of finance.

Instead, it is a consequence of poor governance and lack the enabling policies and regulatory frameworks, as well as weak institutions, poor management of utilities, poor ease of doing business environment, lack of transparency in energy procurement, limited capacity, issues of bankability of project off-takers, poor enforcement of contracts, limited enforcement of quality standards and certification, and poor alignment of interests, among others.

It is therefore urgent and critical that private sector investments in clean energy (and indeed climate action) are scaled up and accelerated.

This requires member States, the private sector and development partners working together in new and innovative ways to address policy and regulatory issues to unleash the financing needed.
This is why the ECA established the SDG7 Initiative for Africa.