**Outcome Document**

**5th Annual Sustainable Energy for All Africa Workshop**

**EDP Headquarters, Lisbon, Portugal**

**04th May 2018**

[The 5th Annual Sustainable Energy for All African Workshop](https://www.se4all-africa.org/5th-annual-seforall-africa-workshop/) was organized by the African Development Bank hosted SEforALL Africa Hub in partnership with the Africa Union Commission, the NEPAD Agency and UNDP, and in collaboration with the SEforALL Global Team at the EDP Headquarters in Lisbon on May 4th 2018, back-to-back with the [SEforALL Forum](http://seforallforum.org/). The theme of the workshop was: ***SEforALL Africa – Financing the Pipeline.*** Themeeting brought together over 70 participants, including SEforALL focal points from Africa, representatives from the SEforALL regional and thematic hubs, development partners, regional institutions, civil society organisations and private sector representatives.

**Background**

Since its establishment in 2013, the SEforALL Africa Hub has directly and indirectly supported the SEforALL processes in more than 25 African countries. The SEforALL Initiative in Africa is at a critical point in which agenda setting has to translate into actions on the ground to deliver on SDG7 and Climate targets.

The 5th Annual SEforALL Africa Workshop therefore put a strong focus on laying out the essential elements to mobilize financing for a systematic implementation of the SEforALL agenda in Africa. Investment Prospectuses (IP), aimed at matching the SEforALL country project pipelines with the right sources of finance, were at the centre of the discussions.

Specifically, the workshop aimed at:

1. Showcasing the progress of the SEforALL Initiative and related country processes in Africa
2. Sharing and discussing the main lessons learned from the IP process and draw recommendations for a continuous improvement, up-dating and showcasing process for IPs, to ensure a systematic implementation of the IP pipelines
3. Commenting on the role of the SEforALL Africa Hub and of national SEforALL Secretariats in coordinating SEforALL processes and driving the implementation of Action Agendas (AA) and Investment Prospectuses at national level to systematically achieve SDG 7 targets
4. Present initiatives of the African Development Bank and others to help closing the financing gap and facilitating the achievement of the SEforALL targets.

**Summary of the Opening Session**

In his opening remarks, Dr. Daniel-Alexander Schroth, Advisor to the Vice President for Power, Energy, Climate and Green Growth of the African Development Bank (AfDB) welcomed all participants to the workshop on behalf of the Vice President, Mr. Amadou Hott, He pointed out that current efforts towards universal energy access have fallen short and that we need to collectively find solutions to move faster. He emphasized the role of the Bank in transforming the energy sector in Africa through Light up and Power Africa - the Bank’s New Deal on Energy for Africa – and of the SEforALL initiative and specifically of the SEforALL Africa Hub, hosted by AfDB and in partnership with the African Union Commission, the NEPAD Agency and UNDP. He further underlined the importance of integrated national planning to reach access goals effectively and efficiently and the suitability of AA and IP as a framework for coherent planning. He introduced the main outlines of the workshop and underlined particularly the importance of strong country-led engagement – through the SEforALL Secretariats – to coordinate energy access efforts at national level. He closed by highlighting the importance of a close and honest collaboration between all partners and stakeholder groups to achieve the common goal of universal access.

Ms. Rachel Kyte, the Special Representative of the UN Secretary General and CEO of SEforALL in her keynote address noted the progress made by a number of East African countries in providing electricity access that needs to be replicated and challenged the donor community to be less risk averse, faster in deploying resources and more focused on supporting underfinanced areas, such as clean cooking.

Mr. Andrew Herscowitz, Power Africa Coordinator, emphasized that honest assessments are a critical component for the success of the IPs. He further underlined the importance of getting a few deals across the finishing line to demonstrate viability and attract more investments. He also stressed that it is important to include both on-grid and off-grid solutions in the mix and that an effort to make mini-grids commercially viable is required to successfully reach those who realistically will not have access to the grid in the near future. Finally, he highlighted Power Africa’s contribution and the transaction tracking tool that should link to the IP process.

Mr. Mosad Elmissiry, Senior Advisor to the CEO of NEPAD, noted with satisfaction the focus of this year workshop on laying down the essential elements to mobilize finance for systematic implementation of the SEforALL agenda in Africa, as it is the main challenge that Africa is facing in achieving the goals of SDG7. He pointed out the need of the SEforALL Africa Hub to go beyond supporting countries in developing AA & IP towards assisting countries in mobilizing the resources required for project implementation and called upon partners to come forward and contribute to strengthening the operations of the Hub to be able to comprehensively fulfil that mandate and stressed the role of the SEforALL Global Team to secure that partner support.

Mr. Aliou Dia, Regional Team Leader UNDP, emphasized the important role of the Hub and underlined that energy is one of the priority areas for UNDP. He added that a key focus needs to be placed on de-risking investments for more private sector investments. Furthermore, he referred to UNDP’s solar for health initiative to highlight the critical enabling role of energy for the health sector.

Mr. Atef Marzouk, Interim Director of the African Energy Commission (AFREC), highlighted the political commitment of African nations to deliver universal access to their populations, making reference to the African Union Strategic Plan and Agenda 2063 and underline the importance of harnessing renewable energy. He emphasized the contribution the SEforALL Africa Hub has made to coordinate and support countries with the SEforALL process. He also mentioned that the African Energy Commission (AFREC) celebrates its “10 Years Anniversary” this year and highlighted the creation of the African Energy Information System and Database (AEIS) in collaboration with the International Energy Agency (IEA) and African Energy Ministers as one of the most important contributions of AFREC.

1. **State of advancement of SEforALL in Africa**

Mr. Schroth, provided an update of the progress of SEforALL in Africa, making reference to the recommendations deriving from the 4th SEforALL Africa Workshop in 2017. He highlighted that 20 countries have now completed their SEforALL Action Agenda while 5 are under development and 8 Investment Prospectuses are finalized with 18 still under development. 2 SEforALL Secretariats are under establishment with support from the Hub in Kenya and Tanzania. He referred to the recently established partnership between the Hub ´, SEforALL Global and Power Africa to improve the quality of IPs. He finally presented the priority areas for the Hub’s work in the next years, namely: 1) Investment Prospectus Improvement, 2) Establishment of National SEforALL Secretariats and 3) Mobilization of Financing. Furthermore, the SEforALL Africa Hub will continue to provide policy guidance, notably to ensure the alignment of the SEforALL processes and documents with climate change initiatives and national agendas (NDCs).

1. **Moderated panel discussion - Investment Prospectuses: fit for filing or fit for financing?**

The SEforALL Investment Prospectus is an instrument intended to accelerate investments in the energy sector towards attaining the SEforALL objectives by presenting concrete investment projects. The IPs need to be “living documents” with a database nature, where projects are assessed and added to the investment pipeline on a continuous basis. Furthermore, there needs to be an active, constant and country-led engagement in harnessing and creating opportunities for match-making projects with potential investors. In this context, the establishment of properly functioning SEforALL Secretariats, in partnership with development partners, is a key element for success.

Therefore, the panel was asked to discuss around the following **key questions**:

* What are the key elements an IP must contain to appropriately inform investors?
* How can one ensure that IP are always up-to-date to the newest developments in the energy and climate sector?
* How can IPs be continuously presented to potential energy and climate investors to ensure a systematic implementation of IP pipelines?
* What role and functions must National SEforALL Secretariats perform to support these processes?
* How can IPs be aligned with the climate agenda, in particular the priorities in the Nationally Determined Contributions (NDCs)?

The panel was moderated by Mr. John Wasielewski (Advisor to Power Africa) and chaired by representatives from the public and the private sector, as well as from development and regional agencies. Representing the public sector were Mr. Faruk Yabo (Ag. Director, Department of Renewable Energy and Rural Power Access (RRD) of the Federal Ministry of Power, Works and Housing, Nigeria) and Mr. Robert Nyamwumba (Energy Division Manager at Ministry of Infrastructure, Rwanda) – both SEforALL focal points in their respective countries. The private sector perspective was brought in by Ms. Alexia Kelly (CEO Electric Capital Management) and Mr. Joseph Nganga (Regional Director Africa, responsAbility Investments AG). Mahama Kappiah (Executive Director of the ECOWAS Centre for Renewable Energy and Energy Efficiency (ECREEE) – one of the Hub’s main partners) shared his institution’s experience with IP development and implementation in west Africa. Mr. Felice Zaccheo (Head of Unit Sustainable Energy and Climate Change DEVCO, European Commission) represented the view of development partners on the panel.

The **main outcomes** of the discussion were:

**There is a need to improve the quality of IP**. The initial IPs did not have the required quality to attract financiers (see points below), but more recent exercises have raised the bar (e.g. Nigeria). There is also a need to provide sufficient detail on the overall investment framework at country-level.

**IPs must play an aggregator role** by providing a pipeline feeding into financing facilities (e.g. EU blending, ElectriFI, Green Climate Fund, etc.). There is also room for improvement in terms of elaborating the various financing options available for projects in a given country (e.g. local banks, donor funds, facilities, blended financing, etc.).

**The perspective and requirements of the private sector must be taken into account** during the process of preparing investment prospectuses. Private sector representatives noted that IPs do not provide enough information for investors to assess risk/return profile of projects, understand tariff framework and regulatory constraints, identify financing options, type of capital needed and project cycle status. IPs must allow a balanced analysis of the reward assessment and the risk acknowledgement.

**There is room for improvement in project screening and identification of priority pipeline**: some IPs are more akin to a “shopping list” rather than a shortlist based on priority and strategy. Furthermore, projects contained in the IPs should be at a stage of “readiness” that makes it attractive for investors to engage.

**Currently, IPs are currently not “living documents”**: IPs are a snapshot in time in a rapidly changing world, lacking “nuanced” analysis of latest sector trends. The need to find tools capable of capturing changes in the environment and the sector was stressed (e.g. databases) and the link to other platforms (e.g. IRENA Sustainable Energy Market Place, Power Africa Transaction Tracker) One participant additionally suggested using “wiki” type platforms to keep IPs regularly updated by a variety of stakeholders.

**Ownership, partnership and results orientation**: the preparation of the IPs must not consist of a “ticking boxes” process and should also be owned by project developers and financiers. A call was made for more responsibility and ownership of the IPs by all stakeholders in the process.

**There is a need to ensure coordinated implementation of the Action Agendas** and for all partners to “stick to the plan and make progress” and to “institutionalize” the process, notably through the establishment of a dedicated delivery unit/Secretariat at national level.

1. **AfDB Reflections and Wrap-up**

Mr. Joao Cunha presented key initiatives of the African Development Bank that can significantly contribute to the achievement of the SEforALL targets in Africa:

* The **Facility for Energy Inclusion** (FEI): $500m debt facility for small-scale Renewable Energy projects, including SHS, C&I solar, mini-grids and small IPPs to be operationalized in second half of 2018.
* The **Sustainable energy Fund for Africa** (SEFA): scaling-up SEFA as AfDB’s early-stage platform with an increased investment focus and bigger role in taking high-risk stakes in projects and funds.
* Support to **National Renewable Energy Funds**: promote/invest in national Renewable Energy funds and mobilize funding partners including GCF and EU as well as local commercial/institutional investors.
* Support to **IPP Procurement Programs**: work with countries in supporting IPP procurement at the national level across different technologies, including mini-grids.
* The **Off-Grid Revolution**: support countries in structuring their energy access programmes (e.g. Togo CIZO Off-Grid Programme).
* The **Africa Energy Market Place** (AEMP): High-level country-focused tri-partite energy sector dialogue (Government, financiers, private sector) focused on removing key barriers to investments and accelerating priority transactions.
* The **Desert-to-Power Initiative**: multi-partner programme to provide energy access to 250 million people harnessing the massive solar potential in Sahel region.
* The **Green Mini-Grid Market Development programme** (GMG MDP): phase II launched with business advisory and policy helpdesks, new knowledge products and design of pan-African RBF instrument.

By way of conclusion of the workshop, Mr. Cunha pointed out that more financing at scale is still required and that Investment Prospectuses, if smartly developed, can still play an instrumental role in closing the gap between the overarching objectives for the energy sector and actual financing and implementation of projects. More specifically, the SEforALL platform and related IPs can try to focus on the following hurdles:

* **Mobilisation of more domestic resources** – there is significant untapped capital at the country level that should be mobilized for the energy sector transformation. This includes leveraging local banks, national “green” funds, local investors, diaspora investments and remittances, etc. IPs could showcase the various financing options available and used as a “pitch” document to local/national investors.
* **Mobilisation of international investors** –These will continueto play a key role in technology transfer and (competitively priced) capital mobilization. IPs could be used as a “pitch” document to local/national investors.
* **Encourage Multilateral Development Banks (MDBs) to take more risk** – There is a general view that MDB’s are not quite playing their catalytic role and behaving more like commercial banks rather than development institutions. IPs could help tackle this“risk aversion” by demonstrating, through concrete examples, how MDBs could unlock further investments at project level.
* **Countries to send the right signals to investors** – while local/international investors and financial institutions are expected to do more, countries also need to play their part in eliminating technical and legal barriers and adopting progressive policies, favourable to local and foreign investment (policy frameworks, procurement of green energy, etc.). IPs should be more explicit about the “rules of the game” as well as the “doing business” processes, as to help investors with their decisions.
* **Pipeline readiness** – lack of investible opportunities remains one of the biggest challenges across the African continent. IPs should give more visibility to projects that have higher prospects of reaching bankability, but also identify high priority projects where additional development capital and project preparation support is needed.
* **Building on success** – important not to be overly ambitious when there is little track record with private sector participation in the sector. Countries should instead focus on getting a few deals across the finishing line to demonstrate viability and attract more investments. IPs could be key in showcasing these “model” projects and highlighting the contributions required from the various stakeholders to bring them to financial close.