

## **Concept/structure of SE4ALL Investment Prospectuses**

### **1. Background**

- It is apparent – as evidenced in the January 2015 Abidjan SE4ALL Africa stakeholder workshop – that the conceptual understanding of what constitutes an IP differs considerably amongst participants ranging from a list of opportunities to a “bankable” document which underscores the need to agree on the concept and how the document is meant to be used and then provide additional guidance. In this regard, it is important to note that the SE4ALL IP needs to retain flexibility to respond to different sectoral focus or target audience, but that some degree of standardization for IPs would be desirable, which would in turn also facilitate the uploading of information into a market place for AAs/IPs. This short note tries to provide some conceptual clarity on the concept and structure of SE4ALL IPs.

### **2. Objectives**

- The IP is essentially a conversation starter for a variety of investment opportunities that will provide prospective financiers just enough (relatively standardized) information to decide whether or not they might want to liaise with the sponsor to get some further detail on the opportunity;
- The IP is generally not a bankable document – as most people would define bankable documents, say in the case of an investment project, as being an investment memorandum - that sets out country and market context, highlights from feasibility assessments, risks etc. – that is probably at the very minimum 50 pages and provides enough information to a financier to decide whether or not to enter into detailed due diligence;
- The (relatively standardized) information on IP investment opportunities should feed into a (yet to established) virtual SE4ALL market place that would facilitate match-making between potential investors and investment opportunities sorted according to investor requirements (country, regional, theme, size, etc.).

### **3. Audience**

- Public sector donors, DFIs, foundations, private sector investors, banks, private equity funds etc. – depending on the investment thesis not all audiences are applicable in all cases.

#### **4. SE4ALL requirements**

- “Validated”<sup>1</sup> by relevant national SE4ALL structures and subject to consultations with relevant stakeholders;
- “Validated” IP to be publicly available (issues of possibly confidential information on private sector transactions would have to be left out);
- The IP prior to validation subjected to the SE4ALL AA/IP Quality Circle.

#### **5. Nature of the IPs**

- Short- to medium-term set of investment opportunities – while the Action Agenda covers the timespan until 2030, the IP would usually cover investment opportunities for the next 3-5 years;
- Presents a set of prioritized and sequences investment opportunities;
- Presents in most cases an investment thesis e.g. mid-sized renewables (10 – 50 MW), gas-based power plants, energy efficiency in public buildings etc. rather than an IP covering the whole energy sector;
- The thesis approach allows for projects to be added as and when ready so that the IP becomes a rolling document;
- For credibility any IP should have at least 3 – 6 projects where “bankable” documentation is available.

#### **6. Structure of the IPs**

The IP would generally have three parts:

- 1) Description of the investment thesis: providing the general context to the investment prospectus theme, including the policy, legal and regulatory issues relevant to the thesis. This section should also provide a link to the relevant sections of the Action Agenda.
- 2) Outline of the project/investment opportunities:
  - a. These should be sorted according to their readiness for attracting financing: a first segment should contain projects/opportunities that have detailed investment documentation available, while less ready projects might focus initially on mobilizing financing for e.g. feasibility work;
  - b. Outline of investment opportunities should include the following specifications:
    - i. Investment description (summary information of the project/opportunity)
    - ii. Implementation arrangements (legal issues, authorizations, related infrastructure, etc.)

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<sup>1</sup> The level of validation of the IP does not have to be at the same political level as for the AA

- iii. Financing overview (cost overview, financing allocated, financing gap, etc.)
  - iv. Timeline (envisaged project timeline)
  - v. Risks and risk mitigation
- 3) Description of implementation arrangements: this should provide information on how to access additional information, the contact points, how the IP will be monitored and revised/updated at national level.

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