Executive summary

Africa’s population is rapidly expanding and over the next two decades the continent will undergo the largest process of urbanisation the world has ever seen. Yet currently some 600 million people, or 48% of the population, do not have access to electricity. Bridging this energy access gap and unlocking the related growth opportunities will require a major expansion of its power system. Africa has the unique opportunity to do so in a far more sustainable, cheaper, and less carbon-intensive manner than many other parts of the world, as it benefits from immense solar, wind, hydropower and geothermal potential. Harnessing this RE potential will mean leapfrogging polluting and expensive fossil fuel technologies in favour of clean and cheap sources of electricity.

Mobilizing the investments necessary for this transition is a common challenge for both Europe and Africa. With the Paris climate agreement and its own Green Deal, the EU has taken a decisive stance as a global champion of climate action through a set of domestic policies and efforts to build green coalitions on a global stage, of which a partnership with Africa is a major part. The two continents share a long common history, and their future socio-economic prosperity hinges upon their ability to cooperate in confronting together their common challenges.

To amplify the pipeline of bankable RE projects in Africa, what it takes is a comprehensive set of measures able to address the mix of risks that investors are facing. Those include:

- Strengthen the political will and commitment to energy policy reform.
- Improve the adequacy and predictability of policy and regulatory frameworks.
- Enhance technical capacities of the local workforce.
- Make available financial de-risking tools.

There already exist a multitude of schemes supporting of RE investments in Africa seeking to put in practice parts of the above measures. Indeed a preparatory study conducted in 2018 to assess market gaps identified more than 75 financing instruments, and found that existing EU RE support schemes are marked by a high level of fragmentation and investors don’t have sufficient support in the late stages of the project cycle. The study concluded that what is needed is a new integrated package that combines policies, regulations, financing and de-risking, building on best practices

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1 “A new Instrument supporting large scale RES development in Africa”, a study carried out by PwC in collaboration with the RES4Africa Foundation. Oct 2018
and enhancing the effectiveness of existing European instruments including, most notably, the European Investment Plan. Building on these findings, renewAfrica seeks to be an end-to-end solution – technology, geography and size neutral – that unifies under one umbrella many existing instruments of the European Commission and the DFIs of its Member States. Reducing fragmentation will help create a powerful instrument able to maximize the impact of European funds to be dedicated to supporting renewables in Africa. The comprehensive approach of renewAfrica – to include policy dialogue, capacity building, technical assistance and financing – will allow the Programme to stimulate the creation of a pipeline of bankable projects at a scale that single EU instruments have not been able to do so far.

renewAfrica also seeks to expand and strengthen existing instruments to address the full range of risks that investors are confronted with. The rich first-hand investment experiences of renewAfrica signatories are endowing the initiative with an evidence-based review of which investment risks are most pronounced, where the need for improvement is stronger, and what it will take to mobilize private capital at the scale required. Public financing will not suffice to provide the €65bn per year of investment needed to bridge Africa’s energy access gap by 2040. Focusing on risks will help mobilize private capital via evidence-based blended finance.

renewAfrica’s mission to boost European investments in African RE echoes two out of the six headline ambitions of the new Von der Leyen Commission: the European Green Deal and a Stronger Europe in the World. To deliver on its stated effort to build Green Alliances abroad and use development cooperation to advance climate action, the EU will need to undertake concrete steps and measures. renewAfrica can be one of them.

For Africa itself, renewables are about more than just providing power and cutting emissions. They are also fuelling job creation, investment, and broader socio-economic growth. They are the critical enablers for African countries to meet a number of Sustainable Development Goals as well as their Nationally Determined Contributions under the Paris Agreement.

In this broad landscape of opportunities, the time for action is now. Unlocking renewable energy investments at scale is, for both Europe and Africa, a unique opportunity to deliver shared value addressing simultaneously the challenges faced by the two continents. renewAfrica aims at playing a key role in facilitating this transition, to ultimately scale up the European commitment to deliver RE investments in Africa and to seal the EU-Africa partnership for a common Green Deal.

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