**CONCEPT NOTE**

**Enabling Policy and Financing Frameworks for Renewable Energy Deployment in Southern and Eastern Africa**

***Sunday, 4 October 2015 (14:30 ‑ 17:30)***

***South Africa Renewable Energy Conference (SAIREC 2015)***

***The Cape Town International Convention Centre (CTICC)***

***Ballroom East***

***Cape Town, South Africa***

**Background and context**

As highlighted in the International Energy Agency’s (IEA) *Africa Energy Outlook* (2014), energy is a cornerstone of Sub ‑ Saharan strategies for poverty reduction and economic growth.*[[1]](#footnote-1)* While Sub ‑ Saharan Africa makes only a small contribution to global energy-related CO2 emissions, accounting for merely 3% of the total in 2040, it is on the front line when it comes to the potential impacts of a changing climate. Improvements in sector governance are needed to bring in new energy investors and kick-start development. It is estimated that since 2000 the investment in Sub ‑ Saharan African energy supply has more than doubled in real terms from around USD 30 billion per year in the early 2000s to an annual average of around USD 65 billion since 2006, however the great majority of this increase is due to the rise in spending on projects in the oil industry.[[2]](#footnote-2) Unfortunately there is a significant mismatch between the direction of current investment flows and the continent’s energy needs that becomes even clearer when looking at the power sector, where the annual investment is estimated to be around 0.5% of the GDP compared to the 1.3% non ‑ OECD average. As a consequence to this, accelerating capital flows to projects of sustainable and affordable energy generation, transmission and distribution should be a critical priority for decision makers in Southern and Eastern Africa.

There have been significant improvements in the deployment of renewable energy technologies in the past years. The overall renewable energy generation in the African continent is expected to rise by 70% over 2013 ‑ 2020, driven largely by national policies geared at utilising excellent resource potentials for diversification and meeting growing demand. The share in renewables in the power mix is expected to rise from 16% in 2013 to almost 20% in 2020[[3]](#footnote-3). Certain countries have introduced long term supportive frameworks in the forms of auction schemes or feed-in tariffs (FIT), but the levels of financial incentives remain inadequate in some countries in order to attract private sector developers. Non ‑ economic barriers to entry characterise the power systems of several countries, and infrastructure upgrades, including grids, are also generally needed. Innovative policy and business models, public ‑ private partnerships, and unique project finance structures have surfaced to attract foreign investment. Distributed and off ‑ grid generation has a large potential, particularly in rural applications for diesel abatement. However, the high up ‑ front costs of such systems and the high cost of capital in the region can act as constraints.

Cost of capital reductions could help relatively high cost renewable technologies to close the gap with other generating technologies in Southern and Eastern Africa markets. While a number of actions are needed to reduce the risks that keep financing costs high, long ‑ term policy frameworks that offer a degree of revenue certainty are particularly important for capital intensive renewable technologies.

**Workshop objectives**

This workshop focuses on policy and financing considerations for accelerating renewable energy (RE) deployment in Sub-Saharan Africa, particularly in Southern and Eastern Africa (SEA). The event draws from recent IEA analyses including the *Africa Energy Outlook* (2014) and it build on previous engagement in Southern Africa through the IEA’s work on enabling frameworks for low ‑ carbon technologies, in particular the *How2Guide* Workshops on wind energy (2013) and bioenergy (2014) as well as our collaboration on South Africa’s National Solar Energy Roadmap. A range of distinguished experts from governments, energy companies, international organisations, research centres and the financial community will explore topics such as:

1. Developing supportive fiscal policy and regulatory frameworks to enable RE deployment, facilitate market access and encourage investments in the power sectors in SEA;
2. Financing large ‑ scale renewable energy projects in SEA countries via private and public sector investments;
3. Sharing best practices from key stakeholders in energy project development for the implementation of RE projects in SEA and exploring which role international and regional networks / organisations can play in the pursuit of low-carbon strategies.

**Structure of the event and registration**

The event is organised by the IEA under the International Low ‑ Carbon Energy Technology Platform and it is an official side event to the **2015** **South African International Renewable Energy Conference** (SAIREC – 4 ‑ 7 October 2015, Cape Town, South Africa).

The meeting will be informal in nature and held under the Chatham House Rule, according to which participants are free to use the information received, but neither the identity nor the affiliation of the speaker(s), nor that of any other participant, may be revealed. Each of the two sessions will be introduced by IEA experts and followed by an open roundtable discussion.

Attendance is by invitation only and all participants are required to register by 15 September 2015 on the SAIREC conference website: <https://www.eventsregistration.co.za/ehome/sairec/welcome>

The programme of SAIREC is available at: <http://www.sairec.org.za/>

For further information about this event, please contact: [TechPlatform@iea.org](mailto:TechPlatform@iea.org)

**Enabling Policy and Financing Frameworks for Renewable Energy Deployment in Southern and Eastern Africa**

***Sunday, 4 October 2015 (14:30 ‑ 17:30)***

|  |  |
| --- | --- |
| **Time** | **Programme** |
| **OPENING**  **14:30 – 14:45** | **Welcome remarks**   * **Paul Simons**, Deputy Executive Director, International Energy Agency (IEA) * **Thembarazi Mali,** Senior Analyst, South African National Energy Development Institute (SANEDI) |
| **SESSION 1**  **14:45 – 16:00** | **Setting the stage for renewable energy (RE) deployment: fostering an enabling environment**  *In Africa the framework for RE projects is improving; the overall number of countries with renewable energy targets is increasing, some countries have sought to establish long-term policies, and some have implemented or are considering feed-in tariffs (FIT) and other support schemes to promote the deployment of RE. Still, inadequate infrastructure, high real or perceived investment risk, and information asymmetries continue to hinder renewable energy uptake. In light of these barriers, fostering an enabling environment at the national and regional levels is crucial at any stage of low-carbon energy deployment or market maturity. This session aims to explore a range of regulatory and policy options to support RE deployment in countries in Southern and Eastern Africa (SEA).*  ***Moderator:* Veronika Gyuricza**, Programme Manager for Sub-Saharan Africa, IEA  ***Panellists:***   * **Paolo Frankl,** Head of Renewable Energy Division, IEA   + *Can renewables be the new fuel for the African economy?* * **Asami Miketa*,***Analyst for Innovation and Technology Centre, International Renewable Energy Agency (IRENA)   + *Africa Power Sector: Planning and Prospects for Renewable Energy* * **Gerard Ostheimer**, Global Lead for Sustainable Bioenergy, Sustainable Energy for All (SE4ALL)   + *The SEA advanced biofuels market: prospects for capacity building and international collaboration on the road to COP 21* * **Linus Mofor***,* Senior Energy & Climate Change Expert, United Nations Economic Commission for Africa (UNECA)   + *Energy, Climate Change and Sustainable Development in Africa: what is at stake at Paris and beyond?*   **Questions and answers** |
|  |
| **SESSION 2**  **16:00-17:20** | **Financing RE projects: challenges, opportunities and lessons learned for large-scale RE deployment**  *Policy frameworks, financing opportunities and market conditions are highly inter-related. Each RE project requires a carefully blended mix of upfront investment capital, cooperation between private sector stakeholders and government, technology expertise and a range of energy related services. While the cost of capital continues to be one of the key hurdles of RE deployment in some countries, economic barriers have been overcome in a number of technologies that under certain conditions are fully cost-competitive with relevant fossil fuel alternatives. This session draws insights from a range of distinguished experts including project developers, investors, and international experts to discuss experiences and explore challenges and opportunities for large-scale RE deployment in SEA countries.*  ***Moderator*: Simone Landolina,** Acting Head,International Partnerships and Initiatives Unit, IEA  ***Panellists:***   * **Werner Weiss,** Director,AEE INTEC, and Executive Committee Delegate, IEA Solar Heating and Cooling IA   + *Identifying the market barriers and drivers to accelerating the deployment of solar thermal systems in Southern and Eastern Africa* * **Goran Lundgren,**Chairman, Solarus   + *Exploring the potential for hybrid photovoltaic-thermal* (PVT) *solar systems in South Africa* * **Kees Kwant,** Senior Expert Bioenergy, RVO and Chair IEA Bioenergy Implementing Agreement   + *Recommendations stemming from bioenergy projects in Eastern and Southern Africa* * **Sisa Njikelana,** Chairman, South African Independent Power Producers Association (SAIPPA)   **Questions and answers** |
| **17:20-17:30** | **Wrap up and closing remarks** |

1. IEA (2014) *Africa Energy Outlook: A Focus on Energy Prospects in Sub-Saharan Africa*, IEA, Paris, <http://www.iea.org/publications/freepublications/publication/WEO2014_AfricaEnergyOutlook.pdf>  [↑](#footnote-ref-1)
2. *Ibid*, p. 165. [↑](#footnote-ref-2)
3. IEA (2014), Medium-Term *Renewable Energy Market Report 2014*, IEA, Paris, <http://www.iea.org/bookshop/480-Medium-Term_Renewable_Energy_Market_Report_2014>. [↑](#footnote-ref-3)