

2020



Sustainable Energy
Fund for Africa

Annual report

building foundations
for success



AFRICAN DEVELOPMENT BANK GROUP

2020



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Acknowledgements

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Foreword

The year in review has been exceptional for all the challenges the world has witnessed with the Covid-19 pandemic, bringing hardship to the African continent and undermining much progress towards our collective efforts to achieve universal energy access within the decade. Still, I am delighted to report that the Sustainable Energy Fund for Africa (SEFA) has not only endured the impact but has excelled in its first full year as a Special Fund.

It is worth recalling that SEFA was transformed at the end of 2019 into a larger and more catalytic platform operating across three strategic priorities - **green mini-grids, green baseload and energy efficiency** – to accelerate the clean energy transition in Africa. The "new" SEFA has an expanded toolbox from technical assistance grants to concessional project finance, designed to support the African Development Bank in pushing new boundaries in the renewable energy space.

In 2020, and for the first time in SEFA's almost decade-long existence, over USD 50 million was approved for projects, all of them with a huge potential to deliver impact. The first batch of concessional investments was deployed to the COVID-19 **Off-Grid Recovery Platform**, a blended finance initiative to avail relief and recovery capital to energy access businesses, **Spark+ Clean Cooking Fund**, the first Africa-focused investment fund to support the clean cooking sector, and the **Africa Renewable Energy Fund II**, a private equity initiative developing and investing in baseload solutions involving hybrid projects (hydro/solar) as well as battery



Dr. Kevin Kanina Kariuki ,
Vice President
Power, Energy, Climate & Green
Growth, African Development Bank

storage. SEFA proved to be particularly resilient and innovative by supporting the Bank in advancing these key transactions which would have not met the approval stage this year otherwise.

On the technical assistance front, grants were approved for large multi-country TA initiatives such as the **Africa Mini-Grid Acceleration Programme** and the **Desert-to-Power G5 Sahel TA Programme**, and for country-specific programmes such as the Renewable Energy Programme in Algeria and the Morocco Super ESCO development.

It is therefore no surprise that the year culminated in the strong endorsement of SEFA's ambitions and capacity to deliver. This initially came from the African Solar Industry Association awarding AfDB the **Development Finance Institution of the Year** in 2020 for the role SEFA has played in supporting various solar initiatives and decentralised solutions. It subsequently came from partners in the high-level SEFA Special Fund launch. In the presence of representatives from African governments, private sector and industry players, various SEFA donors renewed their commitment and pledged over USD 90 million in new contributions, bringing SEFA to a cumulative total capital raised of USD 274 million since 2011. Important new donors like Germany and the Nordic Development Fund were also admitted to the partnership.

The success of SEFA leaves no room for complacency. Let us build on our achievements this year and propel SEFA as a lead instrument for driving Africa's energy transition and access agendas in line with the Bank's New Deal for Energy in Africa.



Acronyms

AIF	Africa Investment Forum
AfDB	African Development Bank
AREF	African Renewable Energy Fund
CTF	Clean Technology Fund
EE	Energy Efficiency
EIB	European Investment Bank
EPC	Engineering, Procurement and Construction
FEI	Facility for Energy Inclusion
ESIA	Environmental and Social Impact Assessment
FMO	Entrepreneurial Development Bank
GEF	Global Environment Facility
GHG	Greenhouse gas
GMG	Green Mini-Grid
IFC	International Finance Corporation
MDP	Market Development Program
MW	Megawatt
NDEA	New Deal on Energy for Africa
NEAF	Nigeria Energy Access Fund
PPG	Project Preparation Grant
PPP	Public-Private Partnership
PSF	Project Support Facility
PV	Photovoltaic
RE	Renewable Energy
RMC	Regional Member Country of the AfDB
SDG	Sustainable Development Goals
SEFA	Sustainable Energy Fund for Africa
SEforALL	United Nations Sustainable Energy for All Initiative
SPV	Special Purpose Vehicle
UN	United Nations
WAFCEF	West Africa Forum for Clean Energy Financing

Executive summary

The theme of the 2020 Annual Report - "Building Foundations for Success" – highlights 2020 as the inaugural year for SEFA as a special fund, with an expanded toolkit of instruments, updated strategic priorities, and efforts to explore a new generation of power sector interventions. The new SEFA set-up has a sharper focus towards paving the way for sustainable energy investment at scale by the Bank, development and commercial financiers, in support of universal energy access and the clean energy transition in Africa.

Despite the challenges of the unprecedented COVID-19 pandemic, 2020 was a record year with USD 54 million approved in new projects, the completion of six legacy projects, and USD 90 million of new financial commitments welcomed from existing and new donors. A number of flagship initiatives were launched, reflecting the evolving priorities of both SEFA and the AfDB.

The year was also marked by international recognition of SEFA's long-running commitment to and efforts in the African sustainable energy landscape. Due to SEFA's role in designing and incubating key innovations in sustainable energy finance, the African Development Bank was recognised as the 2020 Development Finance Institution of the Year by the African Solar Industry Association (AFSIA). The Award particularly noted SEFA's early support of the Facility for Energy Inclusion Off-Grid Energy Access Fund, a USD 100 million debt investment fund and an important enabler of Africa's fast-emerging off-grid solar market.

The report is divided as follows:

SECTION 1

showcases the new SEFA focal areas and instruments, including both technical assistance and concessional investment instruments for projects across three focal areas: "green mini-grids", "green baseload" and "energy efficiency".

SECTION 2

presents the key achievements in 2020, including the seven new projects approved, six projects completed, and the three outreach events organised to disseminate and validate knowledge products developed with SEFA support.

SECTION 3

provides an overview of SEFA's legacy (2012-2019) portfolio, encompassing a total of USD 80.5 million provided to 71 projects in 30 countries.

SECTION 4

looks ahead to the priorities for 2021 and continuing SEFA's transformation into the leading catalytic finance facility for the African continent.

Section 01

About SEFA





"When we light up and power Africa – based on an energy mix aligned to a low carbon transition and prioritising renewable energy sources – we will achieve a more economically prosperous Africa."

Akinwumi Adesina,
African Development Bank President

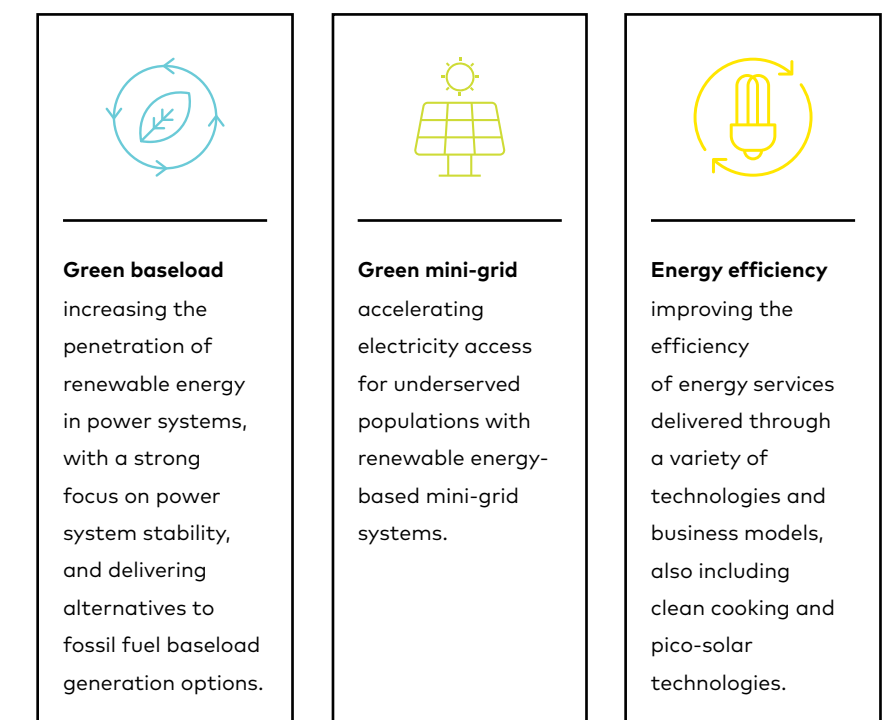
The Sustainable Energy Fund for Africa (SEFA or the Fund) is a special fund hosted and managed by the African Development Bank (AfDB or the Bank), housed in the Bank's Renewable Energy and Energy Efficiency Department (PERN) under the Power, Energy, Climate, and Green Growth (PEVP) complex. SEFA was initially set-up as a bilateral technical assistance trust fund with Denmark in 2011 and has since become AfDB's leading financial facility to catalyse private investments in clean energy in Africa. The Fund is supported by nine donors¹ representing over USD 274 million in cumulative contributions and pledges, of which USD 90 million were committed in 2020 alone.

SEFA's overarching objective is to contribute to universal access to affordable, reliable, sustainable, and modern energy services for all in Africa, in line with the United Nations' Sustainable Development

¹Denmark; Italy; Norway; United Kingdom; United States; Spain; Sweden; Germany and the Nordic Development Fund

Goal 7 (SDG 7) and the AfDB's New Deal on Energy for Africa. SEFA's resources serve to remove market barriers, demonstrate the viability of pioneering approaches, enhance the bankability of investments and crowd-in commercial finance, in Africa's sustainable energy landscape. SEFA's toolbox includes both technical assistance grants and concessional finance instruments for projects across three focal areas: Green Baseload, Green Mini-Grids, and Energy Efficiency.

FIGURE 01. Focal areas

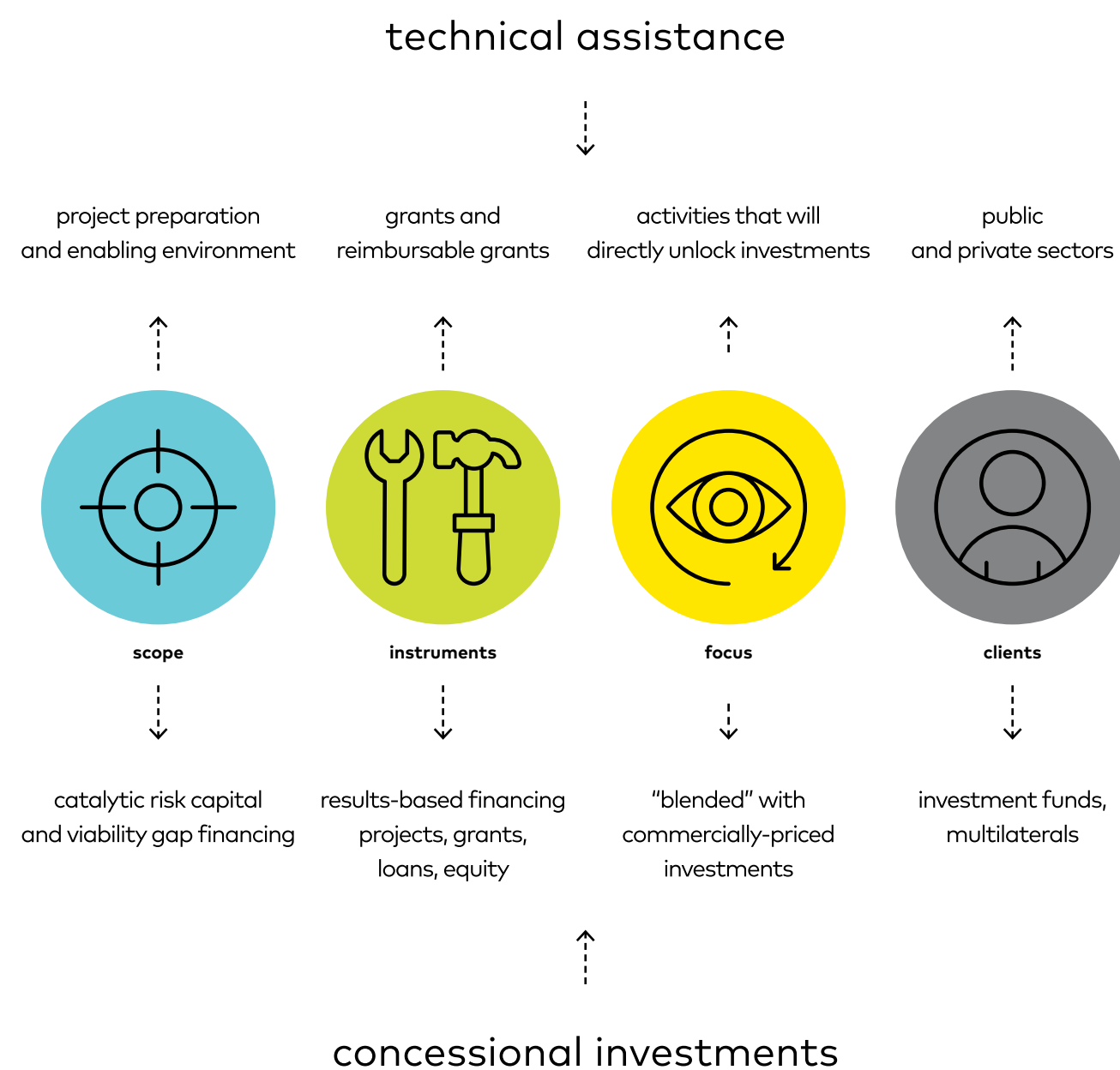


Impact

Over its lifetime, SEFA is expected to mobilise investments in excess of 5000 MW of new renewable energy capacity and provide energy access to 7.5 million Africans. Achieving these ambitions means creating a bankable pipeline of sustainable energy projects and a vibrant ecosystem of financiers, active in marketplaces that are ready and able to absorb a step-change in energy investment. Through its various grants, financial de-risking, and catalytic instruments, SEFA has enabled a significant increase in the African

Development Bank's investment activities in renewable energy and energy access, as well as those of other energy financiers around the world. SEFA has become a central piece in the realisation of the Bank's New Deal on Energy for Africa Strategy (2016-2025) and has earned a position as one of the most important financiers of sustainable energy projects on the continent.

FIGURE 02. SEFA's instruments



AfDB recognised as 2020 Development Finance Institution of the Year for SEFA's role in solar finance



The African Development Bank was distinguished by the African Solar Industry Association (AFSIA) as the Development Finance Institution of the Year in 2020 for the role SEFA has played in supporting various solar initiatives and decentralised renewable energy access solutions.

This award is an annual recognition of organisations, companies, or individuals considered to have made an outstanding contribution to the advancement of solar energy across Africa.

The award highlights SEFA's role in designing and financing innovative solar projects and financing facilities critical to the UN Sustainable Development Goal 7 agenda. Of particular note was SEFA's early incubation and support for the Facility for Energy Inclusion Off-Grid Energy Access Fund (FEI OGEF); a USD 100 million fund managed by Lion's Head Global Partners. OGEF was one of the first tailored providers of hard and local currency debt solutions for off-grid solar companies in Africa.

TABLE 01A. 2020 Key achievements - the year in review (operations)

NEW PROJECT APPROVALS		AMOUNT (USD)
Algeria Renewable Energy Programme - technical assistance		995,000
Spark+ Clean Cooking Fund - junior equity		5 million
COVID-19 Off-Grid Recovery Platform -Reimbursable Grant		50 million
Africa Renewable Energy Fund II		15 million
Africa Mini-Grid Market Acceleration Programme - technical assistance		7 million
Desert-to-Power Technical Assistance Programme for Expanding Solar Energy Generation in the Sahel G5		5 million
Multinational - Energy Efficiency Market Development Programme Phase 1 - technical assistance		1 million
Morocco SIE Super ESCO - technical assistance		965,000 grant
COMPLETED PROJECTS		
Zimbabwe - Oxygen Rooftop Solar		
Nigeria Jigawa IPP Programme		
Chad Djermaya Solar PV		
The Gambia GMG Programme		
Programme for Risk Mitigation in Sustainable Energy		

TABLE 01B. 2020 Key achievements - the year in review (events, awards and milestones)

EVENTS	
Africa High-level Roundtable on Sustainable Hydropower Development	
COVID-19 Energy Access Relief Summit	
Angola Green Mini-Grid Market Assessment Webinar	
Guinea Green Mini-Grid Market Assessment Webinar	
Exploring the Role of Guarantee Products in Supporting Local Currency Financing of Sustainable Off-Grid Energy Projects in Africa Webinar	
Africa Energy Market Place - Unlocking the Solar Potential of the G5 Sahel Countries	
SEFA Special Fund Launch Ceremony	
MILESTONES	
SEFA awarded the 2020 African Solar Industry Association (AFSIA) Development Finance Institution of the Year Award	-
AfDB awarded DFI of the year because of SEFA's role	-
Nordic Development Fund (NDF) joins SEFA	12 million
Swedish International Development Cooperation Agency (SIDA) – new commitment	9 million
Danish International Development Agency (DANIDA) - new commitment	11 million
Parliamentary State Secretary of the German Ministry of Economic Cooperation (BMZ) joins SEFA	USD 60 million

Section 02

Key achievements in 2020





"SEFA is a key enabler of the New Deal on Energy for Africa, a partnership-driven goal to ensure access to affordable, reliable, sustainable and modern energy for all".

Dr. Kevin Kariuki,
Vice President, Power, Energy, Climate Change & Green Growth
African Development Bank President

2020 was a busy year for SEFA. In addition to the organisational relaunch of the Fund as SEFA "2.0", SEFA approved seven new operations, closed five portfolio projects, and organised three knowledge events sharing insights from SEFA's partners. In addition, as highlighted above, SEFA welcomed two new donors to the Fund.

2020 achievements

the year in review

PROJECTS



COUNTRIES COVERED

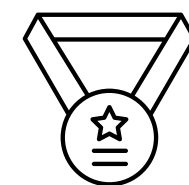


By the end of 2020 SEFA delivered funding to 7 projects for a

TOTAL INVESTMENT

USD 54M

AWARDS



1 award received

EVENTS



6 high-profile events attended

MILESTONES

USD 90M new funds granted



02.1 | Project approvals

SEFA approved seven operations totalling approximately USD 54 million in 2020, comprising USD 40 million in concessional investments for three (3) projects and USD 14 million for four (4) technical assistance projects.

TABLE 02. Projects approved in 2020

Projects		Country	Instrument	Focal area ²	Amount (USD million)
1	COVID-19 Off-Grid Recovery Platform	Regional	CI	GMG	20
2	Africa Renewable Energy Fund II	Regional	CI	GBL	15
3	Africa Mini-Grid Acceleration Programme	Regional	TA	GMG	7
4	Desert-to-Power G5 Sahel TA Programme	Regional	TA	GBL	5
5	Spark+ Clean Cooking Fund	Regional	CI	EE	5
6	Algeria Renewable Energy Programme	Algeria	TA	GBL	0.99
7	Morocco <i>Société d'Ingénierie Energétique Super ESCO</i>	Morocco	TA	EE	0.97
				TOTAL	53,96

²Green Baseload (GBL); Green Mini-Grids (GMG); Energy efficiency (EE);

Covid-19 off-grid recovery platform

CLIENT

Three specialised investment funds lending to the energy access sector

CLIENT TYPE



Private sector

AMOUNT AWARDED

USD 20M

TYPE OF FINANCE AWARDED

reimbursable grant (CI*)

The COVID-19 Off-Grid Recovery Platform (CRP) is a USD 50 million blended finance platform to provide relief and recovery capital to energy access companies that have been adversely affected by the pandemic. CRP will help to ensure the continuation of essential energy services to underserved communities, preserve jobs, and promote a more viable and robust sector post-crisis. CRP is anchored on a USD 20 million concessional loan from SEFA to be blended and co-invested with USD 30 million in commercial funding from three specialised energy access lenders: Triple Jump (managing the Energy Entrepreneurs Growth Fund), Lion’s Head Global Partners (managing the Facility for Energy Inclusion Off-Grid Energy Fund) and Social Investment Managers and Advisors (managing the SIMA I and Angaza Distributor Finance Funds).

CRP enables lending to the sector at risk-adjusted rates and keeps capital flowing at affordable terms to energy access companies through the pandemic. The partnership with three energy access funds is critical for quick delivery, as it leverages existing infrastructure, processes, and expertise of investment teams. This enables a greater number of transactions in a relative shorter amount of time. The anticipated results from the CRP are summarised in Table 03.

* CI Concessional Investment

TABLE 03. Covid-19 off-grid recovery platform

Expected outcomes	Target (timeline)
New renewable power capacity installed (MW)	10 MW by 2024
People with new electricity connections	1,000,000 people by 2024
Jobs created (number)	1,600 (30% women) by 2024
Reduction of GHG emissions	40,000 tCO2eq per annum
Total volume of investment mobilised by SEFA commitments	USD 130 million by 2024



“The Bank’s new instrument is a game changer that will sustain and strengthen the African energy access sector. The platform’s innovative co-investment structure allows fund managers like Lion’s Head to focus on what we do best – mobilising and deploying human and financial capital to unlock sustainable power for vulnerable communities while targeting critical post-pandemic issues such as local currency funding in a period of high uncertainty and volatility.”

Harry Guinness,
Managing Director of the Off-Grid Energy Access Fund, part of the wider Facility for Energy Inclusion

Africa Renewable Energy Fund II

CLIENT

Berkeley Energy

CLIENT TYPE



Private sector

AMOUNT AWARDED

USD 15M

TYPE OF FINANCE AWARDED

reimbursable grant (CI*)

AREF II is a USD 300 million renewable energy Private Equity Fund established to finance the development and construction of run-of-river hydropower plants and hybrid/storage opportunities, including solar PV and battery storage technologies, with a total expected energy generation capacity in excess of 800 MW. The fund will be managed by Berkeley Energy, a seasoned fund manager with extensive experience in investing in renewable energy projects in Asia and Africa. Berkeley Energy is also the Fund Manager of the predecessor fund of AREF II, Africa Renewable Energy Fund, which was anchored by SEFA and the Bank in 2014.

SEFA is capitalising on the “catalytic tranche” to support the mobilisation of capital from private investors. This contribution is critical at a time of market uncertainty and risk aversion induced by the COVID-19 pandemic. SEFA will also support the Project Support Facility to help in bringing early-stage projects to the required levels of readiness and bankability.

* CI Concessional Investment

TABLE 04. Africa Renewable Energy Fund II - expected outcomes

Expected outcomes	Target (timeline)
New renewable power capacity installed (MW)	843 MW by 2030
Jobs created	1,066 full-time equivalent jobs of which 30% for women by 2030
People with new electricity connections	22.8 million across the targeted countries by 2030
Reduction of GHG emissions	928,000 tCO2eq per annum
Total volume of investment mobilised by SEFA commitments	USD 1,895 million by 2030



“We are proud to be able to continue our company’s mission of bringing reliable renewable power to countries and communities in Africa to support economic and social development, whilst also meeting the needs of our investors (...) The Berkeley Energy team is looking forward to working again with SEFA which has played an important role in launching AREF II”

TC Kundi,
CEO of Berkeley Energy

Africa Mini-grid Acceleration Programme

CLIENT

African Development Bank

CLIENT TYPE

AMOUNT AWARDED

TYPE OF FINANCE AWARDED

n/a

USD 7M

grant (TA*)

The Africa Mini-Grid Acceleration Programme (AMAP) is the centrepiece for SEFA and the AfDB's future programming in the mini-grid sector. The programme builds on previous market development activities on the continent – including those financed by both SEFA and the Bank - to consolidate best practices and transform the scale and speed of investments in mini-grids. AMAP's initial phase has been designed to support “investment preparation” activities that will create a wave of improved, second generation, country-level mini-grid programmes. The Technical Assistance provided under AMAP will ensure that key enabling environment pillars are in place, subsidy and concessional financing mechanisms are designed to meet the needs of private and public actors, and that implementation activities account for the requirements of developers and investors. Following these preparation activities, bankable country programmes will be readied for financing by SEFA, AfDB, and other partners.

AMAP will be implemented through three core pillars: (i) Opening New Markets: designing bankable, national mini-grid acceleration programmes to attract public and private investment for mini-grid implementation; (ii) Catalysing Investments: deploying new financial de-risking instruments for mini-grids and providing fundraising resources to developers, and; (iii) Strengthening the Ecosystem: expanding resources for knowledge sharing, innovation, and technical capacity at the practitioner level. At least four countries will be supported during the programme's initial phase, with additional countries to be added. The anticipated results from AMAP's first phase are summarised in Table 05.

*TA Technical assistance

TABLE 05. Africa Mini-Grid Acceleration Programme - expected outcomes

Expected outcomes	Target (timeline)
New renewable power capacity installed (MW)	80 MW by 2030
Jobs created (of which are for women)	7,200 (1,800) by 2030
People with new electricity connections	880,000 by 2030
Reduction of GHG emissions	6.5 million tCO2eq per annum
Total volume of investment mobilised by SEFA commitments	USD 650 million by 2030



"Mini-grids are a fundamental but under-supported element of Africa's energy future. To achieve SDG 7 (target on energy), the sector must be radically scaled up, and to do this, a holistic and broad-spectrum support programme informed by industry needs is required to bring governments, investors, and of course the mini-grid sector the kind of support that can facilitate fast and efficient progress. For these reasons, AMDA is excited to see AfDB working to bring mini-grid investments in Africa to the next level."

Aaron Leopold,
CEO of the Africa Minigrid Developers Association

Desert to Power

CLIENT

African Development Bank - G5 Sahel Countries

CLIENT TYPE



Public sector

AMOUNT AWARDED

USD 5.05M

TYPE OF FINANCE AWARDED

grant (TA*)

This technical assistance programme is designed to address key barriers in Sahel G5 countries - Burkina Faso, Chad, Mauritania, Mali and Niger - to the scaling-up of renewable energy generation. The project is part of the AfDB-led "Desert-to-Power" initiative, which aims to promote economic development in the region through the deployment of 10 GW of solar generation, and electrification of 250 million people by 2030. SEFA's funding builds on deliberations at the G5 Sahel edition of the Africa Energy Market Place (AEMP) held by AfDB in December 2020. The implementation of these activities is expected to address hurdles hampering the development of the region's solar energy sector.

This SEFA programme is focused on preparing investments in utility-scale solar projects through: (i) Technical studies for the integration of renewable energy to the grid; (ii) Feasibility studies for solar hybridisation of power plants; (iii) Capacity building to support utilities in integrating various solar projects.

*TA Technical assistance

TABLE 06. Desert to Power - expected outcomes

Expected outcomes	Target (timeline)
New renewable power capacity installed (MW)	200 MW by 2030
Jobs created (number)	1,500 by 2030
Reduction of GHG emissions	20,000 tCO2eq per annum
Total volume of investment mobilised by SEFA commitments	USD 200 million by 2023



"This technical assistance program responds directly to the needs identified in the National Desert to Power Roadmaps of the G5 Sahel countries. It specifically addresses key bottlenecks for the large-scale deployment of solar projects and will help prepare bankable projects for subsequent investments."

Dr. Daniel Schroth,
Acting Director for Renewable Energy and Energy Efficiency at the
African Development Bank

SPARK+ Africa Clean Cooking Ecosystem Fund

CLIENT
Enabling Qapital Ltd.

CLIENT TYPE	AMOUNT AWARDED	TYPE OF FINANCE AWARDED
 Private sector	USD 5M	junior equity (CI*)

The SPARK+ Africa Fund is a pioneering impact investment fund being launched by Enabling Qapital and the Clean Cooking Alliance to invest in clean cooking companies across Sub-Saharan Africa. The Fund targets an overall capitalisation of USD 50-70 million.

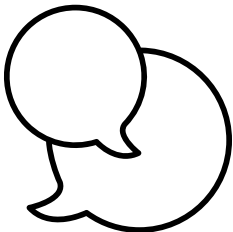
Increasing access to clean cooking in Africa is an enormous opportunity to drive progress with regard to climate change, public health, and sustainable development ambitions. However, the clean cooking sector remains dramatically under-invested. SEFA is proud to be the first funder and anchor financier for this first-of-a-kind investment facility, which seeks to demonstrate the bankability and investment potential of companies throughout Africa’s clean cooking industry.

The Fund’s focus includes companies that manufacture and distribute modern clean cooking solutions – including biomass stoves, advanced biomass fuels, LPG and ethanol, and biogas systems – as well as other established companies that will extend services to include clean cooking products. In addition to making both debt and equity investments, the Fund will provide technical assistance to investees.

* CI Concessional Investment

TABLE 07. Spark + Africa Clean Cooking Ecosystem fund - expected outcomes

Expected outcomes	Target (timeline)
Jobs created	5,000 by 2030
Reduction of GHG emissions	1 MtCO2eq per annum
Total volume of investment mobilised by SEFA commitments	USD 100 million by 2025



“We have designed the SPARK+ Africa Fund to take an ecosystem approach to further the outreach of quality solutions to low-income communities by offering tailored investment instruments throughout the value chain from design and manufacturing companies to last-mile distributors.”

Xavier Pierluca,
Managing Partner of Enabling Qapital

Algeria Renewable Energy Programme

CLIENT

People's Democratic Republic of Algeria – Sonatrach (national oil and gas company)

CLIENT TYPE

AMOUNT AWARDED

TYPE OF FINANCE AWARDED



Public sector

USD 995,000

grant (TA*)

The Algeria Renewable Energy Programme complements the National Renewable Energy Development Strategy 2015-2030 and will support the country's plan to diversify its energy mix away from fossil fuels and attract private investments in utility-scale solar energy generation projects. The technical assistance will support the preparation and roll-out of the technical, legal and institutional framework that will allow private IPPs to invest in financially viable solar energy projects. The Programme includes: (i) solar resource assessment and identification of project sites; (ii) technical, financial, legal, environmental, and social studies for selected sites; (iii) capacity building on development and negotiation of legal agreements; (iv) project management and coordination support.

SEFA's technical assistance grant will develop a pipeline of bankable solar PV projects, attract private investments, and support the introduction of renewable energy into Algeria's fossil fuel-dominated energy mix.

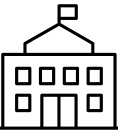
*TA Technical assistance

TABLE 08. - expected outcomes

Expected outcomes	Target (timeline)
New renewable power capacity installed (MW)	500 MW by 2030
Jobs created (number)	100 by 2030
Reduction of GHG emissions	63.000 tCO2eq per annum
Total volume of investment mobilised by SEFA commitments	USD 500 million by 2030

Morocco SIE Super ESCO

CLIENT
Société d'Ingénierie Energétique

CLIENT TYPE	AMOUNT AWARDED	TYPE OF FINANCE AWARDED
 Public sector	USD 965,000	grant (TA*)

This Technical Assistance (TA) project will support Africa's first Super Energy Service Company (Super ESCO). The SIE ESCO will be an entity functioning as an aggregator and facilitator for Energy Efficiency (EE) projects initially in public facilities (hospitals, schools, universities, street lighting, etc.) and subsequently in commercial and industrial (C&I) sectors, paving the way for private sector ESCOs.

The SEFA TA is designed to complete SIE's transformation into a Super ESCO, through the provision of adequate operational tools and supporting the development of a pipeline of bankable EE investment projects. It will contribute to the development of the Moroccan EE market through energy savings in public buildings and increased EE market activity in C&I sectors through the increasingly active private ESCOs.

*TA Technical assistance

TABLE 09. Morocco SIE Super ESCO - expected outcomes

Expected outcomes	Target (timeline)
Energy savings from new investments (GWh)	500 GWh per annum
Jobs created (number)	4000 by 2025
Reduction of GHG emissions	50,000 tCO2eq per annum
Total volume of investment mobilised by SEFA commitments	USD 70 million by 2030



"This support from the African Development Bank will enable the operationalisation of the new SIE as a Super ESCO, thus creating a model well aligned with the needs of the country's energy efficiency sector."

Ahmed Baroudi,
Chief Executive Officer of SIE

02.2 | Projects completed in the year

Five TA projects were completed in 2020 covering diverse activities including project preparation, policy formation and knowledge generation. These activities are expected to inform investments from 2021 onwards.

TABLE 10. Projects completed in 2020

Projects	Country	Instrument	Focal area ³	Amount (USD million)
1 Nigeria Jigawa IPP Programme	Nigeria	TA	EE	1,5
2 Zimbabwe - Oxygen Rooftop Solar Project	Zimbabwe	TA	PPG	0,97
3 Programme for Risk Mitigation in Sustainable Energy	Regional	TA	EE	0,7
4 Chad Djermaya Solar PV	Chad	TA	PPG	0,69
5 The Gambia Green Mini Grid programme	Gambia	TA	EE	0,4
TOTAL				4,26

³ Energy efficiency (EE); Project preparation grant (PPG);

Nigeria Jigawa IPP Programme

CLIENT

Rural Electrification Agency (REA)

CLIENT TYPE



Public sector

AMOUNT AWARDED

USD 1,500M

TYPE OF FINANCE AWARDED

grant (TA*)

Despite Nigeria's enormous solar energy potential, its power sector is still overshadowed by the intensive use of fossil fuels for power generation and low electrification rates. To this effect, the government committed to enabling private sector investments in renewable energy, to scale-up on-grid generation capacity as well as off-grid connections.

The Nigeria Jigawa Energy City project is an innovative approach to encourage the large-scale development of renewable energy power generation. The SEFA-supported TA programme, completed in November 2020, entailed support for Environmental and Social Impact Assessment and Feasibility Studies, as well as the design of a masterplan for the envisaged energy city. The main outcome of the studies was that a 125 MW solar PV complex would be feasible, noting grid-connection requirements and the size of the land that was available.

Zimbabwe - Oxygen Rooftop Solar Project

CLIENT

Oxygen Africa

CLIENT TYPE



Private sector

AMOUNT AWARDED

USD 965,000

TYPE OF FINANCE AWARDED

grant (TA*)

Oxygen Africa Ltd. – an independent energy producer – envisaged solar power as an alternative, feeding a grid-tied system, integrating both solar and grid power. SEFA supported three technical feasibility studies in this framework and solar energy revealed to be not only a long-term investment in a cleaner and more reliable source of energy, but also one allowing businesses to thrive and save financial resources.

The Rooftop Solar PV Project began with a technical study to establish how power consumption operates at the properties in question, but later turned out to be the basis to build-own-operate run-of-the-mill Agricultural Farm's solar photovoltaic system of 20 MW cumulative installed capacity.

The project supports farmers through providing power for lighting and heating, and for operating office equipment and small machinery, such as sewing machines, covering more than 8,000 small businesses.

*TA Technical assistance

Programme for Risk Mitigation in Sustainable Energy

CLIENT

African Development Bank

CLIENT TYPE

n/a

AMOUNT AWARDED

USD 700,000

TYPE OF FINANCE AWARDED

equity

The Initiative for Risk Mitigation in Africa (IRMA) is a capacity-building programme on risk mitigation strategies for client countries, with a strong focus on addressing specific risks in the sustainable energy sector. With the closure of IRMA in 2017, the SEFA grant was re-directed to finance a market assessment for local currency credit enhancement for sustainable energy projects.

The study named "Exploring the Role of Guarantee Products in Supporting Local Currency Financing of Sustainable Off-Grid Energy Projects in Africa" produced an in-depth overview of the opportunities in the off-grid space, as well as the obstacles hindering local currency financing. The research was based on an extensive desk-based review as well as consultations carried out with 163 organizations working in the field. Published in November 2020, the report has been shared with partners and has been used as background to inform the structuring of local currency instruments and funds, including the foundations of the AfDB-sponsored Leveraging Energy Access Finance (LEAF) Programme under development with the Green Climate Fund.

Chad Djermaya Solar PV

CLIENT

SPV Djermaya CDEN Energy

CLIENT TYPE



Private sector

AMOUNT AWARDED

USD 695,000

TYPE OF FINANCE AWARDED

grant (TA*)

Chad's Djermaya solar PV project is the first sizeable independent power producer (IPP) and the first solar PV power plant in Chad. SEFA's grant allowed for the financing of technical, legal and audit advisory services providers to ensure the bankability of the project documentation. Other Public-Private Partnership projects under development in the country are building on the same contractual structure pioneered by Djermaya, demonstrating the market building effects of SEFA's intervention. The technical assistance is now concluded – covering activities prior to financial closure and commissioning – allowing sponsors and lenders the necessary legal basis to finalise negotiations. SEFA support paved the way for an AfDB senior loan of EUR 18.5 million, EUR 12 million from co-financiers and EUR 7 million in concessional loans from climate resources to ensure affordability of the tariff. AfDB is additionally providing a EUR 10 million Partial Risk Guarantee instrument aimed at covering SNE payments.

*TA Technical assistance

The Gambia Green Mini-Grid programme

CLIENT

Ministry of Energy

CLIENT TYPE



Public sector

AMOUNT AWARDED

USD 407,870

TYPE OF FINANCE AWARDED

grant (TA*)

The Ministry of Energy of Gambia requested SEFA support in 2017 to develop its Green Mini-Grid (GMG) enabling environment. This allowed the development of a policy and regulatory framework for privately developed and operated mini-grids to assist in meeting national electrification targets and the development of feasibility studies for up to 10 mini-grid sites around the country. The TA also provided institutional capacity building, capitalising on peer-to-peer learning with developers, donors and government officials.



02.3

Event highlights from 2020

Throughout the year, the SEFA team participated in several high-profile events.

The main event for 2020 was the organisation of a high-level SEFA 2.0 virtual launch, in December, that featured over 300 attendees, including partners, financiers as well as representatives of African governments and energy sector institutions, project developers and sponsors, commercial banks and infrastructure funds.

EVENT

The Africa High-Level roundtable on sustainable hydropower

DATES

February 6, 2020

LOCATION

Abidjan, Côte d'Ivoire



Co-organised by the AfDB and the International Hydropower Association (IHA), with support from the French Development Agency (AFD), this roundtable gathered a broad spectrum of stakeholders – including governments, financing institutions, civil society and the private sector – to discuss the role of hydropower in the sustainable energy transition. The meeting was attended by 60 participants, covering 34 international and regional organisations, and 23 countries. Key recommendations and takeaways highlighted the need for urgent action to deliver clean energy and water, integrating climate change adaptation and mitigation, notably: (i) more and better hydropower will play an essential role in the energy transition; (ii) engagement between governments and regional power pools is needed to create an enabling environment for sustainable hydropower; (iii) hydropower’s long-term multi-benefits need to be correctly valued; (iv) sustainability and climate-related requirements need to be embedded in project planning, financing and operations.

EVENT

Energy Access Covid-19 relief summit

DATES

July 15-16, 2020

LOCATION

Virtual event



This event was organised by industry associations – the Alliance for Rural Electrification (ARE) and the Global Off-Grid Lighting Association (GOGLA) – to discuss the impact of the pandemic on the energy access sector, the needs of energy access companies, and relief and recovery initiatives being established, including the SEFA-funded COVID-19 Off-Grid Recovery Platform (CRP). Over 800 participants joined the event, including energy access companies, investors, DFIs and other industry stakeholders. While there was consensus that businesses have adapted quickly, proving to be remarkably resilient in the immediate aftermath of the pandemic, most of the sector’s businesses indicated the need for short-term financial relief. Speakers also called for medium- and long-term initiatives, including new partnerships with governments, commercial investors and neighbouring sectors such as agriculture, education and health, and carefully designed demand-side subsidies and results-based financing programmes.

EVENT

Launching of the Guinea and Angola “Green Mini-Grid Market Assessment” reports

DATES

July 22 - 23, 2020

LOCATION

Webinars

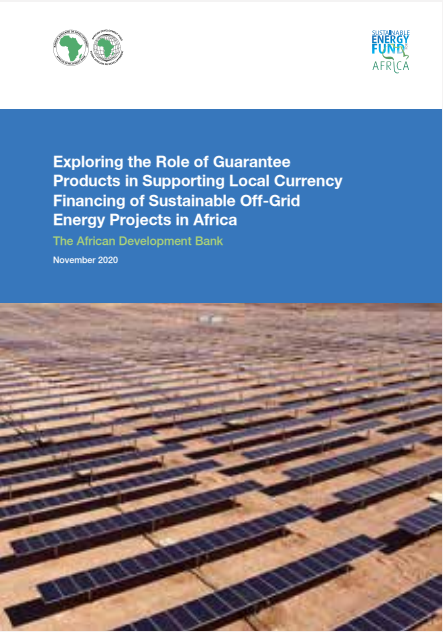


These webinars launched two reports under the AfDB Green Mini-Grids Market Development Programme prepared with the support of Carbon Trust. “Étude de Marché sur les Mini-Réseaux Verts en Guinée” and the “Angola Green Mini-Grid Market Assessment Report” provide overviews of the respective national mini-grid market opportunities in these two countries. Approximately 100 representatives from public, private, and civil sectors joined each session. The reports highlighted that there is an estimated market of around 10 million potential customers in Angola and 6 million in Guinea. In both markets, the most pressing challenges highlighted were related to reforms towards a more favourable environment for private investors, notably around clear demarcation of off-grid and on-grid locations, a flexible tariff structure, a clear subsidy mechanism, rapid licensing procedures and the early engagement with private sector developers in program design. Recordings of the webinars are available online (Guinea, Angola) and the reports can be downloaded from the GMG Help Desk.

EVENT

Launching of the "Exploring the role of local currency financing for sustainable off-grid energy projects in Africa" report

DATES	LOCATION
November 25, 2020	Webinar



This webinar launched a report which analyses the obstacles that businesses face in tapping into local currency credit and capital markets, and evaluates the extent to which credit enhancement, in the form of competitively priced guarantees, could entice local banks and other financial intermediaries to provide local currency debt finance to the off-grid sector. The report specifically focuses on the markets of Ghana, Kenya, Nigeria, and Tunisia. Launched in November 2020, a discussion was organised by AfDB and SEFA in partnership with the African Energy Portal (AEP) and Cambridge Economic Policy Associates. The conversation attracted more than 100 stakeholders from the off-grid energy industry, including private developers, local and regional financing institutions, guarantee and equity funds, and development finance institutions.

EVENT

Inaugural meeting of the Cop26 energy transition Council (ETC)

DATES	LOCATION
December 4, 2020	Virtual event



Established by the UK Government in September 2020, the COP26 ETC held its inaugural meeting in December 2020, bringing together international financial institutions and technical cooperation institutions (e.g., International Renewable Energy Agency and the International Energy Agency), as well as Ministerial representatives from donor governments and developing countries, including Egypt, Kenya, Morocco and Nigeria. The Bank was represented by the Vice President for Power, Energy, Climate and Green Growth. The meeting afforded delegates the first of several opportunities in the period leading up to COP26 in November 2021, to engage in High-level Dialogues on accelerating the transition to clean energy, and limit global temperatures increases in line with the Paris Agreement. The Bank pledged to establish a technical assistance (TA) programme that would contribute to the COP26 ETC Rapid Response Facility (RRF) - a short-term platform to enable advisory support to developing countries in reviewing and developing ambitious energy transition strategies and approaches, as well as identifying appropriate financing mechanisms. The Bank's RRF TA programme would be targeted at the African countries participating in the COP26 ETC process, with the aim of supporting initiatives that fall under SEFA's Green Baseload focal area.

EVENT

Unlocking the solar potential of the G5 Sahel countries

DATES	LOCATION
December 8 – 10, 2020	Virtual event



This energy investment delivery platform brings together African governments, the private sector, and development partners to align their actions, advance strategic projects and accelerate priority energy reforms. The third edition of the AEMP, attended by more than 300 participants, was focused on the first phase of the Bank's Desert-to-Power (DtP) initiative, which targets sustainable energy development in the G5 Sahel countries: Burkina Faso, Chad, Mali, Mauritania and Niger. The catalytic nature of DtP has been endorsed at the highest-level through the Heads of State of the G5 Sahel countries. SEFA was part of the organization for the event, supporting the groundwork of the National Desert to Power Roadmaps, participating in the various roundtables, and outlining AfDB and SEFA's envisaged financial support to the region.

LAUNCHING OF SEFA 2.0

Launch ceremony of the Sustainable Energy Fund (SEFA) Special Fund

DATES	LOCATION
December 14, 2020	Virtual event



This virtual Launch Ceremony was the formal launch of SEFA 2.0, presenting the strategy, approach, and structure of the new and improved SEFA to global partners and stakeholders. The ceremony highlighted SEFA 2.0's three focal areas, its new financing instruments, the notable themes underpinning SEFA's evolution and activities, and the key achievements of the fund in 2020. During the ceremony, SEFA also welcomed announcements made by BMZ, NDF and SIDA totalling USD 90 million in new commitments to the Fund. Over 300 stakeholders and partners attended the virtual event, a recording of which is available here.

Section 03

Portfolio overview





"Denmark has the development goal of providing clean energy to 5.8 million people in Africa. SEFA has proven that it has the capacity to implement innovative renewable energy projects - even in difficult circumstances. Therefore, Denmark is a close partner with SEFA - and we are pleased to be able to continue the work of providing clean energy to all.

Mr. Flemming Møller Mortensen,
Danish Minister for Development Cooperation

03.1 | The completion of SEFA's first cycle

SEFA's first cycle ("SEFA 1.0") spanned the years 2012 to 2019 inclusive. As a source of funding for technical assistance (TA) and equity investment, SEFA 1.0 was implemented along three components:

Project Preparation

TA grants to private sector partners for the development of new projects and the establishment of catalytic financing platforms;

Equity Investment

Capital contributions to investment intermediaries supporting small- and medium-scale renewable energy projects;

Enabling Environment

TA grants to public sector institutions for the strengthening of national policy, regulatory, institutional, and investment frameworks in support of sustainable energy development.

Over its eight-year cycle, SEFA 1.0 committed USD 80.5 million to 71 projects in 30 countries. As shown in Table 2 below, USD 45 million was allocated towards 49 TA initiatives, and USD 35.5 million was allocated towards equity investment and project development support, through the African Renewable Energy Fund (AREF). AREF has since funded 22 projects.

In 2020, following the launch of SEFA 2.0, a total of USD 7.8 million was disbursed to legacy SEFA 1.0 projects, of which USD 6 million was allocated as TA and the remaining USD 1.8 million as equity investment.

TABLE 11. Snapshot of the SEFA 1.0 Portfolio

Component	SEFA Commitments (USD)	Number of projects
Project Preparation	21,025,655	25
Equity Investment	35,500,000	22
Enabling Environment	23,980,270	24
TOTAL	80,505,925	71

SEFA 1.0 has impacted the African sustainable energy landscape in a number of ways. SEFA has: (i) supported countries in the design of new programmes to enable sustainable energy investment; (ii) enabled various developers and investors in bringing projects and investment facilities to fruition – supporting both technological and business model innovations, and; (iii) paved the way for a significant increase of AfDB’s investment activity in the sector.

A few projects within SEFA’s portfolio are particularly notable in their market-building impact:

The Africa Renewable Energy Fund (AREF)

AREF was one of the first private equity funds dedicated to small- and medium-sized renewable energy projects in Africa. The fund was capitalised at more than USD 200 million in October 2015, and has since demonstrated the viability of renewable energy projects on the continent, investing in a portfolio of 22 projects, of which four are operational and five under construction.

AfDB and SEFA played a key role as co-sponsors designing and incubating the Fund. SEFA provided a USD 1 million TA grant to the competitively selected fund manager, Berkeley Energy, and later anchored the fund with a USD35 million equity investment as well as a USD10 million financing of the AREF Project Support Facility.

The Facility for Energy Inclusion and Off-Grid Energy Fund (FEI OGEF)

One of the first specialized debt providers for Africa’s off-grid solar sector, FEI OGEF set a precedent for the need for blended financing facilities and tailored debt transactions to scale off-grid solar companies.

AfDB initially conceptualized OGEF and selected a Fund Manager in 2016, with SEFA then funding the detailed design, financial closure, and operationalisation through a project preparation grant provided to Lion’s Head Global Partners in 2017.

Jumeme Rural Power Supply

Jumeme’s mini-grid activities in northwestern Tanzania are regarded as a front-running experience in Africa’s modern mini-grid landscape, building on the early experience of the INENSUS micropower economy concept in Senegal.

Jumeme’s pilot projects were enabled by a SEFA project preparation grant in 2014, which enabled the company to test its technologies and business model, and secure substantial scale-up funding.

Green Mini-Grid Market Development Programme

The AfDB and SEFA Green Mini-Grid Market Development Programme has been a critical knowledge and advisory resource for the modern mini-grid sector in Africa. Since its launch in 2015, the GMG MDP has supported over 120 mini-grid developers, published several market and industry knowledge reports, and become a central advisory hub for both public and private stakeholders across the sector.

AfDB conceptualised and funded the first phase of the GMG MDP through the SEforALL Africa Hub, while SEFA financed the subsequent follow-on phases.



SEFA's Green Mini-Grid Help Desk helps to scale Havenhill Synergy

Over the last four years, the Green Mini-Grid Help Desk has advised Havenhill Synergy Ltd., a Nigerian mini-grid developer, of project design, end-user tariffs, revenue collection, and capital raising. The GMG Help Desk is a technical assistance resource provided under the AfDB's broader Green Mini-Grid Market Development Programme, and is delivered by Energy 4 Impact and Inensus. The Help Desk's support resulted in Havenhill commissioning four mini-grids between 2018 and 2020. In March 2021, Havenhill closed USD4.6 million in local currency debt financing, from the Chapel Hill Denham Nigeria Infrastructure Debt Fund (NIDF), to build another 22 mini-grids in rural Nigeria. "We are immensely grateful for all the support and advice from Energy 4 Impact and Inensus. They have responded as our needs have changed and have played key roles in getting us to where we are today", says Oluwatobi Soyombo, Chief Growth Officer, Havenhill.

These initiatives are a few examples demonstrating how SEFA's systems view and commitment to building new precedents, marketplaces, and innovative financing facilities have delivered outsized impact in Africa's energy sector, enabling other financiers to support projects directly.

03.2 | Portfolio snapshot

While SEFA supports all sustainable energy technologies, there is a strong concentration in hydropower (primarily driven by the AREF investment portfolio) and solar PV as the most competitive and pervasive technologies across utility-scale and decentralized business models. Geographically, approximately half of SEFA's projects are located in East Africa, with the remaining spread throughout the continent. Approximately 20% of SEFA operations are located in transition states, notably: Guinea-Bissau, Burundi, Comoros, DRC, Togo, Zimbabwe, Mali, and Madagascar.

FIGURE 03. Portfolio at a glance

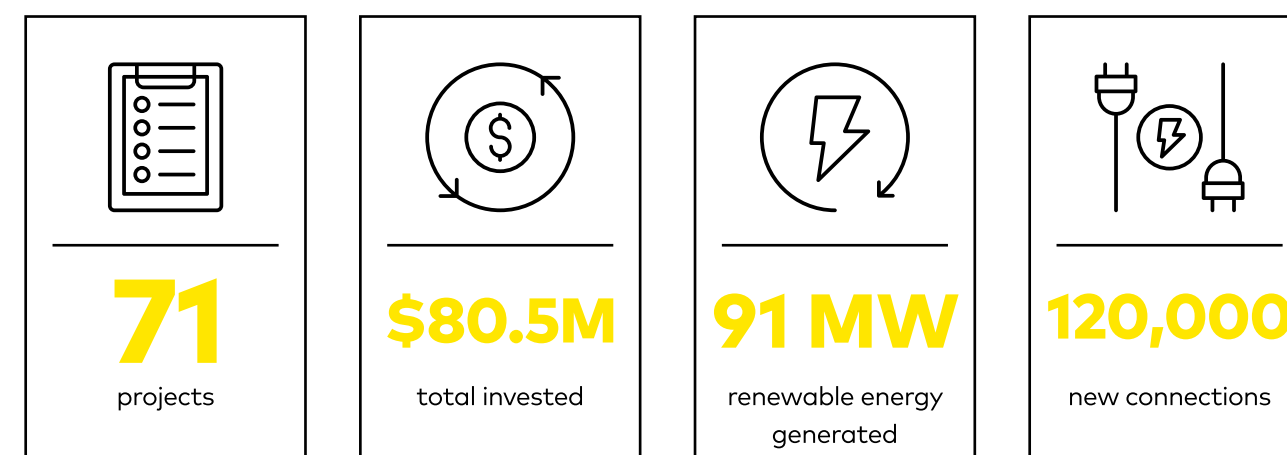
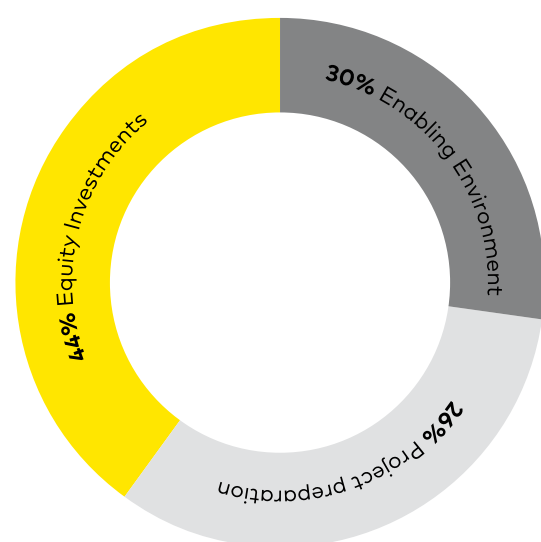
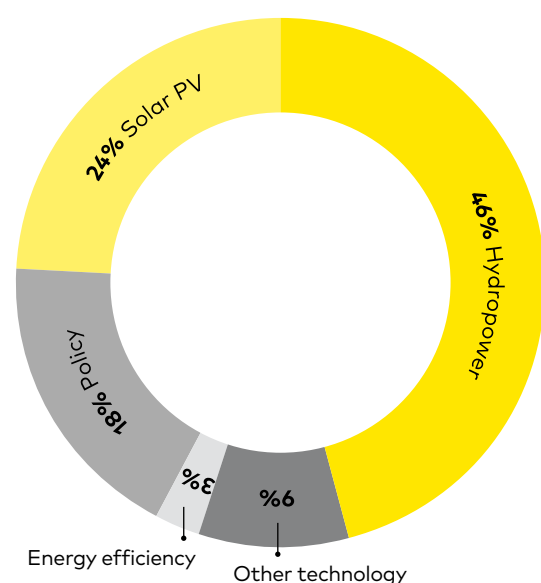
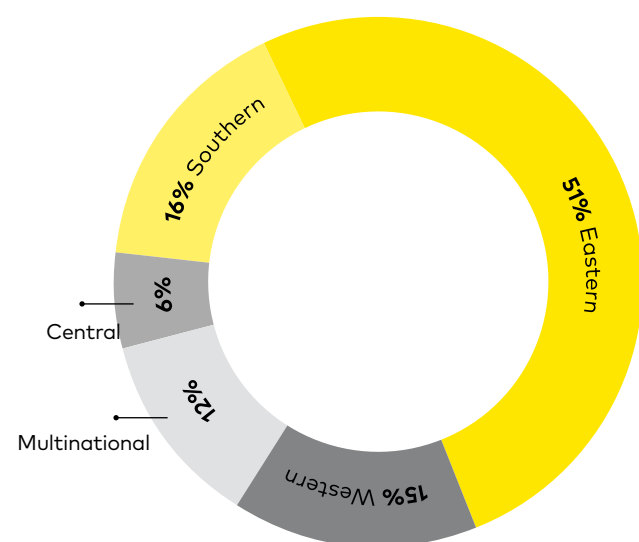
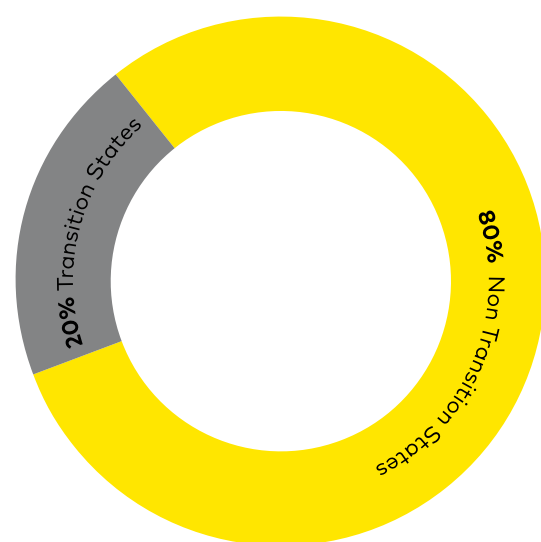
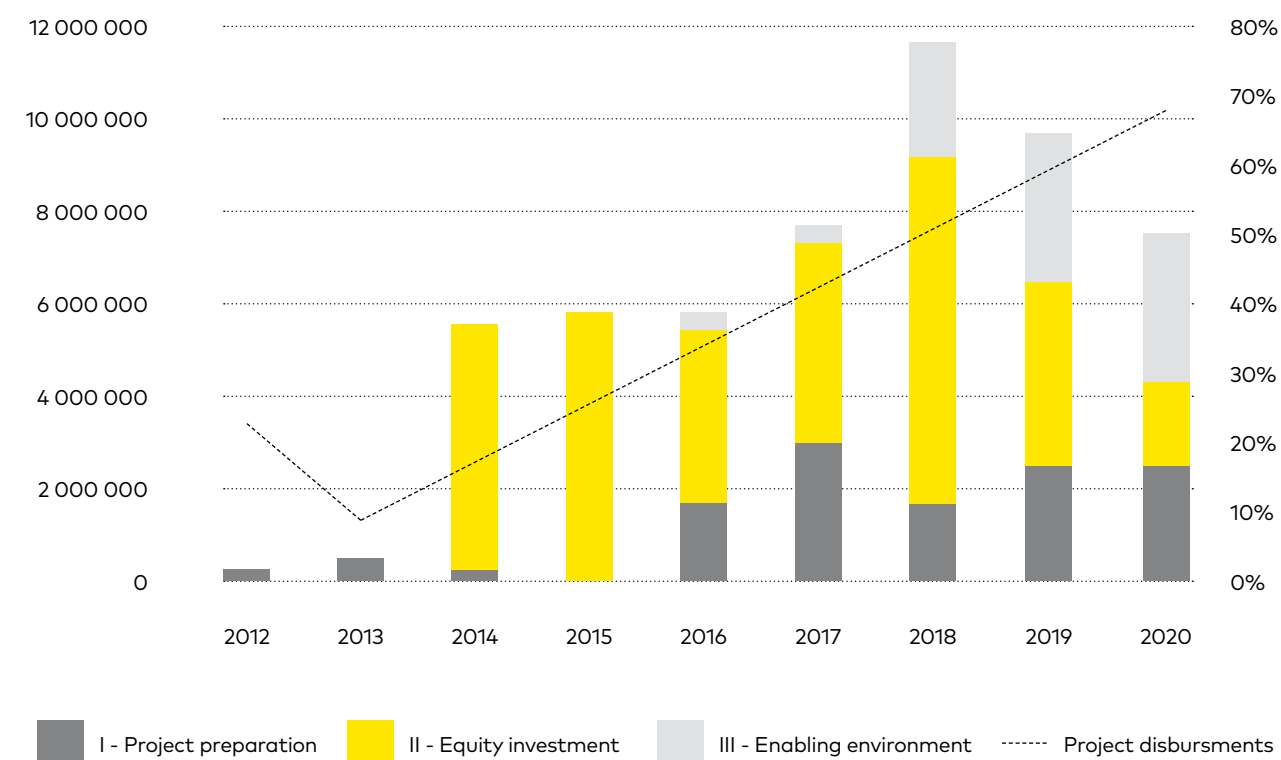


FIGURE 04. SEFA 1.0 Portfolio share (% amount)**FIGURE 05.** SEFA 1.0 Portfolio share (% technology)**FIGURE 06.** SEFA 1.0 Portfolio share by regions**FIGURE 07.** SEFA 1.0 Portfolio in transition states⁴ (% of ops)

⁴ "Transition state" historically refers to countries transitioning from a centrally planned to a market-oriented economy. At AfDB, the term is applied to fragile states – i.e. economies that may be affected by a continuum of economic, social, political and environmental factors that affect state stability and resilience, and resulting in some measure of exclusion and inequality.

⁵ Approximately half of this represents capital commitments to FEI and OGEF funds.

FIGURE 08. SEFA 1.0 year-on-year disbursement amounts and disbursement rate

To date, SEFA's interventions have resulted in 120,000 households being connected to electricity, 91 MW of new installed capacity, the creation of 4,600 new jobs, and over USD 670 million mobilised⁵.

TABLE 12. SEFA 1.0 Portfolio Results

Component	TA/CI	Capacity	Connections (#)	Total invest. (USD M)	Jobs created (#)	GHG reduced (tCO2/year)
I -Project Preparation	TA	2	55,511	345	3,789	15,156
II- Equity Investment	CI	72	-	317	210	74,964
III - Enabling Environment	TA	16	63,631	5.2	600	TBD
TOTAL 2020		91	119,142	668	4,599	90,120

The first batch of SEFA 2.0 projects approved in 2020 show the heightened ambition of the facility as well as the new themes influencing the design of SEFA 20 interventions. The seven projects approved in 2020 are expected to result in a total of 1.4 million connections, 1.6 GW of installed capacity, the creation of 22,000 jobs, and the crowding in of approximately USD 1.5 billion investment.

TABLE 13. Expected results for the entire SEFA Portfolio

Component	Capacity	Connections	Total invest.	Jobs created	GHG reduced	Energy savings
SEFA 1.0	2,543	7,947,648	4,693	34,941	27,711,600	N/A
SEFA 2.0	1,633	1,450,000	2,850	22,156	28,007,080	500,000
TOTAL SEFA	4,176	9,397,648	7,543	57,097	55,718,680	500,000

KEYS

									
bioenergy	energy efficiency	geothermal	hydropower	industrial	multi	solar PV	storage	waste to energy	wind

KEY PROJECTS

1	Angola Portfolio
2	African Biofuel and Renewable Energy
3	Azimuth Solar
4	BE Cameroon
5	BE Ghana Hydro
6	Corbetti Geothermal
7	Djermaya Solar PV project
8	DOWA
9	DRC - Nord-Kivu Hydro Project
10	dVentus Technologies
11	eleQtra Namaacha
12	Empower New Energy
13	Energy Efficiency MDP
14	Energy Sector Support
15	Energy Storage
16	eThala BioFuels
17	Ethiopian Renewable Energy Program
18	Facility for Energy Inclusion
19	GMG Burkina-Faso Support Programme
20	GMG DRC Support Programme
21	GMG Gambia Support Programme
22	GMG Guinea Programme
23	GMG Market Development Program - Phase 2
24	GMG MDP interim scale up
25	GMG Niger Support Programme
26	GMG Rwanda Support Programme
27	Green Mini-Grid Market Dev.Programme
28	Initiative for Risk Mitigation in Africa
29	JCM Greenquest
30	Jigawa IPP Programme
31	Jumeme Rural Power Supply
32	Kabira WTE
33	Mutunguru Small Hydroelectric Power Project
34	Konikablo wind
35	Lake Assal
36	Lesotho - Mafeteng Solar PV Project
37	Mahitsy
38	Maji Power
39	Makambako Wind
40	Maroantsetra
41	Mini-Hydro Development Program
42	Nigeria EA Fund
43	Nosy Be
44	Off-Grid Energy Access Fund
45	Promotion of RE in Angola
46	RE Master Plan
47	RE Master Plan
48	Renewable Energy Investment Facility
49	Renewable Energy Promotion
50	Renewable Energy Promotion (PAPERM)
51	Renewable Energy Support
52	Sahanivotry
53	Saltinho HPP
54	STARSOL
55	Tsinjoarivo
56	UNEP/ICA Atlas Africa Energy Resources
57	Waste-to-Ethanol and Cookstoves
58	Wave2o

SEFA 1.0

Portfolio overview

FIGURE 09. SEFA 1.0 portfolio - per technology

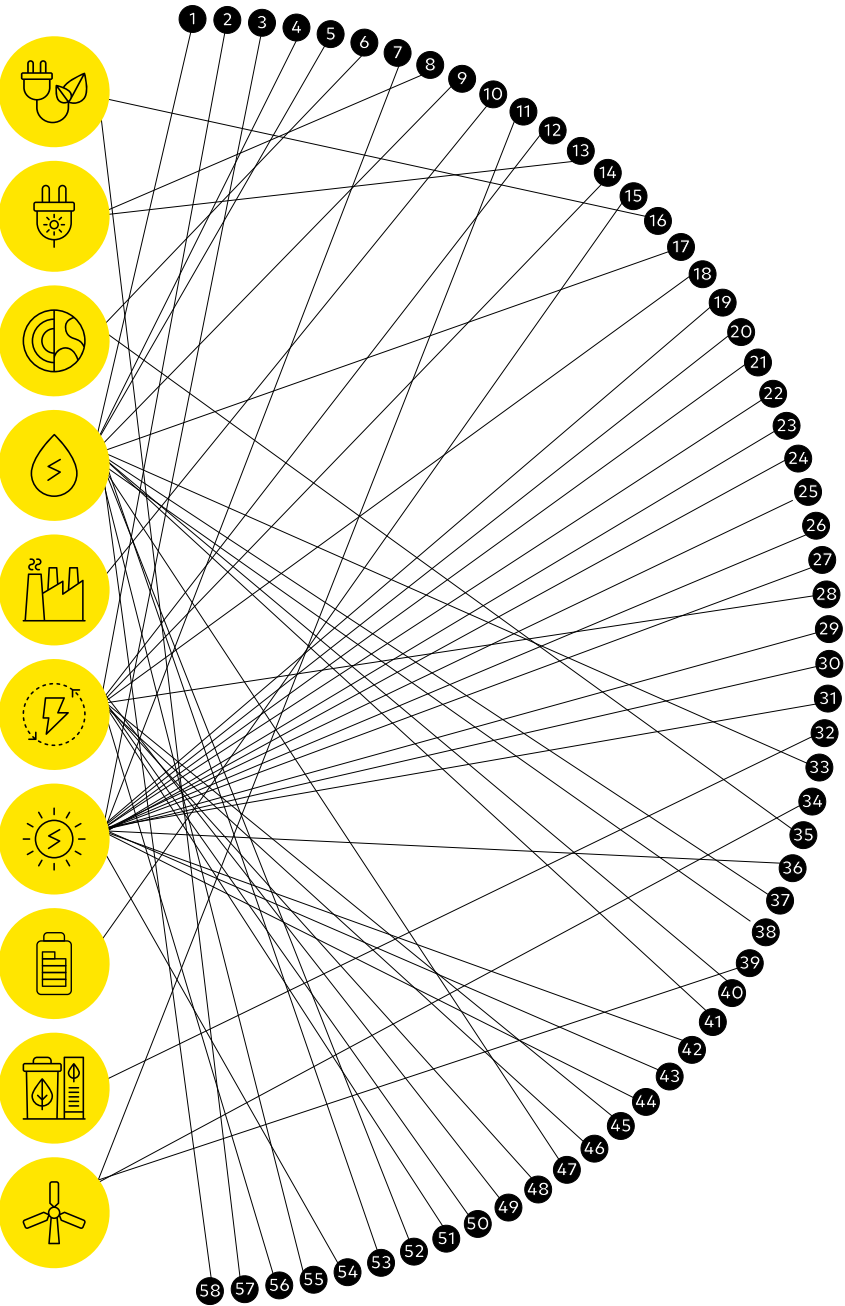


FIGURE 10A. SEFA 1.0 portfolio - per country

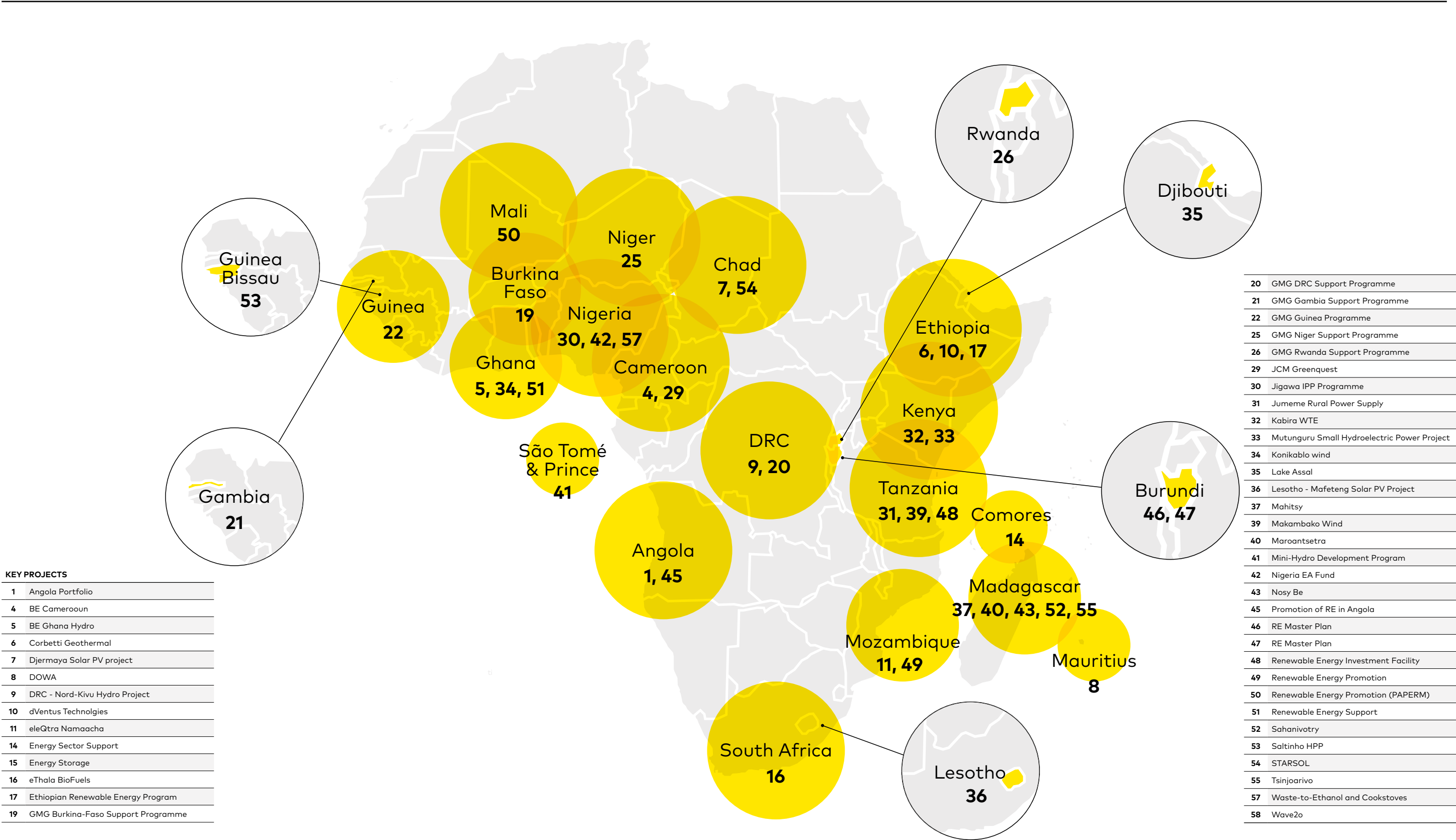
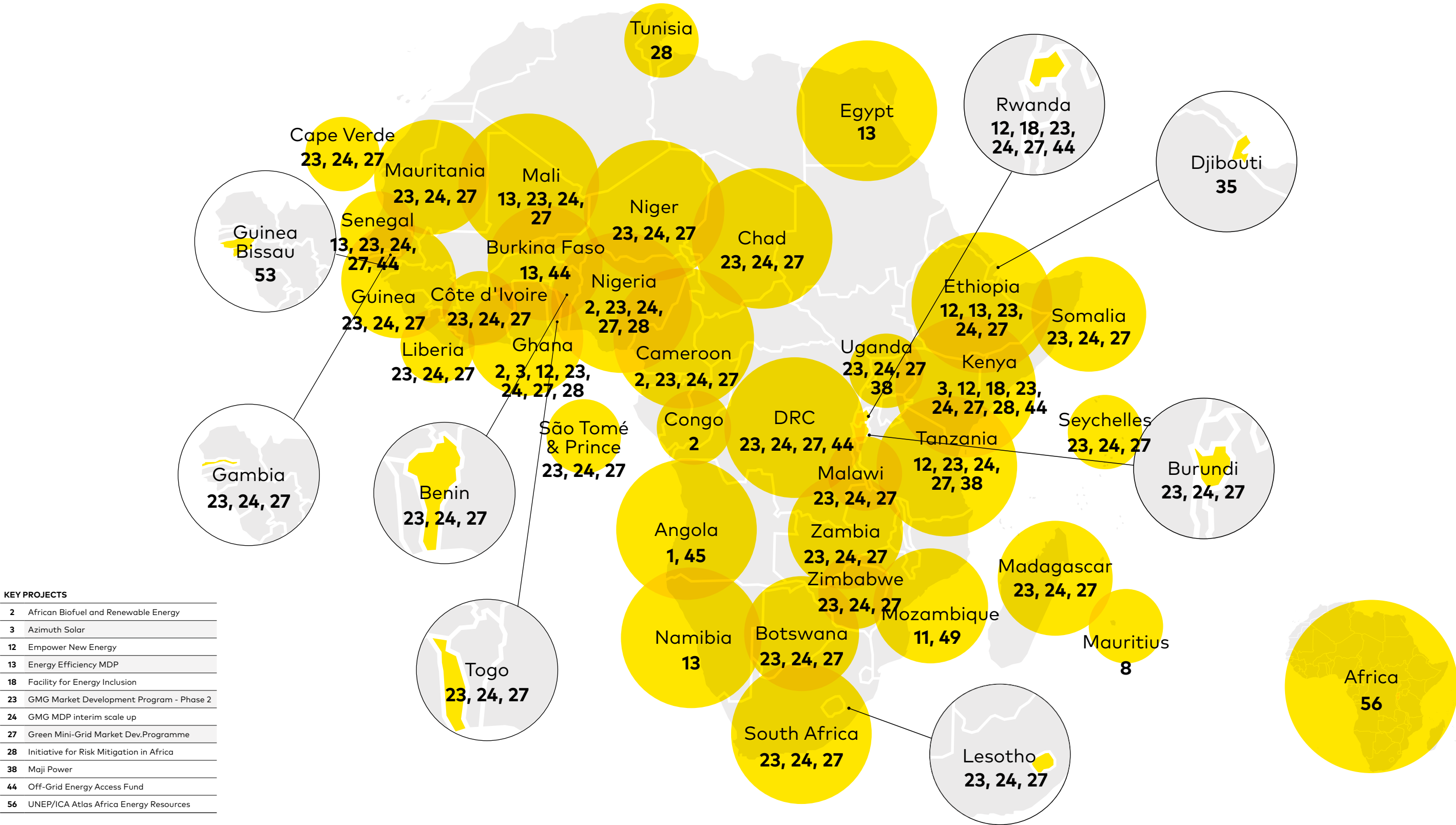


FIGURE 10B. SEFA 1.0 portfolio - per country (multinational projects)



Section 04

Looking ahead





"Our recent successful fundraising will increase our financing capacity by up to approximately 50% in terms of annual commitments. This will further lead to a stronger impact in the region. (...) SEFA's proven capability to promote early-stage projects, businesses, and markets, as well as to design and implement new and innovative financing structures and mobilise additional funding fits well with NDF's strategic pathways. We look forward to identifying opportunities to co-create new climate finance instruments together with SEFA."

Mrs. Karin Isaakson,
Managing Director, Nordic Development Fund

04.1 | Promoting the energy transition in Africa

Africa is increasingly embracing sustainable energy as an enabler of inclusive and green growth. However, an array of challenges continues to hamper the widespread adoption of these modern energy solutions across the continent, and many of these were aggravated during the COVID-19 pandemic. The economic and demographic dynamics of fast-emerging countries that are also extremely vulnerable to climate change require an urgent pace of electrification; and one which is best delivered through low-carbon and climate-resilient technologies. There is a tremendous need for innovative and appropriately structured financing to enable Africa to harness its immense untapped clean energy resources and accelerate its transition to a clean energy future.

Several countries in Africa – having recognized the potential of sustainable energy solutions as a key to economic transformation – have moved to adopt the necessary enabling measures for sustainable energy investment over the last decade. In many instances, these developments have been enabled by upstream support provided or supported by SEFA. These efforts have translated into improved policy and regulatory environments, new and innovative projects being prepared for investors, and compelling investment promotion efforts through programmatic approaches. For these more established markets, it is now imperative to mobilise the financial ecosystem at scale – i.e., from global capital markets through to local financial institutions – in order to bring projects to fruition. For countries that are earlier on in their journey towards a sustainable energy transition, SEFA remains committed to providing upstream support incorporating best practices from its various experiences across the continent.

While SEFA 2.0 is a new facility, much of its mission remains the same. SEFA is focused on catalysing private investments in sustainable energy by mobilising the necessary concessional financial resources to blend with the AfDB and other financiers, with a view to demonstrating viability of the sector, enabling the bankability of projects, and promoting new investment platforms to accelerate project delivery. Alongside this effort, its continued work with African governments will continue as a vital pillar for

forward-looking investments. SEFA will also continue to align its efforts with ambitions under the United National Convention on Climate Change (UNFCCC), in particular in support of articulating “energy transition” plans as part of AfDB’s participation in the COP26 Energy Transition Council, as well as the international UN Sustainable Development Goal 7 agenda.

04.2 | Looking ahead to 2021

Despite unprecedented challenges, SEFA and its partners were fortunate to have a strong and productive inaugural year for the SEFA 2.0 facility. In 2021, SEFA will continue its transformation as the leading provider of catalytic financing for sustainable energy investments in Africa, and maintain its role as the flagship initiative enabling the Bank’s achievement of the New Deal on Energy in Africa.

SEFA’s key priorities for 2021 include:

Building an ambitious pipeline

identification of technical assistance and concessional investment operations in line with SEFA’s new strategic framework, in particular with regard to the newer themes of “green baseload” – notably on battery storage and hydropower/solar integration – and “energy efficiency” including super ESCOs and electric mobility.

Closing the SEFA legacy portfolio

continued support to the implementation of legacy projects (i.e. projects approved in 2012-2019), with the view to achieving successful completion and retirement from SEFA’s portfolio. This will include project restructurings and partial/full cancellations where appropriate.

Resource mobilization

SEFA 2.0 aims to raise up to USD 500 million in grant contributions. Efforts will continue to seek additional contributions from existing donors, onboard new donors, and mobilise co-financing from global facilities to be deployed alongside SEFA contributions.

Desert-to-Power initiative

as the Bank steps up its efforts to unlock solar energy potential in the Sahel region, SEFA shall continue playing its role as the vehicle of choice for channelling concessional resources, both as technical assistance provider and concessional financier.

Knowledge management

The expansion of knowledge activities initiated in 2020 will continue in 2021, with the publication and dissemination of several knowledge products, including respective outreach webinars.

Visibility and communications

Efforts to increase SEFA’s visibility, brand recognition and access to information will continue, notably through high-level events linked to COP 26, increased web and social media presence, and a new brand identity.

Annexes





Annex 01

SEFA portfolio

Project	Window*	Approval date	Funding approved (USD)	Status
PROJECT PREPARATION				
Guinea Bissau Saltinho HPP	TA	9/14/2015	965,000	Active
Cabo Verde Wave2o	TA	12/18/2015	930,000	Active
Uganda Earth Energy Biomass Power Project	TA	12/13/2016	993,000	Active
DRC - Nord-Kivu Hydro Project	TA	6/6/2017	985,500	Active
Lesotho Mafeteng Solar PV Project	TA	7/25/2017	695,500	Active
South Africa eThala BioFuels	TA	11/3/2017	990,000	Active
Mozambique eleQtra Namaacha	TA	11/30/2017	985,000	Active
Nigeria Energy Access Fund	TA	8/22/2019	500,000	Active
Burundi Songa Energy Hydro	TA	12/11/2019	990,000	Active
Empower New Energy	TA	3/20/2020	760,000	Active
Chad Djermaya Solar PV	TA	5/22/2018	695,000	Completed

Kenya Kabira Waste to Energy	TA	11/30/2017	995,000	Completed
Zimbabwe - Oxygen Rooftop Solar Project	TA	4/28/2017	965,000	Completed
Facility for Energy Inclusion (Off-Grid)	TA	4/25/2017	400,000	Completed
Kenya Mutunguru Small Hydroelectric Power	TA	12/13/2016	992,000	Completed
Facility for Energy Inclusion	TA	6/20/2016	600,000	Completed
Chad Starsol Solar PV	TA	3/13/2015	780,000	Completed
Ethiopia dVentus Technolgies	TA	12/10/2014	842,000	Completed
Cameroun JCM Greenquest	TA	12/19/2014	777,000	Completed
Tanzania JUMEME Rural Power Supply	TA	12/19/2014	420,000	Completed
Nigeria Waste-to-Ethanol and Cookstoves	TA	12/4/2014	580,000	Completed
Mauritius DOWA	TA	12/20/2013	1,000,000	Completed
Djibouti Lake Assal Geothermal	TA	8/7/2013	1,800,000	Completed
African Biofuel and Renewable Energy	TA	8/1/2012	398,655	Completed
Madagascar Nosy Be	TA	1/23/2013	987,000	Completed
EQUITY INVESTMENTS				
Uganda Achwa Hydro PP2	AREF	10/2014	5,792,411	Active - Operating
Uganda Bugoye Hydro	AREF	11/2014	1,358,270	Active - Operating
Madagascar Sahanivotry Hydro	AREF	12/2018	1,822,185*	Active - Operating
Madagascar Maroantsetra Hydro	AREF	12/2018		Active - Operating
Platform Azimuth Solar	AREF	09/2016	424,125	Active - Construction
Uganda Kigagati Hydro	AREF	08/2015	5,042,045	Active - Construction

Uganda Achwa Hydro PP1	AREF	12/2016	5,081,499	Active - Construction
Madagascar Mahitsy Hydro	AREF	12/2018	0*	Active - Construction
Ethiopia Corbetti Geothermal	AREF	06/2014	1,504,704	Active - Development
Cameroon BE	AREF	08/2016	487,502	Active - Development
Uganda/Tanzania Nsongezi Hydro	AREF	-	13,271	Active - Development
Uganda Achwa Hydro PP3,4	AREF	4/2015	1,946,823	Active - Development
Madagascar Tsinjoarivo Hydro	AREF	12/2018	0*	Active - Development
Angola Portfolio	AREF	12/2018	0	Active - Development
PROJECT PREPARATION				
Zambia Chipapaso Hydro	AREF	10/2020	1,465,019	Active - Development
Uganda Achwa Solar	AREF	10/2020	1,623,393	Active - Development
Kenya/Malawi Energy Storage	AREF	10/2020	27,346	Active - Development
Platform BE Uganda	AREF	7/2015	0	Active
Platform Maji Power	AREF	11/2017	27,154	Active
Tanzania Makambako Wind	AREF	-	60,796	Active - On hold
Ghana BE Ghana Hydro	AREF	-	15,225	Active - On hold
Ghana Konikablo wind	AREF	-	51,950	Active - On hold
ENABLING ENVIRONMENT				
Comoros Energy Sector Support	TA	10/30/2014	480,000	Active
Rwanda GMG Country Support Support Programme	TA	7/22/2016	840,000	Active
Niger Green Mini-Grid Country Support Programme	TA	7/22/2016	994,270	Active

Tanzania RE Investment Facility	TA	11/25/2016	870,000	Active
Burkina Faso Country Support Programme	TA	8/04/2017	983,000	Active
DRC Green Mini-Grid Country Support Programme	TA	11/30/2017	998,000	Active
Sao Tome & Principe Mini-Hydro	TA	5/30/2018	1,000,000	Active
Angola Promotion of RE	TA	7/11/2018	1,000,000	Active
Zambia TA for RE Financing framework	TA	7/20/2018	1,500,000	Active
Ethiopia Renewable Energy Program	TA	5/14/2019	995,000	Active
GMG Market Development Program - Phase 2 Extension	TA	8/19/2019	665,000	Active
Energy Efficiency MDP	TA	12/19/2019	990,000	Active
Guinée GMG Country Support Programme	TA	12/21/2015	830,000	Active
Nigeria Jigawa IPP Programme	TA	4/30/2018	1,500,000	Completed
Togo CIZO Off-Grid	TA	7/25/2017	975,000	Completed
GMG Market Development Program - Phase 2	TA	6/21/2017	3,000,000	Completed
Gambia GMG Country Support Programme	TA	2/20/2017	995,000	Completed
Initiative for Risk Mitigation in Africa	TA	7/04/2016	700,000	Completed
Burundi RE Master Plan	TA	2/24/2016	630,000	Completed
Green Mini-Grid Market Development Programme	TA	6/09/2015	1,000,000	Completed
Mozambique Renewable Energy Promotion	TA	4/17/2015	740,000	Completed
UNEP/ICA Atlas Africa Energy Resources	TA	10/15/2014	265,000	Completed
Mali Renewable Energy Promotion (PAPERM)	TA	8/11/2014	530,000	Completed
Ghana Renewable Energy Support	TA	7/11/2018	1,500,000	Closed

Annex 02

SEFA 2.0 logical framework

IMPACT

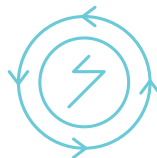
African countries to achieve universal access to sustainable, reliable and affordable energy services

PERFORMANCE INDICATORS	BASELINE	TARGET (USD300M) 2025	TARGET (USD500M) 2030	MEANS OF VERIFICATION
African population with access to electricity (%) (SDG7)	44 (2017)	N/A	100 (2030)	SDG progress report
Cumulated energy mix in Africa (% of installed MW from renewable energy technology)	17 (2013)		49 (2030)	IRENA
Energy intensity (MJ/USD PPP 2011) (SDG7)	7.3 (2016)		5 (2030)	SDG progress report
ASSUMPTIONS	African national governments will continue moving towards transparent, competitive tendering for privatised energy generation, including for renewables			
DRIVERS	Energy is the foundation for productive growth in an economy			

OUTCOMES



01
Increase access to
sustainable energy



02
Increase access to
renewable energy

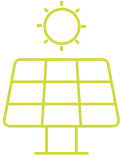


03
Increase
energy savings

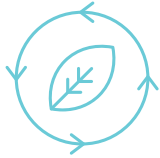
PERFORMANCE INDICATORS	BASELINE	TARGET (USD300M) 2025	TARGET (USD500M) 2030	MEANS OF VERIFICATION
People with new electricity connections (number) outcomes 01 and 02	94,000	3,300,000	7,500,000	SEFA Annual report
New renewable power capacity installed (MW) outcomes 01 and 02	88	1,500	3,000	
Energy savings from new investments (MWh/year) outcomes 03	0	730,000	1,350,000	
Direct employment (number), of which are women (%) all outcomes	105	1,000 (50%)	2,160 (50%)	
Reduction of carbon emissions - tons of carbon dioxide equivalent (tCO2e) all outcomes	0	3,300,000	5,500,000	
Total volume of investment mobilised by SEFA commitments (USDm) all outcomes	462	1,800	3,100	
ASSUMPTIONS	Private investors will continue sponsoring and/or investing in renewable energy as an asset class globally, with some investors pursuing diversification and/or impact target by investing in Africa			
DRIVERS	Public resources are insufficient to address the energy gap in Africa; Pursuing a low-carbon / green growth pathway is almost universally agreed by policy makers and private sector operators			

OUTPUTS

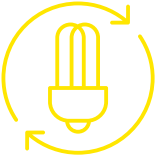
Promoting and delivering sustainable energy solutions through more investments



GREEN MINI-GRID
projects and programmes
deployed (outcome 01)



GREEN BASELOAD
projects and programmes
deployed (outcome 02)



ENERGY EFFICIENCY
projects and programmes
deployed (outcome 03)

PERFORMANCE INDICATORS	BASELINE	TARGET (USD300M) 2025	TARGET (USD500M) 2030	MEANS OF VERIFICATION
GREEN MINI-GRIDS				
Technical assistance projects / programmes (number)	0	9	15	SEFA semi-annual and annual reports - Project level monitoring
Finance committed by SEFA (USDm)	0	105	175	
GREEN BASELOAD				
Technical assistance projects / programmes (number)	0	9	15	SEFA semi-annual and annual reports - Project level monitoring
Finance committed by SEFA (USDm)	0	143	238	
ENERGY EFFICIENCY				
Technical assistance projects / programmes (number)	0	6	10	SEFA semi-annual and annual reports - Project level monitoring
Technical assistance projects / programmes (number)	0	30	50	
ASSUMPTIONS				
Technology costs for generation and storage will continue to fall; storage will prove increasingly feasible as revenue-generating technology as global R&D continues				
ASSUMPTIONS				
Relatively high transaction costs and information asymmetry and/or lack of data will continue to hinder investment in African renewable energy, though at a rate slowly declining over time.				
DRIVERS				
Public utility models may not be best suited at reaching currently un(der)powered areas of some African countries				

KEY AREAS

Green mini-grid, Green baseload and Energy efficiency

INPUTS

Grant contributions to the Special Fund and co-financing arrangements - target of USD 300-500 million

AfDB expertise and staff resources

PERFORMANCE INDICATORS	DEFINITION
African population with access to electricity (%) (SDG7)	% of total population in Africa with access to electricity
Cumulated energy mix in the African continent (% of installed MW from renewable energy technology)	Clean energy includes hydropower, geothermal, wind, solar, and renewable biomass. This is a capacity measurement, and may include off-grid/mini-grid technologies not connected to the grid
Energy intensity (MJ/USD PPP 2011((SDG7)	Energy intensity is a measure of the energy inefficiency of an economy. It is calculated as units of energy per unit of GDP (MJ/USD PPP 2011 in the SDG7 tracking report)
People with new electricity connections (number)	Consistent with the definition provided in the AfDB Group's results measurement framework and the New Deal on Energy: it measures the number of people connected to electricity by distribution lines only. In SEFA assessment, connections from Solar Home Systems will be described.
New renewable power capacity installed (MW)	Number of MW from transactions that have achieved financial closure
Energy savings from new investments (MWh/year)	Expected lifetime energy savings from energy efficiency or energy conservation investments
Direct employment (number), of which are women (%)	Number of employees working for the client company or project breakdown by gender and the end of reporting period. This includes directly hired individuals and individuals hired through third party agencies as long as those individuals provide on-site services related to the operations of the client company. See HIPSO indicators
Reduction of carbon emissions - tons of carbon dioxide equivalent (tCO2e)	Greenhouse gas (GHC) emissions, estimated in metric tons of CO2e, reduced, sequestered, and/or avoided as a result of SEFA assistance. Based on estimations provided by the AfDB Greenhouse Gas Accounting Tool (currently under final revisions)
Total volume of investment mobilized by SEFA commitments (USD m)	Total public and private funds (equity, quasi-equity and debt) leveraged for the implementation of RE/EE projects
Technical assistance projects / programmes (number)	Number of technical assistance projects and programmes under thematic areas of intervention of SEFA
Finance committed by SEFA (USD m)	Total funds provided from SEFA under its financing windows for the implementation and completion of RE/EE projects and programmes under the thematic areas of intervention

Annex 03

SEFA (December 2020)
Financial statements - summary

Donor commitments to SEFA

SEFA's cumulative capital base amounts to USD 237.7 million of commitments from SEFA donors. Of this amount, USD 242 million has been disbursed from donors to SEFA between 2012 and 2020 inclusive.

Earned interest

Between 2012 and 2020 inclusive, SEFA's deposits have earned a total of USD 4.4 million in interest.

SEFA's commitments to projects

SEFA has committed a total of USD 237,682,190 million to both "legacy" (2012-2019) and "SEFA 2.0" (2020 and onwards). Of this amount, USD 53 million has been disbursed from SEFA to projects between 2012 and 2020 inclusive.

Overhead

Between 2012 and 2020 inclusive, SEFA spent USD 6 million on overhead. This includes budget items such as the AfDB management fee, staff, consultants, travel, marketing and communications, and so forth.

Cash available

SEFA has USD 104.8 million of cash available, considering: funds received from donors, earned interest, and allocations for operations and overhead.

TABLE 14. SEFA's Financial summary as of end of December 2020 (USD)

	Committed	Disbursed
Total Donor pledged contributions	274,100,359	237,682,190
Earned interest	-	4,458,301
Operations (SEFA 1.0 + SEFA 2.0)	128,421,607	53,199,498
Overhead	17,184,697	5,915,542

	Amount
Cumulative commitments (operations + overhead)	145,606,304
Cumulative disbursements (operations + overhead)	59,115,041
Cash available for new commitments	104,837,450

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Sustainable Energy
Fund for Africa

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