Project Summary

Project Background
The AFD Group, with the support of European Union, has set-up the Africa Renewable Energy Scale Up Facility (“ARESUF”) to support renewable energy projects in Africa. One of the components of this Facility is the 12 MEUR African Renewable Energy Guarantee Facility (“ARE-GF”), managed by PROPARCO and aimed at supporting the growth of the mini and off-grid private sector industry by de-risking equity financing in this pioneering business and preparing access to business investors and large-scale debt funding. The ARE-GF will provide partial guarantees to equity investments made by PROPARCO and potentially other European DFIs in the off-grid and mini-grid sectors.

Project Objectives
The specific objectives of the technical assistance are:

• Market assessment of the off-grid sector in Africa;
• Support to PROPARCO in all the aspects of the deployment of the ARE-GF (through the full-time expert Key Expert or Technical/Financial Assistant) during 3 years.

The assignment entails three main phases the first one being the inception phase, the second one the drafting of a market assessment study of the mini and off-grid sector in Africa, including a regular update of the study and the third one the deployment of Key Expert Activities.

Project Results
• Market Assessment Study of off-grid sector in Africa (with quarterly updates)
• Techno-economic due diligence of off-grid RE companies in Africa (company briefs, Credit Assessment, Due Diligence)
• Monitoring of companies who receive investments, including identification and implementation of support measures to facilitate growth

Services Provided
• Update on a regular basis the Market Study;
• Support PROPARCO in the due diligence process of its equity investments in the sector (including but not limited to management, access to funding, technological and operational capabilities, quality of the product and service offered, potential of the markets covered, strategy and plans for expansion, relative position vis-à-vis competitors, stage of development, track-record, suitability of the commercial model chosen, business model analysis, valuation of the company, etc.);
• Follow-up and monitor the performance and strategic evolutions of the companies PROPARCO has invested in; ensure some portfolio management tasks such as annual rating of the companies, monitoring of the covenants, etc.;
• Make recommendations regarding the need of technical assistance, specific studies, capacity strengthening of the companies PROPARCO has invested in; handle the implementation of the relevant studies and support activities;
• Represent PROPARCO in seminars and other events related to the sector;
• Support PROPARCO in the implementation of its communication plan regarding the ARE-GF;
• Prepare and coordinate all monitoring and reports as required by the European Union; recruit dedicated auditor to prepare the annual audit reports of the Facility;
• Coordinate as necessary with the French Development Agency teams and technical assistant dedicated to the AFD ARESUF financing;
• Participate at least annually in the joint AFD-PROPARCO steering committee of ARESUF.

Africa

Africa Renewable Energy Scale Up Guarantee Facility (ARE-GF)

Client
PROPARCO

Duration
01/07/2017 - 30/06/2020

Personnel
• 1 internat. LTE (18 PM, team leader/ key expert)
• 1 internat. STE (6 PM, assistant team leader)
• pool of internat. STE (2 PM, Financial and Technical due diligence experts)