How Finance can Help Achieve the Goals of the Paris agreement

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Deputy Special Envoy for Climate Change
U.S. Department of State
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Implementation will involve a continuum

NDC/NAP Development
For: governments

Policy and regulatory analysis and development
- Inter-/intra-governmental coordination, stakeholder engagement
- Modeling/technical analysis
- Low emission development strategies/adaptation planning
- Inventories
- Domestic MRV systems
- Ongoing reviews

Climate/Investment Policies
For: governments

- Climate-related sectoral:
  - Energy: carbon pricing, FiT, RPS, EE standards
  - Adaptation: water and agriculture management policies, zoning/building codes.
- Policy frameworks: tax and fiscal policies and de-risking instruments; trade and investment policies; legal and regulatory predictability.

Developing a Pipeline of Bankable Projects
For: gov + private project developers

- Feasibility studies (e.g., wind speed mapping)
- Social and environmental impact studies
- Resilience/option assessments
- Engineering design support
- Costing
- Licensing and registration

Navigating and Securing Finance
For: gov + private project developers

- Identifying potential financiers
- Business plan
- Deal structuring
- Fundraising strategy
- Application support
- Legal and financial advisory services needed to close deal

Reporting
For: governments

- Country Reporting
- Natcoms/biennial reporting

Finance, capacity building, access, technology
Implementation will involve both public and private investment.

Who owns renewable energy assets globally?

- Private sector owns more than half of RE assets globally.

Aligning domestic policies for investment is critical

*Why?..... Better “enabling frameworks” are strongly correlated with increased investment*

Data Source: BNEF, Climatescope 2015
Implementation will require a range of support tools

- Development
  For: governments

- Implementation
  - Policy Environment
    For: governments
  - Developing a Pipeline of Bankable Projects
    For: gov + private project developers
  - Navigating and Securing Finance
    For: gov + private project developers

- Reporting
  For: governments

**Finance, capacity building, technical assistance, access, & technology**

**Policy development & analysis**

**Legal assistance**

**Transaction assistance**
Example: Power Africa

The Power Africa Toolbox provides a quick yet comprehensive view of the tools & resources Power Africa uses to drive deals & facilitate investment. These tools fall into five major categories:

**Transaction Assistance**
- Early-stage support for innovative energy solutions, resource evaluations, feasibility and grid impact studies, social and environmental impact studies, project appraisal and costing, engineering designs, public private partnerships, and other project preparation activities
- Late-stage expert technical, regulatory, and financial assistance to host country governments to advance power transactions to financial close and beyond

Who is it for?
Project developers, investors, host-country governments, entrepreneurs, African-owned and operated enterprises

**Finance**
- Equity, mezzanine financing, senior and sub-senior loans, guarantees, export credits, grants, and insurance programs

Who is it for?
Project developers, financing institutions, entrepreneurs, host-country governments, U.S. lenders and exporters

**Policy/Regulatory Design & Reform**
- Technical assistance to improve the enabling environment for private sector investment in the power sector through policy, legal, regulatory and utility reforms, improved procurement practices and power sector planning, and the adoption of financial incentives and risk mitigation schemes

Who is it for?
Host-country governments, utilities, regulators, and other stakeholders

**Capacity Building**
- Technical assistance to support institutional strengthening, technical and regulatory skill development, and project development and management activities
- Trade missions to the U.S. and to sub-Saharan Africa

Who is it for?
Host-country governments, utilities, energy regulators, public procurement agencies

**Legal Assistance**
- Legal assistance to strengthen host country government expertise and negotiating capacity in structuring, financing and closing power transactions

Who is it for?
Host-country governments and African utilities

<table>
<thead>
<tr>
<th>Mechanism</th>
<th>Agency/ Org.</th>
<th>Tool Description</th>
<th>Who is it For?</th>
<th>Eligibility Requirements</th>
<th>Where Can the Project be Located</th>
<th>BTG?</th>
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</thead>
<tbody>
<tr>
<td>U.S.-Africa Clean Energy Finance</td>
<td>OPIC, USAID</td>
<td>Project preparation support for early-stage renewable energy projects</td>
<td>Project developers</td>
<td>Must qualify as a “Clean Energy Investment” and meet specific OPIC &amp; USTDA criteria</td>
<td>Select SSA countries</td>
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<td>DOS, USTDA</td>
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<td>Development Innovation Ventures</td>
<td>USAID</td>
<td>Grant competition for innovative, transformative development solutions</td>
<td>Non-profit and private companies</td>
<td>Applicant solutions must show cost effectiveness, rigorous evidence of success, and proposed pathways to scale</td>
<td>USAID partner countries</td>
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<td>Geothermal Risk Mitigation</td>
<td>African Union</td>
<td>Grant support for surface studies and drilling &amp; testing reservoir confirmation</td>
<td>Project developers</td>
<td>Applicants must pass pre-qualification phase</td>
<td>Select SSA countries</td>
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<td>Facility</td>
<td>Commission</td>
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<td>MCC Grants</td>
<td>MCC</td>
<td>Grant funding for feasibility studies &amp; engineering designs</td>
<td>Host-country governments</td>
<td>Partnership Requirement</td>
<td>MCC Partner Countries</td>
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<td>Off-Grid Energy Challenge</td>
<td>USAID</td>
<td>Grant funding for off-grid renewable energy solutions that power local economic</td>
<td>African-owned and operate enterprises, associations, or organizations</td>
<td>Applicants must provide off-grid solutions that deploy renewable resources and power local economic activities</td>
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<td>USAID</td>
<td>activities</td>
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<td>AIDB</td>
<td>Project preparation grants for small-to-medium scale renewable energy &amp; energy</td>
<td>Project developers</td>
<td>Project sponsor must be registered as a legal entity in a Regional Member Country by the time of grant approval</td>
<td>AIDB Regional Member Countries</td>
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<td>Africa - Window I</td>
<td>USAID</td>
<td>efficiency projects</td>
<td>Investors</td>
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<td>Market Research &amp; Intelligence</td>
<td>U.S. Department of Commerce</td>
<td>Country and Industry Reports</td>
<td>U.S. companies</td>
<td>Must be a U.S. company</td>
<td>Countries where U.S. Foreign Commercial Service or a Partner Post operates</td>
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<td>Single Company Promotion</td>
<td>U.S. Department of Commerce</td>
<td>Customized Market Research Background Reports</td>
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<td>Advocacy Assistance</td>
<td>U.S. Department of Commerce</td>
<td>Assistance in promoting a new technology or service in a new country</td>
<td>U.S. companies or their local subsidiaries</td>
<td>Must be a U.S. company or local subsidiary</td>
<td>Countries where U.S. Foreign Commercial Service or a Partner Post operates</td>
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<td>Business Matchmaking</td>
<td>U.S. Department of Commerce</td>
<td>Assistance to exporters of U.S. goods and services as they compete against foreign firms for international public sector contracts/projects</td>
<td>Exporters of U.S. goods and services seeking to compete in foreign government procurements</td>
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<td>USTDA Grants</td>
<td>USTDA</td>
<td>Grant support for feasibility studies, pilot projects &amp; other project planning</td>
<td>Project developers</td>
<td>Grant recipients are required to select U.S. firms to perform USTDA-funded activities</td>
<td>SSA countries</td>
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<td>Host governments</td>
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Access: Power Africa Project Preparation Facilities

Project Preparation Facilities (PPFs) support governments, investors, and developers of power projects by helping to expedite the technical, financial, legal, and regulatory processes involved in energy deals. As a companion resource to the Power Africa Toolbox, this document contains information on early-stage PPFs that currently operate in sub-Saharan Africa’s energy sector.

<table>
<thead>
<tr>
<th>PPFs in Sub-Saharan Africa and their Project Development Stage Focus Areas</th>
<th>Enabling</th>
<th>Concept</th>
<th>Pre-feasibility</th>
<th>Feasibility</th>
<th>Development</th>
<th>Structuring</th>
<th>Financing</th>
<th>Construction</th>
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<tbody>
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What can governments do?

• Continue to prioritize support in the context of mobilization goals
  o Continue upward trajectory in public and mobilized finance toward the $100b mobilization goal
  o Align bilateral and multilateral assistance to support specific goals of Paris Agreement and decision
  o Promote coordination among donors to mobilize finance, e.g., DFIs, Export Credit Agencies, aid agencies
  o Promote innovative approaches and de-risking strategies to enhance private sector investment mobilization

• Promote policy and investment environments for low emission, climate resilient development
  o Promote a whole of government approach, continued high level engagement
  o Send clear and consistent long-term policy signals and predictable policy and investment environments
  o Promote policies that encourage and incentivize adaptation planning and climate resilient investments
  o Understand and orient policy solutions to de-risk and incentivize climate-friendly investments
  o Align public tools such as procurement policies with climate objectives

• UNFCCC tools - enhancing access to finance
  o Green Climate Fund
    ▪ Readiness fund
    ▪ Designing Project Preparation Facility
  o Climate Technology Center and Network – mitigation and adaptation technical assistance on request