



GEF-6 PROJECT IDENTIFICATION FORM (PIF)

PROJECT TYPE: Full-sized Project
 TYPE OF TRUST FUND: GEF Trust Fund

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PART I: PROJECT INFORMATION

Project Title:	Investing in renewable energy project preparation under the Sustainable Energy Fund for Africa (SEFA)		
Country(ies):	Multinational	GEF Project ID: ¹	9043
GEF Agency(ies):	AfDB (select) (select)	GEF Agency Project ID:	
Other Executing Partner(s):		Submission Date:	07.03.2015
GEF Focal Area(s):	IAP	Project Duration (Months)	84
Integrated Approach Pilot	IAP-Cities <input type="checkbox"/> IAP-Commodities <input type="checkbox"/> IAP-Food Security <input type="checkbox"/>	Corporate Program: SGP <input type="checkbox"/>	
Name of parent program:	[if applicable]	Agency Fee (\$)	950,000

A. INDICATIVE FOCAL AREA STRATEGY FRAMEWORK AND OTHER PROGRAM STRATEGIES²

Objectives/Programs (Focal Areas, Integrated Approach Pilot, Corporate Programs)	Trust Fund	(in \$)	
		GEF Project Financing	Co-financing
(select) CCM-1 Program 1 (select)	GEFTF	10,000,000	955,000,000
Total Project Cost		10,000,000	955,000,000

B. INDICATIVE PROJECT DESCRIPTION SUMMARY

Project Objective: To attract and accelerate investment in renewable energy projects by piloting the use of reimbursable grants for the Sustainable Energy Fund for Africa (SEFA) project preparation window						
Project Components	Financing Type ³	Project Outcomes	Project Outputs	Trust Fund	(in \$)	
					GEF Project Financing	Co-financing
Funding renewable energy project development under the project preparation window of SEFA	TA	1. Increase in renewable energy (RE) and energy efficiency (EE) projects in Africa	RE and EE projects prepared and ready for investment: robust pipeline of bankable projects established A SEFA project preparation facility sustained over time Pilot the use of reimbursable grants for RE project preparation Enhanced low carbon technologies and mitigation options on the African continent Support to and enhanced capacity of the Sustainable Energy for All initiative and SEFA	GEFTF	10,000,000	955,000,000

¹ Project ID number will be assigned by GEFSEC and to be entered by Agency in subsequent document submissions.

² When completing Table A, refer to the excerpts on [GEF 6 Results Frameworks for GETF, LDCF and SCCF](#).

³ Financing type can be either investment or technical assistance.

			<p>More activities in (i) feasibility studies, (ii) environmental and social impact assessment (ESIA) studies, (iii) engineering studies, (iv) transaction advisors, etc.</p> <p>Clean energy to a greater share of regions and populations in Africa, with reduced reliance on conventional sources of energy and decreased GHG emissions</p> <p>Greater investor confidence and reduced risks in RE investments: better risk-return ratio and increased financing to jump-start project preparation with positive outcomes on the renewable energy market</p> <p>Enhanced capacity and incentives for small project developers to invest in clean energy</p> <p>Expansion of bankable projects which attract equity and debt financing, resulting in faster development of low-carbon energy production in Africa</p> <p>Unlocking private investment in sustainable energy in Africa: decreased gap between the continent's renewable energy resource potential and actual investments occurring</p>			
			Subtotal		10,000,00 0	955,000,00 0
Project Management Cost (PMC) ⁴				GEFTF		

⁴ For GEF Project Financing up to \$2 million, PMC could be up to 10% of the subtotal; above \$2 million, PMC could be up to 5% of the subtotal. PMC should be charged proportionately to focal areas based on focal area project financing amount in Table D below.

Total Project Cost		10,000,000	955,000,000
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For multi-trust fund projects, provide the total amount of PMC in Table B, and indicate the split of PMC among the different trust funds here: (N/A)

C. INDICATIVE SOURCES OF CO-FINANCING FOR THE PROJECT BY NAME AND BY TYPE, IF AVAILABLE

Sources of Co-financing	Name of Co-financier	Type of Co-financing	Amount (\$)
GEF Agency	AfDB	Loans	20,000,000
GEF Agency	AfDB - SEFA	Grants	15,000,000
Private Sector	Unknown at this stage (indicative)	Equity	920,000,000
(select)		(select)	
(select)		(select)	
(select)		(select)	
Total Co-financing			955,000,000

D. INDICATIVE TRUST FUND RESOURCES REQUESTED BY AGENCY(IES), COUNTRY(IES) AND THE PROGRAMMING OF FUNDS ^{a)}

GEF Agency	Trust Fund	Country/ Regional/ Global	Focal Area	Programming of Funds	(in \$)		
					GEF Project Financing (a)	Agency Fee (b) ^{b)}	Total (c)=a+b
AfDB	GEFTF	Multinational; Private sector set-aside	Climate Change	(select as applicable)	10,000,000	950,000	10,950,000
Total GEF Resources					10,000,000	950,000	10,950,000

a) Refer to the Fee Policy for GEF Partner Agencies.

E. PROJECT PREPARATION GRANT (PPG)⁵

Is Project Preparation Grant requested? Yes No If no, skip item E.

PPG AMOUNT REQUESTED BY AGENCY(IES), TRUST FUND, COUNTRY(IES) AND THE PROGRAMMING OF FUNDS

Project Preparation Grant amount requested: \$					PPG Agency Fee:		
GEF Agency	Trust Fund	Country/ Regional/Global	Focal Area	Programming of Funds	(in \$)		
					PPG (a)	Agency Fee ⁶ (b)	Total c = a + b
(select)	(select)		(select)	(select as applicable)			
Total PPG Amount							

⁵ PPG requested amount is determined by the size of the GEF Project Financing (PF) as follows: Up to \$50k for PF up to \$2m (for MSP); up to \$100k for PF up to \$3m; \$150k for PF up to \$6m; \$200k for PF up to \$10m; and \$300k for PF above \$10m. On an exceptional basis, PPG amount may differ upon detailed discussion and justification with the GEFSEC.

⁶ PPG fee percentage follows the percentage of the Agency fee over the GEF Project Financing amount requested.

F. PROJECT'S TARGET CONTRIBUTIONS TO GLOBAL ENVIRONMENTAL BENEFITS⁷

Provide the expected project targets as appropriate.

Corporate Results	Replenishment Targets	Project Targets
1. Maintain globally significant biodiversity and the ecosystem goods and services that it provides to society	Improved management of landscapes and seascapes covering 300 million hectares	<i>hectares</i>
2. Sustainable land management in production systems (agriculture, rangelands, and forest landscapes)	120 million hectares under sustainable land management	<i>hectares</i>
3. Promotion of collective management of transboundary water systems and implementation of the full range of policy, legal, and institutional reforms and investments contributing to sustainable use and maintenance of ecosystem services	Water-food-ecosystems security and conjunctive management of surface and groundwater in at least 10 freshwater basins;	<i>Number of freshwater basins</i>
	20% of globally over-exploited fisheries (by volume) moved to more sustainable levels	<i>Percent of fisheries, by volume</i>
4. Support to transformational shifts towards a low-emission and resilient development path	750 million tons of CO _{2e} mitigated (include both direct and indirect)	3,835,000 metric tons
5. Increase in phase-out, disposal and reduction of releases of POPs, ODS, mercury and other chemicals of global concern	Disposal of 80,000 tons of POPs (PCB, obsolete pesticides)	<i>metric tons</i>
	Reduction of 1000 tons of Mercury	<i>metric tons</i>
	Phase-out of 303.44 tons of ODP (HCFC)	<i>ODP tons</i>
6. Enhance capacity of countries to implement MEAs (multilateral environmental agreements) and mainstream into national and sub-national policy, planning financial and legal frameworks	Development and sectoral planning frameworks integrate measurable targets drawn from the MEAs in at least 10 countries	<i>Number of Countries:</i>
	Functional environmental information systems are established to support decision-making in at least 10 countries	<i>Number of Countries:</i>

PART II: PROJECT JUSTIFICATION

1. *Project Description.* Briefly describe: 1) the global environmental and/or adaptation problems, root causes and barriers that need to be addressed; 2) the baseline scenario or any associated baseline projects, 3) the proposed alternative scenario, with a brief description of expected outcomes and components of the project, 4) incremental/additional cost reasoning and expected contributions from the baseline, the GEFTF, LDCF, SCCF, and co-financing; 5) global environmental benefits (GEFTF) and/or adaptation benefits (LDCF/SCCF); and 6) innovation, sustainability and potential for scaling up.

1) The global environmental and/or adaptation problems, root causes and barriers that need to be addressed.

Modern energy services are crucial to human well-being and to economic development. They help provide clean water, sanitation and health in addition to reliable and efficient lighting, heating, cooking, power, and transport services. The World Energy Outlook for 2014 underlines that billions of people worldwide still lack access to the most basic energy services. Nearly 1.3 billion people do not have access to electricity and 2.7 billion, mainly in rural areas of subSaharan Africa or developing Asia, rely on the traditional use of biomass for cooking which causes indoor air pollution in addition to detrimental environmental effects. This has direct negative implications on health as biomass combustion nearby or inside houses affects air quality. Furthermore, utilizing fuel wood impacts the environment due to the exploitation of natural resources and loss of ecosystems. Limited energy access also diminishes the creation of an enabling environment for private sector development.

⁷ Provide those indicator values in this table to the extent applicable to your proposed project. Progress in programming against these targets for the projects per the *Corporate Results Framework* in the [GEF-6 Programming Directions](#), will be aggregated and reported during mid-term and at the conclusion of the replenishment period. There is no need to complete this table for climate adaptation projects financed solely through LDCF and/or SCCF.

The Africa Energy Outlook, a special report within the World Energy Outlook, underlines that more than 620 million people in sub-Saharan Africa, hence two-thirds of the population, live without electricity, and nearly 730 million rely on dangerous and inefficient forms of cooking. The use of solid biomass (mainly fuelwood and charcoal) surpasses greatly that of all other fuels. In the Outlook projections, one billion people will gain access to electricity in Africa by 2040, 950 million of them in sub-Saharan Africa. However, population growth in sub-Saharan Africa and faster progress in other parts of the world means that the remaining global population without access to electricity will become increasingly concentrated in the sub-Saharan African region. Such a projection indicates that current efforts to address this problem will likely fall short of the goal of achieving universal access to energy by 2030, the target of the Sustainable Energy for All initiative. Instead, about 635 million people in sub-Saharan Africa will remain without electricity by this date, leaving a serious gap in the global energy system.

Sub-Saharan Africa is therefore the region with the lowest rate of access to electricity and with sombre projections for universal reach. Nonetheless, the continent has vast renewable energy potential with some of the world's largest concentration of alternative energy resources in solar, wind, hydro, and geothermal forms. Despite this, only a small fraction of this potential has been tapped for now. Renewable energy resources could potentially cover the energy requirements of the entire continent if the right investments are made, which could stimulate rapid economic and social development across the region.

The majority of African countries have deficits in their energy balances and rely heavily on imports to fulfill energy needs. Given the rising prices of commodities, these imports are increasingly hampering country trade balances and foreign currency reserves. According to UNEP's Towards a Green Economy (2011), it is essential for African countries to reduce the risks arising from rising and volatile prices of fossil fuels. Countries need to find alternative sources of energy and maintain an appropriate level of financial reserves to import essential equipment for developing local industries and other commodities that are not available on the local market but critical to socio-economic well-being (e.g. food). Renewable energies are among these alternatives and this project is meant to respond to this need.

Given the above considerations and the need for African countries to increase and diversify their power sources, innovative financing and new investments must be secured in the sector. It is estimated that achieving the Energy for All objectives requires that USD 640 billion be invested globally and that 60% of that (USD 390 billion) should be directed towards sub-Saharan Africa. This represents USD 19 billion invested each year in the sub-continent. Current channels of aid will not suffice to meet these needs. Consequently, the private sector needs to be involved and catalyzed into projects embedded within national priorities based on universal access to energy.

Of course, there are barriers to private sector involvement in renewable energy investment on the continent, including technological, institutional, environmental, social, and financial. The implied risks and lower returns on investment associated with renewable energy infrastructure vis-a-vis nonrenewable sources limits the availability and interest of private-sector funding to this sector. Overall, the investment risks are higher and remain a persistent challenge for private investors. These risks partly explain why the renewable energy market is still underdeveloped and why private investors are more attracted to the development of power plants that run on non-renewable sources which offer high returns but have detrimental impacts on the environment.

For African countries to shift towards a greener more sustainable model of economic development, financing must target renewable energy infrastructure. The project will focus on addressing in particular the financial barrier by enhancing available resources for renewable energy project preparation.

2) The baseline scenario or any associated baseline projects

The AfDB supports the development of renewable energy projects through both its public and private funding windows. Although the sector is growing and becoming increasingly competitive, renewable energies are still relatively new on the continent. For these underlying reasons, the AfDB established the Sustainable Energy Fund for Africa (SEFA) in 2011 to support the preparation of projects in the renewable energy sector. One of the objectives of

the facility is to enable the preparation of projects in order to make them eligible for funding under the AfDB private-sector window. GEF financing is expected to strengthen this component of SEFA and enhance the facility's objective of increased and sustained investments in renewable energy over the long run in Africa.

SEFA is a multi-donor trust fund administered by the AfDB and anchored in financial commitments by the Governments of Denmark, the United States, and United Kingdom, to scale up investments in small- and medium-scale Renewable Energy (RE) and Energy Efficiency (EE) projects in Africa. The overall objective is to promote renewable energy and energy efficiency in the African continent. SEFA is one of Africa's instruments under the Sustainable Energy for All (SE4ALL) Initiative and cooperates closely with the SE4All Africa Hub hosted by AfDB.

SEFA has a special focus on private-sector driven small- to medium-sized projects with the view to stimulating a transition to more inclusive and green growth models. In many African countries, smaller clean/renewable energy projects are potentially viable from a commercial perspective but the initial development costs often prevent these projects from accessing necessary financing. SEFA is founded on the premise that reliable, clean and affordable energy can contribute to strong African economies and can have a positive impact in creating employment opportunities across the continent, on top of environmental benefits.

The development objective of SEFA is to support sustainable, private-sector led economic growth in African countries through the efficient utilization of presently untapped clean energy resources. Through the provision of early-stage and upstream support, SEFA plays a catalytic role by addressing a number of barriers associated with deployment of renewable energy and energy efficiency technologies and improving the risk-return ratio expected by the private sector. This is expected to contribute to the bankability of projects and enable sponsors to leverage the required financing (equity and debt) for successful implementation. SEFA allows the Bank to scale-up its engagement in the small to medium-sized RE/EE space. SEFA's financial resources are completely untied and can be deployed in any African country for financing activities with special emphasis on access to sustainable energy in support of the Bank's mandate.

SEFA has been set up to provide technical assistance, capacity building and investment capital to support private investments in sustainable energy in Africa with the overall purpose of stimulating employment and economic growth. Resources are provided through three financing windows: (i) Project Preparation Grants, (ii) Equity Investments, and (iii) Enabling Environment.

The Project preparation grants window (component I) seeks to support AfDB lending to medium-sized Renewable Energy (RE) and Energy Efficiency (EE) projects by co-financing the sponsors' costs of project preparation from pre-feasibility to financial closure. This funding component targets projects with total investment between USD 30-200 million and SEFA can provide grants up to USD 1 million, with larger grants to be considered on a case-by-case basis. The window thus provides cost-sharing grants and technical assistance to private project developers/promoters to facilitate pre-investment activities for renewable energy and energy efficiency projects.

The Equity investments window (component II) is meant to provide early stage capital and infuse technical and managerial know-how to greenfield RE projects in the USD 10-80 million range. This is administered by a dedicated Fund Manager, Berkeley Energy, under the SEFA/AfDB structured Africa Renewable Energy Fund (AREF). AREF is channeling USD 35 million from SEFA for equity and technical assistance, to projects selected by its own Investment Committee. This window seeks to address the lack of access to early stage capital for small-and medium-sized projects, as well as the low managerial and technical capability of smaller entrepreneurs and developers.

The Enabling environment support window (component III) is focused on activities, especially those of the public sector, that create and improve the enabling environment for private investments in sustainable energy in Africa. Examples of grant support provided under this component include: (i) Sector strategy, policy, legal, regulatory and planning activities; (ii) Institutional support and capacity development; (iii) Market development and preparation; (iv) Knowledge generation and data production; and (v) Social and gender analyses and assessments. This thus includes advisory and implementation of legal, regulatory and policy regimes that provide clear and predictable rules for project development, implementation and operation, capacity-building activities to allow the public sector to act as a

reliable and creditworthy counterparty in energy projects and programs.

SEFA's current resources are approximately USD 75 million. Component I addresses a primary barrier to the profusion of small and medium-scale renewable energy in Africa by providing 25% of SEFA's current resources for project preparation support to medium-sized renewable-energy projects, with total investment needs in the range of USD 30–75 million. The support gives much-needed seed capital to entrepreneurs on the continent that will cover part of the cost (up to 70%) of project preparation, including feasibility studies. Receipt of support under SEFA should enable sponsors to solicit financing, both from the AfDB private-sector arms and other private-sector entities, but it will not provide funds for investments. SEFA's Component I activities will partly serve as the baseline for the GEF component. In fact, it is expected that Component I will support project proposals including hydro, solar, wind, cogeneration based on biomass, and utilization of geothermal energy. These projects will then be considered for funding under the AfDB private-sector window.

The AfDB's private-sector window provides funding to private-sector projects, thus contributing to the financing of renewable-energy projects through various instruments (senior loans, subordinated loans, A/B loans, corporate loans, equity, quasi-equity, and guarantees), and improves the bankability of the projects through its capacity to provide advantageous terms and long tenors. It often promotes public private partnerships (PPPs) in the sector and has developed expertise in structuring and funding such projects. In 2011, the private-sector arm of the AfDB approved USD 215 million for energy projects. This amount was split as follows: 22% to clean energy generation, 1.7% to energy efficiency projects, and 26.3% to other energy sources (thermal, coal, etc.). The current pipeline of AfDB investments into private-sector energy projects totals approximately USD 160 million, of which 67% will be in clean energy generation, 15% in energy efficiency, 1% in transmission, and 18% in other sources of energy generation. The synergies between the business-as-usual infrastructure oriented model of the Bank, the SEFA, and the GEF project will be key to materializing and increasing the renewable energy portfolio of the AfDB.

SEFA is administered in accordance with Bank procedures, rules and policy guidelines. The Resource Mobilization & External Finance Department (FRMB) provides fiduciary oversight and is responsible for formal communications with existing and potential donors to the trust fund. Day-to-day operations and management is entrusted to a Secretariat under the guidance of the Department Management Team of the AfDB's Energy, Environment and Climate Change Department (ONEC). All projects are subject to an inter-department Technical Committee review prior to approval by the relevant authority. An Oversight Committee (OC) composed of representatives of SEFA Donors and representatives of Bank Management will be responsible for the implementation oversight and strategic guidance of SEFA. The OC will be chaired by the Vice-President, Operations, Infrastructure, Private Sector and Regional Integration.

3) The proposed alternative scenario, with a brief description of outcomes and components of the project

A modernised and more integrated energy system allows for more efficient use of resources and brings energy to a greater share of the poorest regions of sub-Saharan Africa. A reduction in the risks facing investors and increased financing to jump-start project preparation will have positive outcomes on the renewable energy market in Africa, and consequent benefits to local and global environments. The GEF investment will be critical in helping to close the gap between potential renewable energy resources and actuality, and in energy provision and economic opportunity between sub-Saharan Africa's rural communities and its urban populations.

The overall project goal is to support investments in renewable energies in Africa by providing additional project resources and piloting the use of reimbursable grants under the SEFA's project preparation window (component 1). This will allow SEFA to meet the demand for project development support while improving the facility's sustainability through structuring of grants with a reflow element. The aim is to unlock private investments in sustainable energy projects in Africa. Through the provision of early-stage and upstream support, SEFA plays a catalytic role by addressing a number of barriers associated with deployment of renewable energy and energy efficiency technologies and improving the risk-return ratio expected by the private sector.

SEFA's project preparation window provides grant resources and technical assistance to private developers and sponsors to finalize pre-investment activities for RE and EE projects. Resources target activities from pre-feasibility phase up to financial close, with the view of making projects bankable and crowding-in the needed equity and debt capital for implementation. Through its component I activities, therefore, SEFA is increasingly playing a key role in origination and early stage advisory of RE and EE projects sponsored by private actors or PPPs prepared by governments.

Since January 2012, SEFA has provided ten preparation grants to private project developers for a total of USD 9.1 million, representing over 311 MW of new capacity and USD 817 million in total investments. SEFA's portfolio spans ten countries across all sub-regions and includes geothermal, wind, solar PV, waste-to-ethanol, ocean cooling, hybrid systems and energy efficiency projects. This is significant progress vis-à-vis its USD 14 million envelope for project preparation. Given the strong demanding and robust pipeline, additional resources are critically required to sustain momentum under this window.

The SEFA program operates with a robust dealflow and has reviewed for the past 3 years an average 100 project requests per year. Projects reviewed are diversified and encompass both mature and pilot technologies, at different stages of development. The average SEFA grant (based on approvals) is USD 0.9 million for mid- to late stage preparatory activities. Given the profile of GEF resources, we would expect to focus only on mature technologies (solar, wind, hydro) for projects at late stage development (transaction advisory) led by well-established and "credit worthy" sponsors such as international DEVCOS and Private Equity Funds (SEFA Secretariat has a network and relationships with these players). An updated SEFA pipeline is provided below (Approved 1-11; Pending approval 12-14; at screening stage 15-18).

Current SEFA portfolio including projects at different stage :

#	Project	Country	Technology	Grant (\$)	MW	CAPEX (\$)
Project approved						
1	ABREF	Multi	Multi	999 000		
2	Nosy Be	Madagascar	Hybrid	987 000	8	35,00
3	Lake Assal	Djibouti	Geothermal	1 800 000	20	75,00
4	Khalladi	Morocco	Wind	960 000	120	187,00
5	DOWA	Mauritius	Efficiency	1 000 000	26	107,00
6	Windiga	Burkina Faso	Solar PV	950 000	20	48,00
7	SMEF-GEB	Nigeria	Bio-Energy	580 000	0	67,00
8	dVentus	Ethiopia	Industrial	842 000	0	22,00
9	Jumeme	Tanzania	Hybrid / Mini-Grid	420 000	5	21,00
10	JCM	Cameroon	Solar PV	777 000	72	170,00
11	Starsol	Chad	Solar PV	770 000	40	100,00
Pending approval (Cleared)						
12	Wind for Prosperity	Kenya	Wind	700 000		
13	Wave20	Cape Verde	Wave	940 000		
14	Saltinho HPP	Guinea-Bissau	Hydro	980 000		
Project at screening stage						
15	TFI	Ghana	Solar PV	1 000 000		
16	Kaboni	Cameroon	Hydro	1 000 000		
17	CEC	Zambia	Solar PV	1 000 000		
18	PowerHive	Nigeria	Solar PV / Mini-grid	1 000 000		
TOTAL APPROVED				10 085 000	311	832

Rationale

The rationale of the project is for GEF to support transition towards a financially sustainable Project Preparation Facility. SEFA became operational in January 2012 and has since reached a total commitment of USD 46,640 million, corresponding to 82% of SEFA's available resources for projects (as of December 2014). Project preparation funds are two-thirds committed and additional funds will soon be required to meet demand. SEFA is additionally interested in piloting new approaches to deploying grants, particularly ones generating reflows. The ultimate objective would be to develop a more "sustainable" facility with new projects being financed with funds from successful projects.

Furthermore, the project aims at strengthening SEFA's mandate for project preparation and delivery of bankable RE Deal-Flow in Africa. Through its origination, early-stage advisory and financing of project preparation activities, SEFA plays a key role in filling the 'Early-Stage Financing Gap' and generating a pipeline of bankable projects. The SEFA Secretariat screens over 100 projects it receives directly every year, with some sponsors receiving coaching from SEFA experts and the best projects introduced to the AfDB's investment officers. SEFA's involvement in regional clean energy business competitions, such as the West African Forum for Clean Energy Financing (WAFCEF), offers a significant source of pipeline opportunities. GEF's contribution would strengthen SEFA's mandate and approach to grant deployment, provide more resources to keep up with its deal-flow as well as provide a test platform for alternative utilization of grant instrument as a catalyst of change.

Proposal/Modalities

The proposed project intends to pilot the use of reimbursable grants under the SEFA project preparation window with the aim of improving the facility's sustainability through reflows. The main characteristics of the pilot and implementation modalities are as follows:

Possible terms of GEF support to SEFA:

Budget: USD 10 million

Technology: While not prescriptive, priority will be given to wind, solar and biomass projects which tend to display greater maturity levels. Other technologies will also be considered provided they exhibit commercial viability and strong development outcomes. Geothermal projects will be excluded.

Scope: Support to be given to projects at mid to late development stage, where at least a pre-feasibility has been carried out.

Loans: Support to be in the form of non-interest bearing loans/conditional grants reimbursable upon project reaching financial close.

Recovery: It is envisioned that all projects that have succeeded in reaching financial closure will reimburse 100% of the preparation grant. Given the fact that preparation funds will be recycled during the life of the project (7 years), final reflows to the GEF Trustee will occur at the end of the implementation period, hence by December 31st 2025.

The recovery process of the redeemable grants will be done by direct reimbursement from the project sponsor to the GEF Trustee through the AfDB. It is envisaged that the preparation fund will be part of the project development cost which will be covered by the project investors (LP and GP) at financial closure.

The project also anticipates an option for reflow in the form of a grant conversion to equity, depending on project needs. However, this will be limited to a minimum amount (5%) and subject to GEFSEC approval.

Implementation: The initiative will be implemented by the SEFA Secretariat, which has a resident team supporting origination, appraisal and implementation activities. Recruitment of at least one additional expert (investment officer type) would be required to support implementation of additional resources. The SEFA Secretariat team will closely follow projects, determine whether they are on track, and provide assistance as and when needed. How the team responds to problems will depend on the nature of the problems that arise, some of which may not be controlled by the team (e.g.) In any case, the team will provide guidance, coaching, and build close relations with project implementors during preparation and implementation phase.

In addition to the SEFA Team, the Bank will recruit a dedicated investment officer who will be fully assigned to this program and located within the SEFA Team. This expense will be covered under the project fees.

Operational Procedures: SEFA's standard operational procedures in terms eligibility, review and approval process will be used.

Structuring: GEF contribution will be structured as a separate account from the SEFA trust account, but managed by SEFA Secretariat.

The project preparation and CEO endorsement document will detail the implementation modalities of the reimbursable grants, including legal arrangements and indicative reflows alternative modalities (but limited to direct reimbursement and equity conversion after GEFSEC approval).

Project Preparation Support (Component I)

Component I seeks to bring medium-sized Renewable Energy and Energy Efficiency projects to bankability by providing cost-sharing grants to project preparation activities. Typical activities financed under this component include: (i) feasibility studies, (ii) environmental and social impact assessment (ESIA) studies, (iii) engineering studies, (iv) transaction advisors, and (v) any other "soft" activity required for the project to reach financial close. Projects are identified by the SEFA Secretariat and AfDB operational departments through dialogue with partners including project developers, equity investors, and commercial and development financiers. SEFA Secretariat works closely with Bank Task Managers in developing and appraising grants requests. The Secretariat may consider championing some early-stage requests where they present unique opportunities for the Bank.

4) The incremental/additional cost reasoning and expected contributions from the baseline, the GEFTF, LDCF, SCCF, and co-financing

In the framework of the baseline described above, the project will enable the realization of renewable energy projects. As indicated, SEFA's Component 1 is not meant to finance hard infrastructure, and the AfDB private-sector arm will provide financing based on market terms to selected renewable-energy projects. The GEF funds, through an accurate, non-market-distorting level of concessionality, will enable the financing of projects that would not occur otherwise.

The high cost of accessing finance for renewable energy infrastructure substantially increases the perceived risk and threatens the returns of private-sector investors that look for technologies with lower risk, such as coal or thermal power plants, but generate sizable GHG emissions. GEFTF financing will improve the bankability of renewable energy projects, therefore attracting private-sector investors in projects that have the potential to be replicated on the continent. The normal situation would have resulted in less investment in the renewable sector and the consequent additional emissions from non-renewable sources.

As an example, bioenergy use in Africa – mainly fuelwood and charcoal – outweighs demand for all other forms of energy combined. Four out of five people in sub-Saharan Africa rely on the traditional use of solid biomass, mainly fuelwood, for cooking. A 40% rise in demand for bioenergy to 2040 will also contribute to exacerbating the forestry stock. Without financing of renewables, therefore, this situation will continue unabated. Promoting more efficient biomass cookstoves, as one investment example in renewables, reduces the health effects of pollution from indoor smoke, reduces the threat to forest coverage posed by households' biomass combustion, and lowers GHG emissions.

The GEF component is thus complementary to the AfDB activities in removing the barriers to renewable energy development in Africa. It will bring additional concessionality to the sector which is critically needed. Consequently, this will reap benefits to the populations that will have access to alternative energy sources at affordable prices. The GEF funds will contribute to the substitution of GHG-emitting projects with renewable ones. In addition, the project will generate indirect global environment benefits by contributing to the provision of universal access to sustainable energy sources to a much wider population.

The SEFA and AfDB GEF units are both hosted by the Energy, Environment and Climate Change Department of the AfDB and have established a productive working partnership and proven to be complementary over the last two years. Co-financing will be provided by the AfDB through SEFA and its private-sector window. The AfDB expects to leverage additional private sector funds as well as funding from financial intermediaries. Investment in renewable-energy power supply infrastructure still faces many barriers in Africa. It is therefore necessary to attract concessional funding in order to catalyze other investments and provide a demonstration effect across countries and at the regional level.

The multinational approach of SEFA and GEF funding will facilitate the implementation of several projects across the continent that are interrelated and which together support the same objective of up-scaling private sector investment in renewable energy generation. Together, the resultant projects born of this financing will promote renewable technologies, improve energy access in African countries and across the continent, and create much greater environmental benefits to scale. Projects will be selected with priority given to wind, solar and biomass projects which tend to display greater maturity levels while other technologies will be considered if they exhibit commercial viability and strong developmental outcomes.

In accordance with the GEF operational modalities for public partnership programs (GEF/C.42/Inf.08), this program will be implemented in line with Option 1 "In advance" of the GEFSEC concurrence on investment under the program. The following criteria will be applied by the Agency to select the projects under the program. Table 1 and 2 below give the selection criteria (1) and the selection process the Bank will use to comply with the criteria (2).

The following criteria will be applied to selecting the projects to be considered for preparation funding under the program. Projects considered for funding will be assessed based on the table below:

Table 1 : Selection criteria of project funded under the program

Criteria	Comment
Sector	Renewable energy generation excluding off-grid and geothermal projects
Scope	Project preparation activities from origination up to financial close
Project size	USD 30-200 million
GEF grant Co-financing	Up to 50% and limited to \$1million per project
Maturity	7 years with a maximum of 3 years period per project
AfDB SEFA co-financing	Co-financing from other funding including SEFA, AfDB, sponsor and any other source will be 1/2 of total project preparation cost. The AfDB private sector arm may fund the investment at the project financial closure at minimum 25% of project investment cost.
Leverage	GEF funds' leverage target over total project cost at investment stage will be at least 1/5 in Least Developed Countries and at least 1/7 in others
Return	Interest rate will be determined in accordance with the AfDB non-sovereign loan pricing policy. An indicative margin range of [2 to 5%] will be assessed.
Reflows	100% grant principal plus interest (rate between 2 to 5%) will be reimbursed at project financial close and be recycled to new project in the portfolio up to 7 years cycle (plus 3 years extension if possible)
Private sector development and demonstration effect	Not all projects will be sponsored and prepared by this program. Projects selected will have a demonstration potential in the sense that they will demonstrate the feasibility of particular business models, with a potential of replication at the national and regional levels.
Global environment benefits	Projects to be funded by the program will have a net positive effect on the environment, mainly through carbon emission mitigation.

Revenue model and project risk profile

As shown in Table 1, it is proposed to apply a return margin of 2 to 5% on each reimbursable grant to be paid on successful completion (financial close). However, the return margin of 2 to 5% is not calculated at portfolio level₁₁

but on project level. Level of return (concessionality) will be assessed on each project on a case by case basis and depending on project financial model profile.

However, not all projects will reach financial close; it is important to note that there is a significant risk that projects do not reach financial close for multiple reasons beyond AfDB's control (eg. lack of equity, PPA not signed, expiry of provisional licenses, inconclusive feasibility studies, E&S challenges, policy and regulatory gaps, etc.) or at least are significantly delayed. In fact, in Sub-Saharan Africa, only a few projects reach financial close every year, and the lead time for preparation averages 3-5 years (with cases of up to 7 years). What this means is that this risk will result in some grants being written-off and SEFA not be able to reimburse GEF in full. This basically is the nature of renewable energy preparation stage. We would expect an indicative repayment rate to GEF in the range of 60-70% after 10 years plus an interest rate (2 to 5%) on grants capital (on completed projects) if 80% of projects reach financial close.

The below table shows different simulations for reimbursement given following parameters (details available in the attached revenue model) :

<u>Assumptions</u>	
GEF Funds	10 mUSD
Fund Maturity	10 years
Average size of support	0,6 mUSD/project
# projects to be supported	16 (excl. recycling of funds)
Fees	0,03 p.a.
Project support recovery term	2 years
Funds recovery rate	100% for projects completed
Scenario 1 - 80% of supported projects recovered for 2 rounds of fund recycling	
Recovery rate	61%
Leverage ratio on projects supported compared to current SEFA model	1 : 3,6
Number of project supported	36
Scenario 2 : 80% of supported projects recovered for 1 round of fund recycling	
Recovery rate	70%
Leverage ratio on projects supported compared to current SEFA model	1 : 2,7
Number of projects supported	27

Under scenario 1, a total of 36 projects will be supported through 2 rounds of recycling. It is estimated that 80% of project will be recovered by cycle. A total of \$6.13million is recovered under this scenario including a capital of \$5.4million and interest of 0.731million. The total recovered rate is then estimated at 61%.

With this scenario 1, the GEF funding will allow a leverage of 1/3 compare to usual SEFA project preparation portfolio a year.

Under scenario 2, a total of 27 projects will be supported through a unique round of funding. It is estimated that 80% of projects will be recovered. A total of \$7million is recovered under this scenario including a capital of \$6.6million and interest of 0.402million. The total recovered rate is then estimated at 70%.

With this scneario 2, the GEF funding will allow a leverage of 1/2.7 compare to usual SEFA project preparation portfolio a year.

If a priori scenario 2 appears better, combining moderate risk (default rate of 70%) and providing a higher leverage than scenario 1, a deep analysis will be conducted during the preparation phase (CEO endorsement) to select the most suitable solution.

All Project grant requests will go through the SEFA's internal processing prior to consideration by the Vice President OIVP approval or AfDB Board of Directors, that will provide the final approval for financing. The program approval process and review will follow the SEFA operational guidelines, which consists of 3 steps in terms of review and approval:

1- Pipeline clearance: A Project Evaluation Note (PEN) is presented to the AfDB Energy and Climate Change department (ONEC) Management Team and cleared based on a high-level review of eligibility (criteria above), technical merits, quality of sponsor and country priorities (to be defined at CEO endorsement).

2- Technical clearance at the SEFA Technical Review Committee (TRC)- A complete Grant Proposal Note is presented to the Bank's Inter-Departmental Technical Committee (and the Oversight Committee for grants above USD 1 million) for clearance based on technical details and implementation arrangements, and

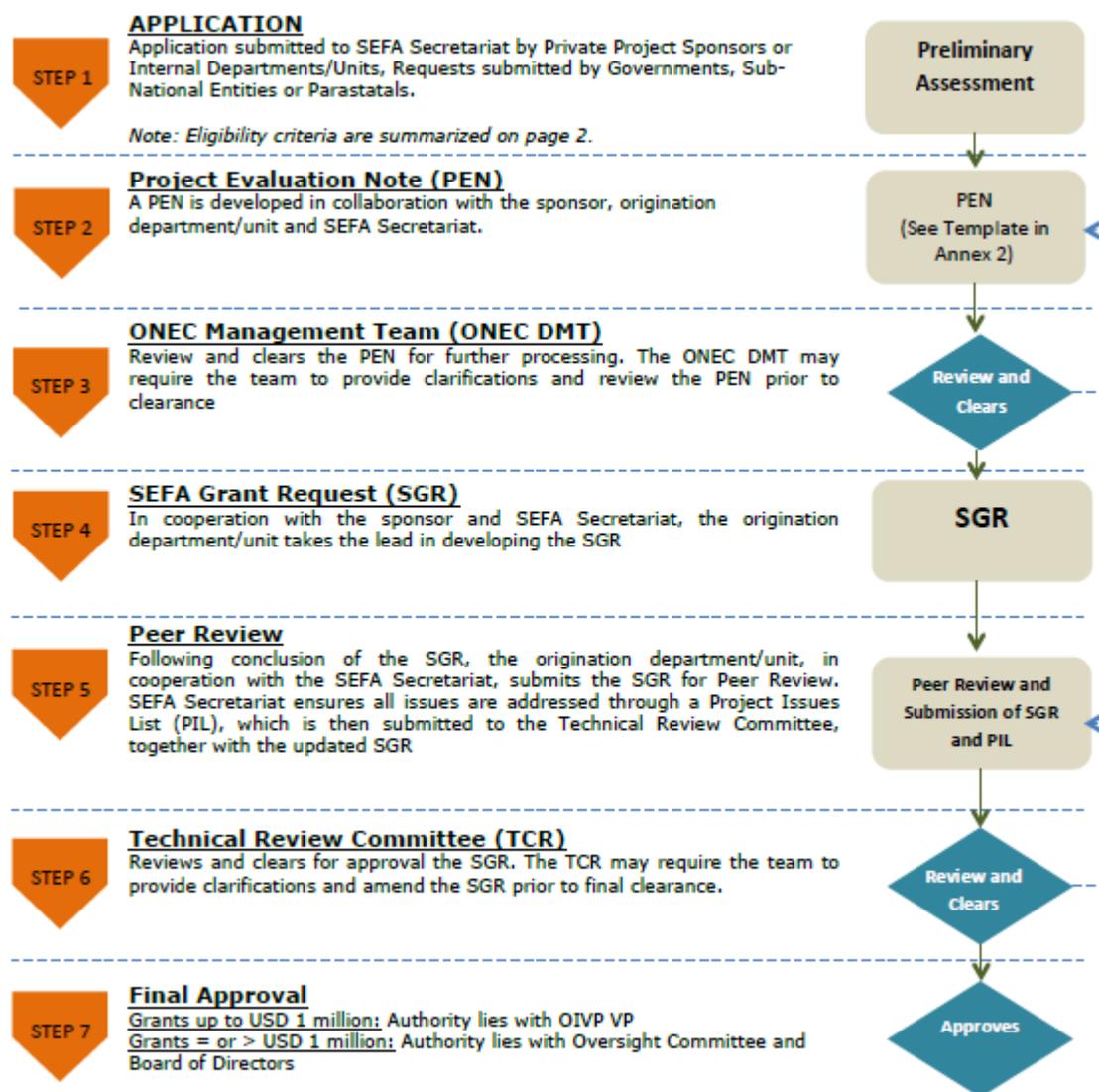
The SEFA TRC established under the SEFA Multi-Donor Arrangement examines and reviews all proposals for funding and ensures that these are technically and financially sound, are fully aligned with the Bank's strategies and policies and comply with applicable rules and procedures. The TRC is chaired by the Director of the Resource Mobilization and External Finance Department (FRMB) and includes representatives from the General Counsel & Legal Services Department (GECL), Procurement & Fiduciary Services Department (ORPF), Financial Control Department (FFCO), Strategy & Policy Department (COSP) and sector operations departments including Energy, Environment and Climate Change (ONEC), Regional Integration (ONRI) and Private Sector (OPSM) Departments. Other Bank's Operational Departments and/or Units can also be called upon to provide technical inputs as necessary.

3- Final approval by the Vice-President OIVP (below or equal to USD 1 million) or the Bank's Board of Directors (for grants above USD 1 million).

In addition to this SEFA process and prior to project approval by Vice-President OIVP (below or equal to USD 1 million) or the Bank's Board of Directors, the project grant request will be submitted to GEFSEC for information.

The full process for SEFA origination, review and approval is provided in Figure 1.

Figure 1 : Project origination, review and approval under the program



The SEFA Team is currently working on a pipeline of projects which fit the program criteria and will be finalized at CEO endorsement stage. It is estimated that the GEF funding will support the preparation of 10 completed RE projects for a total capacity of 700MW. The SEFA dealflow and pipeline above will be used to identify potential projects to be submitted for this GEF funded program.

5) Global environmental benefits (GEFTF) and/or adaptation benefits (LDCE/SCCF)

The program will provide global environment benefits by replacing nonrenewable energy sources with renewable sources. It is estimated that the program will enable the reduction of a total 3,835,000 tons of CO2 during the life of the project, given the estimated 10 years of investments life. The details of CO2 calculation are shown in the table below :

Table 2: Program CO2 emission reduction

Installed Capacity Technology/Year	Preparation and investment stage				Energy production stage							Total MW
	0	1	2	3	4	5	6	7	8	9	10	
Wind					50	100	150	200	250	300	350	350
Solar					10	20	30	40	50	60	75	75

Hydro	15	30	45	60	80	100	120	120
Stranded Gas	5	10	15	20	25	30	35	35
								580
Power generated by investment / year (GWh)								Total GWh
Wind	127	254	381	508	635	762	889	3556
Solar	17,5	35	52,5	70	87,5	105	131	498,75
Hydro	78	156	234	312	416	520	624	2340
Stranded Gas	35	70	105	140	175	210	245	980
								7374,75
Emission reductions by company (kilo tons CO2e)								Kilo tons CO2
Wind	79	159	238	317	397	476	555	2220
Solar	2	4	6	8	10	12	15	56
Hydro	49	97	146	195	260	325	390	1461
Stranded Gas	3	7	10	14	17	21	24	98
Total								3835

The values are based on emission factors for Senegal, Mali, Kenya and Uganda sourced from CDM data for several projects. For stranded gas, a simple calculation of grid baseline emissions minus project emissions is used based on CDM PDD data.

Reliable energy will reduce the reliance on and use of biomass, mainly fuel wood, by households, with a direct positive effect on forest cover. This will provide global environment benefits through the conservation of biodiversity and carbon sinks.

Sub-Saharan Africa is rich in energy resources but very poor in energy supply. Making reliable and affordable energy widely available is critical to the development of a region that accounts for about 14% of the world's population, but only 4% of its energy demand. Over the past decade sub-Saharan Africa has seen rapid economic growth and energy use has risen by 45%. Many governments are intensifying efforts to tackle the numerous regulatory, institutional and political barriers that are holding back investment in domestic energy supply, but inadequate energy infrastructure reduces urgently needed improvements in living standards. Efforts to promote electrification are gaining momentum but are outpaced by population growth. Although investment in new energy supply is on the rise, two out of every three dollars put into the sub-Saharan energy sector since 2000 have been committed to the development of resources for export. A severe shortage of needed electricity infrastructure and an untapped renewable energy market are undermining efforts to achieve more rapid, sustainable social and economic development on the continent.

The development and financing of local, small clean energy businesses in unproven markets requires financing to raise the private investment capital needed to increase and accelerate use of low-carbon energy technologies (i.e. EE & RE technologies). Without GEF support to SEFA, these investments would not flow, decentralized energy businesses would not be launched, and the resultant environmental benefits would not occur.

Renewable energy has numerous social, environmental, and economic benefits. To be truly sustainable, an energy source must meet the following criteria:

- minimal or no negative environmental or social impact now and in future;
- non-depletion of natural resources;
- meet the needs of people now and in the future in an accessible, equitable and efficient manner;
- protect air, land, and water;
- little or no net carbon or other greenhouse gas emissions.

Renewable energy sources can meet all these criteria and provides numerous environmental benefits, from improved local air quality to reduced impact on land, water and climatic systems. On the flip side, continued reliance on conventional energy sources such as fossil fuels and nuclear power will lead to environmental, social, and political problems: a dependence based on limited resources. Renewable energy sources also create more resilience than coal, natural gas, and nuclear power plants in the face of extreme weather events and climatic variability. Renewable energy thus provides incredible benefits for the climate, health, and individual economies, replacing carbon-intensive energy sources and significantly reducing GHG emissions and their negative effects on global warming and climate change.

Although Africa is the lowest emitter of GHGs, its rapidly growing population will demand a strong increase in the supply of reliable energy. If no action is taken with a view to promote and incentivize the generation and distribution of green energy, the continent's emissions will increase at an exponential rate. GEF funds will contribute to mitigating this threat by enabling the materialization of renewable energy projects that would not otherwise be developed. The project will replace nonrenewable energy sources with renewable sources. It is fully aligned to GEF's Climate Change Mitigation focal area, contributing particularly to Program 1(Promote the timely development, demonstration, and financing of low-carbon technologies and mitigation options); and Program 4 (Promote conservation and enhancement of carbon stocks in forest, and other land use). Reliable energy will reduce the reliance on and use of biomass, mainly fuel wood, by households, with a direct positive effect on forest cover. Additional global environment benefits are therefore the conservation of biodiversity and carbon sinks.

Through the GEF funding, and under the project development component of SEFA, the set of projects to be developed and implemented will consequently assist Africa in the transformational change of its energy sector towards a more sustainable low-carbon path. Furthermore, it will be the private sector that will assist in delivering renewable energy technologies to communities, households and small businesses. Contributions will be made towards investment promotion, PPPs, technology and knowledge transfer as well as technical assistance for creating an enabling market environment for renewable energy technologies.

Energy infrastructure is key to economic and social development as it enables a new range of activities with wide-ranging consequences, including benefits to households. By creating and strengthening the capacity for renewable energy project development based on regional cooperation and country linkages, the project will have additional potential positive repercussions, including, removing institutional, informational, financial and technical barriers; reducing political tensions over finite nonrenewable resources; increasing access to basic energy services for people in rural areas; replacing fossil fuels and reducing firewood consumption; energy infrastructure development; diversifying energy resources; increasing the number of households and companies connected to a reliable and sustainable source of energy; job creation; reduced prices of goods and services through sustainable and reliable energy supply; better enabling environment for private sector across the continent; reduced dependency on imports; and increased focus on integrating global environment protection into the energy policies and political agenda of the African continent.

6) Innovativeness, sustainability, and potential for scaling up

The project is meant to create conditions for the establishment of a sustainable SEFA project development assistance facility. As such, the GEF project embodies a mechanism to ensure replication and sustainability over time. The project is innovative per se as it targets the pilot non-grant financing of the GEF for renewable energy projects with high potential for global environmental benefits. The projects to be developed will be expected to influence the energy sector to provide financing assistance for the replication of RE-based energy projects. The project will support innovative private sector enrollment in GEF supported activities.

The GEF recently launched its USD 110 million pilot program to demonstrate and validate the application of non-grant financial instruments to combat global environmental degradation. This project will be one of the first to feed directly into this pilot program and demonstrate its potential for delivering global environmental benefits related primarily to climate change mitigation. Moreover, SEFA is interested in piloting new approaches to deploying

grants, particularly ones generating reflows. The ultimate objective would be to develop a more sustainable facility with new projects being financed with funds from successful projects.

The project will also have a demonstration effect on the viability of private-sector investments in the renewable-energy sector and will contribute to the replication of projects in the same county or across the region. Today, more than one out of two Africans do not have access to modern energy. This number rises to nine out of ten in rural areas. To address this challenge, AfDB will be investing USD 20 billion in energy by 2030 and mobilize USD 80 billion in additional resources by partnering with private and public enterprises. As a matter of priority, AfDB will finance regional scale energy projects that benefit more than one country. The Bank will also invest in small- and medium-scale energy projects--in particular initiatives that increase access to electricity in rural regions. SEFA and the GEF financing contribute directly to this long-term vision.

The SEFA facility is a vehicle for shifting investment patterns from conventional technologies toward RE, thereby creating an enabling environment that would facilitate the widespread utilization of renewables and increased access to financing over time. Replication will be an integral component of project designs for lessons learned and applicability across the continent. Scale-up will be ensured through the documentation and widespread dissemination of the activities/inputs under each project. Successful replication of market-based solutions to RE development can also be extended across sectors and transferred from household supply concepts to education, health, water and food supply.

The Sustainable Energy Fund for Africa (SEFA) is a prime example of how the Bank and the GEF deliver for smaller private renewable initiatives. As an African institution, AfDB is committed to engaging with African energy sector stakeholders to work towards the SE4All objectives. In doing so, it will assist African countries in establishing the policy frameworks they need to harness the continent's vast energy potential and equip countries with the regulatory and institutional framework to attract private sector investments. Together, these actions will scale up Africa's ability to achieve universal energy access, increase the share of renewable energy and improve energy efficiency, and will put the continent in a better position to realize its social and economic development goals.

2. *Stakeholders.* Will project design include the participation of relevant stakeholders from civil society and indigenous people? (yes /no) If yes, identify key stakeholders and briefly describe how they will be engaged in project design/preparation.

A renewable energy project might have a direct effect on natural resources that are part of a local communities' livelihoods. The Bank will apply most stringent safeguards and guidelines to ensure that communities, civil society, vulnerable people, and other relevant stakeholders are involved in consultation processes. In the case of renewable-energy projects, relevant ministries will also be involved in the discussions related to the agreements linked to each project.

The projects to be developed will be of high social and economic relevance to final beneficiaries in each country. As such, the objectives of this project serve broad national as well as regional socio-economic development objectives, on top of environmental. They have the potential to contribute significantly to the improvement of energy security and access, and will assist in meeting energy demands across the continent by providing modern, reliable and affordable energy services in rural areas. The target beneficiaries therefore represent a broad range of stakeholders, including national governments, local utilities, regional organizations, project developers, investors but also communities to which the benefits will flow.

Broad stakeholder consultations will therefore occur with measures to ensure that the consultations integrate inclusive participatory mechanisms centered on addressing all socio-economic and also gender realities. As such, robust and tailored stakeholder consultation plans will be devised to achieve this objective.

Stakeholder identification will be initiated, identifying key stakeholder groupings and including specific male stakeholder and female stakeholder categories to be consulted separately. To ensure effective representation and encourage the participation of vulnerable groups especially, formal and informal consultative forums will be held,

culturally acceptable modalities of communication will be employed, and inclusive participatory methodologies will be utilized to channel information on gender dynamics, relations, inequalities, and responsibilities and analyze how this information will be positively or negatively impacted by the proposed projects. Constraints to the inclusion/participation vulnerable groups will also be assessed and addressed.

The insight gained from inclusive stakeholder representation and participation will serve to determine how the design and implementation modalities of the proposed projects can be shaped to be sensitive and responsive to different needs and social groups. The insight gained will also seek to determine appropriate means for meaningfully engaging men, women, and other vulnerable groups in contributing to the social and environmental sustainability of the proposed projects.

3. *Gender Considerations.* Are gender considerations taken into account? (yes /no). If yes, briefly describe how gender considerations will be mainstreamed into project preparation, taken into account the differences, needs, roles and priorities of men and women.

The lack of access to modern, affordable and reliable energy services is interlinked with a variety of economic, social, and environmental realities and consequences. The pressure on forest resources increases while indoor pollution arising from the use of traditional biomass is a serious health risk, particularly for women and children. Reliable and sustainable sources of energy will therefore have a positive impact in particular for women and children who tend to engage the most in time-consuming activities linked to accessing energy sources (e.g. collecting fuelwood).

Reliable and sustainable sources of energy has a strong impact on women and children wealth who tend to engage the most in these time-consuming activities linked to accessing energy sources. Reliable and sustainable sources of energy will reduce household dependence on fuel wood, therefore reducing the time spent collecting it. This change in energy source will also have a positive impact on households' health and hygiene by improving the quality of the air through avoiding in-house combustion of fuel wood. It will also reduce the opportunity cost of accessing water resources from distant locations for households by enabling water pumping where possible, therefore increasing the amount of time available for income-generating activities. Reliable and sustainable energy sources will contribute to the conservation of perishable food products. It will also facilitate students' schoolwork by giving them a source of light to study in the evening, with a direct positive effect on alphabetization and education generally.

Gender Mainstreaming Under SEFA

Building on the Bank's commitment to gender equality and efforts toward mainstreaming gender dimensions in the energy sector, among others, SEFA will integrate a gender sensitive and gender responsive focus in the planning and interventions undertaken through its grant activities. The envisaged gender sensitive and gender responsive approach consists of the following elements: (i) a gender assessment and analysis, (ii) a participatory consultative process balancing gender realities, and (iii) modalities for enhancing gender benefits and minimizing gender risks. Practically, reflection of gender equality principles and practices in project design will be deemed essential for grant support provided under Component I. Similarly, gender dimensions will be fully mainstreamed in grant support provided under Component III, including gender and social training for staff done in the framework of institutional and capacity building activities, as well as requirements for gender analyses and assessments to be reflected in proposals.

Necessity for a Gender Sensitive and Gender Responsive Approach

The successful realization of Component 1 depends on the effective integration of cross-cutting issues, in particular measures aimed at promoting gender equality. Building on the Bank's extensive experience in gender mainstreaming in the energy sector and other sectors, SEFA will integrate a gender sensitive and gender responsive focus in the planning and interventions undertaken through Component 1. Component III will also incorporate gender considerations in its enabling environment and market development projects, although recognizing that these will be less specific to physical installations.

Component 1's emphasis on project preparation provides the appropriate entry point through which to integrate gender concerns within proposed projects. The envisaged gender sensitive and gender responsive approach consists of the following elements:

- A gender assessment and analysis;
- A participatory consultative process balancing gender realities; and
- Modalities for enhancing gender benefits and minimizing gender risks.

The pre-feasibility studies and other studies to be financed by SEFA resources will be required to include mechanisms for undertaking a comprehensive gender assessment and analysis. Applicable documentation would include, but would not be limited to, the Environmental and Social Impact Assessment (ESIA), the Environmental and Social Management Plan (ESMP), and the Resettlement Action Plan (RAP), if a RAP is required. A comprehensive gender assessment and analysis will serve to provide a heightened understanding of gender from economic, cultural, social, and political perspectives while highlighting considerations which the proposed projects must seek to address to strengthen their ultimate social and environmental sustainability.

Engendering the environmental and social (E&S) documentation {ESIA, ESMP, RAP, etc.} through the inclusion of a comprehensive gender assessment and analysis serves to mainstream gender dimensions from the onset. The practical and strategic needs of men, women, and other vulnerable groups will be captured. The gender assessment and analysis will facilitate obtaining information on gender relations, dynamics, and circumstances in the project area(s) in which a proposed project will be implemented. Gender roles, responsibilities, inequalities, and division of labor will be determined, differentiating between men, women, boys, girls, and vulnerable groups. Time use, work burden, access and constraints to social, economic, and natural resources, allocation and control of resources and assets, and participation in formal and informal decision making forums will also be evaluated. Gender disaggregated data will be obtained so that the analysis of the circumstances facing specific groups is informed and justified by statistical information. At the same time, the gender disaggregated data will serve as part of an initial socio-economic baseline from which the project's impacts will potentially be monitored over time. Gender disaggregated data will center on basic information but will also be tailored to capture disaggregated data on energy needs, energy use, energy supply, household and individual energy priorities, and associated gender implications.

While quantitative information is key, it is recognized that qualitative information is equally important in establishing a comprehensive and relevant gender assessment and analysis for the proposed projects. The engendering of the E&S documentation and the emergence of qualitative and quantitative information would result in a robust analysis on the gender effects, implications, and benefits that are expected from the proposed projects. This analysis would distinguish carefully between the distribution of the projects' impacts vis-à-vis men, women, and other vulnerable groups. This analysis would also need to examine linkages between gender and climate change. The specific vulnerabilities of men, women, and other vulnerable groups to climate change, the differing needs of men, women, and other vulnerable groups to respond and adapt to climate change impacts, and the influences cast by climate change in altering gender division of labor, roles, and responsibilities and livelihood activities of men, women, and other vulnerable groups must be highlighted.

4 Risks. Indicate risks, including climate change, potential social and environmental risks that might prevent the project objectives from being achieved, and, if possible, propose measures that address these risks to be further developed during the project design (table format acceptable).

The project will support projects in parallel to AfDB's private sector funding. The GEF component will benefit from the same security package as the AfDB in the case of project finance. SEFA grants will be implemented in accordance with the Bank's policies, rules, and procedures as articulated in its Integrated Safeguards System (ISS). Particular attention will be given to the Bank's Gender Strategy 2014-2018.

The environmental and social risks are low as, by its nature, SEFA will only consider projects that do not represent a threat to the environment or the livelihood of the populations within the project area. All projects will also follow the AfDB's environmental and social safeguards, requirements, and procedures.

In terms of credit and financing, the risks are medium-high. As a co-financing instrument, the GEF program will be implemented in accordance with the AfDB rules and procedures applied to private-sector projects. These include a full range of safeguards and checklists that are used to assess and monitor the risks and outcomes of a given project throughout its life cycle and beyond, including a detailed credit risk assessment that analyzes all financial and non-financial risks inherent to a given operation, including concentration limits. The assessment, made by an independent team housed at the AfDB's Risk Management Department, includes the drafting of a credit note that is submitted to the Board of Directors and serves as a complementing document to the approval of a given project.

Projects will go through the Bank's internal processing procedures. Prior to their approval, private-sector operations are scrutinized through the Bank's approval process. Each operation is reviewed twice, by a country team and senior management, before being submitted to the Board. Throughout the process, projects will also be assessed in respect to the environment and social guidelines and standards of the AfDB, which are in line with other development finance institutions. Monitoring and evaluation of the selected projects will be done through the Bank's usual process.

The following criteria will be used in screening funding requests under component I of SEFA:

- Projects with total investment needs of USD 30 – 200 million
- Underlying projects must be implemented in an AfDB RMC
- Recipients are expected to provide at least 30% of the total pre-investment costs
- Project preparation activities from pre-feasibility up to financial closure
- Projects should be sponsored by private companies, or public sector agencies where the final project is to be an IPP or PPP.
- Projects should have gender equality principles and practices outlines throughout their design.

The primary entry point for funding requests is the SEFA Secretariat which:

- (i) screens all initial requests for eligibility and prioritization
- (ii) provides technical support to applicants in developing a Grant Request,
- (iii) monitors and ensures the implementation progress of all approved projects and,
- (iv) coordinates the assessment of impact and results of each project.

The internal review and approval process will consist of three key steps:

- (i) Clearance for pipeline – A Project Evaluation Note is presented to the ONEC Management Team and cleared based on a high-level review of eligibility, technical merits, quality of sponsor and country priorities (Annex A2),
- (ii) Technical clearance - A complete Grant Proposal Note is presented to the Bank's Inter-Departmental Technical Committee (and the Oversight Committee for grants above USD 1 million) for clearance based on technical details and implementation arrangements, and
- (iii) Final approval by the Vice-President OIVP (below or equal to USD 1 million) or by the SEFA Oversight Committee together with the Bank's Board of Directors (for grants above USD 1 million).

Grant recipients will need to prepare a Work Plan and Procurement Plan for the Bank's approval prior to first disbursement. Recipients will update the Work Plan and Procurement Plan annually or as needed throughout the duration of the project and implement it in the manner in which it has been approved by the Bank.

The Bank Group's Procurement Rules, as well as its policies on integrity issues (including fraud, bribery and corruption), debarment and cross-debarment, will apply to SEFA projects, thereby lowering all associated financial and credit risks.

Governance modalities

SEFA is administered in accordance with Bank procedures, rules and policy guidelines. In line with the Technical Cooperation Fund Reform, which articulates the division of labor of the different departments as far as TF is concerned as below. The Resource Mobilization and External Finance Department (FRMB) provides fiduciary oversight and is responsible for formal communications with existing and potential donors to the trust fund.

The SEFA Secretariat is housed in the Energy, Environment and Climate Change Department (ONEC). The

Environment and Climate Change Division (ONEC3) is the operational supervisor of SEFA as it monitors and ensures the implementation progress of all approved projects, as well as coordinates the assessment of impact and results of each project funded thereunder. The Secretariat is composed of a Coordinator (ONEC staff member), and technical advisors in finance, policy and operations.

The ONEC Department Management Team (DMT) reviews all requests for funding against eligibility and selection criteria and makes a formal decision to clear grant requests for SEFA's pipeline. This allows origination teams to move forward in the internal review and approval process. The DMT is chaired by the ONEC Director and includes the Division Managers of ONEC.1 (Energy Operations, East and Southern Africa), ONEC.2 (Energy Operations, West, Central and North Africa) and ONEC.3.

The Technical Review Committee (TRC), established under the Multi-Donor Arrangement, examines and reviews all proposals for funding and ensures that these are technically and financially sound, are fully aligned with the Bank's strategies and policies and comply with applicable rules and procedures. The TRC is chaired by the Director of the Resource Mobilization and External Finance Department (FRMB) and includes representatives from the General Counsel & Legal Services Department (GECL), Procurement & Fiduciary Services Department (ORPF), Financial Control Department (FFCO), Strategy & Policy Department (COSP) and sector operations departments including Energy, Environment and Climate Change (ONEC), Regional Integration (ONRI) and Private Sector (OPSM) Departments. Other Bank's Operational Departments and/or Units can also be called upon to provide technical inputs, as necessary.

An Oversight Committee (OC) composed of representatives of Donors to the Trust Fund and representatives of Bank Management is responsible for the overall governance of SEFA. The OC is chaired by the Vice-President - Operations, Infrastructure, Private Sector and Regional Integration (OIVP) Complex. It meets at least once a year to: (i) provide general policy and guidance, (ii) review and approve the operational focus of SEFA, (iii) undertake annual reviews of the progress made during the year and examine and approve annual work program and objectives of SEFA for the coming year, and (iv) approve Component I and Component III proposals over USD 1 million prior to presentation to the Bank's Board of Directors. The decision making methods and procedures of the OC will be determined by the committee members.

5. Coordination. Outline the coordination with other relevant GEF-financed and other initiatives.

The project responds strongly to the GEF climate change mitigation focal area and also fits within the GEF Revised Strategy for Enhancing Engagement with the Private Sector. The Strategy prioritizes partnerships with the multilateral regional development banks to focus on the expanded use of non-grant instruments, such as loans and equity investments; provides incentives for countries using STAR allocation for projects to use non-grant instruments; and promotes technology transfer and innovation among small and medium enterprises (SMEs). The project in fact responds to all three priorities.

The current GEF CEO Vision statement emphasizes that in order to bring transformational change to the global environment, the public and private sectors must identify new ways of working together. The private sector is integral to achieving the overall global environmental objectives of the GEF, as it plays a pivotal role in providing solutions that contribute to protecting the global environment and thereby promoting environmentally sound and sustainable economic development. SEFA's focus on catalyzing private sector interest and investment in renewable energies is centred on this very premise and fully aligns to its vision.

SEFA is one of five initiatives conceptualised by the Danish-initiated Africa Commission (AC) in 2009 with the underlying objective of stimulating employment opportunities in Africa, especially for women and the youth. The AfDB was selected to host two of the five AC initiatives: the Africa Guarantee Facility and the SEFA (then called the Sustainable Energy Initiative). The AC Report further called for the expansion of the local market for sustainable energy, primarily in rural and peri-urban areas, by strengthening the role of SMEs in the delivery and use of productive energy from renewable sources.

SEFA is strongly aligned with the Sustainable Energy for All (SE4All) Initiative's objectives, for which AfDB is playing a lead role through the hosting of SE4All Africa Hub. Both SEFA and the SE4All Africa Hub are housed in the Energy, Environment and Climate Change Department. Recognition of SEFA's role in SE4All is captured by a declaration from the African Energy Ministers' meeting in November 2012 and the African Energy Ministers "Call upon the AfDB to support the African SE4All opt-in countries, through the Sustainable Energy Fund for Africa".

Since the accreditation of the AfDB as implementing agency in 2007, the GEF has approved USD 218 million for 28 projects with AfDB providing USD 1.5 billion in co-financing. The Bank accessed the GEF non-grant funding in 2012 under the "Public-Private Platform for Renewable Energy." In this regard, GEF approved USD 20 million for concessional project funding with the view to enabling USD 240 million co-financing from AfDB (GEFID 4929). The program supports renewable energy projects that apply for financing through the AfDB private-sector arm, thus providing funds that are parallel to AfDB private-sector investments. The projects are expected to retain flexibility to offer concessional terms with a tenor of 15 years, and in some cases up to 20 years. This program promotes scaling up of renewable energy technologies on the African continent and contributes to the delivery of universal power supply in the region, linking very well to the SEFA facility.

The Public-Private Platform for Renewable Energy employs a unique partnership with SEFA which performs all necessary technical assistance and project preparation. The AfDB has identified a pipeline of renewable energy investments in West, Central, and East Africa. Each of these projects has attracted significant private sector investment interest, but has not closed due to gaps in financing. The GEF funding under the PPP is used as concessional financing to help projects get to close and begin implementation.

To date, the Bank has successfully committed funding under the program including USD 4.5 million for the Africa Renewable Energy Fund (AREF) – a SEFA co-sponsored pan-African private equity fund focused on small to medium independent power projects from renewable energy sources, and USD 9 million for the Windiga Solar project in Burkina Faso which is at the final appraisal stage. The last project to be funded by the program is still under appraisal and is expected to be presented to AfDB Board by March 2015.

AfDB and SEFA are the fund's lead sponsors, each contributing an equity investment of USD 25 million and mobilizing USD 4.5 million from the GEF. SEFA intends to additionally fund a USD 10 million Project Support Facility (PSF) which will provide resources to be deployed at an early stage to structure bankable deals. These activities provide the foundation for further commercial and institutional investment.

The Pilot Africa Climate Technology and Finance Centre, also co-financed by the GEF, is designed to support the development and transfer of climate technologies in African countries as a way to help reduce GHG emissions and vulnerability to climate change. The three-year project will provide a platform for disseminating knowledge and gathering key stakeholders to develop innovative financing mechanisms for both mitigation and adaptation technology transfer across the continent. The Centre will prove helpful in stimulating knowledge sharing and technology transfer emerging from SEFA initiatives.

The GEF co-funded initiative will be implemented by the SEFA Secretariat which has a resident team supporting origination, appraisal and implementation activities. Recruitment of at least one additional expert (investment officer type) would be required to support implementation of additional resources. SEFA's standard operational procedures in terms eligibility, review and approval process will be used. The GEF contribution will be structured as a separate account from the SEFA trust account but managed again by the SEFA Secretariat.

SEFA is fully aligned with Bank's Long Term Strategy (LTS) 2013-2022 focused on promoting inclusive and green growth in the continent, as well as the Bank's Energy Policy, which prioritizes increasing energy access and supporting a transition to cleaner energy sources. Support for greener infrastructure and private-sector development are core pillars of the AfDB LTS. In fact, the LTS also incorporates a private sector development strategy which emphasizes importance of the private sector for sustained and shared growth. Energy is a key sector for the Bank. In 2010, the Bank created a department specifically dedicated to supporting regional member countries in the

development of their energy infrastructure: the Energy, Environment and Climate Change Department. The AfDB energy strategy's objective is to position the Bank to scale up energy access on the continent by using the different financing instruments available and leveraging additional finance. In that respect, AfDB will support renewable energy projects across the continent and facilitate eligible countries' access to climate finance for such projects. The project is therefore at the crossroads of the Bank's long-term strategy and other related sectoral strategies such as energy and its climate change agenda (Climate Change Action Plan 2011–2015).

6. Consistency with National Priorities. Is the project consistent with the National strategies and plans or reports and assessments under relevant conventions? (yes /no). If yes, which ones and how: NAPAs, NAPs, ASGM NAPs, MIAs, NBSAPs, NCs, TNAs, NCSAs, NIPs, PRSPs, NPFE, BURs, etc.

The AfDB has supported its member countries in their energy development initiatives for more than four decades. With growing concerns about climate change, AfDB has compiled a strong project pipeline comprised of small- to large-scale wind-power projects, mini, small and large hydro-power projects, cogeneration power projects, geothermal power projects and biodiesel projects. The major priorities for the Bank include broadening the supply of low-cost environmentally clean energy and developing renewable forms of energy to diversify power generation sources in Africa. The AfDB's interventions to support climate change mitigation in Africa are driven by sound policies and strategies and through its financing initiatives the Bank endeavors to become a major force in clean energy development in Africa.

Energy projects are an important area of the AfDB's infrastructure work, keeping in view the lack of access to energy services across Africa and continued high oil prices affecting oil-importing countries. AfDB's Program for Infrastructure Development in Africa (PIDA), and other programs, are in the process of identifying priority investment projects in renewable energy, which also include small and medium scale hydro and biomass co-generation. The Bank supports its member countries towards developing renewable energy projects in three ways:

- By encouraging countries to mainstream clean energy options into national development plans and energy planning;
- By promoting investment in clean energy and energy efficiency ventures;
- By supporting the sustainable exploitation of the huge energy potential of the continent, while supporting the growth of a low-carbon economy.

The project will support the development of renewable energy infrastructure in Africa. The fact that no African countries fall under Annex 1 of the UN Framework Convention of Climate Change (UNFCCC) has direct implications for the requirements that are expected from them in terms of carbon emission reduction. Overall, most African countries have submitted their Initial Communication documents and developed NAPAs. Their non-Annex 1 status means that African countries are not committed to reduce their GHG emissions under the UNFCCC or the Kyoto Protocol. However, they all recognize, through their national communications to the Convention, that engaging in mitigation measures represents economic, social and environmental opportunities.

Not all African countries have prepared a National Appropriate Mitigation Action (NAMAs), but most of them have confirmed their support of the Copenhagen Accord and specified some mitigation actions to be implemented within their national frameworks. These include renewable energies with some sector particularities, depending on country characteristics. Some countries that are among the largest emitters on the continent have been undertaking actions toward better energy efficiency and the scaling up of renewable energy power supply infrastructure.

7. Knowledge Management. Outline the knowledge management approach for the project, including, if any, plans for the project to learn from other relevant projects and initiatives, to assess and document in a user-friendly form, and share these experiences and expertise with relevant stakeholders.

The project will be implemented by the SEFA in close collaboration with the GEF Coordination Unit. As part of the monitoring and evaluation process, specific indicators will be defined and tracked throughout the project life. These indicators will be defined as per the ADOA Framework, which consists of an independent ex-ante assessment of all private-sector operations.

SEFA is aligned with the Sustainable Energy for All Initiative (SE4ALL) to support preparatory, sector planning and capacity building activities arising out the AfDB-hosted SE4All Africa Hub. In September 2011, the UN Secretary General launched the Sustainable Energy for All (SE4ALL) Initiative with the aim of achieving three goals by 2030: ensuring universal access to modern energy services, doubling the global rate of improvement in energy efficiency and doubling the share of renewable energy in the global mix. The Sustainable Energy For All (SE4All) Africa Hub was launched with a mission to coordinate and facilitate the implementation of the SE4All initiative on the African continent. The Hub will promote African ownership, inclusiveness and a comprehensive approach to the initiative’s implementation. It does so through a series of activities, among them coordination and facilitation, mobilizing finance, information sharing, matchmaking outreach and knowledge management, and monitoring, evaluation and reporting. SEFA is one of the instruments under the SE4ALL Initiative and will cooperate closely with the Africa Hub, including on knowledge dissemination. The SEFA facility will support the mainstreaming of low carbon and clean technologies in SE4ALL Action Agendas and Investment Prospectuses and provide advisory services and capacity building to improve the enabling environment for climate change technology transfer in the energy sector.

For each SEFA project, the task manager will ensure that a Project Completion Report (PCR), along with the Bank’s own assessment of the financed activities, will be shared with the SEFA Donors. This should follow the standard templates used by trust-fund financed projects by the Bank. The Operations Evaluation Department will conduct its own evaluation of selected projects/programs after these reports are available. If additional independent evaluations are requested by the SEFA Donors, the cost shall be charged to the account of SEFA. In this context, upon request by the SEFA Donors, the Bank shall collaborate in evaluating SEFA at such times as may be agreed upon between the parties – including co-operation in externally organized evaluations if considered appropriate by the donors, not drawing on SEFA finances.

SEFA operations are subject to the Bank Group’s Disclosure of Information Policy. This is done through the disclosure and dissemination of relevant documents to the general public, including governments, civil society organizations and the private sector, unless there is a compelling reason not to do so. In the case of private sector projects, it is imperative that the requisite client approval is obtained beforehand. Information on SEFA operations will be posted on the AfDB website with updated information on the resources and uses of resources. Audited financial reports, project completion reports, independent evaluation reports, or any other SEFA relevant documents will be disclosed and posted on the Bank’s website in line with the Bank’s policies.

The proposed timeline for the program implementation is as follow:

CEO endorsement	December 2015
Mid-Term Review	June 2019
Terminal Evaluation	June 2016
Expected date for complete investment of all GEF funding	June 2025

It is envisaged that the program will be scaled up with SEFA additional funding after the SEFA second phase (5 years) and mid-term review scheduled for 2019.

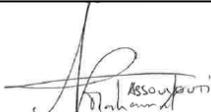
PART III: APPROVAL/ENDORSEMENT BY GEF OPERATIONAL FOCAL POINT(S) AND GEF AGENCY(IES)

A. RECORD OF ENDORSEMENT⁸ OF GEF OPERATIONAL FOCAL POINT (S) ON BEHALF OF THE GOVERNMENT(S):
 (Please attach the Operational Focal Point endorsement letter(s) with this template. For SGP, use this SGP OFP endorsement letter).

NAME	POSITION	MINISTRY	DATE (MM/dd/yyyy)

B. GEF AGENCY(IES) CERTIFICATION

This request has been prepared in accordance with GEF policies⁹ and procedures and meets the GEF criteria for project identification and preparation under GEF-6.

Agency Coordinator, Agency name	Signature	Date (MM/dd/yyyy)	Project Contact Person	Telephone	Email
Mahamat Assouyouiti		07.03.2015	Joao Cunha Duarte	+22520263819	j.cunha@afdb.org

C. ADDITIONAL GEF PROJECT AGENCY CERTIFICATION (APPLICABLE ONLY TO NEWLY ACCREDITED GEF PROJECT AGENCIES)

For newly accredited GEF Project Agencies, please download and fill up the required **GEF Project Agency Certification of Ceiling Information Template** to be attached as an annex to the PIF.

⁸ For regional and/or global projects in which participating countries are identified, OFP endorsement letters from these countries are required even though there may not be a STAR allocation associated with the project.

⁹ GEF policies encompass all managed trust funds, namely: GEFTF, LDCF, and SCCF