

The State of Financial Resources and Instruments for Renewable and Alternative Energy Solutions to Power Human Capital Development Facilities.



Challenges and Opportunities in Sub Saharan Africa



By **TONDERAI LEONEL NJOWERA**

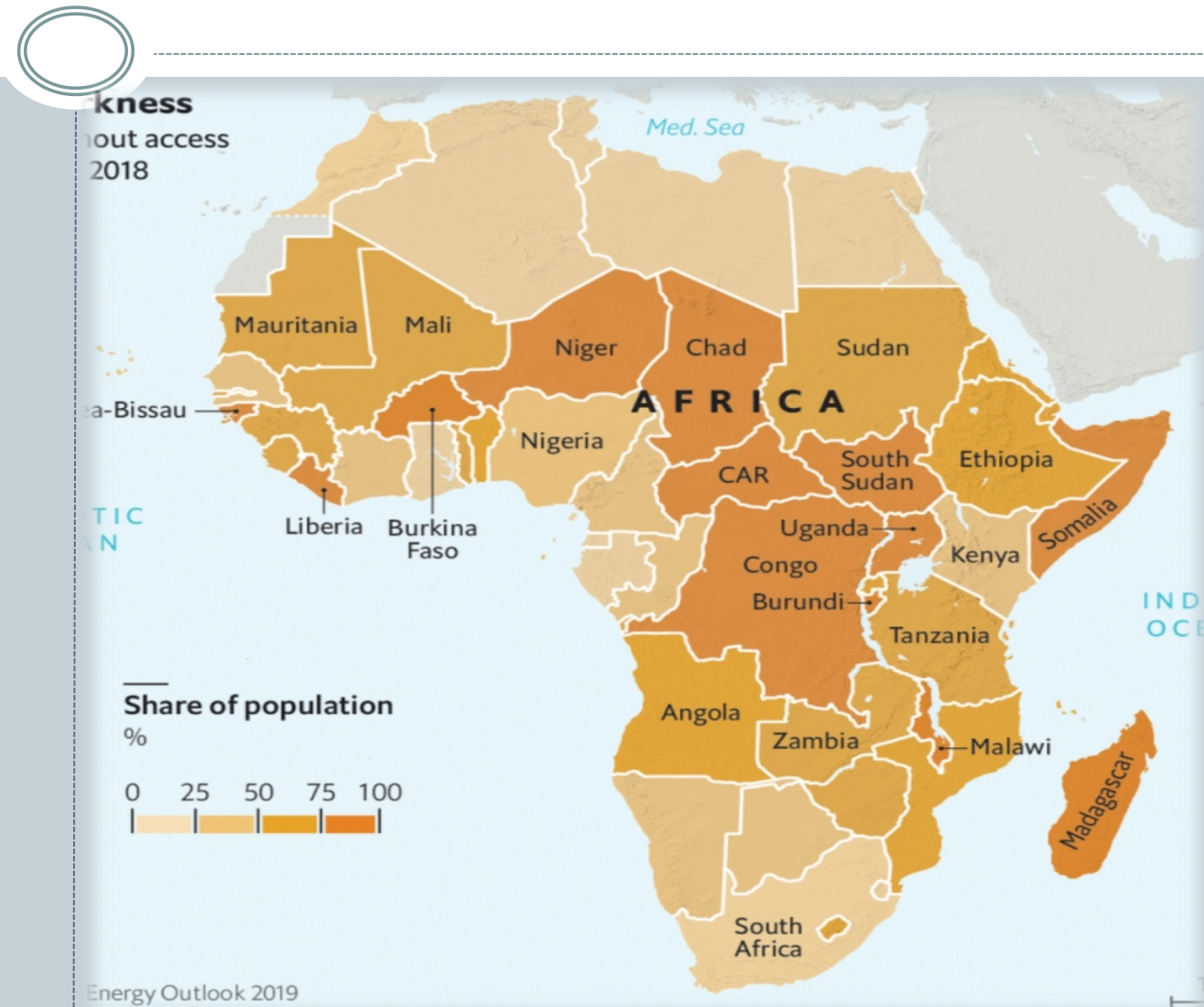
Introduction



- Status quo on basic access to electricity in Sub Saharan Africa
- Financial sources, challenges and opportunities in human capital development energy investments

Status quo on access to electricity in Sub Saharan Africa

- Urban and Rural access are 77% and 23%
- Secondary schools' access is around 50%
- Primary schools' access is around 35%
- WHO reports 75% hospital power access (11 country study)
- Adair Rohani et al, 2013 reports 66% RE in new generation
- 7000 MW per year
- 6,4% SSA GDP approximately US41 billion per year



Financial Sources and Instruments



- Public Domestic (Tax/SWF's)
- Public External (ODA/ NGO's)
- Private Domestic (Inclusive Business Finance/Capital Markets)
- Private External (FDI)
- Instruments: GRANTS, EQUITY/ DEBT (LOANS/BONDS/CONSESSIONARY), SUBSIDIES, GUARANTEES REMITTANCES, ISLAMIC FINANCE and INSURANCE (e.g. MIGA)

Public Domestic - Tax



- Low tax capacity
- Lack of sound tax systems
- Low tax effort
- Globalization, international trade and capital flows
- Carbon tax incentives
- Institutional Investor Public Partnerships

Public External - ODA



- Falling ODA volumes
- Much ODA channeled to humanitarian programs
- UNESCO (2016) reports 7% of total ODA allocated to SSA education (out of the 34% ODA for education)
- Available Grant/ Concessionary ODA for health and education

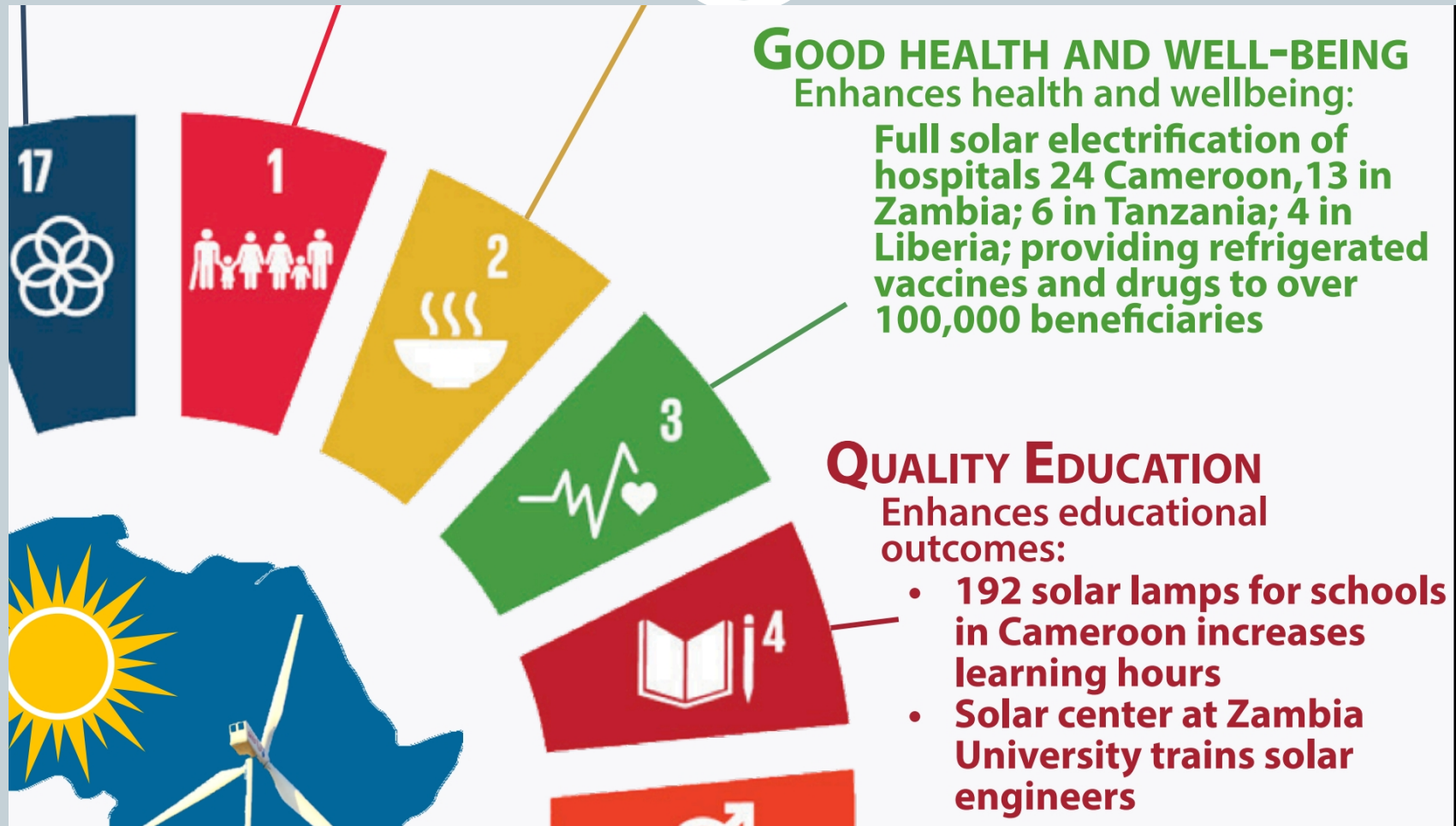
Private Domestic – Inclusive Business/Capital Markets



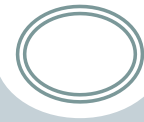
- Shallow depth / low capital market development
- Risk (political, currency)
- Poor project development and long turnaround to financial closure
- Low rates of return and long term revenue attainment

- Incentives like Feed in Tariffs and Power Purchase Agreements
- Availability of insurance facilities like MIGA
- Low private sector involvement in SSA
- Long term potential investments for pension funds

UNDP CASE STUDY OF RENEWABLE ENERGY INITIATIVES



About the Speaker



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