

Structure of Renewable Energy and Energy Efficiency Partnership (REEEP) Training workshop

Proposed Activity:

Capacity Building of Financiers and Investors that are involved in REEES (Renewable Energy and Energy Efficiency Services) development in the agro-industries in Eastern and Southern Africa

A. Introduction

Financing of renewable energy and energy efficiency (RE&EE) in the region's agro industries is an area where project developers and financiers have limited experience and exposure.

REEES investments face a number of important risks and uncertainties notably: policy and regulatory risk, market risks (e.g. absence of assured off-taker of generated clean energy); lack of investor confidence; and financial risks. Of special importance is limited appreciation of risks associated with project finance – a mode of financing that is not well understood or widely practiced in the region. Risks associated with project financed REEES investments can be mitigated through comprehensive insurance to cover all possible eventualities. These includes: *Contractor's Risk, Erection Risk, Transportation Risk, Professional Liability, Third party Liability, Workmen's Compensation, Contractors' Equipment, and even Advance Loss of Profit*. These and other risks are not well understood especially in the context of financing REEES investments in the sugar and tea industries.

There has been very limited work done on overcoming these risks of financing REEES for agro-industries, and improving networking among financial institutions. The few initiatives that are ongoing include E&Co/UNEP, AREEED initiative, Shell Foundation, DFCU Uganda initiative, Shell Foundation/RAPS/ABSA Southern Africa initiative. However, none of these initiatives are dedicated to the proposed REEES, nor do they specifically target the sugar and tea sector. This is among the first effort in sub-Saharan Africa to target these two specific agro industrial sectors.

A clear understanding of the financial risks and barriers related to REEES development in the agro-industries in the region is therefore very essential.. This Training Workshop will attempt to address the aforementioned challenges by bringing together representatives from financial institutions and project sponsors so share knowledge and experiences. It is expected that at the end of the workshop, there will be critical mass of skilled personnel who will be instrumental in accelerating the increase in investments in renewable energy and energy efficiency services (REEES) in the region's agro-industries.

B. Objectives

The main objectives of the proposed training are:

- To introduce participants to the two GEF REEEP-related 'Greening the Tea Industry in East Africa' and 'Cogen for Africa' initiatives.
- To introduce participants to the fundamentals of renewables and power sector issues
- To train financial institutions representatives and sugar and tea industry representatives on financing REEES projects in the tea and sugar sectors, and on risk assessment and mitigation measures.

- To train the financiers on the opportunities for financing REES in the agro-industries, as well as investors from the agro – industries in the region on the financing opportunities available from the financial institutions.
- To provide a link and network between the financiers and investors.

C. Proposed Participants

The training will target key stakeholders in the financial sector and tea & sugar industries from the region.

The countries covered are: Ethiopia, Mozambique, Tanzania, Uganda and Zambia. The participants will be drawn from these countries as follows;

- Participant from the Sugar/ Tea industry from each of these countries
- Participants from financial institution (interested in RE&EE) from each of these countries.
- Participants from regulatory institutions

Participants from additional countries will participate, sponsored by the two UNEP projects “Cogen for Africa” and “Greening the Tea Industry in East Africa”

D. Training Workshop Design

- The training material will be based on the report and articles on Financing REEES in Eastern and Southern Africa
- The participants will contribute their views through discussion forums on what the challenges and barriers they face in investing and financing RE in the agro-industries.
- Viable solutions and options will be identified with the guidance of the trainers based on the training material.
- The participants will develop concrete action points for follow up.

- **Proposed team of trainers**

A team of 2 highly qualified resource persons with experience in the field of finance and investments especially in agro-industries in the region will conduct the training. They will also be involved in the preparation of the training package. AFREPREN/FWD and GTIE staff members will work closely with the trainers in order to ensure that the training package is comprehensive. They will also be in charge of all logistical arrangements during the preparation and actual training stages.

E. Expected Results

- Greater awareness of the two GEF and REEEP related initiatives
- Increased capacity of financial institutions in understanding the risks of financing REEES in agro-industries, mitigating risks and undertaking REEES investments in the cogen and tea industries.

- Increased awareness among sugar and tea industries of opportunities for mobilizing finance for REEES investments.

F. Budget:

- REEEP budget allocated for training is the ceiling i.e. Euros 28,500

The budget will be linked to the expenses of preparing and conducting the workshop and the cost incurred by the participants and the trainers.

Expenditure Category	Item	Costs	
		Unit cost (Euros)	EUROS
Personnel costs	Trainers and specialists on financing of energy projects and related technical issues	5,000	10,000
Travel and Subsistence	Travel and subsistence for Trainers	1,500	1,500
	Travel and Subsistence for 15 workshop participants	1,000	15,000
Admin/Mgt	Training workshop venue and equipment	2,000	2,000
Total			28,500