

Opportunity to Accelerate Private Sector Investment in Climate Solutions in Africa

by

Paul Stevers, Co-Founder

Climate Solutions Advancement Network (ClimateSAN)

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Opportunity Emerged

This opportunity has emerged thanks to the synergy created by several different developments that have occurred simultaneously.

Possibly the Most Important Development: New Funding . . .

- ▶ [Glasgow Financial Alliance for Net Zero](#), which have a combined total of over 130 trillion US dollars under management.
- ▶ World Bank: [World Bank Group Delivers Record \\$31.7 Billion in Climate Finance in Fiscal Year 2022](#)
- ▶ AfDB: [AfDB pledges \\$6.5bn to help countries in the Sahel region fight desertification](#), January 2021.
- ▶ IFAD: [IFAD launches \\$500M fund to channel climate finance to smallholders](#), January 2021.
- ▶ UNDP: [Ghana, Vanuatu, and Switzerland launch world's first projects under new carbon market mechanism set out in Article 6.2 of the Paris Agreement](#), Nov. 12, 2022

Development and growth of several initiatives that facilitate investment in Climate Solutions

- ▶ Components of an ecosystem that can facilitate increased investment in Climate Solutions:
 - ▶ online platforms
 - ▶ project facilitation services
 - ▶ project aggregation
 - ▶ financial incentives

One Key Component of Ecosystem...

- ▶ Online platforms that facilitate investment, such as:
 - ▶ [Climate Investment Platform](#)
 - ▶ [Energy Transition Accelerator Financing Platform \(ETAF\)](#)
 - ▶ [Convergence Finance](#)
- ▶ Facilitate connections between a project developers and an investors.
- ▶ Then a range complementary services and financial incentives can help move a project forward.

Next Key Component: Project Aggregation

- ▶ Large institutional investors that often do not have the administrative capacity to invest in smaller projects.
- ▶ Therefore, aggregating smaller investments into larger ones is an important part of increasing investment in Climate Solutions.
- ▶ Fortunately, several of the larger impact investment funds do perform this type of service.

Growth of Project and Business Facilitation Services

- ▶ There has been considerable growth of organizations providing project and business facilitation services.
- ▶ Provide a critical service to project developers to help them develop “bankable” projects and obtain funding for them.

- ▶ Example project facilitation service providers:

Private Financing Advisory Network (PFAN).



- ▶ Example business facilitator/accelerator service providers:

Ghana Climate Innovation Centre (GCIC).



Financial Incentives Available for Climate Solutions

- ▶ Growing range of financial incentives becoming available for Climate Solutions to encourage private sector investment.
- ▶ These incentives can make investing in projects significantly more attractive to a private investor.
- ▶ Incentives listed on multiple online platforms including:
 - ▶ [NDC Partnership.org: Climate Finance Explorer](#)
 - ▶ [Terra Viva Grants Directory](#)

UNDP's Platform for Voluntary Bilateral Cooperation

(based on Article 6 of the Paris Agreement)

Platform for

**VOLUNTARY
BILATERAL
COOPERATION**

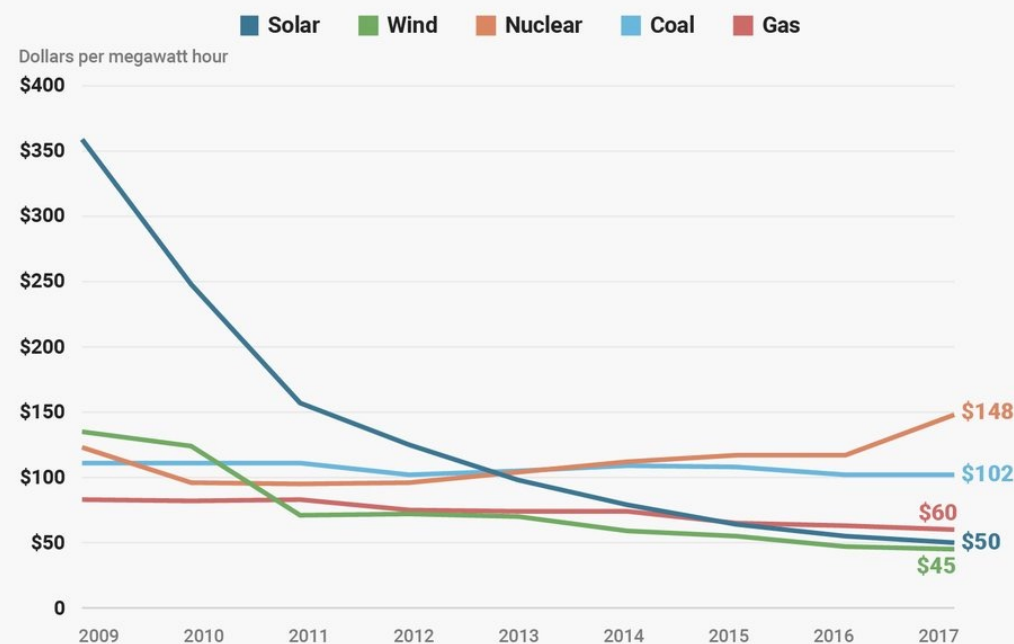
Training and Education Services for Climate Finance and Smart Technologies

- ▶ The [Climate Finance Accelerator - Nigeria](#)
- ▶ The [Ghana Climate Innovation Centre \(GCIC\)](#).
- ▶ The [West African Centre for Water, Irrigation and Sustainable Agriculture \(WACWISA\)](#) at the University of Development Studies (UDS).
- ▶ [Africa Climate Action Initiative \(ACAI\)](#) by The [Canada Africa Partnership \(CAP\) Network](#) - [YouTube Channel Playlists](#).

Substantial Declines in Costs of Solar and Wind Energy Technologies

- ▶ Cost of solar and wind energy has declined substantially.
- ▶ Now often less expensive to than from fossil fuels.
- ▶ As a result, the biggest growth could be in investment in renewable energy.

The average cost of energy in North America



Source: Lazard leveled cost of energy analysis

BUSINESS INSIDER

Growth of Climate Smart Technologies

- ▶ Reducing Food Waste Through Solar-Powered Cold Storage (Example supplier: TAGE).
- ▶ Solar-powered irrigation system, such as one by SunCulture.
- ▶ Solar-powered micro-grid, such as one by FlexGrid.
- ▶ Water filter system and automated dispenser (ATM), such as the one by Susteq.
- ▶ Water from air machine, such as the one by Skywater.

Conclusions

- ▶ Opportunity to increase private sector investment in climate action has emerged due to several new simultaneous developments.
- ▶ Perhaps the most important development is substantial increase in multi-billion US dollar funding commitments for climate action.
- ▶ These major funding commitments are enabling a growing range of financial incentives to encourage private sector investment.
- ▶ Substantial decrease in costs of renewable energy technologies and increase in range of available climate smart technologies are creating many new attractive investment opportunities.

Thank you

If you want to learn more about the opportunity, visit:

ClimateSAN.org/cfra



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