

# Trade Deals & Clean Energy: Dear Friend, can I see your true face?

What is Best for Africa?



#WiBA



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Moderator & Speaker

Tony Tiyou – CEO, Renewables in Africa (RiA)

# HOUSE RULES

1. Keep your camera turned off.
2. Keep your mic turned off.
3. Ask questions on the chat.
4. Answers to addressed during Q&A at end.
5. Send us feedback : [source@renewablesinafrica.com](mailto:source@renewablesinafrica.com)
6. ENJOY YOURSELF!!

# AGENDA

1. What is Renewables in Africa?
2. Trade Deal
3. History of Sino-Africa trade relations
4. FOCAC principles
5. Clean Energy within FOCAC
6. Developer perspective
7. Investors perspective
8. Policymakers perspective
9. Conclusions

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# WHAT IS RENEWABLES IN AFRICA (RIA)?

As Clean Energy Engineering Consultancy:

- ✓ **Technical advice** to project developers and power consumers.
- ✓ **Market insights & business intelligence** to investors.
- ✓ **Brokerage and routes to markets** to clean energy companies.

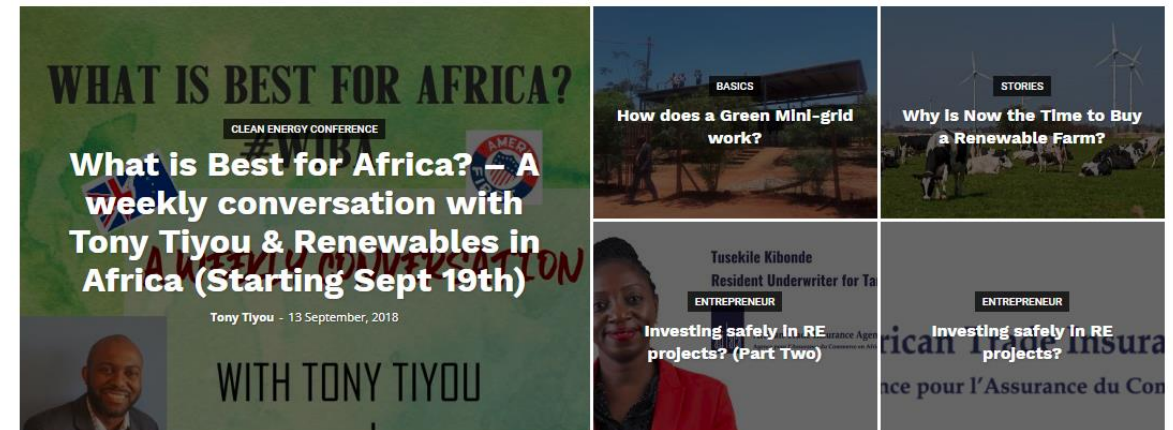
As Media platform:

- ✓ **Promotion and awareness building** about Renewable Energy to businesses and general public.

WE  RiA



HOME ABOUT SERVICES PARTNERSHIPS UPCOMING EVENTS FEATURED IN GALLERY CONTACT



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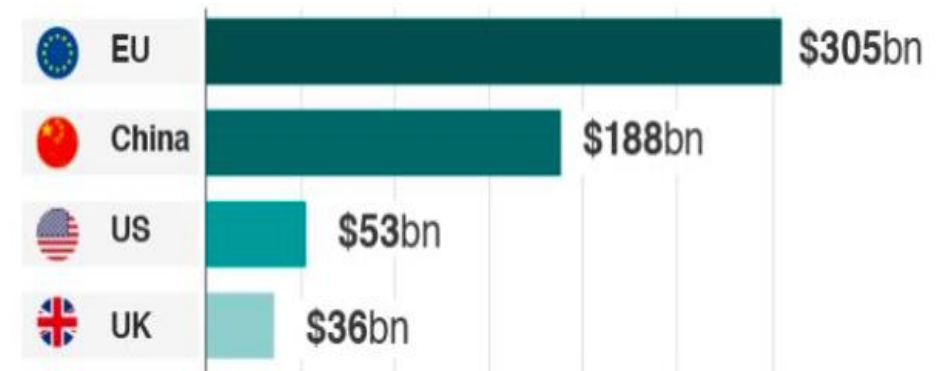
## What is it?

A trade deal is a commercial agreement between states concerning their trade relationships. Trade agreements may be bilateral or multilateral

## Why are we looking at China deal?

- China is Africa's largest trade partner since 2008.
- Where does Clean Energy sit?

Africa's trade volumes in 2015 (US \$)



(Sources: EU, McKinsey, UK DTI)

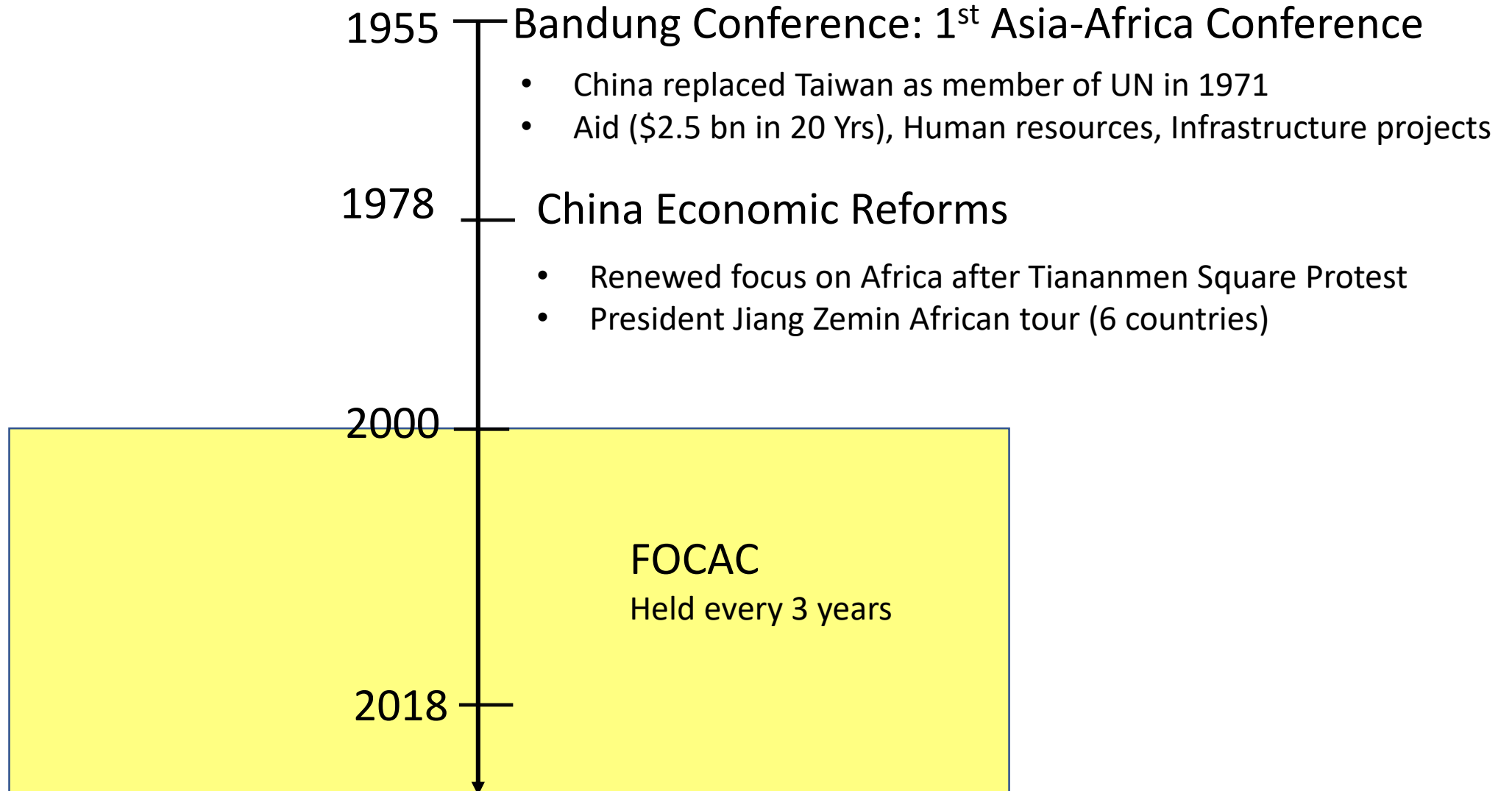
“More than 60% of African exports are oil-related”

“In Nigeria, for every \$1 of exports to China, it imports \$11”



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## Key principles:

- Equality
- Programme feasibility
- Mutual benefit

## FOCAC is operating on 3 guiding rules

- Multi-level interaction.
  1. First level: Head of States
  2. Second level: Senior Officials
  3. Third level: diplomats
- Rigorous decision-making process.
- Environmental considerations.



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Gradual progression:

- In **2000**, promise to address environmental issues but no specifics.
- In **2003**, Addis Ababa action plan included section on natural resources and Energy development.
- In **2006**, China government pledged to promote clean energy across World and Africa.
- In **2009**, China announced plan to build **100 clean energy projects** focused on Solar, Wind, Biogas, Hydro.
- China also announced 100 demonstrations projects for technology development and research.
  
- In **2015**, launch of South-South Climate Cooperation Fund (\$3.1bn).
- In **2018**, support for **Belt and Road Initiative (BRI)** and **Sustainable Development Goals (SDGs)**.

# CHINA RE FOOTPRINT IN AFRICA

## Hydro

- Major player in large-scale projects.
- More than 70 projects with China involvement: Ethiopia Gibe III (1.9 GW), Nigeria Mambila (2.6 GW), etc

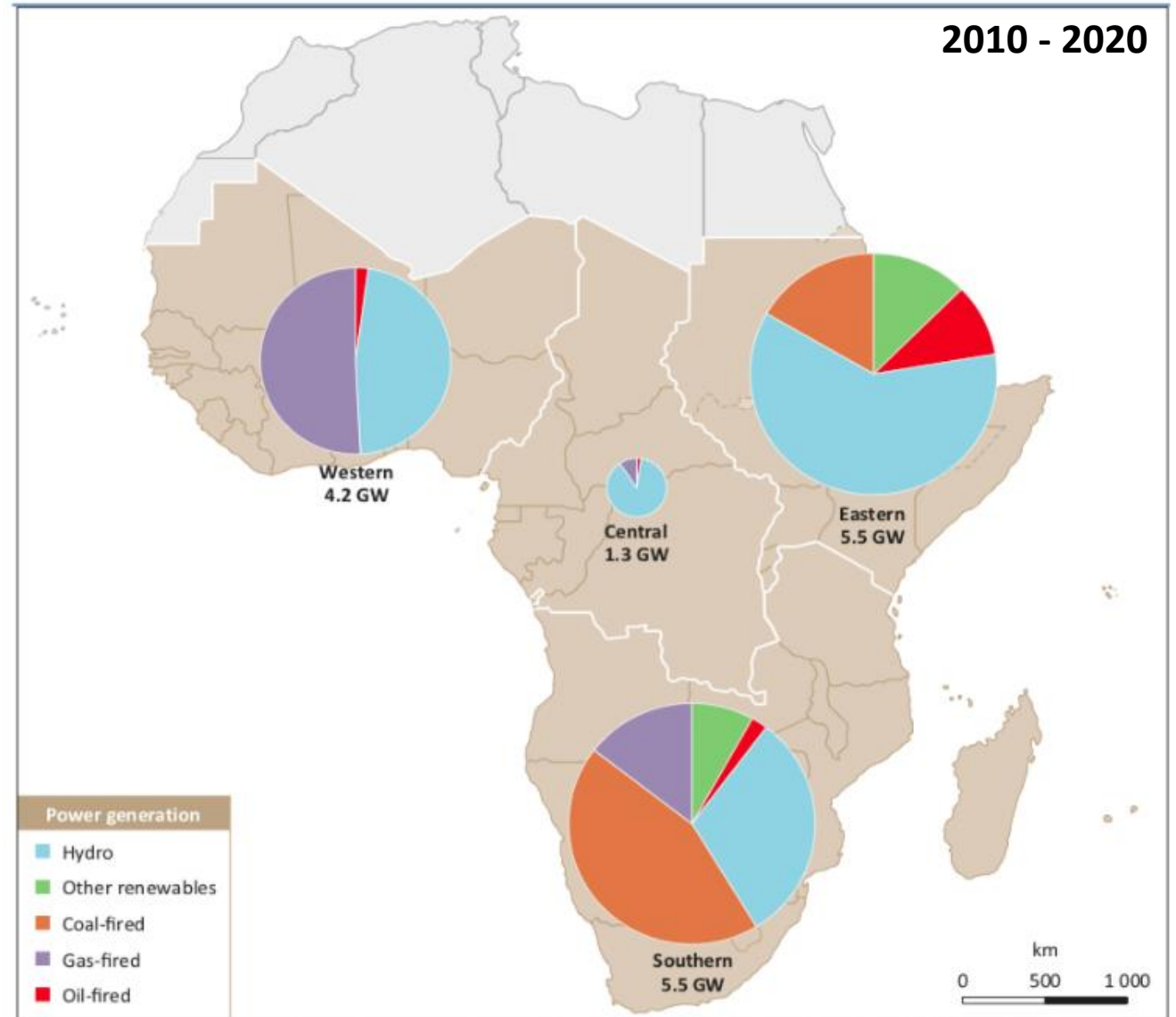
## Solar PV

- Low experience in project development
- Manufacturers, e.g. Yingli, Jinko Solar, etc

## Wind

Limited experience in project development  
Manufacturers, e.g. Goldwind, Ming Yang

According to IEA, from 2006-2016 only 7% of Chinese-built power generation in SSA were non-hydropower renewable plants.



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- 1) At the exception of large scale hydro China does not (yet) have strong experience in project development for other renewables and small-scale hydro.
- 2) China investors can finance project but will most likely request China technologies and China suppliers (e.g.\$1bn special loan for African SMEs).
- 3) China developers will increase their presence with years to come (more competition for others developers). RiA has been approached by a few Chinese actors.

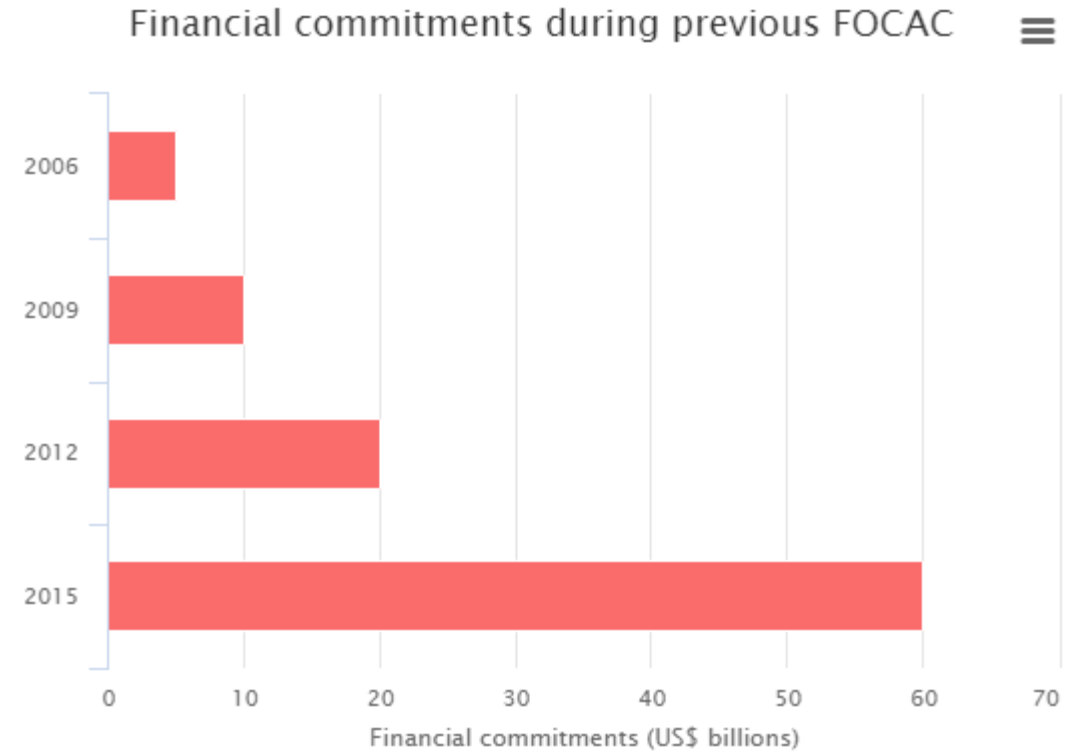
## Examples of projects:

- 200MW Solar farm to be built by PowerChina in Bui, Ghana
- 244.5 MW De Aar wind farm being built by China's Longyuan Power Group Corporation near Cape Town, South Africa
- 1650 MW Benban solar farm in Egypt.

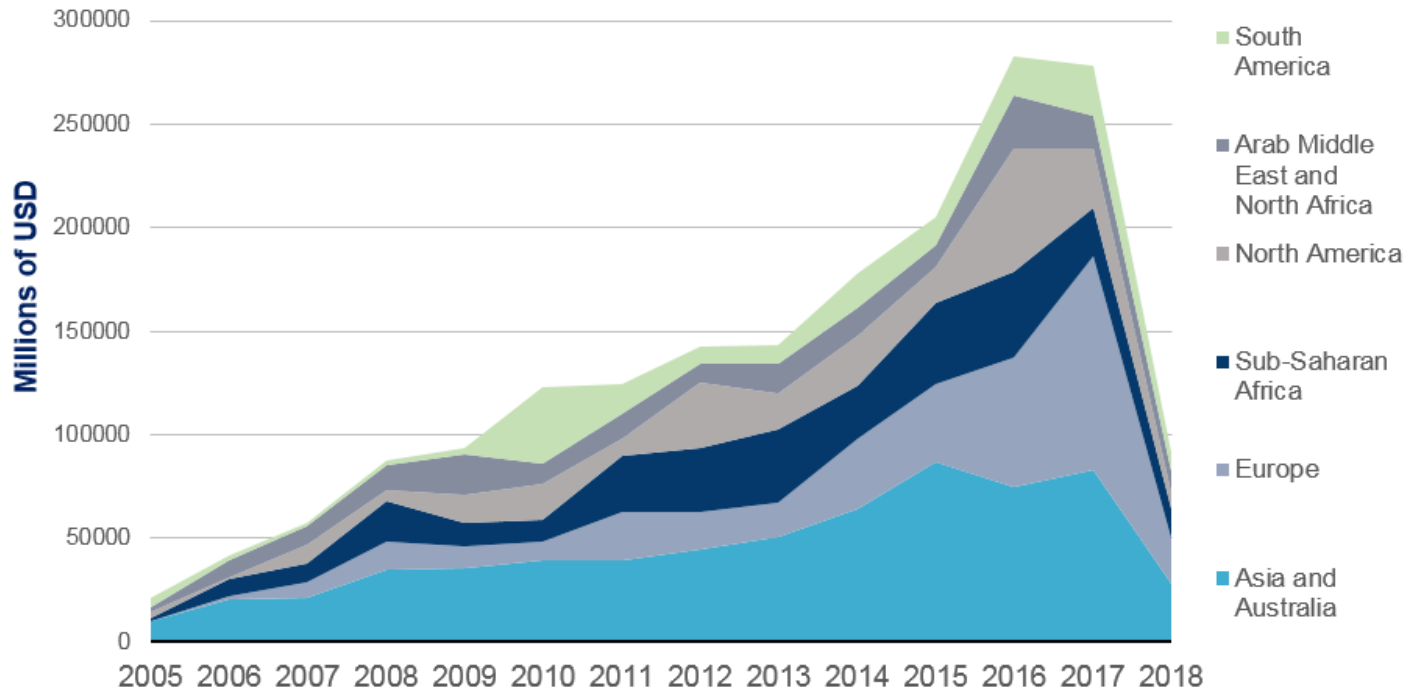
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1) At FOCAC 2018, China has pledged another \$60bn financial commitment to Africa.

- Export credits: \$20bn
- Concessional loans+ grants +interest-free loans: \$15bn
- Special growth and development: \$10bn
- Private projects (inv. Chinese firms): \$10bn
- African exports to China: \$5bn



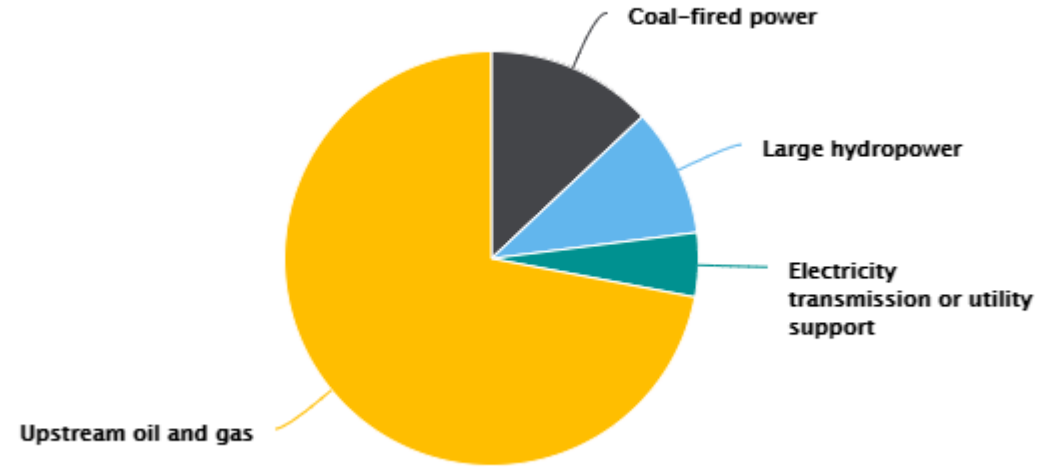
## 2) China investment in Africa is being impacted by current trade war with US



Source: Chinese Investment Tracker, AEI

BROOKINGS

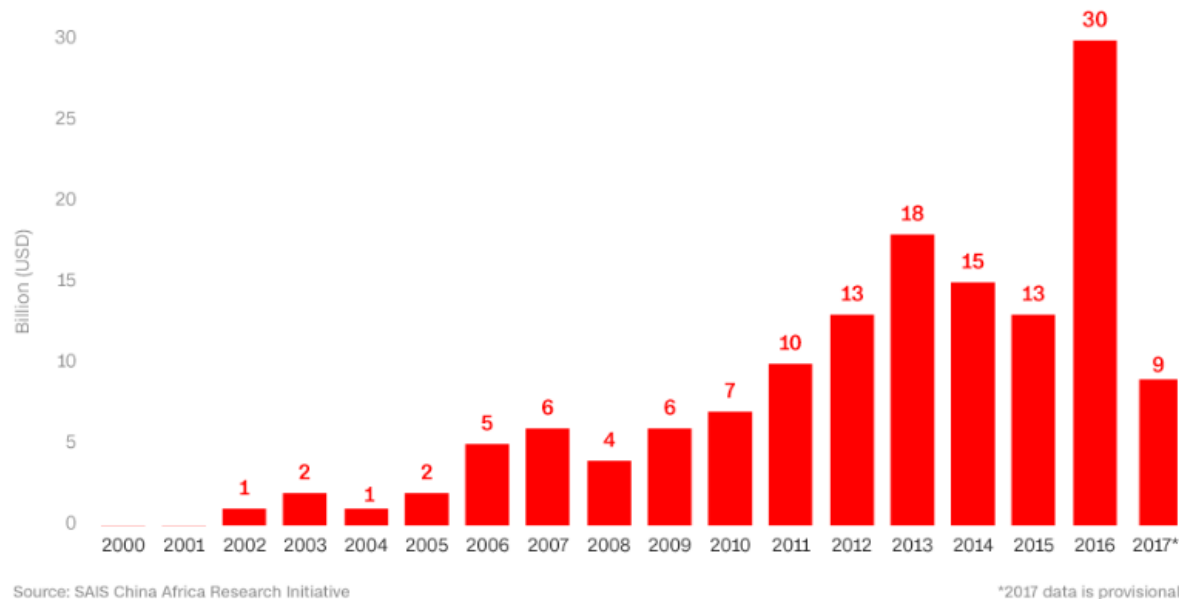
- 3) 72% of China public finance in energy went to oil and gas (funds from China Development Bank, Asia Infrastructure Investment Bank).
- 4) More investments for Clean Energy to come from South-South Climate Cooperation Fund



2014 - 2016

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Chinese loans to Africa, 2000-2017



- China is not interfering into Africa internal affairs but happy to lend support.
- Cooperation to protect environment and fight climate change is a key area (e.g. China-Africa Partnership on Climate Change).
- China loans to Africa are growing and should be monitored (Cumulative debt between 2000-2016 is \$124bn according to China-Africa Research Initiative).



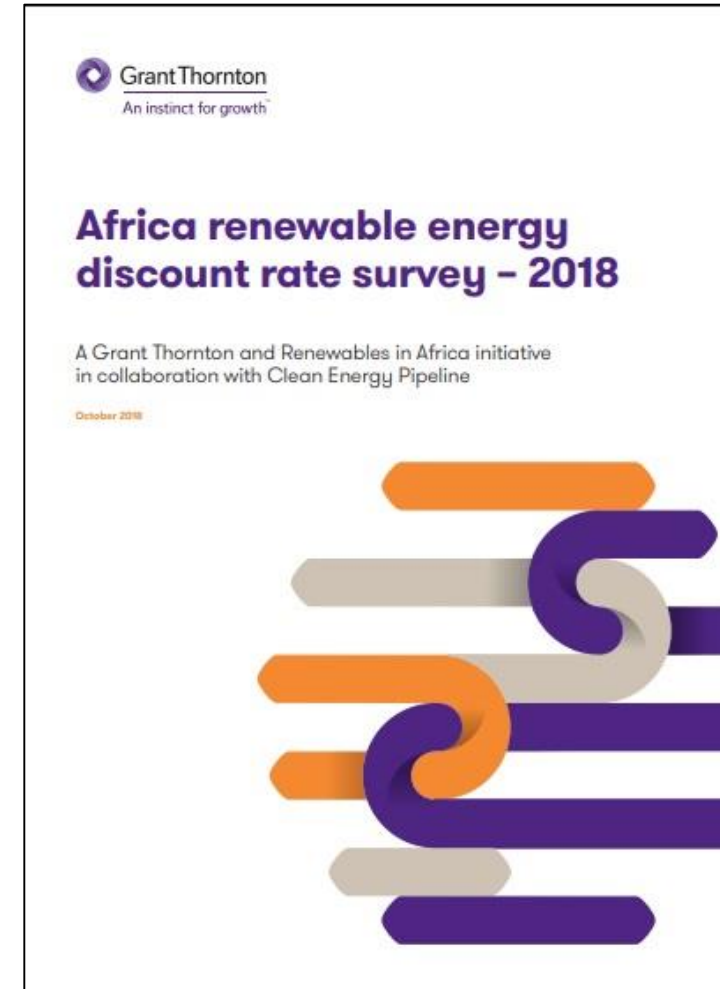
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# CONCLUSIONS

1. FOCAC has transformed of Sino-Africa Trade Relationships.
2. The bulk of the investment has been on infrastructure projects, most of which in fossil fuels. Only renewable projects were large hydro projects.
3. China is stepping up involvement in Clean Energy in Africa, as investors, suppliers and project development.
4. Current trade relationships could be rebalanced to benefit more Africans businesses.
5. Africa Continental Free Trade Area (AfCTA) could be a game changer.

# WHAT'S ON WITH RIA (2/2) ?

- ❑ Collaboration with Grant Thornton LLP for discount rates Survey in RE projects in Africa ([Report Live and Available](#)).
- ❑ Collaboration with Energy Jobline for skills shortages survey (Report available early 2019).
- ❑ [Tony Tiyou joins greenCrowd as associate.](#)
- ❑ Working on Offgrid project in East Africa.
- ❑ Engaged in WtE project in Philippines, Solar projects in Zimbabwe, Puerto Rico, etc



# NGUE PELO (THANK YOU) !!

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