African Energy Guarantee Facility

Renewing risk mitigation.

The risk mitigation solution for sustainable energy projects

The African Energy Guarantee Facility (AEGF) offers customized insurance solutions for investors and lenders to drive energy project funding in Africa.

Over USD 150 bn

Total investment required for achieving access to affordable, reliable and sustainable energy in Africa by 2030.[1]

Success starts with the right risk cover

The African Energy Guarantee Facility (AEGF) is a reinsurance platform with a high coverage capacity and without sovereign guarantee requirements.

Tailored to the specific needs and risk profiles of sustainable energy projects, insurance products backed by AEGF provide the necessary cover for the risks of transfer restrictions (including inconvertibility), expropriation, war and civil disturbance, breach of contract, and non-honoring of financial obligations. Projects are stronger and investments safer with insurance cover backed by AEGF.

Local knowledge and leverage

AEGF works in close concert with the African Trade Insurance Agency (ATI) as the primary underwriter of political risk insurance in the region for local and international investors and lenders.

ATI's sterling reputation, extensive network and strong standing throughout the continent also contribute to a proven track record in solving issues with risk counterparties before a claim even materializes. ATI brings to the table expertise, neutrality and commitment to the ultimate objective: sustainably electrifying Africa.

What energy projects are eligible?

Insurance solutions backed by AEGF are available for energy access, energy efficiency and renewable energy projects aligned with SDG7 objectives in the following countries:

Benin, Burundi, Côte d'Ivoire, Democratic Republic of Congo, Ethiopia, Ghana, Kenya, Madagascar, Malawi, Niger, Nigeria, Rwanda, South Sudan, Tanzania, Togo, Uganda, Zambia, Zimbabwe.

Projects in other countries will be considered on a case by case basis.

+26 %

In 2020, political risk insurance (PRI) claim payouts in Sub-Saharan Africa totalled USD 296 million – up 26 % vs. 2019.[2]

[1] Northeast Group, Sub-Saharan Africa Power Sector: Market Forecast (2019 – 2028), Vol. III, November 2019; International Energy Agency (IEA), Africa Energy Outlook 2019, November 2019; Sustainable Development Goal 7 (SDG7 or Goal 7) is one of the 17 Sustainable Development Goals established by the United Nations General Assembly in 2015, source: United Nations Department of Economic and Social Affairs, Sustainable Development

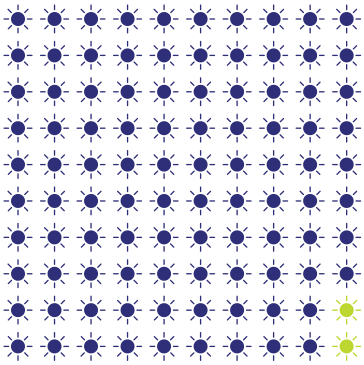
[2] Berne Union, April 2021

Renewable energy generation capacity at the end of 2020

Global

2,799

Gigawatts



Africa

2 %

Source: IRENA, March 2021

Effective de-risking is the key to unlocking the vast potential for funding projects in a region that uniquely combines growing energy demand with vast renewable resources.

Cover

– Political Risk Insurance, e. g. confiscation, expropriation, nationalization and deprivation, transfer restrictions and currency inconvertibility, war, civil disturbance.

– Extended Political Risk Insurance, e. g. breach of contract by governmental parties, arbitral award cover (including offtaker default).

Stand-alone or as part of a comprehensive package, policies can be tailored to specific risks (e. g. convertibility and transfer risk only) or Power Purchase Agreement clauses.

Risk counterparties can be sovereign and sub-sovereign public institutions, including majority state-owned utilities.

Pricing

Pricing reflects commercial best practices and depends on risk evaluation. An initial pricing indication is provided on average within 3 – 4 working days.

Process

As part of the accelerated underwriting process, due diligence takes approx. six weeks after full documentation – including project counterparties, government support documentation, Environmental and Social Impact Assessment reports, and business model – has been provided.

In case of a claim, the standard waiting period is 180 days for Political Risk Insurance and 365 days for breach of contract / arbitral award cover.

Experience and expertise dedicated to green energy

'Backed by AEGF' doesn't just apply to your project's insurance cover. Support is available at every juncture on the path to completion. You can count on seasoned experts who understand local realities and have the access that makes all the difference when navigating uncertain territory.

Why not get in touch and see how AEGF can help get your project from the drawing board to the grid?

E-mail us at projects@aegf.net

We look forward to getting the ball rolling.

About AEGF

The African Energy Guarantee Facility was initiated by the European Investment Bank (EIB), Munich RE and ATI. It is supported by KfW and provides USD 1 billion in reinsurance capacity for energy access, energy efficiency and renewable energy projects that are in line with SDG7 objectives. www.aegf.net ▸

European Investment Bank

African Trade Insurance Agency
Agence pour l'Assurance du Commerce en Afrique

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