

The majority of sustainable energy projects will require softer access to seed capital. This requires that projects are supported by well defined and credible business plans. They also require the existence of realistic energy off-take agreements if they are to secure commercial grade working and investment capital. At present these so-called "Risk Gap" funds are difficult to find, which often leads the project developer to lose critical deployment productivity. As a result, the whole sector faces an uncompetitive position for new capacity projects in Africa.

Regional symposia in Southern and Western Africa have validated the concept of incubator-backed fund

In recognition of daunting energy challenges, the NEPAD agency has sought to qualify and measure the macro and micro process impediments to growth in the sustainable energy sector. Accordingly, with the support of expert analysis in 2012, and the assistance of BizClim, NEPAD facilitated a series of strategic workshops and investment symposia in Southern Africa and West Africa to debate and define grassroots issues which retard and restrict the deployment and investment in energy projects and technologies. These symposia brought energy developers and entrepreneurs with national and international investment and business development together with government officials. The resulting report and recommendations of these debates clearly identified the need to create a more effective and structured opportunity for energy enterprises and developers to gain the earliest possible opportunity to "Incubate and Validate" their business deployment plans and gain better access to essential seed funds and realistic aligned energy

policies and regulatory criteria to support effective commercialisation. This was to be achieved through the creation of an incubation fund, which will not only provide finance, but also capacity to advise on bio and renewable energy developments. The fund would seek to finance start up businesses that have the potential, but not necessarily the funds.

There are already a number of success stories in Africa, notably the South African region, in sustainable energy businesses, so lessons can be drawn from these success stories to see how these can be replicated. The primary goal of a business incubation programme is to support the development of start-up firms that graduate as financially viable companies. It is therefore designed to accelerate the development of entrepreneurial firms through an array of business support resources and services developed and delivered both by the incubator and through its networks of outside service providers.

Sustainable energy incubation funds are sprouting up in Africa

With the help of targeted and specialized business assistance, entrepreneurs will be better prepared to turn business ideas into successful new ventures.

A recent United Nations Environment Programme (UNEP) report estimated investment in renewable power and fuels (including small hydro-electric projects) at \$244 billion in 2012. Investment patterns are going global, with significant parts of the developing world seeing investment levels climbing at a brisk pace. The highlight of 2012 was a further shift in activity from developed, to developing, economies. Small-scale capacity (of less than 1MW) was the strongest area, rising 3% to \$80 billion in 2012. Africa has the potential to be the largest producer of bio-fuels in the world by 2050. ■



SELECTION OF BIZCLIM PROJECTS		
	BENEFICIARY	TITLE
Ethiopia	European Business Forum in Ethiopia (EUBFE).	Support to the European Business Forum in Ethiopia (EUBFE): Improving investment and business environment in Ethiopia.
Africa	NEPAD Planning and Coordinating Agency (NPCA), Energy Sector.	Pan Africa Sustainable Energy Incubation & Development Fund In support of Enterprise Incubation & Business Expansion in the Energy Sector.
COMESA	COMESA Regional Investment Agency (RIA).	COMESA SME Investment Conference.
ECCAS	Secretariat of the Economic Community of Central African States (ECCAS).	Regional project on Business Facilitation in the ECCAS space.

