



THE REGIONAL INFRASTRUCTURE FINANCE FACILITY (RIFF) PROJECT

1. Introduction

The RIFF project is an Investment Financing Facility Project with funding from the World Bank to the Common Market for Eastern and Southern Africa (COMESA) and the Trade and Development Bank (TDB). The project is scheduled to run from July 2020 to September 2025 and is made up of the following three components:

Component 1: Project and Infrastructure Finance Facility (US\$325million)

This credit line will provide long-term finance to project finance and infrastructure sub-projects that meet development impact criteria and is being administered by TDB. Sub-projects will be selected using a two-stage approach: Stage 1: Mandatory eligibility criteria: All sub-projects will be located in International Development Association (IDA)-eligible countries in Eastern and Southern Africa and will have to show commercial bankability, leveraging of private finance, compliance with the Environmental and Social (E and S) List of Excluded Activities, and with the IDA sustainable development finance policy as applicable to the respective countries; Stage 2: Prioritization criteria: All eligible sub-projects will be scored against objective, measurable and verifiable criteria along four dimensions: (i) Project benefits and contribution to corporate commitments including job creation, emissions reduction, low income targeting, gender actions; (ii) Levels of economic and financial returns; (iii) Strategic relevance with the expansion to Fragility, Conflict, and Violence (FCV) countries, and cross-border benefits in terms of trade and investment flows or transfers of technology; (iv) Technical readiness.

Component 2: COVID Infrastructure Sector SME Response (US\$75 million)

This component also administered by TDB will facilitate access to debt financing to Small and Medium-sized Enterprise (SME) primarily targeting renewable energy SMEs such as solar home-systems (SHS) operating in Southern and Eastern Africa. SHS, in particular when equipped with pay-as-you-go (PAYGo) technology allowing consumers to pay for the system in installments, have been a major contributor to electrification in Sub-Saharan Africa (SSA) over the past decade, and least-cost national electrification strategies across the region are increasingly recognizing SHS as a key pillar of electrification infrastructure. According to Lighting Global (2019), sales volumes for PAYGo companies grew by 30 percent in 2018, while revenues grew by 50 percent

as system sizes and functionality continue to increase. An estimated 15 million SHS have been sold in COMESA countries to date, and East Africa alone accounts for nearly 70 percent of global PAYGo revenues. In the context of the COVID-19, the RIFF's focus on off-grid solar solutions will contribute to preserve households' livelihoods by supporting micro-entrepreneurial activities that play a critical role in income generation in poor communities

Component 3: Technical Assistance (US\$25 million)

Subcomponent 3a: Capacity Building and Technical Assistance to TDB (US\$ 15 million)

This sub-component will provide the needed expertise to support TDB's strategic decision to scale-up project and infrastructure finance and strengthen its capacity on Environmental & Social Safeguards. It will be implemented by TDB and will strengthen TDB's project and infrastructure finance capacity through the provision of capacity building and technical assistance for: (i) pipeline development, project development, and portfolio management; and (ii) environmental and social management capacity.

Subcomponent 3b: Capacity Building and Technical Assistance to COMESA Secretariat (US\$ 10 million)

This subcomponent will support the enabling environment for private infrastructure finance with a focus on building a regional off-grid energy market. It will allow the COMESA Secretariat to support: (i) the harmonization of policies and regulations for cross-border infrastructure, trade and investment; (ii) regional integration activities on the off-grid energy sector and (iii) market development activities in the off-grid energy sector in Fragile Conflict and Violence (FCV) countries. The activities in support of the enabling environment for infrastructure finance are expected to include: (i) issuance of guidance notes and model documents for Public Private Partnership (PPP) in infrastructure sectors other than energy, such as transport and water; (ii) customization and dissemination of PPP screening tools to help countries improve their screening of projects that may be suited to be structured as PPP; (iii) policies, guidance and platforms to facilitate digital infrastructure and digital trading in the COMESA region.

2. Project Development Objective

The Project Development Objective is to expand long-term finance to private firms in selected infrastructure sectors in Eastern and Southern Africa

3. Expected Results

Over the five years, the RIFF Project is expected to achieve results that contribute to improved enabling environment and availability of longterm finance for private investment in the renewable energy subsector and infrastructure sector in general. The Capacity Building and Technical Assistance to COMESA Secretariat and Member Countries is expected to deliver the following results:

- i. Staff training in COMESA Secretariat, member countries and market participants on off-grid, Public Private Partnerships (PPP) and Environmental & Social Safeguards (E&S)
- ii. Development and Review of COMESA policies and guidelines including guidance on the off-grid energy sector
- iii. Consumer education and citizen engagement

- iv. Development of Framework for Common duties and tariffs for off-grid solar products and;
- v. Development of Regional Quality Assurance Standards for off-grid energy products.