



Project Title

Geothermal Risk Transfer Facility



Implementing Partner

Parhelion



Donor

FCDO



Value (in £)

460,000



Implementation Period

2021-2025



Countries Covered

Kenya and Ethiopia



Project Description

The programme will leverage local insurance capital to de-risk renewable energy development and thereby catalyse private investment into green energy projects in Africa. This will be done through establishing a joint underwriting facility, backed by East African insurers, to initially cover the early-stage development drilling risk for investors in geothermal projects. Furthermore, this underwriting facility should further develop to cover other speciality risks in the renewable energy sector and the broader climate mitigation & adaptation sector in Africa.

The programme will implement the following work:

- i) Technical capacity development and facilitation of East African insurance sector stakeholders
- ii) Advocacy and technical assistance on regulatory adaptation
- iii) Support to structuring and execution of a joint underwriting facility
- iv) Advocacy and technical support to fundraising from African investors for geothermal investment



Target Results

1. Inclusive economic growth characterised by increased access to decent jobs and acquisition of productive assets by African companies through mobilization of African risk capital
2. Increased access to basic services, in particular affordable and clean energy
3. Sustainable futures characterised by the achievement of critical environmental outcomes (e.g. CO2 avoidance) and inclusive and sustainable economic growth



Progress

Kenya

- Four companies have committed to becoming founding members of the underwriting facility: Sanlam, APA, ICEA Lion (lead), Mayfair
- Training programme for the technical underwriting staff of these companies is starting on 14 June
- Engagement with regulator in Kenya is positive – likely will be supportive of instituting the underwriting facility and the associated reinsurance vehicle to be set up by Parhelion
- In discussion with the UK DIT on holding a Business of Resilience conference _East Africa version which will likely fall in September or October.

Ethiopia

- Engagement with Ethiopian insurance companies has commenced with an insurance event hosted on 20 May, which saw 13 out of 18 insurance companies attending, representing 80% of the market underwriting facility.
- A gap analysis will be undertaken with the Ethiopian regulator in this quarter.



Contact

Zillah Malia – zillah@fsdafrica.org