

Boosting Investment in Renewable Energy

EDFI Renewable Energy Transition

Who We Are

EDFI Management Company (EDFI MC) is an impact-driven financial service provider, created by the European Development Finance Institutions (EDFIs) and supported by the European Union. We manage EU-funded investment facilities and EU guarantee programmes. The latter is backed by the European Fund for Sustainable Development Plus (EFSD+), the EU's main financing arm of the Global Gateway strategy that mobilise private capital in developing and emerging markets.

What We Do

We manage a portfolio of different EU external action guarantees that reduce the EDFIs' and co-investors risk of investing in underserved markets. The EFSD+ guarantee support provided by the EU covers a percentage of the investment in case of debt default/investment loss at exit.

One of these programmes is EDFI Renewable Energy Transition (EDFI RET) a new pioneering programme that supports EDFIs and their private and public co-investors to invest **debt and equity** into corporates and funds (including EU companies based in the eligible regions) supporting **the renewable energy transition**. These investments will then enable the companies supported by EDFIs to address the ongoing energy access gap in emerging markets.

Why It Matters

One of the five priority areas of the EU Global Gateway strategy is Climate and Energy. This reflects the European Union's commitment to tackling the global climate crisis in line with its obligations under the Paris Agreement and its dedication to achieving the United Nations Sustainable Development Goals (SDGs).

Today, over 773 million people still lack access to electricity and even more lack access to stable energy, of which 590 million are living in Sub-Saharan Africa, accounting for 80% of the global population, 152 million in Asia and others in rural parts of Latin-America. EDFI RET will help accelerate renewable energy investments by supporting renewable energy private enterprises through the various stages of their development, thereby bridging the gap in access to financing, stimulating the private sector, and mobilising investors.

How It Works

1. A European DFI sources an existing fund or corporate which fulfils the eligibility of the EDFI RET programme (eligible country/financial instrument etc).
2. The European DFI then applies for EU guarantee cover under EDFI RET from EDFI MC. The request is then assessed by EDFI MC.
3. Following eligibility/additionality checks by EDFI MC, a Back-to-Back agreement is signed between EDFI MC and the European DFI mirroring the obligations signed between the European Commission and EDFI MC.

Why Guarantees? Why Now?

EU external action Guarantees supported by the EFSD+ for EU Global Gateway are a powerful tool to mobilise private investment in challenging markets. Under the **Global Gateway**, the EU is scaling up its use of guarantees to:

- Drive sustainable development
- Support climate resilience and inclusive growth
- Enable DFIs to take on more risk and reach further geographies

Programme Snapshot

Feature	Details
Total Size	€332 million
Type of guarantee	Unconditional, irrevocable, on-demand guarantee
Eligible investors covered by the guarantee	EU pillar-assessed European Development Financial Institution
Target Regions	Sub-Saharan Africa, Latin America and the Caribbean and Asia Pacific
End beneficiaries	The investees can be companies or funds in the following sectors: <ul style="list-style-type: none"> • Renewable energy generation via on-grid solutions, independent power producers (IPP) projects • Off-grid and mini-grid solutions • Energy transmission and distribution infrastructure and facilities • Energy storage solutions • Green hydrogen value chain (production, distribution, storage) and other new technologies • Related infrastructure connected to the above and contributing to the energy transition i.e. e-mobility/RE Transport sector sustainable ICT sector, sustainable waste and/or supporting decarbonization of heavy industries (including coal, steel and cement plants).
Instruments	Debt and direct or indirect equity
Investment Period	2025 - 2028
Cover period	18 years

For more details: <https://edfmc.eu/what-we-do/renewable-energy-transition-ret/>

