

Managing a funding program to promote private initiatives to develop mini-grids from renewable energy to improve access to electricity

Company name: Innovation Energy Development (IED)

Project title:



Intervention country: Kenya

Duration: 2016-2021

Total cost: € 4 Millions

Mobilized staff: 200 people

Topics: Renewable Energy / Rural Electrification / Financial and Project Engineering

Benefits:

- Contribute to identification and selection of best green mini-grid projects looking for financial support and technical assistance
- Define program's operational process in a procedure manual, including the finalization of eligibility criteria, and managing / distributing subsidies
- Assess business plans, pre-feasibility and feasibility studies and other relevant documents to identify gaps and appropriate funding (commercial financing, concessional financing, grants, equity fund, etc.), including participation in this program, especially for Investors
- Environmental and social impact assessment, following first steps in the implementation of projects funded by the programme

Project description:

Aim of the Green Mini Grid Kenya programme, funded by UK-AID DFID and with technical support from the French Development Agency (AFD), is to catalyze private investment in mini renewable networks to improve access to energy in Kenya. To reach this goal, DFID is providing financial support of 30 million euros to help private investment to support development of project owners of mini renewable energy power grids in Kenya. Based on an initial analysis, DFID chose to support the development of mini networks operated by private actors as the most sustainable approach, and asked AFD, following the success of its Sunref programme in East Africa to promote renewable energy and energy efficiency through technical assistance to project owners and the creation of financial tools with local banks.

In order to provide an appropriate institutional platform for the day-to-day running of the programme, AFD has selected IED which:

- Initiating and coordinating communication actions on funding and technical assistance opportunities for Renewable Energy projects in Kenya
- Identification and selection of best private mini-network projects in Kenya, then analysis and support for their business models and operations management
- Analyse of the market targeted by project owners through the use of Geographic Computer Systems (GIS) and the cross-crossing of millions of data, allowing mapping of access to electricity, social-economic and logistical situations, and thus identifying the suitability of project offerings with field needs and local demand

- Assistance for investment research and fundraising of project owners by awareness sensibilization and training to the financial and economic sectoral environment (sponsors, banks, consultants, equipment suppliers, etc.) and to existing financial tools, etc
- Selection of beneficiaries and breakdown of subsidies envelopes provided by DFID

French partners:



Foreign partners:



Quote: "In our village, we had food security, we had education, and now thanks to the GMG Kenya project, we have the energy, so we will achieve sustainable development goals of the UN", Elsaphan Wandera, Senior Chief of Elder, Sidonge, Kenya

Post-project results:

- Providing improved quality and quantity electricity in rural areas and reducing costs through affordable and easy-to-maintain technologies
- Spreading energy-efficient equipment and promoting thrifty uses of electricity, promoting employment and income-generating activities through electricity
- Servicing rural electrification projects with renewable energies, effective use of European ODA

Spin-offs for France:

- Valuing French expertise abroad (Renewable Energy / Financial and Project Engineering)
- Exploitation of AFD's expertise in supporting local private players in electrification projects facilitating sustainable economic development
- Use of British financial envelopes for French corporate export services

Spin-offs for Kenya:

- Quality rural electrification for the needs of more than 100,000 people in Kenya
- Sustainability of Renewable Energy companies to services adapted to the needs of local people
- Facilitating productive uses of electricity for the development of local income-generating activities, promoting direct jobs through project owners

Environmental impact:

- Promoting Renewable Energies and combating dependence on greenhouse gas-emitting fossil fuels for electricity generation and distribution in remote areas

