



European Union Africa
Infrastructure Trust Fund



GREEN MINI GRID FACILITY | KENYA POWERING PEOPLE

**5th Africa Mini Grids Summit
Accra, Ghana
24 June 2019**



Kenya Power



Managing Entity:



In association with:



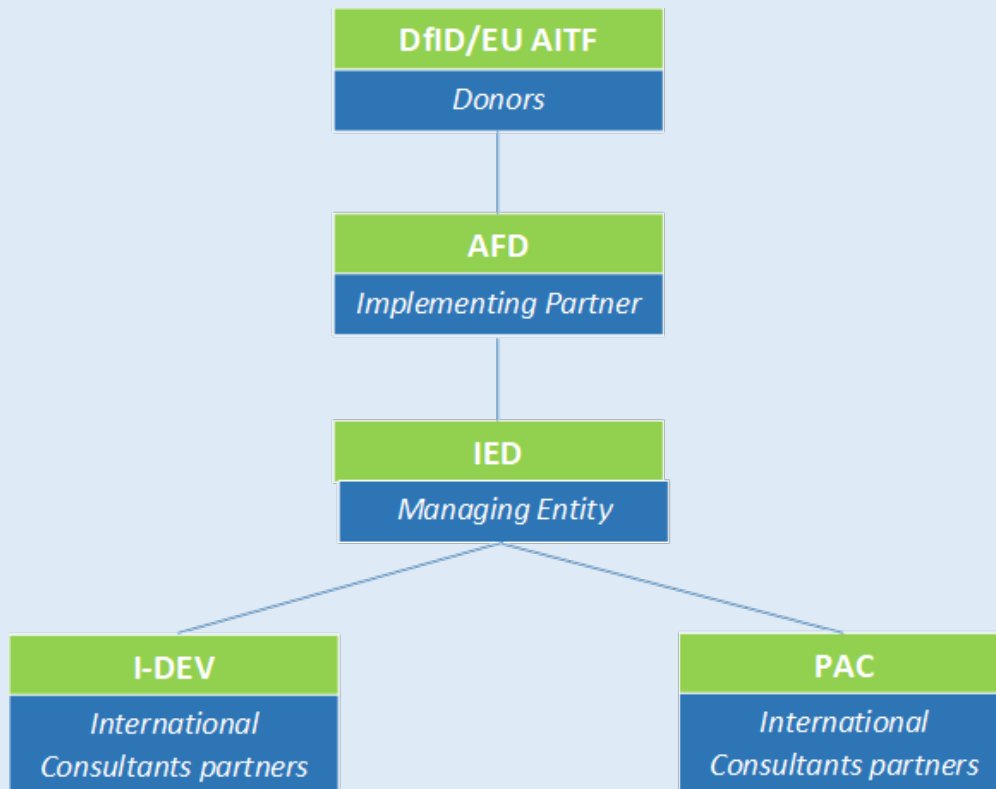
GMG Facility Kenya

The Facility avails funds, and supports green and sustainable mini-grid electrification in off grid areas in Kenya.

The Facility provides:

- Technical assistance
- Milestone investment grants
- Output-based grants

Who we are



Funded by UK DFID
(and EU AITF since mid 2018)

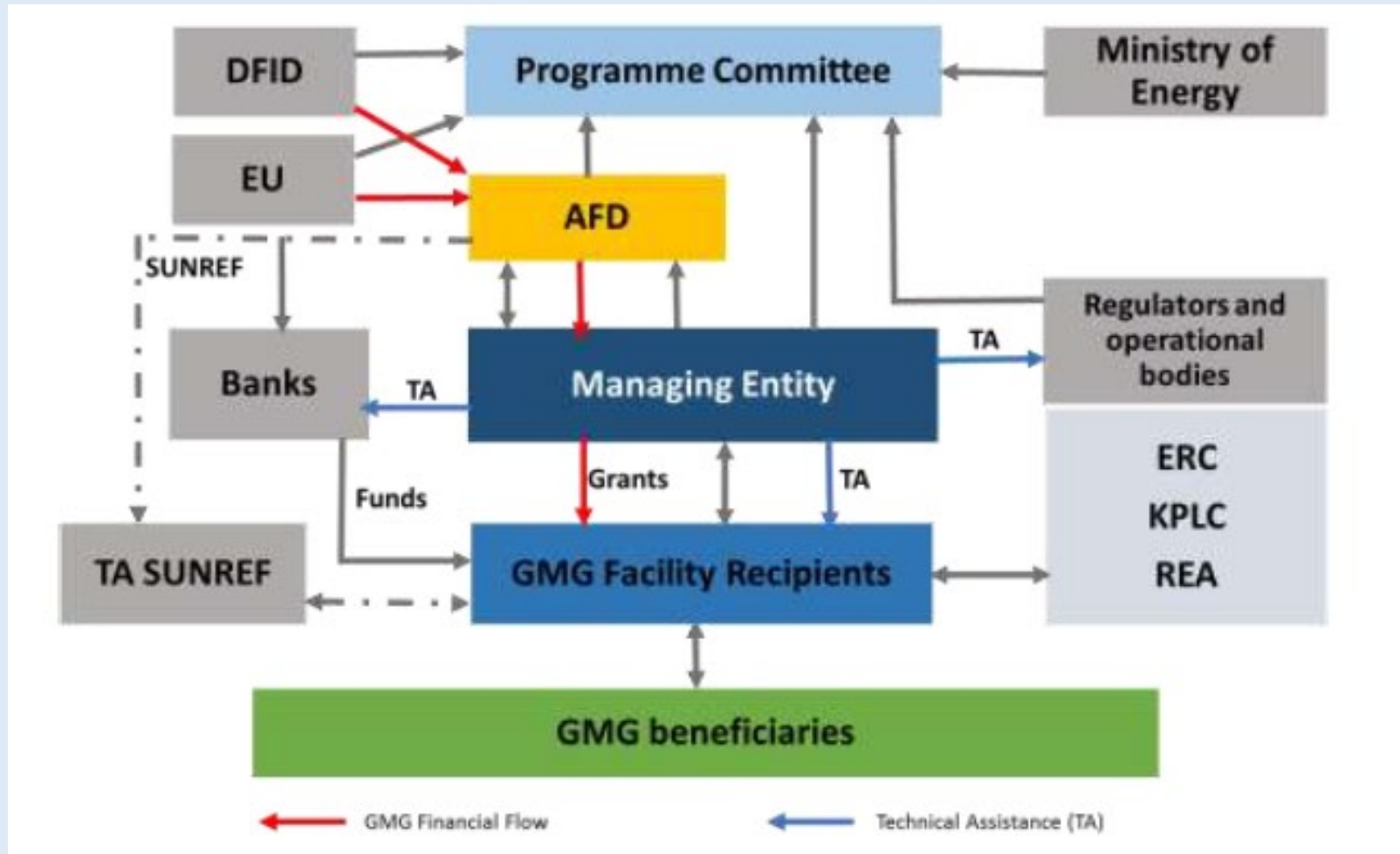
AFD Implementing partner

- AFD has experience in renewable energy RE&EE (SUNREF Programme).

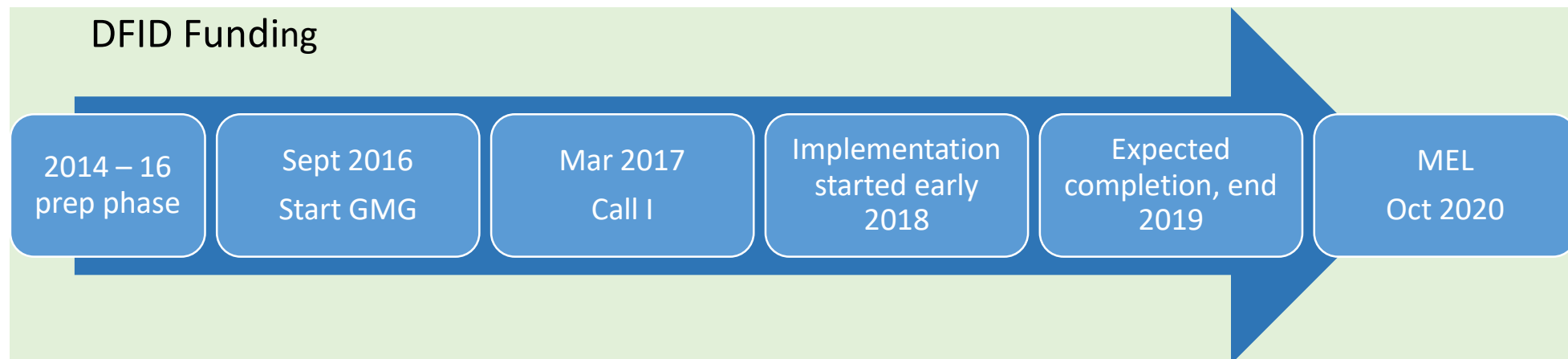
Innovation Energie Development, Managing Entity

- IED has extensive expertise in mini grids and access to energy
- I DEV provides investment advice
- PAC focuses on social and gender inclusion and community engagement.

Programme Structure



GMG Programme time line



Funding /Targets of GMG Facility

Funding available

- DfID committed GBP 9,16M for Project and Sector TA and Investment / Output based Grants .
- EU-AITF committed €5.65M for Project TA and Investment /output based Grants.

Targets

1.5



MW

6



Companies

13 /
17 k



Connections



People
Beneficiaries

Type of Grants

pre-feasibility

development

execution

- Technical Assistance max € 50,000

- Max per potential connection € 100

- Technical Assistance max € 250,000

- Max per potential connection € 125

- Max grant € 450 / connection

- Max grant 50% of eligible costs

~ € 12 million for Grants + TA

Projects selected on:

Category	Example
Technical design of project	Quality of design Choice of technology Sustainability of generation resource Cost effectiveness
Business model	Financial benefits Scalability Risk and risk mitigation
Past experience	In technical design In raising financing In project management
Management team	Composition and skills Completeness of skills required Local experience Level of qualifications
Potential impact	Number of connections Installed capacity from renewables Employment creation (economic benefits) Gender considerations Additional capital leveraged

Ongoing GMG Projects

- Grant agreements signed early 2018 with three developers
- Implementation initially planned to be completed within 12 months
- Delays for operational and regulatory reasons
- Completion of construction end 2019



Developer's Geographic Areas

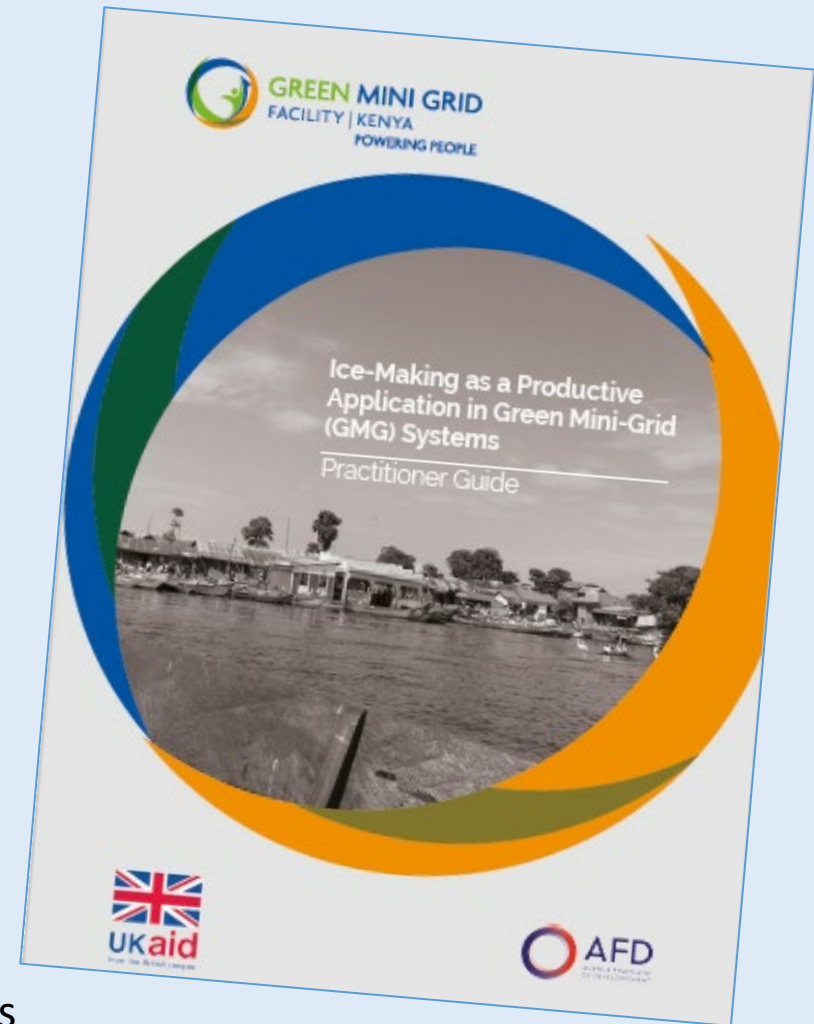
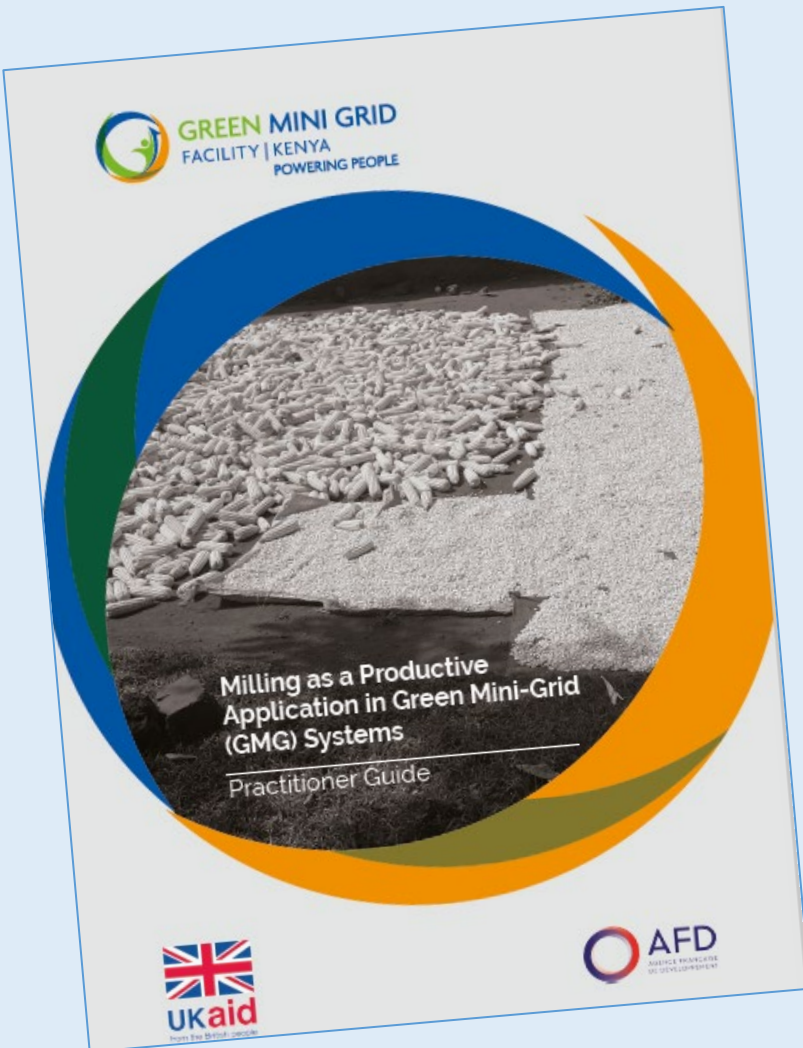


Technical Assistance to Sector

Subject	Results
Support to Ministry / regulator	<ul style="list-style-type: none">• GMG supported Ministry and other projects in this area• Draft regulations were developed in 2018.• Need to be adapted to the new Energy Law March 2019
Access to Finance	<ul style="list-style-type: none">• Demand and Supply side of Energy Finance and Market Assessment studies for HH appliances and PU applications for SMEs .• Financial Models developed in consultation with local banking group• Working towards Loan Guarantee Fund
Productive use of energy	<ul style="list-style-type: none">• Two tool kits to improve economic development in mini-grid communities.<ul style="list-style-type: none">• Milling• Ice making• Further promotion planned through Ministerial workshop in July

Sector Technical Assistance

Practitioner's Guides for Milling and Ice making



search for resources
www.gmgfacilitykenya.org

Other areas of productive use....



Egg incubator



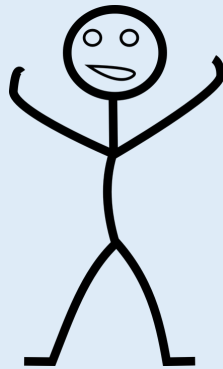
Regulatory framework MG

- **Ministry of Energy Approval** based on EoI, includes no objection of County authorities and REA
- **Tariff approval** by Regulator (detailed feasibility study, standard tariff calculation, ESIA etc). Reviewed annually;
 - Approved tariffs varying between \$0.50 – 0.85/kWh and connection fees \$65 – 95 but vary per developer.
 - Regulator open to different models.
- **Construction Permit** (tech specs, land registration, etc). Valid 12 months
- **Generation, Distribution and Supply License** after commissioning of plant/ distribution network, up to 20 years
- **Regular reporting** to Regulator, monthly and annually
- Required for each site

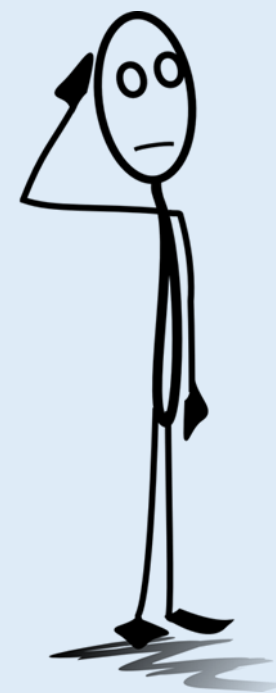


Achievements

- **Stimulation** of conversation on Mini-Grids in Kenya;
- **Increased number of connections** and access to off-grid areas;
- **Accelerating productive uses** in communities served by Mini-Grids;
- **Policy and Regulations** - The Ministry has drafted and plans to incorporate regulations to support Mini-grids development
- **Leverage of international private investments**
- **Innovative systems and models used by various developers** – which could be integrated into Electrification Strategies by Government and utilities.
- **Kenya on forefront** of mini grid solutions. Starting point for international developers.



- **Regulatory approval process.** Time and resource consuming and requirements changed over time.
- **Land registration** issues.
- **Delays** in procurement/ delivery of materials/ contractual issues.
- **Evaluation and approval process** is time consuming but needed to manage risks especially in case of investment grants. Verification more demanding
- **Overly optimistic time frame** from both donors and developers.
- **High kWh tariffs** despite grant support





Thank you

Gerard Hendriksen

g.hendriksen@ied-sa.fr

www.gmgfacilitykenya.org



Managing Entity:



In association with:



I-DEV INTERNATIONAL
Unlocking Business Potential in Frontier Markets

