



# Kenya: Preparation of a programme for the promotion of investments in Green Mini Grids

## Stakeholder Update

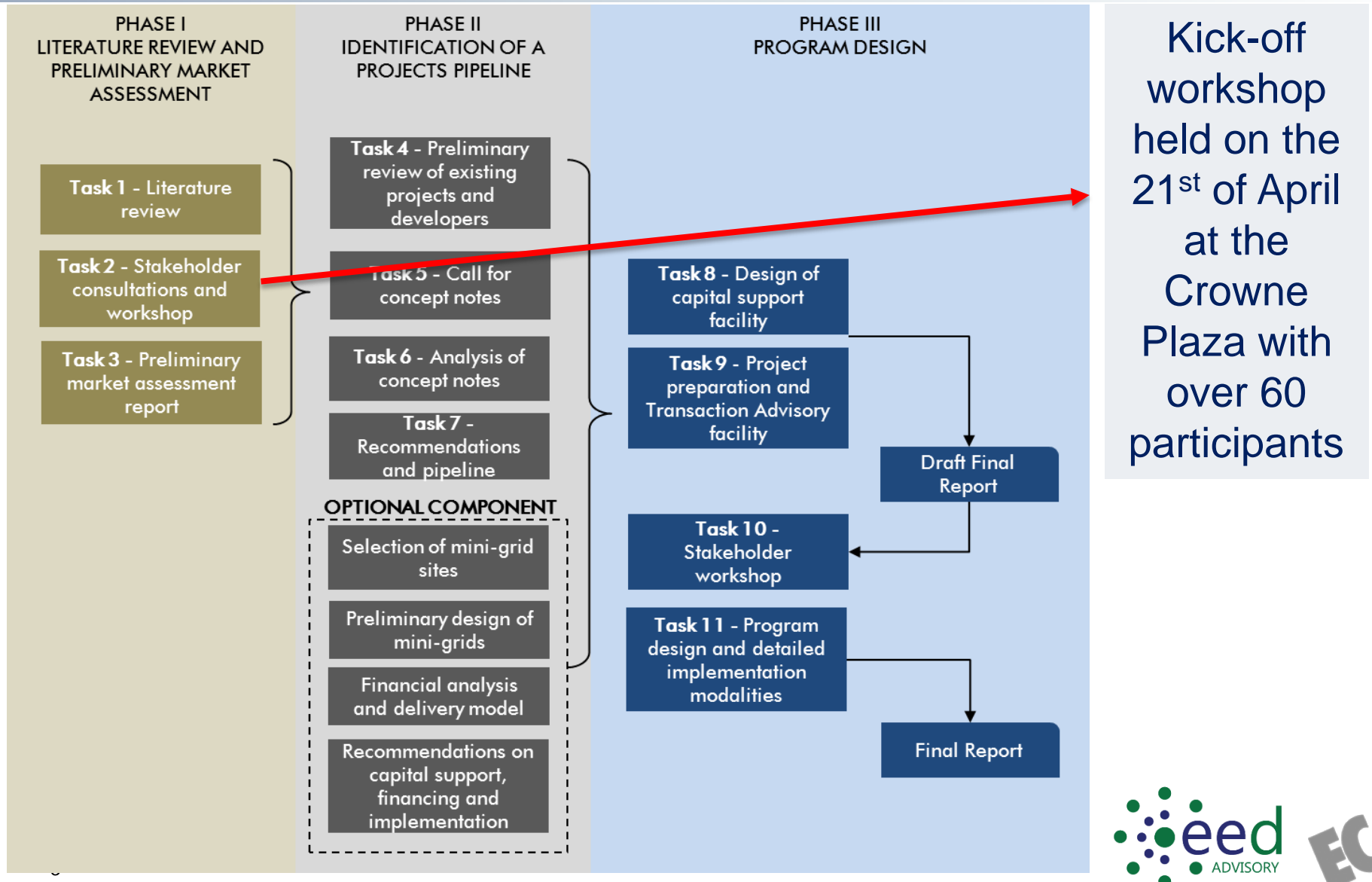
Nairobi, 24 May 2016



# Overview of the assignment

- ❑ A £30m facility with the following broad components
  - ❑ Component 1 – GMGs/electricity access financing in Kenya – £24m
  - ❑ Component 2 – Project Preparation and Transaction Advisory – £6m
- ❑ **Subject to the following constraints:**
  - ❑ Integrating renewable energy
  - ❑ Private sector participation, leverage
  - ❑ 5-year window for implementation / disbursement
- ❑ **Deliverables:**
  - ❑ Briefing on the kick-off workshop
  - ❑ Preliminary market assessment report
  - ❑ Pipeline of potential beneficiaries
  - ❑ Final report

# Approach



# Possible support options

## Capital Requirements

- Early stage capital
- Concessional financing
- Capital grants
- Connection grants
- Guarantees
- Credit
- Equity

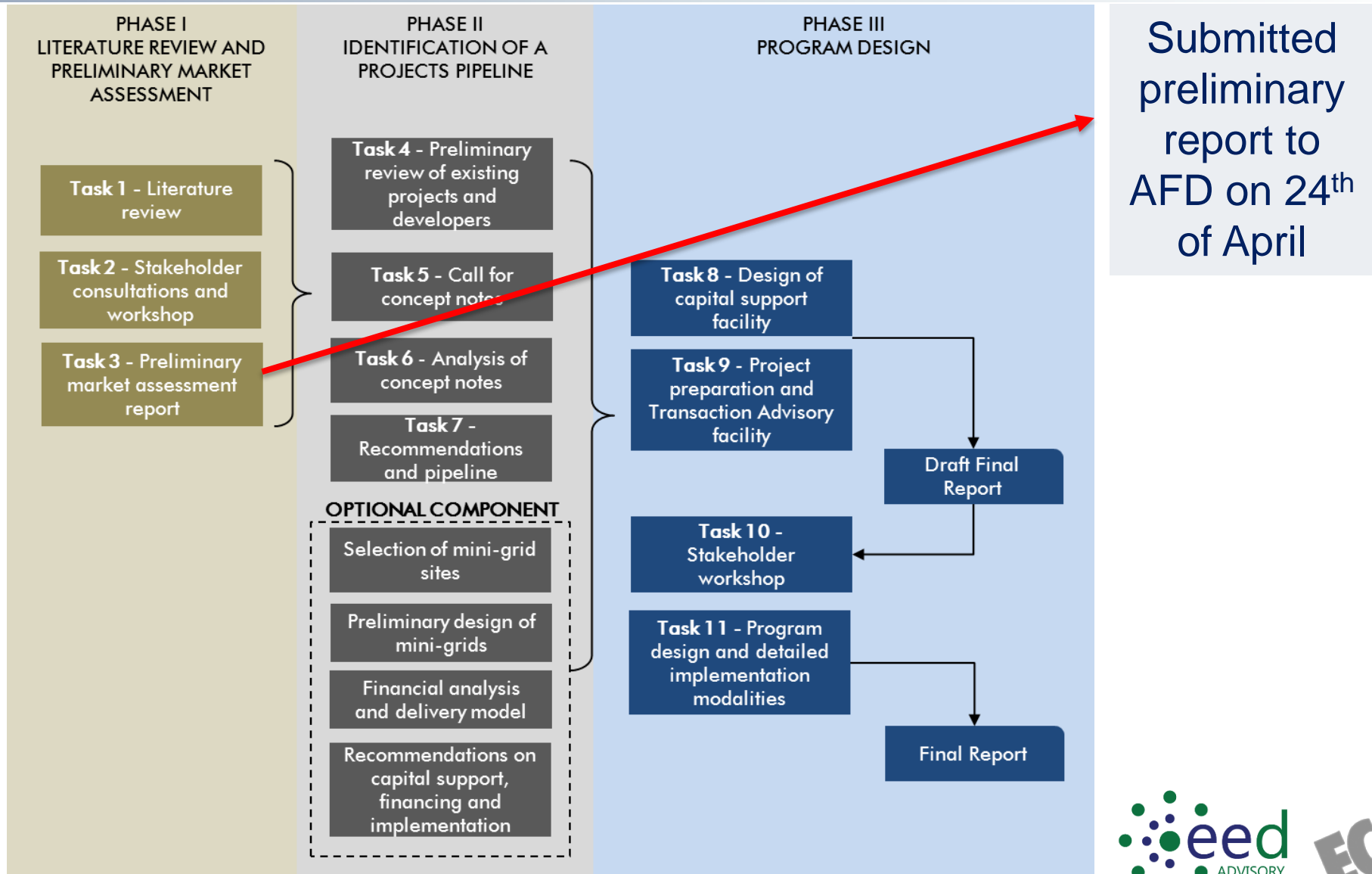
## Technical assistance at sector level

- Mini grid regulations
- Market scoping
- FI capacity building
- Professional education and training
- Stakeholder forums and associations
- Technical standards and specifications

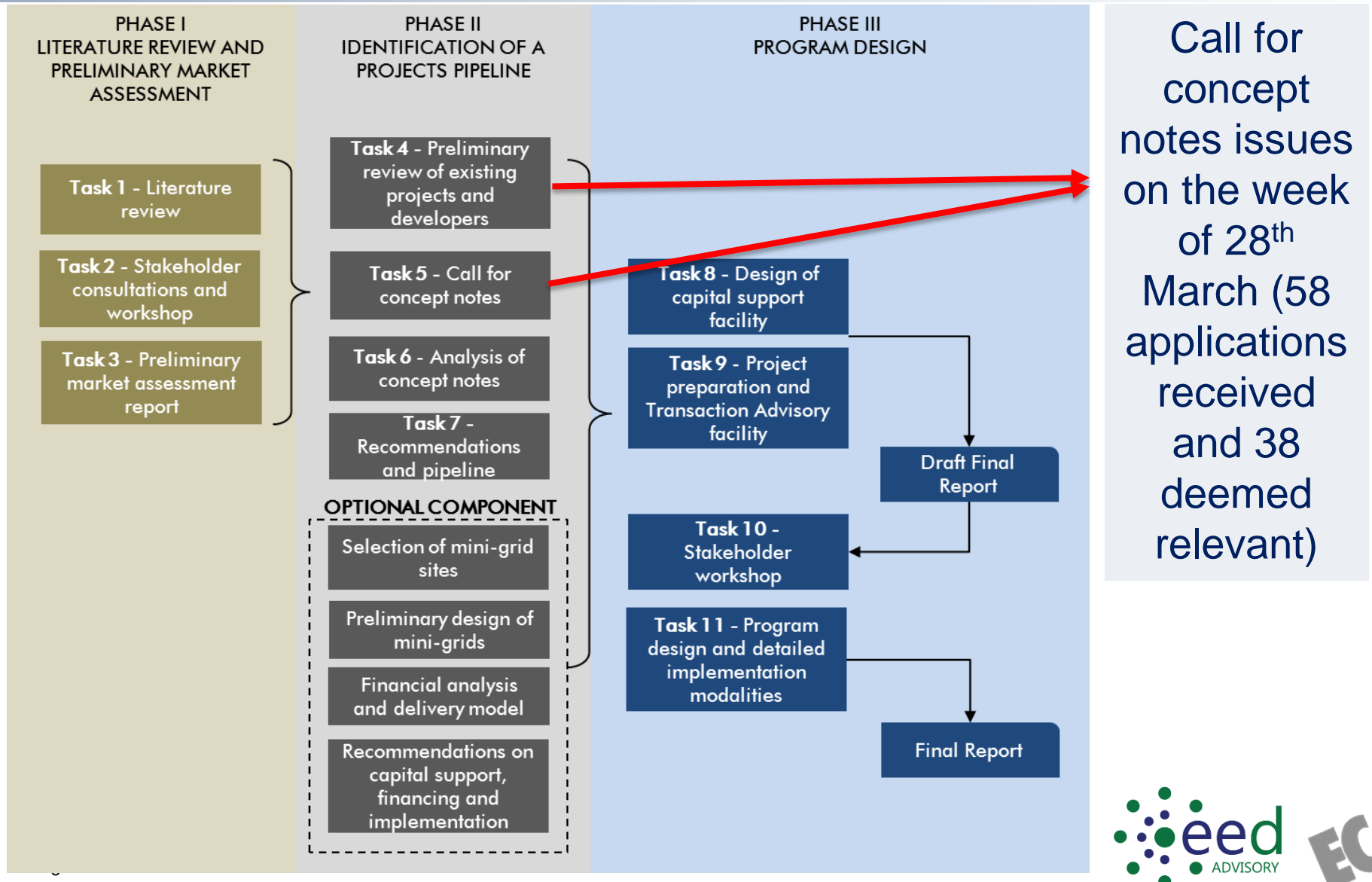
## Technical assistance at project Level

- Early stage support (Ex: Feasibility studies)
- Transaction advisory
- Community mobilization
- Legal and regulatory compliance

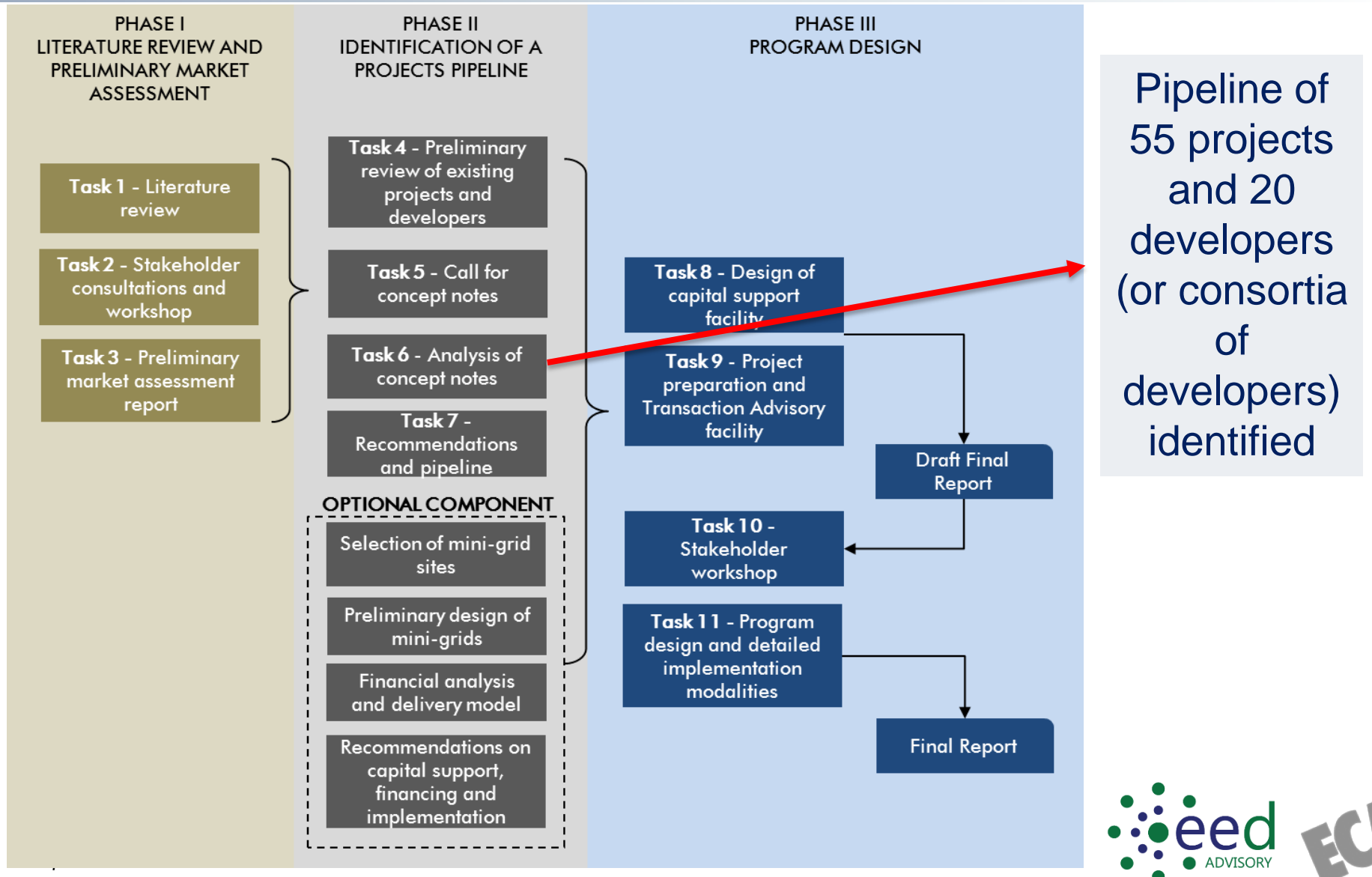
# Approach



# Approach



# Approach



# Summary of the pipeline: Capital

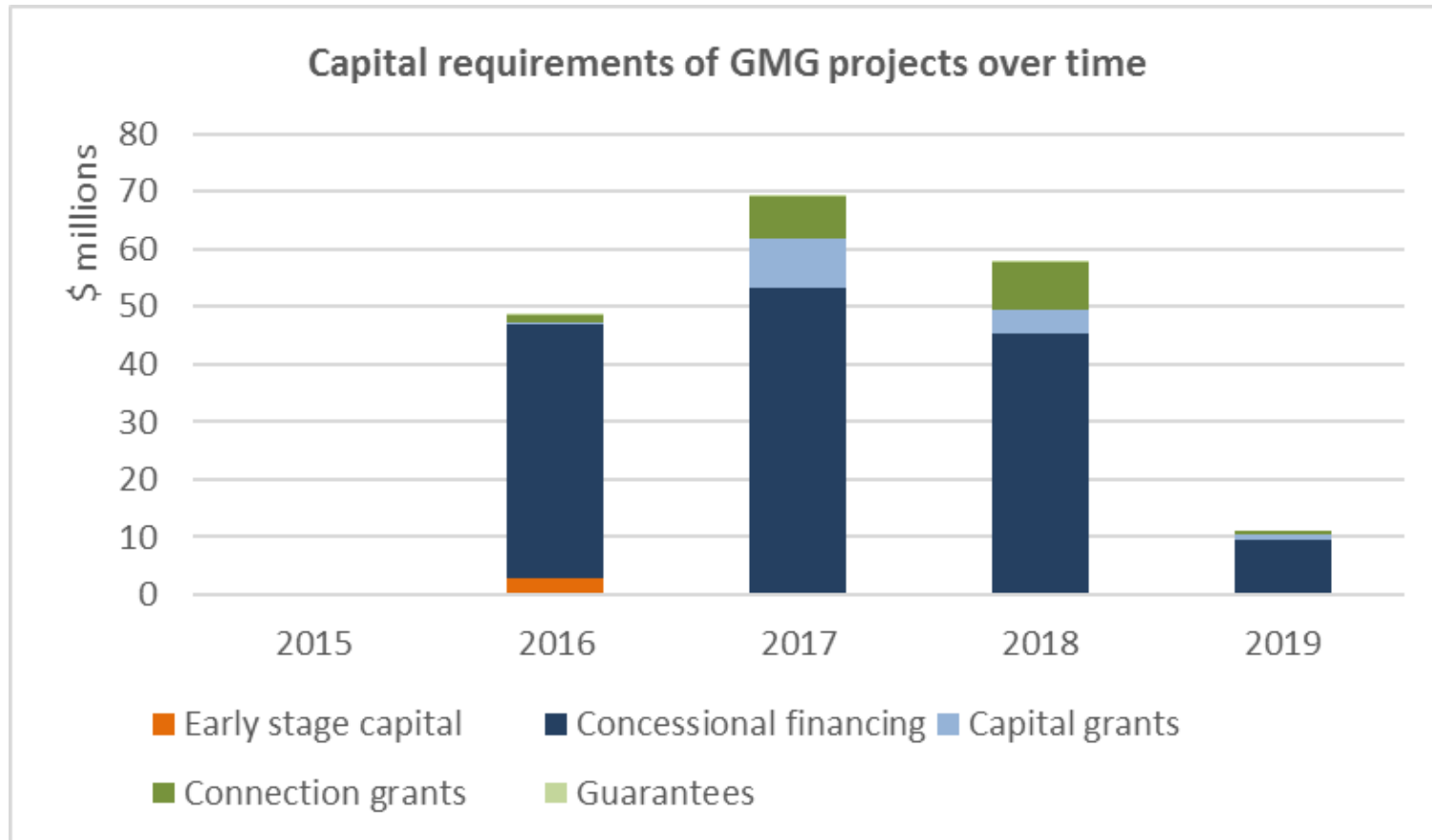
Type	CR* (US\$ Mn)	%	# projects	# connections, \$/connection
Type 1	126	67	26	34,975, (3,605)
Type 2	13	8	6	13,000, (1,073)
Type 3	47	25	23	112,420, (419)
<b>TOTAL</b>	<b>187</b>	<b>100</b>	<b>55**</b>	<b>160,395</b>

\*Capital Requirements

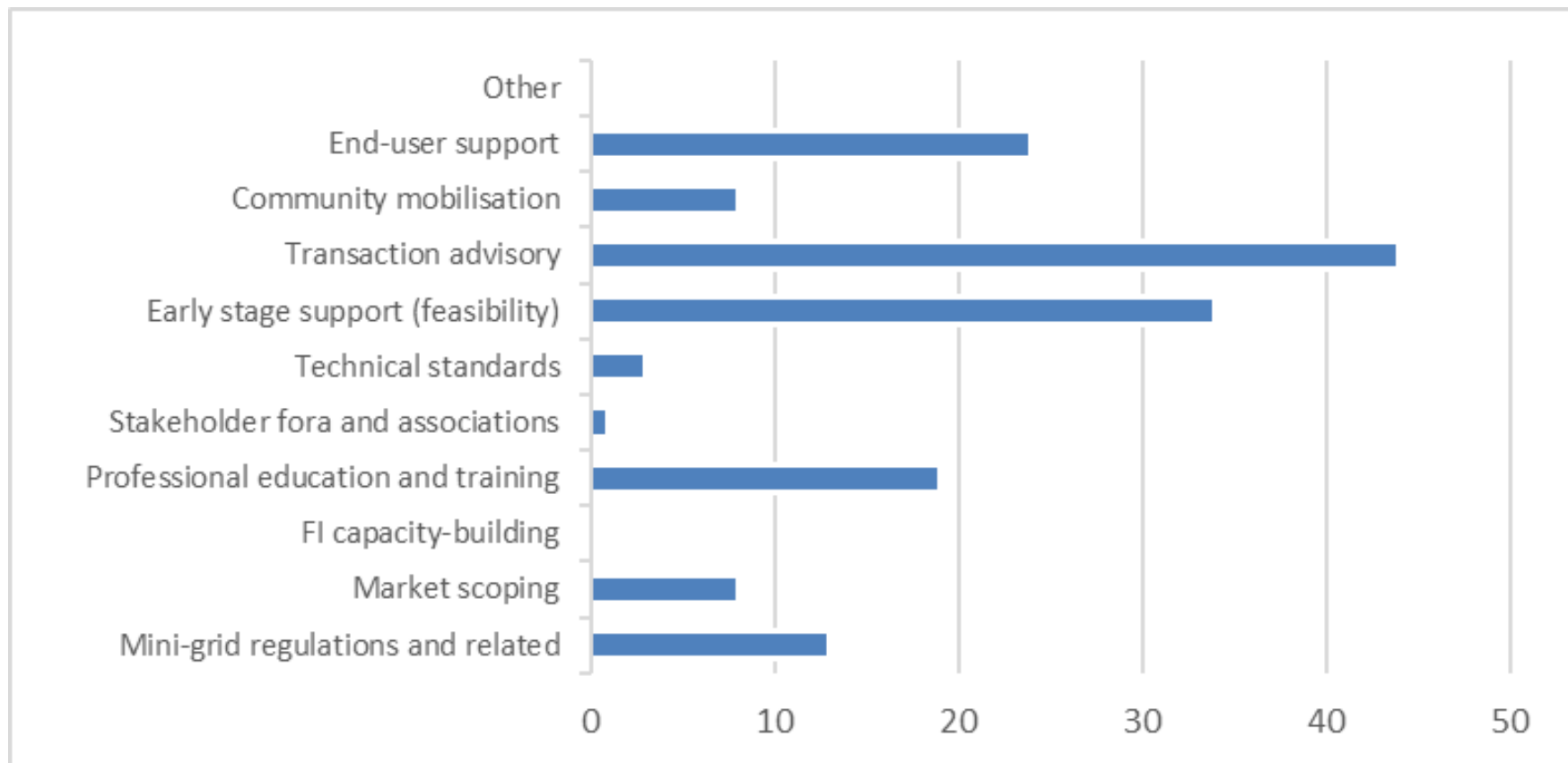
\*\*20 developers/consortiums



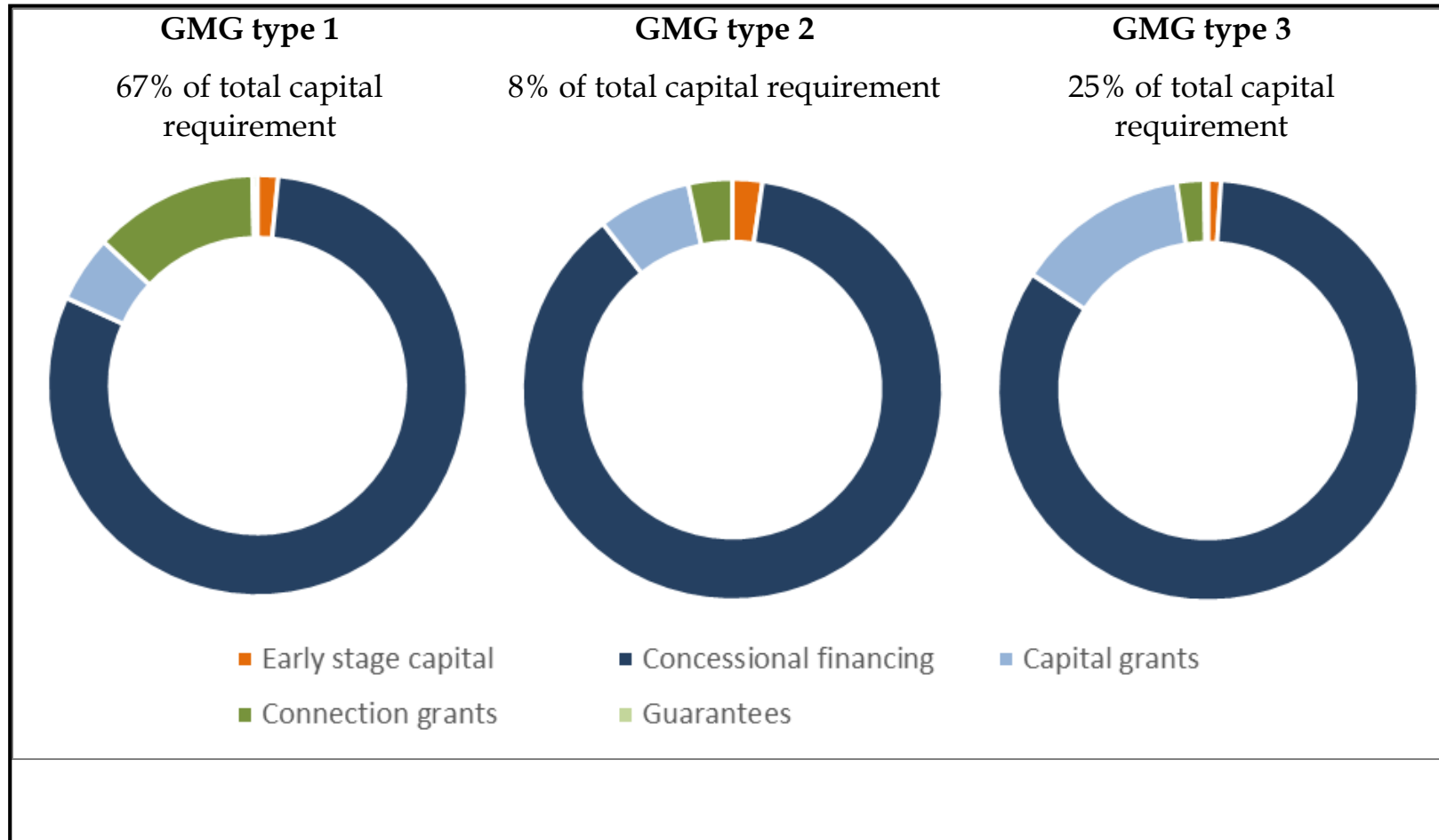
# Summary of the pipeline: Capital



# Summary of the pipeline: TA



# Summary of the pipeline



# Closing thoughts

## □ Tariffs

- Differentiated cost for differentiated use is not uncommon
- If aim is to optimize power supply and cost then shouldn't other developers receive the same level of public support?

## □ Business models

- *"Bankability"* is a strong word
- BMs (and projects) are constantly evolving

## □ Program Design

- Keep it flexible... unless one is sure of the focus
- We now know a lot but there is still a lot more that we do not know (on the business of GMGs)