Facility for Energy Inclusion
The new platform for financing small-scale renewables in Africa

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Access to electricity is the largest bottleneck to development in Africa...

The IEA’s *New Policies Scenario* projects that approximately 600 million people in Africa will remain without access to electricity in 2030.

…AfDB has made lighting and powering Africa its top corporate priority!

The **New Deal on Energy for Africa** is AfDB’s strategy for delivering universal energy access in 2025-30, and focused on the deployment of renewable energy.

1. **On-grid generation**
   - To add **160 GW of new capacity**

2. **On-grid transmission & distribution**
   - That will create **130 million new connections**

3. **Off-grid generation**
   - To add **75 million new connections**

4. **Access to clean cooking energy**
   - For **150 million households**

AfDB has pledged to commit **USD 12 billion** of its own resources by 2020, to leverage another **USD 50 billion**.
<table>
<thead>
<tr>
<th>Domestic and Micro-Enterprise</th>
<th>Commercial and Industrial</th>
<th>Community Mini-Grids</th>
<th>Utility-Scale Power Plants</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Fast growing renewable energy segment, new business models</td>
<td>• Increasingly recognized as a large and attractive investment segment</td>
<td>• New technologies enabling electrification in remote areas</td>
<td>• Smaller plants easier to finance and deploy, advent of solar tenders</td>
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<td>• Growth driven sales volumes, cross-selling of appliances and consumer finance</td>
<td>• Displacement of high diesel costs, stability of supply, affordability</td>
<td>• Power for domestic and non-domestic users (“grid-experience”)</td>
<td>• Clean power in the grids at competitive tariffs, but intermittency an issue</td>
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<td>• Funded by venture capital, private equity, large corporates</td>
<td>• Funded by specialized funds</td>
<td>• Funded by donor grants and “impact” equity investors</td>
<td>• Funded by DFIs and some commercial Banks</td>
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Africa has unique potential and the renewable energy investment landscape is diverse and fast-evolving.
Renewable energy and mobile connectivity are redefining the energy access landscape in Africa …

Note: Inclusion is for illustrative purposes only and does not imply neither interest nor endorsement of the African Development Bank.
...while improving food security and increase climate resilience in rural areas.

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Despite the opportunity, various challenges stand on the way of financing small-scale renewables…

Local banks are best placed to finance small-scale projects but do not do it for a variety of reasons including:

- **Inflexible Lending Model**
  - Very traditional secured corporate lending model
  - Only accept hard assets as collateral

- **Structuring Capacity**
  - Limited in-house experience and range of debt products
  - Rigid and narrowly focused credit approval processes

- **New business models**
  - Small scale projects viewed as “exotic” and “unbankable”
  - Level of upfront effort does not seem to be justified

Acknowledging these challenges, AfDB provided a $100m anchor investment to establish a financing platform for small-scale projects with the objectives of:

- aggregating and blending capital from various sources
- play a lead arranger role structuring bankable projects
- accelerating delivery to increase access to clean energy across Africa
Facility for Energy Inclusion (FEI)

$500 million debt platform for small-scale renewables

• On-Grid Window (USD 400m): small-scale IPPs, green mini-grids, commercial & industrial solar (size <25 MW)

• Off-Grid Window (USD 100m): off-grid solar companies using pay-as-you-go technologies or lease-to-own models
Thank you...on behalf of our partners!

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