Renewable Energy Performance Platform
Support for small/medium scale RE

- Many technologies are cost competitive to the conventional alternative
- Small/medium projects require shorter construction periods
- Grid connection costs is competitive with large applications esp. in remote areas
- Small/medium scale projects can be more easily integrated in weaker grid systems
- Depending on the context, mini-grids is the least cost option compared to grid extension
- Small/medium projects can provide an alternative source of income
- Power self-generation on production sites for the industrial sector provides can have multiple aims: energy savings, energy security, new revenue stream, etc.
Challenges for small/medium scale RE

• Access to finance for projects is hindered by the lack of bankable projects, experienced developers and low feed-in tariffs that hardly allow for cost recovery in markets where average generation costs are high.

• High (perceived) political risks, doubts regarding the creditworthiness of the off-takers and the unsuitability of available financial products explain the reluctance among banks and other investors.

• High transaction risks and consequently high risks of sunk costs combined with low ticket sizes limit appetite of commercial lenders.

• High transaction costs burden access to risk mitigation instruments.
Framework for small/medium size RE in Sub-Saharan Africa

### GROUP C
- Liberia
- Sierra Leone
- Burkina Faso
- Mozambique

### GROUP B
- Ghana
- Nigeria
- Ethiopia

### GROUP A
- Kenya
- Tanzania
- Uganda

**Readiness of the financial and energy sector to small/medium scale RE projects**

- Immature, bundled and vertically integrated power sector
- In the process of defining a national energy strategy
- Not ready to attract IPPs (beyond emergency power producers) and too early for private sector lending.

- Process of unbundling and/or privatizing the power sector and of implementing IPP dedicated frameworks, including a specific framework for RE generation.

- Liberalized power sector, open to private actors, with specific regulations dedicated to IPPs, including specific feed-in tariff schemes
- However, exposed to several risks and challenges that keep hindering the up-take of RE technologies on the market.
Major barriers

Risk mitigation instruments

High perceived risk

High margins/financing costs

Limited economic viability

Limited access to long-term capital

Lending platform
REPP concept

1. Increasing economic viability by mitigating non-manageable risks
2. Closing remaining gap to economic viability
3. Ensuring supply of financing

Risk Mitigation Instruments: atilaca, THE WORLD BANK, OPIC, TCX

Lending Platform: European Investment Bank
Private Sector Financiers: KfW, GLOBAL CLIMATE PARTNERSHIP FUND

Results-based financial support: Aligned Due Diligence, Technical Assistance, One-stop-shop

SPV 1, SPV 2, SPV 3, SPV ...
Aligned procedures to reduce transaction costs
REPP targets

• The aim of REPP is to establish a cluster of RE projects that provide a demonstration effect of both policy and financial viability, positioning the targeted sectors for further roll-out.

• REPP aims to help to kickstart the realization of projects under new regulatory support schemes and to accelerate the process of project preparation following the implementation of a new enabling environment.

• REPP seeks to support committed countries in sub-Saharan Africa deliver an initial portfolio of renewable energy projects, based on reducing the cost of finance and improved access to capital.
Financial support as last step to close a potential gap to financial viability

Gap to be bridged to achieve financial viability

- Risk mitigation instruments
- Long term lending
- Financial support

LCOE pre REPP  |  FiT/PPA level  | Financial support