

AFRICAN DEVELOPMENT BANK MULTI-COUNTRY



GREEN
CLIMATE
FUND

GLOBAL
PROGRAMMING
CONFERENCE

Project title				
Renewable Energy Independent Power Producers (IPP) / Mini-Grid Programs for Africa				
Result areas	Sector	Total financing, USD	GCF financing, USD	Financial instrument
Energy & Industry	Private	TBD	TBD	Loan
Description of specific climate change problem and how the project will address it	<p>This programmatic approach aims to develop and finance private-led renewable energy independent power producers (IPP) and/or private mini-grids in countries in Africa. Transition to low emission energy generation through private sector participation in Africa has been hindered by 1) limited early-stage project development supports leading to the lack of bankable project pipeline, 2) regulatory bottlenecks to private RE/mini-grid investment, and 3) limited availability of financing with adequate terms (price, tenor, etc.) for private RE IPP/mini-grid projects.</p> <p>A number of African countries are witnessing success in crowding-in investment for private RE IPP/mini-grid projects, some of them with a streamlined programmatic approach. Whereas RE IPPs are emerging fast in the region, private RE mini-grids are still underdeveloped. AfDB supported such approach in partnership with GCF in Zambia (Zambia Renewable Energy Financing Framework – FP8o) and in the DRC (DRC Green Mini-Grid Program – FP 96). AfDB looks to scale up this model in additional countries.</p>			
Alignment with key country priorities and stakeholders engaged	<p>The Program promotes low-carbon energy sector development therefore aligns with the NDC of the countries. Key energy and finance sector stakeholders in each target country will be engaged.</p>			

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Activities

The Program aims to offer a comprehensive package of:

- 1) Early-stage upstream program development support with the government/utility (including regulation, legal framework, procurement design),
- 2) Capacity building of local commercial banks and institutional investors for their participation to RE project financing, and
- 3) Loan arrangement for private RE IPP/mini-grid projects.

Expected outcomes

- Additional RE generation capacity installed by IPP and mini-grids, displacing fossil fuel and diesel (direct emission reduction)
- Increased energy access and energy mix diversification
- Economic and social co-benefits from stable and clean energy generation, as well as private sector development

Paradigm shift potential

The Program will catalyse paradigm shift primarily by

- 1) Developing a standardized and streamlined RE IPP/mini-grid program replicable in the future,
- 2) Crowding-in local financiers to promote small-scale local currency investment for RE projects.