



PRESS RELEASE

CrossBoundary Energy Access and PowerGen Pioneer Long-Term Mini-Grid Project Financing at Scale

- *Transaction pioneers the use of project finance for rural mini-grids in Africa and provides long-term funding for 60 mini-grids bringing power to over 34,000 people*
- *Such innovative project finance solutions will be key to unlocking the \$11 billion+ needed to bring power to at least 100 million people living in energy poverty in Africa*
- *UK-government funded Renewable Energy Performance Platform (REPP) supporting project portfolio with US\$3 million innovative project finance loan*
- *CBEA and REPP part of a group of investors with over US\$2.0 billion under management endorsing mini-grids and results-based financing (RBF) programs as vital to achieving SDG7*

Nairobi, Kenya - 17th July 2019 CrossBoundary Energy Access (CBEA), Africa's first project financing facility for mini-grids, is announcing its first transaction today to finance 60 mini-grids in Tanzania in partnership with PowerGen Renewable Energy, one of the sector's leading mini-grid developers and operators. Founded in 2011, PowerGen has connected over 50,000 people to smart, clean mini-grids. CBEA was established earlier this year with investments from the Rockefeller Foundation and Ceniarth to provide long-term funding for mini-grids on a project finance basis, delivering first time grid-quality power to rural households and businesses.

As part of this transaction, CBEA has signed a loan agreement with the Renewable Energy Performance Platform (REPP). REPP is a UK government-backed funding platform managed by Camco Clean Energy, focused on helping renewable energy projects attract and access private and institutional investment. REPP's innovative facility will provide a long-term senior loan, structured as project finance debt, supporting this new asset class to be financially sustainable.

Such innovative project finance solutions will be key to unlocking the more than US\$11 billion for mini-grids needed from investors to connect at least 100 million people.

CBEA's initial \$5.5 million investment will fund 60 mini-grids providing grid-quality power for the first time to 34,000 people in rural homes and businesses in Tanzania. It is the first time that a long-term project finance structure – traditionally used to fund large-scale infrastructure projects – is being used in the rural mini-grid sector in Africa.

Mini-grid developers like PowerGen have so far struggled to attract long-term financing for their projects because each mini-grid is too small to be individually financed. To address this, CBEA established a special



purpose entity in Tanzania that will purchase PowerGen's existing and future operating mini-grids in Tanzania. PowerGen will continue to provide long-term customer and asset management services to the mini-grid customers. This minimizes transaction costs and allows investors and lenders to provide long-term financing based on the cash flow generated by the assets themselves, similar to how most of the world's [1,000 gigawatts of wind and solar projects](#) have been financed.

A core feature of CBEA's pioneering business model is the creation of a long-term sustainable structure through the close alignment of incentives between PowerGen as the developer/operator and CBEA as the long-term owner of the mini-grid portfolio. The sale of the mini-grids to CBEA soon after completion allows PowerGen to recycle capital and focus on developing more projects. A developer premium in the form of a share of the distributions from the portfolio, and an operating fee that includes a performance bonus where the grids' revenues exceed projections will allow PowerGen to benefit as it operates grids more efficiently and provides customers with better service. As a result, both CBEA and PowerGen's profits come from the grids performing well and providing long-term value to the most important stakeholders - their customers.

CBEA and REPP are part of a group of investors with more than \$2.0 billion under management who signed a position paper in [June](#) that endorsed mini-grids as a key solution to ending energy poverty in Africa, and strongly urged governments and donors to support unified results based financing (RBF) programs to mobilize private capital. CBEA's and REPP's investment in Tanzania is an immediate proof point of how RBF programs can mobilize private capital.

The Shell Foundation (UK Registered Charity) and UK aid, through the Transforming Energy Access programme, provided support for the structuring and launch of CrossBoundary Energy Access.

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Quote Sheet

Gabriel Davies, Head of Energy Access at CrossBoundary, says, “Project finance is an established way to finance large infrastructure projects, but this is the first time it has been applied to rural mini-grids in Africa. We believe that this is key to unlocking more than \$11 billion dollars for mini-grids needed from investors to connect at least 100 million people to power.”

Sebastian Deschler, General Counsel, CrossBoundary, says, “CrossBoundary Energy Access provides an opportunity for investors and development institutions interested in supporting the mini-grid sector but struggling to find the right mechanism. This groundbreaking approach – bringing project finance to the sector for the first time – provides a repeatable, long-term sustainable model that is needed for mini-grids to scale. We hope that this facility becomes a template that can benefit the whole sector.”

Matt Tilleard, Co-managing Partner, CrossBoundary Energy Access, says, “This first investment for CrossBoundary Energy Access is a significant step towards unlocking the private and public capital needed to scale the mini-grid sector. At CrossBoundary we believe that distributed renewables will be crucial to powering African homes, businesses, and industries. Our role is to mobilize the financing to make it happen.”

Aaron Cheng, President, PowerGen, says, “PowerGen has installed hundreds of renewable energy systems across seven countries in East Africa. We believe the sector is now ready for the larger scale infrastructure finance that will enable it to scale. CrossBoundary Energy Access shares our vision of mini-grids providing future-proof energy access that is a win-win for investors and consumers.”

Geoff Sinclair, CEO of Camco Clean Energy which manages REPP says, “REPP’s loan is a clear demonstration of our confidence in mini-grids as the leading way for providing energy access to off-grid communities in Africa, as well as our confidence in PowerGen to deliver on its proposals. Today marks a pivotal moment in Tanzania’s energy future that should help pave the way for a rapid increase in other mini-grid projects in the country.”

Ashvin Dayal, Managing Director, Power, The Rockefeller Foundation, says, “We’re excited to see the CBEA facility make its first investment. We invested in CBEA because it represents an ambitious, concrete effort to realize the comparative advantage mini-grids have to serve over 100 million people in underserved communities in Africa. We hope this first investment establishes CBEA as a platform for more effective public and private sector coordination that can transform the pace of last-mile electrification.”

Diane Isenberg, Founder of Ceniarth, says, “We believe that this initial investment will serve as an important proof point that CrossBoundary Energy Access has developed a thoughtful, blended approach to the challenge of unlocking capital for the mini-grid sector. We hope that as more data emerges to support the economics of the model and that customer satisfaction and revenues become more predictable, that investors will become more comfortable in providing long-term financing for these installations.”

Sam Parker, Director, Shell Foundation, says, “Shell Foundation has been a strong supporter of mini-grids



for almost a decade. We believe the sector is now ready for the larger scale infrastructure finance that will enable it to scale. This investment is the first proof point that CrossBoundary Energy Access's aggregation approach will catalyze the hundreds of millions of dollars of private capital that is needed, alongside public finance, to grow the sector."



Background Info Sheet

About CrossBoundary Energy Access

CrossBoundary Energy Access is a blended project finance facility for mini-grids in Africa, and is part of the CrossBoundary Group, a set of platforms focused on bringing private capital into underserved markets. In January 2019 Ceniarth and the Rockefeller Foundation announced funding commitments in CrossBoundary Energy Access's first close. The fund is initially investing \$16 million into mini-grids serving an estimated 170,000 people. CBEA is seeking both additional equity investment to expand its blended finance vehicle, and mini-grid developers with pipelines of 5,000+ connections and demonstrated success in construction and operations.

About PowerGen

Founded in 2011, PowerGen is a renewable energy and mini-grid company with offices in four African countries (Kenya, Tanzania, Sierra Leone, and Nigeria), and employs over 100 full-time staff. PowerGen has connected over 50,000 people to smart, clean mini-grids and is working to build the energy system of the future in Africa through such grids. PowerGen is a founding member of the Africa Mini-grid Developers Association (AMDA) and serves on its board.

About REPP

The Renewable Energy Performance Platform (REPP) works to mobilise private sector development activity – and investment – in small to medium-sized projects (typically up to 25MW). It is supported with £148m funding from the UK's International Climate Finance through the Department for Business, Energy and Industrial Strategy (BEIS), and to date, has agreed contracts with 20 renewable energy projects across 14 countries, employing seven different technologies, from SHS and PV mini-grids to biomass and run-of-river hydro. REPP is managed by Camco Clean Energy.

www.repp.energy

About Camco Clean Energy

Camco Clean Energy is a global leader in sustainable energy projects finance. Its long-established position within Africa's renewable energy sector enables the company to provide project developers and sponsors with a trusted combination of global access and local presence, enabling them to source the right financing solutions to develop and build projects.

Since formation, it has provided creative finance solutions to 180 projects worth \$15bn, and in geographies as diverse as Zambia to Malaysia and the US to Uganda.

www.camco.energy

About the Transaction

CBEA's investment in PowerGen's mini-grid portfolio leverages the Tanzanian Rural Energy Agency (REA) Results-Based Financing (RBF) grant facility for mini-grids, with REPP providing the long-term debt financing. Funded by UK International Climate Finance and the Swedish International Development Cooperation Agency (SIDA), and administered by REA, the RBF facility provides the matching public subsidy required to unlock private capital for rural electrification.



Tanzania's supportive mini-grid regulatory framework was instrumental in CBEA's decision to invest in Tanzania. CBEA is engaged on the proposed updates to Tanzania's mini-grid regulations and looks forward to reaching a solution that continues to facilitate further private investment in the sector.

The Shell Foundation (UK Registered Charity) and UK aid, through the Transforming Energy Access programme, provided support for the structuring and launch of CrossBoundary Energy Access.

CBEA was advised by Norton Rose Fulbright.