



Scaling **Mingrids**: Improving The Regulatory Landscape

African School Of Regulators

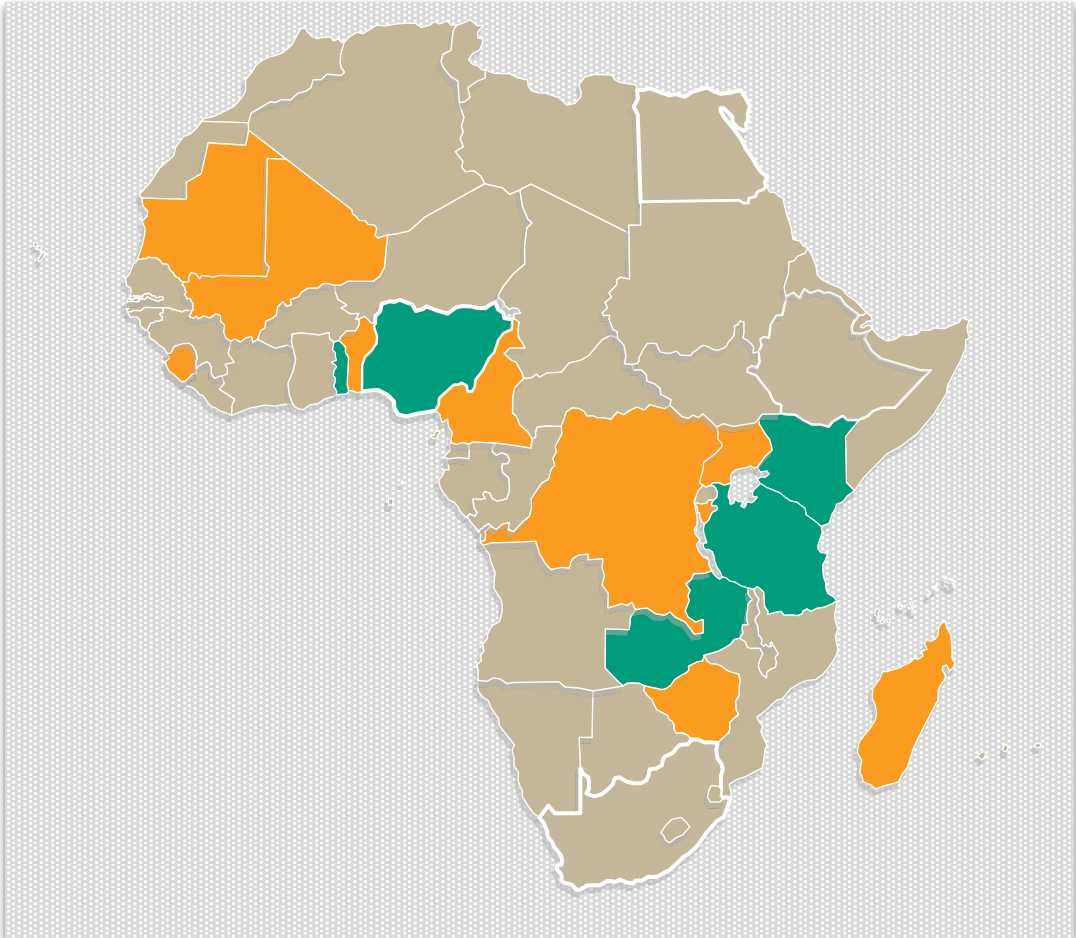
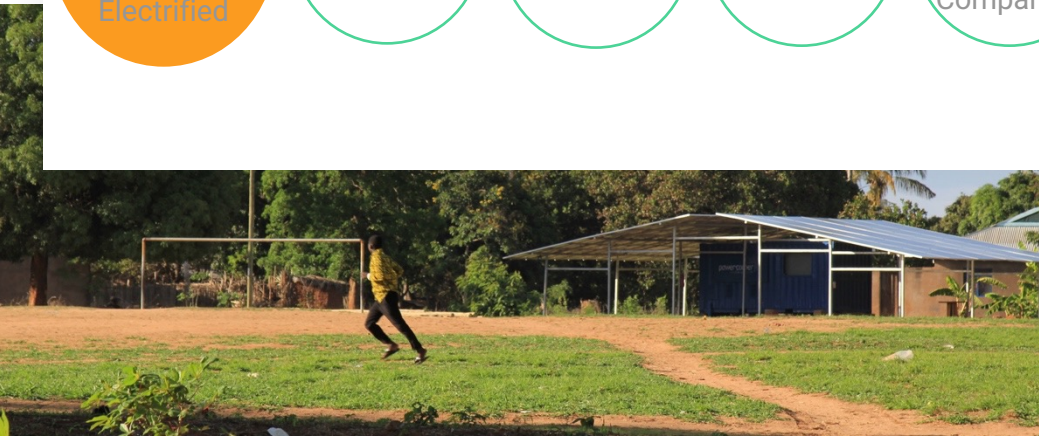
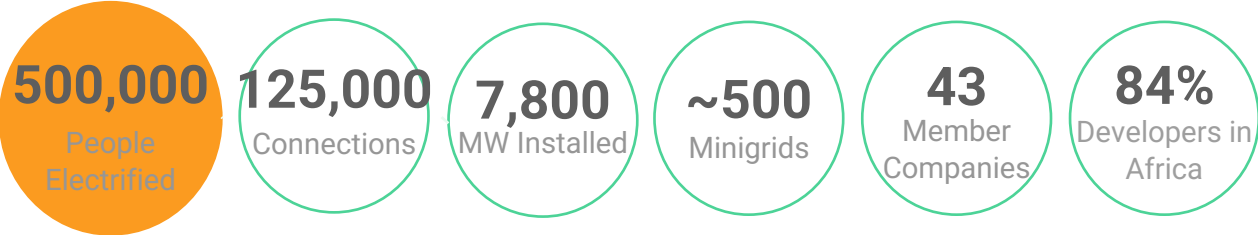


ABOUT US

Who We Are

AMDA was created by minigrid developers to boost the health of the sector and deliver on global renewable energy access objectives

AMDA blends the characteristics of an industry association, think-tank, and expert advisory firm into a single entity designed to help governments, donors, and investors grasp the intricacies needed to scale the minigrid sector.



01. Our Vision

Ending energy poverty across the African Continent by building the PPP's with governments to ensure a robust blend of energy services that leverage operational and financial experience of the private sector to develop energy services. The transition from a unidirectional energy network to a dynamic decentralized and interconnected networks where smaller-scale networks can operate largely autonomously while retaining the ability to tap into a broader network to tap additional power or sell excess power.

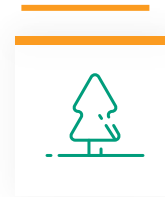
02. Our Mission

Ensure that minigrids are utilized effectively by governments and donors and that the policy and financing environment supports the radical scale of minigrids. We leverage private capital and efficiency to electrify Africa.



Who We Are

Breaking Down Barriers



AMDA blends an **industry association**, **think tank**, and **expert advisory firm** to help governments, donors, and investors better understand how to support the sector to scale.

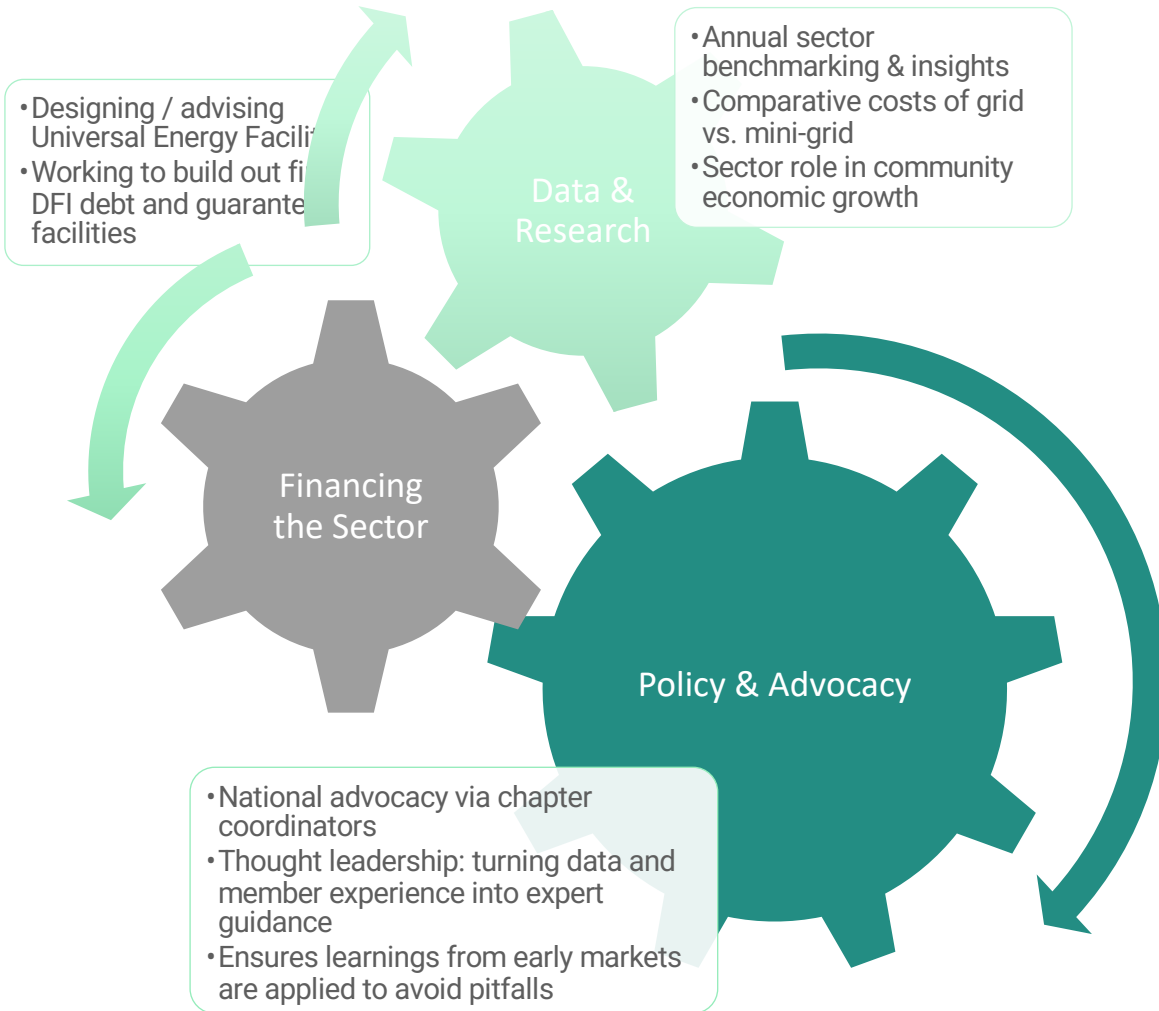


AMDA's unique positioning allows research to be informed by the private sector, grounding it in the realities of industry needs.



AMDA's work ensures investors and policy makers have access to, and are using, robust and accurate evidence to create policy / regulatory environments and appropriately invest in the sector that ensures we reach SDG7

Every element of AMDA's work is focused on enabling others to do their work better, faster, and cheaper. From investors, minigrid companies and donors, to policymakers and their advisors.





Data and Research

First ever Africa Minigrid Benchmarking Study – Published July 2020, provides performance and cost data for over 288 minigrids, serves as the foundation for expanded advocacy efforts with policymakers and investors.



Policy and Advocacy

Defined the narrative – Removed stigma of using “subsidy” to describe needed public capital for off-grid energy resources through influence, thought leadership, engagement.

COVID 19– AMDA has played a central role in supporting the sector and sector stakeholders in devising responses and support, including on the Energy Access Relief Fund and sector data gathering.



Financing the Sector

First Global RBF for Minigrids – Spearheaded the creation, development and fundraising for Universal Energy Facility with SEforAll and others



UNIVERSAL
ENERGY FACILITY



National Policy

Uganda – Assisted drafting minigrid legislation

Kenya – Ongoing support to ensure tax exemptions are not eliminated

Zambia – Working with regulators on aligning the Electricity and Minigrids acts and developing an MOU with REA to support electrification planning

Benin – developing MoU with government on national planning advisory.

Tanzania – achieved adoption of portfolio approval process, first in Africa.

More...



Coordination

DFI Coordination – Brought three leading DFIs (IFC, CDC, FMO), and donors together to collaborate around minigrid debt funding

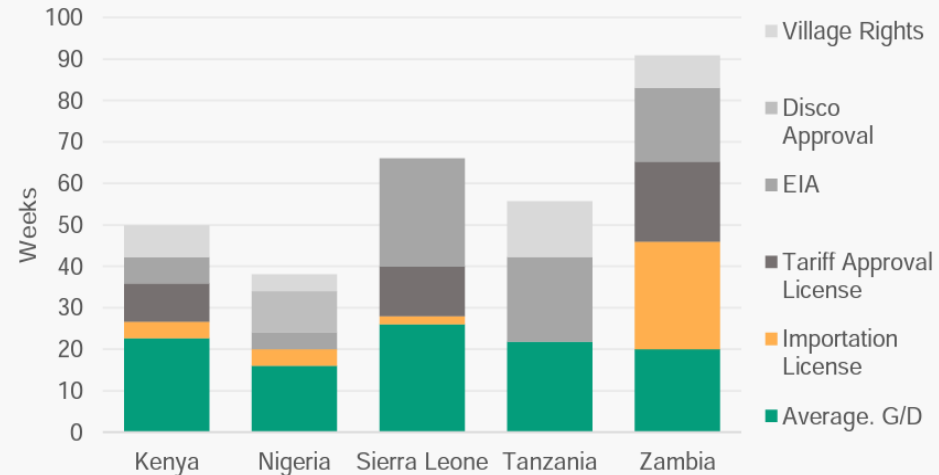
Investor Coordination – AMDA coordinated 12 investors to craft a position paper on how RBF will unlock their capital



Country Regulations

The average time to get through regulatory compliance is 58 weeks – which is an increase of 4 weeks from 2019. Currently no Regulator is approving more than 50 sites a year. Developers have to go through this process for **EACH SITE**

Chart 10: Licensing and approval processing times per country as of 2020



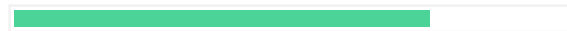
Nigeria

31 Weeks



Kenya

38 Weeks

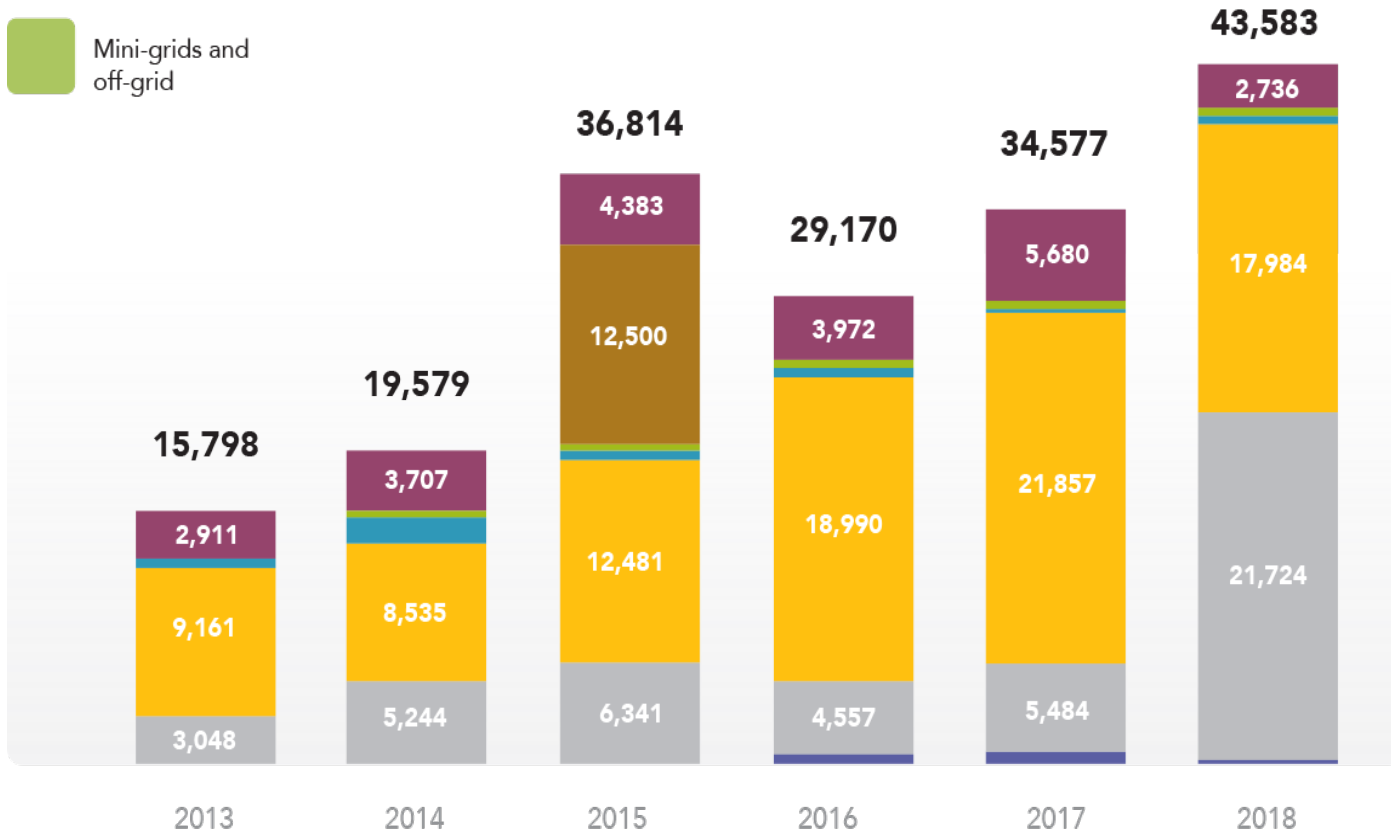
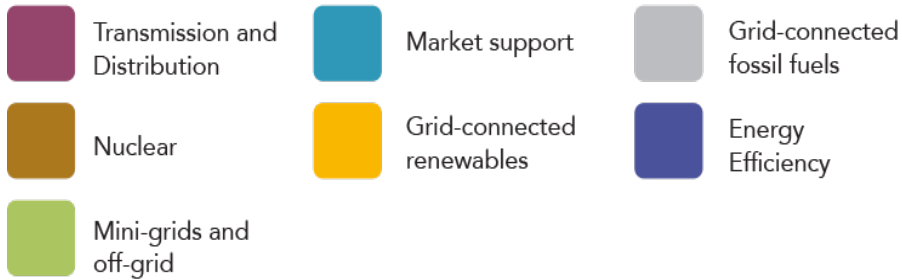


Average Across Africa

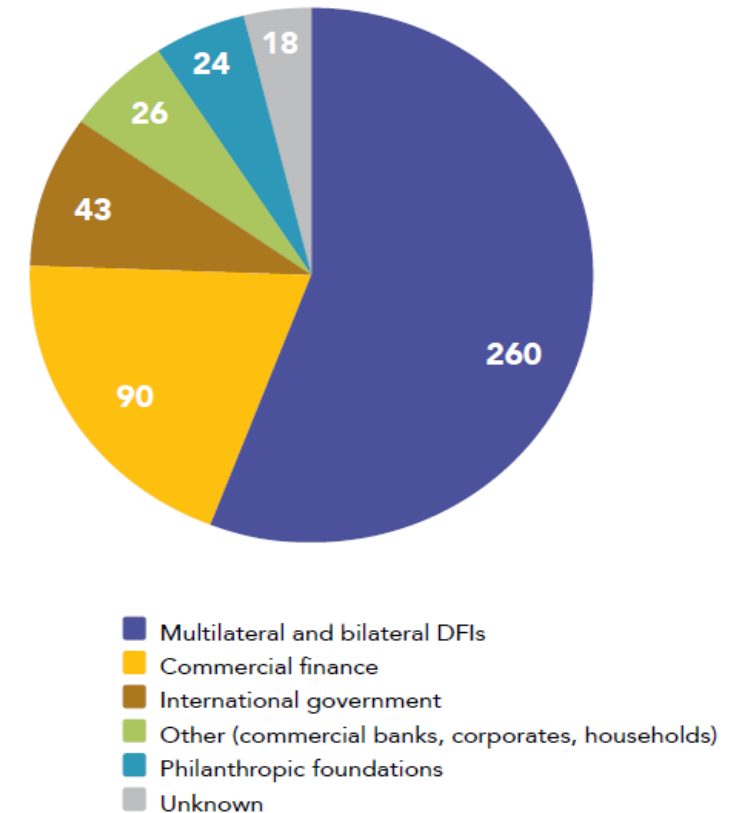
58 Weeks



How Investment for Infrastructure is developed



Sources of finance for off-grid and mini-grid electricity in 2018, USD million





Minigrids

Regulation – The Issue



01. Regulators resources and effect pace

Regulators that do not have sufficient funding, resources, or logistical infrastructure to visit and approve minigrids at scale



02. Consumer Pricing

Minigrid regulations and financing were explicitly designed to force the consumer to bare the full price burden for electricity – This is NOT politically viable



03.Regulations impact on CAPEX

Regulatory Compliance costs between **5%-8%** of total CAPEX Costs, and their current structure does NOT de-risk investments – in fact they increase risk for commercial investors



04. Limitations on existing regulations

Donors and TA providers that are focused on ‘having’ regulations. The ability to implement the regulations or if they can leverage the right kind of finance into the market is not consistently part of the regulatory development pipeline.

Funding Regulators

- Regulatory agencies are underfunded and understaffed, impeding their ability to oversee and regulate thousands of minigrids annually.

Portfolio Applications

- Currently, license approvals are done on an individual site basis, a holdover from the IPP market. This is unsustainable from a time and cost perspective to reach scale.

Contracts & Concessions

- Current regulations are vulnerable to political changes and are not underpinned by contracts or concessions.

Digitization & Remote Approval

- Paper applications significantly add to developers' workloads. Multiple visits to sites slow down and add costs to regulatory compliance.

Regulatory Stability:

- Developers and Investors need regulations to be stable - continued changes to regulation create instability and investor risks



Collaborating for a better future



Provide concessional capital for minigrids and grid equitably that balance costs, consumer pricing, service provision, speed



Create national funds that can support regulators to oversee regulatory compliance at scale



Regulations that are contractually based under concessions that provide security and can be insured against (critical to leveraging debt)



Digitize regulatory oversight and implement portfolio applications



Policy Reform: balance political realities on consumer pricing and oversight with operational viability and implementation & investor risks.

