



Scaling Mingrids: Improving The Regulatory Landscape

African School Of Regulators



ABOUT US

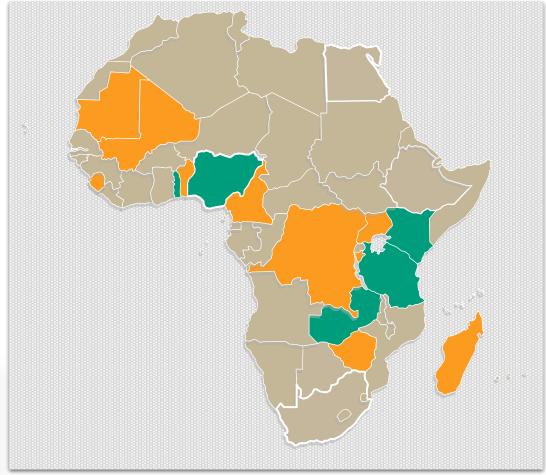
Who We Are

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.







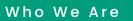
01. Our Vision

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.







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

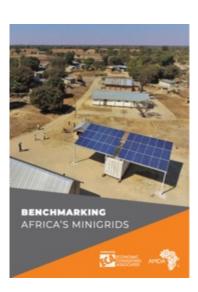
Every element of AMDA's work is focused on enabling others to do their work better, faster, and cheaper. From investors, minigrid companies and donors, to policymakers and their advisors.





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





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

Unlocking Private Capital for Mini-drops in Minia

Investor Position Paper: Unlocking Private Capital for Mini-Grids in Africa

Mini-grids have streament patential to accriticate electrification in Arica. Mini-grid are well-sufficient interitivity grid had sever households and loadiness instituted from or integrated with the rake grid. The international Energy approximation of propulation and only of the control of the control of the property of the second propulation and only of the control of the control of the control of the control of the cheapers technology for conventing 19th artificial population grids have not put altitude the last all which had in the distance of thick. Neverina, and grids have not put all this last the control of the con

We believe that for mini-grids to attract private investment, they require consistent reliable, and repidly deployable flexuits flexed Francing (REF) programs. This page was prepared by the signatory investors to present a unified message of support fi

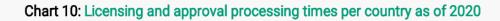
As a group, we the underrighed missions enduring the following three messages below.

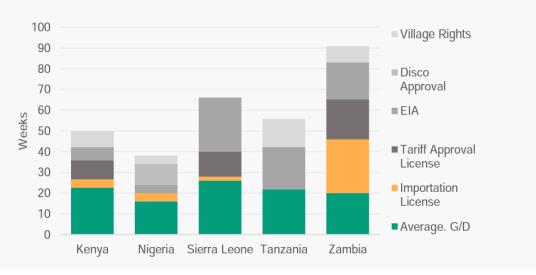
 We believe mini-grids have a role to play in achieving universe electrification in Africa.

We believe that mine goth leve a rule to gipt in activeing universal electrification of shifts. Rever gift in explicating the level cold explicate from people with their far enough from the main grid that extension costs are higher than installing based generative and transper spaceties, but in a facilities described people for some gift is support the fined costs of hadding the relies grid effectivement. For example, in Michaely Singlette whereas for all mining only a level goth people of severativement in the same people of whereas much integrit benefit gift and people of people of severativement in the people of Michael and people of the people of people of and given transit that support costs accounted development.

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**



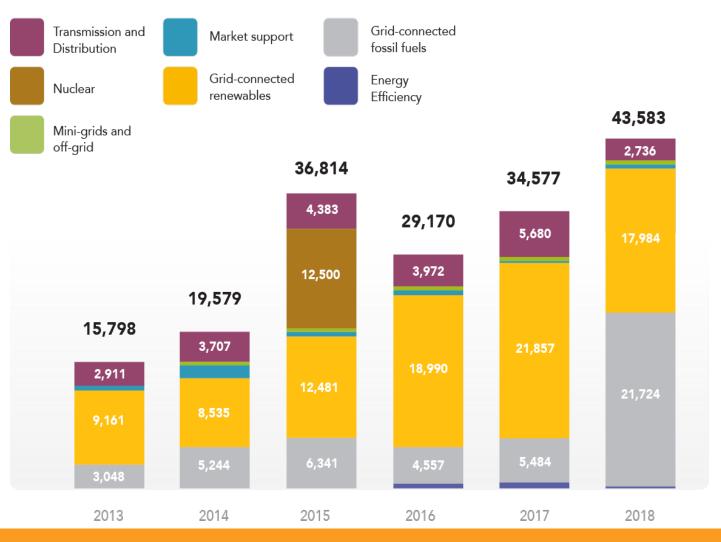


Nigeria 31 Weeks

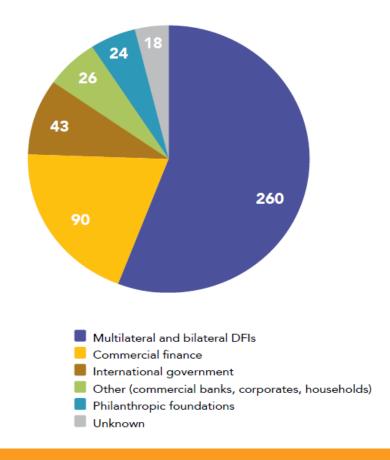
Kenya 38 Weeks

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



Source: Energizing Finance: Understanding the Landscape 2020



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 oversite and implement portfolio applications



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