

A PROJECT FINANCE FACILITY FOR MINIGRIDS

CrossBoundary Energy Access (CBEA)

Africa

Launched in 2019

CrossBoundary Energy Access (CBEA) is Africa's first project finance facility for minigrids. The fund invests long-term equity and debt in minigrid projects through a project finance structure, helping to take projects off developers' balance sheets. The facility is a significant step towards a more mature distributed energy market in Africa where developers can access financing to keep developing new projects.



AERIAL VIEW OF A SOLAR
MINIGRID POWERING A
RURAL COMMUNITY. PHOTO
COURTESY POWERGEN
RENEWABLE ENERGY

THE SITUATION

- Minigrids are typically built on developer's balance sheets, exposing investors to all the other risks that a company faces
- Minigrids sell to retail consumers who are receiving electricity for the first time, which makes it difficult to fix or predict revenues
- A typical Individual minigrid capex is ~\$0.1m, well below the minimum \$5m-\$10m ticket size that can justify fixed transaction costs

To grow, minigrid developers need long-term, low cost capital, and long-term de-risked regulatory frameworks.

THE SOLUTION

CBEA's approach to investing in minigrids has three distinctive features to address the barriers to accessing finance for minigrids:

- Isolate minigrid assets from the companies that own and operate them,
- Allocate the infrastructure risks to the assets and operating risks to the operators, and
- Aggregate minigrid assets into large, diversified portfolios that can attract long-term equity and debt.

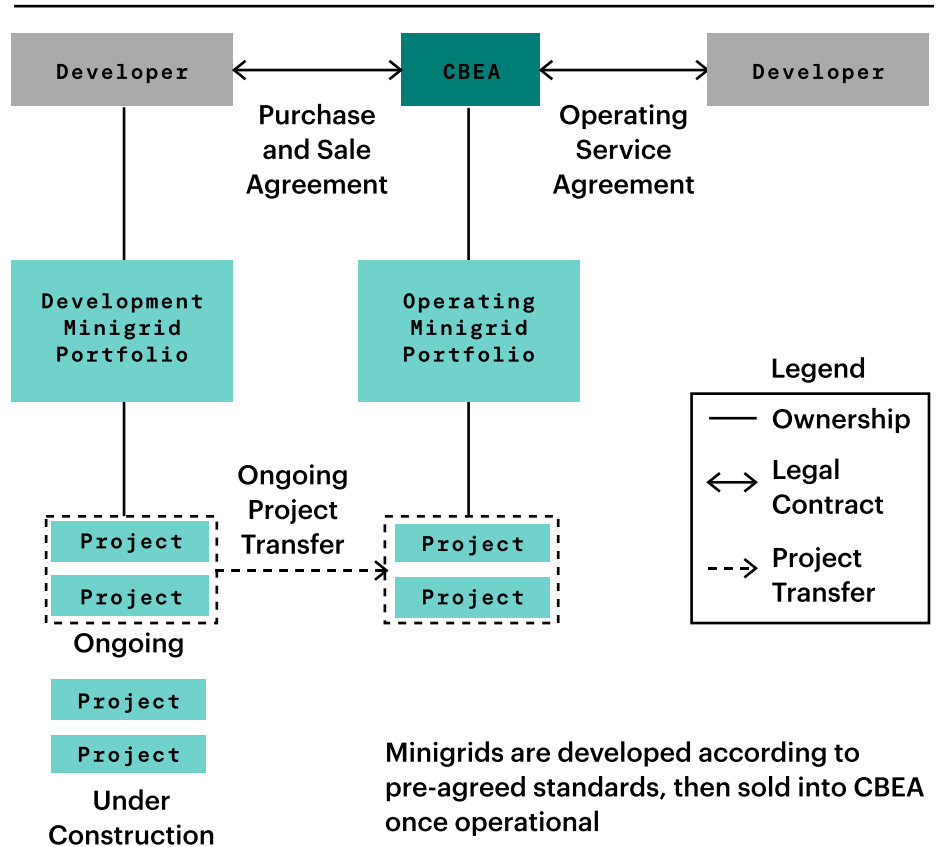


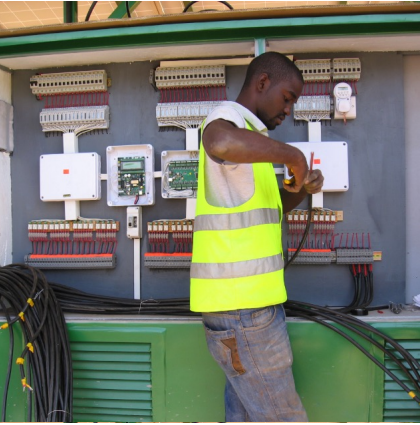
→ [GO TO VIDEO](#)

THE IMPACTS

- CBEA owns eight minigrids, with 10 additional operating minigrids in the development pipeline
- CBEA's portfolio has maintained over 92.5% uptime, powering rural households and income-generating activities (e.g. grain mills)
- Since launching in 2019, CBEA has raised US\$18M in blended finance, with the goal to provide first-time power to 100,000 people across Africa

CBEA process: Using project finance to invest in minigrid as infrastructure





“

Project finance is an established way to finance large infrastructure projects, but this is the first time it has been applied to rural minigrids in Africa. We believe that this is key to unlocking more than US\$11 billion for minigrids needed from investors to connect at least 100 million people to power.

”

Gabriel Davies

Head of Energy Access,
CrossBoundary

READ THE FULL CASE STUDY HERE:

www.crossboundary.com/energy-access

FURTHER READING ON RESULTS-BASED SUBSIDIES

- [GREEN MINI-GRID HELP DESK: FINANCING](#)
SE4ALL Africa Hub
- [PROJECT FINANCE MODEL EMERGES FOR AFRICAN MINI-GRIDS](#)
Inspiratia 2019
- [INCREASING PRIVATE CAPITAL INVESTMENT INTO ENERGY ACCESS: THE CASE FOR MINI-GRID POOLING FACILITIES](#)
Dimitry Gershenson, Matthew Tilleard, and Jake Cusack, UNEP 2015



ELECTRIFYING ECONOMIES

The Electrifying Economies project

demonstrates the role distributed energy will play in ending energy poverty and catalyzing a green and equitable recovery from the Covid-19 crisis. It draws on the latest data and research from around the world to show how distributed renewables can provide sustainable, affordable, and reliable power for all. The project provides information to support policy makers and investors in taking action today, to realize this potential.



#ElectrifyingEconomies
ElectrifyingEconomies.org