

CBEA TANZANIA



Location
Tanzania

PROJECT SUMMARY

Tens of thousands of Tanzanians are set to gain first-time access to clean energy after a landmark deal was struck to provide long-term finance for solar PV mini-grids.

Historically, mini-grid developers have struggled to attract long-term financing due to the perceived risks involved and the small-scale nature of individual installations. Now a new funding vehicle is breathing life into Tanzania's promising mini-grid sector, and is expected to pave the way for approximately 60 new solar PV installations.

Once completed, they will provide energy access on a Pay-As-You-Go (PAYG) basis to nearly 40,000 people in homes and businesses in rural Tanzania. As of 31 March 2021, 932 homes and microbusinesses had been connected via eight mini-grids, providing electricity to approx. 4,660 people.

The funding vehicle – which was established by CrossBoundary Energy Access (CBEA) in partnership with PowerGen Renewable Energy, and is being supported with a USD 3 million results-based long-term senior loan from REPP – will purchase 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.

The pioneering business model means CBEA – which was set up in 2019 with investments from the Rockefeller Foundation and Ceniarth – has committed to acquire the mini-grids from PowerGen soon after completion. The certainty of a long-term owner ready to acquire their projects enables PowerGen to develop and construct projects at scale, continually recycling its capital.

As the operator, PowerGen will be incentivised to ensure the efficient operation of the sites and quality customer care via a base services fee with the potential for a performance bonus where the grids' revenues exceed projections. The agreement also includes a developer premium in the form of a share of the distributions from the portfolio.

REPP's USD 3m commitment in CBEA was arranged by the programme's manager Camco Clean Energy. The platform previously provided early-stage funding assistance and support for PowerGen in 2016.



Country policy alignment

Supports Tanzania's NDC (2018) targets to reduce GHG emissions by up to 20% by 2030 and promote diversification of the energy system. The expansion of energy access will contribute to achieving the 70% by 2030 electrification target (SE4All Action Agenda 2015). Project's numerous productive use customers and social service providers support sustainable economic growth in rural communities, which aligns with Tanzania's Development Vision 2025.

AT A GLANCE

Technology:

Solar PV
mini-grids



Project type:

Off-grid

Offtaker:

Off-grid rural
communities

KPIs



GHG emissions avoided:
2,321 tCO₂e per year



People with first-time access
to clean energy: 38,725



Installed capacity:
1.1MW

FUNDING STRUCTURE

INITIAL FUNDING*

Contracted date: 31 December 2016

Lending type: Development capital

REPP funding: USD 345,000

* Recipient: PowerGen Renewable Energy

LONG-TERM LOAN**

Contracted date: 5 July 2019

Lending type:

Results-based senior loan

REPP funding: USD 3m

** Recipient: CrossBoundary Energy Access

"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."

Sebastian Deschler, General Counsel, CrossBoundary