

AfDB/SEFA Thematic session at EAIF 2025

Bridging the Equity Gap: Innovative Solutions for Scaling Decentralized Renewable Energy

8 April 2025, Kampala, Uganda

11:45 - 13:00 | Royal Palm Hall (First Floor) | Track 2

Background

Despite their importance for achieving electrification targets and other SDG objectives, access to finance for DRE projects and businesses continues to be a major barrier to scaling off-grid energy solutions. In addition to uncertain legal and regulatory frameworks; lack of bankability due to high upfront investment costs and low, uncertain revenue streams from mainly rural, low-income customers; and challenging macroeconomic environments, access to concessional, long-term capital remains one of the largest barriers to scaling the deployment of DRE solutions.

Access to much-needed patient equity has become increasingly challenging. Global Association for the off-grid solar energy industry GOGLA reported a 43% investment drop in 2023 compared to the year prior, with equity investments reduced by almost 70%. The critical shortage of equity and debt capital, compounded by the adverse macroeconomic developments, marked 2024 as a challenging year. In order to accelerate and scale the deployment of off-grid energy solutions, DRE companies need improved access to a well-structured mix of financing instruments, including equity, debt and grants, at terms and conditions adapted to the specific characteristics of off-grid energy business models.

New initiatives and innovative financing structures help unlock much-needed patient equity for DRE projects and businesses. Well-structured blended finance approaches which combine commercial and concessional funding as well as flexible catalytic instruments can help unlock increased equity at affordable terms for off-grid energy providers.

Tailored financing structures and catalytic instruments are needed to improve access to patient equity for the still nascent DRE sector, de-risk investments in the sector, strengthen their financial viability and help unlock commercial capital for the green energy transition.

Session objectives: How to make equity work?

The objectives of the session include:

- Discuss latest developments and innovations in blended finance structures, and new initiatives which provide much needed equity for DRE businesses
- Showcase AfDB and SEFA efforts in bringing more equity to the sector
- Deliberate on what is still needed to de-risk DRE investments and catalyse more capital for DRE projects and businesses

Topics/questions to be addressed:

- What are some of the drivers behind the lack of equity funding and how can we overcome these?
- What are latest developments and innovations in blended finance structures and catalytic instruments aimed to unlock more equity for the DRE sector?
- What are recent equity fund initiatives for the DRE sector and what's their experience with fundraising?
- What does it take to better align the needs of DRE projects and businesses in terms of equity finance with the risk appetite and return expectations of investors?
- What catalytic instruments and capacity building support are still needed to unlock increased patient equity for the DRE sector?
- How scalable are the solutions that we've explored?

Format

Moderated panel discussion with 4 panellists.

Session structure:

- Moderator introduces the theme and sets the scene (short presentation, 2-3 slides; 10 minutes). Covers:
 - Current landscape of equity providers for DRE projects and businesses and investment trends
 - Impact on the sector
 - Brief overview of recent initiatives and instrument innovations to unlock increased patient equity for the DRE sector
 - Brief recap of AfDB/SEFA's catalytic instruments and recent equity facilities supported by AfDB/SEFA (Persistent ACV Fund, KawiSafi, Arm Harith, CBEA, PowerGen, etc)
 - Introduce panellists
- Round of introduction of panellists (total 20 minutes (max. 5 minutes each), no slides)
 - Brief introduction of activities
 - Respective experience with patient equity financing for DRE (depending on panellist: what they need, what they offer, specific risks and obstacles)
- Moderated discussion with pre-defined questions (perhaps 2 rounds; total 30 min)
- Q&A session with audience (+/- 15 minutes; some pre-defined back-up questions)

Speakers

Moderator: Beatrice Muthoni – Principal Renewable Energy Specialist - AfDB/ SEFA

Panelists:

- **Rachel More-Oshodi – Managing Director and CEO - Arm Harith** – while the successor fund is more infrastructure focused, ADP (covering SHS, GMG) is a key part of it. Potential focus on ARM-Harith's ability to attract significant capital from new pools of investors (local pension funds)
- **Ieva Indriunaite - Policy & Partnerships Director - Camco** - Carbon credits AND/OR renewable energy certificates (financed off-balance sheet through SPV), offers an

alternative source of revenue for projects, improving project economics, and potentially bringing down cost to customer

- **Doris Muthami – Business Development Manager – PIDG / InfraCo Africa** – providing equity and quasi equity instrument with patient concessional capital and technical assistance.
- **Idris Tayebi – Chief Executive Officer – NEoT Offgrid Africa (NOA)** - a platform dedicated to financing decentralized energy in Africa.