Lessons learnt from results-based financing in promoting clean energy access in Kenya
## Agenda

<table>
<thead>
<tr>
<th>Time</th>
<th>Sections</th>
<th>Presenter</th>
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<tbody>
<tr>
<td>2:00 – 2:05</td>
<td>Introductions</td>
<td>Susanne Hounsell, SNV</td>
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<td>2:05 – 2:10</td>
<td>Background to EnDev RBFs in Kenya</td>
<td>Walter Kipruto, GIZ</td>
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<td>2:10 – 2:20</td>
<td>Solar and Cookstoves</td>
<td>Saada Mohamed &amp; Irene Mutisya, SNV</td>
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<td>2:20 – 2:30</td>
<td>Biodigesters</td>
<td>Jean Marc Sika, Hivos</td>
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<td>Solar for Productive Use</td>
<td>Nyamolo Abagi, CLASP</td>
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<td>2:40 – 2:50</td>
<td>Minigrids</td>
<td>Jackson Mutonga, GIZ</td>
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<td>2:50 – 3:00</td>
<td>KOSAP</td>
<td>Ashington Ngigi, SNV</td>
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<td>3:00 – 3:30</td>
<td>Summary</td>
<td>Susanne Hounsell, SNV</td>
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<td>Q&amp;A</td>
<td></td>
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</tbody>
</table>

- Please send us your questions in the Q&A section (along with your full name and organisation)
- Presentation slides and the recording will be made available on the [event page](#)
Presenters

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Quick survey

www.sli.do
#5277
### sli.do Results

**What type of organization do you work with?**

<table>
<thead>
<tr>
<th>Organization Type</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Private sector</td>
<td>36%</td>
</tr>
<tr>
<td>Government</td>
<td>6%</td>
</tr>
<tr>
<td>Donor</td>
<td>13%</td>
</tr>
<tr>
<td>NGO/Non-for-profit</td>
<td>24%</td>
</tr>
<tr>
<td>Research/Academia</td>
<td>9%</td>
</tr>
<tr>
<td>Other</td>
<td>2%</td>
</tr>
</tbody>
</table>

**Which sector do you represent in the energy space? (Multiple answers possible)**

<table>
<thead>
<tr>
<th>Sector</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Offgrid solar</td>
<td>60%</td>
</tr>
<tr>
<td>Clean cooking</td>
<td>51%</td>
</tr>
<tr>
<td>Biogas</td>
<td>19%</td>
</tr>
<tr>
<td>Minigrids</td>
<td>43%</td>
</tr>
<tr>
<td>Other renewables</td>
<td>20%</td>
</tr>
<tr>
<td>Non-renewables</td>
<td>5%</td>
</tr>
<tr>
<td>Other non-energy</td>
<td>19%</td>
</tr>
</tbody>
</table>

**Have you previously been involved with any RBF scheme?**

<table>
<thead>
<tr>
<th>Involvement</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>54%</td>
</tr>
<tr>
<td>No</td>
<td>46%</td>
</tr>
</tbody>
</table>
Background to RBFs in Kenya

Walter Kipruto, GIZ
Overview of EnDev RBF

• Distributed renewable energy systems providing modern energy services to the poor

Objective

• Overcome market barriers constraining private sector

Technologies promoted

Distributed renewable energy systems providing modern energy services to the poor

What is RBF in the context of EnDev?

• Payments of incentives against achievement of pre-agreed and verified results (inline with the incentive structure)

Target group

• Manufacturers
• Importers
• Distributors
• Project developers
Project Structure

Financier

DFID

Project Coordination

EnDev (GIZ/RVO)

Project Host/Implementers (Kenya)

GIZ  SNV  HIVOS  CLASP
RBF cycle & implementation

PRE-AGREED RESULTS
Targets and type of product
Distribution/financing model

IMPLEMENTATION
Beneficiary pre-finances and delivers the pre-spread results

VERIFICATION
Achieved results verified by an Independent Verifier

DISBURSEMENT
Based on achieved and verified results
Anticipated project set-up at RBF conception

EnDev Country Project

Financial Institution (FIs)

Private sector delivery chain (Beneficiary companies)
- Manufacturers
- Distributors
- Financial institutions
- Project developers

End consumers

Independent Verification Agent (IVA)
RBF project portfolio in Kenya

Building Sustainable and Affordable Credit Lines for Small Solar Systems in Rural Areas
- Small solar home systems
- GIZ/SNV (Phase 2)
- Period: 2014-2019
- Budget: EUR 3.88 million

Kenya Clean Cookstove Market Acceleration Project
- Higher Tier Stoves
- SNV (Phase 2)
- Period: 2014-2019
- Budget: EUR 1.6 million

Market Creation for Private Sector Operated Mini-grids in Kenya
- Solar hybrid mini-grids
- GIZ (Phase 2)
- Period: 2014-2020
- Budget: EUR 2.075 million

Africa Biogas Partnership Programme/4BF
- Biogas
- HIVOS/SNV (Phase 3, Multi-country)
- Period: 2015-2019
- Budget: EUR 1.835 million

Accelerate the uptake of off-grid solar technologies with Results-Based Financing
- DC Appliances
- CLASP (Multi-country)
- Period: 2015-2020
- Budget: EUR 6.47 million
## Projects overview

<table>
<thead>
<tr>
<th>Products promoted</th>
<th>Solar</th>
<th>Cookstoves</th>
</tr>
</thead>
</table>
| • Small solar systems | • Lighting Global certified  
• Sold through PAYGO models                                      | • Tier 2 above  
• Certified by Kenya Institute of Research and Development (KIRDI) |
| Project targets  | • Incentive value of **Euro 2,862,950**  
• **300,000** products  
• Others - employment created; no. of people reached; tC0₂ equivalent avoided | • Incentive value of **Euro 945,670**  
• **80,000** products  
• Others - employment created; no. of people reached; tC0₂ equivalent avoided |
Solar project results (2016 – 2019)

Beneficiary type
- Distributors: 19
- Financial institutions: 8

County performance by incentive sales
- Marginalised: 25%
- Non-marginalised: 75%

33% of incentive share

Incentivized product types
- Lanterns: 49%
- Solar home systems: 51%

Incentive Share per Beneficiary

<table>
<thead>
<tr>
<th>Beneficiary Type</th>
<th>Incentives - Euro</th>
</tr>
</thead>
<tbody>
<tr>
<td>Distributors</td>
<td>2,726,411 (95%)</td>
</tr>
<tr>
<td>Financial institutions</td>
<td>138,838  (5%)</td>
</tr>
<tr>
<td>Grand Total</td>
<td>2,865,248</td>
</tr>
</tbody>
</table>

Incentives
- Euro 2,865,248

Products
- 272,495 units
Cookstoves project results (2016 – 2019)

Incentive share per beneficiary

<table>
<thead>
<tr>
<th>Beneficiary type</th>
<th>Incentives (Euro)</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Distributors</td>
<td>455,112</td>
<td>48%</td>
</tr>
<tr>
<td>Manufacturers</td>
<td>269,440</td>
<td>29%</td>
</tr>
<tr>
<td>Financial institutions</td>
<td>195,760</td>
<td>21%</td>
</tr>
<tr>
<td>NGO</td>
<td>24,663</td>
<td>3%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>944,975</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

Incentive sales per fuel type

- Charcoal: 73%
- LPG: 21%
- Wood: 3%
- Ethanol: 3%
- Briquettes: 0.1%

Incentives

- Euro 944,975

Products

- 110,807 units
Project impact

**Household level**

- **1.8M people** accessing energy services
- **4,678 jobs** created - **40%** women
- **90,605 tCO₂** equivalent avoided (since project start)

<table>
<thead>
<tr>
<th></th>
<th>Solar</th>
<th>Cookstoves</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>People Accessing</strong></td>
<td>1,260,851</td>
<td>554,035</td>
</tr>
<tr>
<td><strong>Jobs Created</strong></td>
<td>3,690 (40% women)</td>
<td>988 (47% women)</td>
</tr>
<tr>
<td><strong>CO₂ Avoided</strong></td>
<td>25,022 tCO₂</td>
<td>65,583 tCO₂</td>
</tr>
</tbody>
</table>

**Market transformation**

- Expansion of distribution networks
- Growth in sale of quality products
- High uptake of PAYGO models
- Enhanced business operations
Challenges, Lessons & Recommendations
## Implementation challenges

<table>
<thead>
<tr>
<th>Implementer's perspectives</th>
<th>Beneficiary’s perspectives</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Data quality issues with lack of reliable database</td>
<td>• Delayed verification &amp; funds disbursement led to cash flow issues</td>
</tr>
<tr>
<td>• Difficulties in disclosing customer details</td>
<td>• Working capital constraints especially for smaller organizations</td>
</tr>
<tr>
<td>• High cost of verification and need for technical assistance for the verifier</td>
<td>• High logistical costs (marginalized counties)</td>
</tr>
<tr>
<td>• Delayed verification &amp; fund disbursement</td>
<td>• Limited visibility and awareness of cookstoves</td>
</tr>
</tbody>
</table>
Lessons: projects design & implementation

**Solar project**
- MFIs & SACCOs were direct beneficiaries
- Included distributors/manufacturers
- Graduated capping
  - Per product, beneficiary & non-marginalised county

**OUTCOME**
- MFI-LME model lost
- Distributors/manufacturers dominated
- 33% of incentive share to marginalized counties

**Last verification cycle**
- Faster depletion of incentives
- Final payments subjected to proration

**Cookstoves project**
- MFIs & SACCOs were direct beneficiaries
- Cash and credit sales accepted
- Distributors/manufacturers included
- Changed incentives structure to flat rate per product
- Expanded stoves variety

**OUTCOME**
- Sales growth
- Product variety
Recommendations

RBF design
- Need to assess appropriateness of RBF for supporting LMEs
- Distributors/manufacturers were the key drivers of this sector
- Addition of an up-front grant to
  - motivate business growth for small organizations
  - facilitate initial implementation of activities

Data reporting
- Technical assistance for data management
- Need to assess critical details required & should be beneficiary specific
- Need for a suitable M&E Framework to track the actual application of the RBF

Verification
- Engaging of competent independent verifier
- Simplified verification process
- Frequent and timely verification
Biodigesters

Jean Marc Sika, Hivos
4B-F
Biogas Business Boost Benefiting Farmers

Best practices and lessons learnt
• The Africa Biogas Partnership Programme/ ABPP aimed at establishing a market oriented sector in 6 Africa countries (Burkina Faso, Ethiopia, Kenya, Tanzania, Senegal & Uganda)

• We are at the end of 2014, the first year of phase 2 of ABPP. Production has collapsed (-55%) compared to 2013. An analysis of the reasons of this collapse has identified the determinants of the biodigester market
Market Development Pillars

**Business case / benefits**
Business case for farmer / BCE / MFI to move from programme push towards Market pull:
- **Demand:**
  - Energy and agriculture
  - Value chain linkages
- **Supply:**
  - Sector attractiveness (margins)
  - Growth potential

**Affordability**
Product within the reach of the customer:
- Investment subsidy
- Investment costs
- Credit availability
- Income generation potential

**Programme mgt**
Build and maintain the relevance of the programme:
- Effectiveness & Efficiency
- Drive, ownership & Motivation
- Credibility
- Capacity (management/finance)

**Reputation**
Build the trust towards the product and towards the market:
- Quality
- Functionality
- Integrity of products / services and actors in the sector

**Determinants of market penetration**
Market Leverage Instruments

• While there was an Investment Subsidy provided by the Governments of Burkina Faso & Ethiopia

• Incentives were used in Kenya, Tanzania & Uganda to restore relevance and viability
  – Two sets of incentives:
    • From 2015 to 2017: Credit Sanctioning Incentives (CSI) and Quality Plan Incentives (QPI)
    • From 2018 to March 2020: Sales Incentives (SI) and a New Quality Plan Incentive (QPI)
Design & Implementation Experiences

- Scope & Targets
  - Identify the Additionality is the main ingredient
- Preparation
  - Massive didactic communication
  - Capacity development
  - Strong M&E
- Implementation
  - Result based Finance intervention is like a chain: Strict alignment with ongoing project and proper work organization
  - Effective chain of accountability
Achievements

• **Numbers**
  - Digester constructed from Jan 2016 to March 2020 7,104
  - Sales Incentives (SI) paid 4,054
  - Quality Plan Incentives (QPI) paid 2,757

• **Budget**
  - Euros 1.4 million paid out as incentive out of which Euros 400,000 to Kenya market actors

• **Participants**
  - 113 Biodigester construction companies,
  - 35 sales agents and
  - 14 MFI
4B-F Achievements – Beyond numbers

• Restore relevance and viability of the programme
  - 4B-F enabled us to re-build and sanitize the sector

• Improved Management Control & Efficiency
  – Dashboard & traffic light
  – Shortening processes

• Increased Accountability & Effectiveness
  – Incentives enhanced accountability of BCEs/Suppliers and facilitated collaborative work relations between actors
  – Provide working capital to BCE & Companies
Challenges, Lessons & Recommendations
Challenges

• Programme implementation:
  – Alignment 4B-F and ABPP (staffing, systems, implementation): learning curve
  – Limited TA support

• Changes in implementation modalities
  Time and resource intensive process (buy-in, roll-out):
  - Change in concept: commissioning (gas in the kitchen) instead of completion
  - New M&E framework
  - Integration of functions

• 4B-F roll-out: stakeholder’s voice
  – QPI split, 2 stage payment: unattractive to enterprises and cumbersome in terms of monitoring, verification, reporting
  – QPI rolled out from a suppliers’ perspective, lack of customer involvement/claim making power
Lessons Learnt

• Strategic Level: Market Development:
  – Strong leverage

• Management Level: Effectiveness & efficiency
  – Integrated MIS, Finance & Quality Control systems

• Operational level: Work organisation
  – Integration of functions, Alignment

• Market Development
  – MFIs/Saccos: turn out to be far more risk averse during implementation stage, key interest is selling credit not selling the product
  – Pay attention to the chasms between market segments
Recommendations

• RBF to complement or to be complemented a larger market development initiative. Therefore, alignment between both intervention is crucial

• Permanently revisit the ToC to adapt the set of incentives to the status of the market

• Strong M&E Framework
Solar for Productive Use

Nyamolo Abagi, CLASP
Global LEAP+RBF
Program Overview + Lessons Learned
Coalition Overview

CLASP serves as co-secretariat for the Efficiency for Access Donor Coalition; its members include leading aid agencies and foundations committed to accelerate universal access to modern energy services.
What we do

**Policy & Analysis:** CLASP supports governments to determine and implement the most ambitious and cost-effective policy solutions, drawing on global best practice and leading technical expertise.

**Market Development & Innovation:** CLASP programs accelerate markets toward best available appliance technologies, mitigate risk, and maximize benefits for manufacturers, consumers, and governments.

**Global Collaboration:** CLASP serves at the epicenter of collaborative, ambitious efforts to mitigate climate change through appliance efficiency and in the global movement for clean energy access.
The Challenge

- Availability
- Affordability
- Supply chain maturity
The Approach

1. Identify Best-In-Class Off-Grid Appliance Products
   - Identify and promote leaders in early-stage product markets & encourage new entrants
   - Develop technical foundation for long-term market growth (e.g., test methods)

2. Bring Those Products To Market At Scale
   - Create clearer path to market for Global LEAP Awards Winners and Finalists
   - Reduce financial risks associated with large-scale appliance procurement
### Outcomes at a Glance

#### Current Round – Kenya Only
*Refrigerators, Solar Water Pumps and Electric Pressure Cookers (2019-20)*

- **>$800K** allocated
- **25** participating companies
- **16,930** products being sold
- **77,584** estimated beneficiaries

#### Previous Rounds
*East Africa + Bangladesh*
*Fans, TVs, Refrigerators (2017-19)*

- **>$2.9M** disbursed
- **31** participating companies
- **264,852** products sold
- **1,215,000** beneficiaries
Challenges, Lessons & Recommendations
Lessons Learned

- Invest in understanding the country and stakeholder specific context before designing the project
- Find a good Monitoring and Verification partner
- When dealing with nascent technologies, err on the conservative side with project targets
- Don’t underestimate the requirement to double down on follow up with participants
- Stay nimble and be creative with program administration
Minigrids

Jackson Mutonga, GIZ
RBF Mini-Grids Project Approach in Kenya

- **Country Alignment:** contribute to affordable, clean and sustainable power supply in off-grid areas in line with Kenya’s target of universal electricity access by 2022 (KNES 2018).

- **Objective:** Market creation for private sector owned and operated mini-grids (Pure ESCO/BOO business model)

- **Budget (EUR):** 2.1M (1.55M as incentives to RBF-PDs)

- **Duration:** July 2014 – March 2020

- **Partner institutions:** Ministry of Energy (MoE), Energy and Petroleum Regulatory Authority (EPRA), County Governments Barclays Bank of Kenya (BBK) and the Private Sector.
Implementation Structure
Incentive Structure

1. Power plant and distribution system commissioning incentive (premium paid on CAPEX) – 30% of total incentives

2. Connections made (premium paid per household connected and maintained for at least 3 months) – 70% of total incentives

3. Energy production incentive (premium paid per kWh supplied over a certain period of time) – for the first 2 mini-grid projects

- Incentives capped at 50% of project CAPEX; except for Kalobeyei Refugee Settlement and Host Community town MGs - @82% subsidy in order to achieve national utility tariff rates.
Mini-grid Project Implementation Process:

1. Feasibility studies
2. Approvals (National & County Governments)
3. Tendering and Contracting private sector
4. Stakeholder engagements and land acquisition
5. Permitting (Power supply and ESIA licenses)
6. Financing and EPC
7. Commissioning, Verification & Disbursement
8. Operation & Maintenance and Scaling Up
## Achievements

<table>
<thead>
<tr>
<th>RBF Key Performance Indicator (KPI)</th>
<th>Target</th>
<th>Achieved</th>
</tr>
</thead>
<tbody>
<tr>
<td>Enterprises created/upgraded</td>
<td>5</td>
<td>3 (4*)</td>
</tr>
<tr>
<td>Technologies (Mini-grids) deployed</td>
<td>14</td>
<td>10 (13*)</td>
</tr>
<tr>
<td>Number of beneficiaries</td>
<td>7,000</td>
<td>9,225</td>
</tr>
<tr>
<td>• Number of social institutions</td>
<td>20</td>
<td>69</td>
</tr>
<tr>
<td>• Number of SMEs</td>
<td>30</td>
<td>266</td>
</tr>
<tr>
<td>Jobs created</td>
<td>60</td>
<td></td>
</tr>
<tr>
<td>• Jobs created thereof women</td>
<td>12</td>
<td></td>
</tr>
</tbody>
</table>
Challenges, Lessons & Recommendations
Lessons Learnt:

- TA is needed for RBF implementation – RBF Mini-grids was embedded in an established GIZ bilateral TA project (ProSolar)
  - substantial additional TA to FI and PDs (nascent and local)
  - Absorbing some soft costs – e.g. (pre)feasibility studies, government clearances/permits, community engagement/MoUs, etc
  - Stakeholder engagement (especially government entities)

- The project employed consultative and educational engagement approach

- Internal processes of the FI (division of tasks, bureaucratic structures, change of staff, buyout) and novelty of RBF (for Barclays, the market and GIZ) are the main reasons for delays in early stages
  - FI should not be responsible for technical implementation
Lessons Learnt (cont...)

- Incorporate built-in flexibility in the RBFICs to accommodate
  - mini-grid market and site specific dynamics which call for adaptation of the RBF contracts especially on incentive structure/levels, delivery timelines, system capacity etc
  - key stakeholder expectations e.g. community CSR projects
  - Strategic partnerships for additional grants to lower tariffs

- Design comprehensive contracts for PDs to secure project finance. Include (if possible):
  - approved technical specifications of components
  - Financial performance data of operational mini-grids
  - Off-taker risk guarantee/insurance
KOSAP

Ashington Ngigi, SNV
Overview of KOSAP Facilities for Solar and Clean Cookstoves.

With relevant learnings from previous SNV – Implemented RBF Projects

Ashington Ngigi
Team Leader
KOSAP RBF and Debt Facilities
The Three Facilities – KES 4.7 Billion (US$ 47m)

Solar Debt

- Solar RBF
  - 3 Billion
- CCS RBF
  - 1.2 Billion
  - 500 Million

RBF = Results-based Financing
CCS = Clean Cooking Solutions
Expected Results of the Facilities

Solar Debt

250,000 Households

Willingness to pay: Over half-million households could theoretically afford a Tier 1 level solar home system.

Solar RBF

CCS RBF

150,000 Households
The RBF & Debt Facilities

Target Areas

Solar: 14 Counties

Cook Stoves: 8 Counties
Design

- **Geographical coverage**
  - Rationalised via pronouncements by Commission on Revenue Allocation (under-served Counties only).

- **Shift in practice & thinking**
  - Major Government of Kenya statement and effort to partner with the Private Sector; structured facilities; semi-autonomous implementation (unique).

- **Implementation vs. learning**
  - Regions split into Lots
  - Several funding rounds; tranched disbursements hinged on milestones
  - Multiple business models.

- **Utility Value**
  - Multi-light systems only (tier 1 and/or tier 2); no lanterns.
  - Solar: Must be Lighting Global approved with warranty and after sales service.
  - Cookstoves: Must be pre-approved by Ministry of Energy.

- **Affordability**
  - Multiple products and sizes;
  - Multiple companies;
  - Product finance supported – e.g. pay-as-you-go.
So far….Solar RBF

- 54 applications
- 19 shortlisted, 14 proceeded to due diligence
- 10 companies awarded for the 6 Lots
- Target: Over 160,000 units with 300 million Shillings
- Products by 10 different manufacturers

Next Rounds

1. Round 1
   - KES. 300M (DONE)
   - 62,500 Households (>160k)

2. Round 2
   - KES. 450M (3rd/4th Qtr of 2020)
   - 93,750 Households

3. Round 3
   - KES. 450M (Mid 2021)
   - 93,750 Households

4. Round 4
   - Re-allocation (if applicable)
So far....Cookstoves RBF

- 26 applications
- 12 shortlisted, proceeded to due diligence
- 10 companies awarded for the 5 Counties
- Target: Over 85,000 units with 200 million Shillings
- Products by 9 different manufacturers

Next Rounds

1. Round 1
   - KES. 200M, (DONE)
   - 60,000 Households (>85k)
   - 5 Counties

2. Round 2
   - KES. 300M (3rd/4th Qtr of 2020; additional stoves)
   - 90,000 Households
   - 8 Counties (additional 3)
Learnings & Recommendations
Value for money is an open question

What is the optimal RBF amount?

- **Solar RBF:** Uses watt-hour per day (solar system capacity) as a key evaluation parameter. After technical evaluation, allocation of incentives (competitive) is based on ranking using RBF/wh/d.

- **Cookstoves RBF:** Market less developed compared to solar; focus is on quality, affordability and messaging – hence pre-approved cookstoves and a fixed 37% product sale incentive.

- **Supply chain development vs product deployment:** The objective is two-pronged: Develop a long term marketplace while reaching (selling to) as many people as possible. Leads to the incentive structure question – balancing resource allocation between these two.
Incentives structure to motivate progress

KOSAP RBF is available in multiple drawdown phases

- **Market entry component (≈ 30%):** "Ex-ante" disbursements for generating market awareness, sales, marketing activities, training and operating expenses. Advance funding monitored via pre-agreed milestones.

- **Results-based component (≈ 60%):** "Ex-post" – based on progressive achievement of pre-agreed sales targets.

- **Sustainability component (≈ 10%):** Matures upon verification that systems are functioning and warranty terms are being honoured where applicable. At least one year after deployment of relevant products.
Working capital still needed!

RBF does not replace “access to finance” needs

- **KOSAP Debt Facility**: Needed to meet capital needs of companies, especially financing of receivables and inventory finance.
- Flexible and responsive financial products; but should not use public funding to crowd out commercial financiers.
  - **Securitisation** free from the land and buildings mind-set; case by case consideration;
  - **Ticket size** (typical) 100k – 2 million US$; 1-3 year loans.
  - **Interest rate** pricing based on market principles & risk assessment; typical rate 16% p.a. (under review).
- **Adequacy**: Designed to create “catalytic” action to encourage follow-on finance or co-investment by other commercial lenders.
Collaboration is of necessity

Multiple levels of interested parties

- **Working with Government:** Unique arrangement where both the KOSAP Facilities Manager (KFM) and the Government have distinct yet inter-dependent roles. Agreements are between Ministry of Energy and Recipients. KFM implements and monitors.

- **Involvement of Counties:** Critical given the context of KOSAP and factors informing its geographic scope – 14 underserved Counties, out of 47 Counties.

- **Involvement of County-based enterprises:** Typically small and largely unconnected to the core market players. But important for both buy-in and long term supply chain development.

- **Other Projects and Partners:** Necessary to leverage resources, but also to manage risks and optimise achievement of objectives.
Foundational elements apply

If pre-conditions are not fully met, parallel interventions needed

- **Critical foundational elements:**
  - Prior market development – e.g. Lighting Africa, EnDev, etc.
  - Strong private sector involvement (willing to take on additional risks)
  - Access to finance – (use RBF as leverage)
  - Awareness and behaviour change communication – e.g. The Alliance (ex GACC)
  - Standards – e.g. CLASP framework
  - Taxation regime – with alert lobbyists (e.g. recent VAT proposals in Kenya)
Conclusions
Lessons learnt from the use of RBF for promoting clean energy access

• Market conditions in the respective segments need to be right and/or supported
  ○ RBFs work well where a clear market need has been identified and other initiatives are already driving activities
  ○ Technical assistance is a key factor to support operating environments and market maturity

• Ambitions and targets need to appropriate and be matched with the right beneficiaries
  ○ Approach to defining targets and objectives needs to be tailored to market segment
  ○ Identify the right beneficiaries along the value chain and design targeted measures to bring them on board

• Use incentive design to drive access to marginalized communities
  ○ Goal is to bring energy access to improve livelihoods of the poorest
  ○ Upfront capital, capped incentives, use of indices, TA, etc. can drive and support efforts in accessing remote regions

• Effective data collection to support M&E through strategic partnerships
  ○ Independent Verification Agencies are important partners for valuable data collection

• Flexibility is key – from both implementer and beneficiary perspective
  ○ Leave room and scope for adaptations throughout the programme

No one-size fits all
Forthcoming EnDev webinar series
EnDev RBF Facility Webinar Series

#1 Transforming energy markets with RBF – hype or hope?
18 June 2020, 10:00-11:00 CET
Speakers:
- Philip Mann (DFID)
- Barbara Richard (EnDev HQ)
- Geert Engelsman (Particip GmbH)
- Bastiaan Teunen (SNV Cambodia)
- Razvan Sandru (GIZ Benin)

#2 Reaching the bottom of the pyramid with RBF – wishful thinking or reality?
July 2020 (TBC)
Different experiences targeting vulnerable groups will be shared from Rwanda, Tanzania and Malawi to help demystify some of the complexity around LNOB-approaches.

#3 Verification in RBF projects – value for money or waste of time?
September 2020 (TBC)
Ways to design independent verification systems are manifold: from use of digital technology in the Mekong Region, to use of Innovation the context of Kenya.

#4 Accelerating the off-grid appliance market with CLASP
October 2020 (TBC)
Providing energy access with the help of energy-efficient off-grid appliances: in the framework of the Global Leap Award from Bangladesh to East Africa; and with e-cooking in the future.

⇒ RBFF ONLINE CLOSING EVENT | November 2020 (TBC)
The end of an era or just the beginning? – RBF Sector Spillover and Innovation
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