



Delegation of the European Union to the Republic of Kenya

Press Release

Europe-backed electricity fund is sign of things to come as aid and private investment increasingly being combined

Today, European private companies, investors and donors came together to launch the Electricity Access Fund, an investment facility specifically designed to attract private investment to increase electricity access for poor and remote communities in east Africa.

Starting in Kenya, then Uganda and Rwanda, and eventually west Africa, the investment fund of KSh 5.4 billion (Euros 55m) will aim to bring a supply of reliable, affordable electricity to almost 2 million people.

A fifth of the investment fund Ksh 992 million (Euros 10m) is being provided by the European Union, managed by the European Investment Bank. Other investors include the French development agency, AFD, the UK-based Commonwealth Development Corporation and others.

The fund will be managed by Energy Access Ventures (eavafrica.com) and is part of a new approach by the European Union of “blending” development grants with loans to attract further funding – often from private equity investors - for large-scale investments. This approach is being employed in east Africa to finance renewable energy and energy efficiency projects, for geothermal energy installations, and in particular for the 310 MW Lake Turkana Wind Project.

Investment will focus on generating sources of electricity for those who are “off-grid” particularly in rural and semi-urban poorer neighbourhoods, and will operate over an initial ten-year period. Speaking about the initiative the Head of Development Cooperation at the European Union in Kenya, Erik Habers, said:

“Innovative use of financing has the potential to unlock the benefits of private investment and build electricity supply for millions of people and small businesses. We can use development aid to absorb risk, build investor confidence and accelerate economic growth for a wider number of people.

“Like for the Government of Kenya, improving access to reliable, affordable energy for consumers, businesses and industry is a priority of our development agenda. I am excited about what this new spirit of entrepreneur-led development can do for east Africa, and see a larger role for it in our work going forward.”

The Fund will take relatively small, minority stakes in its equity investments. It will invest in small and medium enterprises (SMEs) involved in selling, renting, installing, maintaining, financing, owning power generation systems (such as solar home systems), micro-generation infrastructures (hydro, solar, wind, biomass), “energy kiosks” (electricity generation point with centralized energy consumption for businesses such as hair dresser, tailors, mills, cold storage, battery charging, irrigation pumps), fleet of batteries, or any other activity linked to electricity.

This fund is part of a global Investment Facility which been established within the Framework of the Cotonou Agreement on co-operation and development assistance negotiated between the 78 African Caribbean Pacific (ACP) States and the European Union. The Facility is managed by the European Investment Bank and funds originate from the resources of the EU Member states.

The Facility will support ACP private sector and commercially run public sector projects with loans, guarantees and a series of risk sharing instruments. The private sector is seen as the motor and catalyst for poverty reduction and its ultimate eradication. The Facility is intended to become a self-financing revolving fund.

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