

**MITIGATION
BLENDED**

PROJECT NAME	CrossBoundary Energy Access (CBEA)¹
COUNTRY/REGION	Sub-Saharan Africa
SECTOR	Renewable Energy, Mini-grids
PROJECT/INVESTMENT AMOUNT	Up to ~\$150 million Current capital: US\$25 million blended equity and concessional mezzanine Target capital: US\$150 million <ul style="list-style-type: none"> • ~US\$75 million blended equity and concessional mezzanine • ~US\$75 million debt (raised on deal-by-deal basis)
DEVELOPMENT PARTNER(S)/STAKEHOLDERS	Structurer and sponsor: CrossBoundary See investors below
BENEFICIARY MINISTRY/ INSTITUTION	N/A
INVESTOR(S) AND FUNDERS	Commercial Capital: ARCH Emerging Markets Partners (Private Equity), Ceniarth (Family Office), DOEN Foundation (Philanthropy) Catalytic Capital: Rockefeller Foundation, DOEN Foundation, Shell Foundation, UK Aid, Blue Haven Initiative, Microsoft Climate Innovation Fund, Bank of America
GUIDEBOOK TAXONOMY FINANCIAL SYSTEM ACTOR	Private Equity Philanthropy and Impact Investors [Multilateral, Bilateral, and DFI]
PROJECT OVERALL GOAL	To deploy capital more efficiently and effectively, accelerating mini-grid investments and connections in Africa and establishing mini-grids as infrastructure assets
PROJECT OUTCOMES	To date: 30k+ people connected to electricity Target: 1 million people connected to electricity
ALIGNMENT WITH COUNTRY IDENTIFIED CLIMATE STRATEGIES, NDCs, ETC. (IF APPLICABLE)	Contributes to energy transition pathways embedded in the NDCs of the target geographies by providing a renewable energy source and fostering energy access
CONTRIBUTION OF THE PROJECT TO THE UN SDGs	SDG7: Affordable and Clean Power for All SDG13: Climate Action
SOCIOECONOMIC IMPACT	Provide energy access to 1 million people
ENVIRONMENTAL IMPACT (ON CLIMATE MITIGATION AND/OR ADAPTATION)	CBEA contributes to mitigation goals by providing households with a renewable energy source, as well as adaptation by providing a low-cost electrification source
ENABLING ENVIRONMENT (SUPPORTING POLICIES)	A regulatory environment that supports private-sector mini-grid investment, including (but not limited to): <ul style="list-style-type: none"> • Clear and streamlined mini-grid permitting • Cost-reflective tariffs • Customer exclusivity with compensation in the event of main-grid arrival
TECHNICAL ASSISTANCE (IF PROVIDED)	N/A

¹ This case was provided by CrossBoundary as a contribution to the Sharm El-Sheikh Guidebook for Just Financing

FINANCING MODEL/APPROACH (EX: BLENDED FINANCE)	Blended Finance approach combining concessional/catalytic with commercial capital
RATIONALE FOR FINANCING MODEL/APPROACH	Rural electrification customers are expensive to connect, and they lack the finances to pay for significant amounts of electricity. Mini grids are the most cost-effective way to bring power at affordable price points to these communities. Access to blended finance is key to unlocking the long-term, infrastructure-type capital needed to bring power to these communities, particularly in the fund structure developed with different pools of capital bearing/sharing different risks.
FINANCIAL INSTRUMENT(S) (LOANS (COMMERCIAL/ CONCESSIONAL), EQUITY, GUARANTEE)	Project finance facility - blended capital with mix of equity, concessional mezzanine, and debt
DIAGRAM OF THE FINANCING STRUCTURE	<pre> graph TD Equity[Equity] --- CBEA[CBEA Platform] CBEA --- MiniGrids["Mini-grid portfolios (Multiple)"] CBEA --- Mezzanine[Concessional Mezzanine] MiniGrids --- SeniorDebt["Senior debt (deal-by-deal)"] </pre>

Executive Summary

CrossBoundary Energy Access (CBEA) is Africa’s first project finance platform that finances and owns solar mini grids for electrification across Africa. CBEA uses an innovative blended finance approach to invest in mini-grids and provide 24/7 grid-quality power to households and businesses in rural Africa.

CBEA raises, commits, and deploys capital into portfolios of solar mini grids that it then owns and manages. In June 2022, CBEA announced first close on a new capital raise for its scale-up facility CBEA Platform. This is a US\$25 million funding commitment from ARCH Emerging Markets Partners Limited, Bank of America, and Microsoft Climate Innovation Fund to fund renewable energy projects across the continent. CBEA Platform’s target is to raise and deploy a total of US\$150 million of blended project finance over the next two years to bring clean energy to one million people in Africa.

The platform’s business model involves treating mini-grids as infrastructure that can access project financing. CBEA implements the following approach in its investment into mini grids:


- **Isolating** mini grids from the developer to own assets and customer revenues
- **Allocating** all revenues, costs, and risks through long-term contracts
- **Aggregating** mini grids into portfolios, and portfolios into a much larger facility

Access to blended finance is key to financing and owning solar mini grids for electrification across Africa, as connecting these customers is expensive, and most lack the funds to pay for significant amounts of electricity. The financing package included a private equity round from ARCH Emerging Markets.²

Analysis

WHAT MADE THIS PROJECT SUCCESSFUL?	<p>This project has been made successful by multiple factors:</p> <ul style="list-style-type: none"> • Strong team and innovative business model • Donors/Funders with patient, flexible capital to help the platform scale • Developer partners identifying and building infrastructure-quality mini-grids • Regulators putting sector-specific regulations in place • Donors providing necessary grants to support rural electrification
TO WHAT EXTENT IS THIS MODEL SCALABLE?	The model is built for scale. From the Pilot to the Platform it is scaling ~10x.

² <https://app.cbinsights.com/profiles/i/aZwmq/investments>



WHAT ARE THE NECESSARY CONDITIONS TO MAKE IT REPLICABLE IN OTHER COUNTRIES/REGIONS?	The model has been used in multiple African countries and can be similarly applied to other regions
CONSTRAINTS/DRAWBACKS OF FINANCING MODEL	Requires stakeholder buy-in from regulators, donors, and developers
LESSONS LEARNT	<ul style="list-style-type: none">• Making capital available from the point of procurement (as opposed to after COD) can be instrumental in getting more assets built faster• Investment timelines can be sped up by templating term sheets, contracts, financial models• Everything takes longer than expected