

Kenya

Population: **49.7 million**
GDP Growth (2017): **4.9%**
GDP/Cap (PPP): **\$2,926**
Ease of Doing Business: **80**

“The purpose of any business is to enhance the lives of the people around it. KenGen must build trust and respect to build relationships with communities.”

– Kenya Electricity Generating Company (KenGen)
Board Member Kairu Bachia after participating in an exchange on community engagement best practices

ENERGY SECTOR OVERVIEW

Kenya has one of the most developed power sectors in sub-Saharan Africa, having opened its market to Independent Power Producers (IPPs) in the mid-1990s. Kenya benefits from factors including: an active private sector; Kenya Power’s long track record as a creditworthy off-taker; and abundant renewable energy resources, especially geothermal, wind and solar. Limited and aging transmission and distribution infrastructure, financing, opaque procurement processes, right of way disputes, and other challenges affect sector growth. Power Africa activities in Kenya are guided by a cooperation framework. The current Power Africa-Government of Kenya Cooperation Framework was signed in June 2018, to cover the 2018-2023 implementation period.



GENERATION CAPACITY

Installed Capacity: 2,351 MW

- Hydroelectric: 36%
- Thermal: 33%
- Geothermal: 29%
- Other Renewables: 2%

Power Africa New MW to Date

- Reached Financial Close: 537 MW

Power Africa 2030 Pipeline: 3,234 MW



CONNECTIONS

Current Access Rate: 64.5%

Households without Power: 3.5 million

- Target: Universal Access by 2022

PA New Grid Connections: 3,240

PA New Off-Grid Connections: 3,069,080

INVESTMENT AND ENABLING ENVIRONMENT

Biggest Issues and Bottlenecks

1. Inadequate access to project financing, especially early stage risk capital.
2. Land risks, right of way, and community engagement (impacts both generation & transmission).
3. Long procedures and inconsistency in approval of Power Purchase Agreements (PPAs).
4. Lack of clear off-grid regulatory framework.

Power Africa Interventions

1. Under the Power Africa/KenGen Cooperation Framework, Power Africa helped KenGen pursue new financing structures, including SPV-level financing of non-recourse project finance.
2. Power Africa has developed a Guide to Community Engagement for Power Projects to assist developers in working with communities to ensure full support for projects and avoid costly delays in project development while promoting responsible investment.
3. Power Africa provides capacity development assistance to state-owned power sector entities and supports important legal and regulatory reform, including the development of new distribution and transmission grid codes.



POWER AFRICA'S ENGAGEMENT IN KENYA

MW GENERATION

Power Africa supports power sector development in Kenya through a combination of financing, transaction and technical assistance, advocacy, and investment promotion. Power Africa helps advance power projects in the pipeline by raising debt and equity financing, assisting in PPA and Government Letter of Support negotiations, and providing technical and financial advisory services. Its work to mobilize over \$1 billion in private investment addresses a significant hurdle for many projects and will accelerate power projects across technologies. Through the U.S. Trade and Development Agency, Power Africa has provided grants and assistance worth \$6.5 million to support development of eight new energy projects totaling 281 MW in Kenya.

CONNECTIONS

USAID's Grid Management Support Program will enable Kenya to address key challenges of integrating intermittent renewable energy into the national grid. Power Africa has used innovative financial solutions, such as the USAID Development Credit Authority, to support grid connections and small on-grid power generation projects. In the off-grid sector, dedicated Power Africa advisors provide targeted technical assistance to over 40 small-scale renewable energy providers, assisting them with market development and funding, among other priorities.

Additionally, in partnership with General Electric, the African Development Bank, and others, Power Africa has awarded eleven grants of \$100,000 each to innovative renewable energy projects in rural Kenyan communities as part of the Power Africa Off-Grid Energy Challenge.



SUCCESS STORY

In partnership with the Kenyan Ministry of Energy and Petroleum, Power Africa supported the formation of a high-level Financing Steering Committee with Kenya's energy sector parastatal companies and leading private sector partners to explore ways to overcome the estimated \$14-18 billion funding gap necessary to achieve the government's generation, transmission, distribution, and off-grid electrification targets. The Committee provided a unique forum for public-private dialogue and strategic problem solving to overcome sector hurdles. Its policy recommendations have become a roadmap for Power Africa programming and the entire power sector in Kenya.

ABOUT POWER AFRICA

Power Africa is comprised of 12 U.S. Government Agencies, over 145 private companies, and 18 bilateral and multilateral development partners to support sub-Saharan governments by working together to increase the numbers of people with access to power. Power Africa's goal is to achieve 30,000 MW of new generated power and 60 million new connections by 2030 to reach 300 million Africans.

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