

International Development Committee

Written Evidence

Aid For Community-Led Energy

Introduction

The Foreign, Commonwealth, and Development Office (FCDO) welcomes the International Development Committee's (IDC) inquiry into 'Aid for community-led energy'. The FCDO (and formerly DFID) has a significant track record, expertise, and ongoing commitments supporting energy access for all, including an emphasis on approaches empowering and engaging local communities at a range of levels.

The FCDO's work on energy access is aligned with the globally agreed United Nations' Sustainable Development Goal 7 (SDG7) to "ensure access to affordable, reliable, and modern energy for all by 2030". The UK played a leading role in securing global agreement on SDG7 in 2015 and we remain committed to it. Collective progress towards the target is off track.

As of 2024, it is estimated that 685 million people globally do not have access to electricity. 83% of these (571 million people) live in sub-Saharan Africa (SDG7 tracking report 2024¹) and 2.1 billion people (nearly 30% of the world's population) still rely on polluting fuels, such as firewood and charcoal, for their daily cooking needs. At the current rate of progress, by 2030 over 660 million people will lack access to electricity and 1.9 billion people will continue to use polluting fuels for cooking, mostly in Sub-Saharan Africa. Achieving universal access to electricity by 2030 will require connecting almost 100 million people every year. The world is not on track to reach this goal.

Even the groundbreaking World Bank and African Development Bank Mission 300 Initiative², aiming to connect 300 million people to clean energy in Africa by 2030 and which the FCDO is actively engaging on, will only address around half the remaining access deficit in Sub-Saharan Africa. Africa is where the access gap is increasingly concentrated. If Mission300 were to be successful, this would be game changing for SDG7.

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<https://eur02.safelinks.protection.outlook.com/?url=https%3A%2F%2Ftrackingsdg7.esmap.org%2Fdata%2Ffiles%2Fdownload-documents%2Fsdg7-report2024-0611-v9-highresforweb.pdf&data=05%7C02%7CMatthew.Harvey%40energysecurity.gov.uk%7Cfa26d1c80021495b2b1a08dd870fd37e%7Ccbbac700502c143ebb497e6492d1b2dd8%7C0%7C0%7C638815224285524989%7CUnknown%7CTWFpbGZsb3d8eyJFbXB0eU1hcGkiOnRydWUsIlYiOiIwLjAuMDAwMCIsIlAiOiJXaW4zMilslkFOljoIjIWFpbGlzdUljoyfQ%3D%3D%7C0%7C%7C%7C&sdata=574LSeilOFY8FoN7GbyMGaNnfQk7%2BdTPMAeIJlx4Vlk%3D&resvded=0>

² <https://www.worldbank.org/en/programs/energizing-africa/overview>

Question 1 – What is ‘community energy’ in the context of aid? What are the environmental, economic and social benefits of community-led energy initiatives? What are the risks and shortcomings?

“Community energy” can have a range of definitions, linked with the scale of the provision e.g. relating to distributed solutions at household, village or town scale, and/or how community entities take part in or benefit from energy provision even if that is national in scale. “Community-led” itself can be challenging to define since the views and interests of populations in any given area is rarely homogenous or expressed always by a single unit.

Focusing first on scale - amongst Distributed Renewable Energy (DRE) technologies, Household Solar has seen spectacular growth in the last 10-15 years. It now reaches an estimated 560 million people globally³, mirroring the trend in mobile phone penetration. This sector is private sector driven. A range of options can be offered to suit different needs and price points, and each household can individually choose to take part or not. Collective decisions and governance are not required, and national legislation has less of a bearing. National utilities are a key pillar of electrification efforts and often have strong political backing and receive significant state subsidies. However, they also often struggle with politically driven non-cost reflective tariffs as well as corporate governance and financial viability issues blocking them from expanding services to low-income consumers. Conversely, town and village-scale mini-grids – as close to “community-level” provision as you could find - have often found it difficult to get going. They are not as low cost as household solar, but neither have the political backing or systematic subsidy of the national grid. This 2023 FCDO blog on 12 Lessons from the Distributed Renewable Energy (DRE) experience in Africa by Steven Hunt⁴ describes the learning from DFID/FCDO programming over the past 15 years.

Depending on the structure of the relevant sectors and markets there are different roles for communities. Examples include co-operative approaches, including the earlier “Community-Based Enterprise” model where local community members are recruited and trained into a locally-established company and governance structure (such as the UK’s Practical Action’s approach to micro-hydropower⁵ in Peru, Sri Lanka and Nepal), or Public-Private Partnership models between local government and mini-grid developers or national governments to electrify a particular Service Region (KOSAP programme in northern Kenya⁶ for example). For national grid generation projects (e.g. Independent Power Producer – IPPs) it is possible for

³ <https://newsroom.gogla.org/242074-off-grid-solar-could-provide-first-time-electricity-access-to-almost-400-million-people-globally-by-2030>

⁴ <https://medium.com/@stevenahunt/12-lessons-from-the-distributed-renewable-energy-dre-experience-in-africa-5bae058a406>

⁵ <https://ashden.org/awards/winners/practical-action-peru/>

⁶ <https://www.africa-energy.com/news-centre/article/world-bank-backs-16mw-kenyan-grid-solar>

communities to take part in generation projects as co-owners, or as beneficiaries of payments from the scheme into a community fund.

In summary, we would say that local participation, local support and buy-in for projects, local benefits, and local leadership are clearly an important element of successful and sustainable energy projects, but exactly how that is defined and factored in varies widely between countries, projects and communities and can be hard to mandate, given that the body of evidence about what works is still being established globally. The UK has been contributing to this through our evaluation and learning. “Community-based approaches” alone – often NGO/CBO-led (without the private sector element) have in the past struggled to scale and generate investment, and communities themselves rarely have all the tools, skills and resources they need to build and maintain energy systems. But there remains important potential for approaches which are more of a hybrid between private sector specialist equipment providers/distributed utilities, and community-based/governed/benefit-sharing approaches, done correctly an increased focus on this could help accelerate progress and address some risks and blockages to accelerated progress on SDG7.

Question 2 – How does the UK’s ODA support decentralised energy initiatives? How effective is this support?

Energy access has always been part of the UK ODA remit since the 1990s, however, support to “decentralised energy” stepped up significantly from around 2010, with the emergence of white LEDs, cheaper solar panels, and later, batteries. A transformative early intervention was DFID’s support to M-KOPA to develop the first mobile-enabled Pay-as-you-Go module, allowing household solar equipment to be turned on and off, and allowing micro-payments over time to manage the upfront cost of systems. A series of related interventions on innovation, policy technical assistance and investment, as well as the Energy Africa campaign⁷ from 2015 contributed to the emergence and scale of the Household Solar sector mentioned in Question 1.

Although DFID support to community level mini-grids had also been included in some of the 2010 interventions such as REACT Challenge Fund⁸ in East Africa, it was clear that the mini-grids sector was not experiencing the kind of scale and private sector traction that the Solar Home Systems (SHS) sector was, and was facing a series of additional challenges and risks compared with SHS. So, in 2015, the DFID Green Mini-Grids (GMGs) Africa programme was approved to focus on these issues, with a centrally managed regional facility⁹ via the World Bank (Energy Sector Management Assistance Programme - ESMAP) and African Development Bank (SEFA programme), as well as two co-ordinated GMGs country programmes,

⁷ <https://www.gov.uk/government/news/energy-africa-campaign>

⁸ <https://devtracker.fcdo.gov.uk/programme/GB-1-201575/summary>

⁹ <https://devtracker.fcdo.gov.uk/programme/GB-1-204784/summary>

formally reported on Devtracker, in Kenya¹⁰ and Tanzania¹¹. Further DFID-supported bilateral mini-grids programmes emerged in Sierra Leone, DRC, and Mozambique. The centrally managed Africa Clean Energy (ACE) programme¹² continued to support work on mini-grids through the World Bank and then African Development Bank, building on the learning and experience from the earlier DFID GMGs Africa programme and capitalised on what the UK had delivered. It has since grown significantly - with the ESMAP support developing into an expansive World Bank mini-grids lending portfolio, and the UK since working closely with SEFA to scale up its investments directly into private sector driven DRE projects. This spans across village/community-scale mini-grids and DRE and is an integral and significant element of the Mission 300 initiative¹³.

Running in parallel to GMGs Africa from 2016, the FCDO's £265m Transforming Energy Access (TEA) platform supports early-stage testing and scale-up of a broader range of innovative clean energy technologies and business models in developing countries but includes a focus on mini-grids and distributed renewable technologies, and an emphasis on localisation and equitable partnerships. TEA innovations have improved clean energy access for 32 million people (including 15 million women) and leveraged £1.6bn in additional investment; created and supported 153,000 green jobs (including 30,000 jobs for women); supported over 1,000 young Africans with job placements and over 2,000 African managers with specialist training; and led to the avoidance of 4.6 million tonnes of carbon dioxide emissions. One example of a TEA-Supported initiative is the Energise Africa¹⁴ crowd funding platform, which built on the Ethex¹⁵ platform for UK Community Crowdfunding and ownership of renewable energy projects as well as energy access projects and businesses in Africa. This initiative has raised more than £32.8m for energy access projects reaching more than 850,000 people with clean energy access – more than 10 times the original TEA investment in establishing it. The TEA programme is delivered via five key partners - the Carbon Trust, Innovate UK, Shell Foundation, the World Bank's Energy Sector Management Assistance Program (ESMAP), CLASP, and a network of around 750 innovators, academics, entrepreneurs, and civil society partners in nearly 60 countries.

As different DRE sub-sectors have matured from early-stage innovations towards commercial readiness, and risks have been reduced through a range of interventions from policy reforms to Results-Based Financing (RBF) initiatives - the degree of investment from FCDO-backed investment instruments such as British International

¹⁰ <https://devtracker.fcdo.gov.uk/programme/GB-1-203998/summary>

¹¹ <https://devtracker.fcdo.gov.uk/programme/GB-1-204365/summary>

¹² <https://devtracker.fcdo.gov.uk/programme/GB-1-204637/summary>

¹³ <https://www.worldbank.org/en/programs/energizing-africa>

¹⁴ <https://www.energiseafrica.com/>

¹⁵ <https://www.ethex.org.uk/>

Investment (BII), Private Infrastructure Development Group (PIDG) and the Renewable Energy Performance Platform (REPP) have also grown over time.

For example:

- **BII** has committed over \$1bn to the energy sector since 2017 and is currently involved in 50 projects that span the entire spectrum of renewable power generation, transmission, storage, and distributed renewable energy (DRE) solutions. BII investments provide clean energy to over 26 million people across sub-Saharan Africa including 7 million via distributed renewable energy solutions and transmission and distribution (T&D) projects. Under its higher risk Catalyst portfolio, BII undertook an intentional effort to expand its off-grid solar investments by backing companies like SunKing¹⁶, a Kenyan off-grid solar home system company that brings modern solar energy solutions to even the most isolated households. SunKing estimates that 1 in 4 Kenyan households currently have a SunKing product in warranty. Since its inception in 2005, SunKing has brought power to over 130 million people.
- **PIDG** plays a significant role investing in DRE, especially in Africa. Cumulative PIDG commitments in the DRE sector by the end of 2024 exceeded \$150m. PIDG's early-stage project development arm (formerly known as InfraCo Africa) holds most of PIDG's experience in the off-grid space – particularly in mini-grids. The World Bank Group's ESMAP Programme 2022 Mini Grids for Half a Billion People: Market Outlook and Handbook for Decision Makers identified InfraCo Africa among the top three most active global investors in mini-grid companies.
- **REPP** is a £88m grant-funded company limited by guarantee, which has supported small-to medium-scale renewable energy businesses across sub-Saharan Africa (SSA) via concessional debt and/or equity investments since 2015. 20 of REPP's 50 investments (40%) were into mini-grid or SHS businesses across SSA totalling \$23m. By the end of 2024, these businesses had collectively established 17.6MW of installed capacity connecting over 1.3 million people to clean electricity for the first time, avoiding over 137,000 tonnes of CO₂ emissions.

In summary, we believe that UK ODA support, from DFID/FCDO has played an important role in the development of DRE, energy access, household solar, mini-grids and related technologies (including productive use of energy and efficient

16 <https://eur03.safelinks.protection.outlook.com/?url=https%3A%2F%2Fwww.bii.co.uk%2Fen%2Four-impact%2Fdirect-header%2Fsun-king-financing-limited%2F&data=05%7C02%7CLydia.John%40fcd0.gov.uk%7C6a1eb258faab4f81210e08dd915f70d2%7Cd3a2d0d37cc84f52bbf985bd43d94279%7C0%7C0%7C638826561280276899%7CUnknown%7CTWFPbGZsb3d8eyJFbXB0eU1hcGkiOnRydWUsIlYiOiVlJlAuMDAwMCIslIAiOiJXaW4zMlslkFolJoiTWFpbiCldUljoyfQ%3D%3D%7C0%7C%7C%7C&sdata=4c3BgqGtV20K2n6DuRC48JSPH8hHkltso1t01vO1gA%3D&reserved=0>

appliances, including clean cooking). We also recognise that there have been false starts and disappointments, not least when highly effective programmes such as ACE have regrettably had to be cancelled due to portfolio review/aid budget cuts. Important lessons have been learned about what works best where, what our role might most usefully be, and where the private sector, national governments, MDBs, or communities are better placed.

See also examples of FCDO country programmes in question 4.

Question 3 – How are development finance institutions engaging with the potential of community energy?

Our response to Question 2 includes comments relating to the role of MDBs, particularly the World Bank and African Development Bank (AfDB), and the UK's DFI BII.

The World Bank, with the support of the UK and other like-minded donors, has over the last 10-15 years developed a strong expertise of lending operations in the area of DRE, including Household Solar, Mini-Grids, and Clean Cooking, delivered mainly via increased lending to national governments, which in turn is provided to DRE projects and enterprises via tools like Results Based Financing, or concessional lending. For this to happen, both the World Bank and the borrowing Governments need to see the value and opportunity of distributed renewables. Although the IFC Lighting Africa¹⁷ team were very prominent in developing the household solar market, IFC has very rarely invested in the DRE space, although that is changing now since Mission 300 with the announcement of the Zafiri Fund¹⁸. While World Bank Environmental and Social Governance (ESG) applies to all their lending, they have tended to focus less on “community energy” and focus efforts instead at the national government or the company/developer level.

AfDB has also significantly developed its DRE portfolio over the last 10-15 years with support in this case from the SEFA fund - including some substantial investments, however not at the scale of the World Bank. Its use of sub-funds such as the Fund for Energy Inclusion (FEI) managed by the UK's Cygnum Capital has been an important contribution, and its earlier UK-supported Green Mini-Grids Helpdesk¹⁹ and successor African Mini-Grids Programme²⁰ have supported many developers and policymakers to develop and finance successful mini grid programs.

Question 4 – Can you provide examples of successful programmes or initiatives that have enhanced access to clean, affordable and inclusive energy

¹⁷ <https://www.lightingglobal.org/tag/ifc/>

¹⁸ https://www.linkedin.com/posts/ifc-infrastructure_africa-poweringafrica-ifcenergy-activity-7296317292676587520-MSzw/

¹⁹ <https://greenminigrid.afdb.org/>

²⁰ <https://africaminigrids.org/>

systems? Or, on the opposite, are there examples of energy programmes where UK aid could have been used better?

In addition to the central FCDO clean energy programmes described in Question 2, FCDO has also supported several country programmes in the energy access and DRE space including successfully in Sierra Leone and Mozambique. The Renewable Energy in Sierra Leone (RESL) programme²¹ developed in the post-Ebola period has led to the electrification of almost a hundred villages with mini-grids, anchored around the electrification of public health facilities in those villages, and has been followed by an initiative to power even larger hospitals in the country with distributed renewables in Mozambique since 2019 enabled clean energy access for over 3.1 million people, supported the distribution of over 375,200 SHS and 252,200 improved cookstoves, mobilised £41.7m in private investment, avoided 790,100 CO₂ emissions, and created more than 2,400 jobs, fostering entrepreneurship and strengthening local energy markets. The BRILHO programme²² in Mozambique has since 2019 enabled clean energy access for over 3.1 million people, supported the distribution of over 375,200 Solar Household Systems and 252,200 improved cookstoves, mobilised £41.7m in private investment, avoided 790,100 tonnes of CO₂ emissions, and created more than 2,400 jobs, fostering entrepreneurship and strengthening local energy markets.

Example of downstream investments by FCDO-backed investment instruments include:

Virunga Energies

BII invested in Virunga Energies, a subsidiary of UK charity, Virunga Foundation, in 2016, becoming the first Development Finance Institution to invest in Nord-Kivu, DRC in two decades. Virunga Foundation manages and protects the UNESCO World Heritage Virunga National Park from the illegal extraction of national resources. BII invested in Virunga Energies to bring clean energy to communities living in and around the park, supporting the company's aims to expand its electricity grid and construct renewable power generation infrastructure leading to nearly 26,000 new connections and improved access to power for underserved communities in Nord Kivu.

BII also provided a tailored capacity-building programme from 2016 to early 2019, delivering 600 hours of training to Virunga Energies' staff on environmental and social risk management, workplace health and safety, and community engagement. Today, Virunga Energies operates 30MW of hydroelectric plants and a transmission network, supplying clean energy to 20 villages, towns, and the city of Goma, installing public street lighting free of charge in villages and towns linked to its

²¹ <https://devtracker.fcdo.gov.uk/programme/GB-GOV-1-300303/summary>

²² <https://devtracker.fcdo.gov.uk/programme/GB-1-204837/projects>

grid to help reduce insecurity in the region. By the end of 2024, over 36,000 households were connected to the mini-grid, benefiting more than 170,000 people.

An FCDO commissioned study²³ found that connected communities experienced a net increase in asset wealth, particularly those gaining access to electricity for the first time.

Question 5 – What are the main challenges facing the deployment of decentralised energy systems in ODA-recipient countries? How could they be overcome?

Deploying decentralised energy systems in ODA recipient countries presents several challenges, but there are ways to overcome them:

- **Financial Constraints** – Many ODA-recipient country Governments struggle with limited tax collection and fiscal space for energy investments in general, with much of that limited ability reserved for state-run utilities. The private investment climate in such countries can also be very challenging and make it very hard even for good companies in the DRE space to raise affordable capital over reasonable timeframes. Raising local currency can be very challenging, although the UK-backed InfraCredit²⁴ in Nigeria has become recognised as a highly effective intervention, providing guarantees, enabling Nigerian pension funds to start investing in the sector, and now being scaled by various investors including BII, and replicated in other countries by PIDG. A second key issue has been the availability of Equity for DRE companies, which would allow them to leverage a growing set of debt options. PIDG's InfraCo Africa²⁵ has been one of only a few equity providers for DRE and are only able to respond to a small proportion of the need. However, through their demonstration effect, more equity providers are entering the market. There remain concerns that the minimum ticket sizes could be large and may exclude many local businesses and developers. This needs to be kept under review.
- **Policy and Regulatory Barriers** – Inconsistent or unclear policies can hinder the development of decentralised energy systems. Governments can help by sending clear signals of intent through clear, supportive policies to facilitate adoption. Action to reduce the licensing time for renewables projects can help, e.g. Zambia's recent move to 48-hour approvals compared to the previous 6-

²³ <https://assets.bii.co.uk/wp-content/uploads/2024/11/12092440/evaluating-the-impact-of-virunga-energies-itad.pdf>

²⁴ <https://infracredit.ng/infracredit-secures-a-us30-million-risk-sharing-and-blended-local-currency-co-financing-facility-from-british-international-investment-to-support-decentralised-renewable-energy-projects-in-nigeria/>

²⁵ <https://infracoafrika.com/>

month process²⁶, although where such reductions remove steps like community consultation then this could also have risks. FCDO's ACE Technical Assistance Facility²⁷ supported partner governments on DRE policy and regulation. ACE helped World Bank lending to scale up its focus on DRE, and UK support to the World Bank ESMAP programme has enabled a continued focus on policy and regulatory issues.

- **Infrastructure Limitations** – Weak grid infrastructure and lack of technical expertise are both limitations, as well as - paradoxically - the driver in many of the DRE need and opportunity. If grid utilities were more effective and grid infrastructure more economic, then need and opportunity for community-led solutions may not be as strong. However, with renewable energy by nature being a distributed resource, this situation has led to some countries and island markets becoming leaders in certain technologies such as pay-as-you-go, affordable smart meters, energy storage as a service, etc which could create learning for developed markets more reliant on grid infrastructure.
- **Social Acceptance & Awareness** – Communities may be unfamiliar with decentralised energy solutions, leading to resistance. Raising awareness and involving local communities in decision-making can improve acceptance. While there are some universals around increasing performance and reducing costs the complex dynamics of adoption, assimilation and adaptation, ownership, and leadership, are areas in which the inquiry could make relevant and useful recommendations.
- **Technology & Maintenance Issues** – Access to reliable technology and skilled personnel for maintenance can be a challenge. Using locally available materials and simple, maintainable technologies can enhance sustainability. It is critical to look beyond the capital expenditure on a DRE technology to the operating and maintenance costs, particularly in providing DRE solutions for example to clinics and schools²⁸, which usually do not have the financial or technical capacity to maintain systems. Not doing this runs a high risk of creating e-waste and disappointment in the systems. This often creates challenges for donor financing, which is usually in 4–5-year periods, and for some international organisations which work on year-by-year budget cycles.

Question 6 – How does the FCDO ensure that the voices and rights of women, older people and marginalised communities are heard and protected in funded energy projects?

²⁶ <https://www.moe.gov.zm/?p=4252#:~:text=Ministry%20of%20Energy-,PRESS%20STATEMENT%2D%20REDUCED%20APPROVAL%20PERIOD%20FOR%20SOLAR%20PROJECTS,of%20solar%20power%20in%20Zambia.>

²⁷ <https://www.ace-taf.org/>

²⁸ <https://www.seforall.org/publications/state-of-the-market-report-for-healthcare-facility-electrification>

The FCDO's policies on Gender Equality, Disability, and Social Inclusion (GEDSI) apply to all programming and are included in the PrOF guide and ensure compatibility with the International Development Act 2014 Gender Amendment²⁹. This is complemented by external frameworks such as the IFC's ESG Framework, and PIDG's Gender Equality Diversity and Inclusion Plan³⁰. The TEA programme for example has a GEDSI Support Service as well as a Local Partnership and Inclusion Support Service which conduct related research and analysis, exchange learnings and provide support to raise the quality of practice and manage risks on these issues, as well as supporting innovations and improvements in practice. A number of programmes use 60 Decibels³¹ to bring the "Voice of the Customer" into programme review processes, through telephone interviews with end consumers. This enables the programmes to obtain feedback on customer/recipient experience with the energy access products.

Question 7 – How can the value for money of community-led energy projects be evaluated to account for their full environment and social benefits?

The FCDO has comprehensive economic Cost-Benefit Analysis (CBA) as well as Value for Money (VfM) Tools which can be applied to energy programming with mid-term and final reviews and evaluations of energy programmes. CBA allows for the integration and valuation of social and environmental benefits, although for the scale up and private investment in energy businesses, products, and services the most important factor is whether there is valuation in the market for the social and environmental benefits of energy products.

An example of FCDO deploying comprehensive CBA and VfM tools can be seen in the delivery of BII's Ayana Renewable Power Ltd³² 2018 project to support the Indian government's energy transition plans. Through the adoption of lessons from previous programmes, right from its inception, Ayana sought to not only accelerate the low carbon transition, but also community development. This included publishing a Community Development Framework to ensure a positive social impact alongside delivering on the programme's business goals. At nearly every one of its solar sites, Ayana launched pioneering programmes focused on building vocational skills for communities in surrounding townships for potential future employment at the solar park. The programmes focus on women, youth, and marginalised groups recognising the unique challenges that these groups face in obtaining employment at energy plants.

Ayana's efforts were recognised in 2023, when it won the prestigious Mahatma Award for excellence in the fields of environment, social welfare, and governance. A

²⁹ <https://www.legislation.gov.uk/ukpga/2014/9/contents>

³⁰ <https://cms.pidg.org/wp-content/uploads/2023/10/PIDG-Gender-Equity-Diversity-and-Inclusion-GEDI-2023-Final-280623.pdf>

³¹ <https://60decibels.com/insights/off-grid-energy-report/>

³² <https://www.ayanapower.com/>

recent study³³ by the Just Transition Finance Lab highlights Ayana as an example of how development finance institutions, like BII, can play a catalytic role in driving the market transformation necessary for the clean energy expansion while creating new economic opportunities for local communities.

Aid budgets alone will never be enough to subsidise energy access to 100%, we have invested in testing and validating several tools to recognise social and environmental benefits and close the viability gap to reach lower income and marginalised communities. These include the use of Results Based Finance, pioneered with UK support in the Energising Development (EnDev) programme³⁴ from 2013, and now mainstreamed in many leading interventions on energy access including EnDev itself, BRILHO Mozambique programming, the Nigerian Electrification Programme³⁵ - including \$750m DARES initiative³⁶ - and Mission 300 more broadly.

Expanding the flow and availability of Carbon Finance to energy access, including clean cooking is an important area of research and innovation to unlock systematic flows of carbon finance to energy access – including via UK platforms such as CAVEX³⁷. Another mechanism FCDO R&D support has helped incubate is Distributed Renewable Energy Credits (D-RECS)³⁸ where large corporates with renewables commitments can meet these commitments through DRE projects in emerging economies. If capitalised upon, these could be particularly relevant for community energy projects.

It is not yet clear which incentive or valuation approach will best enable putting a value on “community-led” projects, but across DRE more generally, these are now reasonably well-represented in available subsidy and support mechanisms for energy access. Helpfully, these approaches are being mainstreamed into Mission 300.

³³ <https://justtransitionfinance.org/casestudy/ayana-building-a-skills-base-for-indias-clean-energy-transition/>

³⁴ <https://endev.info/transforming-energy-access-markets-with-rbf-lessons-from-7-years-of-implementation-under-endevs-rbf-facility-financed-by-uk-aid/>

³⁵ <https://nep.rea.gov.ng/>

³⁶ <https://nep.rea.gov.ng/dares.html>

³⁷ <https://cavex.io/>

³⁸ <https://shellfoundation.org/insight-report/a-brief-introduction-to-d-recs/>