

Case

Serengeti
Energy

Developer of small-scale water, solar and wind energy

Electricity generation capacity in sub-Saharan Africa is insufficient to meet either current or future demand, and the region remains dependent on fossil energy production. Through the investment in Serengeti Energy, Swedfund is contributing capital to energy projects in the early growth phase.

AROUND 770 MILLION people in developing countries have no access to electricity, the majority of whom live on the African continent. In sub-Saharan countries, an average of around 49 percent of residents had access to electricity in 2019, compared with developing countries in Asia, where the corresponding figure was about 97 percent. Africa also has the youngest and fastest growing population in the world. By 2023, the continent is expected to have a larger population than China and India, which in turn means that investments will be needed to meet the increasing demand for electricity.

RENEWABLE ENERGY FOR NATIONAL GRIDS

In 2022, Swedfund invested in Serengeti Energy (Serengeti), an independent energy producer that develops, builds, owns and operates small and medium-sized renewable energy projects in sub-Saharan Africa to supply electricity to the national grids.

Founded in 2013, Serengeti is based in Nairobi, Kenya, with projects in some of the world's poorest countries, such as Rwanda, Malawi, Uganda and Sierra Leone. The company focuses on solar and hydropower and has eight projects in operation and two under construction. Additional projects are at the planning stage.

CLOSING THE GAP BETWEEN ENERGY DEMAND AND SUPPLY

Although the cost of deploying renewable energies is falling, insufficient capital is available for energy projects at the early growth stage. In addition, hydropower is generally more difficult to build, as it often has a more complicated technical structure than solar and wind power.

Serengeti's goal is to help reduce the gap between sustainable energy demand and supply. The company is focussing on further developing the power plants that it currently owns and actively expanding by establishing new solar power plants and hydropower plants.

ACTIVE OWNERSHIP OFFERS GOOD OPPORTUNITIES TO EXERT AN INFLUENCE

Serengeti is an active owner in its projects and sees great value in improving access to renewable energy for people in a region that has the world's highest proportion of households not connected to the grid.

For Swedfund, the role as a shareholder in Serengeti means that we have a seat on both the Board of Directors and the Investment Committee. This presents us with an excellent opportunity to influence the direction that the company takes. Swedfund is

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The capital provided by our new investors will enable the company to develop and build over 100MW of new renewable energy capacity.

Chris Bale, CEO, Serengeti Energy

also contributing to the development of their processes regarding the environment, climate, biodiversity and gender equality.

GOOD CONDITIONS BUT WITH CHALLENGES

Around 80 percent of the total electricity production in sub-Saharan Africa originates from fossil fuels. This is despite the fact that the region has enormous potential to produce renewable energy. In the region, there are huge opportunities for hydropower, along with the richest solar resources anywhere in the world.

To meet demand, Africa must greatly scale up investments in production and electricity grids, but the public sector's resources and capacity to meet investment needs are in many cases low. This makes private operators important for the production of renewable energy.

DEVELOPMENT FINANCE INSTITUTIONS IMPORTANT IN THE EARLY STAGES

By taking risks and investing sustainable capital at an early stage, development finance institutions such as Swedfund have a central role to play. Based on an understanding of what private investors need, as well as extensive experience and expertise relating

to sustainable investments, development finance institutions can act as a bridge to private investors and act catalytically by attracting private capital to investments. Many years of experience and strong expertise in developing countries enable us to identify trends early on and translate them into new investment areas and structures.

Swedfund's Project Accelerator can also contribute in this regard. Through the Project Accelerator's work to finance feasibility studies where the climate perspective is central, the climate work of the other organisations supplements and contributes to a holistic approach by influencing and enabling sustainable projects in developing countries at an early stage. Electricity grids are often a bottleneck in the transition from fossil to renewable energy, and investments are urgently needed. The Project Accelerator can enter at early stage of the project development phase and finance feasibility studies with the aim of upgrading and streamlining the grid, which can then accelerate and enable further investments in the renewable energy sector.

