

**African Minigrid Developers Association (AMDA)**

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**The Clerk of the National Assembly,**  
Parliament Buildings along Parliament Road  
P.O. Box 41842-00100 Nairobi, Kenya  
Tel : (254-2) 2221291 or 2848000

26th May 2025

**RE: COMMENTS ON THE PROPOSED 2025 FINANCE BILL FROM KENYA'S RENEWABLE ENERGY MINIGRID SECTOR**

To the Departmental Committee on Finance and National Planning:

Per the notification of invitation to submit memoranda in the matter of Article 118(1)(b) of the Constitution and the committees Standing Order 127(3) of the National Assembly in the matter of consideration of the Finance Bill, 2025 (National Assembly Bills No. 19 of 2025), the Africa Minigrid Developers Association (AMDA) is pleased to submit comments on the 2025 Draft Finance Bill. AMDA is a pan-African industry association created by private sector minigrid developers, operators, development partners, and investors. We are headquartered in Nairobi, Kenya. The organization aims to accelerate the pathway to scale and sustainability for minigrid developers, which is pivotal in achieving universal access to affordable, reliable, sustainable, and modern energy by 2030. This aligns with United Nations Sustainable Development Goal (SDG) 7.

AMDA represents companies developing and operating minigrids across twenty-four (24) countries in Africa. The association serves as the consolidated voice of private sector minigrid utility companies, supporting the scale and sustainability of the sector. It provides a range of services, including advocacy for investor-friendly regulatory frameworks, facilitating access to capital, and offering research, data, and standards to support evidence-based decision making.

In Kenya, AMDA has six (6) active member companies operating 145 minigrids, which serve over 150,000 Kenyans, most of whom are receiving electricity access for the first time. We appreciate the opportunity to provide feedback on Kenya's proposed Finance Bill 2025. Our feedback focuses on the amendments captured in clause 36(k), seeking to remove VAT exemptions on specialised equipment for developing and generating solar and wind energy. Despite amendments provided by clause 36(p) of the Finance Bill, 2025 on Part 1 of the first schedule to the VAT Act by inserting new paragraph 155, it is not sufficient to enable minigrid developers operating in Kenya to continue connecting the 12 million people living without electricity as per the [SDG 7 Energy Progress Report 2023](#), by ESMAP at affordable rates.

Minigrids and other distributed renewable energy (DRE) technologies provide a cost-effective and sustainable solution to electrify underserved and unserved communities in Kenya, due to their rapid deployability, scalability, cost effectiveness, and the ability to support Productive Use of Energy (PUE) for economic growth and development. This document highlights key areas of concern and proposes recommendations to mitigate potential adverse effects on the minigrid sector in Kenya. This feedback has further been informed by direct surveys conducted among our members to ensure that it accurately reflects the industry's views and concerns.

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Item No.	Regulation & Report Page	Issue/Comment	Proposed change	Justification for change
1	Clause 36(k), page 14	The deletion of clause 36(k) will increase the prices of renewable energy generation equipment. The price of one of the equipment, the battery inverter, would increase by Ksh. 54,400. For a 100kW minigrid site, 7 Battery inverters will be required, increasing the total cost by Ksh. 380,800. An increase in the cost of the equipment will hamper the rollout of additional minigrid projects (as well as other renewable energy projects) that support Kenya in reaching its energy access goals.	Reinstatement of clause 36(k)	<p>Removal of specialised equipment for the development and generation of solar and wind energy from VAT-exempted to applying a VAT of 16% would increase the prices of equipment, which will be passed to the consumers; residential and commercial that rely on minigrid electricity in off-grid areas.</p> <p>Increasing the CAPEX of any minigrid component typically reduces the capacity of the minigrid in terms of kWp energy generation capacity, kWh of battery storage, and customer connections. The end effect will be that fewer mini-grids get built, and the ones that do will be smaller, less reliable, and more expensive for customers.</p> <p>Minigrid companies globally are experiencing record-low equipment prices, a trend that enables these companies to electrify communities that otherwise would have been too expensive to serve. Additionally, applying VAT on equipment will slow down the pace of electrification efforts.</p>

### AMDA Minigrid Developers Association (AMDA)

By its duly authorised signatory:

Signature: 

Name: Olamide Niyi-Afuye  
Title: Chief Executive Officer  
Date: 26 / 05 / 2025