

Subcomponent 1C: Entrepreneurship Financing Support

1. **Matching grants.** To support the entry of new solar businesses and the business model development needed by startups-ups, matching grants will be offered to startup-up ('Stage 1') businesses. This funding would be up to US\$25,000 to assist these entrepreneurs to developing their ideas into viable businesses or developing and test marketing their products. Each business receiving a grant would be required to provide some level of matching cash contribution to demonstrate their own commitment to the business. Grants would be provided on a milestone basis to eligible, competitively selected businesses and would be limited to use on specific eligible activities defined during project implementation. Stage 2 businesses that are operational in the region and interested in expanding their activities to another ROGEP country—particularly CIF-eligible and Sahel countries—might receive matching grant support as well.

2. This subcomponent is funded by CTF Grant and DGIS Grant and accordingly solar entrepreneurs of 13 ROGEP countries will benefit from this subcomponent. A qualified Fund Manager will be recruited by ECREEE to implement this subcomponent as per the Financial Intermediary Financing guidelines of the World Bank. Detailed scope of the Fund Manager and the application and approval process will be detailed in the POM. Table 2.6 provides indicative implementation guidelines of the matching grants, including targeting, eligibility, and required matching criteria.

Table 2.1. Implementation Guidelines for Entrepreneurship Financing Support

Topics	Guidelines
Objective	<ul style="list-style-type: none"> • Support business model development and product-market fit • Facilitate access to follow-on investment
Eligibility criteria	<ul style="list-style-type: none"> • Locally registered Stage 1 or Stage 2
Selection filters	<ul style="list-style-type: none"> • Intra-country (Stage 1) or intercountry (Stage 1 or 2) expansion and business expansion • Additionality (requires ROGEP funding to happen)
Eligible use of funds	<ul style="list-style-type: none"> • Milestone based on agreed budget and expenses (not just inventory), paid directly by the PIU • Certified products and installers (where applicable) • Solar entrepreneurs follow commercial practices as per the World Bank Procurement Guidelines
Size of grant	<ul style="list-style-type: none"> • Up to US\$25,000
Matching ratio	<ul style="list-style-type: none"> • 25% cash match (1 business:4 ROGEP countries) required from the business
Selection of service providers	<ul style="list-style-type: none"> • Beneficiary selects, with assistance from the grant's manager
Connection with provision of TA	<ul style="list-style-type: none"> • Assistance with refining application, budget, milestones, and reaching the milestones
How to promote a sustainable impact?	<ul style="list-style-type: none"> • Combined with TA support and enabling environment • Facilitate access to follow-on investment
Application and disbursement procedures	<ul style="list-style-type: none"> • Rolling basis (FIFO)
Marketing and communication campaign	<ul style="list-style-type: none"> • Proactive outreach campaign
Flexibility of Schemes	<ul style="list-style-type: none"> • Allowed to iterate and improve the offering based on demand analysis
Synergies with the rest of ROGEP	<ul style="list-style-type: none"> • Facilitate interaction across ROGEP through implementation arrangements

Topics	Guidelines
M&E indicators	<ul style="list-style-type: none"> • Revenue growth • Unit sales • Affordability of product offerings • Access to follow-on financing • Household impacts (for example, access to energy) • Jobs created • Increased market competition
<ul style="list-style-type: none"> • Multiple awards possible? 	<ul style="list-style-type: none"> • Yes, but clear additionality or lack of follow-on financing options

Note: FIFO = First-in, First-out.

3. In subsequent projects under the SOP approach, this subcomponent could provide matching grants to ‘Stage 2’ companies for expansion into any new markets. The subcomponent could also be expanded to ‘Stage 3’ companies to help them raise matching equity from capital markets.