

### ***Subcomponent 1D: Barrier Removal for Challenging Markets***

1. The market assessment carried out at the project preparation stage identified that private solar businesses prefer to operate in countries with larger and vibrant economies. Hence, if left alone to commercial incentives, solar companies will tend to operate in a few select countries of West Africa and the Sahel region. To ensure equitable geographical reach of solar businesses, there is a need for targeted financial incentive to solar businesses operating in challenging markets, such as countries in the Sahel region. This financial incentive would be divided into upfront-front capital support to remove market entry barriers and performance-based financing support to help make the solar products affordable to consumers of the Sahel countries. Solar businesses operating in challenging markets and business environments will receive grant funding support upon submission of a satisfactory 'market entry' business plan to facilitate their move into the challenging market. At the operations stage, following a successful market entry, the solar businesses will be eligible for performance-based grants, which will help in keeping the solar products affordable to the end consumers. These performance-based grants would encourage blending with commercial financing that reduces the business's cost of capital. The level of grant financing to be allocated to businesses will be determined at the implementation phase and based on specific barriers each business would face in operating a solar business in a specific country.

2. This subcomponent will be implemented by the same Fund Manager who will implement subcomponent 1C. The solar entrepreneurs of the 13 ROGEP countries eligible to receive CTF Grants and DGIS Grants will benefit from this subcomponent. This subcomponent is critical to ensure that investment is not crowding in only in vibrant economies in the West Africa Region. Weaker economies will require these targeted incentives to attract solar entrepreneurs to operate in those countries.