Regional Off-Grid Electrification Project (ROGEP)

Implemented by: ECREEE and BOAD

Funded by: WORLD BANK GROUP and CTF

WWW.ECREEE.ORG
Electricity access situation in West Africa and Sahel

- 600 million in Sub-Saharan Africa don’t have electricity access
- 208 million people in West Africa and Sahel regions don’t have access to electricity, 70 percent of who live in rural areas
- West Africa and Sahel have also been experiencing the fastest growth in energy demand in the region that could go unmet at current electrification levels
- Schools and health centers have extremely low rates of electrification
- West Africa and the Sahel are yet to benefit from solar PV innovations and disruptive business models
- Privately financed stand-alone solar systems can help bridge the deficit gap of West Africa
Market Potential for Stand-alone Solar Systems

ECREEE Market Assessment 2018

- 31 million households could be electrified using stand-alone solar systems
- US$6.6 billion estimated value of the household solar market
- 800,000 educational and healthcare facilities could be electrified
- US$1.5 billion estimated investment cost to electrify educational and healthcare facilities.
Project objectives

• Establish a regional market
• Increase electricity access to households, businesses and public institutions using affordable quality-verified stand-alone solar systems
• Build technical and financial capacity at the regional and country level

The Project is designed in Series of Project (SOP) approach to allow flexibility in applying lessons learned from each phase of the project to the next. The ROGEP SOP1 will focus on supporting and developing a viable business ecosystems in the project countries through a regional-level initiative.
1. Develop Regional Market:
   • 1A: Enabling Environment
   • 1B: Entrepreneurship Technical Support
   • 1C: Entrepreneurship Financial Support
   • 1D: Barrier Removal for Challenging Markets

2. Access to Finance:
   • 2A: Line of Credit for Stand-alone Solar Businesses
   • 2B: Contingent Grant Facility for Commercial Financial Institutions

Actual Budget: 225 M USD 2017 -2023
The off-grid solar sector seems like an obstacle course for private sector

Lack of technical & business capacity
  e.g.: Last-mile distribution
  Qualified human resources
  Etc.

Financing
  e.g.: Lack of early-stage venture capital with sufficient risk appetite
  Local currency debt for companies with high foreign exchange risk exposure

Regulation & Policy
  e.g.: Increasing the costs of imports
  Etc.
<table>
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<tr>
<th><strong>1B: Entrepreneurship Technical Support</strong></th>
<th>Implemented by ECREEE</th>
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<tbody>
<tr>
<td>• Entrepreneurship and business training to start-ups and early-stage (‘Stage 1’ and ‘Stage 2’) stand-alone solar businesses in the participating countries</td>
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<td>• Customized business acceleration support in form of technical assistance to early-stage (‘Stage 2’) businesses—those that have advanced beyond start-up stage but are still developing and iterating their business model, adapting technology, and finalizing product marketing strategies</td>
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<td>• Facilitation of entry to the solar industry for successful local businesses that are operating in non-solar industries</td>
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<td>• Targeted training for women entrepreneurs in all categories mentioned above</td>
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Under the financial support facility, 3 types of grants will be provided to businesses:

### MATCHING GRANT
- **Tier 1**
  - **Startup**

  - Develop ideas into viable business
  - Develop & test market products
  - Close key operations gaps

- **Tier 2**
  - **Early Stage**

  - USD 25k grant maximum
  - +25% matching contribution (cash & in-kind) from grantee
  - Payment not based on any specific results

- **Tier 3**
  - **Growth/Maturity**

  - < USD 150k grant
  - Not-result-based
  - 25% co-financing required from grantee
  - ROGEP support represents an incentive/de-risk for co-investment

### MARKET-ENTRY GRANT
- **Tier 1**
  - **Early Stage**

  - Support expansion into a challenging market

- **Tier 2**
  - **Growth/Maturity**

  - < USD 150k grant
  - Not-result-based
  - 25% co-financing required from grantee
  - ROGEP support represents an incentive/de-risk for co-investment

### PERFORMANCE-BASED GRANT
- **Tier 1**
  - **Early Stage**

  - Result-based financing to sustain and ensure scale-up of companies operating in challenging markets

- **Tier 2**
  - **Growth/Maturity**

  - < USD 250k grant against specific results agreed with the grantee
  - ROGEP support represents an incentive/de-risk for co-investment

### Additional Notes
- Some Tier-2 companies may also qualify
- Benchmark & cooperation with other catalytic grants

### Conclusion
- Benchmark of other result-based financing
Solar PV technologies supported under ROGEP


- **Debt finance** to support SHS that can operate multiple lights, TV, fan, and other basic appliances, through installment payment system. Probable use of mobile money and PAYGO schemes. Price range: US$70–500.

- **Support businesses** promoting productive uses of electricity through stand-alone solar systems. Common productive uses include solar water pumping, solar irrigation, solar electricity to SMEs, and so on. Price range: US$500–15,000.

- **Support to electricity service providers** to electrify public institutions, such as schools, health clinics, public administration offices, community centers, and so on, using stand-alone solar systems. Price range: US$5,000–100,000.
Funding flow

1. Developing a Regional Market
   - (1A) Enabling Environment
   - (1B) Entrepreneurship Technical Support
   - (1C) Entrepreneurship Financial Support
   - (1D) Barrier Removal for Challenging Markets

2. Access to Finance
   - (2A) Line of Credit to Stand-alone Solar Businesses
   - (2B) Contingent Grant Facility

Commercial Financial Institutions (CFIs)

Solar Companies

Working Capital Loans

- Electricity for Households
- Electricity for Productive Use
Thank You Very Much!
Merci Beaucoup!
Muito Obrigado!

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