

Beyond the Grid Fund for Africa

17 – 19 SEPT 2019, STAKEHOLDER CONSULTATION WORKSHOPS IN ZAMBIA

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BGFA

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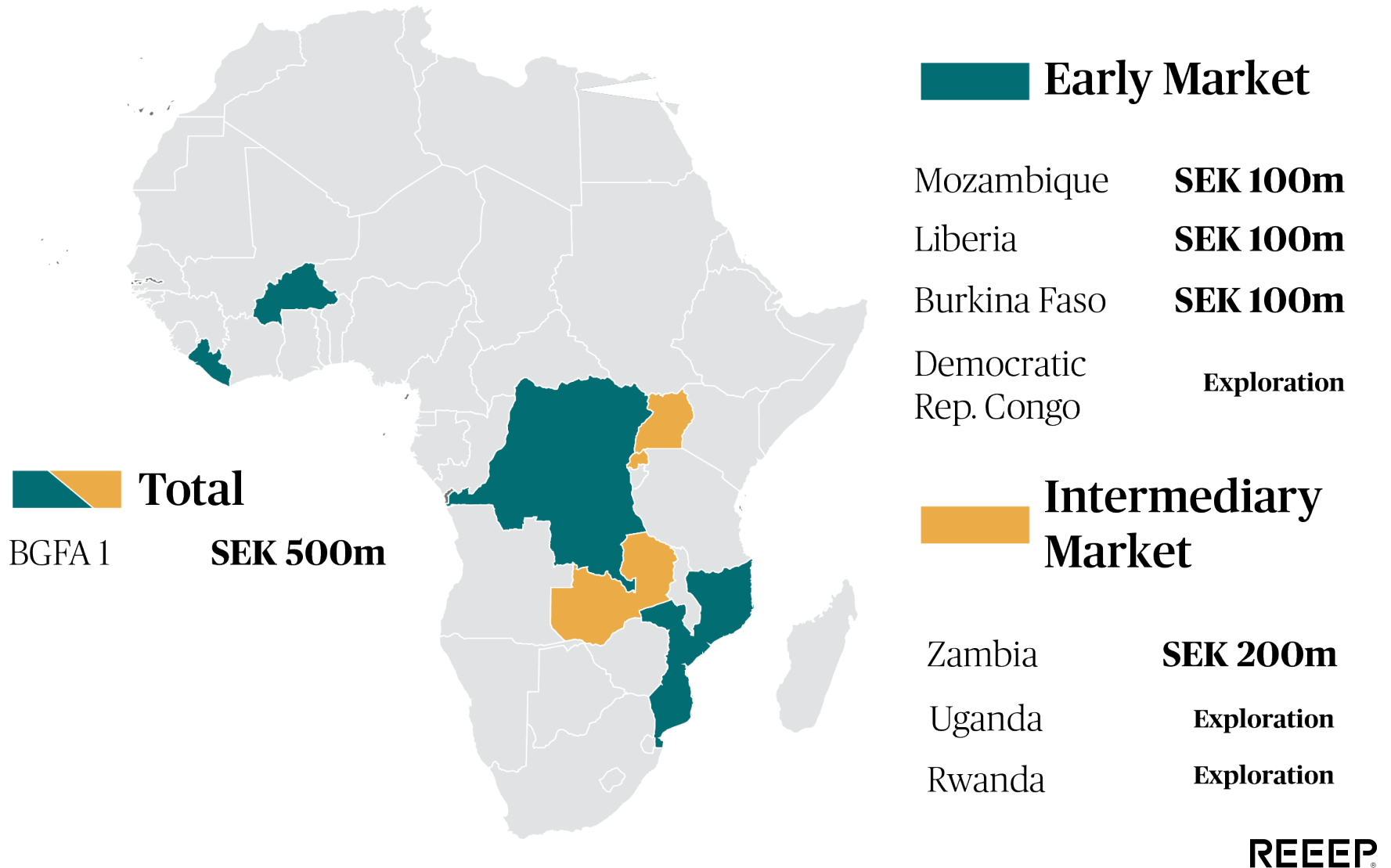
BGFA | TOP LEVEL OVERVIEW

- ▶ EUR 50 million Energy Access Programme vested by the Government of Sweden, managed by NEFCO and implemented by REEEP; Duration 2019 - 2024
- ▶ Targets the provision of sustainable clean energy services for underserved people in rural & peri-urban areas of **Burkina Faso, Liberia, Mozambique & Zambia**
- ▶ Expansion of a successful model in Zambia – first financing round; Beyond the Grid Fund for Zambia (<https://www.bgfz.org/>)
- ▶ **Market Creation** - injects public sector funding to overcome early structural challenges in the market, incentivize early-stage start-up and medium-term scale-up needs of Energy Service Providers and create conditions for long term sustainability & commercial investment

BGFA | TOP LEVEL OVERVIEW (CONT.)

- ▶ Open for expansion to other countries; dialog with interested countries already on-going
- ▶ Open to likeminded donors; dialog with German Development Bank KfW and other interested donors already ongoing
- ▶ **Procurement Approach** - funding deployed as grants (“free-equity”) in multi-year projects; subject to a rigorous RBF M&E approach
- ▶ Businesses will be expected to provide / demonstrate significant leverage
 - Equity & own funds (contributions in kind)
 - Co-funding (commercial and DFI sources)

BGFA | OVERVIEW





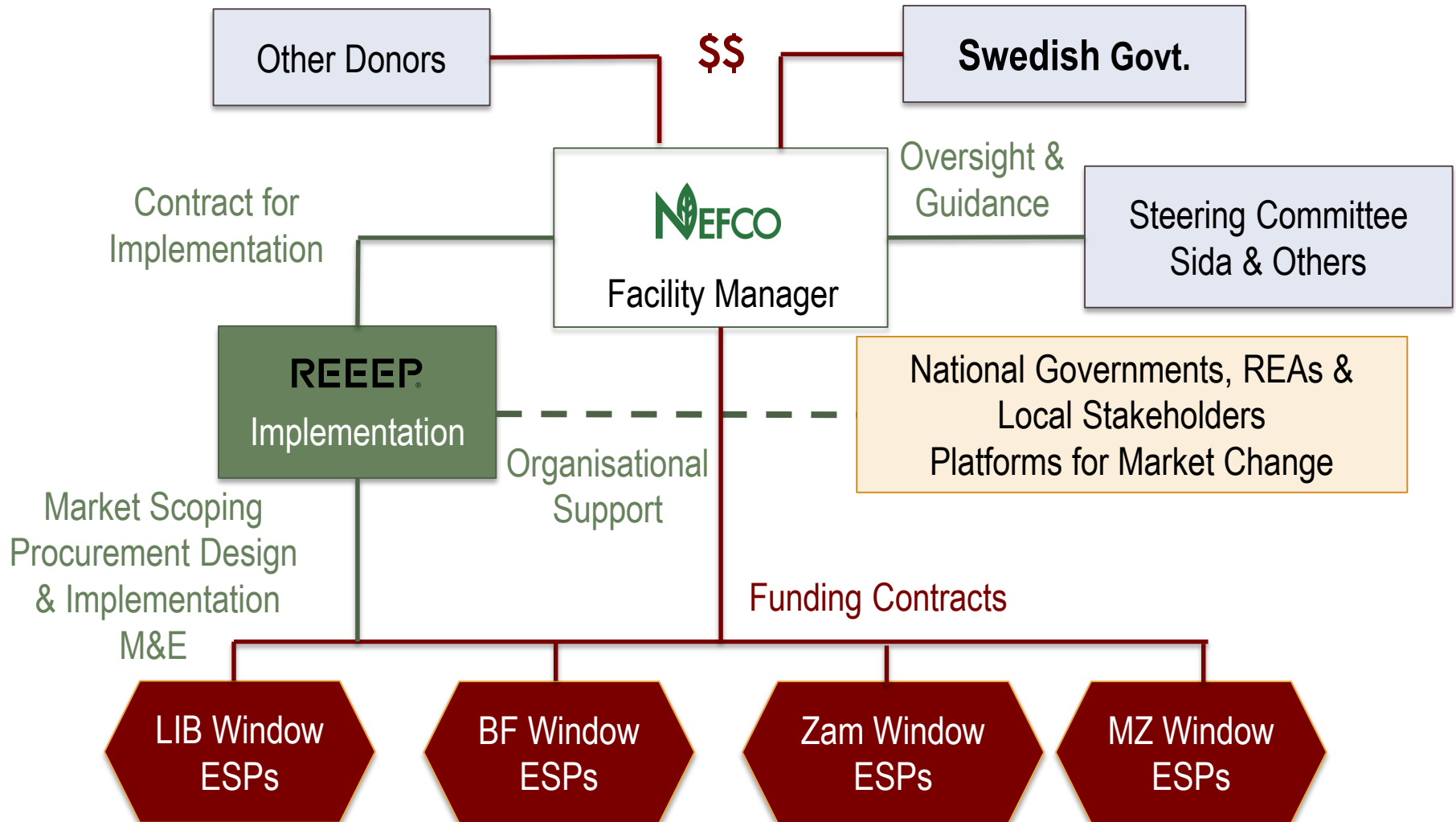
NORDIC ENVIRONMENT FINANCE CORPORATION (NEFCO)

- International financial institution established by the Nordic countries in 1990
- Financing environmental and green growth projects
- NEFCO is the Facility Manager of BGFA

RENEWABLE ENERGY & ENERGY EFFICIENCY PARTNERSHIP - REEEP

- ▶ International Multilateral Partnership
- ▶ Mandate: accelerate market readiness for renewable energy and energy efficient solutions in low income and emerging countries
- ▶ REEEP is the Implementing Manager of BGFA

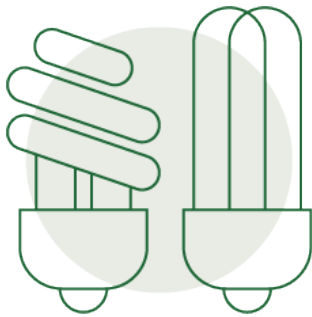
BGFA | INDICATIVE ORGANISATIONAL OVERVIEW



BGFA | RELATIONSHIP WITH GOVERNMENT

- ▶ BGFA is a funding approach designed to support and promote private sector. Funding flows to selected / awarded companies
- ▶ Close engagement with Ministry of Energy (MoE), REA, ERB and other key actors is sought to ensure alignment with policy and support for government objectives
- ▶ National Off-grid Energy taskforce
- ▶ Opportunities for cooperation
 - ▶ Input to market scoping and design of programme / procurement instruments
 - ▶ Cooperation in verification of connections and achieved level of energy access
 - ▶ Targeted capacity building

BGFA | THREE PILLARS



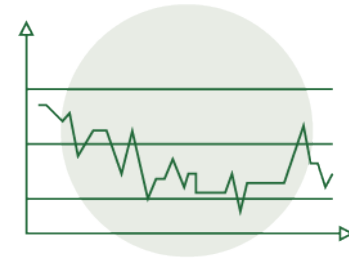
INCENTIVES AND PROCUREMENT

New affordable, sustainable,
high-quality modern energy
services



PLATFORM FOR MARKET CHANGE

Off-Grid Energy Taskforce: PP
engagement for exploring
market barriers and issues






MARKET INFORMATION AND ANALYTICS

EDISON and MEL provide
real-time evidence and market
data

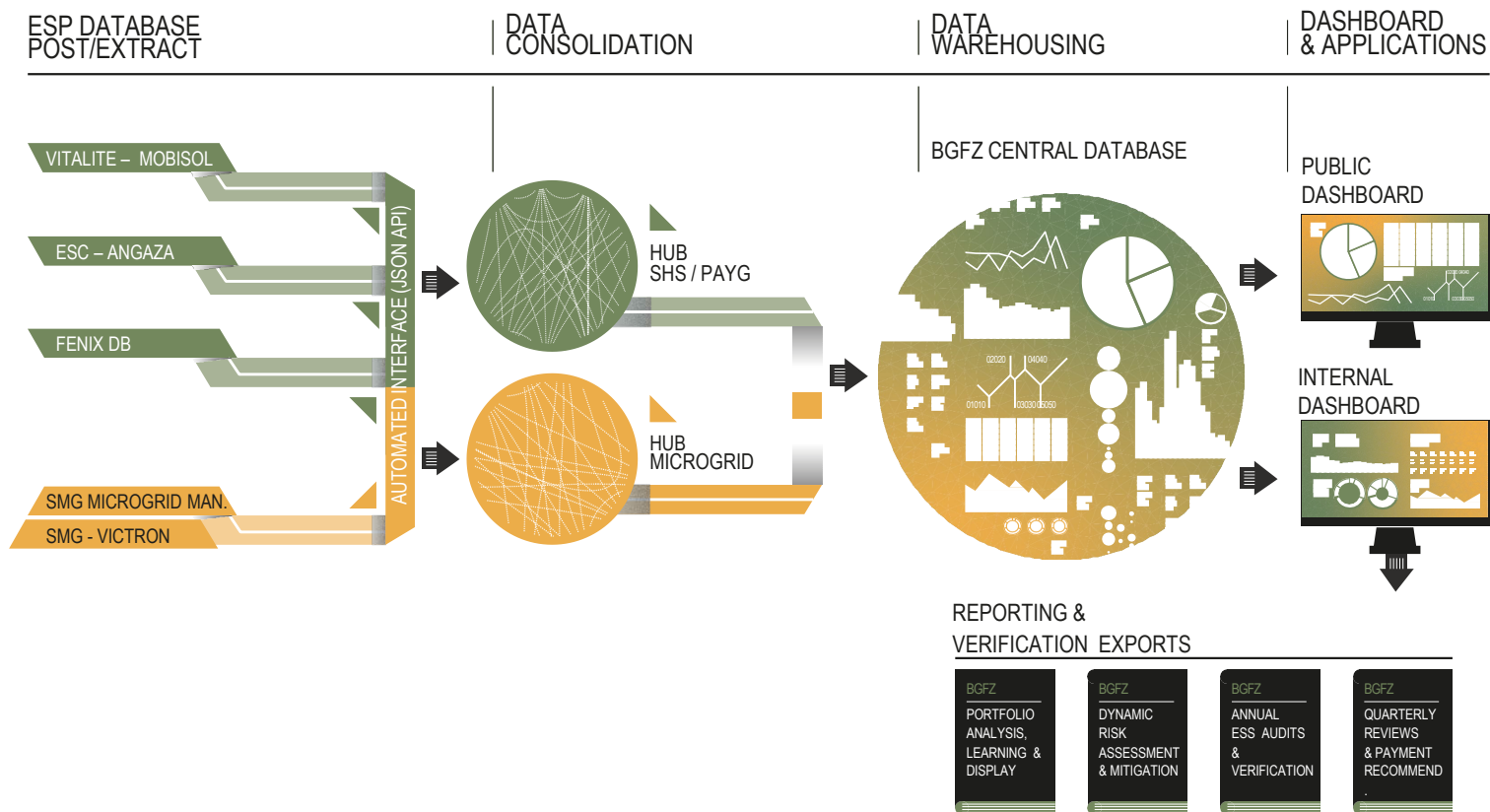
BGFA | PROCUREMENT TOOLS

BEYOND THE GRID ENERGY SERVICE SUBSCRIPTION (ESS) MULTI-TIER MATRIX

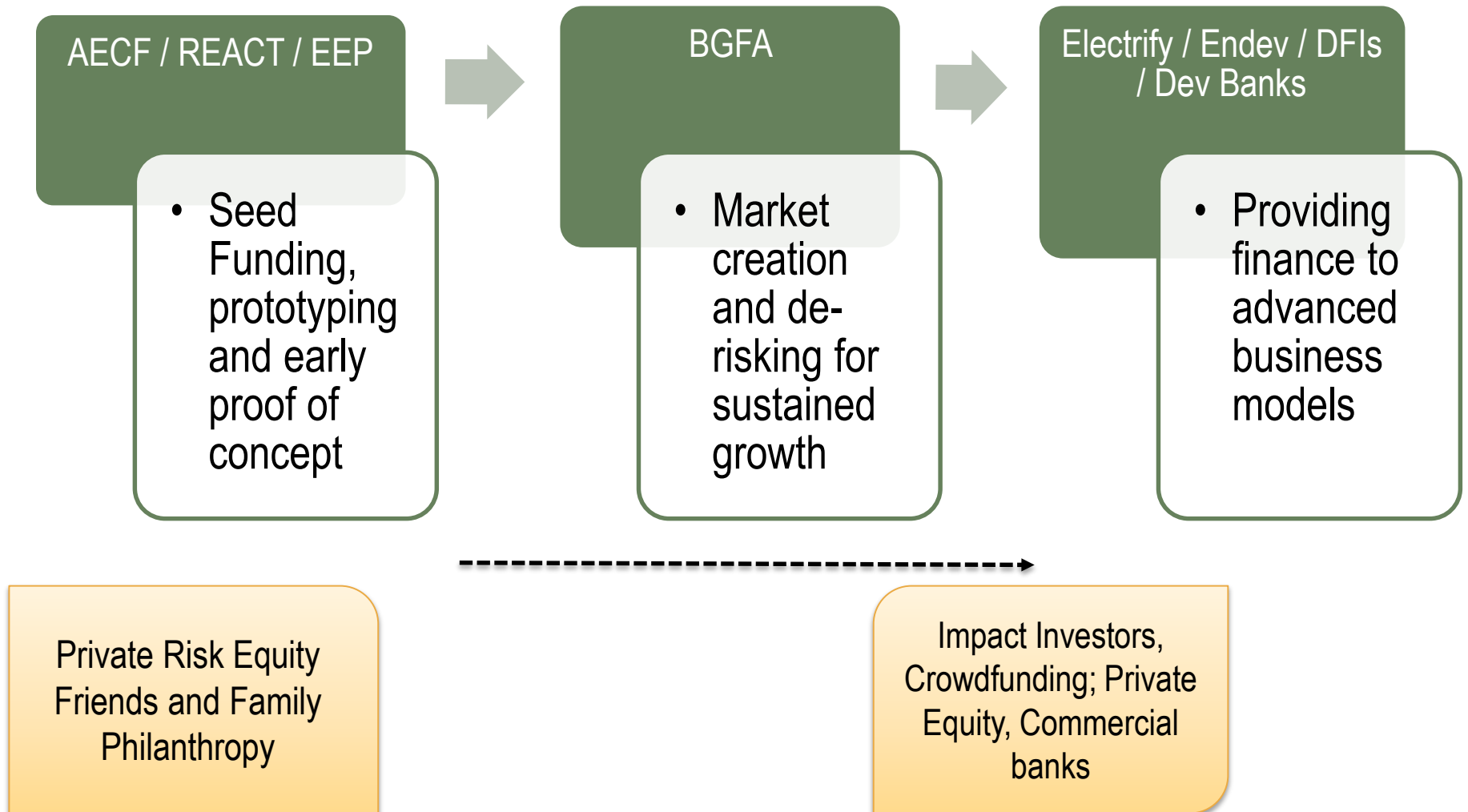
		TIER 1	TIER 2	TIER 3	TIER 4	TIER 5	TIER 6
	HOUSEHOLD	H1	H2	H3			
	INSTITUTIONAL	I1	I2	I3			
	PRODUCTIVE	P1	P2	P3	P4	P5	P6

EXAMPLE HOUSEHOLD		Watts per ESS	Availability (hrs/day or Wh/day)	Lighting	Appliances	Weighting
	H1	Min. 5 watts	Min. 20 Wh/day +5/24h	2 lights	1 phone charge point	0.5
	H2	Min. 20 watts	Min. 80 Wh/day +5/24h	3 lights	2 appliances	1
	H3	Min. 50 watts	Min. 190 Wh/day +6/24h	5 lights (or mix of lights and phone charge points)	3 appliances	2

BGFA | EDISON DATA TOOL



BGFA | ADDITIONALITY



BGFA | IN ZAMBIA

- ▶ Total country budget SEK 200 million / USD 20 million
- ▶ Around USD 14 million available as direct funding to energy service providers
- ▶ Market Scoping supported by local consultant (Mr. Ngosa Mbolela and MARGE) in Lusaka Q3 & Q4 2019
- ▶ Cooperation & Coordination with KfW, the Southern Africa Energy Program (SAEP) and the Private Financing Advisory Network (PFAN)
- ▶ Dedicated BGFA Country Manager in 2020

BGFA | MARKET SCOPING

The following market sectors and aspects are addressed:

- ▶ Solar home systems (SHS / household solar)
- ▶ Mini-grids
- ▶ Bio-energy and improved cooking
- ▶ Remote areas and affordability
- ▶ Productive assets
- ▶ Energy efficiency (EE)
- ▶ Gender

BGFA | TOP LEVEL TIMELINE

- ▶ Q3 2019 – Q1/Q2 2020 - Market Scoping
- ▶ Sept 2019 - Stakeholder Workshop
- ▶ Q1/Q2 2020 – Finalisation of recommendations to BGFA Steering Committee for country funding windows & approaches
- ▶ Q2 2020 - Detailed Programme & Procurement Design
- ▶ Q3 2020 - Launch of Call for Proposals
- ▶ Q1 2021 – First disbursements

BGFA | GLOBAL OUTCOMES

- ▶ Reaching 5 – 10 million people in rural and peri-urban areas in the target countries
- ▶ USD 50 – 100 million of public finance invested
- ▶ USD 150 – 600 million of Private Finance leveraged
- ▶ >15 concessional or private investors supporting energy access
- ▶ Platforms for Market Change in 3 - 5 countries are self-sustaining, run by local actors and interacting with each other;
- ▶ Policy situation in the target countries more conducive for off-grid electrification
- ▶ Robust and effective data collection and analysis mechanisms and systems mainstreamed in target countries to inform better public and private investment in frontier markets

BGFA | STAKEHOLDER WORKSHOP OBJECTIVES

To bring together stakeholders from the private sector, the Government of Zambia, and other partners to

- ▶ discuss the scope, opportunities and challenges of a second funding round in Zambia under the new BGFA framework
- ▶ inform the design of a second funding round
- ▶ ensure transparency, fairness to all and a wide participation

BGFA | STAKEHOLDER WORKSHOP STRUCTURE AND AGENDA

- ▶ 17 September 2019: General introduction and opening ceremony; Mini-Grids
- ▶ 18 September 2019: Solar Home Systems
- ▶ 19 September 2019: Bioenergy

Discussion group approach, based on good experience from 2016 in preparation of the first funding round

BGFA | FURTHER STAKEHOLDER ENGAGEMENT

- ▶ REEEP will be available for separate meetings with any private sector stakeholders who would like the opportunity of a one-on-one meeting.
- ▶ Appointments can be made for meetings on Friday 20 September at the Neelkanth Sarovar Premiere Hotel in Lusaka.
- ▶ For interested parties not in Lusaka or not available on 20 September, we will make available a limited number of slots for Skype meetings in the weeks following the workshops.

BGFA | FURTHER STAKEHOLDER ENGAGEMENT (CONT.)

- ▶ For reasons of due process and transparency, at this stage no further information can be provided on the procurement, including in one-on-one meetings.
- ▶ All interested parties will be offered equal access to the REEEP team (i.e. one meeting in Lusaka or on Skype).
- ▶ Throughout the workshop series and one-on-one meetings, REEEP will collect questions about BGFA from private sector stakeholders, and feed these into a comprehensive Q&A document that will be made available on our website.

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THANK YOU!

MINI-GRID SECTOR WORKSHOP

- ▶ **Theme 1:** How to define the energy service and service levels?
- ▶ **Theme 2:** How to incentivise productive use?
- ▶ **Theme 3:** What is the right incentive level and how should it be targeted and deployed?
- ▶ **Theme 4:** How to ensure coordination between public and private sector and avoid overlap?

SOLAR HOME SYSTEMS WORKSHOP

- ▶ **Theme 1:** What are the incentive models to penetrate deep rural areas?
- ▶ **Theme 2:** How to incentivise productive use?
- ▶ **Theme 3:** Deepening the value chain – gender and distribution networks;
- ▶ **Theme 4:** How to ensure coordination between public and private sector and avoid overlap?

BIOENERGY WORKSHOP

- ▶ **Theme 1:** Promising business models for bioenergy (EE cook stoves and HH level biogas);
- ▶ **Theme 2:** Role of the public sector; need for regulation, awareness raising and capacity building
- ▶ **Theme 3:** What is the preferred incentive mechanism, how can it be targeted and deployed;
- ▶ **Theme 4:** Potential to use biomass and biogas for electricity generation for mini-grids.