



Regional Off-Grid Electrification Project (ROGEP) **“Promoting Private Investments in Standalone Solar Systems in West Africa and the Sahel Region”**

Second regional workshop



26th -27th June 2018

Accra, Ghana



I. Background

Countries in the broader western African region including the Sahel face interrelated challenges of energy access, energy security and climate change mitigation simultaneously. Electricity shortages in urban areas and lack of access to modern, affordable and reliable energy services in rural areas are interrelated with a variety of economic, social, environmental and political problems. The electricity systems in the region face challenges due to the growing gap between predicted demand, existing supply capacities and limited capital to invest. Less than 40 percent of the population in the Sahel and broader western African region has access to electricity. Significant energy access inequalities exist between urban and rural areas. Electrification rate of public institutions like schools and health centers is also very low.

However it is worth noting that the outlook is much brighter considering the unlimited potential in terms of renewable energy and the region has manifested its commitment to effecting a viable regional market for renewable energy and energy efficiency. In addition, the current decline in solar technology costs plus its rich abundance is making it a technology of choice in the region.

Most governments and international organizations have recognized the importance of access to affordable, reliable, modern and sustainable energy for all, to sustainable development. This has led to its adoption as a goal in the new Sustainable Development Goals (SDGs) and extends to basic human needs at all levels in the economy.

Without access to modern energy sources, countries in the broader western African region including the Sahel will be trapped in a vicious circle of poverty, social instability and underdevelopment. These factors intricately hinder the implementation of regional strategies aimed at fostering socio-economic development, attracting foreign investment and providing basic social services for citizens in the region. Indeed, the region has made significant strides towards establishing a conducive environment for a viable sustainable energy market.

Thus, ECREEE, with the support of the World Bank and in collaboration with the ECOWAS Bank for Investment and Development (EBID) and the West African Development Bank (BOAD), is promoting the Regional Off-Grid Electrification Project (ROGEP) to increase access to households, businesses, public institutions and communities using modern standalone solar systems in the 19 project countries¹.

The preparation of the regional off-grid electrification project (ROGEP) was launched in Dakar in October 2017, in the framework of the ECOWAS Sustainable Energy Forum. The implementation of its first phase is foreseen to begin in the first quarter of 2019. Subsequent phases will follow

¹ Benin, Burkina Faso, Chad, Central Africa Republic, Cameroon, Cote d'Ivoire, the Gambia, Ghana, Guinea, Guinea Bissau, Liberia, Mali, Mauritania, Nigeria, Niger, Senegal, Sierra Leone, and Togo

in a Multiphase Programmatic Approach (MPA) for Countries that successfully participate under ROGEP first phase.

II. Regional Off-Grid Electrification Project (ROGEP)

ROGEP, one of ECOWAS Community Development Projects, aims particularly to promote private sector investment with a market based approach in expanding off-grid electricity access. Lessons from off-grid electrification projects suggests that to successfully attract private sector and to create a sustainable market economies of scale, transparent policies, business procedures and access to finance are needed.

Several West African and Sahel countries are already in the business of tackling the issue of off-grid electrification to some degree in a wide variety of approaches such as rural electrification agencies, rural electrification funds, leasing, concessions, franchising, among others. Therefore, one of the roles of ROGEP is support the acceleration of these initiatives and develop a common platform for sharing approaches and best practices as well as create a regional capacity to scale up the penetration of solar technology which is required to meet universal access to energy.

The main objective of ROGEP is to enhance shared capacity, institutions and knowledge to jointly increase electricity access to households, businesses and communities using modern standalone solar technologies, for instance solar lanterns, solar home systems, solar water pumps, solar mills, solar sewing machines, in project countries. The project will focus on a selected set of initiatives that are crucial to meeting the regional strategic goals.

ROGEP will achieve this by (i) supporting the acceleration of a regional market of standalone solar equipment; and (ii) facilitating access to finance for companies supplying standalone solar systems for household, public institutions such as schools and hospitals, and productive end-users as well as their customers.

ROGEP therefore includes the following components and sub-components:

Component 1 – Supporting the acceleration of the Regional Market (approximately 60 million USD):

Subcomponent 1 A: The Enabling Environment (approximately 30 million USD). This includes funding for the Project Implementation Unit, the ECOWAS Center for Renewable Energy and Energy Efficiency (ECREEE); market studies for 19 countries; support to the enforcement of improved policy and regulatory frameworks at regional and national level; promotion of private investments in the provision of electricity services to public institutions and facilities and income generation activities; consumers awareness raising; promotion of an inclusive supply value chain and employment creation; Strengthening the Industry Collaboration and promotion of multi-stakeholders dialogue; and technical assistance to companies and lenders under Component 2 and subcomponent 1 B below.

Subcomponent 1 B: Entrepreneurship Support (approximately 20 million USD). This is in the form of matching grants and repayable grants for companies at early stages of maturity and co-investment grants, for companies that qualify to receive seed capital investment from participating private equity and debt funds.

Subcomponent 1 C: Risk Mitigation Facility (approximately 10 million USD). This will provide support for a guarantee facility that will share risks with lenders under Component 2. The intention is to structure this facility so that other donors can partner with ECREEE and the World Bank to leverage more donor support and catalyze more debt funding for this important sector.

Component 2 - Access to Finance (approximately 140 million USD):

Subcomponent 2 A: This component will support the supply side of the market development equation. It will provide working and debt capital for solar equipment importers and distributors to address their overall requirements for debt financing. These companies need to finance equipment imports, and receivables resulting mainly from PayGo schemes or from service contracts with public institutions. As such, they may need to borrow international currencies such as USD or Euro, or if feasible local currency to match their local currency PayGo or service contract cash streams. Loan tenors may vary from under one year for equipment importation to two or three years to cover PayGo receivables.

Subcomponent 2 B: This component will support the demand side of the market development equation. It will provide short to medium term debt for SMEs that are end-users of off-grid solar equipment for productive and income generation activities (solar water pumps, solar mills, solar sewing machines, etc.). The loans may be in international currencies and if feasible in local currency. It will also facilitate access to customer finance for households via micro-finance institutions.

iii. Expected outcomes of the event

Following the successful launch of the project at the first regional workshop, three main outcomes will be sought at this second ROGEP regional event:

1. Presentation of the current situation of preparation of the project
2. Detailed presentation of the concepts developed for each of the components and subcomponents and in-depth discussion with the relevant stakeholders
3. Presentation of the preliminary findings of the regional market assessment

To facilitate the discussion of the concepts developed for each of the components and subcomponents, documentation will be shared ahead of the event. During the discussion, active participation and feedback will be sought from the concerned relevant stakeholders to make sure

their views are adequately captured in the subsequent version of the documents to be presented to the World Bank's Board in September 2018.

IV. Expected Participants

This forum will bring together a diverse group of stakeholders from all the ECOWAS member states, Mauritania, Chad, Cameroon and Central Africa Republic and outside the region. Some of the main participants expected are as follow:

- ECOWAS Commissioner for Energy and Mines,
- ECOWAS Center for Renewable Energy and Energy Efficiency (ECREEE)
- World Bank
- ECOWAS Bank for Investment and Development (EBID) and the West African Development Bank (BOAD)
- ministries in charge of energy,
- rural electrification agencies,
- financial institutions,
- development partners,
- investors,
- regional and international companies,
- civil society groups,
- academia.

V. Venue & Date

26th – 27th June 2018

Venue to be determined.

VI. Agenda

Interpretation of the sessions will be available in the English, Portuguese and French.

Day 1

<i>Time</i>	<i>Session Description</i>
Opens 8:00	Arrival and Registration of Participants
8:30-10:00	OPENING <ul style="list-style-type: none"> • <i>Sediko Douka, ECOWAS Commissioner for Energy and Mines (TBC)</i> • <i>XXX, Country Director of the World Bank, Ghana (TBC)</i> • <i>Mahama Kappiah, Executive Director, ECREEE</i> • <i>Minister for Energy, Ghana (TBC)</i>
10:00-10:15	Group Picture
10:15-10:45	Coffee Break
10:45 -11:30	Advancements in the ROGEP preparation - ECREEE
11:30- 13:00	Subcomponent 1 A: The Enabling Environment- Presentation and discussion - ECREEE
13:00-14:30	Lunch
14:30- 16:00	Subcomponent 1 A: The Enabling Environment- Presentation and discussion (continued) - ECREEE
16:00-16:30	Coffee Break
16:30- 17:15	Presentation of the preliminary findings of the regional market assessment- GreenMax Capital Advisors

Day 2

<i>Time</i>	<i>Session Description</i>
9:00-10:30	Subcomponent 1 B: Entrepreneurship Support: Presentation and discussion- ECREEE
10:30-11:00	Coffee Break
11:00 -11:30	Subcomponent 1 B: Entrepreneurship Support: Presentation and discussion (continued) - ECREEE
11:30- 13:00	Component 2 - Access to Finance - Presentation and discussion – BOAD and EBID
13:00-14:30	Lunch
14:30- 15:30	Component 2 - Access to Finance - Presentation and discussion (continued) – BOAD and EBID
15:30- 16:00	Subcomponent 1 C: Risk Mitigation Facility – World Bank
16:00-16:30	Coffee Break
16:30-17:00	Closure