



# BEYOND THE GRID FUND FOR ZAMBIA



REEEP @ Kommunalkredit - Vienna, 30 March 2017

Morgana Wingard for Power Africa



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# BACKGROUND

- ▶ Republic of Zambia
  - ▶ 16.2 million people → 25m by 2030
  - ▶ 12m **Zambians** without access to modern energy
  - ▶ 60% of population below poverty line
  - ▶ Highly dispersed population – 20 people per km<sup>2</sup> (Kenya 85/km<sup>2</sup>, Tanzania 64/km<sup>2</sup>)



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# MARKET-BASED DRE (Decentralized Renewable Energy)

- ▶ Market-based DRE can rapidly scale to rural and peri-urban areas,
- ▶ Provides wide range of quality energy to underserved population
- ▶ Can stimulate economic development.
- ▶ Advantages: Time – Cost – Maintenance







**BEYOND THE GRID**  
FUND FOR ZAMBIA

A ground-breaking new effort to accelerate blended public-private financing into clean, market-based DRE – bringing electricity to one million Zambians by 2021

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# BGFZ: CATALYTIC, MARKET-BASED RESULTS-BASED FINANCING

- ▶ Invest EUR 20m from the Swedish Government to Zambia's energy future.
- ▶ Support early-stage **start-up** and longer-term **scale-up** foundational needs of DRE enterprise
- ▶ Innovative **social impact** procurement approach



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# BGFZ: CATALYTIC, MARKET-BASED RESULTS-BASED FINANCING

Blended public-private financing:

- ▶ Incentivizes first-movers in risky frontier markets
- ▶ Builds investor confidence in business models and overcomes early structural risks
- ▶ De-risks companies and markets for downstream private investment



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# BGFZ: SOCIAL IMPACT PROCUREMENT

## Energy Service Subscription:

- ▶ A long-term modern energy connection provided via a high-quality Solar Home System (SHS) or mini-grid.
- ▶ 12 variants of ESS – household, institutional, productive
- ▶ **Value for Money** weighting increases at higher tiers to reflect greater social impact of quality energy





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# BGFZ: SOCIAL IMPACT PROCUREMENT

Procurement tender process:

- ▶ Companies able to bid on tranches of grant funding (up to approx. EUR 4.5m) in exchange for committed deployment of ESS
- ▶ Bids assessed and evaluated based on **quality of business plan** and **value for money** of ESS offer



# BGFZ: SOCIAL IMPACT PROCUREMENT – SE4All tracking

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




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Household		Watts per ESS	Availability (hrs/day or Wh/day)	Lighting	Appliances	Value Weight
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/ phone charge points)	3 Appliances	2

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# BGFZ: 2017-2021 PORTFOLIO

BGFZ first funding round – awardees:

The logo for fenix intl, featuring a blue stylized flame icon above the text "fenix intl" in a blue sans-serif font.

The logo for d.light, featuring an orange arc with a starburst at the top, above the text "d.light" in orange, with the tagline "A Brighter Future" below it.

The logo for VITALITE, featuring an orange flame icon above the text "VITALITE" in a bold orange sans-serif font.

The logo for SupaMoto ENERGY, featuring a stylized flame icon above the text "SupaMoto" in red and yellow, with "ENERGY" in red below it.

The logo for SMT+, featuring the letters "SMT" in a stylized black font with a plus sign to the right.



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# BGFZ: 2017-2021 first funding round

- ▶ **503,645** total subscriptions by 2021 –  
*Target 170k*
- ▶ Translating to **3 million** end customers  
– *Target 1 million*
- ▶ **USD 45 million** in co-funding committed  
– *Leverage from 15 million*



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# PLATFORM FOR MARKET CHANGE



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# Zambian Regulatory Framework

- All awardees will be required to comply with Zambian regulatory requirements (ERB)
- BGFZ is working with ERB to develop an innovative concessional instrument, based on existing regulation, that could be linked to the funding awards
  - Energy Service Subscriptions / Power Supply Agreements
  - Increased control & transparency
  - Fungibility – development of a universally recognised funding instrument for the off-grid sector (vis PPA)
- Platform for Change
  - Link with REA and other key stakeholders & institutions



# Thank You!

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