

Discussion guidance note - Working Group 6

Decentralized energy access

[Room tbc]

General topic

Implementation of the country priorities on decentralized energy access

Working group context

The off-grid solar and mini-grid sectors are evolving relatively quickly. Since coupling solar home system technology with GSM telecom technology in the form of the Pay-As-You-Go business model, off-grid solar has experienced tremendous growth in East Africa, and the business model is now expanding into West and Southern Africa. The growth has also benefited from falling PV and battery costs. However, with over 600 million Africans lacking electricity in their homes, the about 700,000 existing solar home systems in Africa merely scratch the surface of the market's potential and are well below the target of 75 million off-grid connections by 2025.

As for clean energy mini-grids, the African Union Energy Ministers just this month adopted the Green Mini-Grids (GMG) Africa Strategy, which commits countries to simplified licensing of mini-grids, freedom to set cost-reflective tariffs, and predictable outcomes in the case of main-grid arrival, all critical policy issues that were previously barriers to the establishment of mini-grid markets. Relative to project financing, new debt financial products and services are appearing in order to compliment pre-existing grant programs and progressively arriving equity. The mini-grids sector, however, is still in its infancy, with few proven business models.

SEforALL Action Agendas in all African countries highlight the need to foster development of decentralized energy access solutions. Priority actions relative to off-grid solar include strategies such as integrated energy sector planning, PPPs for solar systems in rural public institutions (e.g. health centers and schools), establishing and enforcing equipment quality standards, local manufacturing of system components, capacity building for installers and capitalizing rural energy funds. Strategies to promote the GMG sector vary from developing the policy and regulatory environment, establishing standards, drafting rural electrification plans, providing early-stage and CAPEX grant funding, capacity building, and transaction advisory. Examples of quantitative targets include 635,350 solar homes systems in Zimbabwe and 900 mini-grids in Malawi, both by 2030.

This session will look in greater detail and the news and trends in off-grid solar and mini-grids, and contemplate “what next?”

Five “scene setters” will make short presentations on some of the recent news:

- Dean Cooper, Chairman of the Clean Energy Mini-Grids Partnership (and moderator of the session), will make reference to the Africa Union’s recent meeting in Lomé and the adoption of the GMG Africa Strategy.
- Morris Kayitare, Rwanda, will present Rwanda’s priorities in relation to decentralized energy access as outlined in the Action Agenda, the progress on implementation and the challenges faced and what would be the key asks from partners to accelerate implementation
- Koen Peters, Executive Director GOGLA, will present the state of the SHS market in Africa, challenges encountered and key asks from stakeholders (governments, donors, private sector etc.).
- Nicola Bugatti, ECREEE, will present the findings and recommendations from the recently concluded ECOWAS Mini-Grids Workshop and mini-grid trends in West Africa.
- Joao Cunha, from the African Development Bank, will present the key outcomes from the off-grid revolution event.

Working group objectives

This roundtable discussion will take into account the priority actions on decentralized energy access identified in the AAs and reflect on their implementation status and challenges. The working group will also take into consideration the trends presented by the scene setters, and reflect of what additional market barriers remain. Participants are asked to discuss the following themes:

- 1) **Within the SEforALL context, many of the Action Agendas highlight decentralized energy access as a priority.** *What support instruments are available to assist countries in implementing the priorities in their Action Agendas? How can IPs under development be better tailored to the needs of the off-grid and mini-grid sectors? How can integrated energy access planning be achieved at the country-level??*
- 2) **Using the GMG Africa Strategy to transform the mini-grids policy foundation:** *What concrete actions can be taken at the country-level to quickly put in place the*

essential elements of the GMG Africa Strategy? What can development partners further do to facilitate the implementation of the Strategy?

- 3) **Mobilizing capital at scale for the off-grid sector:** *The off-grid sector needs massive injections of capital if it is to fulfill its potential. Which types of capital? Which investors? What role for the private versus the public sector? What role should DFIs play?*
- 4) **Both sectors face similar risks that need to be mitigated in order to ramp up financing:** *What are the risks and how can we mitigate them? What role can finance stakeholders and DFIs play in lowering currency risk?*

Expected outcomes

The working group will elaborate a set of **key recommendations** to be reported for discussions to the plenary session.