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POWER AFRICA OFF-GRID PROJECT (PAOP) Senegal

The market potential for off-grid energy solutions in Senegal varies by three key market segments: solar home systems (SHS), mini-grids, and solar pumping. The SHS market is maturing quickly in Senegal. Market growth, however, has been unevenly distributed, with remote or low population density areas being mostly ignored by SHS companies. Unlike the SHS market, the market for mini-grids is struggling to attract private developers and operators. Thus, its market growth has been slow. As the youngest market of the three, solar pumps are beginning to gain traction; mini-grid companies are beginning to sell them, and local banks are interested in financing these types of solutions. However, the banks do not have the capacity to evaluate solar pumping projects and de-risk them.



PAOP ENGAGEMENT IN Senegal

Policy and Regulatory Engagement. PAOP contributes to the improvement of regulatory and policy structures currently inhibiting growth of the off-grid market in various ways. For example, the team supports Senegal's Ministry of Energy and other relevant government institutions in understanding and implementing off-grid policies and regulations. Additional activities include strengthening mini-grid regulations primarily through regulator and policy maker engagement and providing ongoing support to the Association of Renewable Energy (COOPERES) to represent and articulate the voice of SHS and mini-grid companies. PAOP is supporting the sector through the off-grid consultation framework by assisting the government to establish a clear action plan for 2019.

Assessing Market Dynamics and Providing Intelligence. To inform future activities, PAOP's off-grid market assessment in Senegal maps ongoing and upcoming donor activities, existing market intelligence resources and services, market potential, regulatory environment and financial landscape. On an ongoing basis, PAOP will provide valuable insights to investors, companies, and donors to inform and assist with the development of partnerships within the sector, including between U.S. businesses and local distributors and clients.

Increasing Business Performance and Access to Finance. PAOP engages in numerous activities to boost business performance and access to finance for off-grid companies in Senegal. The team provides ongoing operational support to off-grid companies to improve their performance, as well as business advisory services and capacity building. PAOP also assists mini-grid developers currently deploying pilot projects. Other activities include connecting companies to potential investors, financing institutions—especially local institutions—and providing ongoing support for companies to explore opportunities offered by various donor programs.

Expanding Cross-Sectoral Integration. To support the growth of cross-sectoral projects and products in Senegal, PAOP focuses on exploring potential collaboration between Power Africa and other USAID programs as well as other donors in cross-cutting sectors, including agriculture, health, and education. PAOP advises companies on concept note development for a variety of pilot projects and identifies



In Yeuma, Senegal, Little Sun Founder Frederik Ottesen and Yeuma residents install a community solar mobile phone charger. (Photo: Samuel Dansette, Little Sun)

sources of funding.



Synergy 2, a solar plant in northern Senegal, powers the rural community of Bokhol. (Photo: Thierno Alia Mbengue, SPE)

The USAID-funded Power Africa Off-grid Project (PAOP) provides technical assistance and targeted grant funding to support the development of Africa's off-grid SHS and mini-grid sectors. Through a team of resident technical advisors across East and West Africa, PAOP works with companies, investors, and governments to advance the role of the private sector in extending energy access while integrating gender considerations into all its work streams.

By offering broad-based market intelligence to investors/financiers to inform financial product design, advising governments on establishing supportive policy frameworks, and providing hands-on support to companies, PAOP is helping to build the off-grid market to accelerate private sector-led energy access. Specific focus areas:

- **Policy and Regulatory.** Enabling environment activities increase the ease of doing business and attract private sector partners to participate in the off-grid sector. PAOP supports the mini-grid and SHS sectors, as each of these sectors faces a different set of policy challenges. PAOP helps governments design and implement policy frameworks that are supportive of private sector off-grid solutions.
- **Market Intelligence.** To serve the off-grid sector more broadly, PAOP gathers and disseminates market intelligence to companies, investors and governments to inform them about the latest sector developments and support their making informed decisions.
- **Business Performance.** PAOP offers targeted interventions meant to improve sales and business performance of individual companies, providing deep operational support in areas such as C-suite recruiting, business model development, sales strategy, product sourcing and strategic partnerships. In every country, PAOP works to raise awareness of pay-as-you-go (PAYGO) models among microfinance institutions in addition to supporting other existing business models.
- **Access to Finance.** Off-grid companies require consistent access to financing. PAOP works with companies to raise equity or debt through executive coaching and pitch deck development, as well as supporting successful grant applications. The team also works directly with local financial institutions and investors to develop bankable pipelines and perform due diligence.
- **Cross-Sectoral Integration.** The links between energy and other sectors such as agriculture, health, and education, represent key opportunities for off-grid companies to reach new markets, develop new product lines, and multiply their impact. PAOP's Regional Advisors in both East and West Africa support companies and USAID missions to understand and execute opportunities for the integration of productive uses of energy into their businesses and activities.

ABOUT PAOP

Started in November 2018, the Power Africa Off-grid Project (PAOP) is a four-year program to accelerate off-grid electrification across sub-Saharan Africa to support Power Africa's goals to double access. RTI International implements PAOP in collaboration with Fraym, Norton Rose Fulbright, Practical Action Consulting, and Tetra Tech.

ABOUT POWER AFRICA

Power Africa is comprised of 12 U.S. Government agencies, over 145 private companies, and 18 bilateral and multilateral development partners to support sub-Saharan governments by working together to increase the number of people with access to power. Power Africa's goal is to achieve 30,000 MW of new generated power and 60 million new connections by 2030 to reach 300 million Africans.

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