The Universal Energy Facility’s mission is to significantly speed up and scale up access to energy across Africa by providing results-based financing for verified connections.
The financing vehicle: Universal Energy Facility (UEF)

**Description**

- A large financing vehicle to provide RBF incentives for developers of off-grid solutions across Africa
- Structured as a fund that will provide grants for verified Company pre-qualification and application process through an online platform that ensures transparent and standardized criteria
- Grants structured to ensure that off-grid projects are commercially viable in target countries
- Countries ‘opt in’ to participation, with frameworks in place to support the development of mini-grids and solar home systems.
- Advocacy and thought leadership is fostered with the goal of supporting funders and governments to transition to RBF approaches for energy access

**Key requirements**

- Grant funding to build the UEF to a USD 500 million facility, providing over 1.3 million new connections (6.37 million people) to clean, sustainable and affordable modern energy
- Technical Assistance to support new countries as they ‘opt in’ to the Programme
- Programme management support for the long-term operation of the facility

**Key results targeted**

- Wave 1: Proof of concept by delivering over 13,000 new connections in three African countries within 18 months (USD 6 million pilot funding secured)
- Wave 2: Delivery of over 240,000 connections across mini-grids and Stand-alone Solar for Productive Use. USD 100 million funding 0.9 MT CO2e+ displaced
- Wave 3: Over 1 million connections by 2023 USD 400 million (USD 500 million cumulative) 3.08 MT CO2+ displaced
- Wave I, II & III Over 1 million local jobs from Africans estimated to be created
We believe that the international community should focus greater resources through coordinated RBF for energy access

Additional financial resources are required to achieve universal electrification

• About USD 40 billion each year will be required to achieve universal electricity access and nearly USD 5 billion for clean cooking, according to IEA\(^1\)

• Various actors in the energy value chain are constrained in their ability to provide up-front resources

• Governments – limited funds available for grid extension

• Utilities and developers – not collecting the full cost of providing electricity

• Customers – limited ability to pay

• External resources are available, but must be directed towards projects and initiatives in an efficient and coordinated manner to countries and projects

Governments and developers have a variety of choices in how they finance projects

• Design choices around financing mechanisms for energy access have implications for:
  • Risk allocation
  • Efficiency / incorporation of technical expertise
  • Time to delivery

• Experiences with tenders and RBF facilities demonstrate that RBF approaches are able to deliver connections faster

Shifting to results-based approaches will maximize value, speed and scale of delivery

• While there are some programs using results-based financing for energy access, a more concerted effort is required to push the sector towards results-based approaches

• Three key services can help facilitate the transition:
  • Advocacy – providing thought leadership and communicating the need to make the transition
  • Advisory support – helping organizations with existing financing structures to transition towards results-based approaches
  • Financing vehicle – establish a financing mechanism that funding organizations can contribute to

Universal Energy Facility (UEF) will provide advocacy, advisory and financing vehicles to promote the transition to RBF approaches

UEF Wave 1 Mini-Grids

Location

Over 13,000 connections expected across the 3 countries

Funding

~ 6 million USD secured for subsidy disbursement at 433 USD
Wave I milestones & projected impact
The UEF has moved quickly to demonstrate proof of concept and deliver early results

Operational in Madagascar, Sierra Leone and Benin

Over 13,800 electricity connections expected across the 3 countries

+USD 8mn in funding secured

~ 1,000 diesel and petrol generators to be displaced.

About 98,923 tonnes of CO₂e estimated to be displaced

~ USD 20mn in debt and equity will be leveraged.

First developers commenced construction in Q2 2021
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THANK YOU