



# UNIVERSAL ENERGY FACILITY

An Energy Access Results-Based Financing (RBF) Initiative

May 2022

INFORMATION DECK



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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

## Scaling access, delivering impact

### Implementing Partners

Shell Foundation | 



### Programme Manager



### Supported by





# 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 CO<sub>2</sub>e+ displaces
- ▶ Wave 3: Over 1 million connections by 2023  
USD 400 million (*USD 500 million cumulative*)  
3.08 MT CO<sub>2</sub>+ 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



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



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

- **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<sup>1</sup>
- 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

- **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**

- 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





Funding

~ 6 million USD secured for subsidy disbursement at 433 USD



Number of connections

Over 13.000 connections expected across the 3 countries



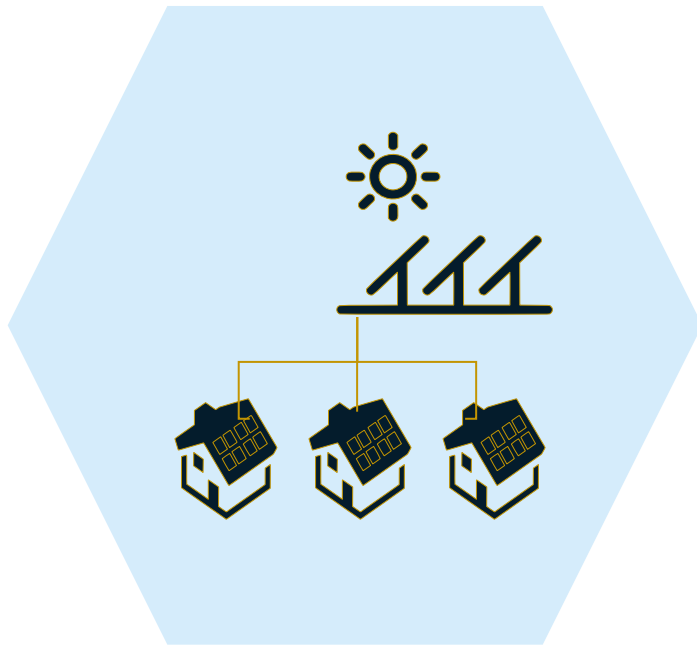


# Wave I milestones & projected impact

The UEF has moved quickly to demonstrate proof of concept and deliver early results



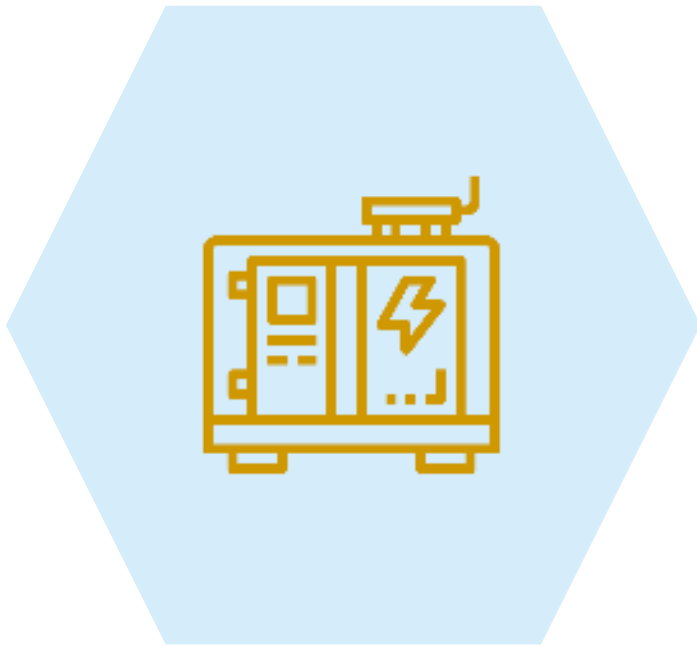
Operational in **Madagascar, Sierra Leone and Benin**



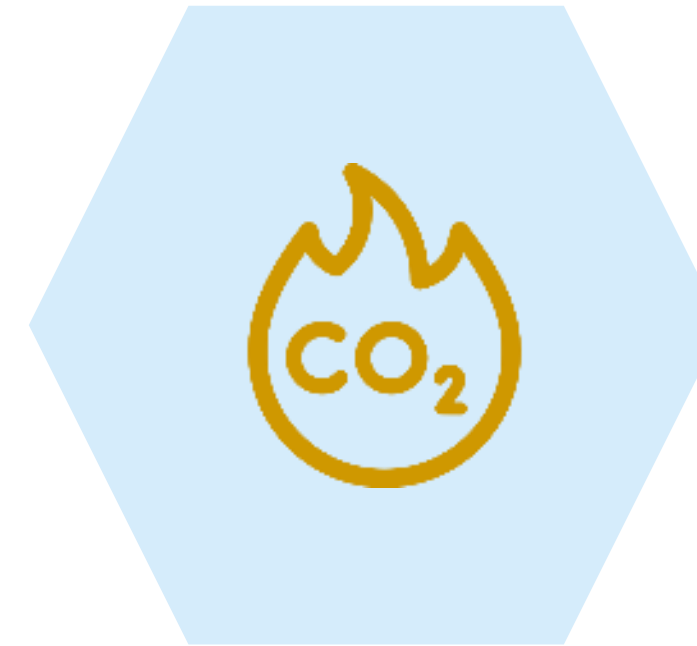
Over **13,800 electricity connections** expected across the 3 countries



**+USD 8mn** in funding secured



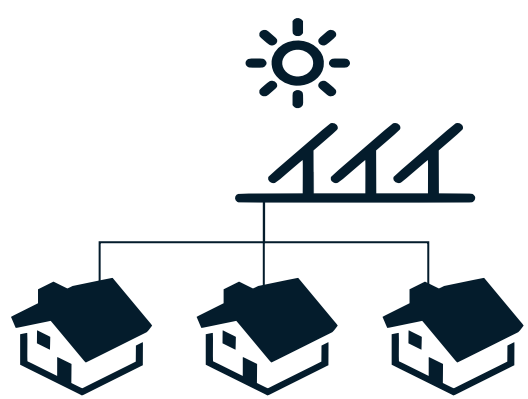
~ **1,000** diesel and petrol generators to be displaced.



About **98,923 tonnes of CO<sub>2</sub>e** estimated to be displaced



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



All connections from solar hybrid mini-grid

16

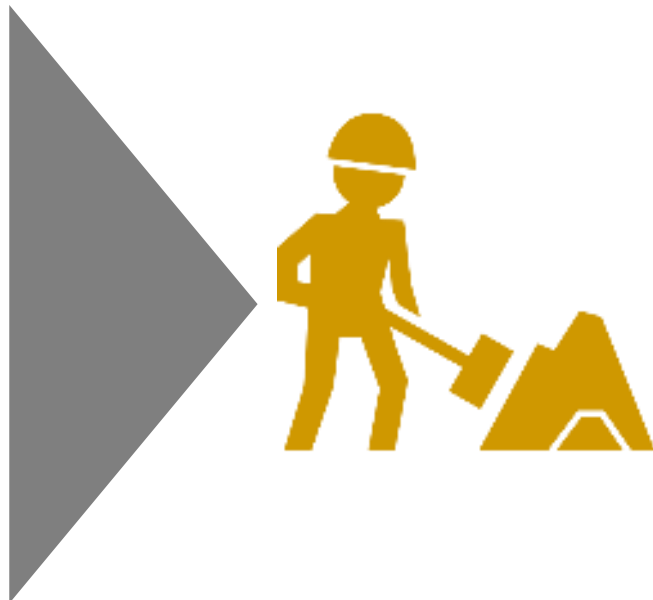
Developers applied for UEF

11

Developers have submitted sites

70

Sites submitted across three countries.



**First developers commenced construction in Q2 2021**



**For further information, please contact:**

**Ruchi Soni**  
**Programme Manager**  
**[Ruchi@seforall.org](mailto:Ruchi@seforall.org)**  
**+1 202 247 0303**





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THANK YOU