

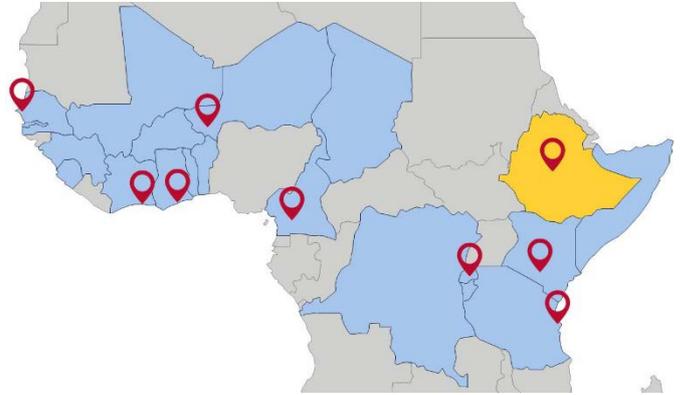


USAID
FROM THE AMERICAN PEOPLE



POWER AFRICA OFF-GRID PROJECT (PAOP) Ethiopia

There is an array of solar home system (SHS) companies that are active in the Ethiopian market. Some are well-established while others are rather new. The newer companies are starting to pilot pay-as-you-go (PAYGO) to increase their consumer bases. With respect to mini-grids, the solar sector is still emerging. Clarity regarding business models and the accuracy of market information is questionable. Significant constraints in acquiring access to financing—especially in the private sector—is still limiting growth. Access to local currency debt for working capital is limited and foreign currency for inventory financing is unavailable.



PAOP ENGAGEMENT IN Ethiopia

Support for Policy and Regulatory Advocacy. PAOP contributes to the improvement of regulatory and policy structures currently inhibiting growth of the off-grid market primarily through advocacy support. The team supports the Ministry of Water, Irrigation and Energy and Authorities, Agencies and subsidiary governing institutions regarding policy advocacy. PAOP also provides support to the Ethiopian Energy Authority on the development of standards for rural electrification. Additionally, the team works with other government bodies that are indirect players of the energy sector to make sure activities are implemented properly.

Assessing Market Dynamics and Providing Intelligence. To inform future activities, PAOP's off-grid market assessment in Ethiopia 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 Ethiopia. The team provides ongoing operational support to off-grid companies to improve their performance, as well as business advisory services and capacity building. Other activities include providing technical assistance to SHS companies regarding energy remittance programs, supporting companies with applications for off-grid grant funding, connecting companies to potential investors as well as international and local finance institutions, and providing short-term technical assistance to facilitate microfinance partnerships.

Expanding Cross-Sectoral Integration. To support the growth of energy-agriculture projects and products in Ethiopia, PAOP focuses on helping off-grid companies develop productive use applications of their products and collaborating with relevant USAID projects and partners.



A solar lamp lights a family's meal in Addis Ababa, Ethiopia. (Photo: Helen Zeru)

Cross-sectoral activities explore various types of solutions and is funded by specific investors and grants that can support such productive use pilot efforts.



PAOP serves Ethiopian rural communities with limited access to power. (Photo: A. Davey)

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 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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