With the current pace of financing, SDG7 will be missed by more than 100 million households in sub-Saharan Africa.

Shell Foundation and Catalyst Off-grid Advisors have produced a report that puts the shortfall in sharp focus, and highlights the level and type of funding required to meet the UN goal.
SDG 7 is a global imperative, yet we are falling far behind its achievement, especially in Africa
At the current pace, SDG 7 will be missed by more than 100 million households

Share of SSA Households with Electricity Access: SDG7 vs. BAU

Continuing with Business as Usual:

- 65% of HHs will have electricity access by 2030
- 104 million HHs will remain without access (only 20M fewer than today)
- $11 billion in capital required for mini-grid and SHS
And yet the progress to date on OGS has been remarkable, thanks to pioneering enterprises...

SSA Cumulative Sales of Off-Grid Solar Products*

* Sales data of Lighting Global quality verified products (both lanterns and SHS)

...and financial backers

Off-Grid Solar Investments in Africa by Type and Year*

* Catalyst analysis
The scope of the challenge, however, is daunting.

- Over **125M HHs** lack access to modern energy services.
- With current grid extension and population growth trends, a total of **210M off-grid HHs** will need to be connected by 2030.
- Only **4 of 48 markets** are “Active” off-grid electricity markets, where more than one company selling solar home systems at scale (>20,000 customers) in that market.

*numbers denote # HHs without access to electricity*
Our approach to analyzing SDG 7 in Africa
We’ve focused on portions of SDG 7

<table>
<thead>
<tr>
<th>SDG 7</th>
<th>Our Analysis</th>
</tr>
</thead>
<tbody>
<tr>
<td>Global</td>
<td>SSA only</td>
</tr>
<tr>
<td>Access to affordable, reliable, sustainable, and modern energy for all</td>
<td>Clean Cookstoves</td>
</tr>
<tr>
<td></td>
<td>Grid Extension</td>
</tr>
<tr>
<td></td>
<td>Off-Grid Solutions (SHS and MG)</td>
</tr>
<tr>
<td></td>
<td>Households</td>
</tr>
<tr>
<td>Increase Share of Renewables</td>
<td>Outside of scope</td>
</tr>
<tr>
<td>2x rate of improvement in energy efficiency</td>
<td>Outside of scope</td>
</tr>
<tr>
<td>Enhance international cooperation</td>
<td>Scaling Off-Grid Energy Platform</td>
</tr>
<tr>
<td>LDCs, SIDs, Land-locked</td>
<td>Yes – Universal Access</td>
</tr>
</tbody>
</table>

- Full alignment
- Partial fit
- Outside of our scope
We combined top-down and bottom-up analyses

Top-Down, predictive model: Framing the Continental Challenge

Bottom-Up: Enterprise-Level Perspectives

Combined Insights: Shifting onto an SDG 7 Achievement Trajectory

- Where are we now vis-à-vis SDG7?
- Where are we headed?
- What is the gap between BAU and SDG 7?

- How much time and capital is required to build an off-grid enterprise?
- What pace of deployments are required?
- What does this mean for SDG 7?

- How many enterprise deployments, when?
- What markets?
- How much capital?
- What type of capital?
- What else?
Top-down analysis: Overview and Approach

- **Unit of analysis:** Sub-Saharan Africa

- **Approach:** Modeled the continuum of capital required continent-wide to achieve universal electricity access
  - Includes breakdown of household service levels and direct subsidy requirements

- **Suitability of approach:**
  - OGS and mini-grid companies operate across borders;
  - Granular, country-level detail is not required; and
  - Working under a short timeline

- **Capital requirements** to be driven by key intermediate determinations, including:
  - The quantum of HHs in need of OGS or mini-grid solutions;
  - The all-in cost of delivering such systems; and
  - The technology blend of products delivered
**Predictive Model: Architecture (Visualized)**

**Core Data** (Fixed Assumptions)
- Market Size
- Technology & Costing
- Household Economics (Affordability)

**Key Levers** (Var. Assumptions)
- Pace of Off-Grid Electrification
- Capital Blend
- Cost of Capital
- Technology Blend (OGS vs. MG)

**Intermediate Outputs**
- Total New HHs w/Access
- Service Levels Achieved (Tier 1, 2, 3, 4)
- Consumer Subsidy Requirement

**Final Output**
- Overall Capital Requirement

*Levers: can be adjusted to generate a variety of key scenarios*
Data sources for predictive model

**Population:** UN DESA

**Grid connectivity:** International Energy Agency – Africa Energy Outlook, World Bank data

**Mini-grid connectivity:** Various World Bank data sources (concessions study, project appraisal documents)

**Off-grid solar sales:** GOGLA off-grid market reports

**SHS costing:** Various industry sources

**Mini-grid costing:** Various industry sources

**Affordability:** World Bank PovCal data
Several assumptions underlie the model

### Demographics

<table>
<thead>
<tr>
<th>Parameter</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017 Avg. Household Size</td>
<td>5 PAX/HH</td>
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</table>

### OGS Sales Data

<table>
<thead>
<tr>
<th>Parameter</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Share of Active OGS Systems in SSA</td>
<td>50%</td>
</tr>
<tr>
<td>Hist. % of OGS Sales to HHs w/o Grid</td>
<td>80%</td>
</tr>
<tr>
<td>Hist. % of OGS Sales to HHs w/Grid</td>
<td>10%</td>
</tr>
<tr>
<td>Hist. % of OGS Sales to SMEs</td>
<td>10%</td>
</tr>
</tbody>
</table>

### OGS Trends

<table>
<thead>
<tr>
<th>Parameter</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>WC Loan Interest Rate (US$)</td>
<td>10%</td>
</tr>
<tr>
<td>Consumer Finance Interest Rate (US$)</td>
<td>10%</td>
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</table>

### Off-Grid Solar

<table>
<thead>
<tr>
<th>Parameter</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tier 1 SHS 2017 FOB Price</td>
<td>$55</td>
</tr>
<tr>
<td>Tier 2 SHS 2017 FOB Price</td>
<td>$130</td>
</tr>
<tr>
<td>Annual Change in SHS FOB Price</td>
<td>-5.0%</td>
</tr>
<tr>
<td>Annual OPEX as % of Total T1 SHS Cost</td>
<td>40%</td>
</tr>
<tr>
<td>Annual OPEX as % of Total T2 SHS Cost</td>
<td>30%</td>
</tr>
<tr>
<td>Tier 1 SHS Customer Pmt (for 18 mths)</td>
<td>$6</td>
</tr>
<tr>
<td>Tier 2 SHS Customer Pmt (for 24 mths)</td>
<td>$13</td>
</tr>
<tr>
<td>Non-Payment Rate</td>
<td>10%</td>
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</table>

### Mini - Grids

<table>
<thead>
<tr>
<th>Parameter</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mini-Grid Generation capacity per customer</td>
<td>250</td>
</tr>
<tr>
<td>Mini-Grid CAPEX Cost</td>
<td>$2.5/W</td>
</tr>
<tr>
<td>Annual Change in CAPEX Cost</td>
<td>-3.0%</td>
</tr>
<tr>
<td>Upfront Soft Costs</td>
<td>$1/W</td>
</tr>
<tr>
<td>Annual Change in Soft Costs</td>
<td>-3.0%</td>
</tr>
<tr>
<td>Mini-Grid All-In Investment Cost</td>
<td>3.5</td>
</tr>
<tr>
<td>2017 OPEX Cost as % of Total CAPEX</td>
<td>5%</td>
</tr>
</tbody>
</table>

### Financing

<table>
<thead>
<tr>
<th>Parameter</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>SHS Lifetime (years)</td>
<td>4</td>
</tr>
<tr>
<td>Annual Change in Tier 1 % Sales</td>
<td>-1.0%</td>
</tr>
</tbody>
</table>
We modelled scenarios using the following inputs and variable assumptions

**Grid Electrification**
- BAU “Business as usual” (51.5%)
- Aggressive BAU (57.3%)*
- Heavy Investment (62.9%)*

**Mini-Grid Electrification**
- BAU “Business as Usual” (0.4%)
- Aggressive BAU (1.5%)
-Heavy Investment (2.5%)

**Off – Grid Solar**
- Typical range: 13% to 41% (depending on combination of scenarios)

**Recommended BAU**
- BAU “Business as Usual” (65%)
- Aggressive BAU (78%)
- SDG7 Met (100%)

*NB: Even in the IEA’s African Century Scenario, grid expansion rates are lower than these estimates.
Framing the Continental Challenge

Top-Down: Framing the Continental Challenge

+ Bottom-Up: Enterprise-Level Perspectives

= Combined Insights: Shifting onto an SDG 7 Achievement Trajectory
Not surprisingly, the grid still delivers the majority of energy services to households.

2017 HH Access Rate Via Modality:

- **No Access:** 59.2%
- **Grid:** 39.4%
- **Off-Grid Solar:** 1.2%
- **Mini-Grid:** 0.2%

Of access to date is provided through grid connections (84M HHs). New grid connections per year, over past 5 years.

- **4.3 million** HHs with off-grid access*
- **3.7 million** HHs with off-grid access

*This includes sales of Quality Verified lanterns and SHS, plus an estimate of mini-grid penetration to date.
Even with heavy grid and mini-grid projections, SHS would still need to deliver 34.6% of access in order to achieve SDG7.

Share of SSA Households with Electricity Access: SDG7 vs. BAU

<table>
<thead>
<tr>
<th>Year</th>
<th>Access Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>2030</td>
<td>100%</td>
</tr>
</tbody>
</table>

2.5% with mini-grid access
62.9% with grid access
34.6% with SHS access

$31 billion for mini-grid and SHS

298 million HHs will have electricity access by 2030, with...
Consumer affordability will be a challenge: our simulation shows that US$4 billion may be needed

37% of SSA households may not be able to pay for off-grid solar products

$4B shortfall in the ability of households to pay

How this was derived:

- Used the World Bank PovCal tool to develop several “poverty lines” across SSA
- Attributed a resultant level of ability to pay shortfall
- And assumed:
  - A household would be willing to pay 5% of its total income on electricity
  - The shortfall represents the remaining costs to provide a needed $6/month on electricity.

For example:

- HH with an income of $1.5/day will have a $3.7/month shortfall
- HH with an income of $2.0/day will have a $3.0/month shortfall
- HH with an income of $3.0/day will have a $1.5/month shortfall
Enterprise-Level Perspectives

Top-Down: Framing the Continental Challenge  +  Bottom-Up: Enterprise-Level Perspectives  =  Combined Insights: Shifting onto an SDG 7 Achievement Trajectory
An Enterprise lens is critical: delivering off-grid access happens one SHS or mini-grid deployment at a time.
And it’s hard work: establishing and scaling an SHS off-grid deployment in *one country* takes years and millions of dollars.

### Customers and Annual Revenue by Funding Group

<table>
<thead>
<tr>
<th></th>
<th>Pre-Seed</th>
<th>Seed</th>
<th>Series A</th>
<th>Series B</th>
<th>Series C</th>
</tr>
</thead>
<tbody>
<tr>
<td># customers at end of Stage</td>
<td>200</td>
<td>1,500</td>
<td>25,000</td>
<td>70,000</td>
<td>150,000</td>
</tr>
<tr>
<td>Debt (USD)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>300,000*</td>
<td>1,000,000</td>
<td>3,750,000</td>
<td>9,500,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Equity (USD)</td>
<td>50,000*</td>
<td>5,000,000</td>
<td>7,500,000</td>
<td>11,000,000</td>
<td></td>
</tr>
<tr>
<td>Grants (USD)</td>
<td>150,000</td>
<td>200,000</td>
<td>1,000,000</td>
<td>1,000,000</td>
<td></td>
</tr>
<tr>
<td>Capital Sources</td>
<td>Founders, friends and family</td>
<td>Angels, foundations, family offices</td>
<td>Early stage impact funds, foundations</td>
<td>DFIs, specialized funds</td>
<td>Commercial sources, de-risking instruments</td>
</tr>
</tbody>
</table>

* Founders (Friends/Family), Equity

* Convertible Debt
Meanwhile, the industry’s sales are flat. While there are explanations, this trend is worrisome.

**Currency Devaluation**
The industry’s FX risk is considerable given that most enterprises are capitalized in hard currency and paid in local currency.

**Drought**
The disposable income of many rural customers was heavily impacted by recent droughts.

**Import Tariffs**
Policy changes within EAC countries has resulted in higher tariffs and affected solar product sales.

**Market Concentration**
Figures are subject to the “lumpiness” of individual orders, particularly in four east African markets where the industry is concentrated.
...particularly given that only 1% of off-grid households have been reached.

Only **4 of 48 markets** are **“Active” off-grid electricity markets** (more than one company selling solar home systems at scale [>20,000 customers]).

**Concentration in “easy” markets:**
- open markets, where private sector-led activities relatively easy
- Anglophone countries
- “Silicon Savannah” - Kenya as epicenter

*numbers denote # HHs without access to electricity*
Achieving SDG 7 in “active” markets alone is a daunting task, with greater scale and competition needed.

1. Growth within each market*

For 1st Generation (scaling) OGS companies, financing to achieve:

- Scale
- Profitability
- Sustainability

Types of capital required:

- Growth stage equity
- Debt, mostly local currency

* Modeling Assumptions:
10 1st Generation company deployments capture 75% of market share in these markets.

2. Competition within markets**

Enable competitive, sustainable markets via new deployments (among 1st, 2nd and 3rd Gen OGS companies)

Early stage capital, to enable deployments to reach growth capital phase

Types of capital required:

- Grants
- Patient equity
- Early debt

** Modeling Assumptions:
remaining 25% market share captured by 2nd and 3rd generation company deployments, capped at 250,000 customers each.
“Active” markets have 15 scaled deployments, with total market penetration of around 6%.

Uganda

- 6.2M HHs - Off Grid Market Size
- 250,000 HHs - Market Penetration to date
- 4 - Deployments currently at scale:
  - M-KOPA Solar
  - Fenix International
  - Solar Now
  - Ignite

Rwanda

- 1.7M HHs - Off Grid Market Size
- 100,000 HHs - Market Penetration to date
- 3 - Deployments currently at scale:
  - BRUXA
  - Mobisol
  - IGNITE

Kenya

- 7.1M HHs - Off Grid Market Size
- 750,000 HHs - Market Penetration to date
- 4 - Deployments currently at scale:
  - d.light
  - Azuri
  - BRUKA
  - M-KOPA Solar

Tanzania

- 7.2M HHs - Off Grid Market Size
- 200,000 HHs - Market Penetration to date
- 4 - Deployments currently at scale:
  - Mobisol
  - M-KOPA Solar
  - Off-Grid Electric
  - GCS
To achieve SDG7 in “active” markets, 43 new deployments and $4.7 billion of capital (including $137M of grants) are needed.

<table>
<thead>
<tr>
<th>Country</th>
<th>Deployment Rounds</th>
<th>Deployments</th>
<th>HHs Served</th>
<th>Capital Requirement</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Uganda</strong></td>
<td>1st gen</td>
<td>10</td>
<td>4.5M</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$24M Grant</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$321M Equity</td>
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<td>$657M Debt</td>
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<tr>
<td></td>
<td>2nd and 3rd</td>
<td>7</td>
<td>1.5M</td>
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<td></td>
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<td></td>
<td></td>
<td>$16M Grant</td>
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<td></td>
<td>$178M Equity</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$154M Debt</td>
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<tr>
<td><strong>Rwanda</strong></td>
<td>1st gen</td>
<td>4</td>
<td>1.2M</td>
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<td>$9M Grant</td>
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<td>$111M Equity</td>
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<td></td>
<td></td>
<td>$40M Debt</td>
</tr>
<tr>
<td><strong>Kenya</strong></td>
<td>1st gen</td>
<td>10</td>
<td>5.1M</td>
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<td>$24M Grant</td>
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<td>2nd and 3rd</td>
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<td>$175M Debt</td>
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<td>2nd and 3rd</td>
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<td>1.8M</td>
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<td>$205M Equity</td>
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<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$184M Debt</td>
</tr>
</tbody>
</table>

**Note:** The deployment rounds and requirements are as follows:
- 1st gen: 10 deployments, 4.5M HHs, $24M Grant, $321M Equity, $657M Debt
- 2nd and 3rd gen: 7 deployments, 1.5M HHs, $16M Grant, $178M Equity, $154M Debt
- 4th gen: 4 deployments, 1.2M HHs, $9M Grant, $111M Equity, $124M Debt
- 5th gen: 2 deployments, 0.4M HHs, $5M Grant, $50M Equity, $40M Debt
And yet those are the “easy” countries. What about the rest of the continent, which is virtually untapped?

• “Latent” markets require substantial early-stage, risk tolerant capital in order to be unlocked

• New 2\textsuperscript{nd} and 3\textsuperscript{rd} generation OGS companies need to be seeded, while 1\textsuperscript{st} generation OGS companies need support for international expansion

• Consolidation likely occur through M&A activities among the 1\textsuperscript{st}, 2\textsuperscript{nd}, 3\textsuperscript{rd} generation companies
First, we have the “Big 3”: 46M off-grid HHs, requiring 142 new deployments and $9.2 billion

**Modeling Assumptions:**
40% market captured by 1st generation deployments, remainder captured by 2nd and 3rd generation deployments, capped at 250,000 customers each.
West and Central Africa have 36M off-grid HHs, and need 117 new deployments and $7.2B

**West Africa 1**
Cabo Verde, Gambia, Guinea, Guinea-Bissau, Mali Republic, Mauritania, Senegal Republic and Sierra Leone

- **3M** HHs to be served by 10 1st gen company deployments requiring:
  - $24M Grant
  - $278M Equity
  - $318M Debt
- **4.5M** HHs to be served by an estimated 19 2nd and 3rd gen company deployments requiring:
  - $24M Grant
  - $45M Grant
  - $495M Equity
  - $468M Debt

**West Africa 2**
Benin, Burkina Faso, Ghana, Liberia, Niger, Sao Tome and Principe, Togo and Ivory Coast

- **5M** HHs to be served by 10 1st gen company deployments requiring:
  - $24M Grant
  - $335M Equity
  - $544M Debt
- **7.6M** HHs to be served by an estimated 31 2nd and 3rd gen company deployments requiring:
  - $24M Grant
  - $73M Grant
  - $812M Equity
  - $781M Debt

**Central Africa**
Burundi, Cameroon, Central African Republic, Chad, Congo, Equatorial Guinea, Gabon, South Sudan and Sudan

- **6M** HHs to be served by 10 1st gen company deployments requiring:
  - $24M Grant
  - $361M Equity
  - $649M Debt
- **9M** HHs to be served by an estimated 37 2nd and 3rd gen company deployments requiring:
  - 86M Grant
  - $968M Equity
  - $925M Debt

**Modeling Assumptions:**
40% market captured by 1st generation deployments, remainder captured by 2nd and 3rd generation deployments, capped at 250,000 customers each
Southern Africa and the rest of east Africa have 22M off-grid HHs, require 85 new deployments, and $4.8B

**Southern Africa 1**
Angola, Botswana, Lesotho, Namibia, South Africa and Swaziland

- **2M**
  - HHs to be served by 10 1st gen company deployments requiring:
    - $24M Grant
    - $258M Equity
    - $234M Debt

- **3.4M**
  - HHs to be served by an estimated 14 2nd and 3rd gen company deployments requiring:
    - $24M Grant
    - $32M Grant
    - $367M Equity
    - $353M Debt

**Southern Africa 2**
Malawi, Mauritius, Mozambique, Zambia and Zimbabwe

- **2.6M**
  - HHs to be served by 10 1st gen company deployments requiring:
    - $24M Grant
    - $268M Equity
    - $278M Debt

- **3.9M**
  - HHs to be served by 10 1st gen company deployments requiring:
    - $24M Grant
    - $304M Equity
    - $421M Debt

**Rest of East Africa**
Comoros, Djibouti, Eritrea, Madagascar, Reunion, Seychelles and Somalia Republic

- **4M**
  - HHs to be served by an estimated 17 2nd and 3rd gen company deployments requiring:
    - $39M Grant
    - $413M Debt

- **5.9M**
  - HHs to be served by an estimated 24 2nd and 3rd gen company deployments requiring:
    - $56M Grant
    - $611M Debt

**Modeling Assumptions:**
40% market captured by 1st generation deployments, remainder captured by 2nd and 3rd generation deployments, capped at 250,000 customers each.
**SHS enterprise lens – what’s needed to hit SDG7: 298 deployments and $26 billion, including $943 million in catalytic grants**

**Latent Markets**

- **104M HH** Off Grid Market Size

- **42M HHs** to be served by 1st gen company deployments

- **62M HHs** to be served by 2nd and 3rd gen company deployments

**10 1st gen company deployments requiring:**

- **211M** In grant finance
- **2.9B** In equity
- **4.5B** In debt

**254 2nd and 3rd gen company deployments requiring:**

- **596M** In grants
- **6.7B** In equity
- **6.4B** In debt

**Established Markets**

- **22M HH** Off Grid Market Size

- **16M HHs** to be served by 1st gen company deployments

- **5M HHs** to be served by 2nd and 3rd gen company deployments

**10 1st gen company deployments requiring:**

- **80M** In grants
- **1.1B** In equity
- **2.3B** In debt

**24 2nd and 3rd gen company deployments requiring:**

- **56M** In grant finance
- **617M** In equity
- **555M** In debt
Mini-grids could catalyze rural SMEs and HH productive use; would require considerable grant capital given business model economics.

31.8M in total
Capital Needs:
- 8M Debt
- 10.4M Equity
- 13.4M Grant

40,000 cumulative customers by end of series C
To serve 2.5% of SSA households via mini-grids in 2030 would require an additional 39,000 MG deployments and $7.1B in capital

<table>
<thead>
<tr>
<th>Today 2017</th>
<th>In 2030 Assuming 2.5%</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>0.2%</strong></td>
<td><strong>2.5%</strong></td>
</tr>
<tr>
<td>Of households served by mini-grids</td>
<td>Of households served by mini-grids</td>
</tr>
<tr>
<td><strong>0.5M</strong>*</td>
<td><strong>7.5 M</strong></td>
</tr>
<tr>
<td>HHs with mini-grid connections</td>
<td>HHs with mini-grid connections</td>
</tr>
<tr>
<td>3,000</td>
<td><strong>42,000</strong>****</td>
</tr>
<tr>
<td>Total Mini-grids</td>
<td>Total Mini-grids</td>
</tr>
</tbody>
</table>

* Inferred from recent analysis of mini-grid concessions in Africa and authors’ knowledge of market trends

** Assuming the following: 50kW installed capacity; 200 customers per site; $2.5/W capex and $1/W upfront soft costs

*$7.1 billion

In total capital would be required to achieve this.
Shifting onto an SDG 7 Achievement Trajectory

Top-Down: Framing the Continental Challenge

+ Bottom-Up: Enterprise-Level Perspectives

= Combined Insights: Shifting onto an SDG 7 Achievement Trajectory
What the analysis tells us

Top-Down, predictive model:
Framing the Continental Challenge

Bottom-Up:
Enterprise-Level Perspectives

Combined Insights:
Shifting onto an SDG 7 Achievement Trajectory

- OGS must contribute massively toward SDG7
- Yet OGS not even keeping pace with population growth
- Financing requirements are massive

- OGS gets delivered through enterprises, one connection at a time
- OGS business are resource intensive
- Much more early stage capital is required, even for “established” enterprises

- 298 new SHS deployments needed
- 39,000 new MGs
- $20B for SHS; $7B for MGs
- $4.5B patient capital required (75% for MGs)
- $4B affordability shortfall at household level
Summary: Achieving SDG7 in each model

**Top-Down**
Predictive Model

- **$31 billion**
  In mini-grid and OGS capital requirement

- **7.5 million**
  HHs with **Mini-Grid** connections by 2030

- **103 million**
  HHs with **SHS** connections by 2030

- **$4 billion**
  SHS affordability shortfall

**Bottom-Up**
Enterprise Level Model*

- **$33 billion**
  In mini-grid and OGS investment

- **7.5 million**
  HHs with **Mini-Grid** connections by 2030

- **126 million**
  HHs with **SHS** connections by 2030

* assuming 2.5% access via mini-grids and heavy grid investment

Notes: SHS connections differ due to each model’s assumptions: the bottom-up model uses a static value for total # of HHs, while the top-down accounts for grid expansion and population growth. The financing figures being proximate are a coincidence, given the different inputs/assumptions used to derive them.
What this means for key stakeholders

**OGS Entrepreneurs**

What this means for established players:
- Growth in existing markets + massive expansion (and growth) in new markets.
- Need to figure out new ways to move into new markets.
- Need to double down on grant capital to fuel expansion.

What this means for 2\textsuperscript{nd} and 3\textsuperscript{rd} generation companies:
- Many, many more are needed.
- Space to enter established markets, but latent markets hold the real opportunity.
- Differentiate approach to market entry.

**Mini-Grid Entrepreneurs**

- Massive scale up required, comes down to capital raises and execution.
- Productive use and SME growth keys to justifying higher Capex.
- Focus on ring-fencing sites, raising capital around those.
  - (including massive concessional financing)

**Investors**

- Industry demands much more patient capital.
  - Still an infant industry that requires significant concessional financing.
  - Especially for equity investors, very few opportunities.
    - And yet there needs to be massive amounts of equity going into the market.
      - Signals that new ventures need to be seeded.
  - Fundamental change required in order to motivate expansion into new markets and mobilize early stage capital.

**African Governments**

- Create enabling conditions for industry takeoff.
- Fiscal incentives and predictable regulatory environments will be critical.
- Consider the fiscal implications of off-grid vs grid, and public vs private sector led.
- Infrastructure finance principles: just like the grid.