



MILLENNIUM
CHALLENGE CORPORATION

UNITED STATES OF AMERICA

ESEF 2018

MCA BENIN II - OCEF

www.mcabenin2.bj

Rural Electrification Experiences

BENIN

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Off-Grid Clean Energy Access

Dakar, 13 November 2018



Disponibilité d'une énergie électrique efficace et fiable pour une croissance économique forte et durable

SUMMARY

Power Compact Overview

Opportunities in Benin :

 Regulatory framework in place

 Off-grid clean energy facility (OCEF)

9 SEPTEMBER 2015





403 Million US\$
investments

5 years

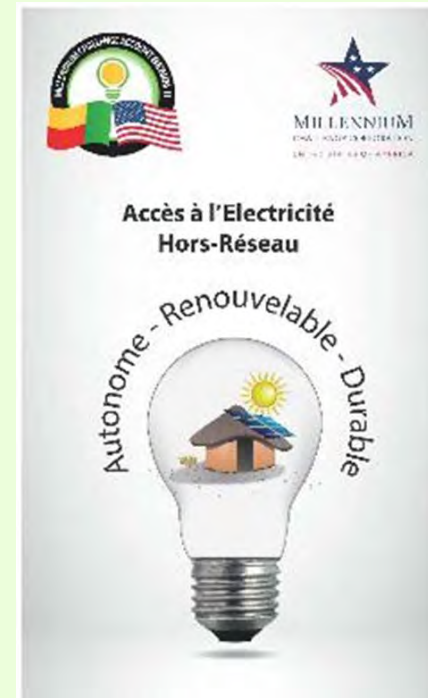
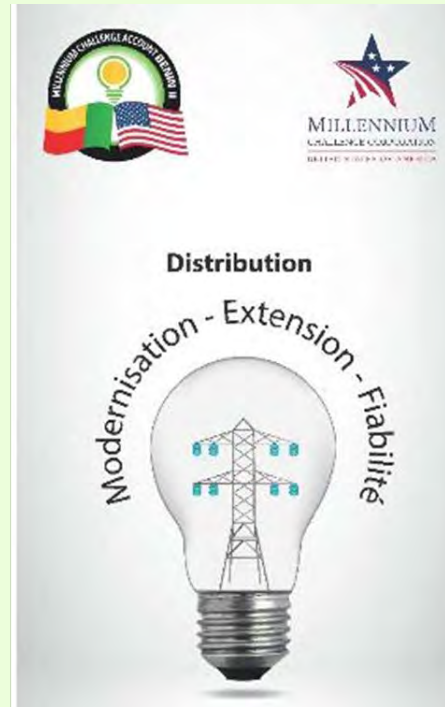
4 components

1

OBJECTIVE

*Availability of efficient and reliable electric energy
For sustainable economic growth*

Our 4 Components



Our cross-sectoral concerns



Regulatory Framework Off-Grid Electrification

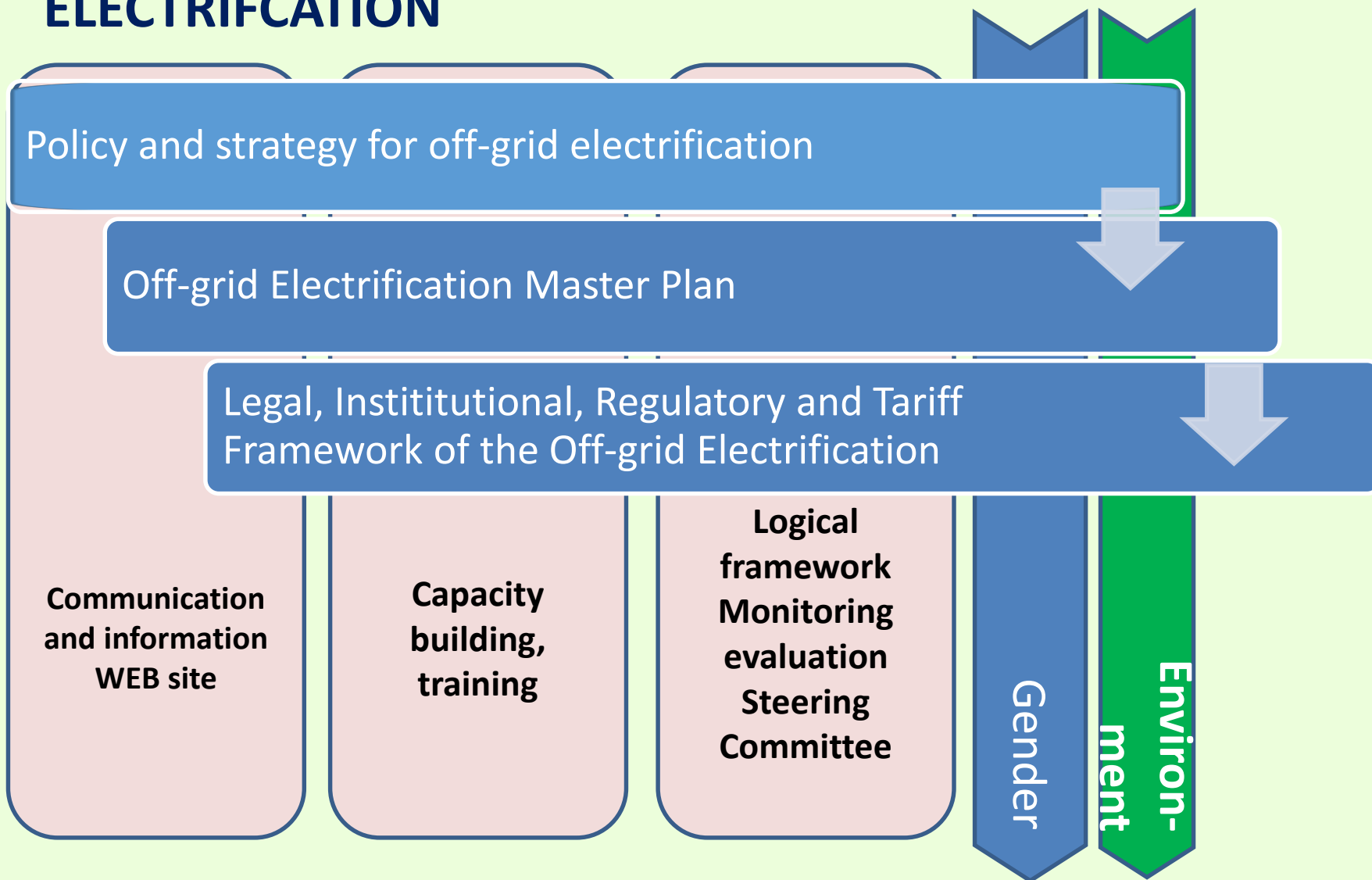
💡 The 4th component of this Compact concerns Decentralised Electricity including 2 main activities:

- Enabling Environment for Off-Grid Electricity
- Off-Grid Clean Energy Facility (OCEF). OCEF intends to leverage private sector engagement. The first call for project proposals has been launched on February 22, 2017.



💡 OCEF targets areas that will not be covered by the grid extensions for the next 10 - 15 years (Rural Electrification Master Plan – www.benin-energie.org).

REGULATORY ENVIRONMENT FOR OFF-GRID ELECTRIFICATION



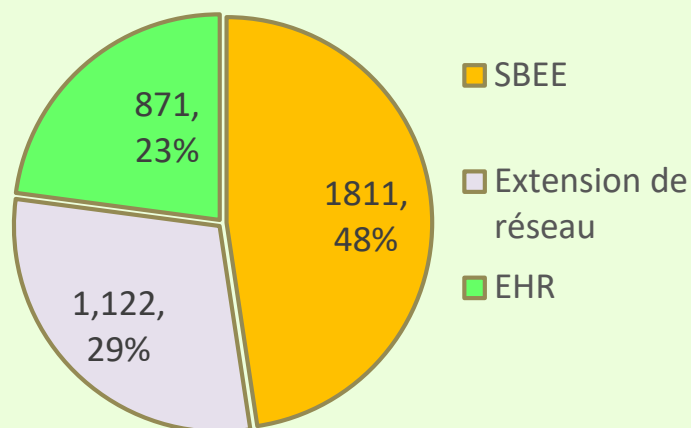
Disponibilité d'une énergie électrique efficace et fiable pour une croissance économique forte et durable



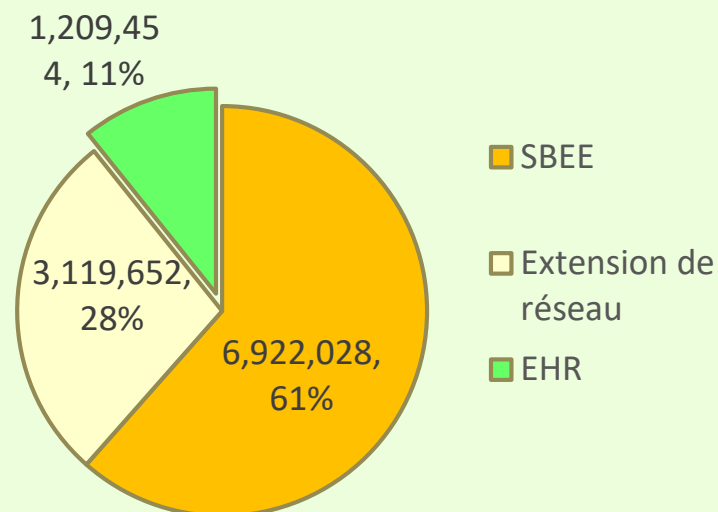
TARGET GROUPS

- 871 localities covering a population of 1,7 million will still be off-grid in 2030 (1,2 million in 2017)

Nombre de localités



Population en million d'habitants

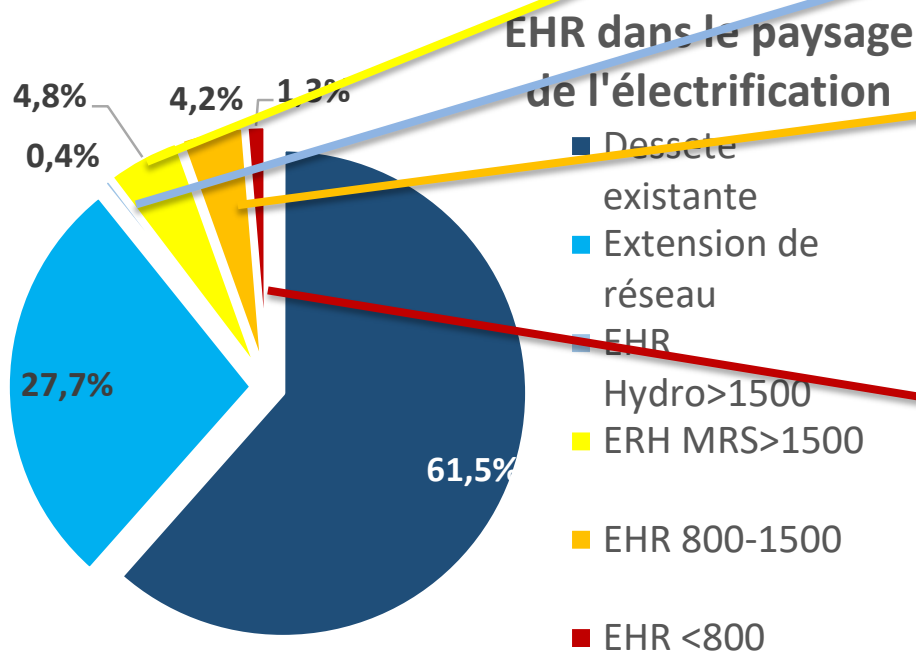


Over a 10 year horizon:

- 74%** of the off-grid population will have access to clean drinking water, health & educational services, of which
- 47%** will have access to electricity

Master Plan for Off-Grid Electrification

89% of the population will eventually be connected to the electricity network



The four market segments for off-grid:

- **solar mini et micro-networks** for **4,8%** of the population (159 loc)
- **Hydro mini-réseaux hydro** for **0,4%** of the population (29 loc)
- **pico-networks and PV kits for community organizations** (essentiel institutions not served by a mini-network) for **4,3%** of the la population, (413 loc.)
- **PV kits / solar lanterns or access to electricity service** distributed by private companies for **1,3%** of the dispersed population. (274 loc)
- However, public lighting coverage will be 100%.



Regulatory Framework set up to facilitate Private Sector

- The Regulatory Framework related to off-grid electrification in Benin is adopted by the Government
- Principle of *Cost Plus* tarification is guaranteed
 - Meaning: the tariff reflects the cost of supply plus a margin
- Unified off-grid licence regime
 - Concession agreement/contract after request for proposal in case of capacities ≥ 500 kW
 - Authorisation for total capacities < 500 kW.
- In case of commercial market development (i.e. PV kits) *without donor support*, no authorisation needed





New dynamics for off-grid electrification

Paradigm shift: From a public service with a social connotation in rural areas to a private supply with a public service character

- ➔ ARE (electricity regulatory authority) ensure compliance with the laws and regulations governing the electricity sector in Benin.
Insure equity between the stakeholders and the respect of their contractual commitments



- ➔ ABERME technical department of the ministry of energy is in charge of implementing state policy in the fields of rural electrification and energy management



Implementation Agency for rural electrification (grid and off-grid),
ABERME is the Granting Authority by delegation of the Ministry of Energy



Off-Grid Clean Energy Facility OCEF



- The **Off-Grid Clean Energy Facility (OCEF)** is a component of the MCC Electricity Compact
- OCEF is managed by MCA-Benin II
- **Its objective is to: Increase access to electricity** for the currently unserved population in rural and peri-urban areas of Benin by reducing barriers to investment in the off-grid electric power sector.

Off-Grid Clean Energy Facility OCEF

OCEF offers the possibility to **private project providers** (national, international) and **NGOs, community organizations, and other institutions**

To submit a **request for cofinancing** to off-grid support their clean energy or energy efficiency projects

The submission should include a **business plan** which, with OCEF support, must be viable



Providing funding in four windows

Window 1



Off-grid energy for essential public infrastructure such as water treatment and pumping facilities, street lighting, hospitals, public health centres, courts, universities, schools.



Window 2

Decentralized generation and distribution of electricity via mini-grids or micro-grids for community and/or productive use.

Window 3



Household energy systems - This window supports companies that import, sell, distribute, install, and maintain household-level photovoltaic technologies, including solar home kits and other similar products.

Window 4



Energy efficiency measures - This window focuses on supporting business models for the deployment of energy efficiency measures to the benefit of public institutions, households, and users in the commercial and industrial sectors

Amount Available for the 2nd Call For Proposals **20.000.000 USD**

	Minimun OCEF contribution (USD)	Maximum OCEF contribution (USD)
Window 1	500.000	2.000.000
Window 2	1 000.000	5.000.000
Window 3	500.000	2.000.000
Window 4	100.000	1.000.000



Level of Own Support Required

- All request for financial support must include **an own contribution of a minimum of 25%** and **maximum of 75%** by the project developer
- The project developer is highly encouraged to bring a substantial contribution to realize his investment project.
- The own contribution can be in the form of a combination of equity, partner funds, other subsidies, commercial debt, etc.



Partnership Platform: matchmaking between potential partners

- List of potential partners who intend to create partnerships to submit an OCEF proposal.
- You can add your organization to the list if you want
- <https://ocef.bj/fr/pages/matchmaking>



2ND CALL FOR PROPOSAL

- **November 2018 – February 2019 (90 days)**
- Co-financing OCEF (in the form of a grant) coupled with technical assistance to applicants
- All project developers / applicants contribute 25% - 75% of the financing to realize their business plan.
- Environment, gender, social inclusion, safety and health considerations to be addressed
- More information at : <https://ocef.bj> and OCEF's Linkedin Page



Let's keep in contact



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Merci

Thanks

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