

## Africa – a market for energy services

There are great opportunities for energy service companies in sub-Saharan Africa. The market for off-grid energy and energy efficiency is huge.

Sub-Saharan Africa has to a large extent leapfrogged landline telephony in favour of cellular networks. We will likely see a similar development when it comes to electricity.

We see an exciting development for business models providing households with solar home systems on a pay-as-you-go basis. This form of power-supply can solve the energy needs of approximately 520 million people by 2040. Microgrids are considered to be the best energy supply solution for about 40 million people. The outlook for the sub-Saharan off-grid energy market is remarkable and it is currently only covered by a few percents.

Energy efficiency is another business area with great potential. Smart, flexible and efficient solutions are needed to cover Africa's energy needs for new industries, modernisation of the agriculture and new housing for hundreds of millions of people.

Start-ups can be supported to take off and grow with the help of seed capital. M-kopa, Mobisol and BBOX are examples of companies that early on started their journeys with seed funding from the challenge fund REACT, which is supported by Sweden.

M-kopa received a grant in 2011 to help them test and develop software in support of their business model. Since then they have connected more than 600 000 homes with solar energy services. With the help of commercial loans, the company is now expanding its business and services to clients that previously lacked access to electricity.



*Solar home systems on a pay-as-you-go basis can solve the energy needs of approximately 520 million people.*

The Beyond the Grid Fund for Zambia is a social impact procurement initiative. In 15 months, almost 65 000 homes or 350 000 people have been connected to off-grid and mini-grid systems in Zambia. The main part of the investment capital has been mobilised from the private sector thanks to the Swedish initiative.

Through public procurement, governments can provide incentives to companies to scale and expand their business and reach more people. Governments can purchase a large enough volume of services or products to enable companies to invest in bringing their technology to the mass market.

Sida strives to provide entrepreneurs, innovators, and investors with the tools needed to bring us closer to the goal of sustainable energy for all. The potential is huge, and we hope this can motivate companies to invest in the African market.



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*Smart energy solutions can provide new housing to hundreds of millions of people.*



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