

## Lusaka microgrid applications

"Business is booming," she says with a wide smile. "Having electricity has made huge difference. It's safer to walk around in the evening, I can offer refrigerated drinks and keep things for longer."

A few years ago, the village of Ngwerere plunged into darkness at sunset. But thanks to a solar powered microgrid that supplies 150 households and small businesses with renewable electricity, the area has a new lease of life.

"Electricity is more than just lights. The social impact of having electricity is huge," says Cornay Keefer who works as deployment manager at Standard Microgrid, one of several energy companies that have received funding from Beyond the Grid Fund for Africa (BGFA) to help electrify rural and semi-urban areas of Zambia.

Only 5% of the rural population in Zambia is connected to the main grid, paving the way for private energy providers like Standard Microgrid. To kick-start the development, Sweden launched a procurement-based initiative five years ago with the aim to provide one million households with electricity.

The initial EUR12m publicly funded programme was matched by four times that in private equity, growing to a total investment of EUR48m. Following the success of the Zambian experience, the initiative grew into a model investment programme involving public-private partnerships.

BGFA is managed by Nefco, the Nordic Green Bank, and since its launch in 2019, it has developed into a multi-donor programme, with additional funds from Germany and Denmark.

Currently, the fund is capitalised at EUR108m, with ten funding lots open in six countries. Nefco's vice president Ash Sharma says the BGFA was designed to stimulate and accelerate the emergence of new business models for affordable energy.

"The funding lots are at varying stages from signing our first projects in Liberia, Burkina Faso and Zambia, to undertaking a market scoping in DR Congo. We have received strong interest from off-grid companies who are active locally and those with operational experience from other African countries, and in some cases other developing country markets such as in south Asia," he says.

"A scheme for early movers in risky frontier markets has proven to be crucial in accelerating market expansion, reaching poor customers in underserved geographies. This mechanism has shown that it can incentivise rollout and scaling up in areas that would not represent viable markets for companies in the absence of public finance," he says.



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Brian Somers, CEO of solar energy company Standard Microgrid, agrees that public funding subsidies are key for attracting foreign investors: "It's difficult for investors to understand the risks they must take to get a return on their investment. There are major challenges when it comes to security, political stability, and industry regulations. How do you put a price on that risk?"

The company is currently busy scaling a 150-microgrid portfolio in landlocked Zambia. Last year, French energy giant EDF closed an equity investment in Standard Microgrid that will help bring power to 130,000 Zambians in the coming years.

"We are starting to put applications to new markets, but our primary goal is to make sure Zambia is working and being deployed at scale. If we can't operate these grids, then there's no need to even look at new markets," says Somers.

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