

PEG AFRICA



Location

Cote d'Ivoire, Ghana, Mali, Senegal

PROJECT SUMMARY

PEG Africa is a leader in deploying and financing solar products to rural and peri-urban households and SMEs in West Africa.

The company focuses on providing embedded finance for useful and productive assets, such as solar home systems (SHS), via its pay-as-you-go (PAYG) financing model. It commercially launched its first products in Ghana in 2015, and has since expanded into Cote d'Ivoire, Mali and Senegal.

In 2018, REPP participated in the company's USD 5m series C equity raise with an equity investment of USD 1.1m. The equity raise led to debt funding the following year from CDC (the UK's DFI) and ElectrIFI of USD 15m and USD 5m, respectively. This funding round powered the company's expansion into Senegal and Mali.

As of 31 March 2022, more than 1 million people had been connected to electricity through its products, many of whom did not have access to electricity before. Nearly 600,000 of these people were connected following REPP's investments in the company.

In 2021, PEG Africa started selling productive use equipment such as solar-powered water pumps. REPP provided further support to the company in the course of the year with two investments: a convertible loan of USD 2m and COVID-support of USD 600,000. SHS kits offer a raft of economic, environmental and health benefits for the region's rural communities, where off-grid households are currently spending USD 14 – USD 20 per month on kerosene, candles, batteries and phone charging.

The typical solar system that PEG provides includes a solar panel, control box, phone charging kit, five LED light bulbs with cables and switches, an LED rechargeable torch, a rechargeable radio and a 19" television. Bigger systems include fans, more lights and larger televisions, and PEG is also starting to leverage its credit knowledge to offer solar water pumps and solar gensets to underserved smallholder farmers.

Through the asset-based financing scheme, PEG's customers – who lack formal banking services – make small incremental repayments via their mobile phones to acquire, use and finally own the solar system. If customers default on the loan, the assets are automatically switched off remotely until the customer starts paying again.

Sales agents are paid a portion of their total commission upfront, and the remainder over the next six months of the loan term, dependent on customer repayment status. If customers default the commission is clawed back, which incentivises agents to find trustable and credit-worthy customers, as well as to deliver ongoing product support.



Country policy alignment

Project supports all countries' NDC targets to reduce GHG emissions by 2030 and increase use of renewables. It also contributes towards Cote d'Ivoire's goal of universal electrification (National Renewable Energy Action Plan, 2016) and increasing the population's access to affordable electricity as well as the elimination of kerosene lamps for lighting in households by 2030 (NDC 2022), Mali's 87% energy access by 2030 target (Mali SE4All Investment Plan 2019) and Senegal's target for 81.6% electricity access in rural areas by 2023 (Priority Action Plan 2019-2023, 2018) and the specific conditional target of electrifying 4,356 localities through SHS (Updated NDC 2020). In Ghana, the project supports the Renewable Energy Master Plan (2019) target of adding 200MWp of distributed solar by 2030 and the goal of electrifying 1,000 off-grid communities through decentralised electrification options.

AT A GLANCE

Technology:

Solar home systems



Project type:

Off-grid

Offtaker:

Off-grid communities

KPIs



GHG emissions avoided: 15,324 tCO₂e per year (target) / **Achieved: 33,348 tCO₂e (cumulative)**



People with first-time access to clean energy: 464,000 (target) / **Achieved: 598,751**



Planned capacity: 16MW / **Achieved: 3.9MW**

FUNDING STRUCTURE

INITIAL FUNDING

Signed: 5 October 2018

Type: Equity

REPP funding: USD 1.1m

ADDITIONAL FUNDING

Signed: 8 October 2020

Type: COVID-19 working capital facility

REPP funding: USD 600,000m

INITIAL FUNDING

Signed: 24 March 2021

Type: Convertible loan

REPP funding: USD 2m

SDGs



"PEG is delighted to have received an investment from REPP. The management team has deep experience in innovative financing approaches for energy, and we have learned a lot working with them."

Hugh Whalan, Group CEO, PEG Africa