

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. This equity raise established access to debt funding from the UK's DFI, CDC Group, and Electrifi in 2019 of USD 15m and USD 5m, respectively. This funding round powered the company's expansion into Senegal and Mali.

In 2020, the company surpassed the 100,000-customer milestone and as of 31 March 2021 more than 700,000 people had been connected to electricity through its products, many of whom did not have access to electricity before. Nearly 400,000 of these people were connected following REPP's investments in the company.

In the same year, 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 credit for 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 trustworthy 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 the promotion of solar water pumps (NDC 2016), 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



People with first-time access to clean energy: 464,000



Installed capacity: 16MW

FUNDING STRUCTURE

Signed: 5 October 2018

Type: Equity

REPP funding: USD 1.1m

SDGs



"SPEG is delighted to have received an investment from REPP. The management team has deep experience in innovative financing approaches for energy, and we are looking forward to learning from them."

Hugh Whalan, Group CEO, PEG Africa