



CASE STUDY

# BUILDING COMMUNITY ENERGY PROJECTS IN MADAGASCAR

📅 2020 – ONGOING

OUR PARTNERS



APRIL 2023

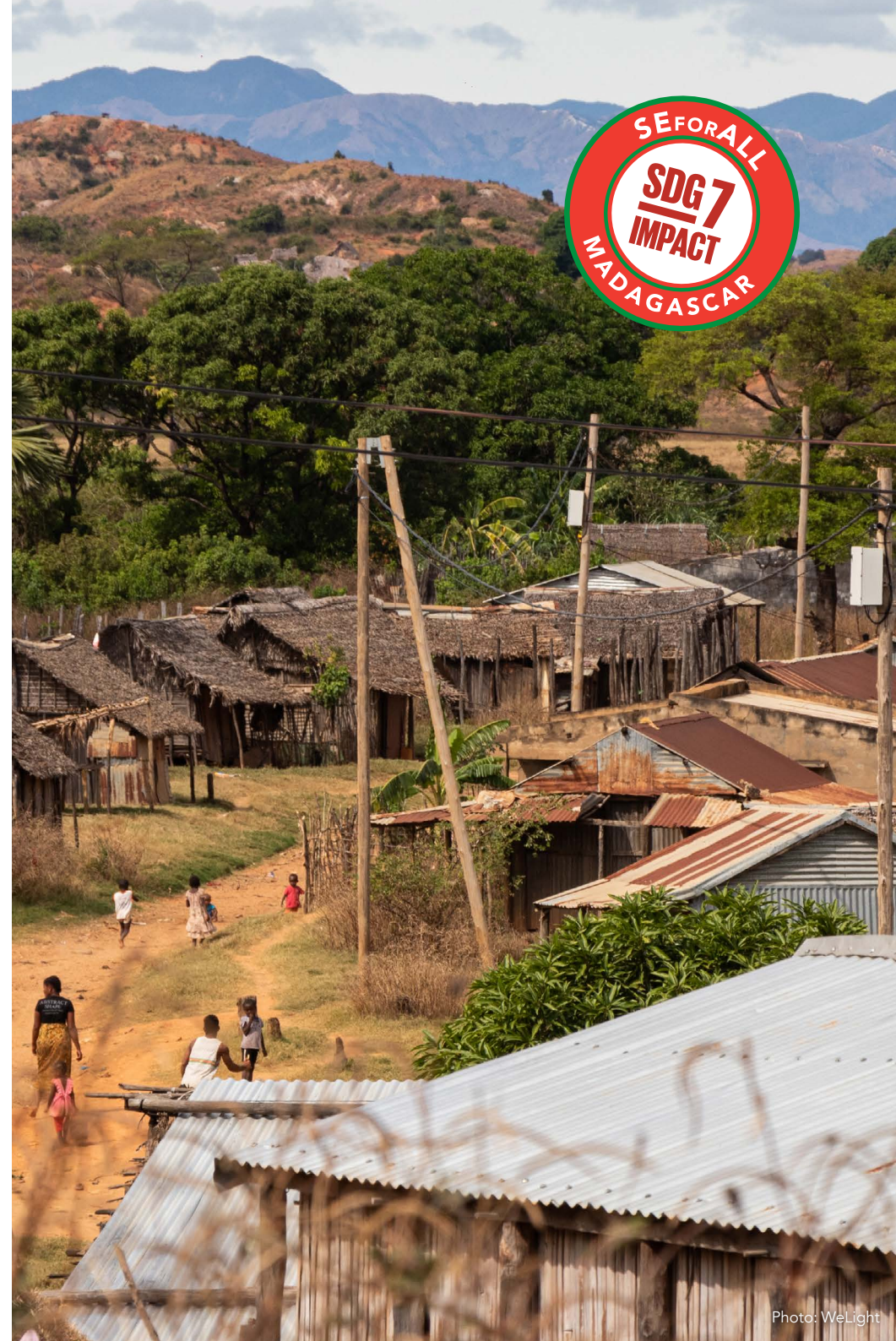


Photo: WeLight



The UEF has the potential to become a unifying force and the platform of choice for those interested in results-based financing.



**SIMON HARFORD**

CEO, Global Energy Alliance  
for People and Planet

## OBJECTIVE

Beginning in 2020, Sustainable Energy for All (SEforALL) established the Universal Energy Facility (UEF), a multi-donor subsidy fund to accelerate the deployment of community-scale electricity mini-grids initially, and later stand-alone solar-battery systems and clean cookstoves, across Sub-Saharan Africa and globally. The fund uses a results-based financing (RBF) strategy to direct targeted subsidies to project developers, with payments released upon verified proof of delivery of energy to new households, businesses and social infrastructure.

If well-designed, RBF can greatly reduce administrative costs in supporting decentralized renewable energy projects and can deliver predictable support to help bridge known 'affordability gaps' between the cost of providing the service and customers' ability to pay for it. The funding thereby enables project developers to serve communities that would otherwise not be reached. We launched the Facility's first funding round in October 2020 in Madagascar, Sierra Leone and Benin. Our wider objective for the UEF is to improve livelihoods for 2.7 million people through connections to clean energy, and the mitigation of 1.7 million tonnes of carbon dioxide equivalent (MtCO<sub>2</sub>e) greenhouse gas emissions by 2027.

## PARTNERS

The Universal Energy Facility was established by a coalition of partners including The Rockefeller Foundation, UKaid, USAID, GIZ, Shell Foundation, Good Energies Foundation, the Carbon Trust, and the Africa Minigrid Developers Association. The fund's digital payments platform was developed in partnership with Odyssey Energy Solutions. The facility launched in Madagascar in partnership with the Government of Madagascar, and the first mini-grid projects were developed in Northern Madagascar by the company WeLight.

## TECHNOLOGIES SUPPORTED

The UEF supports community-scale solar-hybrid mini-grids that can reduce reliance on fossil fuel-based generators.

## OUR ROLE

SEforALL acts as the project and fund manager for the UEF. Together with our partners we mobilized a first round of funding to support mini-grid development, and conducted due diligence to identify the first countries in which the fund would launch. We worked to develop the operating procedures for the fund, and to

## BUILDING COMMUNITY ENERGY PROJECTS IN MADAGASCAR

develop partnerships with project developers in-country that would deliver the new mini-grid projects to serve remote communities. In addition to developing the UEF as a new funding vehicle, we worked to help co-ordinate a wider community of donors and practitioners of results-based financing through an 'RBF Leadership Group.'



This grant will be instrumental in bringing productive electricity to villagers and trigger economic growth and positive social impacts in eight new villages across Madagascar.



**ROMAIN DE VILLENEUVE**

CEO, WeLight Africa

## RESULTS

The facility was launched in Madagascar in 2020 with a second round of funding announced in 2022. In Madagascar, the UEF has so far signed grant agreements with two project developers for nine mini-grid sites with over 2,400 electricity connections. The first developer has constructed eight solar-hybrid mini-grids with the UEF support and to date verified their first 786 connections to households and small businesses.

## NEXT STEPS

A second round of funding to mini-grids in Madagascar was announced in September 2022, and received proposals from developers for 28 mini-grid sites targeting an additional 16,300 solar connections with support from the Global Energy Alliance for People and Planet. The UEF launched funding calls in two additional countries (Nigeria and the Democratic Republic of Congo). In Nigeria, the UEF also covers stand-alone solar-battery systems capable of replacing diesel generators for small businesses.

Based on learning from the work in Madagascar and feedback from developers, we are working continually to improve the design of the fund to better support developers in delivering new projects, at the same time as seeking new funding from donors to support additional countries, clean energy technologies and communities.

Longer-term, we are working to explore ways that the UEF can channel climate finance to decentralized renewables and clean cooking, for example through carbon markets finance and generation of Renewable Energy Certificates. We are pleased to be working with GIZ to continue convening the RBF Leadership Group as a mechanism to foster co-ordination and learning within the sector.





The Rockefeller Foundation believes that mini-grids are the least-cost option for bringing electricity to at least 100 million people who currently don't have access.

The right financing structure is critical, and we see results-based financing (RBF) as a cost-effective way to apply development funding to the challenge. We see the prototyping of the Universal Energy Facility—a new pan-African RBF facility for energy access—as a critical first step towards building the multi-partner effort needed to unlock this potential at scale.



**ASHVIN DAYAL**

Senior Vice President, Power Initiative  
The Rockefeller Foundation

[LEARN MORE ABOUT THE UNIVERSAL ENERGY FACILITY →](#)



We welcome the support that the Universal Energy Facility of SEforALL is providing to the renewable energy-based mini-grid sector in Madagascar and our efforts to increase access to energy for all in our country.



**MAMISOA RAKOTOARIMANANA**

Executive Secretary, Rural Electrification  
Agency of Madagascar

Case study last updated: April 2023

# FEEDBACK FROM THE LOCAL COMMUNITY



Access to information, the use of new technologies and access to leisure activities have improved the quality of social life of households in Ambohitoaka.



**PIERROT RAMANANKASINA**

Resident and business owner,  
Ambohitoaka commune



There is an increase in patient attendance. It was dark before, but the night no longer discourages patients from coming for treatment.



**MBARAKA JEANNICA  
RABEARIVELO**

Doctor, Ampasimatera commune



The remote villages of Ambohitoaka and Ampasimatera were connected to mini-grids supported by the Universal Energy Facility in 2022. In these videos, local residents explain how the mini-grids have transformed their lives through improved electricity access.





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## ABOUT SEFORALL

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Sustainable Energy for All (SEforALL) is an independent international organization that works in partnership with the United Nations and leaders in government, the private sector, financial institutions, civil society and philanthropies to drive faster action on Sustainable Development Goal 7 (SDG7) – access to affordable, reliable, sustainable and modern energy for all by 2030 – in line with the Paris Agreement on climate change.

SEforALL works to ensure a clean energy transition that leaves no one behind and brings new opportunities for everyone to fulfil their potential. Learn more about our work at [www.SEforALL.org](http://www.SEforALL.org).

