



# World Bank Group

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## LIGHTING AFRICA

### AT A GLANCE:

- Lighting Africa is a joint World Bank-IFC initiative aimed at providing up to 250 million people in Sub-Saharan Africa with access to modern lighting products and services by 2030.
- Lighting Africa complements the World Bank Group efforts at expanding electricity grid supplies.
- Lighting Africa specifically aims at leveraging private markets and efficient lighting technologies such as light-emitting diodes (LEDs) and compact fluorescent lamps (CFLs) to benefit households and small businesses who are currently dependent on costly, inefficient, polluting and hazardous kerosene lamps for lighting.
- The initiative is an integral part of the Investment Framework for Clean Energy and Development and the Africa Energy Access Action Plan.
- Lighting Africa held the first Global Business Conference for Off-Grid Lighting in Accra Ghana May 6-8, 2008. The conference brought together lighting manufacturers, distributors, government representatives and other stakeholders to discuss issues with developing the African off-grid lighting market and showcase products. Moreover, out of a pool of more than 400 applicants, 16 Development Marketplace grants were awarded to innovative off-grid lighting ventures.

### Overview

The “energy poor” in Africa spend about \$17 billion a year on fuel-based lighting sources, such as kerosene lamps, that are costly, inefficient, and provide poor quality light while polluting and posing fire hazards. For these consumers, lighting is often the most expensive item among their energy uses, typically accounting for 10 to 15 percent of total household income. Hence there is a potentially huge market for modern lighting products that are safe and reliable, that provide higher-quality light, and that are cost-competitive with fuel-based lamps, and powered by renewable energy or mechanical sources.

Lighting Africa, which is supported by a number of donors, including seed money from the Global Environment Facility, seeks to attract the international lighting industry, as well as local suppliers and service providers, to this market.

The initiative will facilitate the transition to modern lighting services by:

- Catalyzing the private sector, including strengthening ties between the international lighting industry and local suppliers and service providers.
- Facilitating consumer access to a range of affordable, reliable, and high quality lighting products and services.
- Improving market conditions for the scale-up of modern lighting products by reducing existing technical, financial, policy, information, and institutional barriers.
- Mobilizing the international community – governments, private sector, international organizations and non-government organizations – to aggressively promote penetration of modern lighting services for the poor in Africa.

## Current achievements

**Strong donor support:** Approximately \$13 million in funding was secured for the first phase of the project. Donors include GEF, European Commission, ESMAP, PPIAF, DFID, Government of Luxembourg, Government of Norway, Government of the Netherlands, Renewable Energy and Energy Efficiency Partnership and Good Energies Inc.

**Interactive Business to Business Web Portal ([www.lightingafrica.org](http://www.lightingafrica.org)):** Lighting Africa has developed an interactive business to business web portal aimed at exposing the African off-grid market opportunity to the global industry, facilitating the exchange of market and consumer knowledge and information, and promoting business partnerships between global and local actors of the African off-grid lighting supply chain. The Lighting Africa Web Portal has become a *Mecca* of online social networking activity, which has so far attracted over 1,200 entrepreneurs, investors, and other stakeholders interested in pursuing new investments and establishing partnerships across the supply chain to deliver their products and services.

## Development Marketplace Grant Competition

In conjunction with *Lighting Africa 2008*, a Development Marketplace Grant Competition was conducted, awarding more than \$3 million in seed capital for innovative off-grid lighting projects in Africa. Winning proposals spanned a number of countries across Africa, including Burkina Faso, Cameroon, Ghana, Liberia, Namibia, Nigeria, Rwanda, Tanzania, Uganda, Zambia, and Multi-Country. The program originally received over 400 proposals from 54 countries, including 38 African nations. Fifty-four finalists, including small and medium enterprises (SMEs), were selected to fully develop their business plans and, of these, 16 winners were selected in Ghana by an international juror panel.

## First Global Business Conference for Off-Grid Lighting: Lighting Africa 2008

On May 6-8 2008, the first *Lighting Africa Conference* was held in Accra, Ghana. *Lighting Africa 2008—Global Business Conference for Off-Grid Lighting in Africa*—attracted more than 500 representatives from nearly 50 countries representing the global lighting industry, local distributors, project developers, service providers, NGOs, governments, financiers, consumer groups, and other stakeholders. The conference brought together for the first time players from all stages of the off-grid lighting supply chain in Africa, thereby providing opportunities to discuss market barriers and their mitigation as well as catalyzing new international business partnerships.

## Product Quality Assurance Program in Development

To shield African consumers from poor-performing lighting products and avoid market spoilage, a product quality assurance program is under development to enhance consumer awareness, support the industry in providing technologies appropriately tailored to the African consumer base, and boost confidence in new lighting products and services. A Quality Assurance Workshop was held with international experts to inform the design of the quality assurance program, which consists of the following complementary pillars:

- A product testing method and performance specification to aid bulk procurements.
- A code of principles for industry stakeholders that ultimately should merge into a quality seal for off-grid lighting products.
- A process by which periodic reviews of off-grid lighting products are routinely advertised (supported by a consumer education campaign) in the African marketplace.

Work has begun on developing these pillars further in consultation with key stakeholders and with strong participation from the industry. Additionally, activities involved the testing and certification of PV-powered CFL lanterns.

## Market Research Underway

Because the off-grid lighting market in Africa is largely undeveloped and unexplored, essential market information is largely absent. This includes data on market potential, understanding of consumer needs and lighting preferences, product attributes and design characteristics, and effective distribution channels for product delivery. To facilitate market entry, *Lighting Africa* has retained Research International, a global market

research firm, to undertake extensive market research for five countries Ethiopia, Ghana, Kenya, Tanzania, and Zambia, and two key market segments—households and microbusinesses. The focus of the study is to provide access to essential market and consumer information otherwise onerous and expensive for individual companies and entrepreneurs to obtain. The preliminary results of the research were presented in May 2008 in Accra, Ghana, at the first *Lighting Africa 2008 Conference* and are posted on the *Lighting Africa* website for review.

### **Clean Development Mechanism (CDM) Methodologies in Development**

*Lighting Africa* is aiming to improve the financial attractiveness of modern off-grid lighting products and services through innovative applications of carbon finance. Activities seek to bring down cost through developing streamlined programmatic approaches to the CDM and voluntary carbon markets. To this extent, a CDM methodology is being developed which will allow monetizing the carbon mitigation value of replacing fuel-based lighting with electric lighting through international carbon markets. In order to develop capacity within the lighting industry to leverage these new financing opportunities, three outreach and capacity building workshops were held over the past year: Addis Ababa, Ethiopia, October 2008; Dar es Salaam, Tanzania, March 2008; and Accra, Ghana, May 2008.

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