

Lighting Africa Year 2 Progress Update
September 2008- February 2009



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The World Bank Group

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Lighting Africa is a World Bank Group (WBG) initiative, which supports the private sector to develop, accelerate, and sustain the market for modern off-grid lighting technologies tailored to the needs of African consumers. *Lighting Africa* was officially launched in September 2007 and is jointly managed by the World Bank and the International Finance Corporation (IFC), leveraging the comparative advantage of both organizations to support the rapid scale-up and delivery of modern off-grid lighting to Sub-Saharan Africa. *Lighting Africa* builds upon the pioneering work of the Lighting the Bottom of the Pyramid (LBOP) program, which was created by IFC.

Following a successful first year, the Lighting Africa program has continued to make progress in catalyzing the global market to bring efficient off-grid lighting solutions to millions of Sub-Saharan Africans who currently live without access to the electricity grid. Since September 2008 the program areas have expanded as a response to industry and consumer feedback. This report provides an update on activities undertaken from September 2008- February 2009.

Task 1: Modern Lighting Markets

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, an understanding of consumer needs and lighting preferences, product attributes and design characteristics, and distribution channels for product delivery. Lighting Africa has recently worked on the following activities to help provide access to essential market and consumer information otherwise onerous and expensive for individual companies and entrepreneurs to obtain.

- *Market Research:* Results from market research studies for Ethiopia, Ghana, Kenya, Tanzania, and Zambia are now available on the Lighting Africa website. These reports cover both qualitative and quantitative assessments of consumer needs, preferences, and finances. The Lighting Africa team is preparing a consolidated report on the findings from the five countries for dissemination to business enterprises. As this work is being developed following a “franchise approach”, expansion to francophone Africa has begun.
- *Value Chain and Distribution Channels:* Work has commenced on mapping and analysis of value chain for off-grid products to identify key players and analyze price and costs build-up, identifying potentials for streamlining. Lighting Africa is planning stakeholder workshops in each of the five target countries to discuss findings and help distributors advertise their products through the website. To further enhance this work, the Lighting Africa website has begun collecting more detailed information on distributors, to compile in a report for release. Lighting

Africa's website now features a help desk to tend to distributors specific needs and collect additional information on their work. In targeting distributors, the program will identify and recruit traditional, non-traditional, and small distributors like electronics shops, kerosene suppliers, NGOs, farmers associations and microfinance associations.

- *Industry Alliance:* The new Lighting Africa website includes forums and targeted help desk accounts to better capture and address specific business needs. For example, Quality Assurance forum members are part of an iterative process on developing Lighting Africa's Quality Assurance strategy. Forum participants are asked to provide feedback and share ideas directly through the forum, via questionnaires, and through the quality assurance help desk. This capability enhances ties and builds consensus within the industry.
- *Consumer Outreach:* Based on Lighting Africa's success to date, a recording artist in Kenya approached the program with a strong interest in developing an awareness campaign to inform the population about alternative lighting products. It is intended to launch the campaign alongside the release of the artist's new album in summer 2009.

Task 2: Lighting Africa Development Marketplace and Conferences

Lighting Africa is a participatory and evolutionary program, informed and designed through a consultative process with the industry and end-users of the technology. For these reasons, Lighting Africa is engaged in the following:

- *Lighting Africa Development Marketplace (LADM) Winners:* All 16 LADM winner grants are now effective. Implementation is underway for these innovative, result oriented projects with supervision from both the Lighting Africa and the World Bank's Africa Energy teams. Supervision includes assessing progress against planned milestones; project accomplishments; challenges confronted and how they were addressed; tracking of expenditures and schedules; project site visits; ancillary project achievements, including awards/recognition; and project sustainability and scalability, include funds leveraging from other donors. To ensure sustainability of these projects beyond grant funding, LADM projects will benefit from Lighting Africa's Quality Assurance and Technical Services Program (see below). At the same time, feedback from the LADM projects will help fine-tune the program's offerings to stakeholders.
- *Lighting Africa 2010 Conference:* Following the successful Lighting Africa 2008 Conference held in Accra, Ghana in May 2008, at the request of the international and Africa off-grid lighting industry and service providers, a Lighting Africa conference will be held in early calendar year 2010. The conference will expand the off-grid lighting network to West African Francophone countries, support international and African lighting partnerships and disseminate market and good

practice knowledge. The Renewable Energy and Energy Efficiencies Partnership (REEEP) and Good Energies Inc. have expressed interest in co-sponsoring this event.

Task 3: Technology Improvement and Quality

The Lighting Africa aims minimize the threat of significant buyer dissatisfaction and potential market spoilage resulting from a potential influx of lighting products that do not meet the needs of consumers in Africa and/or fail to empower them to adequately evaluate performance and select products appropriate to their needs. Activities performed to protect the African consumer base and help the industry develop and disseminate a range of high demand products to the African marketplace, during the referenced six month period include:

- *Quality Assurance and Technical Services Program:* The Lighting Africa program has secured seed funding to support the development and launch of a quality assurance program for off-grid lighting products that incorporates a code of principles for industry stakeholders as well as a cost-shared technical assistance service to stimulate the rapid development of high-quality, affordable, off-grid lighting products for African markets through the provision of demand-driven testing and technical advisory services to manufacturing and distribution companies.
- *LED Quick Screening Methodology:* Lighting Africa is developing a quick and low-cost quality screening methodology for selecting reliable and high-quality LED lamps. To date, the program finished examining the world market to get an overview about lighting systems available and also performed a literature and testing standards research. A preliminary methodology is under review and will then be applied toward specific product testing and subsequently refined with industry feedback.
- *Solar Lantern Testing:* Lighting Africa has taken on product quality testing across product classes and aims to disseminate performance information. For the solar lantern testing work, over half of the products randomly selected by Lighting Africa have been tested, with all tests completed and publication of final results expected by April 2009.

Task 4: Finance Facilitation

Lighting Africa recognizes the importance finance plays and is working on identifying the financing needs of stakeholders in order to inform the development of solutions and financial products appropriate for the market. Finance facilitation work has included:

- *Finance Needs Assessment:* Through its *Value Chain and Distribution Channels* work, the LADM program, and continued interaction with market players through its website and conference events, Lighting Africa is working to identify the financing needs of companies in the supply chain, as well as those of consumers;

provide access to information on relevant existing financing sources; and develop new financial products, as needed. This work is ongoing and its design continues to evolve based on the expressed needs of stakeholders.

Task 5: Communications and Knowledge

It is the aim of Lighting Africa to reduce market barriers through close collaboration between the international lighting industry, local businesses and entrepreneurs, governments and other partners to accelerate the development of the modern off-grid lighting market in Africa. Communications and knowledge dissemination are crucial to achieving this goal.

- *B2B Website:* With over 1,700 registered members, the new Lighting Africa website is now more interactive and dynamic. Among other features, the site now offers an upgraded Business Opportunities forum with advanced search functions, new discussion forums on topics ranging from quality assurance to sustainability issues, and dynamically updated news and events sections. Moreover, participating organizations have the opportunity to edit and expand their online profiles to market their organizations to other Lighting Africa members, e.g. by displaying product catalogs and other marketing materials.
- *Monitoring and Evaluation:* As the Lighting Africa program continues to lay the ground work for the off-grid lighting market and receive feedback from stakeholders on its impacts, it has developed a preliminary framework for its monitoring and evaluation program. This system will help track program progress and results.

Task 6: Policy and Public Sector Operations

In order to address the numerous regulatory and policy barriers that are stifling the development of off-grid lighting markets in Africa, Lighting Africa is launching a multi-country policy program. The program is designed to map and analyze policy and regulatory barriers such as import tariffs, taxes and subsidies for fossil fuels. On the basis of this, a policy dialogue with respective governments will be conducted to mitigate such barriers and improve business environments.

- *Policy Support:* In order to address the numerous regulatory and policy barriers that were articulated during the Lighting Africa 2008 Conference, Lighting Africa has begun design and identified funding of a policy study which would provide an analytical framework to understand better the nature and the extent of these barriers and propose possible mitigating measures. The report will draw on information from 5-7 countries, current or prospective Lighting Africa partners. The cross-country comparison will allow the activity to identify the most common barriers and analyze the results of different policy actions applied in different countries. The activity will not only identify the key policy actions, but pay attention to their results on the ground, including the possible issues related to

their enforcements in Sub-Saharan Africa. This activity includes organization of a regional workshop with policy makers, government agencies, industry, and other key stakeholders to disseminate the results of the report and agree on follow up actions on its recommendations.

- *Integrating Off-Grid Lighting into World Bank-Financed Rural Energy Operations:* Lighting Africa is leveraging existing World Bank activities by helping to incorporate off-grid lighting services into World Bank–financed rural electricity access projects in several African countries. Currently, Lighting Africa is cooperating with World Bank projects in Ethiopia, Ghana, Tanzania, and Zambia.

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