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USD 35m of Additional Grant Funding Needed to Maintain a Decade of Progress on Energy Access

Covid-19 is already severely impacting the energy access sector and threatens to undermine the industry's achievements, putting SDG7 all but out of reach - a goal that is "[inextricably linked](#)" to nearly all of the SDGs. In many countries, operations have already been hindered or stopped altogether. As unemployment is rising, customers have (much) less cash to pay for energy services.

An estimated 470 million people currently rely on off-grid renewable energy to power their households, allowing them to benefit from a safer environment, cleaner air, to listen to the latest news and stay connected to loved ones. They are powered by well over a thousand companies, committed to providing the best service to customers in challenging times. **These vital energy services to the world's poorest are in jeopardy without immediate funding relief. And the 840 million people, currently without access to modern energy, will be left even further behind than they are today.**

The energy access sector has had a significant positive impact since its emergence more than a decade ago, with the support of more than USD 1 billion from donor partners. This funding built a market for energy access companies and the confidence in the industry unlocking commercial capital to continue to thrive.

Now is the time to preserve this progress.

Leading sector players [have already sprung into action](#), coordinating short-term financial and technical support as well as policy interventions and consumer relief, including fundraising for a USD 100 million concessionary debt facility to provide emergency loans for companies. The support being provided by donors, foundations and investors has been a crucial and important early intervention.

But it is not enough.

The USD 100 million concessionary debt facility will not go ahead without USD 10 million of grant funding to support a first loss guarantee. This funding has not been mobilized yet. In addition, it is already clear that the debt facility will neither be sufficient nor accessible for many micro, small and medium-sized companies (MSMEs) that might either not meet the requirements or not be able to take on debt, but need liquidity urgently to retain staff during the crisis. These businesses include nearly all mini-grid developers, nearly all last mile distributors and over half of the clean cooking companies, as well as a considerable share of off-grid solar and appliance companies.

Apart from USD 10 million grant funding needed to activate the concessionary debt facility, we estimate the sector urgently needs USD 25 million of additional funding in the form of grants or returnable grants to avoid the most severe impacts - including the bankruptcy of energy access companies, halting progress of the SDGs and leaving communities in the dark. This grant funding is required to offer immediate relief to MSME energy access companies, for which there is currently no relief funding available. Given many companies would survive and rebound with a relatively small cash injection, even a few million would go a long way to supporting the sector.

MSMEs are an integral and impactful part of the energy access sector, serving [tens of millions](#) of low-income, last-mile customers and playing a vital role in powering local opportunities and essential services. In Kenya, Nigeria and India alone energy access companies [provide more than 100,000 direct jobs](#) and enable more than 200,000 indirect jobs in local communities.

To support the pandemic response, these companies are delivering critical energy services including lighting, telecommunications, pumped water, cooling, and cooking to vulnerable households as they are under lockdowns and observing social distancing orders. Now more than ever it is clear that these [companies help build community resilience](#) to external shocks including economic and public health crises.

As energy is the basis for broad economic and social development, in recent years many MSMEs in the sector have already received donor funding and often won awards for their work. This funding has done its job by helping to create both a thriving market for energy access services and companies, large and small. Today, however, this public funding, 10+ years of hard work and the foundation for future investments are at risk of vanishing into thin air if we do not very urgently support these companies, who are working with the most vulnerable and marginalized people in the world.

We call on all donors, foundations and philanthropies to help quickly mobilize this additional relief funding for the sector - to safeguard the progress we have made towards sustainable, clean and reliable energy for all. To keep SDG7 and other SDGs reliant on energy within reach. To protect jobs. And, most importantly, to keep the lights on for 470 million people and protect the ability to create impact in the future. Every bit helps. Please contact us at grants@energyaccessrelief.org.

Signatories:



[Africa Minigrid Developers Association](#) | [Alliance for Rural Electrification](#) | [Clean Cooking Alliance](#) | [Global Distributors Collective](#) | [GOGLA](#) | [Power for All](#)

Endorsed by:

[Ashden](#) | [CLASP](#) | [Energy Saving Trust](#) | [Sustainable Energy for All](#)

If your organization would like to endorse this letter, please get in touch with grants@energyaccessrelief.org.