

MANUFACTURING AFRICA



Manufacturing Africa aims to reduce poverty in Africa by attracting £1.2 billion of foreign direct investment into manufacturing and creating 90,000 jobs over 7 years (2019-2026). The programme is funded by the UK government through the Foreign, Commonwealth & Development Office (FCDO)



Nigeria Solar Home Systems Sector Shaping Support

Enabling the Creation of 5 Million Solar Home System Connections in Nigeria

MA mapped a market landscape of the local manufacture and assembly of solar home systems (SHS) in collaboration with the Nigerian Rural Electrification Agency (REA).

In response to the COVID-19 pandemic, the Federal Government of Nigeria (FGN) has developed the Economic Sustainability Plan to help revive the country's economy. One of the pillars of the plan is 'Energy for All: Solar Power Strategy' based on the fact that almost 50% of Nigerians currently have limited or no access to the national grid. It aims to create 250,000 jobs, reduce GHG emissions and significantly increase access to electricity across the country through the installation of 5 million solar home systems (SHS). This ambition builds on work in progress by the World Bank in partnership with Nigerian government through the \$350 million Nigeria Electrification Project (NEP).

Whilst energy access is not an end in itself, it has a profound impact on people's quality of life, especially that of rural women. Sustainable energy is vital for daily tasks such as cooking, homework, cooling and heating, and its benefits extend to all areas of society: health, agriculture and food production, commercial activities, education, women's economic empowerment and the welfare of displaced and poor people.



THE CHALLENGE

There is a significant level of commitment to the sector by the FGN, the private sector, and donor community (including the World Bank, USAID / Power Africa, Sustainable Energy for All (SEforALL) and All-On). Despite this, there is still a gap in terms of support provided to both local and international companies in making investment decisions, accessing financing, building capabilities to increase the level of local assembly, and moving towards manufacturing of components domestically (including solar panels, SHS components and appliances).

OUR SUPPORT

MA support focused on determining what is required to scale local assembly and manufacturing of SHS, developing a roadmap with actions for government to scale local manufacturing, identifying specific companies and transactions that MA can support through TF, and supporting the government to develop incentives where necessary to encourage companies to invest.

MA undertook the following activities:



Landscape of donor/partner activities: MA mapped out donor involvement in the sector and provided support to organise and summarise insights through a donor/partner round table.

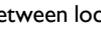
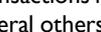


Assessment and Roadmap Design – MA assessed the current situation of the 5 million SHS programme, and jointly developed – with the FGN and other donor agencies – a roadmap to ramp up local assembly and local manufacturing. MA held discussions with over 38 stakeholders currently involved in or looking to get involved in Nigeria’s solar industry. The stakeholders ranged from large multinational companies to small domestic companies, government agencies and donor partners and their implementers.



In addition, MA conducted an analysis and confirmation of focus areas to be pursued in both local assembly and local manufacturing. The analysis built on work already done by the REA, SEforALL, and USAID / Power Africa.

We have spoken to a wide range of local and international experts and stakeholders to generate insights on the potential for localization

Global players	Local upstream players	Local downstream players	Donors, partners and public organisations
Upstream  Azuri  Bboxx  Fenix  Lumos  M-Kopa solar  Oolu  Power Gen  Winch Downstream  Renewsys  SteamaCo	Mini-grid  Arnergy  GVE  Rubitec  Rensource SHS  Emel Solar	 Auxano  Beacon  Bluecamel  Greenage  Naseni  Nayo Tropical Technologies	 ACE:TAF  AFDB  ALL-ON  CrossBoundary  FCDO  GIZ  NPSP – Power Africa  REA  Rockefeller foundation  Rocky Mountain Institute  SEforALL  Tetratech  UKNIAF



Transaction Specific Support – Through the broad stakeholder engagement exercise, MA identified a pipeline of over 60 companies and 14 potential transactions for TF support including a combination of local investors seeking global financing, partnerships between local and global players, and global players seeking to enter the local market. Two of these transactions have been presented to the MA Investment Committee and approved for support with several others in the pipeline.

IMPACT



Supporting Nigerian Government Priorities – local assembly and manufacturing of solar home systems are critical elements of the objectives of the FGN’s Economic Sustainability Plan. MA was able to advance this agenda, resulting in a significant positive contribution to the FGNs ambitions to increase access to electricity across the country.



Investment attraction – there are several mechanisms that the UK government is looking to utilise to support the growth of the solar industry more broadly in Nigeria. This includes investment from CDC and potentially export financing from UKEF. MAs support helped to identify specific destinations for this investment and launch the TF to support the closing of these deals.



Job creation in Nigeria – localising assembly and manufacturing will create some assembly and manufacturing jobs in the solar industry.



Linkage between local and foreign firms – several UK firms, focused on the sales and product side of SHS expansion, have indicated a desire to expand their presence in Nigeria. MAs support has helped to create linkages between these firms and local firms and launched transactions that MA is currently supporting through TF. One of these transactions was a UK based smart meter manufacturer who MA supported to explore the possibility of producing a “Made in Nigeria” meter.

This programme is funded by UK aid from the UK government; however, the views expressed do not necessarily express the UK government’s official policies.

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