

Enabling energy access through Demand-Side Subsidies (DSS)



Countries	Liberia, Malawi, Niger, Uganda
Technologies	Off-grid solar products and/or cooking technologies
Project period	08/2022 - 09/2025
Budget	EUR 20,000,000
Co-financed by	Directorate-General for International Cooperation (DGIS) of the Netherlands Ministry of Foreign Affairs
Coordinated and implemented by	Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH, Netherlands Enterprise Agency (RVO)
Projected results	Energy access for up to 1 million vulnerable people



Leave No One Behind on the road to SDG 7

Energy access is central to both achieving the 2030 Agenda for Sustainable Development and the Paris Agreement on Climate Change. While significant progress has been made towards fulfilling SDG 7, universal access will not be achieved without urgent action.

Supply-side interventions and enabling-environment measures have successfully expanded commercial markets into previously underserved off-grid areas. However, millions remain unable to afford even the most basic energy products. Demand-side subsidies (DSS) seek to address this affordability gap and ensure that **no one is left behind**.

DSS reduce the price of energy products for customers without eliminating the price completely, thereby improving affordability whilst ensuring ownership. These subsidies can be channelled through companies — who are obliged to offer products to customers at a subsidised price — or paid directly to customers in the form of cash transfers or vouchers. DSS mechanisms, when well-designed, complement and bolster other interventions, such as supply-side support. However, knowledge of and experience with DSS for off-grid energy access is limited to date.

Component Description

Under the new component, EnDev seeks to contribute to the global body of knowledge on DSS by developing and piloting innovative DSS mechanisms to facilitate access to modern energy services. The pilots focus on DSS schemes for low-income and/or displaced populations who are currently unable to access commercial off-grid solar and cooking markets. The component operates in four countries in sub-Saharan Africa: Liberia, Malawi, Niger, and Uganda.

While each pilot explores different mechanisms for delivering DSS, all are based on the following core principles:

- The development and implementation of the DSS schemes accord with the target groups' context and ability to pay as well as local market development.
- All DSS schemes are carefully designed to minimise or avoid market distortion and align with EnDev's cost-efficient, market-based approach.
- Effective verification and monitoring systems are designed to minimize financial risk (i.e. fraud or abuse).
- Co-creation and co-implementation are pursued early on to leverage additional funds and ensure up-scaling.



Projected Impact



By providing new models for DSS schemes the programme will:

1. Directly enable up to 1 million vulnerable people to have access to modern energy services, depending on beneficiaries targeted and technologies supported.
2. Indirectly contribute to providing energy access for millions more through scale-up and replication of successful pilots.

Strategic Partnerships for Learning and Scale

Identifying potential for leveraging funds and scaling successful pilots is a central part of the programme. This involves working closely with government and the World Bank from the outset to secure buy-in, leverage additional funds, and build capacities necessary for scale-up.

In addition, the overarching aim of the component is to promote global learning and knowledge-sharing for future replication at scale. In pursuing this goal, EnDev collaborates closely and shares lessons learned with ESMAP and the [End-User Subsidy Lab](#) to enable stakeholders to design smart and effective DSS in the future.

Funded by:



Coordinated by:



Published by:

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As of: August 2023

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