



END USER SUBSIDY LAB: WEBINAR SERIES TOGO CIZO CHEQUE MODEL

THE WEBINAR WILL BEGIN SHORTLY

HOW TO TAKE PART



- **Submit your questions via the "Q&A" box**, shown at the bottom of your screen.
- Feel free to target your questions to a particular panelists
- You can also upvote other participants questions
- The webinar is being simultaneously translated between French and English.
- The globe icon allows you to select the language for the webinar.
- Please note that the session will be recorded and shared afterwards
- Experiencing problems? Please notify us via the chat function, shown at the bottom of your screen

AGENDA



- **Introduction to the End User Subsidy Lab** | Juliet Pumpuni, World Bank | 5 minutes
- **Overview of the Togo CIZO Cheque Model** | Mr. Robil Nassoma, A2TER | 30 minutes
- **Partnering Company Perspective** | Tessa Lee, Bboxx | 15 minutes
- **Q&A** | 25 minutes
- **Closing Remarks** | Vonjy Miarintsoa Rakotondramanana, World Bank | 5 minutes



INTRODUCTION TO: END USER SUBSIDY LAB TOGO CIZO CHEQUE MODEL

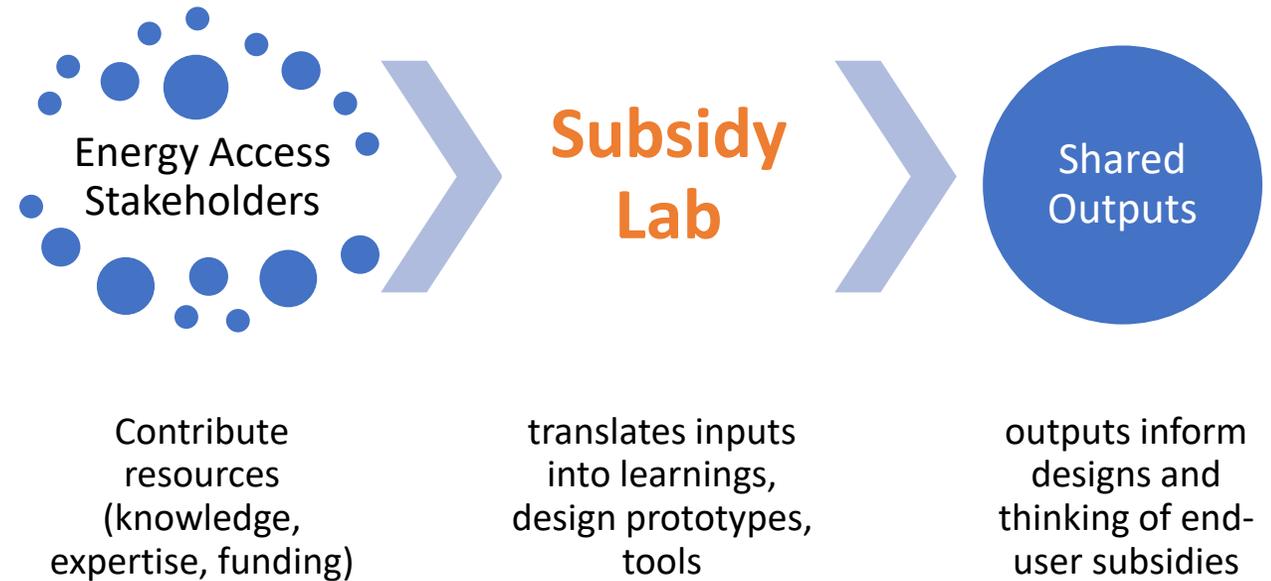
Juliet Pumpuni, Senior Energy Specialist, World Bank

THE END USER SUBSIDY LAB

PURPOSE AND STRUCTURE

The End User Subsidy Lab seeks to promote the **uptake of carefully and well-informed end user subsidies**:

- Crowding in knowledge, resources and expertise from all stakeholders interested in participating
- Offering a platform for exchange, dialogue and extensive consultation among different stakeholders
- Sharing lessons learned, tools, and information broadly
- Testing prototype end user subsidy designs

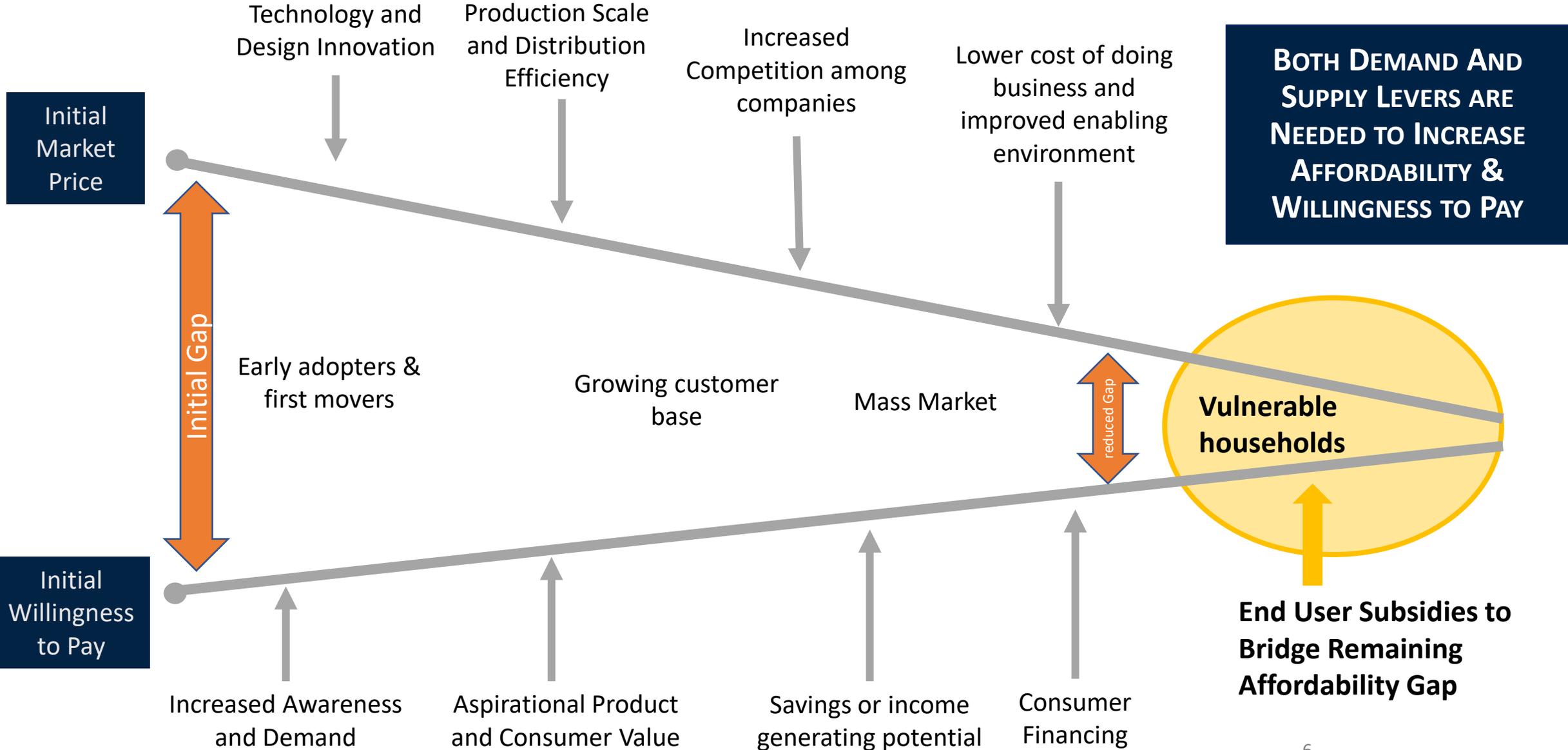


The lab is coordinated by ESMAP, GOGLA, ACE TAF and Endev but welcomes the participation of all stakeholders.





SUPPLY & DEMAND LEVERS FOR AFFORDABILITY



ADDING END USER SUBSIDIES TO THE TOOLBOX

END USER SUBSIDIES CANNOT REPLACE ONGOING SUPPORT BUT COMPLEMENTS IT



Enabling Policy Environment

Quality standards, clear tax regulations, OGS embedded into access planning etc..



Access to Finance

Credit lines, dedicated debt funds, availability of equity.



End User Subsidies

Providing support to low-income households in accessing products.



Grant Funding

Promote R&D, market entry, market research, results-based financing.





Go to knowledge hub

Insights from sector specific or adjacent sectors will be collected, curated, and made available via an easily searchable online platform.

- Resource Hub online: <https://www.gogla.org/off-grid-solar-smart-subsidies/reports-and-resources>
- Webinar series profiling learnings from end user subsidy pilots or projects: Rwanda, Kenya, Bangladesh (recordings can be access through the resource hub) and Togo (today)



Create a Pipeline of 'ready to fund and roll out' country specific designs

Support country teams with guidance and expertise in developing and testing end user subsidy designs: the lab will partner with up to three countries.

- Support development of prototype design, incl. additional research or analytics work required
- Help to fundraise to implement the pilot
- Accompany pilot with monitoring & evaluation
- Inform potential scale-up of a successful pilot



Enabling Transformative Thought Leadership

to further stimulate the development of innovative and impactful designs, the lab will act as a thought leader and ideate new frameworks and approaches that can help to reduce the affordability gap and promote inclusive and holistic market development.

To implement all foreseen activities, more funding is needed -> ESMAP Subsidy Lab partners continue to fundraise

PLEASE ENGAGE!



The Lab seeks to leverage network effects. If you have interest in the work or would like to contribute to its success, please be in touch with:

- ACE TAF,
- GOGLA,
- EnDev,
- or ESMAP/Lighting Global

To stay up to date with our activities and learn more, please visit our website:

<https://www.gogla.org/end-user-subsidies-lab>

End User Subsidy Lab



Thank you.
Please share comments and feedback!
jpumpuni@worldbank.org



Energy Sector Management Assistance Program
The World Bank
1818 H Street, NW || Washington DC || USA
www.esmap.org || esmap@worldbank.org

End User Subsidy Lab Webinar

Cizo Program in Togo

Presented by :

Mr. NASSOMA Robil
Director General, AT2ER

1st March 2022



Content

- 1 Overview of CiZO Program
- 2 End User subsidy design (CiZO Cheque)
- 3 Role of public and private sector
- 4 Project Key results
- 5 Lessons learnt & Challenges

Overview of Cizo Program

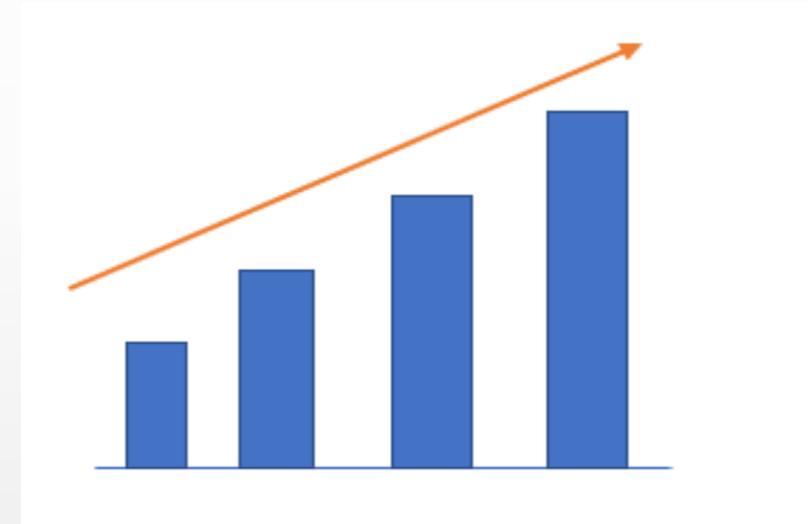


- ❑ The CIZO program was launched on the 2nd of December 2017 by the Togolese Head of State
- ❑ “CIZO” in the local dialect « mina » means « turn on the light»
- ❑ CIZO aims to use the combination «Mobile phone and Solar Energy» to increase the rate of rural electrification in Togo.
- ❑ CIZO is financed by the African Development Bank, the European Union and the private sector
- ❑ **In June 2018, Togo elaborated a strategy to reach universal access to energy in 2030**

Overview of Cizo Program/ Objectives

- ❑ Provide access to modern energy services to 1,500,000 Togolese
- ❑ Electrification of 300,000 rural households over a period of 5 years via household solar kits financed in Pay-As-You-Go
- ❑ Contribute to significantly increase the electrification rate of the country.

7 AFFORDABLE AND
CLEAN ENERGY



Overview of Cizo Program / Components

Component 01

Electrification of 300,000 households in off-grid areas via pay-as-you-go solar home systems by the private sector.

Component 02

Implementation of a national Pay-as-you-Go (Pay Go) platform for managing the solar home systems.

Component 03

Creation of solar academies for training and certifying local technicians and the deployment of a national distribution network (Mobile banking services)

Component 04

Equipment of farms with solar pumps for irrigation, the electrification of health centers, the provision of solar pumps for potable drinking water systems, the installation of 10 mini-grids connected to the PayGo platform using intelligent technologies

Component 05

Establishment of subsidies for disadvantaged rural households

PRAVOST

Overview of Cizo Program / Business Model

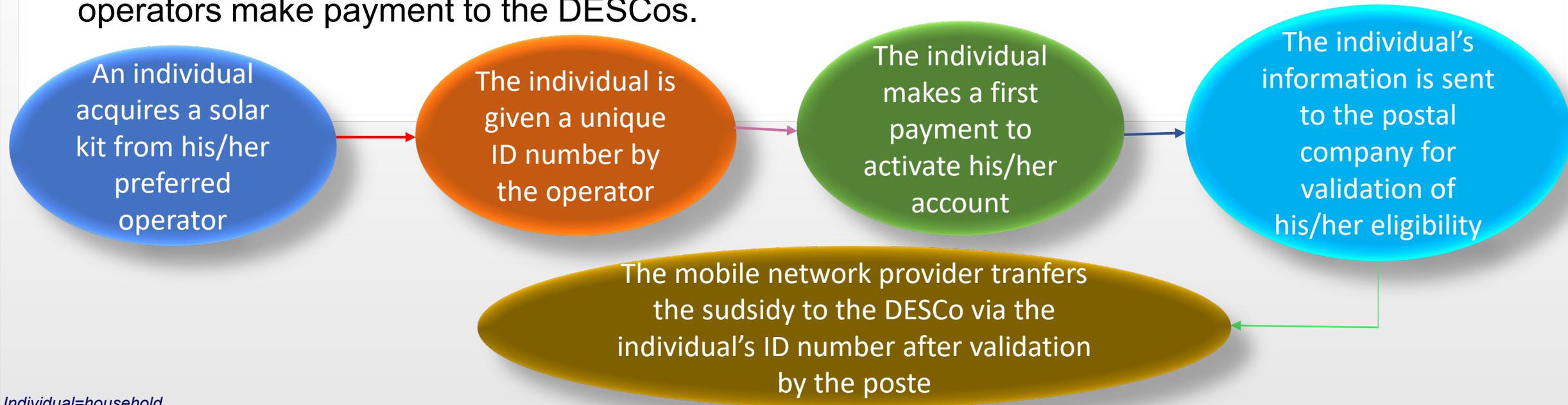
The "pay as you go" model has been adopted for the Cizo Program with a strong implication of the private sector.

- Four (04) private operators were selected through competitive International call for tenders and issued operating licences. The Electrification strategy recommended 5 operators due to the market opportunity ;
- Certified quality (*lighting global certification*) SHS with machine to machine connectivity;
- Quality after sales services;
- Under the 'pay as you go' model, payments for the solar home systems (kits) are made by mobile money (Flooz or T-Money) with the possibility of paying on a daily, monthly or seasonal (ie. at the end of harvest seasons) basis;
- Payment for the solar home systems are spread over 3 years;
- Depending on the operator, the Pay-Go model can be either "rent to own" or "energy as service"
- The licenced private companies are in charge of collecting payments for the solar home systems from their clients;

CIZO Cheque, End User subsidy design

"CIZO Cheque", is an initiative launched by the Togolese government in March 2019

- ❑ It is a direct subsidy to rural households intended to support access to energy services for populations with the lowest electrification rates;
- ❑ All purchasers of solar home systems in the framework of CIZO benefit from a monthly subsidy of 2,000 FCFA (4 USD) for 03 years;
- ❑ The subsidy is payed directly by the mobile networks companies (Togocom, Moov) via the client's unique number to the DESCos;
- ❑ The Postal company of Togo (SPT) validates the eligibility of clients before mobile money operators make payment to the DESCos.



CIZO Cheque, details on the subsidy

- Before the launch the CIZO program, **economical and social studies were conducted** in the off-grid rural areas to determine the willingness of rural households to pay for energy services and their payment capacity (how much they can afford);
- According to the studies, more than 50% of rural households in Togo report not being able to pay more than 2,000 FCFA/month (around 4 USD) or their energy needs;
- Every rural household is receiving the same amount of subsidy;
- The subsidy is the same amount regardless of the product (SHS) size;

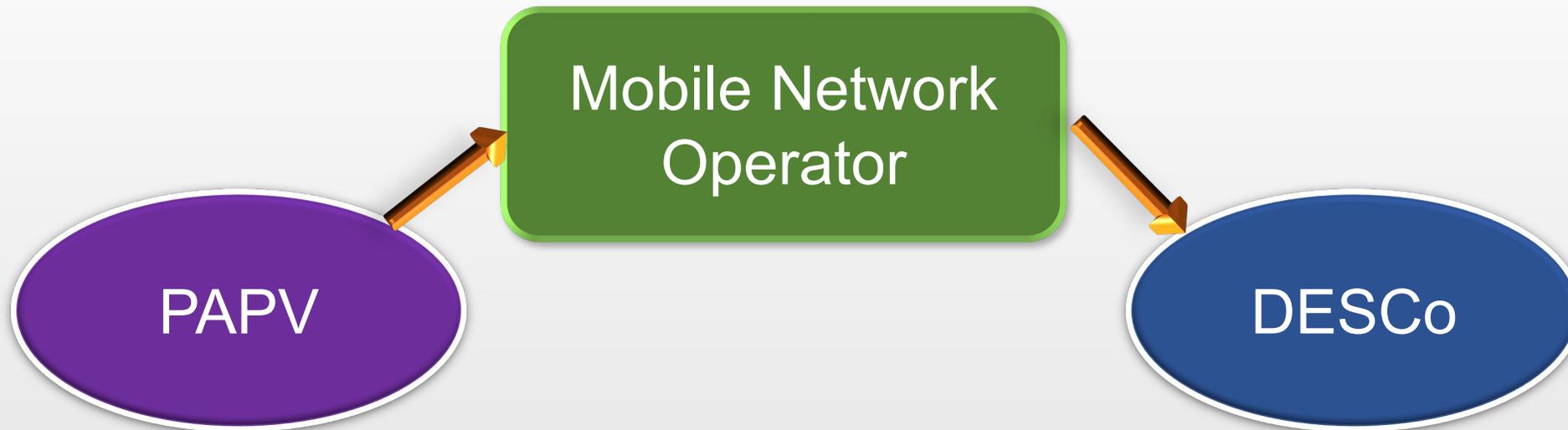
CIZO Cheque, details on the eligibility of beneficiaries

- ❑ Before a household benefits from the subsidy, it must meet the following criteria :
 - ✓ **be located in a rural area**
 - ✓ **have an active mobile phone number**
 - ✓ **make a first payment to the DESCo, *before the postal company (la poste) authorizes the payment of the subsidy amount***

- ❑ The Postal company of Togo (SPT) is involved in the verification of eligibility of beneficiary households; the postal company was chosen for this because of their establishment and presence nationwide. They can reach any citizen.

CIZO Cheque, subsidy fund

- The subsidy scheme is funded from the « **Programme d'Appui aux Populations Vulnérables, PAPV** » (Support program for the vulnerable populations) fund;
- PAPV was created and is being managed by the Presidency;
- PAPV is funded by



CIZO Cheque, the future

In December 2021 a fund was created, the electricity for All program fund, this fund will complement the CIZO chèque in the future.

Role of the public and private sector

Private sector

- ❑ Commercialisation of quality Solar Home Systems



- ❑ Capacity building (Solar Academy and Mobile Banking training)



- ❑ Mobile money payment medium



Public sector

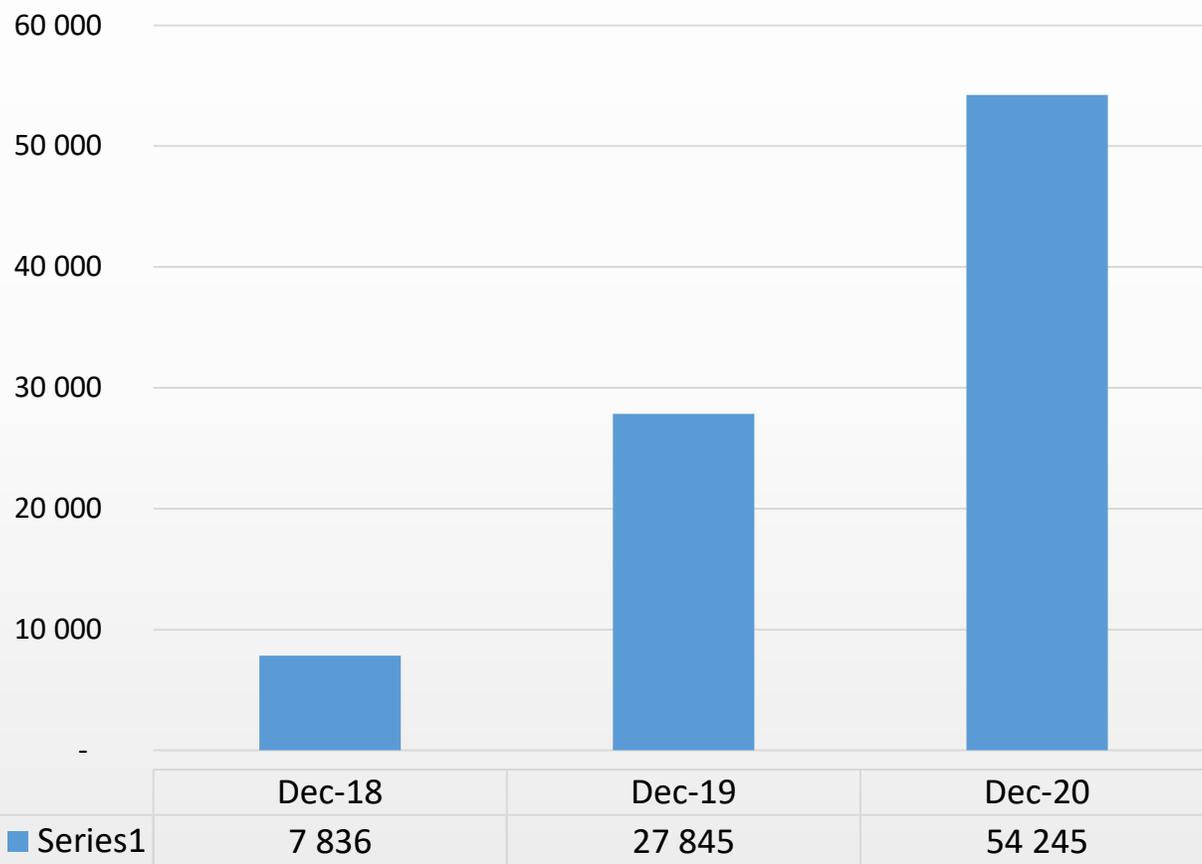
- ❑ Creation of a conducive environment for the operations of the private sector, establishment and management of the subsidy scheme



- ❑ Monitoring and control of activities of the private sector



Progression of electrified household (2018 - 2020)



December 2021

- Electrification of 78 535 Households
- 71 593 beneficiaries of the subsidy
- 2 873 235.16 USD disbursed as government subsidy

- Training of 3 000 local technicians in the installation, maintenance and repair of solar systems ;
- Training of 3 000 agents in mobile banking ;
- Implementation of social component (04) on going (electrification of health centers, solar pumps for portable drinking water and for agriculture, solar water heaters...)

Lessons learnt and Challenges from CIZO

Lessons learnt

- Quality SHS can be easily deployed to reach the remote populations and increase electrification rate;
- The SHS must meet the basic needs of the population and quality after-sales services must be ensured;
- The role of each actor must be clearly defined;
- Productive use solar systems are very important to increase the revenue of households;

Challenges

- The cost of service remains high for some of the rural population which hinders the penetration of the model (non payment, withdrawal of kits...);
- Difficulties in the monitoring and control of the deployment of the SHS : **establishment of a Pay-As-You go platform for managing off-grid solar installations is planned;**
- Set up a mechanism to get feedback from the population;
- Set up tools for periodic evaluations;

THANK YOU



Contact

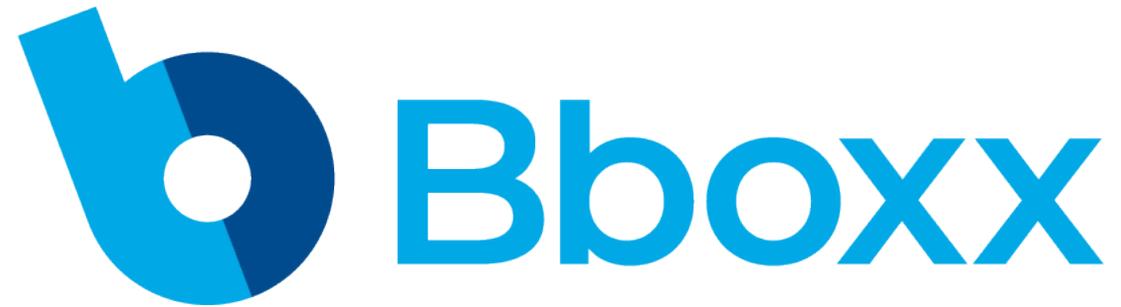
14 BP 128 Lomé, Togo

Tél : (00 228) 22 21 21 44

(00 228) 22 21 21 66

info@at2er.tg | secretariat@at2er.tg

www.at2er.tg



Togo CIZO Cheque – End User Subsidy Lab

2022



CIZO Cheque End User Subsidy Lab

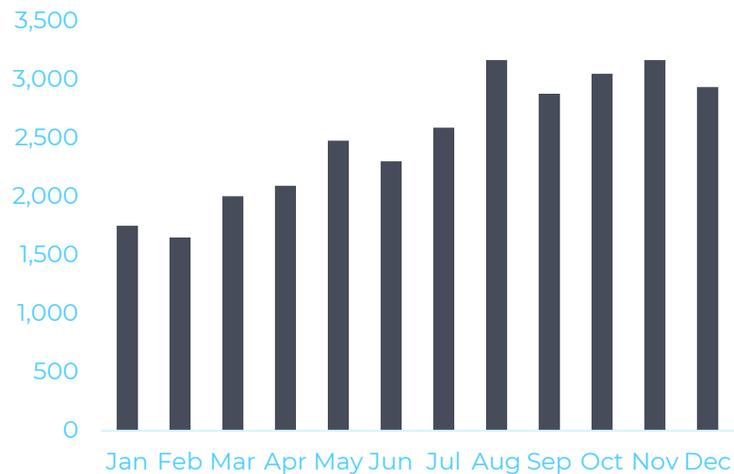
22 July 2020

Intro to Bboxx- EDF Togo



Bboxx-EDF Togo's current offering

- Head office in Lomé, warehouse and a 7/7 call center
- 23 shops, 200+ direct staff, 400+ sales agents nation-wide
- EDF joined Bboxx in 2018
- >60,000 customers currently served
- 250k+ people provided with energy access
- Successful Connected Community mini-grid pilot, serving >4,000 customers in Togo
- Partnership with La Poste
- Partnership with Government under CIZO Cheque



Ambitious solar pump pilot, to bring solar powerED irrigation to an initial 5,000 Togolese farmers - Bboxx-EDF partnership with Sunculture



Bboxx-EDF plan to double sales numbers year on year, reaching over 200,000 customers by 2030

CIZO Cheque: from Bboxx- EDF perspective



Subsidies help off-grid solar companies to reach commercial viability – which is critical for driving long-term growth



When a **USD 10/month/user subsidy** was applied in a **case study market** with similar market conditions as Togo, payments become **affordable to Clients** and **commercial viability** greatly improves.

In this example **half of it (\$5)** used to lower users' required payments and the **other half to increase BBOXX's revenues**.

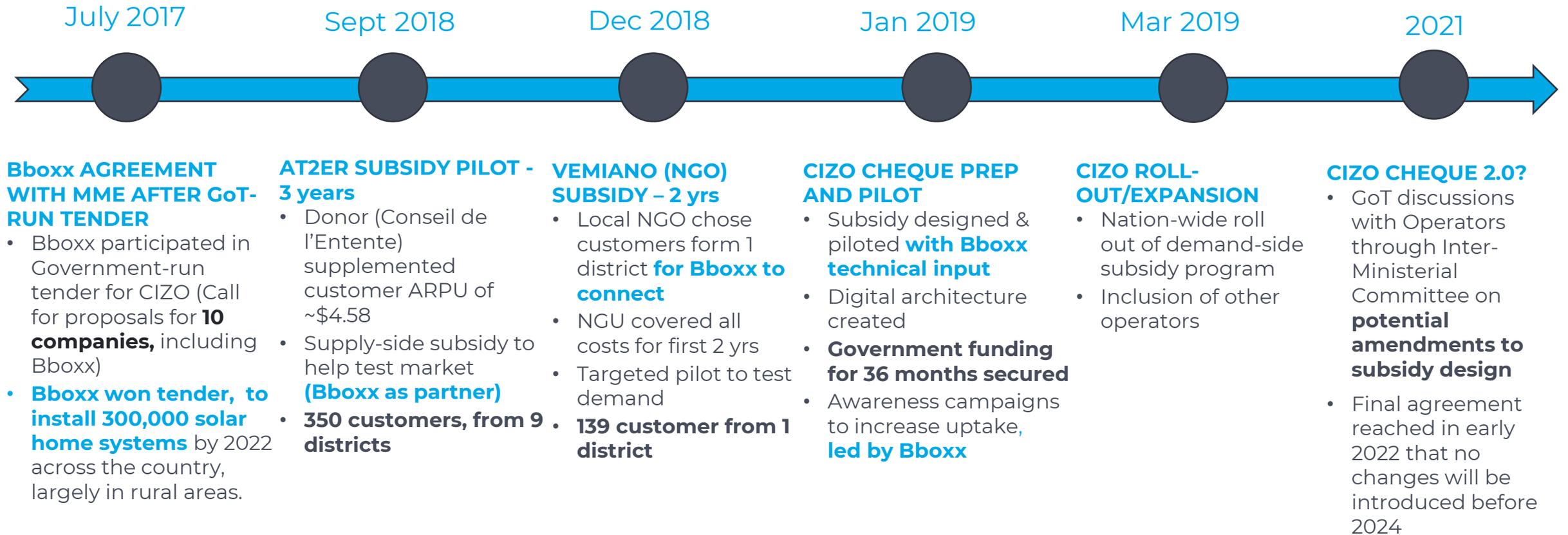


Without the subsidy, in this case study, a utility-model company like BBOXX would lose over \$10 per user/month. Without profitability growth and impact is hampered.

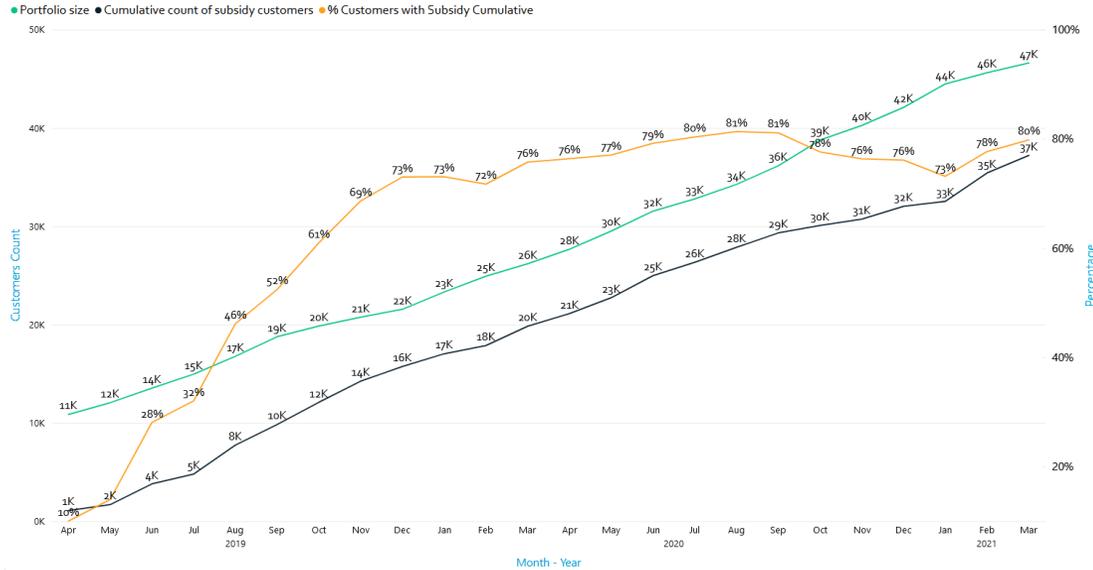
Unit Economics with and Without Subsidy



(Bboxx-EDF) journey to CIZO Cheque



Incentivizing CIZO Cheque adoption



- **Roll-out of CIZO Cheque was gradual;** it took 15 months to reach 78.5% of Bboxx-EDF customers nation-wide receiving the subsidy
- Still, a percentage of customers **do not consistently receive the subsidy**, including due to customers changing their mobile phone number
- This issue has been partially rectified with each customer receiving a unique ID number, matched to the Operator from which they purchased an SHS kit

AVEC LE CHÈQUE SOLAIRE, MIA KPATA MIA CIZO

Subvention Mensuelle
2000 FCFA sur 36 mois
Pour le paiement de votre kit BBOXX

PRÉFECTURES SÉLECTIONNÉES POUR LA PHASE PILOTE :
Kpendjal, Tandjouaré, Kéran, Dankpen, Billito, Est Mono, Wawa, Amou, Haho, Moyen Mono, Avé

Illuminer ma maison en zone rurale à moins de 100 F CFA/Jr

Centre d'Appel **8211**

Payable en Pay as you go

Pour le paiement de votre kit solaire Bboxx-EDF, l'Etat togolais vous offre pendant 03 ans une aide mensuelle de 2.000 FCFA.

Remplacement des accessoires Gratuit
Service Après-Vente Assuré
Système Garantit sur 03 ans

Direction Générale :
Quartier Kégué, Boulevard Jean-Paul 2, à 200m de l'EPN Kélégougou, 02 BP: 20404 Lomé - Togo. Tél : +228 22 61 42 40.



CIZO Cheque results and recommendations for going forward



Encouraging insights of CIZO Cheque's impact

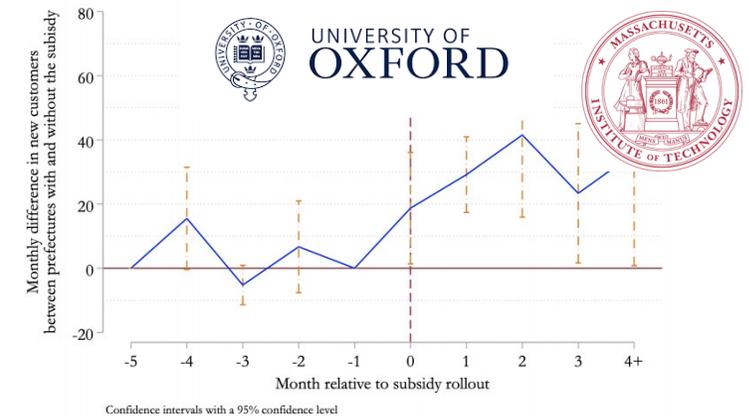
Bboxx internal and external (academic) research on CIZO Cheque:

➤ Bboxx subsidy dashboards (PowerBI) show subsidy impact on NGU operations:

- After CIZO Cheque was rolled out in Togo:
 - **27 ppts higher UR;**
 - **68% lower portfolio in default;** and
 - **lower churn** (0.3% vs. 0.9%)
- CIZO Cheque now gives our customers on average **20% of their on-time.**

➤ Independent forthcoming research on first 3-4 months of CIZO Cheque:

- On average, monthly **adoption rate in each prefecture to double**
- Significant **increase in consumption** among customers with the lowest pre-subsidy consumption, more sensitive to prices.
- The **probability of default has sharply decreased** after the subsidy was introduced: from 24% at its peak in pre-subsidy period, to ~8% of (customers defaulting at least once in 7-month period).
- In particular, **farmers** and **female-headed households** are the groups of customers most likely to default.



How can CIZO Cheque be improved further? (Our suggestions!)

Issue	Why is this important?	How to resolve
100% of eligible customers benefiting from CIZO Cheque	Leveraging the full impact of the subsidy and ensuring the poorest customers are not left behind	Unique ID number used to verify eligibility and match payments, instead of only mobile numbers (underway)
Tracking and showcasing CIZO Cheque's impact	Ensuring sustainability – long-term Government and donor support and funding	Establishment of third-party digital management platform (underway)
Visibility of the subsidy	Investor confidence that CIZO Cheque is here to stay	Including CIZO Cheque in Operator licenses Events like this one to promote CIZO Cheque Publishing external research (underway)
Sector coordination around CIZO Cheque	Operators are sharing with each other and Govt results of CIZO impact, and raising issues as/when they arise	Inter-Ministerial Committee established for this purpose (active)