BRIEFING



Making Senegal's JETP investment plan a feasible and equitable framework

PAPA DAOUDA DIENE, AARON SAYNE, ALY SAGNE AND AIDA DIOP | **JANUARY 2026**

Contents

2 **Introduction**

3 **First Priority.** Increase transparency to strengthen participation, ensure monitoring and accountability, and clarify stakeholder expectations

9 **Second Priority.** Ensure consistency between the JETP and national energy, economic and decarbonization plans

12 **Third Priority.** Choosing financed models and vehicles that make JETP more financially viable, inclusive, and sustainable

15 **Conclusion**

Key messages

- The stakeholders responsible for implementing Senegal's JETP must disclose more data related to this financial partnership. Greater transparency and improved stakeholder consultation will help ensure that projects are selected and implemented more equitably and are tailored to community needs.
- The Senegalese government must ensure that all projects within the JETP investment plan are consistent with other existing strategies and commitments regarding renewable energy, gas-fired power generation, coal phase-out, emissions reduction, economic growth, and electricity pricing. Any inconsistency between the JETP investment plan and government policy could jeopardize progress toward achieving energy sector goals and undermine the credibility of the agreement.
- The JETP investment plan includes many welcome projects, but it neglects certain types of support and guidance that would be highly sustainable and have a significant economic impact on Senegal. These shortcomings include insufficient capital allocated to the electricity grid, limited equity participation in grid-connected projects, inadequate subsidies for rural electrification, and the absence or inadequacy of guarantees and insurance provided by third parties.

Natural Resource Governance Institute

Photo by Pierre Laborde / Shutterstock

Introduction

The Senegalese government recently published its investment plan for the Just Energy Transition *Partnership* (JETP). This document is the result of extensive work and substantial expertise, developed within a process supported by partners such as the African Development Bank, which provided a grant of US$2 million .

After careful review, we found that, in its current form, the plan proposes so-called « *Quick Win*» projects amounting to approximately €2 billion, out of a total stated funding requirement of €9.5 billion. These projects aim to contribute to a number of ambitious objectives, such as universal access to electricity by 2030, increasing the share of renewable energy in the electricity mix to 40% of installed capacity, and electrifying 8,523 local communities.

The investment plan demonstrates a clear commitment to making the JETP not only an instrument for the energy transition, but also a lever for inclusive development. Indeed, the success of the Senegalese JETP is a crucial test of the viability of a fair and sustainable national energy trajectory, as well as of the JETP mechanism's credibility at the international level. This is all the more important given that its implementation is taking place in a context marked by the withdrawal of the United States from the South African, Vietnamese, and Indonesian JETPs , and a weakening of confidence in this type of mechanism, and the strong demand from developing countries for national platforms guaranteeing a just energy transition.

In these circumstances, it is now incumbent upon the Senegalese government and its partners (governmental bodies, development finance institutions, and private investors) to create the conditions for robust, transparent, and credible implementation. The plan highlights the complexity of the challenges to be met, including the scale of investments to be mobilized, the necessary institutional coordination, as well as the imperatives of transparency, citizen participation, consistency with national policies, and the stringent requirements of justice and equity.

This analytical note is structured around three key priorities for the implementation of the JETP:

1. Increase transparency to strengthen participation, ensure follow-up, accountability, and clarify stakeholder expectations.
2. Ensure consistency between the JETP and national strategies for energy, economy and decarbonization.
3. Choose investment models and vehicles that make JETP financially viable, inclusive and sustainable.

In particular, we propose some priorities on which the Ministry of Energy, Petroleum and Mines (MEPM) and civil society could focus to make the JETP a fairer, more equitable and operational reality.

First Priority. Increase transparency to strengthen participation, ensure monitoring and accountability, and clarify stakeholder expectations.

Without access to reliable information, donors, investors, and civil society will struggle to know whether the JETP's implementation lives up to its promises. In South Africa, for example, the lack of reliable, publicly accessible information fueled stakeholder skepticism and contributed to implementation delays. To avoid such situations, the government should:

Establish a reliable database for energy data and electrification rates. A robust and transparent database is essential for effectively planning, monitoring, and evaluating the JETP, as well as for measuring the progress of Senegal's national energy policies. The current energy information system, housed within the Ministry of Petroleum and Energy, provides an initial basis for national energy accounts and the calculation of access rates. Substantial progress nevertheless remains to be made, particularly in the areas of renewable energy, energy efficiency, biomass, and demand-side management for electricity transmission.

A detailed and up-to-date understanding of supply and demand by sector and locality is essential for effectively defining Senegal's new energy policy objectives. Senegal should establish a comprehensive baseline dataset capturing the current energy mix and disaggregated electrification rates at the local level. Some of this disaggregated data remains fragmented across various agencies, including the National Electricity Company of Senegal (SENELEC), Senegalese Rural Electrification Agency (ASER), National Agency for Renewable Energies (ANER), and the Agency for Energy Efficiency and Management (AEME).

This situation undermines the quality of decision-making and performance monitoring. Without an accurate and regularly updated baseline, it becomes difficult to assess progress toward achieving the objectives of the Energy Transition for Public Works (ETW) program, particularly universal, equitable, and sustainable access to energy.

To remedy this, the MEPM should:

- Consolidate and harmonize data sources from operators, regulators and local authorities within a unified national energy database;
- Disaggregate electrification data by geographic area, income level and gender to identify gaps and prioritize underserved communities;
- Integrate geospatial mapping and digital tools for real-time monitoring of network and off-network connections;
- Institutionalize the regular collection and publication of data to ensure transparency and accountability in the monitoring of the JETP.

A reliable baseline will not only strengthen investment planning and decisions, but also improve coordination between government agencies, donors and civil society, ensuring that the JETP remains evidence-based, inclusive and results-oriented.

Disseminate the JETP investment plan more widely at the local government and community levels. Several municipal officials in the affected areas have expressed concerns about their exclusion from JETP planning discussions. The investment plan document indicates that its authors held over 130 meetings with various stakeholders but organized only two public consultations, bringing together approximately 200 people. To avoid a divergence between national decisions and local realities, it is crucial that awareness-raising and consultation efforts conducted by the Ministry of Environment, Planning and Sustainable Development (MEPM), project promoters, and donors be systematic, accessible, and rooted at the local level. Ensuring genuine participation from local authorities (who are not mentioned even once in the investment plan) and communities is essential. This requires (i) the explicit localization of the JETP, with clear identification of intervention areas and transparent arbitration between localities; (ii) capacity building for municipalities, which is essential for project ownership ; and (iii) robust accountability mechanisms, applicable to both elected officials and community representatives who are accountable to their constituents.

These accountability mechanisms must not, however, relieve the State of its responsibility inform the public on progress. The proactive, systematic publication of minutes, notes, and commitments resulting from consultation meetings must become the norm, including through a sharing system accessible within the PACTEJ framework. This would allow for monitoring of what is discussed, promised, and delivered, while strengthening trust among stakeholders. The quality of multi-stakeholder dialogue would benefit from greater inclusion of universities, whose independent, local expertise would usefully complement the role of PACTEJ.

In this context, it is also essential to fully involve workers' unions, in accordance with the ILO recommendations on union participation in just transition processes. Their presence would strengthen participatory governance and ensure that the social consequences for employment and working conditions are anticipated and managed. Furthermore, communities must have their fundamental rights respected, including the right to information and the right to free, prior, and informed consent when projects directly affect them.

Finally, the Investment Plan must explicitly define the planning and financing of social acceptance, based on environmental impact studies, community mobilization and transparent and regular consultation mechanisms.

Publish more information on donors and their planned contributions. While the figures in the current plan are still provisional since negotiations with investors are ongoing, South Africa's plan, for example, lists expected contributions from specific investors and donors, as does Indonesia's . Both plans also allocate at least some of the expected capital to specific projects. Such transparency would help stakeholders assess the progress of projects and the credibility of financial commitments.

The Extractive Industries Transparency Initiative (EITI) can also play an important role in strengthening JETP oversight. Even though the JETP extends beyond the traditional scope of the EITI Standard, the Initiative has already published the investment plan on its website, demonstrating its leadership and its ability to serve as a credible institutional intermediary. In this capacity, the EITI could contribute to the proactive publication of contracts, agreements, costs incurred, financial flows, as well as the traceability of expenditures and environmental impact assessments, thereby strengthening public trust and the transparency of the JETP's funding.

Provide a detailed, project-by-project implementation schedule. Some JETP partners almost certainly have access to this data, but the general public does not. Addressing this information asymmetry is particularly important because, according to the investment plan document, many proposed projects are still in the preliminary stages of development. Under these circumstances, it will be difficult for stakeholders to monitor and assess progress without clear visibility on the expected milestones and deadlines.

Specify the cost of implementing the investment plan for the government. Key information to be provided in this regard will include:

- The initial costs of state participation in projects.
- The amount of any new sovereign debt – including long-term repayment costs – that the government will incur.
- The potential costs of guarantees that investors will demand from the government.
- All other public expenditures necessary for the implementation of the plan (public subsidies, infrastructure expenditures, capacity building, etc.).

The government needs to develop a budget module for the JETP and integrate it into existing reporting tools to track and regularly publish: expenditures already committed, government participation in projects, debt incurred, guarantees granted, and capacity-building costs. This module should be aligned with the requirements of the Enhanced Transparency Framework of the Paris Agreement (Article 13) and the Biennial Transparency Reporting (decision 18/CMA.1) is required to ensure that the information provided is verifiable (according to an MRV framework – *Measurement, Reporting, Validation*), complete, and comparable from year to year. This approach will allow Senegal to anticipate its international obligations, strengthen donor confidence, and improve financial coordination around the JETP.

Set up an online accessible dashboard for the JETP. Having a single point of contact or a centralized information center for the JETP, bringing together most, if not all, of the information mentioned above, would facilitate effective monitoring and help combat misinformation.

A JETP is more than just a list of megawatts and lines of credit; it is, above all, a concrete promise of tangible improvements in citizens' daily lives. In Senegal, this commitment rests on three inseparable pillars: transparency regarding the use of funds and their impact, equal opportunities for all regions, households, and businesses, and robust mechanisms enabling citizens to voice their opinions and adjust the project's trajectory when results deviate from the objectives. The investment plan and its annexes contain the key elements for success, but also blind spots that must be addressed immediately.

Clearly describe the beneficiaries of JETP investments, as well as the nature and modalities of these benefits. The published information should include more detailed details on the communities, regions, businesses, and financial institutions expected to benefit from infrastructure, services, financing, or other forms of support under the JETP. The plan should also explicitly specify the expected economic and social impacts (jobs created, local content opportunities, etc.).

Demonstrate that electrification efforts under the JETP will benefit communities and regions equitably. The plan states the objective of connecting 8,523 localities by 2030, but then notes that detailed mapping of these locations is still underway and estimates are still aggregated. As a result, the "last mile list" is not finalized, making it impossible for civil society organizations and citizens to verify and plan their actions in the right place at the right time. A living map of the locations to be served should be published, indicating the electrification option chosen for each location (grid connection, mini-grid, off-grid solutions), the budget, the progress status, and the responsible developer.

Without this basic transparency, local elected officials, civil society organizations, and donors cannot align on priorities, which risks jeopardizing the promise of universal access to electricity.

Ensure that all new electricity generated from JETP projects is affordable for households and businesses, regardless of their income level. The investment architecture must respond to the needs and aspirations of households and businesses, not the other way around. The current investment plan projects that the cost trajectory will decrease from approximately US$150 in 2022 to approximately US$88/MWh by 2030. However, this trajectory, corresponding to a projected average cost of the electricity system, relies on strong assumptions regarding grid integration and flexibility, explicitly conditioned by a stability study (QW8) and targeted reinforcement measures within the plan. In this context, the government announcements of November 28, 2025, of a 10% reduction in tariffs for the 0–150 kWh bracket for households (from 91.17 to 82 XOF/kWh), applicable from January 2026, establish a new retail price floor for assessing the economic sustainability of the JETP. Yet, until economies of scale, integration gains, and the expected decrease in technology costs materialize, several JETP projects—particularly solar + BESS projects—may exhibit a marginal production cost (at the project level) in the early years that exceeds these revised retail tariffs, in the absence of explicit compensation or equalization mechanisms.

In this context, several requirements must be met:

- the need for an explicit compensation mechanism (subsidy, tariff buffer, differential taken over by the State or landlords) if the cost of production exceeds the revised social and professional tariffs.
- a strengthened tariff transparency framework enabling the public documentation of discrepancies between JETP production costs and regulated tariffs, as well as the integration, in JETP governance, of regular monitoring of the marginal cost of production and its alignment with the post-2026 tariff structure.
- the definition of targeted accessibility measures to ensure that the expansion of renewable capacity does not result in higher bills for vulnerable households and small businesses.

Furthermore, without adequate transmission lines, substations, and real-time system management, even the cheapest solar energy can become expensive, either because production must be reduced or because contractual capacity payments are triggered for unused production. The plan itself identifies the stability study as one of the « *quick wins* « that must be accelerated to ensure the financial viability of PV+BESS portfolios and deliver on the promise of lower costs.

This issue of integration is not merely theoretical. Vietnam, which has massively developed solar energy, has experienced power outages precisely because its electricity grid has not evolved at the same pace as its power plants. Its resource mobilization plan recognizes the need to prioritize investment in transmission, the modernization of propulsion systems, and grid flexibility to prevent consumers from paying for energy they do not receive. Senegal can and must learn from this experience by accelerating investments in the grid and its management, synchronizing commissioning, and adjusting the remuneration for ancillary services to their true value.

Ensuring territorial and social equity in compensation and subsidy mechanisms.

A fair collective distribution requires addressing two distinct realities. The first is that rural areas, served by contract operators, have significantly higher operating costs, which are currently largely offset by the state. The figures presented in Annex 6 of the investment plan show that these offsets have increased in recent years, which tends to confirm that the model is useful, but remains fragile. We therefore need a sustainable and transparent mechanism that depends on the quality of services, not on opaque annual budgetary catch-up efforts. A public dashboard—using concessions, indicators, and quarterly reports—would allow communities and elected officials to understand what they are paying for, what they are receiving, and why, and to constructively monitor service quality.

The second reality is that certain programs highly visible to the general public—for example, the individual self-consumption scheme for 300,000 households—can absorb a disproportionate share of resources if the beneficiaries are not precisely targeted and quality is not standardized. Without clear and appropriate social criteria, mandatory quality standards, and financial support, households that are already solvent risk being subsidized initially, and the gap between urban and rural areas risks widening further in the long term. Here too, a pragmatic solution is essential: binding technical principles, calibration of production and financial support according to the vulnerability of users, and publication of ex-post evaluations to guarantee fairness and transparency.

Create inclusive and multi-stakeholder monitoring mechanisms for JETP projects. The legitimacy and fairness of a project also depend on institutions, not just intentions. South Africa, for example, has made participation and joint monitoring a pillar of its plan. This includes a national monitoring, evaluation, and learning (M&E) framework linked to existing public systems ; common performance indicators (installed renewable energy capacity, storage, additional kilometers of transmission lines, jobs, post-program spending) ; and governance mechanisms that support communities, trade unions, civil society organizations, and social intermediaries in the decision-making and oversight process. Senegal can draw inspiration from this. For instance, it could create a National Committee for Energy Justice and regional committees with a legal mandate for site selection, social monitoring, and ex-post evaluation. It could also link this mechanism to a quarterly dashboard that publishes disbursements, contracts (with beneficial owners), gender and youth indicators, and cases handled by the grievance mechanism. Capacity building for the relevant municipal staff could likewise prove useful.

Strengthen the regulatory framework to maximize the benefits of the JETP. Beyond data transparency and participatory governance, the success of the JETP will also depend on a clear, coherent regulatory framework adapted to the needs of the transition. Several key areas must not be overlooked: local content, land management, the banking sector's capacity to finance the transition, and the liberalization trajectory of the electricity sector. Each of these levers determines the country's ability to capture economic benefits, secure project sites, mobilize domestic financing, and stabilize tariffs for households and businesses. The government should specify the expected reforms, including: updating the local content framework, securing and clarifying land procedures, finding instruments enabling banks to expand green credit, and defining a gradual, controlled trajectory for the liberalization of the electricity sector.

An explicit, accessible regulatory roadmap would enhance the predictability of the investment climate, improve coordination between public and private actors and ensure that benefits from the JETP translate into jobs, local added value and stability for users.

In summary, «having an impact» requires refocusing the implementation of the JETP (Environmental and Social Transition Project) on the human element. For the **government**, this translates into the following: publishing a quarterly JETP dashboard that tracks not only projects and payments, but also social impacts—concrete links, opening hours, bill reductions, local jobs, proportions of women and youth, resolved complaints, and municipal involvement; and integrating this quarterly dashboard into a monitoring and evaluation framework supported by public services, as is the case in South Africa.

For **partners**, this implies accepting that, when benefits do not generate direct revenue, a results-based grant may be necessary to ensure financial and operational viability. For **civil society**, this requires using tools such as mapping, work schedules, standard contracts, and indicators to continuously monitor problems and contribute to their resolution, rather than simply observing them *after the fact*.

This three-pronged approach – useful transparency, targeted justice and accountability in action – is essential to transforming Senegal's JETP from a written promise into a tangible reality: faster and better-connected villages, bills that no longer increase, small businesses that produce more and citizens who know, measure and drive the change they are experiencing.



Photo by Pierre Laborde / Shutterstock

Second Priority. Ensure consistency between the JETP and national energy, economic and decarbonization plans.

The aim is to demonstrate how the investments proposed by the JETP align with Senegal's climate objectives. The JETP's ultimate promise is to put Senegal on a low-carbon, just, and inclusive path. The JETP Political Declaration of 2023 explicitly reiterates that this instrument is anchored in the architecture of the Paris Agreement through Senegal's Nationally Determined Contribution and the country's development of a Long-Term Strategy (LTS) for 2050, which was expected to be finalized in 2024.

Although the investment plan emphasizes its alignment with the NDC, this coherence remains declarative rather than programmatic, insofar as the objectives of the Nationally Determined Contribution (NDC) are not translated into operational contributions from the JETP portfolio. The Senegalese plan does not clearly show investments are geared towards a targeted emissions trajectory, but instead remains at the level of general scenarios, without any real operationalization of the NDC. This weak articulation is all the more worrying given the long-term strategy (LTS), not yet published and intended to ensure the compatibility of investments with the 2050 horizon, remains marginal, while South Africa has used its own strategy as a structuring framework for its investment plan. It is therefore urgent to demonstrate this coherence and create a coherent framework to prevent the JETP from being perceived and implemented as a parallel program rather than as a key pillar of the national climate strategy.

It is essential to remember that the energy transition remains first and foremost a climate commitment: the JETP must therefore be evaluated on the basis of its real capacity to reduce emissions and to steer the energy system towards a low carbon trajectory.

It is also important to clarify to what extent and in what ways the JETP contributes to Senegal's commitment to phasing out coal. Senegal has publicly committed to phasing out coal by 2030, in accordance with its adherence to the 2021 Glasgow Declaration on Energy Transition. This political commitment entails the permanent closure of the Sendou coal-fired power station, a facility long criticized for its environmental, health, and social impacts on surrounding communities. The Bargny coal-fired power station is another example of what not to do: located in the heart of a densely populated area already exposed to significant pollution, it illustrates the risks of energy investments that are poorly aligned with climate and social priorities. Despite the 212 billion XOF budgeted for phasing out coal, the plan does not consider it a top priority, nor a «quick win « project, and the CDN3.0 should clarify the options for closure, compensation, or decommissioning. Finally, it would be essential for the JETP to specify the modalities for the progressive reduction of its footprint, the associated compensations and its articulation with the gas-to-power strategy.

Therefore, the information published regarding the investment plan should:

- Include clear decommissioning pathways for existing coal infrastructure, aligned with national priorities for energy security and job transition.
- Where possible, integrate just transition strategies to support affected coal workers and communities through recycling, income diversification and social protection measures.
- Strengthen transparency and accountability through the regular publication of reports on progress in phasing out coal use and the reallocation of corresponding investments.

By integrating these measures, Senegal can translate its political commitment into concrete actions, strengthen the credibility of the JETP and position itself as a regional example in the equitable transition from coal to clean energy sources.

Strengthen investor and partner engagement in grid financing. The JETP experiences in Indonesia and Vietnam have shown how underinvestment in the grid hinders the integration of variable renewable energy. Senegal must reverse the current trend in its JETP investment portfolio (€1.5 billion for large-scale solar projects versus €30 million for the grid): rapidly increase the share of total investment allocated to transmission and distribution infrastructure and accelerate the QW8 stability study as a condition for financial viability. While significant investments are planned through the Millennium Challenge Account (MCA), the link between this financing and the JETP portfolio must be clarified to avoid duplication, delays, and institutional inconsistencies.

Articulating how the renewable energy projects in the investment plan will interact with the government's ambitions for gas-to-power. In international forums and international policy documents, Senegal has expressed its commitment to installing 40% renewable capacity by 2030. In national planning, however, the structural focus remains converting gas into electricity, with the government aiming to add more than 3 gigawatts of electricity from gas to the power grid by 2050.

The JETP does not include gas financing, a red line for international partners. But the mere existence of the JETP does not mean that the government has set the right level of ambition for gas-to-power, nor has it clearly explained how renewable and fossil fuels will complement each other in the future. As NRGI research has already shown, if the government's current plans are implemented, gas will account for three-quarters of Senegal's installed capacity by 2050, significantly reducing the space available for solar and wind power. At the same time, the construction of new gas-fired power plants in Senegal could face major obstacles, related both to the country's capacity to extract the necessary gas and its ability to raise the required financing—estimated at least at US$2.2 billion—for the construction of the corresponding infrastructure.

A more balanced energy mix, with greater emphasis on renewables alongside gas, will offer Senegal a more secure path forward. However, this requires long-term, consultative planning based on modeling to demonstrate how different technologies will interact on the grid over the decades. Without such a plan, there is a real risk of permanently locking the energy system into gas dependency, with costly and underutilized infrastructure, thereby weakening the expected catalytic effect of the JETP and limiting the development of the country's solar and wind energy potential. This would be all the more regrettable given that renewables represent a less risky and more cost-effective way to achieve Senegal's energy sector objectives.

Integrating the JETP into budgetary and macroeconomic planning processes. The JETP's financing needs are not clearly identifiable in annual or multi-year budgetary frameworks such as the Medium-Term Debt Management Strategy or finance laws . This situation suggests a risk of disconnect between the strategic commitments of the energy transition and the actual programming, absorption, and execution capacities of public finances, both at the level of national financial institutions and implementing partners.

It is therefore urgent to explicitly include the JETP in budgeting, territorial planning, and macroeconomic framework instruments, so that it does not remain a parallel program, but becomes a structuring lever of national energy, budgetary, and development policy. This would help to strengthen the coherence between climate ambition, budgetary sustainability and public finance discipline, while improving the visibility of the JETP in budgetary trade-offs and the credibility of its implementation.



Photo by WIM Senegal

Third Priority. Choosing financed models and vehicles that make JETP more financially viable, inclusive, and sustainable.

At first glance, the financing structure of Senegal's JETP may appear more concessional than that of South Africa, where international partners' offerings largely rely on commercial loans. In Senegal, approximately 70% of announced financing consists of concessional loans, 10% guarantees, 12% equity, 6% grants, and only 2% market-rate debt. This profile is reassuring because it limits the country's exposure to the most expensive financial conditions.

Behind this apparent solidity, several weaknesses must nevertheless be corrected in order to maximize the benefits for Senegal and ensure the sustainability of the plan.

Increase the equity share of financing for solar projects. Solar and energy storage (PV+BESS) projects, considered «quick-start» projects outside the EPCF (engineering, procurement, construction, and finance) framework, designed to rapidly demonstrate the feasibility of JETP (Engineering, Procurement, and Technology Transfer) projects, currently rely on a highly leveraged financial structure. Analysis of the Plan's financial tables shows that senior and mezzanine debt (primarily in the form of JETP concessional loans) covers more than 95% of the total project cost, while the contribution of strictly unsecured equity («pure equity») remains very limited, at around 1.5% to 2% of CAPEX. This ratio deviates from practices empirically observed in renewable IPP projects in Africa. Data from the IRENA Cost of Finance Survey show that, in the Middle East and Africa region, IPP projects have on average a more balanced capital structure, with equity accounting for around 30% for onshore wind and up to around 40% for solar photovoltaic, with debt making up the balance.

The small stakes proposed in the investment plan, while still negotiable, create two major risks: firstly, excessive pressure on the country's overall debt and, secondly, limited participation from local private investors, who are excluded from the process. To address this, it is essential to increase the share of domestic capital, particularly by leveraging the FONSIS (National Investment Fund), insurers, and the pension fund. These actors could be incentivized to participate through the implementation of incentive mechanisms such as a patient support fund like the «Leral» or financing mechanisms combining concessional loans at preferential rates and equity investments (blended finance). This mobilization of domestic capital could also be supported by Senegal's green taxonomy and carbon market instruments, making it possible to meet the needs of commercial banks and create a specific asset class for the energy transition.

Pressure investors to secure larger and more diversified grants and donations. This must be based on a clear foundation of climate justice (ensuring that the benefits, risks, and costs of the transition are fairly distributed among households, territories, and generations). Grants and direct aid represent only 6.4% of the investment plan portfolio. However, this type of non-repayable financing is essential to support segments with high social utility but low private profitability, such as rural access to electricity, community mini-grids, and the dissemination of clean cooking solutions. Senegal should aim for a higher grant target, focusing on these sectors with high social impact. This would alleviate pressure on public finances and direct benefits to vulnerable households.

It is also worth noting that the grants proposed under the investment plan primarily cover—as is often the case with such initiatives—the initial project costs (studies, etc.) and capacity building, rather than the actual construction of the infrastructure. By comparison, the example of mini-grids in sub-Saharan Africa, which often require grants covering at least half of their investment costs to be viable, provides valuable context.

Adjust financing according to the nature of the asset. Not all projects in the JETP portfolio follow the same economic logic. Grid and electrification infrastructure (a public good with low direct returns, but essential for integrating renewable energy sources) should be financed primarily through sovereign concessional loans (AFD, KfW, World Bank, AfDB). Conversely, solar and wind power plants operated by independent power producers (IPPs) can leverage more commercial debt, supplemented by preferential terms to overcome financial viability barriers. This approach has already been successfully tested in Vietnam and, to some extent, in certain previous renewable energy projects in Senegal.

The particularly expensive BESS—over €1.5 billion projected, compared to only €30 million for the grid—can only be financed through donations or near-interest-free loans, otherwise final prices will skyrocket. Finally, mini-grids and the productive use of electricity could be supported by local credit lines guaranteed by donors, allowing Senegalese banks to directly finance SMEs, as is the case in Vietnam.

In all cases, the sequence of concessional and commercial borrowing should be carefully planned and complemented by the use of multilateral guarantees (MIGA, World Bank, AfDB) to mitigate energy policy risks and connection delays. These hedging tools will reassure investors, reduce the cost of capital, and maintain debt sustainability, while protecting consumer tariffs.

Managing exchange rate volatility and tariff impact. The majority of foreign investors committed to financing Senegal's JETP are European, which is consistent with the pegging of the CFA franc to the euro. However, in practice, the equipment (solar panels, batteries, control systems) and some maintenance work are billed in dollars due to their global sourcing and the common practice of expressing international trade prices in this currency. This USD exposure can increase costs in the event of adverse EUR/USD exchange rate movements. Without euro indexation clauses in the power purchase agreements (PPAs) and without currency hedging/insurance products, the risk is a tariff increase to the detriment of consumers. The government should establish a national guarantee mechanism and encourage donors to cover this structural risk.

Increase the participation of Senegalese financial institutions. Finally, there is a real risk that financing will rely almost exclusively on international development finance institutions (" *all-DFI* ") due to the lack of depth in the local banking sector. However, a just transition must also strengthen national capacities. Vietnam has set an example by developing a green credit market under the auspices of its central bank. Similarly, Senegal could mobilize its commercial banks by creating green credit lines refinanced by the BCEAO, structuring credit tranches in local currency with guarantees from international partners, and issuing regional green bonds (WAEMU) to attract local savings for the transition.

The inclusion of local financial institutions can also serve several longer-term objectives. These include strengthening banks' capacity and comfort level in lending for clean energy projects—by introducing more CFA-based debt as a foreign exchange risk management strategy—and enabling Senegalese institutions to benefit more from investments. The decision regarding how to include Senegalese lenders in the JETP must begin with an explicit statement of the desired objective, which will then allow for the identification of investment structures and vehicles that align with that objective.

Develop a plan to manage the temporal concentration of funds in the disbursement of funds. The disbursement plan for Senegal's JETP anticipates a significant accumulation of funds (over €600 million per year) for 2026 and 2027, a level likely to exceed the current absorption capacity of national institutions (SENELEC, Ministry of Energy, electrification agencies). Given the diversity of channels (concessional loans, grants, private investments), sometimes managed directly by development banks or project developers, Senegal must clarify the flow architecture, specifying who contracts and guarantees the debt, how the funds are channeled, and how these flows are integrated with public investment procedures to avoid delays, duplication, and budgetary risks. It should be noted that this disbursement profile carries a risk of strain (delays related to limited human and administrative resources, liquidity pressures that could lead to increased reliance on bridge financing). This risk should not be interpreted as a structural weakness, but rather as a point of vigilance to be integrated into planning. Proper sequencing of funding, coupled with a progressive strengthening of project management capacities, will improve the efficiency and budgetary sustainability of the JETP.

Adopt measures to mitigate the risks associated with firm purchase contracts. In photovoltaic projects with batteries, the contractual logic of «take-or-pay,» which obliges the buyer to pay for capacity even if it is not fully utilized, can prove to be a trap. If the grid is unable to absorb the electricity produced, the country will continue to pay high bills for unused energy. This explains, for example, the excessive rents sometimes observed in oversized systems. Senegal can avoid this pitfall by drawing on its own successes, such as the Scaling Solar tenders or the Walo storage project, where the introduction of tariff caps, calibrated guarantees, and improved remuneration for ancillary services has reduced overall costs for the government and consumers.

The JETP must explicitly address the particularly high cost of capital for Senegalese SMEs, which limits their ability to participate in the energy transition. This implies developing risk-sharing mechanisms, strengthening dedicated green credit lines, and structuring partial guarantees tailored to the size and financial maturity of local businesses.

Conclusion

Senegal has already overcome the most difficult hurdle in the process: achieving an 84% electricity access rate, one of the highest in the sub-region. Thanks to the JETP Investment Plan, the government has defined a clear vision, quantified its needs, and developed a strategy to mobilize partners and investments. Therefore, it is now time to act, quickly and decisively.

The JETP must be established as a catalyst to accelerate the role of the energy sector as an engine of inclusive economic growth and social transformation. The way forward can be summarized in three simple and verifiable actions:

1. Align the JETP with national planning, ensuring that every megawatt of renewable energy added to the grid is fully integrated and used efficiently.
2. Frame financing by strengthening national equity, targeting subsidies on connections with high social impact, covering exchange rate risks and standardizing public-private partnerships that reward the provision of useful energy and concrete services.
3. Institutionalize transparency and accountability through a quarterly public dashboard that tracks progress, highlights results and strengthens public trust.

Senegal's success will not only mark an important step for its own development, but will also serve as a beacon for a just, inclusive and local energy transition across Africa.



Photo by WIM Senegal

About the authors

Papa Daouda Diene is Senior Africa Economic Analyst at NRGI. Aaron Sayne is the sustainable energy supply lead at NRGI. Aly Sagne is external and his title is President of Lumiere Synergie Development (LSD). Aida Diop is Senegal Country Manager at NRGI.

Acknowledgements

At NRGI, Amir Shafaie, Ibrahima Aidara, Alexandra Malmquist and Damilare Ogunmowo provided comments and supported the publication of this brief.

The document also benefited from feedback from the following individuals: Abdou Diouf Mbaye – CLIMATE, Abdoulaye Fall – Commune of Taiba Ndiaye, Alexandre Lette – Teranga Lab, Ali Ousman Khafiz, Aliou Faye – Municipality of Malicounda, Aloise Iyane Ngor Diouf – Teranga Lab, Angelique Bakhoum – Enda Energie, Assane Diack – Malicounda commune, Awa Traoré – Africa Climate Insights, Babacar Sarr – COMNACC, Bineta Ndour – CNTS FC, Sheikh Ahmadou Mbodj - UGB, Daouda Gueye – Bargny Municipality, Demba Seydi – CAJUST, Elhadji Diop – Municipality of Meouane, Fatou Samba – Municipality of Bargny, Geneviève Irène Diouf – AJE, Gnagna Diene – GMP ITIE, Ibrahima Baldé – CN EITIE, Ibrahimangom – CRADESC/PACTEJ, Magatte Ndiaye – Taiba Ndiaye, Maïssa Faye – Malicounda, Modou Diop – Meouane Commune, Mohamadou Fadel Diop – OXFAM, Moustapha Diagne – SYTIC CNTS, Ndeye Fatou Diouf – WIM Senegal, Ousmane Kandé, Papa Faradiallo – PCVP Senegal, Serge Louis Dethie Cissé – SENELEC Management Union, Serigne Saliou Sène – ENDA LEAD, Yanda Sow – AJETREPE.

About NRGI

The Natural Resource Governance Institute is an independent, non-profit organization that supports informed, inclusive decision-making about natural resources and the energy transition. We partner with reformers in government and civil society to design and implement just policies based on evidence and the priorities of citizens in resource-rich developing countries. Learn more at **www.resourcegovernance.org**

Natural Resource Governance Institute