There are 3 main barriers hindering the scale-up of companies in the off-grid solar sector in the ECOWAS:

1. **Lack of technical & business capacity**
   - e.g.: Last-mile distribution
   - Qualified human resources
   - Etc.

2. **Financing**
   - e.g.: Lack of early-stage venture capital with sufficient risk appetite
   - Local currency debt for companies with high foreign exchange risk exposure

3. **Regulation & Policy**
   - e.g.: Increasing the costs of imports, market distortion, etc.
1B - Technical Support Facility
Objective of the Entrepreneurship Technical Support Facility

• Support local entrepreneurs to set-up & bring to scale energy service companies to provide electricity services to provide universal electricity access in ROGEP target countries

• Attract reputable solar companies in the West African market

• Attract existing and established businesses operating in non-solar space to engage in providing electricity service through standalone solar systems

WWW.ECREEE.ORG
If you don’t know where you come from; it is hard to know where you are going

2016

2018
TA & Financing interventions will be provided to businesses and supported by other tools.

**SUPPORT TO BUSINESSES...**

- Enhancing capacities
- Enhancing skills
- Enhancing expertise
- Contributing to business growth
- Facilitating track record to access finance; increase bankability & viability

**FINANCING SUPPORT TO BUSINESSES...**

- Support local entrepreneurs to set up and scale energy services companies
- Attract reputable solar & non-solar companies to provide electricity through standalone solar systems

**...CLOSELY LINKED TO...**

- *ECOWAS Certification Scheme for PV installers/technicians*
- *ECOWAS Entrepreneurship Support Facility*

Successfully operated by ECREEE since 2015
Support provided – TA & Financing - depends on the development lifecycle stage of the business

**Tier 1: Startup**
- < 3 FTE
- < 300 SHS or <1,500 lanterns sold
- <$100k annual revenues
- Has not accessed outside finance (except personal loans), may have a business bank account

**Tier 2: Early Stage**
- 3-25 FTE
- 300-30,000 SHS or 1,500-50,000 lanterns sold
- $100K-$3M annual revenues
- Has a business bank account, maybe some outside funding (e.g. crowdfunding)

**Tier 3: Growth/ Maturity**
- > 25 FTE
- >30,000 SHS or >50,000 lanterns sold
- >$3M annual revenues
- Has a credit line at a bank and financial statements (possibly audited), likely raising equity or other outside financing

**Existing businesses not in the solar business categorized by # of FTEs & Revenues & effectiveness of distribution chain**

- Technical assistance intervention
- Financing intervention

**Entrepreneurship & Business Training**
- Matching Grants

**Customized Business Acceleration Support**
- Market-entry & performance-based Grants

**Facilitation for non-solar businesses to expand into the solar industry**

**Market-entry & performance-based Grants**
A. Entrepreneurship & Business Training for Tiers 1 & 2 businesses (1/2)

- Support to selected national operational training services providers/organizations
- Business Incubators
- Business Accelerators
- Entrepreneurial Support Organizations

Training Courses

National Level Incubation

Annual Regional Business Plan Competition & Workshop

Training of Trainers Programme with specific solar industry component

Development of training materials

Development of a regional network of training partners

On-going TA & capacity building for national & regional training partners

Financial support to organizations
### A. Entrepreneurship & Business Training for Tiers 1 & 2 businesses (2/2)

#### TRAININGS COURSES WILL BE PROVIDED...

- **On a regular basis**
- **During 2-3 days**
- **Open & free for all**
- **In a variety of modules**
  - Doing business in the solar industry
  - Technical aspects of household and productive use of solar products and marketing
  - Financing of solar businesses
  - Legal and regulatory aspects of the solar industry
  - Soft skills

To about 25 businesses per training partner per year

#### INCUBATION WILL BE PROVIDED...

- To most promising entrepreneurs & early stage businesses
- Via application/review process by incubator & ROGEP support
- Thanks to a financing mix from ROGEP and training partner

To about 10 businesses per training partner per year

**Covering support**

- via national training partner
  - Entrepreneurial
  - Business
  - Access to finance
- via ROGEP
  - Technical/solar specific aspects coordinated with ECOWAS certification scheme for PV installers/technicians

#### ANNUAL REGIONAL COMPETITION WILL BE PROVIDED...

- Thanks to a regional outreach & awareness campaign
- Via call for applications & selection process
- During a 1 week workshop & boot camp
- To 60 selected businesses per year

...Followed by technical support to 20 top from boot camp businesses

...Followed by pitch event by Top 10 @ESEF & award for Top 3
1st B2B Networking Event
B. Customized Business Acceleration Support for Tier 2 businesses

**Tier 2 Businesses**

- still developing & iterating their business model
- adapting technology
- finalizing product marketing strategies

**Customized Assistance**

- Refining of business strategies and business model
- Mentoring from seasoned entrepreneurs & investors
- Transaction advice & investment facilitation
- Technology and product development support

9-12 months for each participating business

Application through online application managed by ECREEE

Partner organization providing incubation for successful candidate to be selected by ECREEE

Participation to Investment Forum @ ESEF incl. pitching & B2B sessions
C. Facilitation of Entry to the Solar Industry

Non-solar companies (Tier-2 and some Tier-3)

- Operating in other sectors with strong local distribution channels
- Mostly Tier-3 businesses with very solid last-mile distribution channel but limited know-how /awareness of the opportunity expanding into solar

Large potential new entrants into standalone solar industry

ROGEP

- Awareness raising
- Specialized TA to expand to solar
- Proactive approach to attract such firms

Only if ROGEP can offer additionality
Activities implemented during the preparatory phase
A certain number of results have been achieved under Sub-Component 1B so far

1. Training of 30 entrepreneurs in Accra in PAYGO Business Model and Last-mile distribution
2. B2B with 12 international companies & 3 industry associations
3. TA & B2B provided to 13 entrepreneurs in the framework of the RE Forum in Guinea
4. Collaboration on capacity-building activities with PFAN
5. Webinar organized with SolarWorX on Next Generation SHS and Micro-grid
6. TA to 3 entrepreneurs in the framework of the first call for AECF
7. Procurement, 1 for establishment of network of incubatorss and 1 for refinement of business plans
Gender Mainstreaming
Financial Support Facility
Matching Grant
Market-entry Barriers Removal Grant
Performance-Based Grant
3 types of grants will be provided to businesses

**MATCHING GRANT**
- Develop ideas into viable business
- Develop & test market products
- Close key operations gaps
- USD 25k grant maximum
- + 25% matching contribution (cash & in-kind) from grantee
- Payment not based on any specific results
- Some Tier-2 companies may also qualify
- Result-based financing to sustain and ensure scale-up of companies operating in challenging markets
- < USD 250k grant against specific results agreed with the grantee
- ROGEP support represents an incentive/de-risk for co-investment
- Benchmark of other result-based financing

**MARKET-ENTRY GRANT**
- Expand operations to a challenging market within our outside of target countries
- Etc.
- < USD 150k grant
- Not-result-based
- 25% co-financing required from grantee
- ROGEP support represents an incentive/de-risk for moving to new markets

**PERFORMANCE-BASED GRANT**
- Benchmark & cooperation with other catalytic grants
Currently, only companies in selected CTF countries (11) out of the 19 ROGE countries are eligible for the grant.
SUB-COMPONENT 1C
The financial support provided targets companies in the three categories (tiers) determined under ROGEP

**Tier 1**
- < 3 FTE
- < 300 SHS or <1,500 lanterns sold
- <$100k annual revenues
- Has not accessed outside finance (except personal loans), may have a business bank account

**Tier 2**
- 3-25 FTE
- 300-30,000 SHS or 1,500-50,000 lanterns sold
- $100K-$3M annual revenues
- Has a business bank account, maybe some outside funding (e.g. crowdfunding)

**Tier 3**
- > 25 FTE
- >30,000 SHS or >50,000 lanterns sold
- >$3M annual revenues
- Has a credit line at a bank and financial statements (possibly audited), likely raising equity or other outside financing
Component 1C has clear objectives to help businesses grow, close business & technology related gaps, and get additional funding

**1C: ENTREPRENEURSHIP FINANCIAL SUPPORT**

- **Encourage bold ideas** (including systems, models, products, etc.) from entrepreneurs and SMEs, by providing a small grant for operations expansion and/or improvement such as new or improved products, services and technologies with considerable commercial upside potential.

- Support the establishment of a critical mass of entrepreneurs, SMEs capable of closing the electrification gap in the target countries through a market-based approach

- Provide the evidence base for scaling-up thereby providing proof of concept, insights, lessons learned and best-practices

- Facilitate access to further financial support schemes from ROGEP or follow-on investment
The CTF\(^1\) funding – USD 2M – is a matching grant where selected businesses can get up to USD 25,000

Current Total Funding

USD 2M

Matching Grant

Min. 25% of project total cost
To be provided by the company\(^2\)

Max. 75% of project total cost & Amount of USD 10-25,000

Co-Financing

Develop viable business/product ideas
Develop & Test products
Test market & new business models
Expand business in other areas in the same country

Funding available per company

24 months of grant length

(1) CTF: Clean Technology Fund
(2) Own capital, private investors, loan & other private sector cash contributions. Some in-kind co-financing accepted.
The matching grant is available for 3 specific technologies & services

- **Pico-Solar PV with phone charging capacity**
- **Solar Home Systems with multiple light bulbs & Options for applications**
- **Standalone solar systems for productive uses, SMEs and households**

Picture Sources: SunKing, ECREEE
The Matching Grant is built on specific and clear implementation guidelines

- Eligibility Criteria
- Matching Ratio
- Marketing & Communication Campaign
- Size of Grant
- Support Services
- Flexibility of Scheme
- Application & Selection Procedures
- Disbursement Schedule
- Synergies w/ the Rest of ROGEP
- Selection Criteria
- Project Duration
- Potential M&E Indicators
- Eligible Use of Funds
- Sustainable Impact
- Possibility of Multiple Awards
- Flexibility of Scheme
Synergies with existing programs and initiatives will be leveraged to further support targeted businesses

Non-exhaustive list
SUB-COMPONENT 1D
Observation: Off-grid & standalone solar tech is expanding but not yet widespread. The main reason: challenging markets in the region are not attracting off-grid solar companies.

Challenging Country according to ROGEP

- ...is too small to justify investing
- ...is considered too big and hard to handle
- ...is facing some kind of socio-economic and/or political issues, rendering doing business risky (e.g.: terrorism, drought, etc.)
- ...is too fragile in terms of socio-economic fabric and infrastructure (e.g.: coming out of a civil unrest, war, Ebola, etc.)

Most challenging countries have markets with:
- few micro & small companies struggling to distribute their products
- A large fragmentation & hard to reach customers
- Extreme poverty or disparate population
Thus, component 1D aims at facilitating to overcome barriers to market-entry in markets through 2 types of catalytic grants

**1D: CATALYTIC GRANTS**

**Market-Entry Grant**
- Support the entry/expansion of a company into a new & challenging market in its own country or eligible countries
- Max. USD 100k financing to move to challenging markets
- No specific results required for disbursement

**Performance-Based Grant**
- Accelerate accessibility & affordability of off-grid solar products to the most vulnerable consumers
- USD 100k-250k financing to move to challenging markets
- Funding disbursed based on reached performance goals (incl. units sold, affordability, household impacts, tier level of electricity access provided, etc.)

Support services can be provided by integrating partnering incubation programs or technical assistance to achieve set milestones/performance goals
The financial support provided targets only companies in the stage 2 and 3 of the business cycle...

**Tier 2**
- Early Stage
  - 3-25 FTE
  - 300-3,000 SHS or 1,500-50,000 lanterns sold
  - $100K-$3M annual revenues
  - Has a business bank account, maybe some outside funding (e.g. crowdfunding)

**Tier 3**
- Growth/Maturity
  - > 25 FTE
  - >30,000 SHS or >50,000 lanterns sold
  - >$3M annual revenues
  - Has a credit line at a bank and financial statements (possibly audited), likely raising equity or other outside financing
Both Catalytic Grants are built on specific and clear implementation guidelines

- Eligibility Criteria
- Matching Ratio
- Marketing & Communication Campaign
- Size of Grant
- Support Services
- Flexibility of Scheme
- Application & Selection Procedures
- Disbursement Schedule
- Synergies w/ the Rest of ROGEP
- Selection Criteria
- Project Duration
- Potential M&E Indicators
- Eligible Use of Funds
- Sustainable Impact
- Possibility of Multiple Awards
- Support Services
- Project Duration
- Potential M&E Indicators
- Possibility of Multiple Awards
Grantees will go through a selection process based on various criteria:

- Gender Considerations
- Impactful & Robust Business Proposals
- Certified Products
- Matching Contribution
- Demonstration of the impacts of the grant vs. access to energy etc.
- Demonstration of the Additionality
A rigorous M&E mechanism will be designed and implemented to ensure increased progress in challenging markets.

Non-Exhaustive List

- Revenue Growth
- Unit Sales
- Affordability of product offerings
- Access to follow on financing
- Household impacts
- Jobs created
- Gender Impacts
- Increased Market Competiton
- Unit Sales
- Household impacts
- Jobs created
“Speed is irrelevant if you are going in the wrong direction” Rami
Merci!
Obrigado!
Thank you!

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