EEP AFRICA

KNOWLEDGE WEEK

FINANCING:
GROWING BEYOND GRANT FUNDING

THURSDAY 25 NOVEMBER
14.00-15.30 GMT+2
BEYOND GRANT FUNDING

Financing Session at Knowledge Week 2021

Moderator:
Lauri Tuomaala, EEP Africa Head of Portfolio & Finance
EEP AFRICA KNOWLEDGE WEEK 2021

AG-ENERGY NEXUS: COOLING AS A SERVICE
22 NOV
14.00-15.00 GMT+2

LEADERSHIP: BUILDING AN INCLUSIVE ENERGY TRANSITION
23 NOV
14.00-15.30 GMT+2

AG-ENERGY NEXUS: POWERING AGRO-PROCESSING
24 NOV
14.00-15.00 GMT+2

FINANCING: GROWING BEYOND GRANT FUNDING
25 NOV
14.00-15.30 GMT+2

Learn more and register:
https://eepafrica.org/knowledge-week-2021-agenda/

Media partner

EEP AFRICA

ESI AFRICA

NDF Nordic Development Fund
AGENDA

❖ Welcome & introduction to EEP Africa
❖ Framing remarks
  ❖ Results from EEP Africa analysis
❖ Company & investor panel
  ❖ Powerlive Zimbabwe
  ❖ ENSOL Tanzania
  ❖ Charm Impact
  ❖ Lion’s Head Global Partners
❖ Audience Q&A
❖ Project of the Year 2021
  ❖ Presentation of finalists
  ❖ Announcement of winners
AUDIENCE POLL

Which region are you tuning in from?
ABOUT EEP AFRICA

- **Early stage financing** for innovative clean energy technologies and business models

- **Active portfolio** of 65+ projects utilising 10 renewable energy technologies

- **Regional focus** on 15 countries across Southern and East Africa

- **Support services** in business development, investment facilitation, knowledge sharing and partnerships

- **Multi-donor fund** managed by the Nordic Development Fund (NDF), with funding from Austria, Finland & NDF

- **Invested** over EUR 50 million since 2010
PORTFOLIO BY COUNTRY AND TECHNOLOGY

<table>
<thead>
<tr>
<th>Country</th>
<th>Solar PV</th>
<th>Cookstoves</th>
<th>Waste-to-energy</th>
<th>Hybrid</th>
<th>EE</th>
<th>Hydropower</th>
<th>Biogas</th>
<th>Solid Biomass</th>
<th>Wind Power</th>
<th>Biofuels liquid</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kenya</td>
<td>13</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Uganda</td>
<td></td>
<td>8</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tanzania</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rwanda</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Malawi</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Zimbabwe</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Regional</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>South Africa</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Zambia</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lesotho</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Namibia</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Burundi</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mozambique</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Eswatini</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Seychelles</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Botswana</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

67 Enterprises

- Call of 2018
- Call of 2019
- Call of 2020
PORTFOLIO FAST FACTS

66% Project developers are start-ups

42% Locally-led companies

34% Women-led companies

88% Off-grid projects

12% On grid projects

51% Productive use of energy projects
Presenter: Chris Browne
M&E Advisor, EEP Africa
Key Findings from EEP Africa’s Forthcoming In-depth Study
THE ROLE OF GRANT FUNDING

Two purposes for grant financing in early stage companies:

**Testing**

*learning money* to find *fit* between product, model, and market

**Scaling**

the *capital injection* required to kickstart the process

Grants give companies *space* to find *what works* and *what doesn’t*. 
The role of grant funding

Grant funding is used in the same way by all companies:

- **Start-up**
  - Grant
  - Testing new product or market

- **Mature company**
  - Grant
  - Established product / market
  - Testing new product or market

It is the maturity of the project/initiative that matters.
WHAT’S NEEDED FROM GRANT FUNDING?

To best help a company, a grant must have **flexibility** built-in.

Quite often, **things do not go according to plan.**

- markets change or don’t behave as anticipated
- supply, customs, or regulatory issues
- unseen forces, like a global pandemic, completely change the landscape

Focus group comments on traditional grant providers:

"For example, a multi-year project and there's **no pivoting**."

"There's **no flexibility** and everything is down to the letter of the bureaucracy."

"[It] makes it **really difficult**, especially with how **fast paced** this industry is moving and growing, and how technology is changing."
THE NEED FOR FLEXIBLE FINANCING

Insights from the EEP Africa portfolio

Projects since 2018:

- Nearly **70%** of projects had a contract modification
- **Less than half** were due to effects of COVID-19
- Next most common reason was to **adapt the project** after learning something important – a pivot
- **7 out of 11** mini-grid & on-grid projects modified due to **PPA & licensing** issues
GRANT STAKEHOLDERS

End Users

Products & Services → Revenue

Donors
Funding, BDS
Results

Developer

Investors
Investment
Returns

Learnings & Partnerships
Regulation

Industry & Government

Results

Funding, BDS

EEP Africa

NDF Nordic Development Fund
<table>
<thead>
<tr>
<th>CRITERIA FOR SUCCESS</th>
<th>End Users</th>
<th>Donors</th>
<th>Developer</th>
<th>Investors</th>
<th>Industry &amp; Government</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Fit for purpose</td>
<td>Outcome &amp; Impact</td>
<td>Hypothesis proven</td>
<td>Scalable business</td>
<td>Stimulated Market</td>
</tr>
<tr>
<td></td>
<td>Improved quality of life</td>
<td>Value for money</td>
<td>Closed lines of enquiry</td>
<td>Return on investment</td>
<td>Learnings</td>
</tr>
<tr>
<td></td>
<td>Affordable and available</td>
<td>Learnings and visibility</td>
<td>Company maturity</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Reliable and sustainable</td>
<td></td>
<td>Case for investment</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

EEP Africa

NDF Nordic Development Fund
## LOOKING BEYOND THE NUMBERS

<table>
<thead>
<tr>
<th></th>
<th>Development</th>
<th>Scaling</th>
<th>Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Energy related expenditures saved per year</strong></td>
<td>€ 71,726</td>
<td>€ 1,280,817</td>
<td>17.9</td>
</tr>
<tr>
<td><strong>People with enhanced energy access</strong></td>
<td>6,166</td>
<td>62,883</td>
<td>10.2</td>
</tr>
<tr>
<td><strong>Direct jobs created</strong></td>
<td>26</td>
<td>93</td>
<td>3.6</td>
</tr>
<tr>
<td><strong>Mobilised climate finance</strong></td>
<td>€ 415,820</td>
<td>€ 1,386,541</td>
<td>3.3</td>
</tr>
<tr>
<td><strong>Tonnes of CO2e emissions reduced/avoided</strong></td>
<td>2,555</td>
<td>17,415</td>
<td>6.8</td>
</tr>
<tr>
<td><strong>GWH clean energy generated per year</strong></td>
<td>0.6</td>
<td>3</td>
<td>5.2</td>
</tr>
</tbody>
</table>
WHAT ARE INVESTORS LOOKING FOR?

Developers all agreed that **truly scaling** this impact cannot be done through grants – **commercial investment** is required.

Investors choose the **business model** and the **team**.

<table>
<thead>
<tr>
<th>Small ticket size</th>
<th>Medium-large ticket size</th>
</tr>
</thead>
<tbody>
<tr>
<td>EUR 15,000–500,000</td>
<td>EUR 500,000+</td>
</tr>
<tr>
<td><strong>Business</strong>: Completed pilots &amp; proven model</td>
<td><strong>Business</strong>: commercial sites, proven sales record, sustainable without grants, profitable in 1-3 years</td>
</tr>
<tr>
<td><strong>Team</strong>: Experience managing funds, personnel, and projects</td>
<td><strong>Team</strong>: complete, strong, functioning team and risk management</td>
</tr>
</tbody>
</table>

**Collect data**: Well-organised & well-documented **evidence** is what sells a business to Investors
Obtaining investment is **difficult for all companies** in the EEP Africa portfolio

However, women-led and locally-led companies face **unique challenges**

Women-led companies raised **3.6x less** those led by males

Locally-led raised **8x less** than internationally-led
EEP AFRICA KNOWLEDGE PRODUCTS

COMING SOON!

New in-depth study on generating success through flexible financing

ENERGISING RESILIENCE
Climate Co-Benefits from Clean Energy Projects

POWERING PRODUCTIVITY
Lessons in Green Growth from the EEP Africa Portfolio

EEP Africa
NDF Nordic Development Fund
AUDIENCE POLL

Are you primarily grant-funded or commercially-funded?
LESSONS FROM THE FIELD
Discussion with Companies and Investors
COMPANY & INVESTOR SPEAKERS

Sharon Yeti  
CEO & Co-founder  
Powerlive  
Zimbabwe

Prosper Magali  
Director & Co-founder  
ENSOL  
Tanzania

Bethany Larsen  
Chief Investment Officer & Co-founder  
Charm Impact

Alex Kanyonga  
Director  
Lion’s Head  
Global Partners
EEP Africa Project:
Empowerment through Feminist Electrification
(2020 - present)
CHARM IMPACT

EARLY STAGE DEBT FINANCE

Crowdsourced funds to catalyse the growth of clean energy entrepreneurs

Loan range: £10k - £250k
Interest rates: 6-10% p.a.
Loan tenor: 6-24 months
Focus area: Sub-Saharan Africa
EEP Africa Project:
50kW Solar Hybrid Mini-grid to Electrify Mpale Village
LION’S HEAD GLOBAL PARTNERS

ASSET AND FUND MANAGEMENT

Manages the Facility for Energy Inclusion’s Off-Grid Energy Access Fund (FEI-OGEF)

Ticket size: $2-10 million
Structure: 40% equity, 60% debt
Loan tenor: 12-60 months
Focus area: Sub-Saharan Africa
PANEL DISCUSSION
AUDIENCE POLL

What is the main barrier to increased financing in the sector?
AUDIENCE Q&A

Type in the Question box and your queries will be directed to our moderator and speakers
PROJECT OF THE YEAR AWARD

Introducing EEP Africa’s 2021 Awardees
2021 JURY PANEL

Aleksi Lumijärvi  
Nordic Development Fund

Kornelia Iipinge  
SACREEE

Kwaku Owusu-Achaw  
Shell Foundation

Sarah Bieber  
Acumen
EEP AFRICA PROJECT OF THE YEAR

Outstanding **innovation** or **achievement** during **2021**

Two categories:

- **Start up**: in early stages but succeeding in innovating or opening a market
- **Scale up**: strong growth and on the way to broad impact
EEP Africa Project: Empowerment through Feminist Electrification (Zimbabwe)

Sector: Scalable solar systems and appliances

2021 Achievements:
- Sold 1,500 systems with 7,500 beneficiaries
- Opened new markets in 4 more districts
- Increased outreach through roadshows and online marketing
- Survived a difficult lockdown situation with no retrenchments
- Over 80% of head office staff, sales agents and technicians are women
EEP Africa Project: Biogas for Women by Women (Kenya)

Sector: Biodigesters for smallholder farmers

2021 Achievements:
- Reached 5,000 customers in Kenya
- 90% of customers report high satisfaction
- Revenue is 20% higher than 2019 and 2020
- Doubled monthly collections on loans and cut operational costs by 30%
- Improved gender balance in sales team with targeted recruitment and training, now 60% women on active team
EEP Africa Project: Solar Energy Hubs for Last-Mile Access (Tanzania)

Sector: Solar battery rental and recharging

2021 Achievements:
- Hubs serving 63 communities in 3 regions, providing power to over 50,000 people
- Hubs are operated 100% by local women
- 77% of customers make less than $2/day
- 99% of customers say a “must have” product
- Tripled revenue from battery swaps
- Raised $2.85 million since grant started
EEP Africa Project: Sustainable and Productive Solar Motorcycles (Uganda)

Sector: Solar-powered e-mobility

2021 Achievements:
- 215 e-motorcycles and 25 solar charging stations in operation
- Over 500,000 km driven
- Product increases drivers’ revenue 60%
- PAYGo-Moto battery swap model
- Building charging station corridor between Kampala and Masaka
- Secured €3 million investment
AND THE WINNERS ARE...
PROJECT OF THE YEAR START UP 2021

Sharon Yeti
CEO and Co-founder
PROJECT OF THE YEAR SCALE UP 2021

Cindy Bavo
Director of People and Culture
PROJECT OF THE YEAR 2021

Start Up

Scale Up
THANK YOU!

Learn more
https://eepafrica.org/

Contact us
info@eepafrica.org

Follow us
LinkedIn  Twitter  Facebook  YouTube

Media partner

EEP AFRICA

KNOWLEDGE WEEK

22-25 NOVEMBER