

Scaling Off-grid Energy Grand Challenge for Development: New Partnership Opportunity

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Webinar Panelists

Molly Doyle	USAID
Maurice Kent	USAID
Alex Towns Blake	USAID

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Eric

Hello, everyone. I'm Eric Lockhart with the National Renewable Energy Laboratory and welcome to today's webinar, which is hosted by the Clean Energy Solutions Center in partnership with Scaling Off-Grid Energy Grand Challenge for Development. Today's webinar is focused on an exciting partnership opportunity to scale off-grid energy development.

Before we begin I'll quickly go over some of the webinar features. For audio you have two options; you may either listen through your computer or over your telephone. If you choose to listen through your computer please select the mic and speakers option in the audio pane. Doing so will eliminate the possibility of feedback and echo. If you choose to dial in by phone please select the telephone option and a box on the right side will display the telephone number and audio pin you should use to dial in. If anyone is having technical difficulties with the webinar you may contact the GoToWebinar's helpdesk at (888) 259-3826 for assistance.

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Finally, one important note to mention before we begin our presentations is that the Clean Energy Solutions Center does not endorse or recommend or recommend specific products or services. Information provided in this webinar is featured in the Solutions Center's resource library as one of many best practices resources reviewed and selected by technical experts.

So today's webinar is centered around the presentations from our guest panelists, Molly Doyle, Maurice Kent, and Alex Towns Blake, who joined us to discuss a new funding opportunity from USAID's Scaling Off-Grid Energy. Before we jump into the presentations I will provide a quick overview of the Clean Energy Solutions Center. Then following the panelist presentations we have a question and answer session, where the panelists will address questions submitted by the audience. At the end of the webinar you will be automatically prompted to fill out a brief survey as well, so thank you in advance for taking a moment to respond.

The Solutions Center was launched in 2011 under the Clean Energy Ministerial. The Clean Energy Ministerial is a high-level global forum to promote policies and programs that advance clean energy technology, to share lessons learned and best practices, and to encourage the transition to a global clean energy economy. Twenty-four countries and the European Commission are members, covering 90 per cent of clean energy investment and 75 per cent of global greenhouse gas emissions.

This webinar is provided by the Clean Energy Solutions Center, which focuses on helping government policymakers design and adopt policies and programs that support the deployment of clean energy technologies. This is accomplished through supporting crafting and implementing policies relating to energy access, no-cost expert policy assistance, and peer-to-peer learning and training tools, such as this webinar. The Clean Energy Solutions Center is co-sponsored by the governments of Australia, Sweden, and the United States, with in-kind support from the government of Mexico.

The Solutions Center provides several clean energy policy programs and services, including a team of over 60 global experts that can provide remote and in-person technical assistance to governments and government-supported institutions, no-cost virtual webinar trainings on a variety of clean energy topics, partnership building with development agencies and regional and global organizations to deliver support, and an online library containing over 5,500 clean energy policy-related publications, tools, videos, and other resources. Our primary audience is made up of energy policymakers, analysts from governments, and technical organizations in all countries, but we also strive to engage with the private sector, NGOs, and civil society.

The Solutions Center is an international initiative that works with more than 35 international partners across its suite of different programs. Several of the partners are listed above and include research organizations like IRENA and the IEA, programs like SE4ALL, and regionally focused entities such as the ECOWAS Center for Renewable Energy and Energy Efficiency.

A marquee feature that the Solutions Center provides is the no-cost expert policy assistance known as Ask an Expert. The Ask an Expert service matches policymakers with one of the more than 50 global experts selected as authoritative leaders on specific clean energy, finance, and policy topics. For example, in the area of energy access we are very pleased to have Catherine Diam-Valla from Accessible Energy serving as one of our experts. If you have a need for policy assistance in energy access or any other clean energy sector we encourage you to use this valuable service. Again, the assistance is provided free of charge. If you have a question for our experts, please submit it through our simple online form at cleanenergysolutions.org/expert. And we will also invite you to spread the word about the service to those in your networks and organizations.

Now I'd like to provide brief introductions for today's panelists. First up today is Molly Doyle, who is a senior advisor for USAID's Scaling Off-Grid Energy. She has a background in renewable energy and entrepreneurship, with experience in East and West Africa. Following Molly we will hear from Maurice Kent, who is an innovation advisor and program officer at USAID's US Global Development Lab. And our final speaker today is Alex Towns Blake, who is a senior advisor for Scaling Off-Grid Energy at USAID, where he helps drive new partnerships to increase investment in off-grid energy services in Africa.

And with those quick introductions, I'd like to welcome Molly to the webinar.

Molly

Hi. Thanks for everyone who took the time to join us today. So we're just doing a brief informational webinar to just share a few more details on our latest partnership opportunity that's designed just to help private sector investment in the off-grid energy market in Sub-Saharan Africa.

As Eric mentioned, I wanted to just introduce my team really briefly. So we're the Scaling Off-Grid Energy Team at the Global Development Lab within USAID. So Maurice and Alex are also joining me on this call.

So just a quick overview of our team and the Scaling Off-Grid Energy Grand Challenge for Development. This is a partnership between USAID, Power Africa, DFID, and the Shell Foundation, which seeks to scale renewable energy markets to provide 20 million new household and small business electricity connections across Sub-Saharan Africa. So our team has three main objectives. We're working to accomplish this on three different levels of the market. So we work, one, directly with enterprises through investment readiness support and grant awards for both new market expansion and tech innovation pilots. We also work on the financing side, bringing private equity investors to the market, helping to offset transaction costs, lower the cost of capital, and support local currency deals in markets. We also work on just general market-enabling activities, specific interventions in-country, partnered with our USAID mission team in Power Africa. This includes a range of activities to support the entire ecosystem of the off-grid market.

Just a quick overview. So we're a relatively new team. We launched in June of last year at the Global Entrepreneurship in Silicon Valley. So since then

you'll see just a brief overview of what we've accomplished to date. So we completed our first round of USAID investments in eight companies across Sub-Saharan Africa or tech innovation pilots and new market launches. We have several awards in process currently for an off-grid refrigeration competition through the Global LEAP Awards. We set up a new partner program with the Shell Foundation, a core partner within the grant challenge called Scaling Energy Access Markets in Africa. We set up several new partnerships, including Microsoft, Acumen, GSMA, and the UN Foundation. We also have quite a bit of on-the-ground work currently with USAID Uganda and USAID Nigeria.

So I know you're all here today just to hear a bit more on our new partnership opportunity that was recently announced earlier in the year. So this partnership program seeks to help drive private sector investment in the off-grid solar home system market across Sub-Saharan Africa. So this program seeks to develop new alliances between USAID investors and companies. This is going to include grants from USAID ranging from approximately \$500,000.00 to \$1.5 million, with a minimum 2:1 investor match. This could be equity or debt, ideally closer to 10:1 ratio, as well as a commitment on the company side in terms of commitment in terms of deliverables.

So just to review very briefly the technical scope. We're keeping this scope relatively broad, so an applicant can be any company working to scale the off-grid solar home system market. So that could be a solar home system manufacturer or distributor, service provider, tech integration provider such as a pay-as-you-go hardware integrator, et cetera, as well as financial intermediary. We're especially interested in financial intermediaries who address constrained access to capital, offer solutions to the high cost of securing capital, offer lending in local currency, or help lower the cost of doing business in the markets.

The type of company growth stage we're looking at at the moment, we're relatively open on this criteria as well, although the company must have demonstrated track record on the ground in one or more markets across Sub-Saharan Africa. So we do host other programs at different parts of the year around more earlier stage companies that's targeted for new market launches. This specific partnership opportunity is not designed for that early stage. So we're not seeking to help commercialize or support a new market launch. We want to see companies that have already gained a bit of traction in the field and that we can help just grow and expand. Preference will also be given to locally owned and operated companies, as well as female-owned and operated.

So due to the high connection target, as a team of four we're looking at 20 million new household connections within the next few years. So there's obviously a big focus for our team on high volume of new connections. So one large aspect of this grant would be demonstrating how many potential new connections can be provided as a result of this alliance with USAID.

Just to review very briefly the concept paper submission process. It's relatively straightforward, but this is a bit more non-traditional than our other

grants, our grant programs. So because we're seeking to develop essentially an alliance between a company, their investors, and USAID, we're asking that companies, once they have confirmed eligibility and are within scope of the program, we would over the next month or two we're hoping to hold many conversations with investors interested in funding companies who are looking at applying to this program.

So if this opportunity seems like a good potential fit with your company and you believe you have a compelling business model and strategy to scale that can deliver a high volume of new connections across the market, please finalize this with potential investors, just their level of commitment, and then put them in touch with our team to discuss. I am available to answer questions on eligibility and evaluation criteria, but most of our conversations over the next month will be with potential investors to see how we can structure these potential alliances as this funding focuses on driving new investment into the market. So once we receive all concept papers, after the deadline we'll invite a select number of companies to submit a full application.

Just a few final notes on eligibility criteria. So one large focus for us would be on the level of new investment, both equity or debt that's brought into the market as a result of this alliance. The match funding on the investor side cannot be a grant; this must be private equity or debt. That is an important thing to note for the companies on the line.

Catalytic funding. So USAID wants to really close that last gap between your company and new investment partners. So we would really need to clearly understand how our limited resources are really going to help drive your company to scale as well as bring in new investments. Like I said before, the number of new electricity connections, households and small businesses as a result of the alliance. And we're also very interested in companies that serve other companies across the market, so this could be a financial intermediary, a service provider, et cetera.

So I want to leave plenty of time to answer your questions. And I believe Eric can moderate this at that point.

Eric

Yeah, it sounds good. Thank you. Thanks for that introduction. Yeah, we have a number of questions coming in. A couple of them are related to what type of projects are eligible. Maybe you could just clarify exactly, you know, the slide mentioned solar home systems, but there's a few questions coming in about micro and mini grids and whether they're eligible or not, or any type of micro grid would be eligible or not.

Molly

Sure. We've generally said that micro grids are not eligible, but if a micro or mini grid has a very compelling business model that's providing a high volume of new connections, we would be open to that. But generally due to the structure of just high cost of capital related to the total number of connections, micro grids just aren't necessarily appropriate for this particular window.

Eric Great. Thank you for that clarification. There's a question about the funding level and sort of what the minimum funding might be that you would consider a good candidate for this partnership opportunity would be?

Alex Sure. This is Alex Blake. The minimum is \$500,000.00 and the maximum, the ceiling on the award is \$1.5 million. And so, you know, that would require then a minimum of the 2:1 private sector investment match.

Eric Great. Thank you. You mentioned that South Africa is excluded in the country list. One of the attendees was curious if there's a—why that might be in I guess more broadly if—you know, if there's a project that has multiple—works in multiple countries, and one of those is South Africa, that also via exclusion.

Molly Yeah, I just mentioned South Africa because it's a relatively developed market and there's quite a bit less need for support at that time, although there is still significant population there without very strong grid access or any grid access. We would be open to companies working across multiple countries if that includes South Africa; just our focus right now is Sub-Saharan Africa outside of that country.

Eric Perfect. Thank you. A couple of questions about the matching funds. Maybe you could talk a little bit more about that. Specifically one of the questions is if funds from other government or multilateral sources would be acceptable as matching.

Alex So in fact the answer to that would be no, if those funds were grant funds. You know, this is specifically an opportunity for funding from USAID to help catalyze private sector investment, so grants would not be counted as part of that match.

Molly And I'll also state that that needs to be new investment. So we're not counting past equity or debt commitments that have already closed.

Eric Got it. Makes sense. And on that front you mentioned I believe that sort of letter of intent, level of commitment would work, but maybe you could talk a little bit more about sort of how commitments can be made by investors.

Alex Sure. So there needs to be a letter of intent demonstrating at least that minimum 2:1 match that comes in with an initial concept note. And of course we're looking for applications with higher leverage than that. But that would be the minimum requirement.

Eric Great. Thank you. Let's see, so we've got a question on timeline—two related questions I can ask together on timeline. And one is, you know, you mentioned the timeline for the sort of concept note process and submitting formal applications, but one of the participants is wondering what the timeline is for awards and then fund disbursement and then how that would translate into reporting timeframes and requirements. So really there's two questions in there: timeline and reporting requirements as funds start to get disbursed.

- Alex** Sure. So after concept notes are submitted and applicants are invited to submit a full application then awards will be made by the end of our fiscal year, which is September 30th. Although this is a rolling application window, so ideally, you know, we'd be able to see some awards before then. The disbursements would come after the award was made.
- Eric** Yeah. Thank you. That makes sense. One participant is wondering what you mean by enterprise. And if, for example, a civil society organization working on solar home systems might be able to apply.
- Molly** Yes, so NGOs, non-profits are not eligible for this. Obviously we fully support non-profits' work in energy access, but this specific window is for for-profit companies partnering with their investors partnering with USAID.
- Eric** Great. Thank you. There's a question about the mention of existing track record. And if maybe you could talk a little bit more about that, and if, for example, a joint venture or partner between a local firm and a firm abroad, you know, sort of how the track record would translate to joint ventures and how you're thinking about evaluating that criteria.
- Alex** So we're not prescribing what a business model or partnership arrangement should look like. Again, businesses are for-profit enterprises, and as Molly described, can be sort of any of these intermediaries or companies directly providing energy services.
- Molly** We do want to demonstrate success in the field. We're not looking to fund early stage companies that haven't yet launched. So we are looking at—we've had a lot of requests to assist with new market entry, and that's not the purpose of this specific window.
- Eric** Great. Thank you. One question, a slightly more specific question on technology; I was wondering if small-scale wind power generation or hybrid solar wind would be feasible for this opportunity?
- Molly** So this is limited to—thanks for that question, just so we can clarify. This is focused on the solar home system market, so it doesn't necessarily need to be exclusively residential, but we're looking at a full system. So that's not a _____ solar; we're not looking at working with solar lantern companies and we're also not looking at the larger utility models. This is distributed solar and we also are limited to solar itself; we're not looking at other renewable energy technologies at this time.
- Eric** There's a few more questions about sort of what's needed on the investor side for the match. You know, we talked about it a little bit, but I wonder if perhaps there's an example from a similar funding call, where you could maybe speak to a specific example of an investor partnering with an enterprise that's similar to what you had hoped to see for this one. That would help maybe illuminate a little bit what an investor match might look like.
- Molly** Sure. So essentially that's one really critical aspect of this process. So if a company thinks that they're a potential good fit in terms of eligibility and

their business model they need to speak with their investors immediately and put them in touch with us. We want to be able to—we don't want companies to just submit a concept paper without contacting us. We want to help develop this as a process. But most importantly, we need to speak with their investors just to understand their level of commitment and what they're willing to move forward on. This is an alliance with three parties involved, and the investors are one of them.

Alex Right. And specifically as the concept note is submitted, I mean there needs to be that clear demonstration that there is a level of investor support that would in fact make this applicant eligible.

Molly So we're not asking for term sheets; we understand that process is very time-sensitive, but we are asking at least for a letter of intent from investors to demonstrate that match.

Eric Great. On a related note, one of the attendees is wondering if they have a great concept and they're trying to sort of navigate the process of linking up with matching investors, if there's support you all can give on that matchmaking with potential investors?

Alex We can act as a broker of business relationships in that way. So what we can really do is come in and understand the level of investor support. It really is incumbent on the applicant to be at a stage where they're able to drive that level of investor interest.

Eric Great. Makes sense. For companies that are operating in multiple countries, is there a need to sort of focus on one specific country that they're applying from or that they want to grow their business in?

Alex There is no real preference in terms of the market, as long as it's the market in Sub-Saharan Africa and, you know, the company, again, with regards to the question about markets, needs to be at a stage where they've demonstrated their capacity to grow and scale and to attract investor interest. So I think we'd not be prescriptive about the markets.

Eric Sort of on a related note, if there's a company that has sort of some investors in the door and they're wanting to grow the investment for the stage that they're at, to expand, is that still eligible?

Molly In that case I would just have them put us in touch with their investors and we can discuss that on more of a case-by-case basis.

Eric Great. Thank you. There are a couple of questions about the terms of the funding from you and the structure with the matching funds, what would be loan-bearing capital and what would be grant capital. Maybe if you could speak to that a little bit more.

Alex Sure. So any capital that was awarded as part of USAID support would be grant capital, and the expectation is that any matching capital would be commercial funding, so that is it would be funding the expectation of returns.

- Molly** And I'll just also chime in that in terms of reporting requirements I'm sure that is a question for participants as well. We do have reporting requirements and we will have this grant tied to specific milestones that we'll set on a case-by-case basis with each company.
- Eric** Perfect. Thank you. On the evaluation front one of the attendees is wondering how you think about regulatory and legislative frameworks in countries that companies are looking to operate and sort of how that relates to how viable the business models are.
- Alex** No, I think that one of—it would be safe to say that if a company has some level of investor support around a business model that that business model has taken into account, you know, whether or not there's an enabling environment for success.
- Eric** Great. We're sort of in the realm of clarifying questions now, as a lot of the big topics hit. But, you know, we talked about coming—applicants coming to you with a sort of investor already at the table, but expecting to work collaboratively to come to the final application phase. There's a few more questions about that. I wonder if you could sort of either talk about a past example or make up a fictitious example for what that might look like over time, you know, who gets involved when to walk through the process a little bit more?
- Alex** Sure. So, you know, initially as we're talking to investors that are interested in the company and seeking to understand that level of support we won't be able to talk to the company really in much depth, just to keep sort of a level playing field. And it would only be sort of post-concept note submission after having reviewed those initial concept notes that then we'd be able to work a little bit more closely with companies that have been invited in for a full application now. The question of who would get involved and when and what that look like, I think the key message here is that this would be support awarded to catalyze a deal or to basically enable something to happen that would not otherwise happen without USAID funding.
- Eric** Great. Thank you. So this is directed towards off-grid, but one of the participants was wondering if a system that's grid-tied but perhaps not to a grid that can serve a large part of their load is pursuing a solar home system to move through the energy access tiers, if that would be eligible or not. So a grid-tied solar home system in any setting, would that be eligible?
- Molly** So just to clarify, I'm understanding that a company that has been working on grid-tied projects to date is now developing an off-grid product that they're launching? Is that what you're saying, Eric?
- Eric** So I think it would be a company that is—it's almost like a rooftop solar I think is more the question, if it's grid-tied solar home systems. If in any instance those would be eligible.
- Alex** So our focus is really off-grid. I think that we wouldn't discount a business model like that. The main thing is that we're really focused on having this

development impact and our connections goal is really quite high. So there needs to be a compelling case that the impact was there.

Eric Great. Thank you. That's a helpful clarification. A few attendees were definitely in the micro mini grid space and one is wondering if there's a specific mini grid partnership opportunity that might be in the works in the future, if you know of that, or another one that's ongoing right now that they should consider looking into?

Molly Nothing on our timeline at the moment. But mini grids is definitely a priority for us, that we're very interested in helping that market succeed as well. Like I said, mini grids are not off the table in terms of eligibility for this specific partnership opportunity; we're just a bit more focused on number of new connections for this specific one.

Eric Thank you for that clarification. Another track record question. If a company has a track record outside of Sub-Saharan Africa and has investors and is looking to move into Sub-Saharan Africa in the off-grid space, would that be eligible?

Alex Yeah. Absolutely.

Molly Obviously preference would be for somebody who has been working in market, in the same market, just because there are specific challenges to Sub-Saharan Africa. But we definitely take into mind the track record from other off-grid markets as well.

Eric Great. Great. Let's see, there's a number of questions here. And another sort of investor partner question; one attendee is wondering if a manufacturer can be considered an investor for a distributor in Africa.

Alex Well, if that manufacturer is investing then I think they could be considered an investor.

Molly So a company would not be bringing funds to the table themselves, but if a third party is an investor we don't really have a preference as to what that third party looks like.

Eric That makes sense. Another attendee asked how long will this project or partnership opportunity last, and so how long will—over what time period would the grant be disbursed and at what frequency?

Molly That's really on a case-by-case basis. That would be determined with the—once the alliance is established.

Eric Great. Thank you. Another question on the investor front is if there is a kind of due diligence conducted on the part of the private sector funder or the investor in order to be eligible for the opportunity.

Molly So we are funded—this partnership is open to financial intermediaries, but that would need to be relatively specific to the off-grid energy space. We

aren't looking at just funding funds per se, but if there is a company or an investment group or a financial intermediary that is looking to specifically deliver to the off-grid energy market that could be interesting to us. We definitely are very interested in the financial intermediary space in the sense that we can really leverage our limited funding for a wider impact across the market.

Eric Thank you. So there's a good number of questions that I'm just sifting through here. There's a question just about clarification on a company outside of Sub-Saharan Africa that is looking to move into the market. Say if perhaps they were going to partner with a local firm in a country, so they'd have an international track record, general track record, then they'd be partnering with a local firm that maybe has a track record, but not necessarily in the off-grid space or in the off-grid space in the local market. So international and local kind of joint venture.

Molly That depends on what the international company's track record. So we're interested in a track record in the off-grid space, so we're not looking at supporting new market entry. If somebody is moving into another market from the off-grid space that makes sense, but if they've just been working in commercial solar in parts of Europe or North America, that would be less compelling to us because we understand the challenges in the off-grid space and Sub-Saharan Africa are very different.

Eric Great. Thank you. I think that's a helpful clarification based on the attendee's question. So I think we covered the majority of the questions. We have a few that are fairly specific to individual projects. So for attendees whose questions we may not have covered or you may want additional clarification, we'll get in touch offline. And I think with that I'll turn it over to you all, Molly and team, for any closing remarks you might like to make.

Molly Great. Thanks, Eric, for your help. And thanks, everyone who joined us today. If you do have any follow-up questions, like I said, we're not able to have extensive conversations with companies, just to keep a level playing field, but I am available at that e-mail address you see on the screen, SOGE@USAID.gov to answer just any clarifying questions in terms of eligibility. The important point is just to discuss with your investors what is a good fit in terms of a potential alliance, what they'd be able to commit to, and have them reach out to us. Then we can get just a better sense of what you're looking at proposing.

Eric Fantastic. Thank you. If you could remind attendees where they might be able to find more information online or documents that have additional _____ about the partnership opportunity.

Molly Yes. So scalingoffgrid.org is our main website, and you'll see a link to the partnership opportunity there. You'll also see a link to the full announcement on grants.gov.

Eric Great. We'll add those links up on our site as well for quick reference. Fantastic. So on behalf of the Clean Energy Solutions Center I'd like to thank

the panelists for sharing with our attendees about this partnership opportunity, and to the attendees for participating in the webinar, and for that informative Q&A session. We appreciate your time and hope you were able to learn some more about this partnership opportunity. And we invite you to inform your colleagues and those in your networks about the Solutions Center overall, its resources and services, including no-cost policy support through the Ask An Expert service. And I also invite you to check the Solutions Center website if you'd like to view the slides and listen to a recording of today's presentations, as well as previously held webinars. Additionally, you'll find information on upcoming webinars and other training events there, and we'll be posting webinar recordings to the [Clean Energy Solutions Center YouTube channel](#) as well. Please allow about a week for those to be posted.

Finally I'd like to kindly ask you to just take a moment to complete a short survey that will appear as we conclude the webinar here. Thank you again. Please enjoy the rest of your day and we hope to see you again at future Clean Energy Solutions Center events. This concludes our webinar.

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