



CATALYST
OFF GRID ADVISORS

VentureBuilder: *A New Approach to Building Off-Grid Electrification Businesses in Africa*

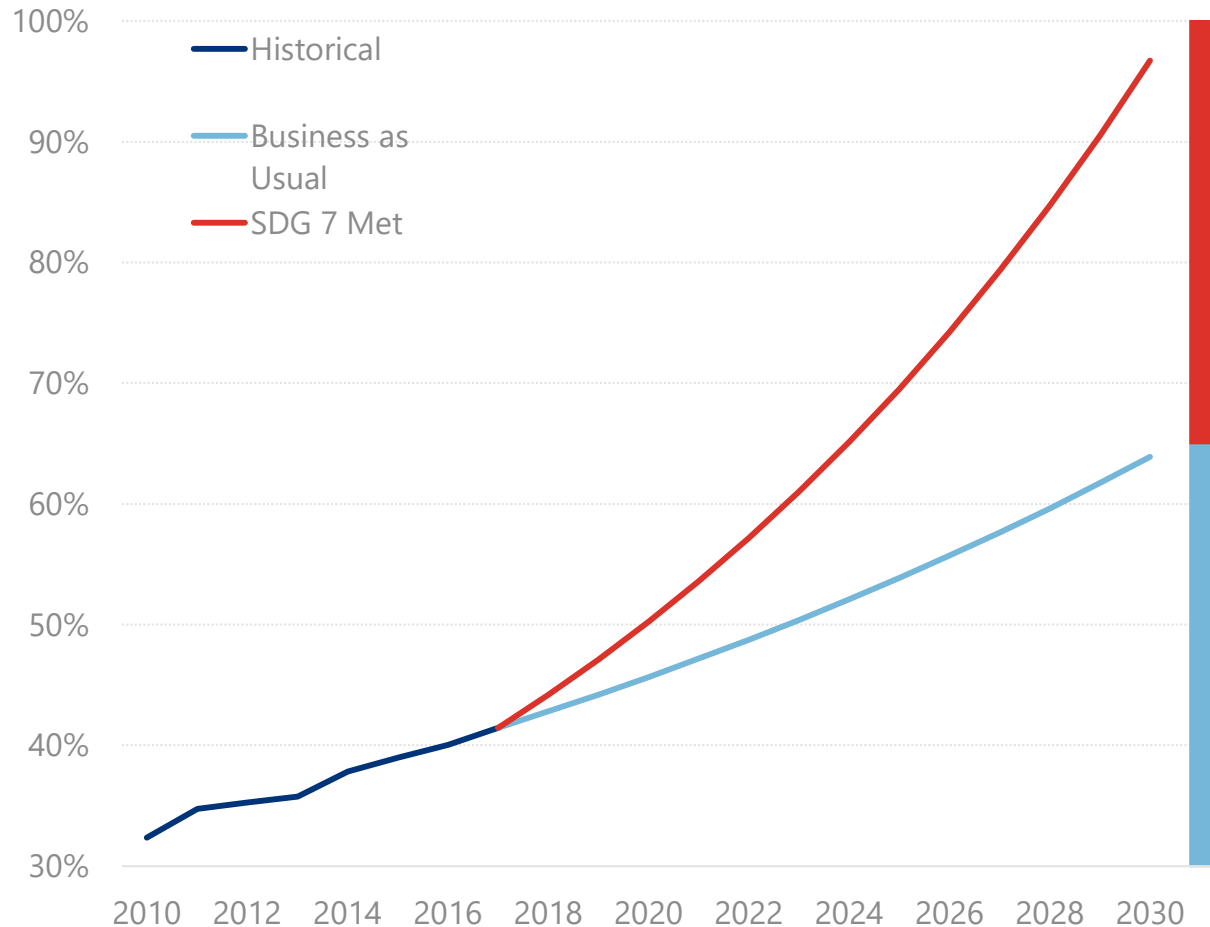
Presentation for UNF's EAPN webinar:
'Support required for locally-owned small and
medium energy access enterprises'

December 2018



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The problem: > 120 mn African households without electricity today; achieving SDG 7 by 2030 will require a vast departure from usual



Continuing with Business as Usual :

65%
of HHs will have electricity access by 2030

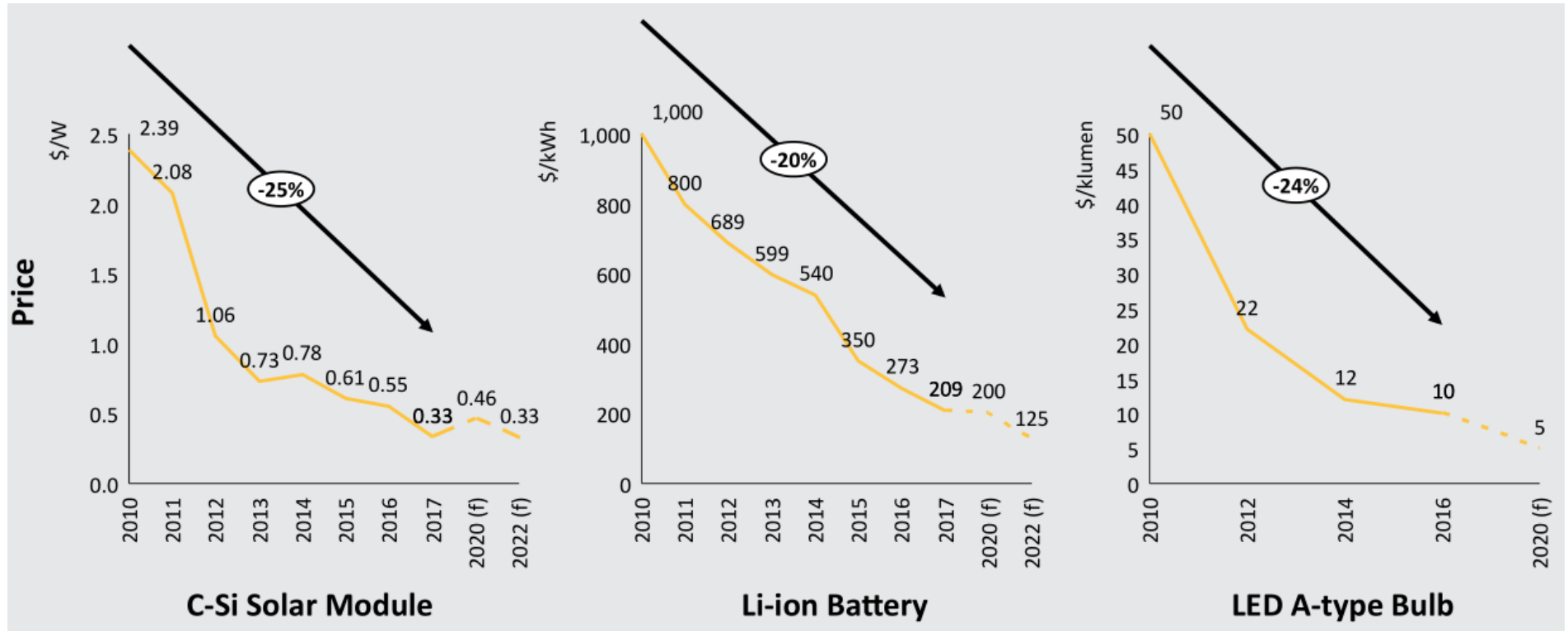
104 million
HHs will remain without access (only 20M fewer than today).

\$11 billion
In capital required for mini-grid and solar home systems

Source: Catalyst Off-Grid Advisors / Shell Foundation; Achieving SDG 7 – The Need to Disrupt Off-Grid Electricity Financing in Africa



Advances in off-grid solar technology have presented a remarkable opportunity to break away from business as usual

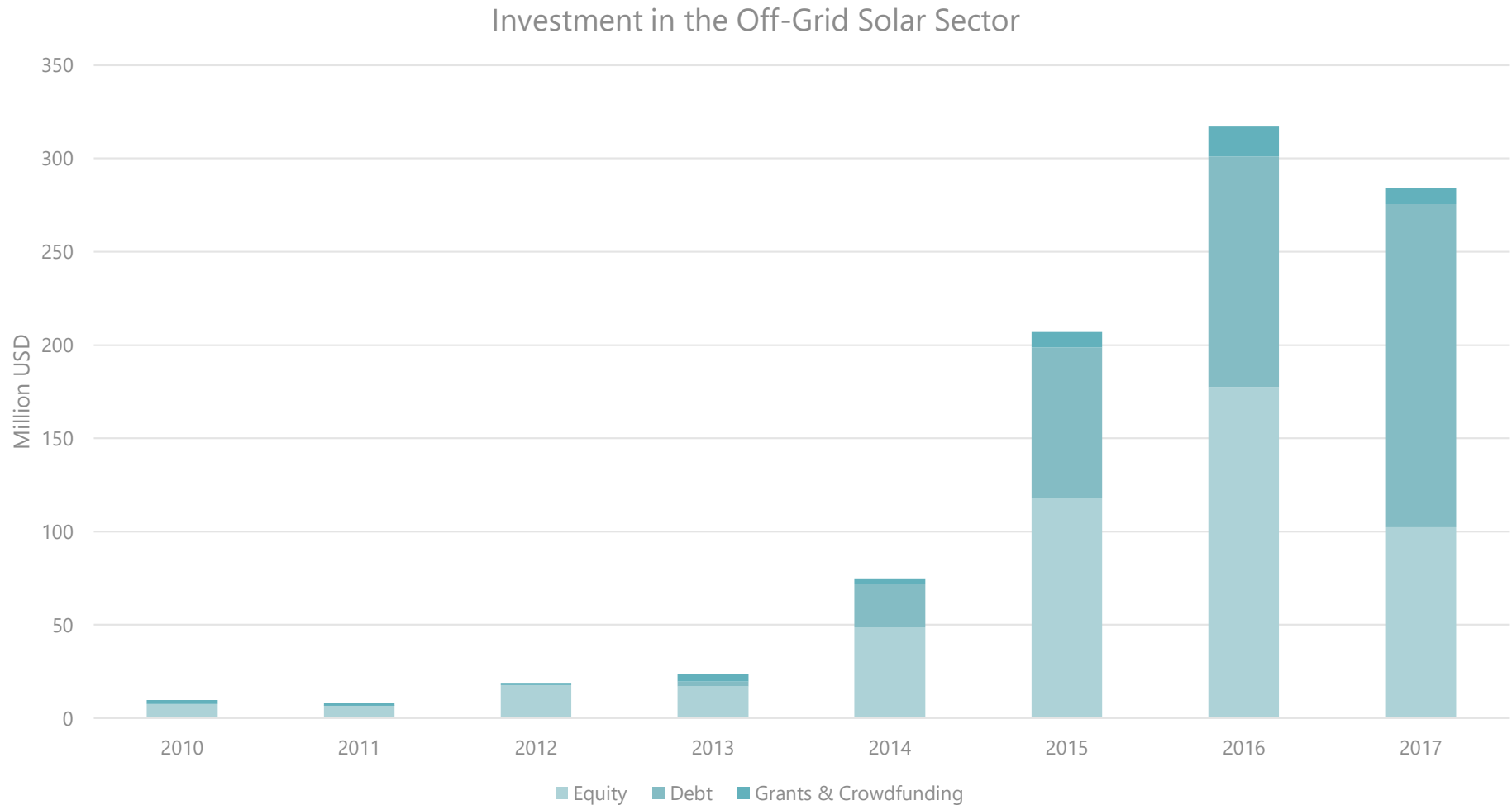


Dramatically lower costs and 'pay-as-you-go' financing models have made solar systems affordable for many rural African households

Source: The World Bank / Dalberg; Off-Grid Solar Market Trends Report 2018



And funders have reacted strongly, with hundreds of millions now being invested annually into off-grid solar businesses



Source: The World Bank / Dalberg; Off-Grid Solar Market Trends Report 2018

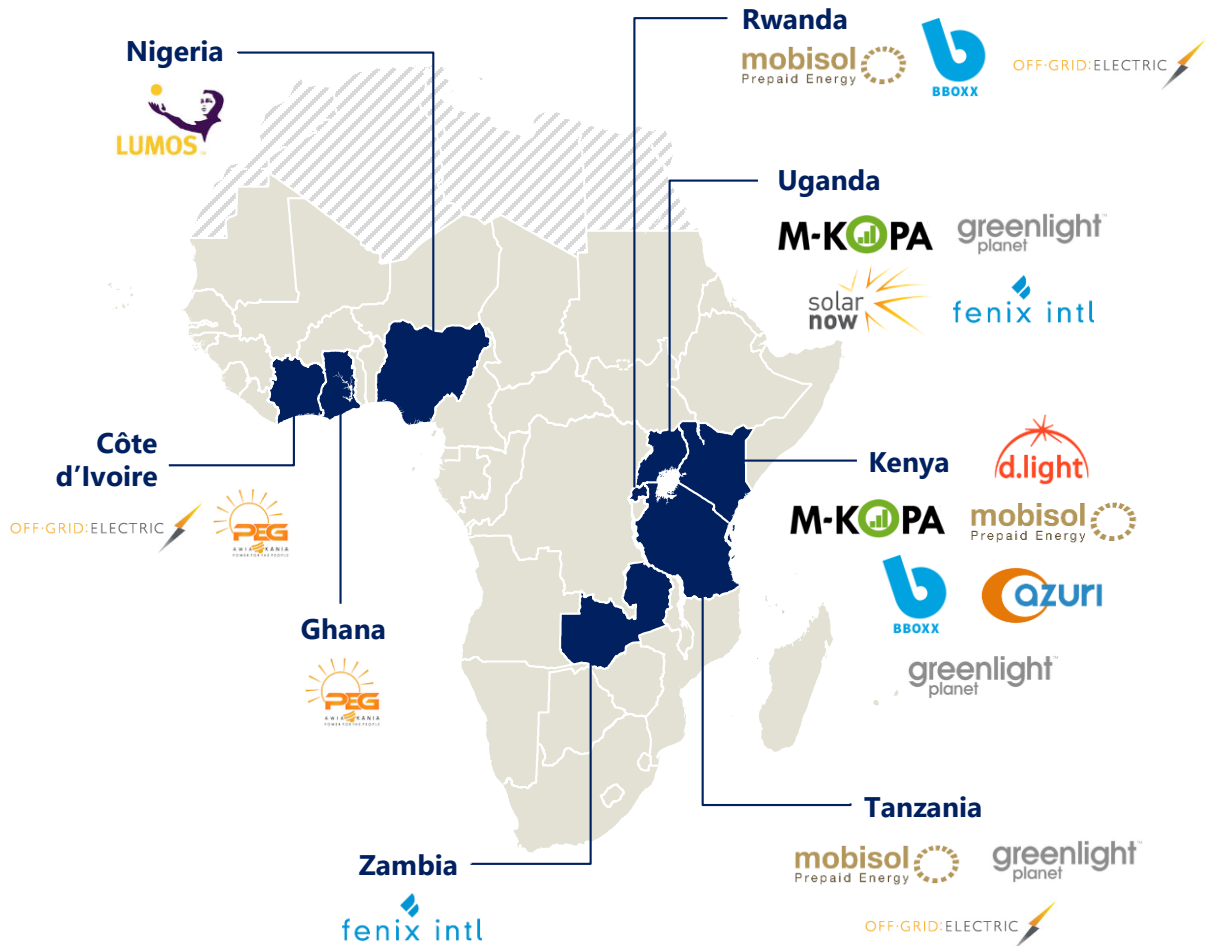


...But there remains a big problem: a striking lack of greenfield distribution activity outside of East Africa

Only a few off-grid energy distributors operating at scale (serving over 20K customers) in a few markets; all foreign owned

Market concentration in Uganda, Kenya, and Tanzania → rest of Africa relatively untapped

Incumbent vertically-integrated PAYG businesses have struggled to scale into new markets, underscoring the importance of local-customer and market expertise



Source: Catalyst Off-Grid Advisors & Shell Foundation, *Achieving SDG 7: The Need to Disrupt Off-Grid Electricity Financing in Africa*, <https://sun-connect-news.org/fileadmin/DATEIEN/Dateien/New/Shell-Full-Report.pdf>

Our solution: VentureBuilder – patient capital and tailored Enterprise Development Services for high-potential local distributors

1

Focus on local entrepreneurs with deep market knowledge & experience



- **Market failure:** large funders focus on vertically-integrated firms that lack the local expertise required to succeed in new markets
- **VentureBuilder solution:**
 - Partner with locally-owned and – managed distributors
 - Invest in strong management teams that understand their customers and market
 - Support local talent with EDS focused on systems, processes, and capital

3

Long-term, business building approach with focus on EDS investment



- **Market failure:** investor goals often mismatched with those of early-stage firms
- **VentureBuilder solution:**
 - Offer a patient, long-term investment horizon, with additional support from PAYG & SME development experts
 - EDS, provided both pre and post-investment to build OpCo capacity in strategy, technical, and operations areas, enhancing returns to VB

2

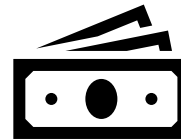
Best-in-class PAYG & BoP distribution expertise, combined with deep industry networks



- **Market failure:** typical funders lack capacity to offer non-financial support
- **VentureBuilder solution:**
 - Assemble team of leading experts with strong industry connections
 - Provide advisory support and strategic intros for PAYG & BoP distribution
 - Partner best-in-class HW & SW players with high-potential local distributors to accelerate growth

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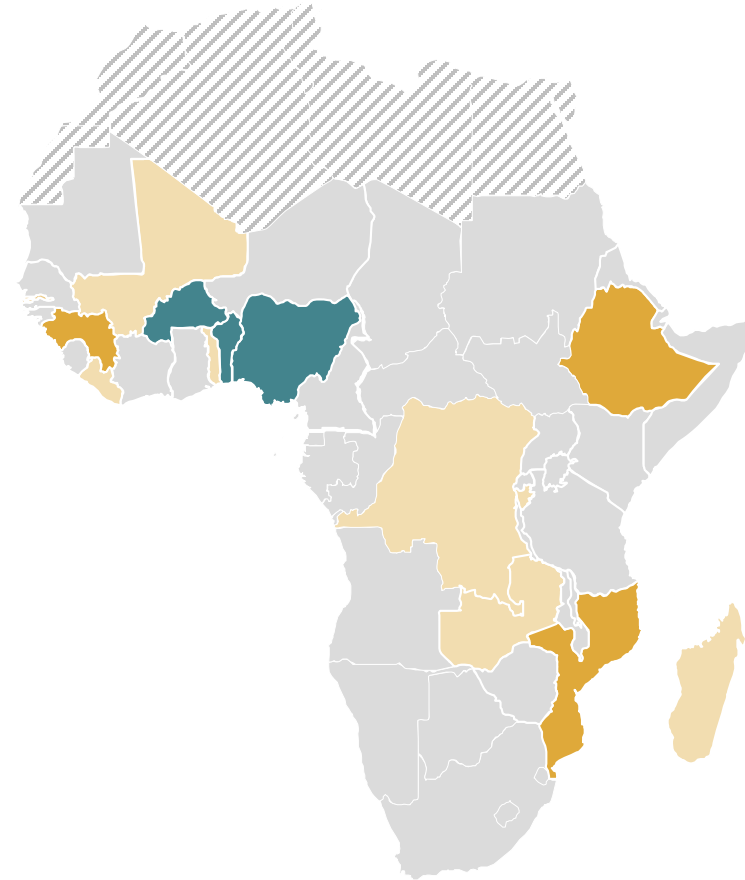
Flexible financing grows with business needs



- **Market failure:** early-stage firms too small to attract serious investors
- **VentureBuilder solution:**
 - Blended finance approach provides distributors with access to affordable human & financial capital
 - VB partners with distributors when financing needs are small and can follow-on with larger investments



Growth plan: Starting with 3 initial markets, but targeting entry into new countries with the some of the highest access deficits in Africa



Projected impact: VentureBuilder will demonstrate an approach to scaling energy access across Africa, putting SDG 7 within reach



Our mission: VentureBuilder (VB) will unlock the off-grid solar market across Africa using a bottom-up approach to building a portfolio of new solar pay-as-you-go (PAYG) businesses targeting off-grid households.

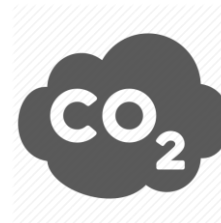
By 2022, VB aims to build a portfolio of OpCos that:



Operate at scale in **ten** countries across Sub-Saharan Africa



Deliver **>1 million** connections



Reduce GHG emissions by **0.5 mn tons** annually



Directly impact the lives of **> 5 million** Africans

Learn more about VentureBuilder:

- www.catalystoffgrid.com/venturebuilder/
- <https://nextbillion.net/african-owned-off-grid-energy/>