

Reaching Scale in Access to Energy

Overcoming challenges for solar success beyond peri-urban
areas of East Africa and India



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The **Inclusive Business Action Network (IBAN)** is a global multi-stakeholder network unlocking the power of inclusive business for sustainable development (SDGs).

Objective

Promote and support the replication and scaling of inclusive business models – to create a win-win situation for the company and low-income groups

Strategic Partners:



Empowered lives.
Resilient nations.

Financed by:



Federal Ministry
for Economic Cooperation
and Development



Implemented by:



Poll 1: Tell us about you.. Do you work for a...

- solar company
- private sector company (other than solar)
- NGO
- financial institution
- government / donor
- research / academic student
- other

Welcome to our conversation

Panellists:

François Lepicard, Network Partner at Hystra

Ron Margalit, Principal, Lumos

Maurice Kent, from the USAID Global Development Lab

Markus Dietrich, from the Inclusive Business Action Network

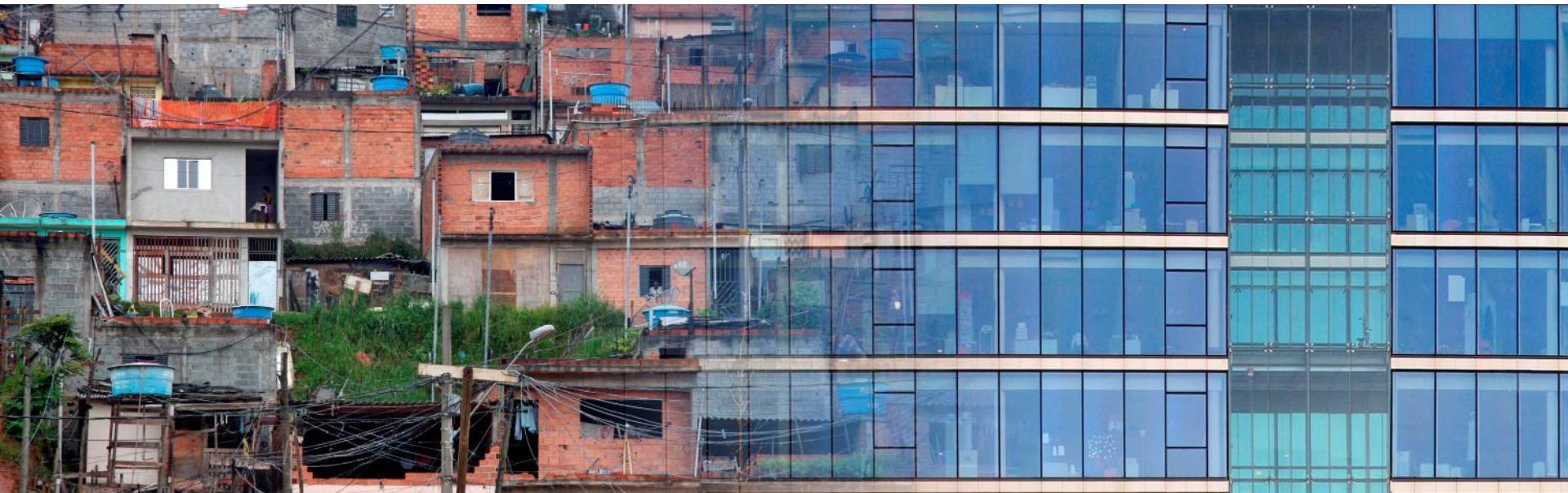
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**Hystra is a global consulting firm specialized in inclusive business and
Base of the Pyramid (BoP) markets**

**We design and implement *hybrid strategies*,
i.e., innovative business models with a game-changing social
impact**





Lumos Executive Summary

- Off-grid pay as you go (PAYG) solar service with unique payment software and secure hardware
- Over 4 MW of installed capacity systems deployed throughout Nigeria,
- In Q4 2016, Lumos secured largest off-grid investment of \$90 M

Confidential



Example Installations

Homes



Schools and Clinics



Small Businesses

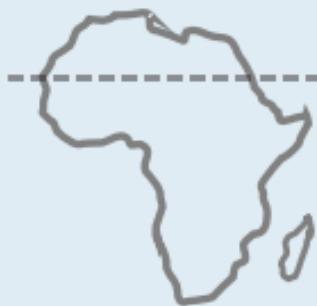


SCALING OFF-GRID ENERGY:

A GRAND CHALLENGE
FOR DEVELOPMENT

Accelerating growth in the off-grid energy market to provide **20 million households** in sub-Saharan Africa with access to **clean, modern, and affordable electricity**

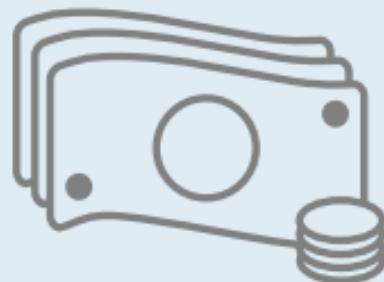
THE CHALLENGE



609 million people across sub-Saharan Africa live without energy access



In some countries, **less than 5 percent** of the population has access to electricity



More than \$1 billion is needed to provide off-grid solutions to the 20 million households that need it most

Scaling Off-Grid Energy Market-Building Approach

Expanding Supply: Helping Companies Grow

Opportunity: Support companies that serve **off-grid customers** by helping them expand geographically, test new business models, and tap private sources of finance. Catalyze private investment through blended approaches.

Driving Demand: Spurring Innovation

Opportunity: Build consumer demand for **off-grid power systems** by encouraging innovation in products and services that customers want and need, including energy efficient household appliances and digital financial services.

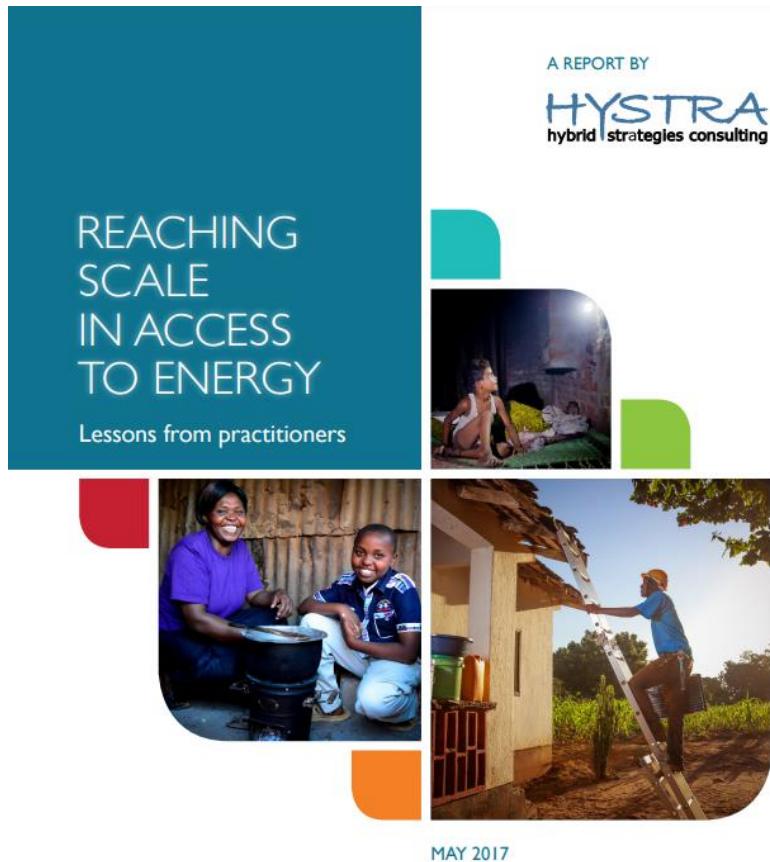
Strengthening the Marketplace

Opportunity: Expand off-grid energy solutions in **specific countries** by promoting policy and regulatory reforms, supporting the growth of mobile payment systems, and building capacity in local markets.

Poll 2: What is more important for the success of solar companies at the base of the pyramid?

- Aftersales support
- Brand awareness
- Distribution strategy
- Ease of payment
- Price
- Product aesthetic
- Product quality
- Wide range of solar products

New Research



What can we learn from the early successes of solar lanterns distributors?

Will Pay-as-you-Go be the 'silver bullet' of solar systems?

Is there a commercially sustainable model for clean energy microgrids?

Drawing lessons from 26 leading and innovative practitioners

Access the report at

<http://hystra.com/>



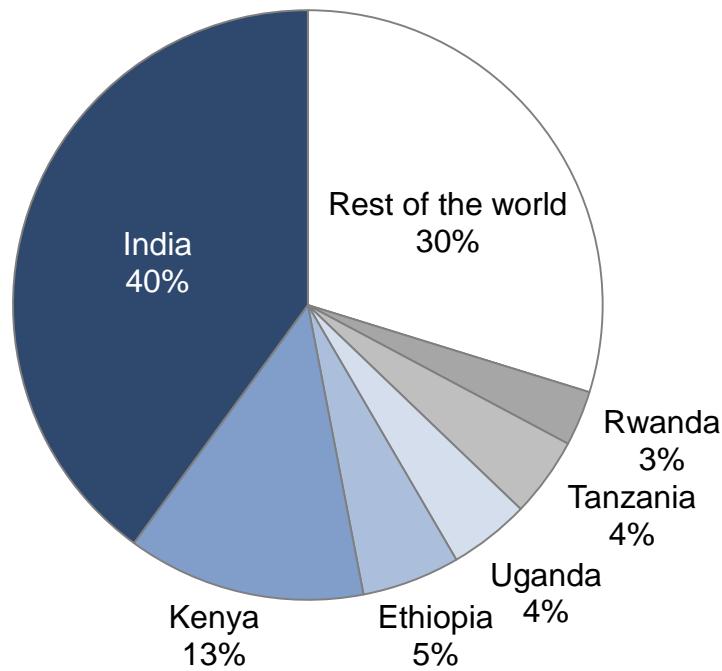
Life Is On



Global sales of certified lanterns have reached interesting scale, but have been concentrated in East Africa and India

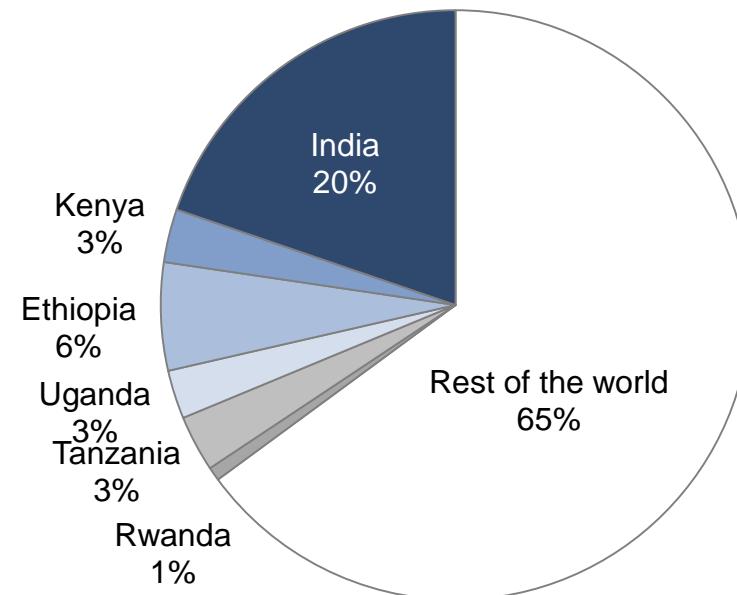
% of global solar product sales

(4.3m in the first half of 2016)



% of un-electrified households

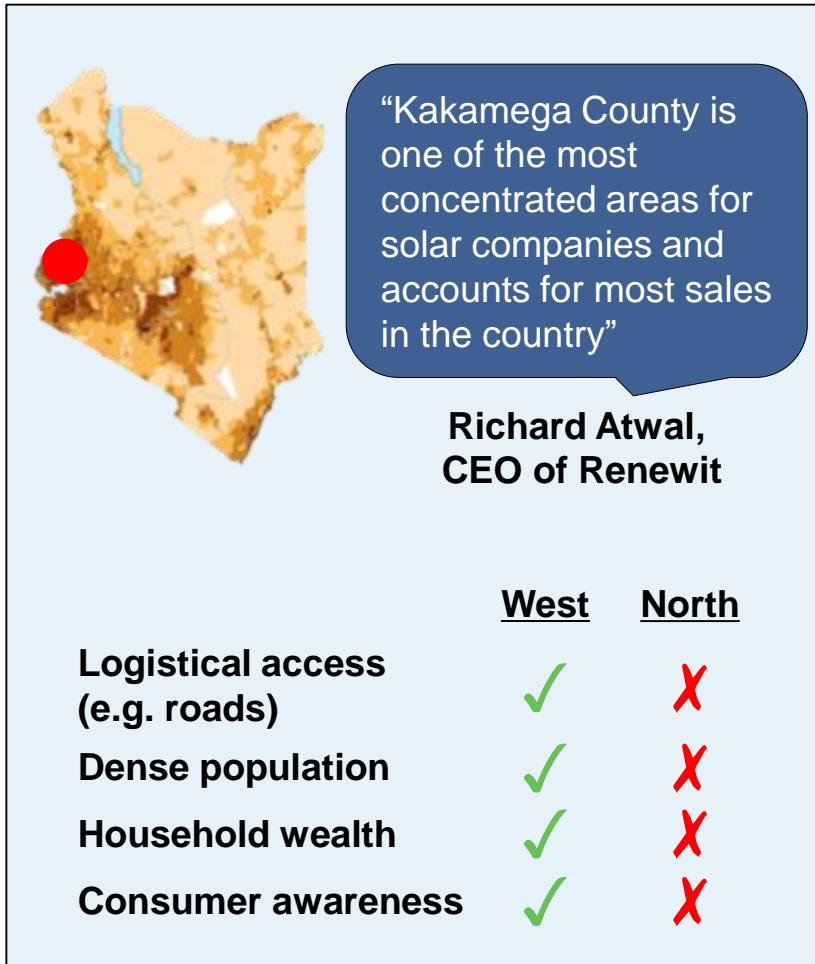
(240m households in 2015)



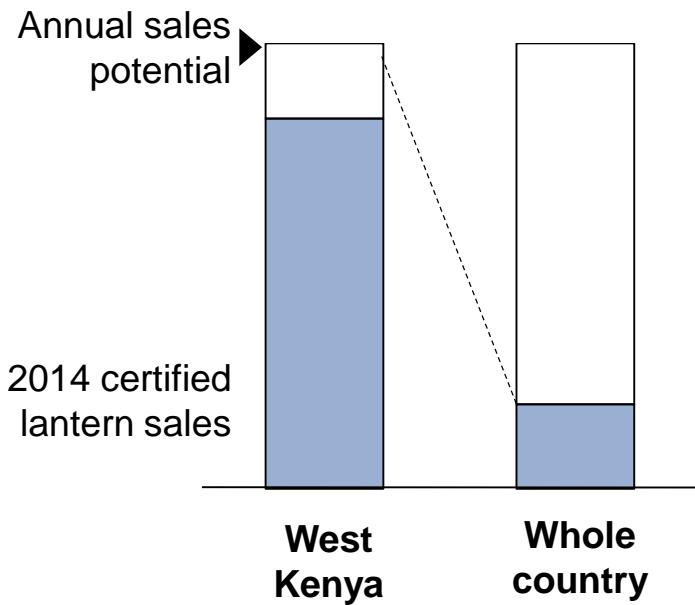
* Sales in H1 2016, including quality verified and non-quality verified products, Global off-grid solar market report Jan-Jun 2016 GOGLA

Sales concentrate in increasingly competitive dense areas, while the largest potential market remains largely untapped

EXAMPLE: KENYA



A few counties in West Kenya reach saturation while the rest remains largely unserved



- HYPOTHESES BASED ON INTERVIEWS**
- 80% of certified lantern sales in West area
 - Off-grid households have 2 certified lanterns
 - Replacement every 3 years

Discussion

5 business model tweaks are required to reach these areas:

1. Distribute products which are “field resilient”
2. Identify and use sales aggregators
3. Price the reach
4. Develop alternative payment solutions
5. Outsource logistics and customer care

In some areas, it may not be enough...

Any questions? Type them in ‘chat’ at any time

Join the discussion on Twitter **#EnergyAccess**



Join us next week for a discussion on

Innovative structured financing for solar companies

27th September 5.30pm Mumbai | 3pm Nairobi |
2pm Paris | 8am Washington D.C.



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