Sarah Bieber: Good afternoon, everyone. So as you've noticed from the previous sessions, we're here today to talk about scale. We've got a great group assembled here to talk about the biggest barrier to scale for most early stage enterprises, which is
[00:00:30] financing. And these folks all help to drive and mobilize private capital to the social enterprises that are serving customers and emerging markets. So I'm Sarah Bieber, I'm the Director of the Scaling Off-Grid Energy Grand Challenge for Development, which is a multi-donor platform for mobilizing investment into energy access. And I'd like to start today's discussion which I hope will be a discussion with Anish who is co-founder of Greenlight Planet.

[00:01:00] Anish, your company is one of the pioneers in the off grid solar market in Africa and south Asia, you ... operating in over 50 countries, you have seven million customers, you are at the place where many early stage social enterprises would like to be. And I think many of the development professionals and investors in the room would like to help companies like yours grow. Can you share with us a little bit about a time in Greenlight's history when you were looking for financing and
[00:01:30] perhaps not knowing where to find it or what you needed to do to access it and maybe how your financing needs have changed over time.

Anish Thakkar: Sure, so ... everyone. So I started Greenlight Planet 10 years ago with two friends out of college, and we were still college students. We came out of Engineers Without Borders student project. And we didn't know anything about business. We knew a little about setting up a microgrid in a village, but not that much, and we came up with the idea for Greenlight there, and we said, "Maybe we can make a
[00:02:00] low cost solar powered lantern that people could use instead of burning kerosene and burning down their homes." And we worked on this eating, I wouldn't even say ramen or like ramen knock off. It would be in the dorm.

And the way we funded the company to start, was through grants. So we really benefited in our early days from grants from the Littleson Foundation and Venture Well and other groups like that. Those were great both for funding to figure out how to make a product and little bit of validation, you know, you don't really know
[00:02:30] if what you're doing is a good idea, and that helped. And then as we came out of college we had our first product ready to start making. And we were ready to move to at the time, India, was our focus market and China, to start making these things. And we went out to find Angel Funding.

We didn't know where to start. We were ... we came out of the University of Illinois and the Midwest 10 years ago was not a very fertile place for venture capital. I don't know what it's like today. But definitely wasn't then and the idea of solar, off
[00:03:00] grid solar 10 years ago was totally unknown. So, I remember one of our first pitches was to a small energy futures trading company in Houston. And this was like a week before the financial meltdown. And we went down, and we had the solar light, and we said, "We're gonna sell this to poor, low income villagers in India." And, we went to this presentation, and these four gentlemen basically said, "How do they afford food? These people are so poor, they can't even afford clothes. How are they gonna pay for this thing?"

[00:03:30] So we kind of walked away from that. Okay, so no one in Houston knows what we're doing. But eventually we really found a really great Angel investor. And I think ... I guess the first thing is if you're looking for really early stage funding, expect to pitch a lot and look for someone that you can really champion what you're doing. So we found, was actually the founder of a company I used to work for called, his name is Prabha Sinha. So he founded a company called Z.S. Associates. I quit Z.S. to start Greenlight. Prabha grew up in a village in, eastern city
[00:04:00] in India, Bihar where it's very off grid. And he grew up using a kerosene lamp. And he's built this fantastically successful consulting company and he said, "I want this to happen." So he's been an incredible source of counsel over the years and ... So the first thing I'd say is just find investors that believe in what you're doing and are passionate about the social outcome and it's hard to find that, especially when you don't have very much validation for what you're doing. If you're doing something innovative, most people you talk to are gonna say it's a dumb idea so expect to pitch a lot.

[00:04:30] I have only two more points. I'll go quick. We had very tough times at times in the company. We had a period where we were growing very fast, lots of social validation with customers, not very much financial validation. We got to a level of irresponsible exuberance. We grew too fast, too big. We were burning a lot of money and that's not a great situation to look for financing. So we didn't. We looked at what we could do which was get lean, reduce our costs, cut our parts of
[00:05:00] the business that weren't delivering financial returns and social returns. And if it only delivered financial returns and not social, we didn't do it. So stick to the mission but figure out how to do that sustainably on your own if you have to.

And over the last few years our business has pivoted into a pay-as-you-go distribution model. So in the beginning of 2016, we began selling solar home systems where consumers can pay in small increments over time using mobile money and we have remote shut off technology ... shut off the product if you fall behind in your payments. That helps us get paid back. So that's been working very
[00:05:30] well for us. We validated that in Kenya in 2016. And then with the help of USAID giving off-grid energy grants, we've been able to bring that early business model to Nigeria and Uganda and really validate that business there. Now we've also launched in Tanzania and we've grown it in these four markets so today we issue 30,000 new consumer solar loans every month to customers that, in most cases, are spending $75, $80, $100 a year on kerosene but can't afford up front the cost of the solar product.

[00:06:00] So I guess just the last point I'd say is that the ... you know, when you're 10 years in ... so this is profitable for us. It's growing very fast. We feel good about what we've done but the financing challenges never stop. They just become different and they're always disorienting, confusing. So now we're raising a lot of debt so we're building a pipeline for $75,000,000 in debt over the next two years. That's to finance consumers so that they can pay over time so they can afford the products.
[00:06:30] And we're trying to navigate the issues of currency risk, efficiently raising debt and all the while we've raised our Series A, our Series B. We're about to close a Series C

round with a private equity firm that's focused on emerging markets.

[00:07:00] Every step of the way, the two things we've been really focused on are diluting to the absolute minimum because you never think it's gonna take 10 years to get where you get to, but you're gonna need more capital than you think and you always wish the founder want to have as much control of the company as possible. Otherwise it turns from a social business into a regular business. And the other is that find investors that believe in what you're doing and will be with you in the long haul. So, yeah.

Sarah Bieber: That's great. That's a helpful perspective.

[00:07:30] I think that's a good tee up for Lauren who is the Director of Private Investments at Blue Haven Initiative. And Lauren has also seen the pay-as-you-go solar sector grow and made some early-stage investments in companies like M-kopa and PEGAfrica. Can you sort of tell us a little bit about those companies made you feel comfortable making what some people would see as pretty risky investments?

Lauren Cochran: Yeah, well, I'll start by saying that we're sort of arranged by stage of finance and I was like really horrified that I was all the way to the right because the biggest problem for us is finding ... my entire team is in the room. It's me and one other person who I can't see. But we are a very small team and we are doing early-stage

[00:08:00] investments. We like to do Series A. Now, for those of you that work in sub-Saharan Africa you know that that means different things to different people. So we sometimes end up in C-ish rounds, but we're only two people. So there's only so much we can do and one of the biggest barriers for us is that sort of broader ecosystem of early-stage funders.

[00:08:30] So I met the M-kopa team in 2012 and I always talk about ... I met them for ... if anyone's been to their campus in Nairobi which is now a campus ... I met them when they were four of them living in a house on this big piece of property right in the heart of Nairobi and you're sort of just like, "Why did you guys get this big house?" Like there's only four of you. And they were tinkering around with these weird pay-as-you-go things and now they have purchased the property behind. There's about ... I think there's almost 2,000 people that work on that campus from the four. And so for us with them at the time it was just like you met the CEO and

[00:09:00] you were like, "I want to give you all of the money in my pocket." And the thing that you're talking about makes so much sense and you'd go out into the field with these guys and meet people. And you know the investors, I will say like, if you are a country operating in sub-Saharan Africa and your investors have never been there, you should be scared.

[00:09:30] Because when you go and see what's happening in these markets, it's like, "Yeah, of course they can afford it. They can afford this really crappy thing that's not even working that well and it's dangerous." You get out there and people understand how to use mobile money, they understand what solar is, and they know that it's better than the thing that they're using. So for us, the solution made sense at the time. Even then, in Kenyan mobile money ... I don't remember what the stats were in 2012, but it was pretty well used. Now it's up around 85% of Kenyans have a mobile money account.

[00:10:00] So we invested ... I invested in my last role in 2013 but then we invested in the first outside round, I believe in 2014, early 2015. Then we did PEGAfrica because they're in West Africa, so there's just PEG now, PEGAfrica, actually. It's okay. They're in Ghana and Côte d'Ivoire and are sort of looking to take down the smaller countries in French and Anglophone West Africa because they suffer from a lot of the same problems. But one of the things when M-kopa started is they had to do everything.

[00:10:30] They had to do distribution, design, manufacturing, all of it. Now there's lots of people that have picked off different parts of the value chain and PEG is taking advantage of that and we think operating in where there's the most value in owning the customer and doing distribution only and letting the experts do the design and manufacturing and they manage the customer relationship on an ongoing basis so they can sell them other products later.

And so that's kind of how we came at it.

[00:11:00]

Sarah Bieber: Yeah, helpful. And I'm gonna sort of go back to the question of scale and what does it take for companies like this to reach the number of households that need access to electricity. There was a recent analysis that was done that a billion dollars in financing is needed to reach 20 million households. So if you sort of do that math, where is that money going to come from and how can public and private sources work together?

[00:11:30] And so I'd like to turn it to Jen who's the President/CEO of Calvert Foundation. Calvert Foundation is really been at the forefront of impact investing and has some really unique tools to blend together and pull together public and private financing and Jen I'd ask you to sort of help us understand the continuum of how, from an investor to an investee that those capitals flow and how you've been able to work both the public and the private capital into this space.

[00:12:00]

Jenn Pryce: Yeah, thank you. And so if I could, I'll do that kind of through our libbed experience a bit.

Sarah Bieber: Sure.

Jenn Pryce: And that is kind of how we got into this work about a decade ago, how that formed our strategy most recently over the last three years. And then go to where you're going. How do we unlock this retail private capital which really to me is scale. How do you scale the work that you heard about, that Greenlight Planet and so many other people are doing.

[00:12:30] And so how we got into it about a decade ago is we did a few direct investments in social entrepreneurs, social businesses in the energy access space. We invested in some distributors of solar home units, some manufacturers of cook stoves, really with the intention to learn. To learn how these businesses matured, where their challenges were, particularly from a financing lens.

[00:13:00] And let me step back for a moment 'cause sometimes the word 'Foundation' in our name does cause confusion. We are not a grant-making entity. We were kind of founded about 25 years ago before the impact investing movement, so I believe our founders at the time thought 'Foundation' captured what we were doing which was really impact investing as it's known today. And how we do that is we raise money from the capital markets. We issue a note into the capital markets to U.S.
[00:13:30] investors primarily. Retail-accredited institutions buy that fixed income product. We take that money, we pool it on our balance sheet, and we provide investments primarily to intermediaries. So financial intermediaries in structured funds. A very small sliver, about 10% of our money goes direct to buildings or businesses like Greenlight. And so we've been doing this, as Sarah mentioned, for 25 years and two billion dollars have flowed through and we've repaid our investors 100% principal
[00:14:00] and interest.

So we continue to do this work but, you know, as I started with, as we engaged in directly investing in entrepreneurs, that isn't our core business but it was with the intention to learn and learn we did. We saw two things very quickly. One is the very typical and you know, I heard it articulated, "Falling off the capital continuum."
[00:14:30] These cliffs where capital wasn't present. And we saw in particular there was cliff right after a business got some equity under its belt, potentially proved out its model and was searching for its first piece of debt and all the way to the scaled debt. There was really just very little capital of that ilk in the marketplace on the continent of Africa. The second thing we saw was ... we saw we had a place we could play with partners in really forming that capital continuum, coming in and
[00:15:00] funding some of the intermediaries, financial intermediaries that would be in country, on the continent and on led to the social businesses. And with that have a constant source of capital to enable these business to grow successfully.

And what that looks like, I'll give you an example of one of our investments, SunFunder. SunFunder is a financial intermediary. It's in Tanzania but other
[00:15:30] countries on the continent. We provided SunFunder with their first piece of senior debt capital into a very catalytic blended finance vehicle. And what that means is simply we had a grant sliver on the bottom of our senior debt. That's all blended finance is, taking two types of finance and blending them. But what that did is enable them to go out and provide multiple loans to multiple entrepreneurs. And one of them in fact, I think, is Greenlight.

Anish Thakkar: Mm-hmm (affirmative).

[00:16:00]
Jenn Pryce: Yeah? And so with that proof that Greenlight could borrow that money, repay that money, SunFunder was able to raise more capital. And you fast forward three years and they now have provided access or energy needs for about three million people on the continent and climbing. So really exciting. And what that says is that a critical element in building the entrepreneurial infrastructure and meeting the

[00:16:30] ultimate needs of power connectivity on the continent is building out this financial intermediation, this capital continuum of finance. So that entrepreneurs build where they can access readily and not be hindered in the growth of their business model. For us, not have the social outcomes and needs not be sustainably met by a really viable market solution.

[00:17:00] And so just a final thought before I pass on is that we're not there yet. As lovely as SunFunder was as an investment, there is much more work to be done and one of the interesting things I find in reflecting for this conversation today is we're just trying to build the ecosystem for the entrepreneur like Greenlight to move up the capital continuum or you'll hear M-kopa has hit through the capital continuum nicely as well from Maureen next. But there's an other evolution and that's the [00:17:30] evolution of the investor base. So investors, they're a fascinating animal but for them what has happened as Greenlight repaid SunFunder and SunFunder repaid Calvert Foundation and Calvert Foundation repaid our investor, is a track record was built. A track record was built that these businesses can repay. They can hold capital and what happened then is they could go back and borrow more capital and so the capital needs grew.

[00:18:00] So instead of there being funds in countries there were maybe 25 or 50 million, now there's funds in country that are 100 million and 400 million. Now we're getting to the level where capital markets money starts to respond. This looks and feels like things they know. And what that means is we begin to unlock what is a 42 trillion market place in the United States of assets that are managed. They are in our investment accounts, in our pension funds, in our 401(k)'s. We begin to tap into [00:18:30] that money and that money becomes potential fuel to grow this sector and meet the ultimate needs that we know live in communities.

Sarah Bieber: Thanks, that was a helpful picture to paint and I think an inspiring one.

So given that, we've sort of moved from the entrepreneur's perspective to the early-stage investor's perspective to someone who's doing both, like crowding in [00:19:00] private and public capital. Now to Maureen, who is from Standard Bank which is the largest bank in Africa, has been paying attention quite a bit to the pay-as-you-go solar sector, is interested. I want to sort of ask her to explain what it would take for a Standard Bank or other commercial banks in Africa or elsewhere to really come in and provide the debt that's desperately needed for these companies.

Maureen H.: Thank you Sarah and thanks for having me here today.

[00:19:30] I'm also a little bit uncomfortable sitting at this end of the capital continuum because I know bank is still a four letter word for many entrepreneurs, so always sensitive to ... you need to get your banks on board to be able to scale and sometimes it's not so easy, so I'm sensitive to that. But maybe I can tell you a little bit about Standard Bank and what we're doing in the off-grid space and get to your question about what it would take to unlock more commercial bank financing.

[00:20:00] So as Sarah mentioned, Standard Bank, we're Africa's largest bank. We're headquartered in South Africa. We have, we're in 20 countries on the continent. I'm work out of our New York office and basically my job here in the States is to connect to people like you who are customers or potential customers in Africa that are trying to navigate the bank and understand what we can do to support your companies.

One of our main sectors, as you might imagine as an African bank, is focused on power and infrastructure. We have a whole investment banking team in our office [00:20:30] in Johannesburg and in each of our banks across the continent that is focused on this sector. What we're most traditionally known for is investing in large independent power project, utility-scale deals, project finance, hundreds of millions of dollars at a time. And those large deals to be quite honest are getting harder and harder to do, whether it's because of the disincentives that Basel III provides or the fact that there just aren't enough credit-worthy utilities on the continent to be [00:21:00] credible, bankable off takers for this kind of financing.

So as an African bank we had to ask ourselves, "Well, if utility-scale investment is slowing down on the continent or is becoming harder and harder to scale up is maybe the best way to put it, how else can we be part of the solution?" And we've been watching the off-grid space for a long time, particularly here out of the U.S. because there's been so much that's been done through Power Africa and through U.S. companies and through innovative investors out of the U.S. market through [00:21:30] innovative entrepreneurs out of the West Coast and I said, "Hey, the time is now for us to start looking at off-grid."

Interestingly enough, as you start to look at the companies and how they've raised financing, it really does follow, you know, this trend that we're sitting in. Starts with the impact investor's friends and family, moving to ... and it's oftentimes cobbling together quite a few impact investors to start small. Then folks have moved on to [00:22:00] the DFI's to get bigger tranches of funding. Now we're sort of finding ourselves at a place where a lot of these companies need local currency financing, hedging, and things that really you need to go to a commercial bank in Africa that has a local currency balance sheet to help you.

So that brings us to the question, is the time now for commercial banks on the continent or elsewhere to start engaging in this sector? And I would argue yes. But maybe not guns blazing. So yes it's time to start engaging but we're trying to start [00:22:30] in a way that makes sense so that we can help to continue to tell the story that Jen was talking about. The last thing you want to happen is for a bank like ours to go out and oversaturate the sector and find out that we start having non-performing loans and the taps get turned off before they've really been turned on. So what do we look for as a commercial bank when it comes to financing this sector. The first thing I would say is track record. Just like any business on the continent that's [00:23:00] looking for commercial bank financing, that's what we're looking for.

Because this sector is new it makes it harder. Our credit committee doesn't understand and even our power sector team is just beginning to learn how these companies operate. What is good performance? So we're gonna look at the performance of the company and we're very sensitive to the ideas that Anish mentioned, you know, how do you scale up in a way that's responsible versus trying to grow too fast, you know, the same challenges that start ups have around the world, not just in Africa.

[00:23:30] And the second piece that we're gonna look at is the performance of the customer and I think we all know that a lot of the customers of off-grid on the continent are not banked so we don't have access to the consumer behavior. We don't know these consumers as well as we do some of the other consumers on the continent. So the bank is busy trying to grow our knowledge of these customers and everything that our customers can do to help explain their track record and the track record of the payment of their customers is very helpful to us.

[00:24:00] The next thing that I would say is you know, when you look at a lot of these companies on the continent who are beginning to grow and have great success stories, you'll find that they've cobbled together equity from a bunch of different sources. So when we say, "Okay, we kind of believe in you guys, it's a great team, we're starting to see these companies grow and be successful, but we need a little bit of support from your equity partners to help us unlock that commercial bank financing." And in some cases this has been problematic because you can't just go [00:24:30] to one or two funds to say, "Could you cash collateralize something that we're trying to do so that we can learn together?" You end up having to knit together quite a few equity partners to work with the bank, so that's just something to think about.

I think the third thing we're looking at and starting to see and sort of apply our minds to how we can be part of the solution is around the need for local currency financing. So if we have customers who are really expanding in a country where [00:25:00] there is so much currency volatility and all of their funding is in the form of dollars or euros, you know, that can be really hard when you're trying to raise local currency financing because there's so much currency risk already in the business. It's thinking through how to hedge that properly so you can convince your local banks that you have dealt with that risk that if there does happen to be some kind of volatility where all of a sudden your receivables weren't as much today ... aren't [00:25:30] worth as much today as they were yesterday, that the company is able to manage that.

And the last thing I would mention, and this kind of goes to this sort of unique partnership that you're sitting here watching today with the donors piece coming next is, there's been a lot of work done that's been financed by USAID and others around these key performance indicators of companies in this space. And I think that was a really innovative way to use donor money at the outset to help the [00:26:00] banks understand, " Well what is good performance in this sector? What kind of default rates are you getting? How fast are people paying off their systems? How much energy are they using?" I promise you for a bank like ours, the biggest bank on the continent, we just would not have had the manpower to collect all that data about a sector we weren't even sure was ready for bank financing. So I thought it was a perfect way to use the grant funding that's available on the market to sort of

[00:26:30] help provide the information that a for-profit bank like ours needs to start engaging and scaling up.

What is the last thing that maybe I could say? So I guess what we're starting to see in terms of requests from our customers are for kind of shorter-term funding, working capital facilities in local currency, and we are keen to start making those deals happen. We just closed a couple weeks ago our first transaction in the off-[00:27:00] grid space and it was for M-kopa and we're gonna be doing all sorts of news around that. You guys are the first to hear about it today. But really we were arranging some longer-term funding from other donors so it was the first transaction of its kind from a commercial bank on the continent and we're keen to do more. It's exciting but again as I say, we're moving slowly, we're trying to do this in a way that makes sense and that helps to support the growth of the sub-sector in a way that's [00:27:30] kind of responsible, can continue to tell the story and continue to show the rest of the finance community that this is a sector worth supporting. Thanks.

Sarah Bieber: Great, that's really helpful for perspective. I'm glad you were able to join today because I think it's often we only get so far along the discussion and we kind of drop off at the bank. So thanks for sharing that.

Lauren Cochran: It actually does drop off though. Knowing you weren't here until just now, so yeah.

[00:28:00]
Sarah Bieber: It's nice to have an extra chair on the stage.

So Andy, I'm gonna turn it over to you as the Head of Power Africa. You've sort of spearheaded the partnership model to facilitate and accelerate investment in power in Africa in general. What has Power Africa and it's partners ... what have you done to sort of support companies like Anish's and unlock this investment and tell us a little bit about how that ...

Andrew H.: So let's back up for a minute cause I think the people in this audience I think ... a lot [00:28:30] of you probably aren't ... we see each other all the time and we're in this sector. But I think that one of the most exciting things happening is what's going on on this stage. I said that when I was at the COP meetings, the Climate Change Conference ones when all these people are running around filling auditoriums talking about things. There was a small group in one room talking about what's happening in the solar home system industry. And I'm like, this is the most exciting thing that's going [00:29:00] on and it's going to change the world.

Let me tell you a little bit about that, alright. So there are 600 million people in sub-Saharan Africa who have absolutely no access to power, no access to electricity. Over a billion people in the world. That is a 600 million person opportunity and it's a huge opportunity for innovation and this is why you see all of these foundations and banks and others who are realizing this and saying there are companies who [00:29:30] are reaching these people in the most remote areas and the electrical grid probably won't even reach them in a decade, maybe 20 years, maybe 30 years. But because there are many companies who see this opportunity it's driven a tremendous amount of innovation.

So what happens? We often get criticized here about Power Africa. "Yeah, people
have little solar lanterns." That's a big deal. And I was one of the skeptics initially. A
solar lantern, big deal. A person standing around a solar lantern and they're using
[00:30:00] that. Well, it's a big deal for a few reasons. One, people are spending money on
kerosene which is dirty, it's dangerous, it's a little flicker of light. The other thing
that's key about the solar lanterns - it's the first time someone's paying for
electricity. And often they're doing it with a mobile payment. So you're getting
people who no one would ever think would be a viable customer suddenly
developing a payment history and that's tremendously valuable. We know that
now.

[00:30:30] So then you've got the solar home systems. This is what for me is even more
exciting. These are people who graduate to a small solar panel and people will
criticize the solar home systems were saying, "Well that's not real power, you
know, and it's really expensive per kilowatt hour." But no, you have to think of it as,
"How much productivity is a person getting out of that small solar panel?" So
what's happening is there are companies like M-kopa and Mobisol and Off-Grid
[00:31:00] Electric. They've become appliance leasing companies. They go to people who
otherwise wouldn't be able to pay for electricity and they say, "If you pay the same
amount of money that you're currently paying for kerosene, we will get you four
light bulbs, a cell phone charger. Pay a little bit more, we'll get you a 19-inch TV, a
radio, other things." They figure out how to drive the market for the most super-
efficient appliances that you've ever heard of.

[00:31:30] So you're getting a television that draws seven or 12 watts of DC power versus a
television that you and I would plug in that's drawing 100, 250 watts of AC current.
So it's how much are you getting out of that? These companies are not providing
electricity exclusively anymore. They're providing services. If you think about what
happened in the United States 100 years ago, the way that we electrified rural
America. Because 100 years ago there wasn't electricity in 90% of the United
[00:32:00] States. There was this movement to create demand for electricity so that as you're
wiring people in the remote areas, you had G.E. and others going out there and
they were doing these appliance fairs, appliance circuses, showing people how to
use the power. So the same people who were selling the power were also selling
the appliances. We're seeing that happen in Africa now.

The problem is the grid, the on-grid companies, they haven't figured this out yet. So
[00:32:30] they're reluctant someone in a remote area. They're saying, "I'm gonna spend
$1,000 getting an electrical line to this person's house and all they're gonna have is
a light bulb." You wanna shake them and say, "Wake up. Do you realize that you
need to create that demand?" These guys get that. They realize that these
companies are creating the demand.

So what Power Africa does ... what's Power Africa? We're the U.S. government-led
initiative to double access to electricity in sub-Saharan Africa. It's coordinated by
[00:33:00] USAID. It's the largest public/private partnership in development history as far as

we know. Maybe we're wrong about that but we have over 150 public and private sector partners including most of the people who are on this stage and who've committed $54 billion dollars trying to solve this energy deficit.

So what are we doing? One, we're creating awareness about these off-grid systems. Two, we're working with some of these companies to help them get [00:33:30] financing, either through guarantees, through grants, overseas private investment corporation OPIC, which is one of the partners in Power Africa. Its given financing to Greenlight Planet in 2016 for $5 million to help them expand their distribution. We've got advisors all over the continent and they're helping countries learn about these technologies and realize that there's ways to get power and electricity to people in the most remote areas.

[00:34:00] So that's essentially what Power Africa's doing, but what this market's doing is, it's driving innovation for super efficient appliances because people are trying to figure out, "How can I get every little bit of electricity out of the solar panel?" It's creating a market that people who previously weren't banked in any way, they're showing that every week, every month they might pay a few cents, a few dollars so that a microfinance institution might come in and say hey, this is a potentially bankable client. In fact, we're seeing some of the companies, there's one called Phoenix [00:34:30] which now is giving ... it's coming up with a credit rating for people who it never would have been conceivable would get a credit rating and then they're giving educational loans to these folks as well.

And they still haven't figured out completely how to monetize the data and how to take advantage of ad revenues. If you've got a million clients who are doing pay-as-you-go, you definitely can sell that information and ping them with SMS's and other things for ad revenues. This is a massively growing industry. It's gonna transform [00:35:00] the world and the people who are on this stage get it.

Sarah Bieber: Great. So, there is maybe like four or five moments in all of the discussions that were incredibly inspiring and I almost feel like we should all like jump up and do a cartwheel or something. I hope that all of those visions come true.

Andrew H.: Do it! There's plenty of room on this.

Sarah Bieber: Maybe at the end.

But I think I want to give ... we have about ten minutes left. I want to give time for the audience to ask questions but I also want to give you guys a chance at anything [00:35:30] that you wanna have a ... share a final thought or something that came up that you wanna address.

No. Okay.

Anyone in the audience have any questions? It's difficult for us to see you. Okay.

Lauren Cochran: Well, I will say one thing. I said I was horrified to be on this end of the financing

[00:36:00]

spectrum. The reality is we're actually not, we have benefited from a lot of USAID programs. I think seeking out when you're an early-stage entrepreneur, seeking out these programs. Shell Foundation is another great one. USAID and for each industry there's a version of these things across the continent. It's critical when you're at the early, early stage.

Sarah Bieber: Yeah. I think one of the things that came up a couple times in different places was the idea of track record. So, building a track record not only for the 30,000 customers that companies like Greenlight Planet are giving loans to a month, right?

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They have not traditionally had a credit history or a track record of their ability to pay. That's a huge opportunity for them, but also the track record within the investment arena for these are viable investments. These companies are paying back with interest and that this is something that can keep moving forward and I think to the extent that donors and Power Africa and all of our partners can continue to stoke that fire, I think that there's really something that can be

[00:37:00]

transformative there.

So we have microphones now. Are you sure that there are no questions coming from the audience.

Oh, here we go. Alright, we've got all on this side and we're gonna make Phil run.

Speaker 7: Thank you. So I actually wanted to follow up. I didn't realize that this session would focus so much on energy but Lauren, you did bring up that there are examples in

[00:37:30]

other industries of this track record. For something like energy where I'd say as compared to healthcare education, the outcome is a lot clearer. The solo lantern either works or it doesn't, right? Either the hardware works or it doesn't. As opposed to education, what is a good education. You can measure how many people are graduating from a program but how can you really tell what impact that has on them in terms of job attainment. You can measure it to a certain extent but

[00:38:00]

there are just some things that can't be measured.

So with industries like that, how do you adjust your approach in terms of identifying entrepreneurs in startups that you can support?

Lauren Cochran: Yeah, great. So there's a lot of questions there, but one of the things ... so we don't ... we're not just generalists. We have some kind of a focus and mostly financial services in Last mile distribution. We consider M-kopa and all of our investments in

[00:38:30]

solar actually financial services. But there's lots of other organizations, but education and healthcare is actually an area we haven't done much. We've started to do more work in human capital broadly. Interestingly, when you start trying to train, retain, recruit better people for your organizations, you realize when the education systems need a lot of support, it's hard when you're getting post-high school, post-college folks, but that's a longer story.

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But we have started investing in human capital companies because we had made six investments in East and West Africa before we made our first human capital investment. We realized that was the biggest bottleneck. You sit in rooms like this,

frankly, actually I don't know how many entrepreneurs there are in the room, but when you ask a roomful of entrepreneurs the number one thing they think they need, it's finance. And then we go and we invest in a company so then that's taken care of -ish. And you get in there and you realize that actually the hardest thing is
[00:39:30] hiring people. We have ... and they're still hiring ... we have three, four companies of ten in sub-Saharan Africa that are all looking for a CFO. If anyone can be a CFO from any stage, from Series A to M-kopa, we need a CFO. Please come find me after.

So everything from that. About three out of ten sales people actually work out at M-kopa, which means they're hiring a massive number of salespeople. Because you
[00:40:00] have to be trained, they have to be retained, they have to be incentivized. M- kopa at one point was, I'm sure, years ago at, thanks to GES and Nairobi, another great thing for entrepreneurs, Barack Obama visited M-kopa. Well, visited really a stand but it looks like M-kopa in the picture. And that picture went viral and what happened was M-kopa was getting so many applications for sales and customer service people that they secretly only looking at the ones that came in on Tuesdays
[00:40:30] and Thursdays because they just couldn't ... there was no way to get through all of the applications.

So one of the companies ... we invested in two companies in human capital ... one that does professional development and training, so really talking about growth mindsets and things that like ... when you graduated from college, even the States, frankly, you're not really prepared to do that much. You've really no skills. You've gotta find somebody that's gonna train you. So this company does everything from onboarding the basic skills, emails, meeting etiquette, leadership, that sort of thing.
[00:41:00] We also work with another company called Shortlist. That company's called Spire. Shortlist is another one that we have invested in and work with. They do talent sourcing and screening. So rather than just taking Tuesdays and Thursdays which is obviously not a great recruiting strategy, they run all of the applications through an online platform that matches skills with the actual needs of a role. So there'll be
[00:41:30] short exercises, a short voice recording, lots of things. I think Greenlight might work with Shortlist as well? And so, yeah.

How do we measure if they're doing well? Retention and sort of other outcomes that are escaping me at this moment if I'm totally honest. But things that you know, you can see if people are happy. Everybody does surveys about whether their
[00:42:00] employees are happy, but it's hard. And one of the reasons we don't do healthcare and education because at the primary care and education level is because service providers are so important and there's just a lack of great service providers. There are a lack of doctors, lack of nurses, lack of great teachers, and that's something that needs to be tackled by government organizations.

Maureen H.: And just to come on the end of some of your comments, which were great, is that infrastructure piece is so vital in the human capacity because that's what gives us
[00:42:30] comfort to begin to invest dev capital into an organization, especially this CFO or the Controller having reports that you can share with us about your cash flow situation on a quarterly or annual basis. And what we find often is organizations

come looking for the debt. They need the capital but they don't have the infrastructure built yet. And so we kind of have to bring them back and help them through that process in conversation. And you know, that's a year. So if you can think of your business-building then kind of having to move back or stop before it

[00:43:00] can accelerate again, that's clunky. And so just start thinking about what you need in place as you scale human-wise, operations-wise before you need that type of capital is really key.

Sarah Bieber: Yeah, and Andy, I don't know if you wanna talk a little bit about what Power Africa does with businesses to help, like, they have advisors that are there to help them get prepared.

Andrew H.: So we do several things. Obviously, working with the lab also has helped out quite a bit. It's one of our partnerships with the Shell Foundation and the Diffit as well to

[00:43:30] try to provide some grant money to some of the businesses but also Power Africa's created some loan guarantee products through the development credit authority at USAID to provide financing so that some of these companies can get debt. And then even more importantly, we also have ... and I'm just talking about USAID cause as other agencies like OPIC which I mentioned provide quite a bit of support as does the U.S. African Development Foundation and U.S. Trade and Development

[00:44:00] Agency which are also Power Africa partners.

But probably some of the most critical support we provide is through our transaction advisors. We've got off-grid specialists who are positioned in East Africa and West Africa. This whole solar home system industry really took off in East Africa so what we're realizing is the private sector is driving this development. They don't need a ton of support from the public sector but if we could help them

[00:44:30] replicate that in West Africa and Central Africa, you know, create new opportunities for them and for the company as well. So we've put advisors in West Africa and East Africa. And then the other thing that we do is just general advocacy when making sure that governments are in implementing policies and reforms to encourage this type of investment.

Sarah Bieber: That's great. So we are out of time. I have a big red light flashing in my face.

[00:45:00] If anyone has questions and would like to learn more, feel free to reach out to me. Our names and titles are on this screen. We will come around to the other side as well.

So thanks everyone for listening and thanks to the panelists for being here today.