INTRODUCTION

This report highlights themes and messages from a virtual discussion, held on 23 May 2013 between companies that are developing energy solutions in low-income markets. The event was a collaborative effort between the Business Call to Action (BCTA), Business Innovation Facility (BIF) and Innovations Against Poverty (IAP), intended to enable the entrepreneurs to discuss their challenges and solutions with each other in an international closed-door setting.

MESSAGE FROM THE MODERATOR

Gaurav Gupta
Regional Director for Asia, Dalberg

*Sustainable Energy for All* has brought together the environmental and human development objectives. The movement around this initiative is increasingly forming part of the global business agenda. Whether a young start-up or a well-established multinational company, there is a clear business opportunity in providing much needed access to cleaner and cheaper energy to a market of over a billion people living off-the-grid.

In the roundtable discussion captured in this report, we see organizations encountering many of the typical challenges faced by new consumer products trying to enter a market. This in itself is significant progress.

In the past, the proposed solutions were often viewed as being dominated by donor or government programs, which often led to the promotion of products that ignored consumer preferences and were highly inefficient in their delivery. In today’s contrasting landscape, multiple nimble private players are emerging in the solar lighting and clean cooking spaces -- bringing with them a large influx of new products, business models and distribution methods that are starting to show promising scale.

However, for all the promise of market-based approaches, important public goods still need to be created. In Dalberg’s recent work on solar lighting for the IFC’s Lighting Africa and India programs, we highlighted an industry that is doubling each year and is predicted to grow above 90% annually for the next five years. Despite such high growth rates, solar lanterns will only reach a minority of the potential market. Hence, while the social and business potential is huge, the challenge is how to accelerate such growth. The following discussion provides insights on how organizations are overcoming challenges and accelerating the adoption of a sustainable energy for all.
THE CHALLENGE OF ACCESS TO ENERGY

Lack of access to clean, affordable and reliable energy for millions of low-income communities remains one of the world’s fundamental development challenges. ‘Energy poverty’ is a major barrier to economic and social progress to advancing the Millennium Development Goals (MDGs).

In 2012, approximately 1.3 billion people were without access to electricity and 2.6 billion people relied on the traditional use of biomass for cooking, which causes harmful indoor air pollution. These communities are mainly in developing Asia or sub-Saharan Africa, and in rural areas. Lack of access to energy creates significant economic disadvantages that limit the ability to engage in income-generating activities. Similarly, energy deficiency hinders the delivery of effective social services, education and healthcare.

ACCESS TO ENERGY AND BUSINESS

Business plays a critical role in addressing the problem of energy access. Companies can provide innovative products and efficient services; deliver new technologies, technical skills and investment. Business can also bring insights and knowledge essential for developing effective government policies that are critical to overcoming ‘energy poverty.’

While many technology solutions already exist to deliver access to energy, one of the key challenges is to build business models that deploy related technologies so they deliver clean, reliable and affordable energy solutions to customers in low-income or hard-to-reach communities, while ensuring commercial sustainability for business. Many businesses are now piloting and implementing commercial energy products, with variable successes and some common challenges.

If these variable business models can succeed and scale, the potential development gains are enormous. Nearly one in five people around the world do not have access to modern energy services. Twice that number, three billion people, relies on wood, coal, charcoal or animal waste for cooking and heating. In today’s economy, this is not only inequitable – but is also a major barrier to eradicating poverty.

To further address the challenge of energy poverty, the UN Secretary-General Ban Ki-moon is leading a global initiative, Sustainable Energy for All, to mobilize action from all sectors of society in support of three interlinked objectives to be achieved by 2030: providing universal access to modern energy services; doubling the global rate of improvement in energy efficiency; and doubling the share of renewable energy in the global energy mix.

What is inclusive business?

Inclusive business models are sustainable business solutions that expand access to goods, services, and livelihood opportunities for low-income communities.

The models involve doing business with low-income populations anywhere within a company’s value chain, incorporating them in the supply, production, distribution and/or marketing of goods and services. This generates new jobs, incomes, technical skills and local capacity. Likewise, poorer consumers can benefit from products and services that meet their needs in affordable ways.

By focusing on commercial viability, these models demonstrate inherent capacity to be scaled to engage thousands, and increasingly millions, of poor people. The emphasis is on “core business” rather than on philanthropy.
KEY THEMES AND MESSAGES

By sharing their company’s experience, participants highlighted challenges and solutions that are currently shaping inclusive business practices in the energy sector. Some key takeaways include:

1. Marketing to the BoP

Marketing to low-income, often hard-to-reach communities requires localized, tailored approaches that go beyond traditional TV, radio and billboard campaigns. Below-the-line marketing, word-of-mouth and door-to-door sales seem to be the most effective marketing tools in rural areas. More importantly, successful marketing relies on the company’s abilities to provide feasible financing mechanisms for the products, have a trained sales force and build trust with the customer.

2. Lack of consumer awareness

Lack of consumer awareness about the product, its efficiency and safety is often a problem for energy companies. Building consumer awareness requires localized, innovative approaches to below and above-the-line marketing. Based on the local context, successful consumer awareness building activities range from village demonstrations, to creating radio advertising and public education campaigns about a product or technology.

3. Distribution challenge

‘Last mile’ distribution to reach low-income, rural consumers is a challenge for inclusive businesses across many sectors. Although village-level entrepreneurship for product distribution is often praised as a sure way to scale up, in practice, companies’ experiences show that the franchise distribution model requires a lot of investment and adjustments based on the product and local context in order for it to work effectively.

4. Sales force churn and lack of capacity

The local sales force is critical to building product awareness, securing sales, reaching consumers, providing follow-up and sometimes in consumer-financing as well. Whether they are employed sales agents or entrepreneurs and franchisees, companies are encountering problems with performance, scaling and particularly with high levels of sales force churn.
Innovative and reliable partnerships are essential

Innovative and reliable partnerships with relevant stakeholders from different sectors are critical to achieving success and scale in expanding access to energy solutions for the low-income consumers across marketing, distribution, and financing aspects of a business model.

Financing challenge

Low or limited purchasing power of the BoP customers requires companies to offer valid financing models, which are key to getting the energy products and technologies into the hands of the poor. While some companies are developing partnerships with Microfinance Institutions (MFIs) both for financing the consumer and for financing the small scale distributors that can reach BoP customers, others are finding that in-house consumer financing is more efficient than going through MFIs. In many parts of Africa and India, MFIs are under scrutiny and new models for financing small businesses, consumers and distributors are emerging. Innovation within financing includes crowdsourcing and financing through credit cooperatives.
1. MARKETING TO THE BOP AND RAISING AWARENESS

Participants shared their companies’ experiences and creative solutions to the challenge of marketing to the consumers at the BoP. Summary of the main points:

» **Poor consumer awareness** about the energy solutions requires companies to incorporate an aspect of public education into their marketing strategies.

» **Below-the-line marketing** approaches, such as product demonstrations, skits and plays, work best for the rural BoP consumers.

» **Word-of-mouth** is the most effective marketing tool for BoP consumers that rely on recommendations as a testament of quality and safety of a product.

» Relying on word-of-mouth and direct door-to-door sales often means that **marketing has to be combined with distribution**.

» **Trained and well-paid sales force** is critical to successful marketing and reduction of churn among distributors.
An example from Malawi demonstrates the challenges faced by an energy start-up selling wood briquettes to rural BoP customers. **Wood Industries Corporation** produces fuel briquettes that burn longer, cleaner and cheaper than traditional firewood. Marketing is quite challenging for the company for a variety of reasons. One such challenge is that consumers at the bottom of the pyramid have no access to television or newspapers, which excludes the possibility of above-the-line marketing. The company has been relying on below-the-line marketing methods, such as village demonstrations and local radio campaigns. Building acceptance of the product is key.

To overcome the ‘last-mile’ challenge with rural communities, the Wood Industries Corporation has tried to establish a chain of dealerships in rural areas that could maintain the stock of its product and sell it using local markets and other local retail locations. The challenge in this instance has been the inability of the local distributors to finance the purchase of a stock of briquettes for resale. To address the problem of distributor financing, the company has attempted to provide a credit option, but this in turn raises a new challenge in managing defaults.

**SolarNow**, a Netherlands-based social enterprise working on extending access to solar electricity in Africa, shared its experiences in Uganda. Three critical aspects of their distribution approach include: creating ability for the clients to buy the product, creating convincing marketing campaigns, and having a trained sales force. One key to successful marketing for SolarNow, has been to focus on creating behavioral change amongst both distributors and clients.

Creating the ability to sell the product for SolarNow meant creating an in-house credit facility, which led to an almost 100% repayment rate. Offering credit does not only overcome the financing constraint for end-users, but also overcomes the negative perceptions about quality that exist in the market. In other words, clients value the credit as a guarantee that the supplier will honor its commitment to solve problems as and when they occur. Offering an in-house financing option in combination with various means for marketing -- such as local radio campaigns, good quality brochures, and door-to-door visits -- have produced positive results in sales. Finally, training the sales force not only in marketing but also in closing a deal has been critical in the company’s success. Training, motivating and altering sales people’s behavior to sell the product have been some of the most challenging aspects.

End users enjoying radio powered by a solar panel in Zambia (Photo Credit: SolarNow)
Barefoot Power, an Australian based company designing and selling solar solutions to the BoP, shared what marketing techniques work best for them. After a thorough analysis of the company’s marketing activities, such as having trained 3,800 entrepreneurs in Africa alone since July 2012 and implementing extensive radio and leaflet campaigns, the company found that the word-of-mouth approach to marketing remains the most effective way to sell its products to the BoP consumers.

The company also found that upscaling the workforce in Africa by recruiting specialized consultants to design a three-week training program with a five-month mending process has been yielding positive results. The program has led to a more consistent upselling of the product, but was a heavy investment for the company.

Similarly, in India, the word-of-mouth strategy and a local radio campaign worked well as people typically have no access to TVs. The mechanism that succeeded in this case utilized a radio campaign followed by a village demonstration.

Relying on word of mouth as a marketing approach, in some instances, forces the company to combine its marketing network with its distribution network. Barefoot is now engaging consumers by developing mobile stores and has been implementing a small program called ‘Business in the Bag’, where a distributor is provided with up to six products, allowing them to demonstrate and sell the product on the spot. The company also has a program of direct entrepreneurs that are attached to the larger distribution networks. Profits from sales are shared between the franchise that is acting as a wider stocking point for resellers operating country-wide, the entrepreneur, and Barefoot. This scheme has been quite successful and is now being implemented in three countries in Africa.
Oando Marketing, an oil and gas company based in Nigeria is expanding sales of a liquefied petroleum gas (LPG) stove for low-income markets and finds that educating the consumer is critical. In Nigeria, the lack of awareness about Liquid Petroleum Gas (LPG) is pervasive. This lack of awareness exists not only in low-income consumer segments, but throughout the economic pyramid. Some landlords and housing complexes even prohibit LPG from being stored, despite the fact that many have large quantities of highly inflammable materials, such as kerosene and diesel stored inside.

Having spent a lot of time trying to understand what kind of product the market would accept, the cash outflows from the consumer, the capacities of a consumer to carry a stove home on foot, and transportation efficiencies, the company came up with an innovative 3-kilogram cylinder. In addition, Oando developed a ready-to-use package that can be taken home to begin using it immediately. To promote the product, the company has been using various means, such as radio ads, outdoor events and flyers. Moreover, to educate the public about the benefits and safety of LPG, the company has come up with creative marketing skits that involve music and actors portraying the benefits of LPG for cooking, with attractive merchandising reinforcing the take-home message. Overall, the experience in marketing to the BoP for Oando has been a “mixed bag” with various levels of success, but sales via MFIs are now taking off well.
2. DISTRIBUTION, SALES FORCE CHURN, AND LACK OF CAPACITY

Participants also shared their companies’ experiences with establishing distribution channels to reach rural low-income consumers. Summary of the main points:

» Village-level/franchise entrepreneurship model for ‘last-mile’ distribution needs consistent corrections based on the product and local context.

» Limited technical skills and lack of proper incentives for local sales force leads to high levels of churn.

» To overcome high levels of churn, companies can implement innovative approaches to sales force retention through appropriate compensation, investing in training, and incentivizing schemes.

» Working capital for distribution partners is often a barrier that can be overcome with innovative financing mechanisms.

» Trained and well-paid sales force is critical to successful marketing and reduction of churn among distributors.

End users of rented solar battery in Malawi (Photo Credit: Eqnon)
SolarNow shared its experience working through a franchise model. Prior to the company’s full ownership of the existing 31 stores, the company worked with a dealer model that gave more autonomy to the dealer but created challenges in standardization. After transforming to a strict franchise model with full ownership of the premises but keeping the commission-based contract with the entrepreneur, most problems were resolved without hurting sales, which continued to be driven by the commission incentive. Implementing a straightforward agreement with the franchises and maintaining control of the shops allows the company to invest in additional branding, radio campaigns in local languages, and even in improving transportation. The model is working quite well for SolarNow; however, the remaining challenge continues to be working to increase the productivity of the sales force.

Another successful strategy implemented by the company has been a mandatory security fund for the entrepreneurs who build it up by setting aside a percentage of commission. This approach creates an incentive or ‘skin in the game’ for these entrepreneurs. Not only does this saving scheme act as a deterrent for theft on part of the distributors, but it also allows for an investment in their personal business development, such as purchasing a bike or a computer. In addition, the fund is attractive for the entrepreneurs in terms of savings, and can also act as insurance in the case of illness or death.

For BarefootPower, distribution entails selecting the right micro-entrepreneurs based on its rigorous selection criteria. Criteria include an existing network and established financial records for three years. The selected entrepreneurs are then required to go through training. The biggest challenge for the company has been sales force churn.

Oando has made significant investments towards increasing storage capacity, setting up small shops for the distributors, providing tricycles to pedal the cylinders to the local areas, and other kinds of support for the distributors. However, capacity could still be improved.

Three useful strategies being adopted are: (1) use the existing distribution network of Oando, which has a network of retail stations selling petrol, diesel, lubricants etc., for the distribution of LPG; (2) try out a model where the main distributor appoints a secondary set of retailers who would be focused on selling to the end consumers; (3) support financing for the retailers (microfranchisees). Oando is working with microfinance banks that are helping to provide initial funding to micro-retailers who have good reach to low-income consumers. Although the company had some setbacks in its initial model, it is making necessary adjustments as is often needed when operating in BoP markets.

“Another successful strategy implemented by the company has been a mandatory security fund for the entrepreneurs who build it up by setting aside a percentage of commission.”

“...(1) use the existing distribution network... (2) try out a model where the main distributor appoints a secondary set of retailers... (3) support financing for the retailers (microfranchisees).“
**Eqnon**, a strategy and energy consulting firm in Malawi, in cooperation with Electricity4all, a start-up company aiming to accelerate access to electricity by establishing and operating electricity kiosks, provide the ability for local populations without access to electricity to rent and recharge batteries using renewable energy for a small fee.

The kiosk model is a decentralized solution to energy delivery -- as the units can be used anywhere within a community and the size of the kiosk scaled up/down or adjusted to the local demand very easily. The companies are in search of partners to expand the kiosk model, find innovative ways of improving the model and create financial leverage.
3. FINANCING CHALLENGE

In conclusion, the participants were asked to share their companies’ experiences in providing access to financing for their customers and distributors. Summary of the main points:

» The challenges of low purchasing power of consumers, default rates and lack of access to working capital for the distributors can be resolved through in-house credit mechanisms, partnerships with lending organizations, and other innovative financing schemes.

» Partnering with Microfinance Institutions (MFIs) might be more suitable in urban and peri-urban areas, while in-house credit mechanism may be the best solution for the rural, hard-to-reach communities.

» Even with most innovative financing schemes, building product awareness, carrying out smart marketing and extending accessibility to the energy solutions are critical to business success.

One challenge with the model of electricity kiosks in rural villages of Malawi is management of cash flow, and potentially missing cash. To overcome this problem, Eqnon has been working with local mobile service providers to allow customers to pay with their phone by using the same prepaid channel.

SolarNow’s systems range from anywhere between $300 and $3000, which makes customer financing quite challenging. The company provides an in-house loan with a 25% down payment in cash. The remaining 75% is broken down for 12 months in equal monthly installments. The in-house credit option is not only solving the accessibility problem, but is also working to build trust with consumers. Customers perceive the credit from the company as a reason to trust it. Although this set up involves a close follow-up with the customers on a monthly basis for repayment, overall, it helps to get the technology into the hands of the people that would normally not be able to afford it.

For Barefoot Power, financing becomes critical with products priced above $50. The company solves the credit challenge through partnerships and collaboration with MFIs. For example, in India, where there is a huge network of MFIs, Barefoot is working with five partners. The company trains loan officers to become microentrepreneurs. The loan officer receives a portion of the commission and so does the MFI, in addition to the interest on the loan. By doing so, they open up access for the customer base. This symbiotic relationship with the MFIs is attractive for all parties involved.

In Africa, however, MFIs are treated with some skepticism. Hence, the company currently has a close relationship with member organizations, such as African Confederation of Co-operative Savings and Credit unions (SACCOs), which seems to be a more effective approach in the context.

In addition, crowdsourcing is an emerging tool that produces quite positive results; however, there are still a lot of challenges and a lot of experimentation across the industry. In general, once a partnership is established, normal commercial credit is preferred. Passing the aspect of credit to the partners helps build trust and supports the working relationship, as well as ensures that the credit will get repaid.

Finally, Barefoot Power is leading the way in finance innovation through partnering with organizations like Kiva, an online platform that connects online lenders to entrepreneurs. There are currently Kiva-funded distributors in five to six countries in Africa and that program works smoothly.
As explained by Oando Marketing, LPG tends to be a high-investment activity from the retailers’ point of view. It requires a high level of working capital for the distribution, storage, approvals and various permissions, so this has been a barrier. The first challenge has been to find distributors, and the second to find retailers. Oando has partnered with The Lift Above Poverty Organization Microfinance Bank (LAPO) and Grooming Microfinance Bank to create a financing vehicle, which is funded by Oando and a few other investors. This Special Purpose Vehicle (SPV) provides funding to microfinance banks that, in turn, lend to the retailers. By developing a tertiary network of retailers, Oando would like to provide low-income households an opportunity to start new business ventures.

Developing a tertiary network of retailers has been a recent major initiative by Oando to move the product across the value chain. Acceptance by the retailers is likely to go hand-in-hand with growing awareness of the product. By further refining the business model, another microfinance partner extends the credit to the end users. These financing mechanisms are beginning to produce encouraging results and Oando has ambitious plans to scale up this year and beyond.

CONCLUSION

Providing access to energy in low-income markets is full of opportunities and challenges, as evidenced by the companies’ experiences at the ‘coalface’. Getting the model right means creating context-specific products, financing options, marketing approaches, and distribution models. What works in one community does not always transfer to others, and there is no textbook method to follow in achieving scale. The progress of these companies shows, however, that there is immense potential and promise in ‘cracking the code’ to delivering clean, reliable and affordable energy for all. We look forward to sharing more practical experiences from companies as their initiatives mature and scale.
PARTICIPANTS AT THE “UNLOCKING THE POTENTIAL OF SUSTAINABLE ENERGY FOR ALL” DISCUSSION

presented in alphabetical order

Speakers:

Rick Hooper, CEO, Barefoot Power
See Barefoot Power: Providing Access to Renewable Energy

Sunil Jhingran, General Manager, Oando Marketing Plc
See Oando: affordable clean cooking fuels for Nigerian households; Oando’s BtA Initiative: Reducing Air Pollution through Clean Cook Stove

Rafik Kali, Wood Industries Corporation Ltd

Willem Nolens, Managing Director, SolarNow

Arjan Visser, Strategy and Energy Consultant, Eqnon
See Eqnon: Electricity Kiosks in Remote Areas of Malawi

Moderator:

Gaurav Gupta, Partner and Regional Director for Asia, Dalberg

Opening and Closing Remarks:

Caroline Ashley, Editor, Practitioner Hub on Inclusive Business
Suba Sivakumaran, Programme Specialist (Knowledge, Capacity and Results), Business Call to Action (BtA)
FURTHER RESOURCES ON ENERGY & INCLUSIVE BUSINESS

» Business Call to Action Energy Guide Inclusive Business and Energy
» Dalberg Research and Publications on Energy and Environment
» The Practitioner Hub for Inclusive Business Publications and Tools:
  » The Know-how page on Climate-smart solutions: Overview of resources, blogs and projects that develop climate-smart (low-carbon) solutions and business models for the BoP
  » Snapshot: Clean Energy projects supported by the Business Innovation Facility and Innovations Against Poverty
  » Spotlight: Developing a successful solar lighting enterprise (Innovations Against Poverty)
  » Checklist: Developing a successful solar lighting enterprise (Innovations Against Poverty)
  » The Insider: Take your partners: large companies and collaboration
  » The Checklist: Why go it alone? How partnerships can help a company

ORGANIZERS
presented in alphabetical order

Business Call to Action (BCTa)

Launched in 2008, the Business Call to Action (BCTa) aims to accelerate progress towards the Millennium Development Goals (MDGs) by challenging companies to develop inclusive business models that offer the potential for both commercial success and development impact.

The BCTa global leadership platform is supported by the Australian Agency for International Development, the Dutch Ministry of Foreign Affairs, the Swedish International Development Cooperation Agency, the UK Department for International Development, the US Agency for International Development, the United Nations Development Programme, the United Nations Global Compact, the Clinton Global Initiative and the International Business Leaders Forum.

Worldwide, over 70 companies have responded to the BCTa by making commitments to improve the lives and livelihoods of millions through commercially-viable business ventures that engage low-income people as consumers, producers, suppliers, and distributors of goods and services. Participating companies benefit from the BCTa’s ability to provide:

» A global leadership platform and opportunities to share expertise, knowledge, and best practices for market-based approaches to development;

» Initiative development advice and assistance; and

» Linkages with companies, donors, and other key stakeholders.
Business Innovation Facility (BIF)

The Business Innovation Facility is a three-year pilot programme running from July 2010 to December 2013, funded by the UK Department for International Development (DFID). The Facility provides practical, hands-on advice and technical expertise, to support companies to develop or scale up inclusive business models in Bangladesh, India, Malawi, Nigeria and Zambia.

The Facility does not provide finance: our support comes as advice and technical assistance, at any stage of the business venture. We draw on a global network to find technical experts who can assess routes to market, develop supply chains, “stress test” a business model and tackle a host of other bottlenecks that companies face. We also support knowledge exchange on inclusive business at the international level.

Innovations Against Poverty (IAP)

IAP was established by the Swedish Government in 2011 to stimulate and support sustainable business ventures which might not otherwise be pursued by the private sector because of perceived commercial risks and the market uncertainties they present.

Through large and small grants, Innovations Against Poverty supports a variety of commercially-oriented organisations that are based or operating in the world’s poorest countries. Applicants may need financial support to bring an innovation to market or take a proven model to scale. Companies can receive support whatever sector they work in, from education to health, infrastructure to agriculture. The only exceptions are companies involved in the arms, tobacco and gambling industries.

Visit the IAP projects page to find out how IAP is helping organisations come up with new solutions to longstanding challenges. The Swedish Government’s anticipated results for this programme include some sixty new inventions that benefit people living below the poverty line, as well as practical new ways of tackling climate change and environmental vulnerability. It could be a technical solution for cleaner water, access to electricity, safer cooking methods or ICT services for rural areas.

By advocating and implementing the concept of ‘inclusive business,’ the programme will also contribute to developing more efficient business practices that can take root at the base of the pyramid.

The Practitioner Hub

The Practitioner Hub has been developed by the Business Innovation Facility and Innovations Against Poverty to provide a space for inclusive business practitioners to connect, share experiences and gain new insights to help their inclusive business ventures grow. Business Call to Action has recently become a partner programme for the Hub.

The Practitioner Hub is designed as a knowledge and networking tool to help inclusive business thrive.

The Hub focuses on the practical - the nuts and bolts of inclusive business. The resources, including a ‘Starter Pack’, publications and tools, are firmly rooted in on-the-ground experience from the projects we support.

Membership of the Hub is free and allow members to:

» Receive our monthly news bulletin straight to your email inbox, with a digest of what’s new,

» Create a profile and link up with other members,

» Join a network based on the country or topic that matters most to you,

» Receive alerts when new content is posted in your networks,

» Post a blog,

» Leave comments on blogs and posts in networks.
PARTICIPATING COMPANIES
presented in alphabetical order

Barefoot Power

Barefoot Power is a global, social for-profit enterprise that manufactures and distributes solar phone charging, lighting products and business development services to people at the base of the global economic pyramid. Barefoot Power has impacted the lives of 1 million people in over 20 countries by supplying solar powered lights, home lighting systems, and phone charging solutions. Through a diverse distribution strategy including global importers to micro franchises, Barefoot Power reaches the most remote communities. Over 1.5 billion people lack access to electricity and Barefoot Power is on a mission, to bring affordable renewable energy and efficient lighting to 5 million people by 2013 and 10 million people by 2015 and help eradicate energy poverty. How will they do that? By bringing electricity to millions of people that currently use kerosene lighting and walk far for phone and battery charging, they plan on reversing the traditional process of rural electrification while reducing the global carbon footprint.

www.barefootpower.com

Barefoot’s BCTA Initiative, Providing Access to Renewable Energy

Eqnon

Eqnon is a pioneering firm based in Malawi and The Netherlands focused on the development and implementation of strategies that work for the poor in developing countries. It provides strategy consulting advise combined with hands-on experience in implementing large-scale projects in developing countries.

Access to electricity in Malawi is less than 15% with even lower access in rural areas. Although there are plans underway to expand the existing grid, many of the people currently living in remote areas will probably not be connected to the electricity grid during their lifetime. Therefore there is a strong need for a rural electrification model that saves households on their energy expenditure, gives them more opportunities to increase income, is financially sustainable and can be installed and scaled-up easily. Electricity kiosks satisfy all those needs.

The electricity kiosk is a battery charging station using solar, micro-hydro or other type of (renewable) energy for generation of the electricity, where the local population can rent batteries for a small fee. At home they can use the electricity for lighting, phone charging and to power a radio. These are given out to customers against a small deposit as well as a payment that can be made either monthly or per recharge. The batteries can be recharged using various sources of (renewable) generation such as through a solar panel, micro-hydro power plant or by connecting it to an electricity grid. It is designed to cater for people’s basic electricity needs (mobile phones, lights, radios, shavers etc.) and act as a virtual extension to the electricity grid. The system is priced to be affordable for local people, whilst maintaining healthy returns for the local partners. Larger battery boxes can also be offered for more intensive usage.

The electricity kiosk concept can be implemented to alleviate the household/customer from paying for the product and instead, paying a small rental fee for every time they need to use the product.

www.eqnon.com

See Electricity Kiosks in Remote Areas of Malawi
Oando Marketing PLC

Oando Marketing PLC provides integrated energy services in Nigeria and internationally. Oando aims to provide Nigerian low income households with affordable and accessible clean cooking fuels through low weight Liquefied Petroleum Gas (LPG) cylinders with integrated cooking ring.

The initiative is built on two parallel value propositions - sell the integrated stove/cylinder product and also provide financing for the initial purchase of the stove via a microfinance fund. Commercially, the project is primarily driven by the objective to deepen and extend Oando’s existing LPG value chain coverage to reach end consumers in areas that are currently difficult to reach and increase the use of gas across Nigeria. From a development perspective, low income households will directly benefit from access to a more environmentally friendly and affordable fuel alternative to currently used cooking fuels such as kerosene, firewood, electricity or charcoal.

www.oandoplcl.com

BIF Supported Project, Affordable clean cooking fuels for Nigerian households

Oando’s BCTA Initiative, Reducing Air Pollution through Clean Cook Stove

SolarNow

SolarNow, a Netherlands-based social enterprise, aims to overcome these challenges by providing home owners with access to credit through an innovative hire-purchase finance scheme backed by a network of retailers that distribute and install these systems. Through this scheme, users rent solar systems until they have paid off the cost of the full system.

More than 70 percent of sub-Saharan Africa has no access to electricity. In rural areas this often exceeds 95 percent. Millions of people throughout the continent continue to rely on harmful fuels like kerosene to light up their homes and power their shops when night falls. Although modern alternatives such as solar energy exist, most households in rural areas lack the cash to buy home systems and often the technical skills to install them.

SolarNow’s commitment to the Business Call to Action is to scale up access to these solar systems for more than 1.1 million people by 2015. Over its lifespan, the solar power panels will cut down on energy costs, provide additional income opportunities, and cut down on carbon dioxide emissions by 22,620 tonnes.

To date, SolarNow has reached 500,000 people through the sale of 124,000 systems in five in Uganda, Tanzania, Mali, Burkina Faso and Senegal.

As of May 2013, SolarNow is operating 31 shops in Uganda selling solar energy products with a credit facility. The organization is growing and on the verge of reaching break-even. The company hopes that their story inspires global business leaders to look more seriously at Africa.

www.solarnow.eu

SolarNow’s BCTA Initiative, Facilitating Access to Clean Energy through Innovative Financing

Wood Industries Corporation

Wood Industries Corporation Limited is primarily involved in timber logging and saw-milling operations. Its saw-milling operations are located in Chikangawa and Dedza. As the saw-milling lends itself to low levels of recoverable material – the vast part of the log remains unused in Malawi – bark and sawdust, the company is involved in silvicultural activities, planting pine trees in Dedza and Zomba. Wood Industries Corporation Limited recently commenced the production of wood briquettes and other products that replace charcoal for use by local communities. The goal of the company is to provide access to cost efficient and cleaner energy for the Malawian households that use charcoal as their primary source of heating.
This report was prepared by Tatiana Bessarabova on behalf of Business Call to Action. It can be downloaded from www.businesscalltoaction.org/resources/publications.

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You are encouraged to share the report and use it to encourage the adoption and implementation of inclusive business. Copyright rests with the event Organizers, and we request recognition of this, and welcome feedback from those who use the report. Please send feedback to the Business Call to Action Secretariat at Secretariat@businesscalltoaction.org.