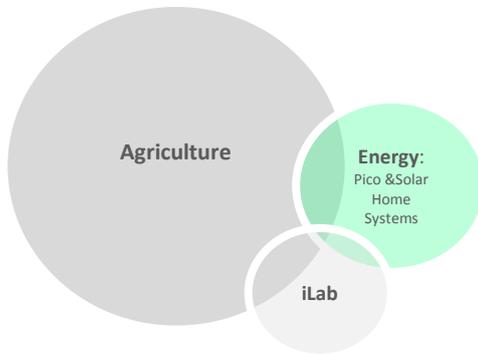


Sierra Leone Opportunities for Business Action (SOBA)

Sierra Leone Opportunities for Business Action (SOBA) is a DFID-funded **private sector development programme** that uses **market systems approaches** to facilitate **pro-poor economic growth** in Sierra Leone. The programme collaborates with a breadth of private sector partners in alignment with the following principles and approach.



Principles and Approach

We focus on **facilitating change** at scale by targeting **underlying causes and breakdowns within market systems** that inhibit pro-poor growth and opportunity.

To facilitate improved market performance, SOBA collaborates with private and public partners. SOBA directs investment to partners that are *well-positioned and motivated* to collaborate to redefine competitive norms and to restructure markets within target sectors.

SOBA offers **risk capital** for technical and financial investment toward business practice innovations. SOBA's capital must be matched by partners.

Vision and Strategy in Renewable Energy

SOBA seeks to accelerate access and uptake of **affordable** renewable energy options, harnessing the potential of **pico and solar home systems**.

Toward improved market performance, SOBA prioritizes actions and investments across the following objectives:

1. Provision of risk capital and business advisory support for local market actors to design, trial and scale innovative **route-to-market strategies**.
2. Support local market actors with targeted **marketing and sales strategies** to increase brand and product awareness, and to accelerate demand from and sales to low-income consumers.
3. Improve understanding of key gaps in renewable energy ecosystem including **financing and transport and logistics**. Forge strategic partnerships with local firms, financiers, telecommunication companies and other stakeholders to crowd-in new investment, lending, and pay-as-you-go (PAYGO) financing instruments.
4. Facilitate the development a **competitive business enabling environment and investment ecosystem** via implementation of energy reforms outlined in the UK Energy Access Campaign Compact. Reforms include **streamlining import duty waiver** and **sales tax elimination** on high-quality solar products and **capacity development** of the Renewable Energy Association of Sierra Leone (REASL).
5. Showcase the Sierra Leone **investment opportunity**, leveraging SOBA-developed investment tools and expertise to forge strategic engagements with international solar suppliers and financiers.

SOBA's Investment Process

SOBA's partnership and investment process reflects tried and tested private sector engagement methodologies that have proven essential in identifying, fostering and cultivating mutually-beneficial engagements.

SOBA's **graduated investment pathway** aims to identify shared strategies and commitment that both enable business partners' growth and increase affordable solar product access and uptake for SOBA's ultimate beneficiary – low income households across Sierra Leone. Engagement follows an **"opt-in" approach**.

SOBA Investment Pathway

Pre-Investment Phase Establishing Shared Strategy	Investment Phase 1 Business Prep & Innovation Refined	Investment Phases 2-3 Innovation Rollout & Scale
<ul style="list-style-type: none">• Build trust and complete business diagnostics to obtain a clear, honest picture of internal business operations and positioning for growth• Strategic negotiations to establish a shared strategy and determine investment modalities in Phase 1	<ul style="list-style-type: none">• Develop and implement business and financial management improvements, following business diagnostic findings, that lay the foundation for healthy and sustained growth.• Launch innovations and pilots to test strategic hypotheses.	<ul style="list-style-type: none">• Collaborate to adapt and to scale innovations within the business and networks.• Identify opportunities for additional innovation, building on learning within trials.

The development of a shared vision, strategy and investment alongside the establishment of mutual trust underpin each investment phase. Well-defined, mutually-beneficial partnerships are often time-consuming endeavours.

Alongside SOBA's graduated Investment Pathway, SOBA also employs "**light-touch**" investments. These investments align to strategic objectives and aim to induce market-wide scale-up of tried and proven tactics within distribution, marketing, and financing mechanisms.

Other Efforts

Policy: SOBA is facilitating the collaboration of all Ministerial Agencies and Departmental actors alongside the private sector, in collaboration with REASL, to **ensure coherent policy is created to foster expanded business investment and activity**. This includes continued efforts to streamline the current duty waiver process as well as supporting the establishment of an MOU between REASL and MOE.

Finance: SOBA engages a range of financing mechanisms, including assessing the viability of third-party inventory financing models, consumer financing, medium-term debt financing, and blended finance models, with the aim of improving the renewable energy financing ecosystem. SOBA is collaborating with investors, such as Cordaid's Stability Impact Fund Africa (SIFA), Sun Funder, Shell Foundation, and telecommunications firms.

Research: SOBA completed research to define a solar market development pathway. This is the basis for our investment in the sector. Additionally, SOBA completed solar market research that identified and analysed consumer segments for pico and solar home systems. The research yielded tailor-made messages and cost-effective marketing and promotional techniques that may increase solar uptake for targeted groups. In the next month, SOBA will collaborate with local distributors to share findings and to trial marketing tactics poised to increase the uptake of solar products while minimizing per customer acquisition costs.

Regional investment: SOBA is framing Sierra Leone as a regional hub and working to attract investment from high-quality, international suppliers such as M-Kopa, Greenlight Planet, and Off-grid Electric. SOBA is also targeting investment from smaller suppliers such as One Degree Solar, Solar Kiosk, PEG Africa, NOTS Solar, and Great Lakes Energy. SOBA is also plans improved collaboration between Manu River Union solar distributors and associations through business-to-business events, consultations, and cross-learning activity.

Transport: SOBA completed research and devised business model aimed at establishing a new business that would coordinate orders and transport through shared container model.

Partners Engaged

Partner Engagement Activities

May 2016 to Present

	Partner	Investment Phase	Key Activities
	BBOXX	Phase 1	<ul style="list-style-type: none"> Develop and launch a marketing plan and campaign that increases BBOXX's brand/product awareness and accelerates sales and demand Technical assistance to establish a sales force that is knowledgeable of product specifications and able to effectively tailor messages according to target customer segments Support BBOXX to design and trial route-to-market strategies spanning direct, business-to-business, and institutional sales Strategic support in engagement and credit line negotiations with BBOXX UK, which resulted in a successful raise.
	Easy Solar	Phase 1	<ul style="list-style-type: none"> Testing of Upselling Hypothesis: Small/Eco solar customers will be upsold to a second larger solar product/system after successfully completing their repayments. Testing of Shortened Repayment Hypothesis: Easy Solar trialed shortening SHS system installments from a 90-week to a 40-week period hypothesizing that the outcome would be a marginal decrease in uptake. Facilitating trade financing between Greenlight Planet and Easy Solar including support in negotiation of terms and repayment schedule.
	Energy Efficient Solutions	Phase 1	<ul style="list-style-type: none"> Develop a marketing strategy to increase brand awareness, develop customer loyalty, and increase sales. Technical assistance and targeted investments to operationalize retail network Technical assistance to strengthen accounting and finance systems and improve operational and business processes and systems Support to secure an initial shipment of d.light products in February 2017 Advisory support in inventory management to avoid stock outs and plan for timely orders of subsequent consignments
	Renewable Energy Association Sierra Leone	Phase 1	<ul style="list-style-type: none"> Improve and enhance REASL's organisational structure, strategic focus, financial sustainability, and governance mechanisms. Develop REASL's communication strategy and collateral to improve outreach efforts, including internal and external communications Improve collaboration between REASL and the Ministry of Energy (MOE) Facilitate the development of a Memorandum of Understanding (MOU) agreement with MOE
	Mobile Power	Pre-investment Phase	<ul style="list-style-type: none"> Scoping and initial visit conducted at Pete Bana powerhouse Business diagnostics - Assessment of business plan, model, financial projections and investment slide deck.
	Ignite Power	Pre-investment Phase	<ul style="list-style-type: none"> Exploring training of a cadre of 62 freelance vendors trained in installation, sales and maintenance to reach last mile consumers and improve pico and SHS uptake. Trained pool of freelance vendors would be accessible to all REASL firms

	Sewa Energy	Pre-investment Phase	<ul style="list-style-type: none"> Scoping and initial visit conducted Contribution to SOBA's marketing research by providing information on the company's product and distribution model. Following a SOBA invite to all REASL members, Sewa Energy participated and sold products at the launch of Lion Mountain's kiosk opening event in Bo District.
	Solar Era	Pre-investment Phase	<ul style="list-style-type: none"> Business diagnostic with recommendations and technical guidance, including a three-year audit of the business, simplification of the current legal structure of the business, and opportunities to improve operational management.
	Teleficient	Pre-investment Phase	<ul style="list-style-type: none"> Research and analysis of Teleficient's former PAYG approach, focusing on identifying gaps and bottlenecks resulting in high defaults aimed at devising recommendations for improved strategy.

SOBA Renewable Energy Collaborators and Events

Collaborators and Events	Purpose	Key Activities
	Design & Implementation of Energy Africa Compact	<ul style="list-style-type: none"> Streamlining import duty waiver process and elimination of sales tax for qualifying solar products Supporting ratification of Finance Act 2017 by Parliament Coordination and facilitation of the Energy Revolution Stocktake with the Ministry of Energy Policy and advocacy support to REASL led by Power for All and facilitated by SOBA Support to Power for All's National and Global "Call to Action" event and publication
	Financing and Investment Support	<ul style="list-style-type: none"> Investor engagement, including Cordaid, SunFunder, Vulcan Investments, Acumen Fund, Shell Foundation, Berkley Energy, and Overseas Private Investment Corporation. Pitching the investment opportunity in Sierra Leone. Supplier engagement, including M-Kopa, Mobisol, Greenlight Planet, Angaza Energy, Off Grid Electric, BBOX UK, and Fosera to showcase Sierra Leone as a regional hub and to elevate the country's standing in suppliers' West Africa expansion plans.
<p>Making Solar Bankable in Emerging Markets Conference in Amsterdam</p>	Showcasing SL Investment Opportunity	<ul style="list-style-type: none"> Forum for discussion on key issues raised by the investor community in relations to investment in Sierra Leone. A summary report on performance of AGES/Solar Era in the Shark Tank and the result and outcome of their presentation and key findings Developing a pipeline of potential partners SOBA
<p>Off-grid Solar Conference in Accra</p>		<ul style="list-style-type: none"> Cross-learning from regional programs to highlight tangible actions and consideration for Sierra Leone Energy Revolution. Working with international corporates as a vehicle and market signal for other businesses and investors in solar energy