

Achievement

Building energy businesses: knowledge sharing workshops with business incubators and entrepreneurs from Asia & Africa



Cover Photos (From left): An incubator from Africa mapping the experience of supporting energy enterprises; A panel on enterprises in session; Entrepreneurs and Incubators learning from a SELCO staff member

Executive Summary

A workshop on ‘Building energy businesses: knowledge sharing sessions with business incubators and entrepreneurs from Asia & Africa’ was organised from 22nd to 27th of September, 2014 by the International Renewable Energy Agency (IRENA) and sponsored by the Department for International Development, Govt. of UK (DFID) through the KPP programme.

This knowledge sharing workshop was targeted at energy business incubators and entrepreneurs from South Asia and East Africa. The programme was anchored by the Centre for Innovation Incubation and Entrepreneurship (CIIE) at IIM Ahmedabad and SELCO Incubation Center, two Indian incubator vehicles supporting entrepreneurs in the renewable energy and energy access space. **The workshop brought together about 30 participants from 11 business incubators, 2 renewable energy associations and 10 energy enterprises from 8 countries within Africa and Asia - Kenya, Tanzania, Uganda, Egypt, Bangladesh, Myanmar, Nepal and India.**

The idea of bringing together these stakeholders was seeded following a successful workshop organized by IRENA, DFID, CIIE and Asian Development Bank (ADB), as part the International Off-Grid Renewable Energy Conference (IOREC) held on 16 June 2014 in Manila, Philippines.

The key objectives of this workshop and the learning outcomes were:

- Share knowledge and perspectives between incubator vehicles and energy entrepreneurs from different countries
- Inculcate thinking of holistic ecosystem approach into incubator vehicles
- Orient incubator vehicles into the ground realities and challenges of energy businesses
- Enabling broader access of opportunities for energy entrepreneurs through incubator vehicles
- Build partnerships among incubator vehicles in different countries

Notable outcomes of this program included commitment from the incubators to establish inter- and intra-regional partnerships for knowledge sharing and collaboration. The entrepreneurs on their part, committed to establishing a peer platform to learn from similar enterprises operating elsewhere.

Challenges- Enterprises & Incubators

While the challenges faced by enterprises and incubators although are distinct and specific to the conditions they operate in, there were some common elements that emerged out of the discussions. These elements were reported to require solutions that target the energy enterprise ecosystem as a whole. A summary of these challenges is captured in a tabular format below:

	Enterprises	Incubators
Finance	Access to finance and investments across growth stages	Funding and financing challenges to stay operationally sustainable
Infrastructure	Lack of infrastructure including banking and rural connectivity	Resources for operational support, banking and rural connectivity
Talent	Absence of a pool of trained human resource both technical and general	Attracting and managing multi-functional teams to service incubatees
Policy	Lack of coherent Government policies and support for SME's	Absence of common platform to influence policy

Table 1: Common challenges faced by Enterprises & Incubators

Key Insights

Incubators-

- Holistic Approach: Incubation support that encompasses a spectrum of issues facing energy enterprises ranging from operationalising the business to policy support that can create a conducive ecosystem. This ecosystem approach is a major requirement across the growth stages of the enterprise.
- Selecting Entrepreneurs: Initial selection needs to be robust to mitigate dropout rates. A mix of methods like conducting exposure visits to established organizations in this space and multiple interview rounds to assess potential and passion of the entrepreneur can be leveraged to strengthen this process.
- Mentorship: To help overcome the startup and scale up barriers incubators provide a mix of practitioner and academic resources. While typical incubators have dedicated team members for an incubatee to develop in-depth understanding of the enterprise and facilitate right set of mentors, practitioner incubators play a pivotal role in sharing their experiences and help overcome familiar barriers. Also crucial to the incubation is mentorship that lends support beyond business processes i.e, motivational support.
- Evaluating Incubator Models: Incubators are varied in their structure and models and rightly so as contextual challenges are varied. Thus it would be hard to find an “ideal incubator model”. The approach of evaluating the input to output/impact ratio to gauge the success of the model in addition to applying relevant sustainability metrics has proven to be effective.
- Sustaining Operations: A multifunctional team can be leveraged by incubators to offer complementary services to its incubatees and also provide its core services like deal sourcing, investment facilitation, etc to third-party organisations to generate revenue for sustaining its operations.
- Facilitating Investments: In the initial phase incubators must facilitate financing through debt, guarantees, etc., for working capital needs followed by mediation for investments at the startup phase. Further, based on the needs of the entrepreneurs supported, incubators can set up seed or venture capital funds on their own.
- Policy Coordination: Regional partnership networks of incubators can go a long way in ensuring policy coordination and knowledge transfer of successful policies between regions.

Entrepreneurs-

- Incubator Support: Enterprises should choose to work with incubators whose mission and objectives align with theirs to make the most out of the incubation experience.
- Access to Finance: Enterprises still find it difficult to find funding for their growth due to various reasons. These range from the highly competitive nature of grants wherein proposals carry more weightage compared to actual business performance, collateralization and absence of balance sheet performance to access bank debt and high costs associated with raising equity funding. Also, seed stage risk capital was identified as the most crucial to ensure the initial success of the enterprise.

- **Robust Processes:** Organizational structure is the primary determinant of the processes that are implemented. Need to have internal processes to monitor the after sales services, distribution mechanics and also financial control even during periods of increased cash flow and funding.
- **Training:** Traditional training modules like exhaustive toolkits are time-consuming for entrepreneurs. Trainings can be simplified and re-configured as topic-wise mentoring for the management and shadow-training for quality human resource at multiple levels.
- **Investor Due Diligence:** The onus is on the enterprises also to perform similar due diligence on investors to ensure mission alignment and agree on the business bottom line.

Key Recommendations

The session was concluded with a letter of intent signed by twelve of the participating incubator vehicles to initiate a knowledge sharing platform that can concretize the action items that were agreed upon during the workshop. Apart from this, the enterprises also came to a consensus on a few action items.

Incubators-

- Establish regional networks for sourcing deal flow, sharing pool of mentors, investment opportunities and grants
- Facilitate the creation of a seed fund that can support the operations of enterprises and incubators especially in the initial stages
- Communication platform that can inform and foster cross-border partnerships among incubators and incubatees
- A draft of the letter of intent can be found [here](#).

Enterprises-

- Build and facilitate peer platforms to share learnings and troubleshoot enterprise issues with inputs from entrepreneurs operating in similar conditions
- Need for access to finance avenues in terms of working capital and business development needs in addition to early stage seed capital
- Provide inputs in creating customised training manuals that capture specific aspects of enterprise development and facilitate virtual mentorship for entrepreneurs working in remote areas

Feedback

Participants were clear on their feedback:

It has been a great experience to be a part of the group. Interactions during and post events also helped to get a better understanding of the situation. There is a lot of opportunity for innovation and for providing customized support to the incubation space. GIZ can take more active role in supporting the space.

- Nilanjan Ghose (GIZ)

A cohesive strategy of incubators working together on a longer term basis, creating different models of working would be needed.

- Kavita Rai (IRENA)

Learned that all incubators are facing similar challenges and learning. By meeting and sharing information, it has been useful to hear directly from people involved from the incubators. Donors are very interested in supporting incubators and even organizations as matured as CIIE need donor support to sustain operations. SELCO's energy access focused incubation process is something I want to look at to see if this can be replicated for other sectors.

- Vidhan Rana (Biruwa Ventures, Nepal)

TAREBI as a young Incubator we have learnt tremendously in:

**Selection of Incubatees and Incubators' best practices*

**Funding opportunities*

**Connecting to a vast network of players in Renewable Energy across the world*

- Francis Rwebogora, TAREBI (Tanzania Renewable Energy Business Incubator)

It has been a great opportunity and an honor to be part of this workshop. I have learnt a lot from the experiences shared by other incubators and entrepreneurs. I am hoping to see a great collaboration amongst incubators and entrepreneurs from various regions in Africa and Asia as we together contribute towards transforming lives of millions of people through support for entrepreneurship.

- Shira Bayigga Mukibi (Renewable Energy Incubator, Makerere University, Uganda)

This workshop was a great point for me to reflect on our entire model especially thinking more about how we could be more effective in our support for our entrepreneurs. It was a great bright spot, definitely emerging with a ton of ideas that will define how we move forward in terms of supporting our ventures. I definitely feel so privileged and lucky at how well timed this was for me and UEA, coming at a time when we are thinking a lot about how we improve our model. :)

- Joachim Ewechu (Unreasonable East Africa)

At least we need once a year this type of workshop for following up and future activities.

- Dipal Barua (Bright Green Energy Foundation, Bangladesh)

