COVID-19

Coordinating an industry response for the off-grid solar sector

Webinar | 31 March 2020
Agenda

• Introduction & overview  
  Koen Peters

• What does the industry need now?  
  Eveline Jansen

• What does GOGLA do?  
  • Advocacy  
    Namory Doumbia  
  • Coordination  
    Eveline Jansen

• What can investors do?  
  Sarah Bieber / Leslie Labruto /  
  Dirk Muench

• Q&A
Overview

• Earlier: mostly supply-chain disruption
• Now: virus starting to spread across developing countries
  • Operational restrictions. Industry a factor in spreading virus?
  • “Essential service” – energy & information
• Issues ahead
  • Customer wallets
  • HR resources
  • FX rates
  • Fundraising

What we are doing already

- **GOGLA industry members**: Website, member briefing, webinars, individual contacts
- **Inform industry**
- **GOGLA**
- **Communicate needs**
- **Investors, governments, donors**
  - Survey, investor working group, NREAs, individual contact
Our actions until now

- Survey on member needs
- Guidance for members
- Create information channels: resource page [www.gogla.org/covid](http://www.gogla.org/covid); webinars; Africa and India WG calls
- Connect with energy access action network (investors); endorse proposal for Relief Fund
- Reach out to governments. Main ask: recognize off-grid as “essential service”
- Reach out the NREAs with guidance
- Reach out to partners/sector facilitators to coordinate TA needs and offers
Impact of COVID-19 on the off-grid solar sector

Results of a survey among GOGLA Members
Survey Summary

Nr of Respondents: 70
- 55 Industry
- 8 Investors
- 7 Others

Majority active in SSA (East and West)

Average level of Disruption felt: 7.1 out of 10
- Over the 10 days that the survey has been open, the overall level of anticipated disruption felt by companies increased, with more companies indicating a severe disruption at later dates of filling in the survey
- Vertically integrated businesses and distributors are disrupted the most by COVID-19.
## Company Challenges

### Manufacturers

**Level of Disruption: 6.3**

46% is quite concerned that this may continue for several quarters and potentially become significantly worse before it gets better

**Main Challenges foreseen**

1. HR capacity
2. Ceased operations

### Distributors

**Level of Disruption: 7.4**

46% is quite concerned that several quarters and potentially worse before it gets better

**Main Challenges foreseen**

1. Inventory management
2. Ceased operations

### Vertically Integrated

**Level of Disruption: 8.2**

55% is **alarmed** about the possible impact of COVID-19 on the market, fears this may get much worse and have long-lasting impacts

**Main Challenges foreseen**

1. Ceased operations
2. Reduced demand for new sales / decrease in existing customers ability to pay

**Biggest challenge:** Ceased operations of sales agents (due to governmental guidelines or company protocol) disrupting new sales and after-sales support
## Company Challenges Overview

<table>
<thead>
<tr>
<th>Biggest challenge</th>
<th>Second challenge</th>
<th>Third challenge</th>
<th>Fourth challenge</th>
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<tbody>
<tr>
<td>Ceased operations of sales agents (due to governmental guidelines or company protocol) disrupting new sales and after-sales support</td>
<td>(Foreseen) decrease in existing customer’s ability to continue paying for products/services received (i.e. influencing portfolio quality)</td>
<td>Inventory management (delays, disruption, stock-outs)</td>
<td>Inability to service existing loans; difficulties in re-negotiating or re-financing existing credit</td>
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<tr>
<td>HR capacity (health of HQ staff and sales agents, challenging to let staff work from home, inability to travel to work etc.)</td>
<td>Reduced demand for new sales</td>
<td>Shortage of working capital</td>
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<td></td>
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<td>More difficulty in attracting new investment capital</td>
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46% of companies indicate they can sustain for about 3-4 months, but then get into serious trouble.

11% indicates that they will be in immediate financial trouble.
### Company Support Needed

<table>
<thead>
<tr>
<th>Distributor</th>
<th>First Need</th>
<th>Second Need</th>
<th>Third Need</th>
</tr>
</thead>
<tbody>
<tr>
<td>Relief funds (28%)</td>
<td>Bridging loans (25%)</td>
<td>Peer-to-peer cooperation and coordination (17%)</td>
<td></td>
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<tr>
<td>Manufacturer</td>
<td>Relief funds (26%)</td>
<td>Bridging loans (26%)</td>
<td>Technical guidance and WG calls (both 13%)</td>
</tr>
<tr>
<td>Vertically integrated</td>
<td>Bridging loans (40%)</td>
<td>Relief funds (27%)</td>
<td>Targeted lobbying and peer-to-peer (both 13%)</td>
</tr>
<tr>
<td>Other</td>
<td>Technical guidance (34%)</td>
<td>Targeted lobbying (33%)</td>
<td>Relief funds (33%)</td>
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### Specific details on Funding Needs

<table>
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<tr>
<th></th>
<th>Distributor</th>
<th>Manufacturer</th>
<th>Vertically Integrated</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt;$200k</td>
<td>38%</td>
<td>14%</td>
<td>22%</td>
</tr>
<tr>
<td>$200k – $1M</td>
<td>37%</td>
<td>14%</td>
<td>22%</td>
</tr>
<tr>
<td>$1M – $3M</td>
<td>12%</td>
<td>29%</td>
<td>0%</td>
</tr>
<tr>
<td>$3M – $10M</td>
<td>13%</td>
<td>43%</td>
<td>45%</td>
</tr>
<tr>
<td>$10M – $20M</td>
<td>0%</td>
<td>0%</td>
<td>11%</td>
</tr>
</tbody>
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# Technical Guidance and Practical Advice Requested

<table>
<thead>
<tr>
<th>First need</th>
<th>Second need</th>
<th>Third need</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overall</td>
<td>Fundraising and other</td>
<td>Improving customer’s ability to pay in light</td>
</tr>
<tr>
<td></td>
<td>available financial</td>
<td>of COVID-19</td>
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<tr>
<td></td>
<td>resources</td>
<td>Risk management in general</td>
</tr>
<tr>
<td></td>
<td>Distribution challenges</td>
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Please share, as specific as possible, what your company’s TA needs are → via the chatbox

**Poll Input from Audience on practical and TA support**

1. Business Continuity
2. Fundraising / Financial Resources
3. Distribution Challenges
What would be most helpful in terms of business continuity support?

1. TA around analyzing repayment risks through risk management TA
2. TA around adopting business model, digitalizing advertising, etc.
3. Guidance around what support to give to customers and how during these times i.e. rescheduling payment schedules, extending relief, communication.
4. Receive an overview of local manufacturers and other options of obtaining stock.
5. Support in ensuring mobile money payments are still possible
Poll Q2

What would be most helpful in terms of finance/fundraising support?

1. TA around assessing financial sustainability and cash runway through scenario testing, mitigation measures, and liquidity management
2. Receive an overview of emergency funds
3. Receive an overview of the types of funding available and features.
4. Paying & retaining staff
Poll Q3

What would be most helpful in terms of distribution support?

1. Best practices around health, hygiene and safety for staff in the field i.e. sales agents
2. Ready prepared trainings around health, hygiene and safety for staff in the field i.e. sales agents
3. Bulk purchasing of COVID related items (sanitizers, soap, water dispensers)
4. TA around digitalizing distribution channels, digitalizing sales, payment collection etc.
5. Support in advocating for OGS as ‘essential service’ to enable necessary operations
Policy & Advocacy

- Policy Messages to Government
- Guidance to NREA
- Supporting members
Messages to Government

GOGLA’s support to governments during the COVID-19 pandemic

• Adhering to guidelines provided by ministries as well as from the World Health Organization
• Encourage members to consider their services as a critical component of the national response and keep their services running
• Appeal to governments to consider off-grid products as an essential service
• Encourage members to think practically about how we as an industry can positively contribute to national health efforts.

Messages to Government on COVID-19 is on GOGLA’s COVID-19 Resource Center.
Guidance to NREA

Off-grid solar products will prove critical to consumers and communities as the COVID-19 pandemic unfolds.

We also need to recognise that our distribution and service networks are potential channels for virus transmission. Low-income and rural citizens are particularly vulnerable.

Strategic planning and swift action is needed (i) to protect our consumers and communities, (ii) for the health and safety of our employees, and (ii) the long-term security of our companies

Guidance to NREA:

• A template letter to NREA in the Power Up! network
Supporting members

Support provided to members in the region:

• Vehicle permits for providing essential services

• Identifying areas for VAT exemptions

• Identifying areas for cost reduction (consumers and companies)
Support coordination - technical assistance & policy

- GOGLA has contacted 35 sector support partners to discuss how they can best support the industry
- Our aim is to communicate the needs of members and coordinate offers of technical assistance to the industry from these partners

- We are scheduling a sector support call within the next week (details will be emailed to partners)
- If you are a sector support actor and wish to offer support to the industry and have not received an email from us, please contact j.cammell@gogla.org
Response from investors

• Sarah Bieber, Acumen
• Leslie Labruto, Acumen
• Dirk Muench, Persistent
Questions & Answers
THANK YOU! More questions?

- Visit our COVID-19 Resource Center at [www.gogla.org/covid](http://www.gogla.org/covid)
- Recording will be available on our YouTube Channel
- Follow us on LinkedIn and Twitter for the latest information

- Join our 2nd webinar on Thu, 2 April, at 3pm CEST about mitigating business risks → register via [www.gogla.org/events](http://www.gogla.org/events)