

# TEMARIN WORKSHOP REPORT

## HIGH LEVEL INVESTOR WORKSHOP ON ‘GENERATING INVESTMENTS IN THE SOLAR ENERGY SECTOR TARGETING LOCAL MSMEs’

**Project title:** Technology, Markets and Investment for low Carbon and Climate resilient Development ([TEMARIN](#))

**Workshop title:** High Level Investor Workshop On ‘Generating Investments in the Solar Energy Sector Targeting Local MSMEs’

**Date:** February 3, 2022

**Participants:** Financiers

Energy companies

Development Partners

Funders

Intermediaries

**Organizers:** UNEP DTU Partnership and Finding XY in partnership with Uganda National Renewable Energy and Energy Efficiency Alliance (UNREEEA)

**Venue:** Mestil Hotel

## Background

UNEP DTU partnership, through its TEMARIN project has carried out multiple stakeholder interviews of operators in captive solar and locally founded solar MSMEs with the aim of supporting Uganda in accelerating the transfer, diffusion and uptake of specific climate technologies. The project has generated relevant market knowledge and insights on the captive PV market in Uganda ([report link](#)), profiled domestic solar companies ([report link](#)) as well as provided input and recommendations on appropriate interventions to improve the investment readiness of renewable energy companies based on the analysis of the UNCDF Renewable Energy Challenge Fund applications and reasons for companies not accessing funding ([report link](#)).

UNEP-DTU Partnership and Finding XY in partnership with UNREEEA conducted the current workshop with the aim to elevate the discussion on practical solutions to bridging the investment gap on both skills and access to capital for particularly local solar companies as well as to increase the flow of investment to local solar MSMEs by reducing the risks and exposure associated to this investment. The workshop provided a platform for discussing the viability of investing in Uganda’s solar sector based on market studies and private sector engagement conducted by UNEP-DTU Partnership and Finding XY. Workshop participants included: Financiers (Venture Capitalists, DFIs, Banks, Funds, Investor platforms), Ministry Representatives, Industry Associations, Business Development Service (BDS) Advisors.

The outputs and recommendations from the workshop and the project in general feed into the National Renewable Energy Platform (NREP), recently launched by the Ministry of Energy and Mineral Development (MEMD).

## AGENDA

TIME	AGENDA ITEM	SPEAKERS /NOTES
08:30am - 8:40am	Welcome and Introductions	Eddie Sembatya (Finding XY)
08:40am - 09:00am	Introduction of UNEP DTU – TEMARIN	Introductions from Lakshmi Bhamidipati and Mathilde Brix Pedersen (UNEP DTU Partnership)
09:00am - 09:20am	Remarks from MEMD and UNREEEA	Mr. Alexander Akena (UNREEEA)
	Presentation from UNREEEA how more investors can work together to invest in Uganda’s solar sector	Amos Tamsuza (MEMD)
09:20am - 10:00am	Presentations on: <ul style="list-style-type: none"> <li>Barriers to financing local MSMEs as identified in the Solar MSME market study report.</li> <li>Unveiling the investment pipeline profiled in the project.</li> </ul>	Facilitated by Julius Magala (UNCDF)
10:00am - 10:20am	Coffee Break	
10:20am - 11:20am	<ul style="list-style-type: none"> <li>Discussion on defining investible pipeline and practical approaches to reducing the funding gap for local solar MSMEs.</li> </ul>	Facilitated by Eddie Sembatya (Finding XY) and Julius Magala (UNCDF)
11:20am - 12:00pm	Feedback from Private Sector	Private Sector Representatives.
	Conclusion and Next Steps	Presented by Eddie Sembatya (Finding XY)

## Workshop Scope

The goal of the workshop was to reduce the financing gap for local solar MSMEs by building knowledge and close knowledge gaps between MSMEs and investors. This included defining requirements to building deal flow initially focusing on agribusiness and industry opportunities.

Key areas covered:

1. What are the proposed solutions/alternatives for access to finance?
2. What is the size and need of the existing pipeline of solar investments?
3. Investors: What are the investors'/funders' assessment of the portfolio? What more information is needed? What type of support, if any, is needed to make the businesses and projects investment ready? Who should be responsible?
4. Investors: What are the key risks for the solar portfolio and how can these risks be mitigated?

## Format

The format was a hybrid morning workshop; 33 participants attended in person and 11 participated virtually. The workshop began by Eddie Sembatya (Finding XY) giving a brief on the purpose the workshop. This was followed by introductions from UNEP DTU represented by Mathilde Brix Pedersen (UNEP DTU Partnership) and Lakshmi Bhamidipati, who shared the overview of the project and the existing financing gap for local solar MSMEs. Introductions and remarks were then made by a representative from the Ministry of Energy and Mineral Development – Eng. Amos Tamusuza; and a presentation by UNREEEA Chairman- Alexander Akena on how more investors can work together to invest in Uganda's solar sector. This was followed by a presentation by Julius Magala on barriers to financing local MSMEs as identified in the [Solar MSME market study report](#), and unveiling the investment pipeline profiled in the project. Three working groups (two present at the venue, one online) were created to discuss approaches to building an investible pipeline in the solar sector to reducing the funding gap for local solar MSMEs.

## Representation:

Government: 1

Companies: 7

Development partners: 7

Financial Institutions: 3

Associations: 2

Funds: 2

## Discussion points for working groups:

- a) Round of reflections on the companies and investment pipeline presented - is there a clear interest? What should be the next steps? How do we move from here to concrete deal stage?
- b) Based on the investors' criteria, what is the best way to facilitate match making between investors and companies? What needs to be done between now and follow-up discussions to better prepare companies and investors.
- c) How can investors work together to streamline investment readiness? How can investment readiness be carried out by the investors?
- d) How can further due diligence be facilitated to verify the information provided by companies? How can investors work together to reduce the cost of due diligence - for the same profile of companies? What are the primary documents and investor requirements needed.
- e) Can investors work collectively to vet, review, and syndicate investments in the sector? Is there any interest in bundling projects of similar type/size - to companies and investors?
- f) How will the conversations be tracked and supported to materialize beyond project timelines?

## Key take aways from the working group discussions

1. To create investor interest, it would be a good value proposition if the pipeline could show some revenue generated by the businesses. this could be at least 2 financial years of revenue.
2. Solar businesses should consider innovating in products beyond the traditional solar home systems. New business models looking at productive use including solar pumping, cold storage, and other uses to increase revenue streams.
3. Businesses need to indicate the structure/financial instruments required i.e. what is the proportion of debt and equity in these investments.
4. Investment readiness of companies: investors should be ready/ have intention to do some work to support businesses to build investment readiness. To build an investible pipeline, they should show a willingness to work backwards and identify companies with good potential then work with them to bring these companies to the state where they are investment ready, rather than dismissing them as not being investment ready.
5. Some investors offer readiness programmes for businesses, where they help them to identify gaps in their applications. However, many businesses are not aware of such

- services. A custodian like Uganda Solar Energy Alliance (USEA) or Private Sector Foundation Uganda (PSFU) can help with this coordination function.
6. To enable learning and continuous improvement, investors should provide feedback to businesses on why they do not qualify so that they can apply these lessons and improve on the next applications.
  7. To facilitate deal-making, transaction advisory services are very crucial. This can help in building an investible pipeline as well as outlining the volume of investments needed in the sector.
  8. There is a need for individual (and collective) business and investment readiness support for companies to prepare them and take them a step further before they are ready for match making. There is some level of collect basic training taking place, but companies need more advanced guidance and support.
  9. Business development service (BDS) play a crucial role to ensure pipeline projects meet investors need. BDS should support solar companies to identify what type of investment they need and which investors to approach. It is the role of BDS to ensure alignment between the needs of the companies and the investors, eventually leading to matching investees with the right investors.
  10. There is quite a lot of information and activities taking place in the investment space, but all those need to be streamlined to ensure that there is full access to information by both investors and investees. USEA/UNREEEA/UIA/PSFU among other associations can play a big role in this consolidation.
  11. Improve on the linkage between the investors and the investees for the companies to know how to connect with the investors so that their needs are matched
  12. Collaboration among investors will help to reduce cost of due diligence. Investors who turn down a company that doesn't meet their criteria for investing, should share the reasons for not investing with other investors for guidance.
  13. To facilitate matchmaking, companies need to provide all relevant information of their operations (Business models/plans and financial models)
  14. Some companies are taking short-term financing for long term needs and this must be addressed
  15. Carbon credits could be used as collateral
  16. A number of investors feel like solar companies need to have a focus because they are doing so many things (e.g., they are into financing and also distribution).
  17. Need to strengthen associations to play a much bigger role in supporting with financial literacy training and some aspects of verification to improve the quality of pipeline.
  18. It would be helpful to tier the pipeline based on company performances – this would be helpful in identifying what kind of support companies need
  19. For investment readiness, there is need to understand the role of grants – some companies state that what is available sometimes is not what they are looking for. They need to understand how to use the grants available to become investment ready
  20. Investors need to collaborate in sharing pipeline especially where there is an opportunity to deploy different financing instruments e.g., debt vs equity

21. Companies should have a central and secure data room (owned and maintained by a focal private sector association) which contains basic information in a standardized format about the companies which is relevant to investors including organogram, business plan etc. This database should be accessible to investors.
22. Chemonics support companies with 80% of transaction costs and 20% USAID strategic investment initiative. Uganda Investment authority and other conveners need to be at the center of providing this information
23. A climate aggregation platform: share the availability of finance; how companies should present themselves to tap into finances
24. Need to bring in international investors with blended finance instruments.

## Final remarks from UNREEEA

- There's need to respond to CS investment need
- Solar companies must have skills, good management, systems in place in order to grow and also compete with others on the market
- As the market starts to open up, there's a great opportunity for growth and the mandate of UNREEEA is to continue to support the sustainable development of solar companies – it's possible to create the demand for the companies.
- UNREEEA would like to access the companies' profiles to further discussions on the ministry level to inform the ongoing needs assessment.
- One of the activities UNREEEA is working on is creating an environment to foster the growth of mini - grids and will soon be presenting draft procedures to the ministry and any feedback shared within 10 days would further the discussions of the platform.
- There's need for more similar work in the future

Pictures from the event



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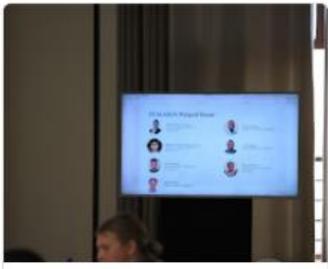
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## List of attendees

First Name	Last Name	Organization
Elizabeth	Mwerinde Kasedde	Equity Bank
Paul	Frank Odong	Equity Bank
Brian	Mangeni	Ondernemers voor Ondernemers
Arnold	Byarugaba	PFAN
Godfrey	Egesa	igravity
Caroliine	Wamanga	INUA Capital
George William	Kiyingi	Post Bank
Henry	Mawanda	Chemonics /S
Kenneth	Nkumiro	Chemonics /S
Bruno	Otto Tokwinny	UNIDO
Fredrick	Barasa	GGGI
Harriet	Nangoola	Solar Aid Limited
Joseph	Wanume	Access to Solar Technologies
Muhammed	Lubowa	All in Trade
Muhammad	Kalyango	Kumbasco
Kenneth	Muhwezi	Solar Today
Tony	Ssimbwa	Power Trust
Andrew	Ssentongo	GRS Commodities
Richard	Mwesigwa	USEA
Jyri	Jantti	UNFCCC
Mercy	Atiang' Mangeni	FSD Uganda - Deal Flow Facility
Perez	Magoola	Open Capital
Kawana	Mwiti Njuguna	Growth Africa
Gavriel Landau	Landau	Charm Impact
Rafael	Juan Marti	Renac
Ash	Sharma	Nefco
Thiery	Deflandre	Enterprise for enterprenuers
NKUYAHAGA,	Joyce	Power Africa
Iham	Talab	Get.Invest
Balakrishnan	Divya	Get.Invest
Gabriele	Pammesberger	Alliance for Rural Electrification
Alexander	Akena	UNREEEA
Paul	Riemann	UNEP DTU
Julius	Magala	UNCDF
Lakshmi	Bhamidipati	UNEP DTU
Mathilde	Brix Pedersen	UNEP DTU
Prever Mukasa	Mukasa	Finding XY
Merab	Twinomugisha	Finding XY
Joel	Essien	Consultant

In Person Attendance	Online	Organizer
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