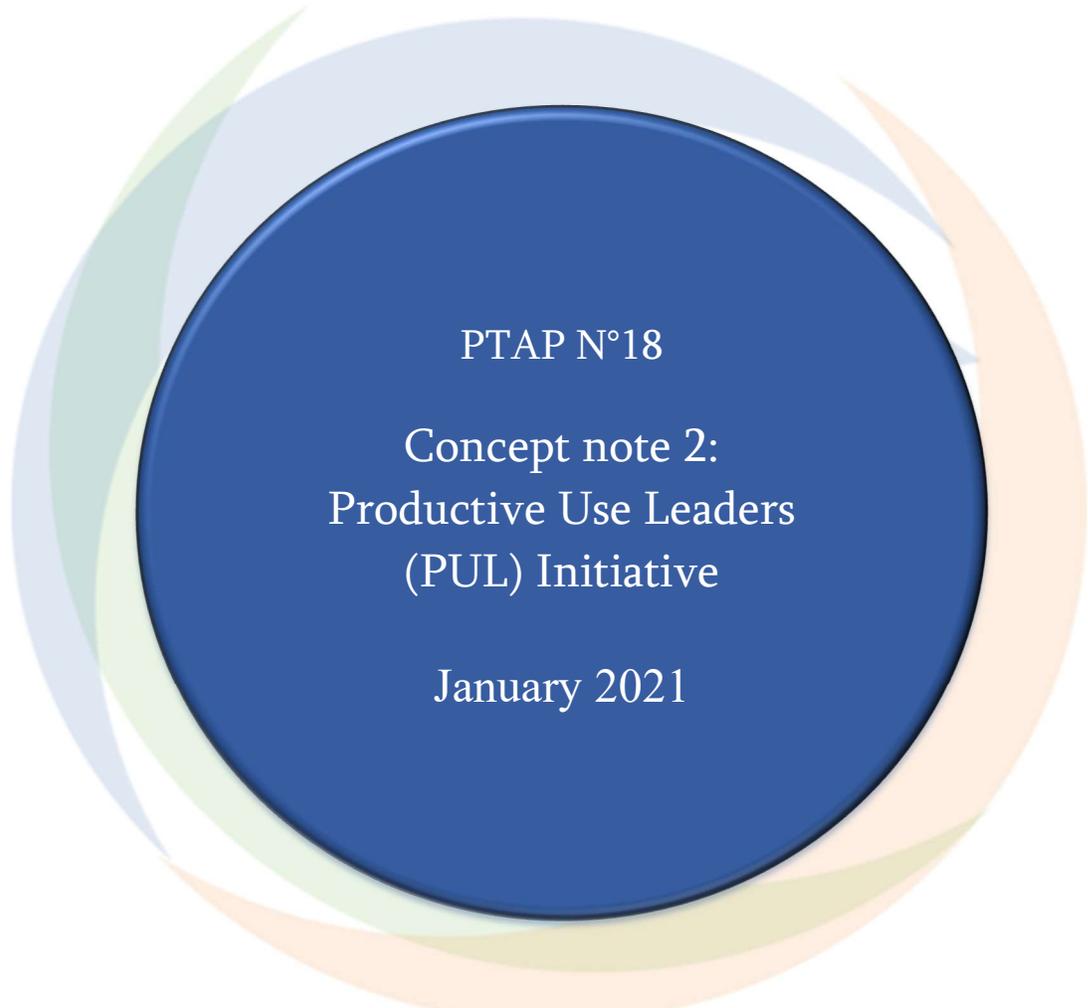




Managing Entity for a financing program aiming at the promotion of private initiatives in green mini-grids improving access to electricity in Kenya



PTAP N°18

Concept note 2:
Productive Use Leaders
(PUL) Initiative

January 2021



In association with



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1 Summary

The following initiative is designed based on GMG research over the last 6 months on the state of the mini grid sector, and critical needs for strengthening the sector, which identified **management capacity** as an ongoing barrier to faster, scalable success of the mini grids and greater productive use of energy (PUE) or Productive Use sector. Of the 50 parties interviewed, the majority of company operators and associations cited this as a key barrier to growth, capital raise and successful partnership development. Various stakeholders to investors interested in PUE and mini grid sectors say that strengthening financial talent, in particular, but other business expertise complementary to engineering and energy is a critical need for early energy startups. As such, this initiative seeks to combine best practices from global leadership programs in management to local and regional programs focused on emerging markets companies with strong implementers in areas of recruitment, leadership and management development.

Key features of the proposed intervention include 1) Focus on **attracting experienced talent** in finance, operations, commercial and relevant sectors to contribute to the expedited growth and financial sustainability of the PUE/mini grid sector, 2) **Expose these rising leaders** to a diversity of sector experiences ('host companies') that also benefit from fellows' unique expertise to aid in knowledge sharing, achieving growth milestones and partnerships development, 3) **Subsidize the cost of attracting top talent** to make the opportunity appealing to those expected to pursue careers in traditional industries, as well ease the financial burden on early stage and early growth PUE startups. Diverse training tools focused on development of industry-specific technical skills, leadership skills, mentorship and coaching and on-the-job work will provide PUE companies with broader management bandwidth to drive results, and useful resources through which to cultivate junior and other mid-level management.

2 Barriers to Strengthening the PUE Sector

1. Productive Use of Energy is a Cross-Sector Challenge, Requiring Strong Multi-Functional Leadership

- Key barriers to successful partnerships for PUE cited are 1) a need for a stronger project lead to design and negotiate the partnership agreement, then manage the relationship through implementation phases, 2) a need for non-energy business expertise in finance, operations, logistics and demand-driven market analysis to guide effective design, financial planning and capital raise.
- PUE actors are early stage to early growth startups to which attracting top business talent can be challenging due to higher salary expectations vs. the limited internal bandwidth for recruiting, lean budgets and a niche sector that is less well known or recognized among mainstream markets.

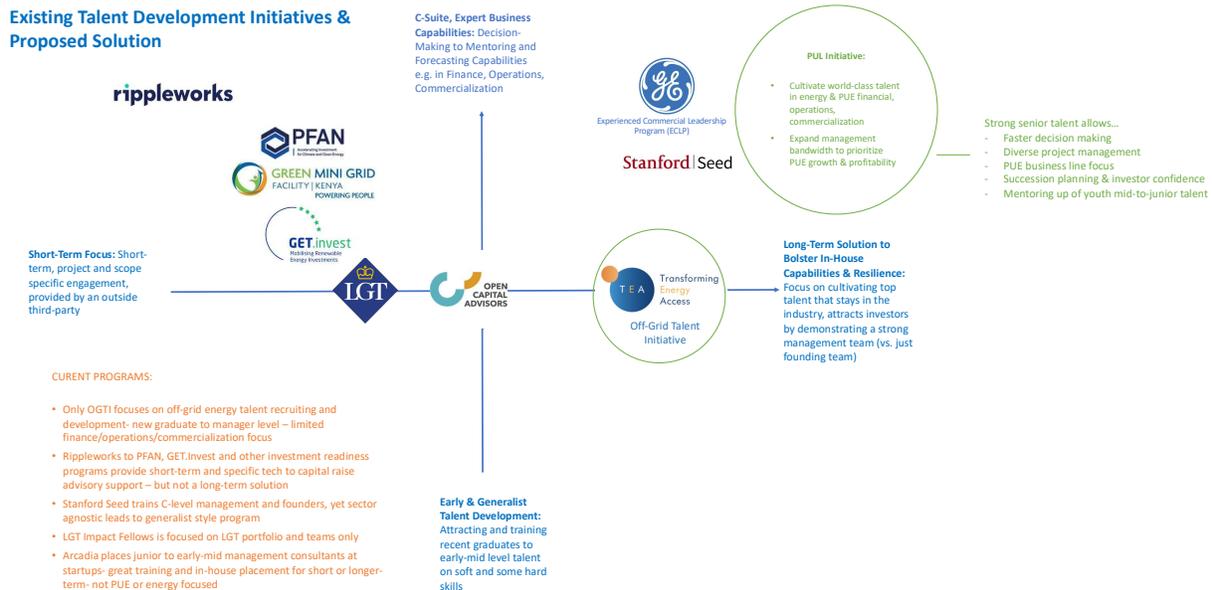
- Sector associations such as AMDA as well as government also face similar bandwidth, budget and other challenges in a struggle to secure strong mid-level to senior staff.
- 2. Pioneering Startups with the Potential to Drive Sector-Wide Transformation are Not Yet Investment Ready, Constrained by Senior Staff Needed to Implement**
- Investors are cautious to invest without a significant financial and operational track record; For these companies, a strong capable leadership and management team can not only help companies achieve meaningful traction faster and more efficiently, but also signal to investors resilience and readiness to scale effectively.
- 3. Employer- Talent Disconnect Remains- Locally and Internationally**
- Many candidates with valuable non-energy business skill sets needed among the PUE sector are unaware of the career growth opportunity the sector poses
 - Jobseekers, especially locally, rarely get adequate support identifying appropriate and interesting roles to meet their skillsets. Meanwhile, top business talent tend to take roles in 'less-risky' and traditional firms and industries such as banking, consulting or other prestigious firms, whereas they main find a more enriching career joining startups and innovators in energy access sector.
 - COVID-19 has increased the risks of hiring (or working for a startup); it has also caused a financial and operational shock to many of the PUE companies.

Our Solution Focuses on:

1. **Financial Leadership.** Mid to senior talent with strong financial modelling skills, particularly in areas of financial forecasting, building diversified revenue models, financial models for capital raise (project finance, and consumer or asset financing) as well as credit risk analysis to manage a consumer financing portfolio. Accounting and bookkeeping skills are not the same as financial leadership skills, with stronger Financial Analyst to Finance Manager and Chief Finance Officer (CFO) capabilities needed to optimize PUE models.
2. **Operations, Logistics and Commercial Leadership.** Success in PUE requires expertise in supply chain, operations and partnership building expertise. Expertise in related sectors of agriculture, health, logistics, regulations and policy will also help to identify and realize efficiencies in PUE business model design, effective partnerships and commercialization.

3 Leadership Development Programs to Learn From

We can learn from other global and local management leadership development programs in designing additional and complementary solutions that catalyze the mini grid and PUE sector forward together.



Centered on our design was an analysis of GE’s **Experienced Commercial Leadership Program (ECLP)** and Corporate University, which gained world-renown and prestige. ECLP served to attract top business talent for a 2-year rotation across 2-4 different internal groups, paired with career planning, senior mentorship, on-the-job work and competitive salary. The corporate university also provided ongoing practical trainings to managers GE also offers programs to existing managers and leaders at its corporate university, which were dynamic, action-oriented, problem solving courses such as the **Leadership, Innovation and Growth (LIG) management course**, where focus was “to embed growth into the DNA of the company” and credited with accelerating GE’s expansion into new emerging markets, launch of new initiatives to revamp product development and stepped up efforts to create new businesses. For such programs, students were expected to complete a 1st draft action plan for change that they were then held accountable to implement.

The **Off-Grid Talent Initiative, implemented by Shortlist and African Management Institute (AMI)** is a strong program offering a range of generalist training, plus modules such as Finance for Non-Finance Managers for junior to mid-level talent in the energy sector. It is the only program focused on attracting and cultivating top talent to careers in off-grid energy. This concept proposes a complementary talent focus to hone key non-energy technical skills, such as finance, operations and commercialization; more senior managers will benefit from additional hard skills training in financial modeling for PUE, consumer financing, unit

economics, financial forecasting, financial modeling for capital raise and more, while more junior OGTI graduates and staff will benefit from a stronger pool of senior mentors to train them in-house.

4 Concept: Productive Use Leaders (PUL) Initiative

Strengthening a business ecosystem requires strong talent and leadership to drive results, growth and optimization. This initiative addresses pain points in PUE on the path to investment readiness, access to capital and PUE models at financially sustainable scale.

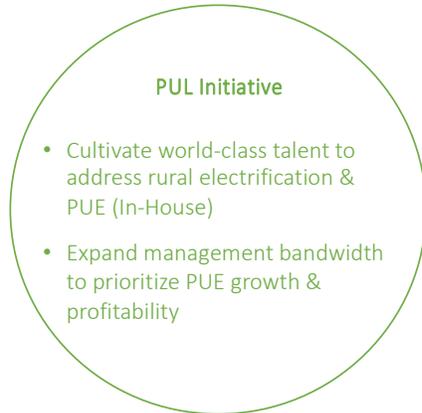
Its objective is to attract and develop the next generation of financial, commercial and operations talent to the productive use and mini grid sector of Sub-Saharan Africa in order to boost financial sustainability, resilience and long-term growth potential of this nascent sector.

Core Focus:

1. **Financial Leadership.** Cultivating rising finance managers and CFOs to support PUE companies on their growth journey to incorporate new business models, attract varied grant, debt and equity funders, and manage internal financial risks.
2. **Operations, Logistics and Commercial Leadership.** Cultivating a network of diversified and top business and cross-sector talent to complement the strong internal engineering and energy expertise of many PUE teams. Boosting supply chain, operations and partnership building expertise, as well as agriculture, health, logistics, regulations and policy expertise to help identify and realize efficiencies in PUE business model design, effective partnerships and commercialization.

Program Timeline (Suggested): 5 Years; 1 to 1.5 Year Fellowship Period (or 3 years plus 2 year extension)

Snapshot on the Solution



- Up to 50% scholarship (est. \$50k)
- Rotations among PUE sector
- PUE Providers, Govt, Associations
- Experienced in Finance/Ops/Commercialization
- Training & Mentorship e.g.
 - Financial Models
 - Financial Projections
 - Partnerships

Scope of Activities

PUL will develop a best-in-class management leadership development program (with the potential to be a full university or partner with a leading local university) for the PUE sector of Sub-Saharan Africa, taking from best practices around the world to attract and cultivate senior managers and executives. Doing so will strengthen management capacity, expertise and resilience, as well as succession planning, and create the pipeline to uplift junior talent, led by strong managers. The following pillars of activity are proposed.

- 1. Program Brand Building & Recruitment:** *A prestigious, well-promoted program attracts the best talent and broad interest*
 - Strong brand building of the program will attract a diversity of attention, corporate partners and facilitate recruitment of top cross-sector candidates from a broad talent pool
 - Recruitment from a diversity of sources including top universities and professional networks. Broad-based marketing campaigns will promote the

program to relevant talent pools, particularly mid-career female and finance professionals. Tools such as Shortlist’s technology-enabled screening process and broad network for recruiting could be used to facilitate this.

- Program focus on recruiting rising professionals with at least 3-5 years of work experience, and basic finance skills, whereby screening process will include competency-based screening.

2. Diversified Cohort: *A mix of local and foreign hires creates a richer cohort for learning and mindset growth*

- At least 50% local recruits to bring local expertise and networks; international and regional recruits to offer global perspective and best practices knowledge sharing
- At least 50% women for diversified cohort and gender lens sensitivity
- Previous professional experience relevant to strengthening PUE and sector insights, especially in agriculture, finance, operations, logistics, sales, marketing, strategic partnerships, business development

3. Financial Scholarship: *Scholarship will ease the financial burden on early stage PUE actors with limited budgets, while also attracting top talent who seek to earn a fair and competitive salary*

- Financial scholarship to de-risk the hiring opportunity for host organizations, while providing an attractive financial benefit to Fellows
- Fellows receive a \$10,000 to \$50,000 stipend, representing a match of up to a maximum equivalent of 50% of placement or host organization’s ability to pay. Amount of scholarship will be assessed internally upon the pilot. *[Figure based on an assumption that a competitive hire with MBA and 1+ years experience or pre-MBA with 3-5 years of experience will expect a gross annual salary of \$65k-\$100k (foreign) and \$40k-\$85k (local). Data from recruiting firms and PUE potential ‘hosts’ to be analyzed further for pilot.]*

4. Structured, Context-Relevant Blended Learning (provided by industry practitioners, online training, industry and area experts)

- A needs analysis will be conducted with ‘host organizations’ to understand technical and leadership skills most in -demand. Other existing tools can also be leveraged such AMI’s recent research on critical skills gaps in African businesses, as well as known and cited gaps among interested investors to TA providers providing external support that companies may benefit by eventually moving skillsets in-house.
- A blended learning curriculum will be developed based upon best practice and methodologies created by management and leadership partners such as GE to

AMI's trainings in 'Finance for Non-Finance Managers' or 'Leadership Development Programme' and 'Management Development Programme,' plus a series of new custom-developed tools and modules created specific to PUE actor needs and pain points.

- Learning content will be delivered through a series of highly practical, interactive Learning Labs, online learnings and a practical project work
- Participants will receive access to a private online community with relevant courses, tools and templates to complement their On-the-Job Work, coursework and mentorship. For example, AMI offers an online community feature so students can access a range of tools and complementary courses.
- Partnership with subject matter experts in finance and other critical areas will also ensure development and delivery of strong, sector-relevant technical skills training
- Leadership Skills Training: A strong focus key skills development in areas such as partnership development, decision making, effective communications, time management, project management, problem solving, coaching others, goal setting
- Technical Skills Training: An equally strong focus on technical skills development in areas such as financial modeling for consumer finance, project finance, CFO mindset on financial projections/planning, PUE revenue models, legal contracts writing/review, demand-driven market analysis, strategic planning, capital raise

5. On-the-Job Work

- Fellows will be placed in a minimum of 2 rotations, whereby a specific role and scope of work is defined with placement entity (at the same or 2 different host organizations); A minimum of 6 months each per placement to allow adequate time to adjust, gain valuable in-context learning and create internal value for the host.
- Fellows will receive Fellowship oversight and support from a PUL manager to ensure the host entity and fellow are gaining from the experience and optimizing their time together
- Placements will be within PUE-relevant organizations critical to realizing sector-wide benefits, including mini grid developers (e.g. Powerhive, Powergen, RVE.Sol), appliance companies (e.g. Agsol, Amiran, SunCulture), consumer finance organizations (e.g. MFIs, banks, NGOs or startups such as Energrow, EnVenture, Rent to Own), industry associations (e.g. AMDA, GOGLA, CLASP, Clean Cooking Alliance), governmental agencies (Ministry of Energy, Rural Electrification Authority). These are suggested relevant host organizations to be assessed and also engaged as interested parties upon program launch.

6. Mentorship and Coaching

- Each Fellow will be assigned 1-2 mentors who are seasoned professionals with both global and local/regional expertise in areas relevant to Placements and program skills focus- finance and operations, logistics and commercialization.
- Mentorship coaching (virtual or live) 1x per month, plus general support from the PUL team
- Cohort meetings or virtual check-ins will also facilitate peer support and learnings
- Mentors are seasoned professionals recruited from leading home solar, mini grid and large energy companies such as Shell, GE, Engie, investment funds and relevant TA facilities

Next Steps: A PUL Pilot

In order to realize this program, a pilot would design and then test the baseline model with a small introductory cohort. Over time, more advanced and improved features can be incorporated, based on early learnings. Our pilot proposed an initial cohort of 10-15 Fellows. Unlike other programs, the focus is intentionally on a smaller group with deeper support provided to test and prove out a new model for senior talent development. A pilot might include:

Pre-Launch and Pilot Process

After securing pilot funders, additional 'senior talent needs' survey will be conducted among key PUE actors, along with competitive salary information to gauge appropriate financial scholarship. 10-15 companies will sign on as partners to trial the 1st class of Fellows, agree on standard terms, confidentiality measures and company commitments to cooperate and share findings and feedback from the pilot.

Pilot Implementation & Program Design

A pilot to test and perfect this model would incorporate these key elements:

1. Fellows Selection & Placement:

- PUE host organizations will submit list of priority needs/interests, draft job descriptions and ability to pay
- PUL recruits and selects 15-20 Finalists, resulting in 15 actual Fellows, who go through rigorous screening including financial literacy testing, reference check of 2 most recent, relevant managers, written application, CV and video interview.
- Financial Fellowship amount is determined by PUL team, based on applications submitted by company partner, available funds and findings from benchmarking

research. If fellows/company placement occurs, financial fellowship is paid in 2 installments, upon the kick-off and conclusion of fellowship rotation directly to the partner company.

- Fellows begin onboarding, and kick-off of a structured blended learning program
- Fellows begin 1st rotation
- Throughout the year, fellows can access continued practical learning labs, online tools, peer support, cohort meetings, monthly mentorship, program check ins
- Upon completion of each rotation, the host manager submits a Fellow review, and Fellow submits a host review.

2. Curriculum Development:

- For the pilot phase, the curriculum will include existing content and modules created by implementing partners. For example, AMI's existing programs and content would be reviewed for fit, then modified for a unique course offering leveraging existing content. An estimated 5-10 subject matter experts would be contracted to develop lecture modules and supporting tools (e.g. 1-2 day tutorial) to train on topics such as project finance or credit risk analysis for consumer financing. After the pilot and feedback, more structured and improved tools can be developed to cover priority topics.

3. PUL Oversight & Management:

- A team of 2-3 individuals will manage various partner relationships and ensure quality control
- Each Fellow will be assigned an Oversight Manager who liaises between host organization, mentor and fellow to ensure key milestones and progress is being made, and other relevant feedback on the program is captured.
- Team will compile findings, lessons learned from these parties and synthesize outcomes from the pilot, incorporating them into the scale phase.

Pilot Budget

Initial cohort of 10-15 placements over a 1-year period into Sub-Saharan Africa focused on mini grid and PUE companies, associations and partners.

- \$250,000 Curriculum development, including 1) Needs Assessment, 2) Content Development with Experts, 3) Recruitment, 4) Program Development and Implementation
- \$300,000 Financial Fellows Fund (assumes an average of \$20,000 fellowship per Fellow)
- \$150,000 Program Administration, Metrics & Evaluation, Other

Partners

Securing and collaborating with key partners is core to the success of the pilot and full program. We suggest the following actors and have already confirmed the interest of experienced implementing partners.

Implementation Partners (Interested):

The proposed concept could leverage these partners' existing experience and knowledge running the OTGI program under Transforming Energy Access (TEA), as well as develop complementary and also more senior talent to provide mentorship to OTGI beneficiaries.

- **African Management Institute (AMI)** (Strong online curriculum and portal, as well as talent training experience)
- **Shortlist** (Experienced in recruiting and promoting talent programs)
- **KawiSafi Ventures** (Provide an Investor perspective to support recruiting/selection of strong finance and commercially-minded Fellows, and to develop or advise on solutions to training financial talent)

Other Critical Partners:

- **Corporations:** Programmatic funding, mentors and expertise for curriculum development. Corporate partners who want to play a more active role could offer staff on secondment to provide expertise in finance, commerce, logistics and operations to provide curriculum, content development and live trainings. The Clean Cooking Alliance's market and fund programs were once managed by seconded Shell Corporation staff, which was both a rewarding experience for the executive but also a valuable new perspective to run a development-sector funding and technical assistance program focused on integrating business best practices.
- **Later Stage Energy, Agriculture, Appliance Companies:** Experts will be needed to give regional and PUE expertise specific to the Africa context, as such local companies in the home solar, distributed energy, agriculture commercialization and operations sectors will be beneficial mentors, lecturers and advisors on content development.
- **Productive Use Companies:** Mini grid developers, home solar and distributed solar companies, appliance companies, last mile distributors and asset financing/consumer financing providers, or those seeking to build capacity in these areas and commit to rural economic development to drive viable energy adoption will be strong and eligible partners for the Fellows rotation. Companies will help develop the recruiting and training priorities to incorporate into full design. Incorporating home solar companies will also foster greater collaboration and knowledge sharing between all access to

energy actors on areas of consumer financing, inventory management of appliances, logistics related to appliance and productive use business lines and more.

- **Industry Associations.** The ecosystem and companies in the sector will benefit from also helping to develop content, and access Fellows to support their industry-wide strengthening efforts. Organizations such as AMDA are also limited by mid to senior level project leadership constraints, which can be partially mitigated through the program.
- **Government Agencies.** It is clear that governments must better collaborate and coordinate with private sector developers and companies to advance PUE and off-grid, especially mini grid development and viability, to achieve their universal electrification goals. Placing select fellows in a rotation with government could help to expedite policy alignment and knowledge sharing between critical public and private sector partners.

5 Conclusion

Strong senior level management development through a blended and best-in-class 1) Structured, Context-Relevant Blended Learning (provided by industry practitioners, online training, industry and area experts), 2) On-the-Job-Work and 3) Mentorship and Coaching from seasoned local and global professionals can play a critical role in advancing the PUE sector. A pilot could realize this opportunity under a one-year trial period, then scale the program to be a leading business talent generator for Africa's energy access ecosystem.

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