



HelloSolar



Ethiopia, the third largest and one of the most challenging off-grid markets in the world

With more than 60 million off-grid, Ethiopia is not only the world's third largest market for solar products but also the most challenging. Beyond its complex regulatory environment making it difficult for the PAYGO model, Ethiopia also has one of the lowest mobile money penetration in Africa and one of the lowest density in its lowlands, where one third of its population reside in.

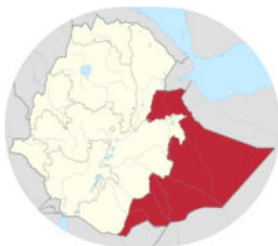
Surfing on HelloCash mobile banking platform and agent network, HelloSolar enables PAYGO and international payments to effectively provide Solar Home Systems to a total market of 12 million households living without electricity in Ethiopia.

Providing PAYGO Access to Energy and Information

“The First PAYGO Solar Home Systems provider in Ethiopia through mobile banking”

The 10-month rollout of HelloSolar’s (HS) pilot project demonstrated a new and affordable sales/distribution model through an agent and financial institution-led mobile money provider (HelloCash), by selling more than 500 off-the-shelf Solar Home Systems (SHS) in the Somali and Amhara regions of Ethiopia. The choice of the pilot project in these two regions is justified by the below reasons:

- HelloCash mobile banking platform’s strong presence in the Somali region through partnership with the Somali Microfinance Institution (SMFI)
- The team’s market knowledge and network in the regions
- The very diverse geographical, social, cultural and economic backgrounds of the two regions and their ability to provide a comprehensive market assessment for HS’s end-to-end PAYG SHS model for the scale up phase. This model encompasses sourcing, pre-financing, dispatching, sales, installation, cashless collection of installments and aftersales services with a call center in local languages and warranty.



Ethiopian Somali region has approximately 8 million people with less than 10% connected to an unreliable national grid. The region has 98 Woredas (the third level administrative divisions of Ethiopia) and meeting the basic household energy needs such as light, listening to radio or even charging mobile phones remains a challenge for vast majority of the population.



Amhara region has a population of 28,401,000 and is divided into 11 zones and 140 Woredas. From this region the South Wollo zone was selected for the pilot project. This zone constituted 5 million people of which the majority has no access to grid electricity.

HS defined the segments, performed an extensive product benchmark and negotiated buying price with selected Lighting Africa certified suppliers. We then identified appropriate promotion and deployment plans adapted to the regions. These adaptations were based on detailed Voice-of-the-Customer studies to clearly understand the local business environment and the needs of the local community. We then established payment models and performed the necessary technology integrations to enable HelloCash mobile money platform for a cashless collection of the installment payments and are in the process of integrating international remittance payment for Ethiopian Diaspora to be able to buy/pay for their off-grid relatives.

Our pricing strategy is based on understanding of the customers buying power and competition in the market for each product segment. The next step in the process consists of incorporating unavoidable costs and necessary margins on the negotiated buying price to arrive at a combination of cost and quality of SHS for the target market. We adopted a pricing model that starts from the SHS that are chosen to serve a specific target market and incorporated all costs and margins for cash sale. We then applied a premium for the credit sale. Our pricing for SHS is simple amounts consisting of a onetime down payment and installment payments over a varying payment plan period.

HS established the supply chain by successfully navigating Ethiopia's complex regulatory environment that was further exacerbated by the recent regime change and tectonic shifts in the social, political and economic directions of the country.

The importance of agents as critical touch points with customers is recognized as a success factor. The agent network has the potential to spread HS services quickly and efficiently if well managed. Therefore, repeated trainings take place, on all aspects of the proposed products and services.

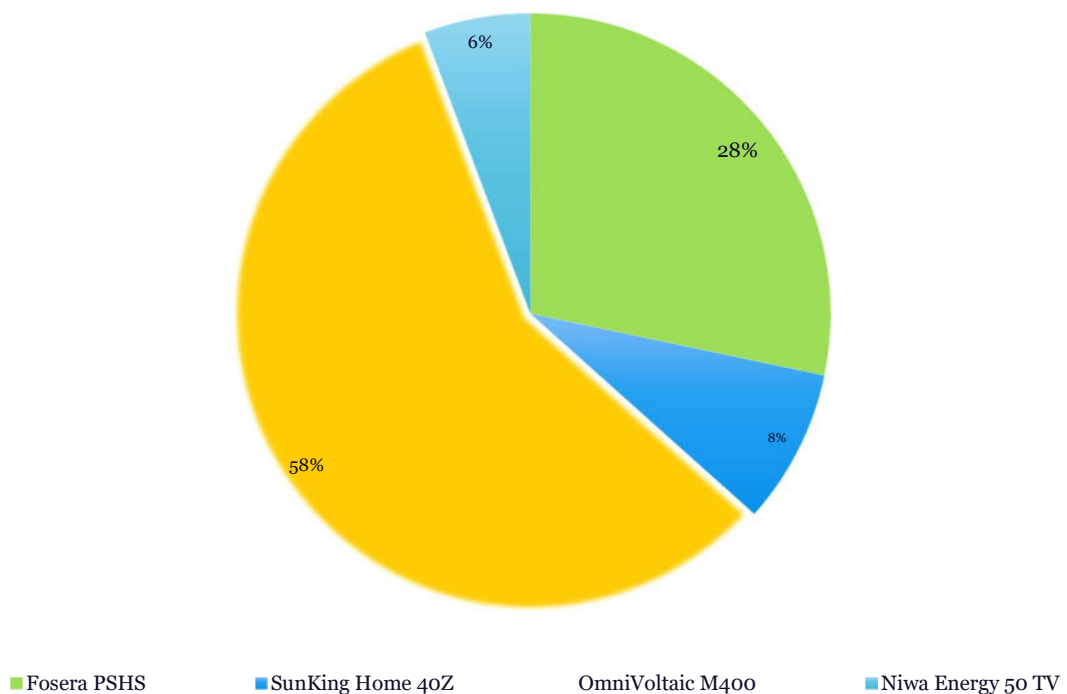
Given the novelty of the PAYGO concept in Ethiopia, HS focused solely on properly informing the end-user, with very little marketing push behind it. In the first phase, all marketing materials were aimed at giving information to the customer about the products

and the aftersales services, e.g. payment method, terms of the registration, installment plan, customer helpline and best practices for handling the product.

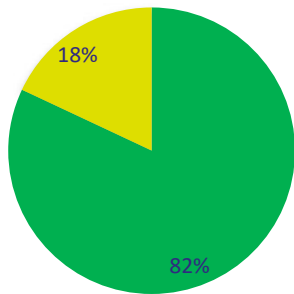
While on the field, we noticed that most customers know about the potential of solar energy but very few knew how to operate a solar system in a sustainable and efficient manner. Thus, very simple and clear instructions (e.g. proper cabling) were given to customers in their local language to ensure proper usage.

HelloSolar registered 550 customers in the Amhara (65%) and the Somali regions (35%) during the pilot phase. In March 2019, HS call center reached out to 70% of its customer base (385 people), to run a survey on the quality of products and services. 250 respondents were from the Amhara region and 135 respondents from the Somali region. The following report highlights the results of the survey.

1) Types of Solar Home Systems *

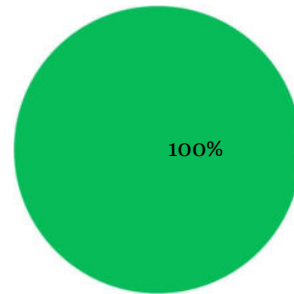


2) How satisfied are you with your new product ?



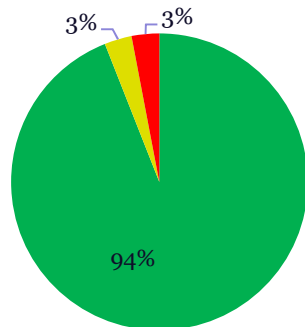
very satisfied satisfied dissatisfied

3) Were you able to install it yourself easily ?



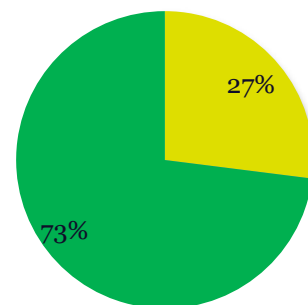
yes no

4) Do you know when and how to make your payment ?



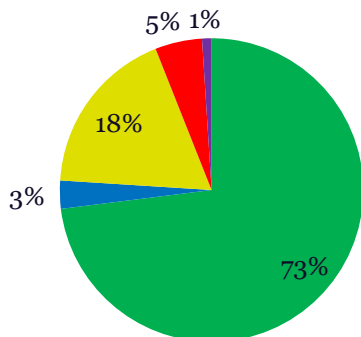
yes all paid no

5) Do you know how to reach us in case you have any issues?



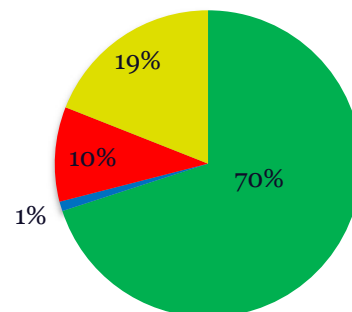
no yes

6) What is your favorite aspect of our product/service?



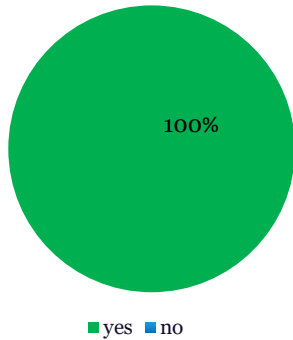
overall lighting charging quality after sales

7) Why did you choose HelloSolar rather than competitors?

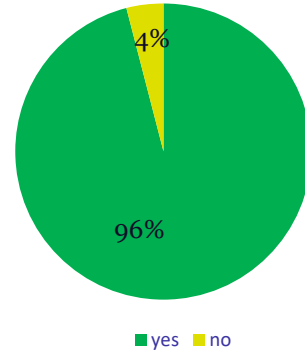


overall after sales

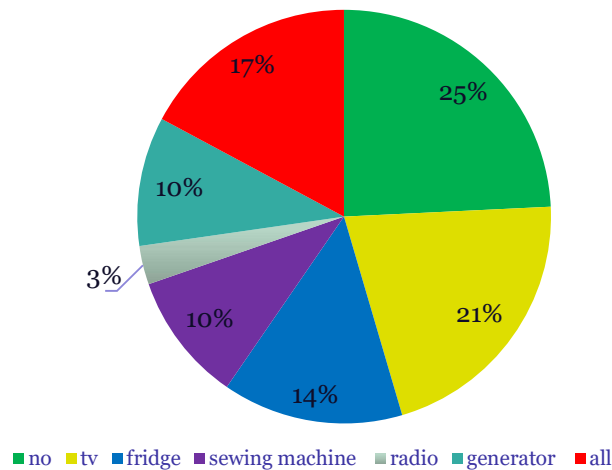
8) Did the product meet your expectations?



9) Would you recommend HelloSolar to a friend/neighbor?



**11) In the future, would you like to upgrade to a more advanced system?
If yes, what are the appliances you would wish for?**



The overall survey shows the first HS customers are well informed about the proposed services and very satisfied about the solar system they purchased. The availability of the call center and technical support must be made clearer to the customers.

HS developed a fully functional and responsive website-with an easy-to-manage content management system (CMS) for publishing the benefits and the positive impact of our activities on the local community and to the world at large.

In addition, HS is also present on the five major social websites, Facebook, Twitter and LinkedIn. HS website also integrates a content management extension under the “SOLARDARITY” menu, for its blogs. Through these channels, HS will establish leadership by creating high quality, industry relevant content to spread ideas and compete on keywords to gain visibility in the solar industry, in the Ethiopian diaspora and the global charity community.

A strategy for mitigating shortage of foreign currency in Ethiopia by mobilizing diaspora remittance payments and by preparing the ground to expand in other East African countries were also part of the research that was conducted during phase 1.

The pilot project mobilized regional governments, banks, microfinance institutions, local cooperatives, women associations and NGOs with an integrated approach for local economy creation with a special focus on women and youth.

In phase one pilot project we have tested micro finance and Agent led sales model. Both models have been found effective to sale the solar systems. Our long-term strategy is to provide services such as micro credit, healthcare, education, market access and employment that will further enhance the livelihood of its customers. HS differentiates itself from competitors by its wider mission to fight poverty by an in-depth understanding of the local context.