

Mobisol's insolvency – is this the end of private companies electrifying rural Africa?

Off-grid consultancy THEnergy sees the need for solar-home system and minigrid companies to optimize their business processes

Munich, Germany, April 29, 2019 – Mobisol GmbH, the pioneer in solar-home systems for rural electrification with headquarters in Berlin, had to recently file for insolvency – technically speaking preliminary insolvency proceedings under self-administration. This means that there is a fair chance that Mobisol will survive both as a company and as a brand. Nevertheless, the insolvency raises questions about the viability of business models in rural electrification. Even though there were some rumors about the economic challenges that Mobisol was facing, the German company was generally considered as one of the stars in the rural electrification community. Since 2013, Mobisol has supplied more than 600,000 people in remote parts of Africa with solar electricity. Mobisol also seemed to outperform most of its competitors regarding access to capital and was backed by highly regarded financiers including KfW/DEG, Finnfund, Investec Asset Management (Africa Private Equity), FMO, and IFC.

Mobisol's insolvency will raise concerns for many investors who are already invested in rural electrification companies or are considering investments. This is not only true for rural electrification with solar-home systems but also for access-to-energy solutions with minigrids — as minigrid developers have the disadvantage that they cannot fish for the wealthiest clients in target areas but have to deal with the realities in a particular village. They need to find enough off-takers around a centralized solar-power plant that can actually afford to pay for electricity.

Company	Type	Commercial Financiers
Off-Grid Electric/Zola	Solar-home systems	Helios Investment Partners, GE Ventures, Total, EDF, Tesla
BBOX	Solar-home systems	Deutsche Asset Management, EDF
Fenix International	Solar-home systems	ENGIE
Husk Power Systems	Minigrids	Shell
OMC	Minigrids	Mitsui
GVE	Minigrids	All On (Shell)
Greenlight Planet	Solar-home systems	Deutsche Bank
Powerhive	Minigrids	Total, Caterpillar
Kingo	Solar-home systems	FCP Innovación
Simpa Networks	Solar-home systems	Engie
Winch	Minigrids	Total Eren
RVE.SOL	Minigrids	Egis, G7 Renewable Energies
ENGIE Powercorner	Minigrids	ENGIE (internal)
E.ON Off Grid Solutions	Minigrids	E.ON (internal)

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Examples of commercial investors backing rural electrification companies

However, Mobisol is different to some of its peers in rural electrification. Companies like Off-Grid Electric, Fenix International, BBOX, Greenlight Planet, Husk Power Systems, Powerhive, Kingo, Simpa Networks, OMC, Winch, GVE, or RVE.SOL do not completely rely on impact investors such as DFIs but have also managed to acquire private financiers with mainly commercial interests such as Engie, Shell,

EDF, Total, Caterpillar, Mitsui, Deutsche Asset Management, Deutsche Bank, Helios Investment Partners, FCP Innovación, or EGIS. At first sight, the involvement of private investors seems to restrict rural electrification companies in their freedom. Sometimes requirements of a start-up are not compatible with the processes of larger organizations. Nevertheless, private investors often manage to focus energy-access start-ups more on business aspects such as process efficiency, cost awareness and control, purchase, sales/marketing excellence and controlling. Managing hundreds of thousands of customers is a highly complex task which requires new skills from start-ups.

THEnergy has gained deep insight into the rural electrification process through two due diligences as a lead consultancy and various other consulting projects. “We are convinced that private start-ups are much more efficient than most of the local utilities in electrifying rural areas in developing countries,” says Thomas Hillig, Managing Director of THEnergy. Access-to-energy start-ups typically come with excellent engineering capabilities, extreme commitment throughout the whole organization, and high ethical standards. However, from a business perspective, they can often need assistance. Hillig adds that “THEnergy is so successful in this segment, because we combine off-grid experience with business skills. Private investors are more used to working with external consultants and see the particular value of process optimization, functioning IT-systems and a sophisticated scheme of key performance indicators (KPIs) – just to give some examples from our daily consulting business.”

For further information, please have a look at https://www.th-energy.net/app/download/15403165024/2019-spring_THEnergy_overview-ruralelec.pdf

About THEnergy

THEnergy is a boutique consultancy founded in 2013 focusing on microgrids/mini-grids and offgrid renewable energy. For industrial companies, THEnergy develops energy concepts and shows how to become more sustainable – combining experience from conventional and renewable energy with industry knowledge in consulting. THEnergy also advises investors and energy companies regarding renewable energy opportunities in rapidly changing markets. The initial focus was on commercial and industrial offgrid renewable energy projects, for example in mining (th-energy.net/mining), hospitality, telecommunications or on islands (th-energy.net/islands). Driven by investor needs, rural electrification and energy access have become additional consulting focusses. THEnergy has led several large-scale due diligence processes in rural electrification.

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