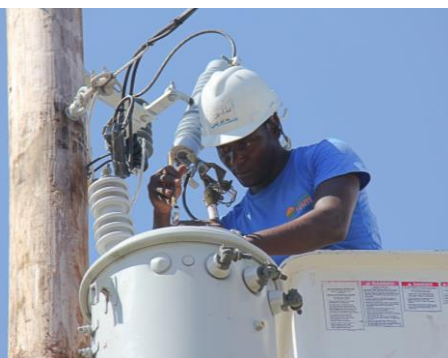




# ElectriFI - the Electrification Financing Initiative

by EDFI Management Company S.A.

Trade and Private Sector Development seminar, Brussels, 1 February 2017





## Common challenges in accessing finance for Energy Investments



- too big for some, too small for others; *or*
- too risky a combination of factors
  - unproven techniques
  - developers/companies with limited track record
  - collateral not available
  - unbalanced capital structure (not enough equity)
  - flexible financing required (no straight repayments) etc.

*As a result, many impactful initiatives that have the potential to become financial sustainable do not come off the ground, or much slower than would be hoped, to address the need for reliable, affordable, clean electricity/energy*



## Electrification Financing Initiative

ElectriFI is an investment facility dedicated to private sector active in the field of **access to energy**. ElectriFI investments shall:

- lead to **new** and/or **improved connections**
- focus on **rural, underserved** areas
- encourage the adoption of **renewable energy**
- back **financially sustainable ventures** with **potential to scale**.

ElectriFI offers early stage and high risk financing for access to energy ventures:

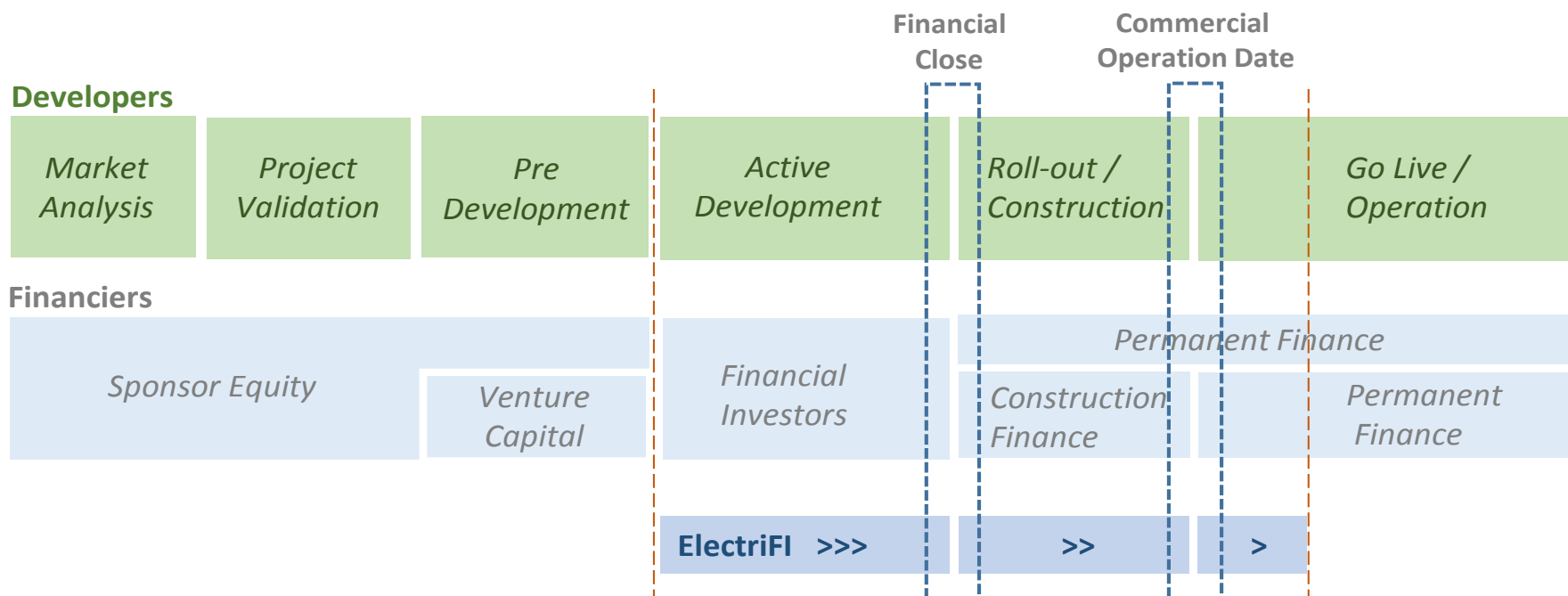
- Always **additional** to other funders
- **Flexible** in its form, shape and tenor
- **Commercial & reimbursable**
- Min. EUR 500k - max. EUR 10mln

→ No grant or other low-cost capital.

→ Product range: Equity, Quasi-equity, Debt and Development Finance



# Target clients



→ Projects or businesses at least in “active development” stage





## First deals

### Approved

- Wind & Solar PV micro-utility on Caribbean island (Convertible Note)

### Ready for Final Approval (this week)

- Solar PV micro-grids in rural parts of South Asia (Equity)
- Solar PV mini-grid in South Asia (subordinated debt)

### Under Due Diligence

- Run-of-the-river hydro IPP in central Africa (Quasi-Equity)
- Solar Home Systems in South East Asia (Quasi-Equity)
- Solar Home Systems in Africa (Quasi-Equity)
- Solar PV mini grids in rural Africa (Quasi-Equity)
- ...

### Under further development

- Hydro-powered micro-utility in Southern Africa (Development Finance, then subordinated/senior debt)



## A case that was too early

One of the 290 applications was somewhere in Africa

- ✓ In a country with electrification 3% (outside the two big cities)
- ✓ Where waste streams can be turned into Energy
- ✓ With a side product turned into Fertilizer
- ✓ The first test operations are (fully equity funded) already in place
- ✓ More funding is needed to commercialize and expand

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But

- The biomass supply contracts were not in place yet
- The PPA is only for three years (for only part of production)
- Link to new connections only indirect (through the utility)
- The shareholders put in a lot time and effort, but are (almost) out of cash
- All was run from abroad (no local presence) so nothing moved
- > After much homework, the developer could come back to us!



## Round 2 Call for Proposals: February 2017

- ElectriFI is targeting investments that provide new connections to electricity;
- The investment must be financially sustainable in the near-term (2-3 years);
- Projects must be in the active stage of development;
- ElectriFI provides no grant funding, concessional loans or other low-cost capital.
- Our investments are generally early stage and high risk and we expect corresponding financial returns in line with local commercial markets;
- ElectriFI must be additional to others. We cannot compete with others;
- ElectriFI investment amounts are between EUR 500.000 and EUR 10 million (or equivalent in USD or local currency) in equity, quasi-equity, debt and guarantees;
- We do fund no more than 50% of the total project costs or the balance sheet;
- Sponsors/promoters must provide a substantial part of the total required funding;
- It is key for us to support projects led by an experienced management team with the skills, will, and vision to execute the business plan, an unwavering commitment to access to energy, and unyielding ethics.
- For more information, see [www.electrifi.eu](http://www.electrifi.eu)



# Merci!



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