



Expanding debt solutions for the energy transition

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SunFunder at a glance

Our mission is to **pioneer and scale** climate investments in underserved markets, with a current focus on clean energy transition in Africa and Asia.

We have built the most extensive **track record** of originating and closing solar debt facilities in Africa, resulting in **transformational impact**.

2012
founded

\$165m+
closed for
investees

58
solar
investees

23
investment
countries

55%
female
team

8m
people
impacted

750k
tons CO₂e
avoided annually

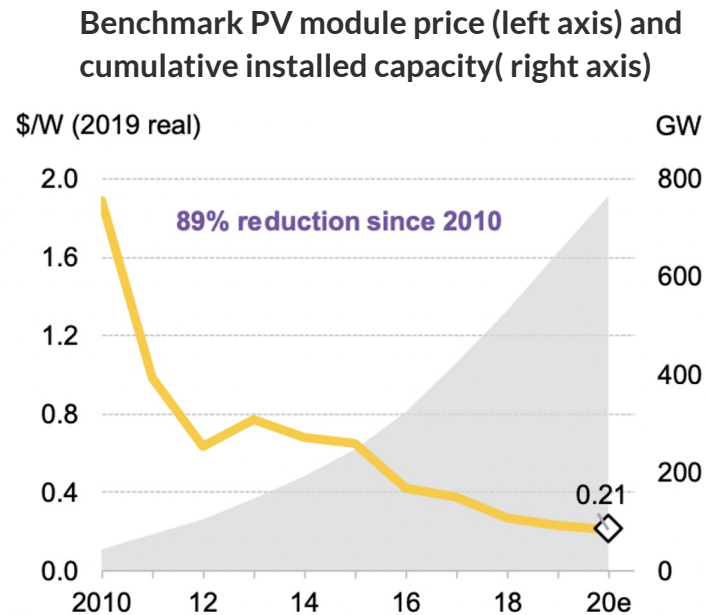
40
team
members

47%
African
team

Our climate future depends on clean energy in EMs

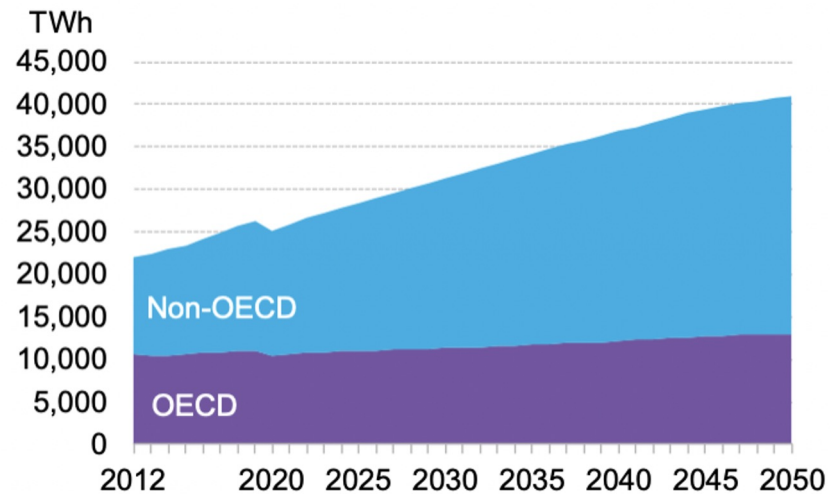
Solar + storage is emerging as the cheapest source of power generation that has ever existed.

By 2050, global power demand will rise by 60%, driven by expanding non-OECD economies, requiring a seven-fold increase in clean energy investment in emerging markets.



Source: BloombergNEF

Projected global power demand



Source: BloombergNEF New Energy Outlook 2020.

“Annual clean energy investment in emerging and developing economies needs to increase by more than seven times – from less than \$150 billion last year to over \$1 trillion by 2030 to put the world on track to reach net-zero emissions by 2050.”

IEA, World Bank & WEF,
Financing Clean Energy Transitions in
Emerging and Developing Economies, 2021

Distributed energy investment lags behind



Despite grid connections, non-OECD countries have ~2bn+ people with unreliable power¹



Distributed energy is the most cost-efficient for ~70% of those with poor connections²...



...and requires **\$135bn** of investment by 2030². Less than half of this total has been committed³

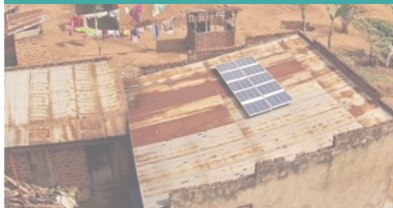
Focus on high impact energy and climate segments

\$165m+ closed in bespoke loan structures, via direct financing and syndications, across a range of clean energy and climate solutions

Off-grid solar

Solar home systems for lighting & appliances

Active since 2012
32 borrowers



Mini-grids and Agri-solar

Productive use clean power and village-scale electrification

Active since 2014
7 borrowers



C&I solar

Installations for businesses & institutions

Active since 2014
12 borrowers



Telco solarization

Energy service model for telecom tower portfolios

Active since 2017
6 borrowers



Innovation

E-mobility, storage, energy efficiency and other emerging areas

Active discussions with
20+ companies



Corporate loans for working capital and inventory

Receivables structured finance

Project financing and Capex/Equipment financing

Unmet gaps in financing the energy transition

Local financing markets in key markets in Asia are much deeper than in Africa but there is still need for alternative sources of debt to finance smaller C&I, overlooked segments, and nascent business models

Longer tenors

Tenors over 10 years are less available to smaller developers and prevents them from bidding for new projects

Working capital

Local funders are willing to re/finance completed or de-risked projects but are not willing to provide funding for working capital, which developers need upfront for procurement

Flexible security

Many developers are constrained by the asset base they can provide as collateral. There are alternative security packages that can be used (e.g. flexible asset base) that can scale with growing operations

Overlooked markets

Developers in markets like Pakistan and Indonesia have less funding options available. Local banks are waiting for other funders to come in to prove that private renewable energy projects are bankable

Overlooked sectors

Outside of C&I solar, local funders are not lending to projects in sub-sectors such as micro-grids, energy efficiency, and e-mobility. Venture debt is available at >8% in more mature markets but is very limited, capped at <\$2M, and stays away from hardware and capex-intensive industries

Common features of structured finance

Broadly, structured finance transactions are **secured loans with some additional complexity** to fulfil a particular need.

Predictable

Debt facilities that are designed based on a “predictable” stream of cash flows generated by specific assets.

Asset backed

These assets can be isolated (ring-fenced), pledged and used to support the repayment of the facility.

Risk allocation

The risks inherent in the facility are borne by those best placed to manage and mitigate the risk.

Fit for purpose

The facility is designed for a specific purpose and to minimize the need for continued fundraising.

Funding the scale-up of productive end-use

END-USER FINANCING FOR AGRI-SOLAR

Agriculture is starting to benefit from solar-powered productive use innovations. The larger assets they offer require end user financing vehicles to enable uptake.

SUNFUNDER'S \$500k LOAN TO INSPIRA FARMS

- **Purpose:** To finance the procurement, installation, and maintenance of modular solar powered cold storage units for small to medium size agribusinesses.
- **Business Model:** Inspira has developed a lease to own model, allowing its clients to procure the assets over a period that can go up to 5 years.
- **Structure:** SunFunder finances up to 50% of the receivables value of the lease contract with Inspira's clients over a 48 months tenor.

MARKET POTENTIAL: PRODUCTIVE USE

The World Bank estimates the addressable market for three solar productive uses in African agriculture alone – irrigation, cooling and processing – at >\$11bn²



Funding the scale-up of productive end-use

BORROWING BASE MODEL

A borrowing base financing model sizes debt based on an agreed asset base. As the company grows, upsizing of debt is possible without seeking a new loan facility.

\$11M SYNDICATED DEBT TO SUNCULTURE

- **Purpose:** Working capital facility to finance SunCulture's inventory purchases and receivables book using a borrowing base lending structure.
- **Innovative structuring:** We tailored the facility to meet the client's needs, taking a broader approach to the asset base for sizing drawdowns and setting up a pragmatic security package, which allows for the company's continued growth.
- **Syndication:** As arranger, we led five lenders and minimized SunCulture's fundraising burden.



A SunCulture system at work

Aggregation of smaller-scale C&I

FRAMEWORK MODELS FOR PROJECT FINANCING

We are finding quality developers have built efficient business models by standardizing their design, credit review & implementation processes and contracting in order to quickly onboard new clients.

UP TO \$4M FRAMEWORK FACILITY TO DAYSTAR

- **Scalable facility:** As Daystar needed room to grow, we created a legal framework, including a checklist for new sites, that enables them to add new clients without reopening the loan docs or security package.
- **Pragmatic structuring:** We took a surgical approach to collateral to lower the client's cost of security registration in Nigeria. We also helped with cost effectiveness by preparing the legal docs and being able to work on multiple jurisdictions without incurring advisors' fees.



Mini-grid financing

CONSTRUCTION AND PROJECT FINANCING

With the rollout of results-based financing (RBF) programs, these can scale up as programmatic approaches with a revolving credit facility. The roll-out of more mini-grids will improve economics and unlock longer-term PF models.

\$2M BRIDGE FINANCING FOR WINCH ENERGY

- **Long term partnership:** Winch Energy has established a platform with NeoT Off-grid Africa to deploy non-recourse financing to mini-grid project. After this first project, SunFunder plans to keep supporting them for others.
- **Structuring :** SunFunder structured its loan as a bridge to a results-based financing from Uganda's Rural Electrification Agency, backed by the German Development Ministry (BMZ) and the European Union, managed by GIZ.



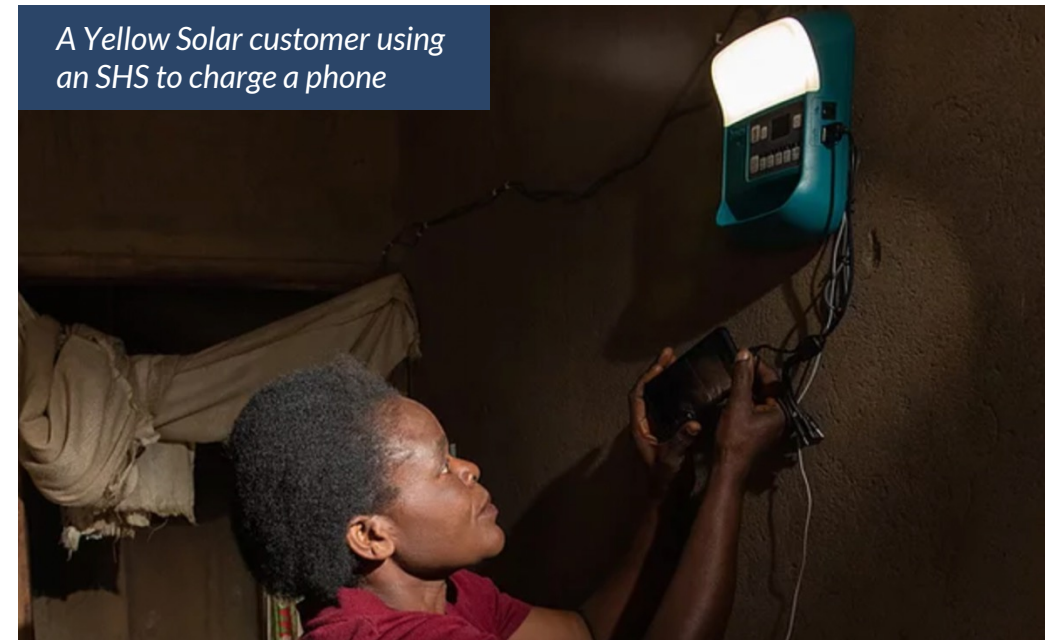
Receivables financing for SHS and appliances

WORKING CAPITAL FOR PAYG MODELS

SHS and appliances are sold on credit to make them affordable for many of the 1bn+ people still living without access to grid electricity. This places pressure on distributors' working capital cycle as a result of their growing receivables book.

\$4M WORKING CAPITAL FACILITY TO YELLOW SOLAR

- **Purpose:** A working capital facility to fund inventory purchases for sale to retail clients of Yellow Solar, on a PAYG basis. SunFunder will fund up to 70% of the inventory purchase, which represents 35-40% of the value of the receivables.
- **Source of repayment:** PAYG receivables generated from the sale of the SHS and related accessories, deployed through our SET loan proceeds. Yellow can repay the loan by collecting at least 50% of the contract value, relative to the ~90% collections efficiency observed over their 2.5-year track record.



A Yellow Solar customer using an SHS to charge a phone