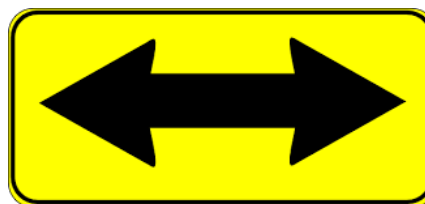

DCI BOARD MEETING

14.10.2015 **FMO – Marc Buiting and
Frederik J. van den Bosch**





Delivering Electricity



Many important investments are done at small scale and large scale, but mind the gap

Many initiatives do not come off the ground as they are

- Too big for some, too small for others – hence “new” financial structuring is required
- Too risky combination of factors (techniques, parties, location)
- Or require new forms of cooperation (payment systems linked to energy)

ElectriFI aims to be a flexible answer, yet aligned with the developers/investors.

ElectriFI aims to

- upscale or bundle the small initiatives,
- support mini-grid initiatives,
- solutions that have outgrown grant funding and seek financial sustainability,
- etc.



All with the goal to

- Provide new access to electricity
- In a financially sustainable way



This will be

- mostly renewable, not always (some systems require fossil fueled back-up for reliable service)
- for companies and households and social infrastructure



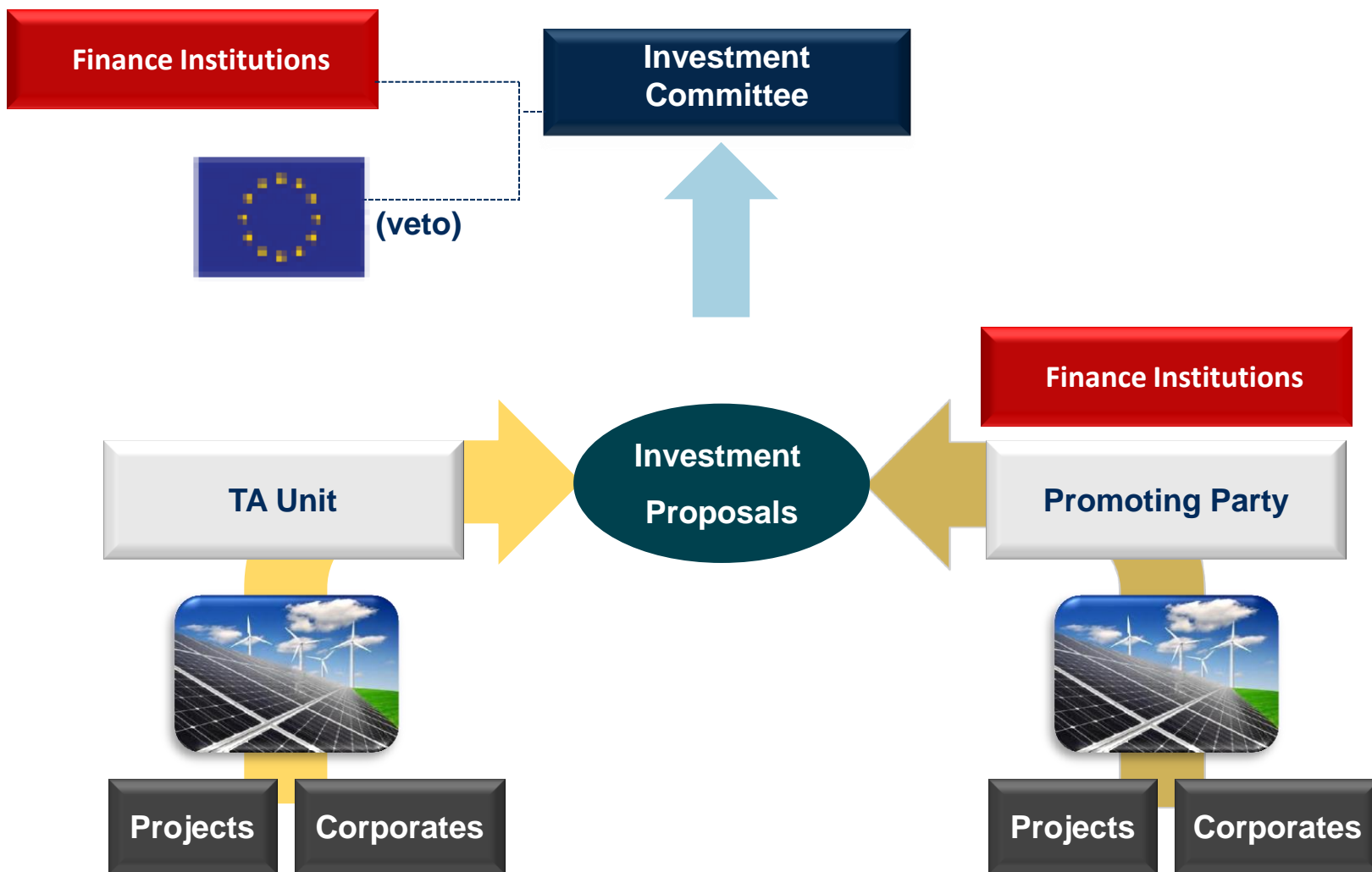
All financial products are possible; from TA and Investment Grants to Debt and Pref Shares.
We foresee a few main levels (as very early, early and follow on financing)

- at a very early stage through subordinated debt and convertible grants: monies made available will be repayable upon reaching certain milestones (such as completion of feasibility studies, financial close, project completion, etc.) or
- at a somewhat later stage through direct investment by subordinated/junior debt or
- at a follow-on stage through contingent risk capital to be used to cover delay damages, cost overruns, etc. in order to reach completion of investments

Product, term & conditions

Overview	
Vintage	2015
Strategy	<p>Provide support to electrification ventures in developing countries through:</p> <ul style="list-style-type: none"> • long term high risk finance (possible in different forms) and • in-kind contribution through advisory services in making propositions bankable.
Currency Investments	EUR / USD / LCY
Returns	<p>The goal is to align with the sponsors and share benefits as we share the risks. As a rule of thumb 2/3 of the expected equity returns of a specific ventures.</p> <p>Pending on the progress of the investment case ElectrIFI can decide:</p> <ul style="list-style-type: none"> • to not or only partially convert the TA or grants into a repayable version, or • to (partially) convert but forgo (partially) on returns which can be low or zero interest
Initiative Size	EUR 75 million
Conversion	<p>Milestones envisioned are for example:</p> <ul style="list-style-type: none"> • Upon reaching financial close for projects • Upon reaching certain solvency ratios for corporates

Flow of Investment Proposals



Examples

	Early Stage Capital Project	Junior Loan Project	Closing Gap Capital Project	Junior Loan Company
Private Sector	<p>Small scale hydropower projects grid-connected</p> <p>Minigrids</p>	<p>Grid-connected IPP with possibility of minigrid to surrounding villages</p>	<p>Grid-connected IPP in less bankable countries</p> <p>Groundbreaking IPPs like first large-scale windpark or solar plant</p> <p>Solar Home Systems, Solar Kiosks + minigrid ventures</p>	<p>Diesel-replacement by solar through service companies</p> <p>Lighting efficiency projects (LED) through service companies</p> <p>Anchor load business models</p>
Public Sector	<p>Rural electrification projects</p>	<p>Rural electrification projects</p>		<p>Diesel-replacement by solar through service companies</p> <p>Lighting efficiency projects (LED) through public utilities</p>

Project Selection and Support

Most important for any project selection is

- Improved/new access to energy (for individuals, households, enterprises)
- Job creation, green, sustainable, inclusive growth
- ElectriFI financing will be additional, neutral, etc.
- Financial Sustainability is a very important short term goal (not a pre-condition)

Project support process

- TA Unit can help (financially) structure the investment
- Upon financial success (tbd) also TA to be repaid

Financial products

- Flexible financing, aligned with sponsors,
- From start up financing to early stage follow-on financing (until others take over)
- Target range for ElectriFI contribution EUR 2-5 mln (min EUR 500k – max EUR 10mln)

Thank you. Stay connected:

FMO - Frederik J. van den Bosch

f.van.den.bosch@fmo.nl

+31.6.1088.3526

FMO - Marc Buiting

m.buiting@fmo.nl

+31.6.1093.6873

EDFI - Jan Rixen

jan.rixen@edfi.eu

+32.475.246.133

