

COVID-19 AND THE NEED FOR AN URGENT RESPONSE

An open letter from off-grid solar companies

Over the last decade, the off-grid energy sector has experienced massive growth. As an industry, we have created 370,000 full time jobs and improved energy access for 280 million people since 2010. Energy access is one of the few thriving social impact business models which has significant commercial promise. It has attracted over \$2 billion from investors, most of which was in the last 5 years.

Prior to COVID-19, the industry was having a good year. The forthcoming lockdowns across many countries have the potential to irreparably damage our momentum in bringing energy to the world's underserved, causing many companies to fail, and leaving customers with no one to service their products. This would leave millions of people in the dark, as well as cut their access to the information they rely on from solar powered radios, TVs, and phones. We believe this will significantly damage the trust the industry has painstakingly built over the years with its customers. At best, we are entering a period of uncertainty, where operating conditions could become challenging and investment activity will likely dampen.

We believe that a confidence building measure for the off-grid industry, similar to the stimulus that we are seeing across developed countries, could make a meaningful difference. We are therefore proposing the establishment of the COVID-19 Liquidity Fund.

As an industry, we may not end up needing or using the Liquidity Fund, but the mere fact it exists will give significant confidence to lenders and investors to keep investing. We propose that the Liquidity Fund considers grants or long-term subordinated debt and has the ability to decide on an application and disburse quickly (within weeks).

The off-grid sector has been nurtured from its infancy by many far-sighted funders and institutions and now is the time for those same parties to act decisively.



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