3rd Off-Grid Energy Access Investor Conference

March 18, 2015
New York
WELCOME

Emily Smith Ewing
Leitner Center, Fordham Law School
Industry Trends

Koen Peters, GOGLA
Off-Grid Energy
Sector Developments
& Trends

Koen Peters - Executive Director, Global
Off-Grid Lighting Association (GOGLA)

March 18, 2015 New York, USA
The Global Off-Grid Lighting Association (GOGLA) has been established to act as the advocate for the quickly emerging off-grid lighting and electrification industry. It’s objective is to help the industry scale quickly and sustainably.

It is a neutral, independent, not-for-profit association created to promote lighting and electrification solutions that benefit society and businesses in developing and emerging markets.

Formed in 2012 as public-private initiative, GOGLA was conceived out of the joint World Bank/IFC effort to provide a sustainable exit strategy for the Lighting Global initiative.
GOGLA Focus: Off-Grid Lighting and Electricity

- Solar Lanterns
- Solar Kits, small Solar Home Systems
- Community- and Streetlighting
GOGLA’s 50 members (March 2015)

Industry:

Associate:

AT Kearney
FMO
IFC
International Finance Corporation
World Bank Group
Shell Foundation
Fraunhofer
EFO
CREG
Natura
Renewable Energy Group
Strathmore
Off-Grid Solar Power:
Small-scale
High-quality
Affordable
and improving all the time!
The off-grid lighting market is really taking off now! High year-on-year growth will make it quickly a billion $ industry.

Global revenues of SPL players (in USD mn)

Studies and our own research indicate steady and healthy growth rates.

Source: A.T. Kearney
The United Nations have called for the decade of **Sustainable Energy for All.** It aims to provide universal energy access by 2030.

Off-grid lighting provides the least-cost approach towards **universal** electricity access.

The International Energy Agency estimates this requires USD 700 billion of additional investment - approximately **USD 2800** per household.

Off-grid technology can provide lighting and basic electricity services at a fraction of these costs:

- **USD 25** (solar lantern + phone charger)
- **USD 120** (small solar home system)
Lighting is an enabler for demand evolution

“Clients always come back, but never for the same product. They want more.”

Source: A.T. Kearney

**Purchase Price**
- **SPL**
  - USD 10-40
  - Replaces kerosene lamps
  - Offers USB charging
- **SHS**
  - USD 50-150
  - Can supply multiple LEDs
  - Can also supply radio/small TV
- **Large SHS**
  - USD 200+ or more
  - Can supply large TV, small fridge
  - Replaces diesel generators & car batteries

**Additional Household Income**
- **SPL**
  - USD 500 - 1200
- **SHS**
  - USD 500 or less
- **Large SHS**
  - USD 2000 - 5000

**Performance and features**
Off-Grid Energy Market Potential

SOGLP market potential

- Maximum market potential (in USD bn)
  - Potential SHS market: USD 6bn
  - Potential SPL market: USD 2.71bn
  - Today’s market volume: USD 0.20bn

Potential SHS + accessories market: USD 50bn
- Radio
- TV
- Fans
- Hair dryer etc.

To sustain the growth, we’ll need to address significant market challenges

Growth Barriers:

- Access to Finance
- Enabling policy environment
- Poor quality products swamping nascent markets
- Last mile distribution challenge
GOGCLA priorities

1. Market intelligence
   Sales data, investments, trends in distribution, social impacts

2. Minimum standards and quality assurance
   Building the future QA structure to take over from IFC Lighting Global

3. Policy advice:
   - Call to action to national governments
   - VAT/import duties
   - Strengthening national industry associations

4. Advocacy and knowledge exchange
   - Advocacy towards gov’ts, investors, donors (SE4All, climate convention)
   - Investor Conferences
   - 4th Off-Grid Lighting Conference and Exhibition, Dubai 26-29 October 2015
The industry has capital requirements of about USD 300 mn short term, USD 7.6 bn longer term

Capital requirements per value chain step¹
(in USD mn)

<table>
<thead>
<tr>
<th></th>
<th>Today</th>
<th>SPL</th>
<th>SHS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital</td>
<td>65</td>
<td>870</td>
<td>1,900</td>
</tr>
<tr>
<td>months</td>
<td>1</td>
<td>15</td>
<td>130</td>
</tr>
<tr>
<td>Total</td>
<td>130</td>
<td>1,800</td>
<td>2,300</td>
</tr>
</tbody>
</table>

- Manufacturers
- Transportation
- Distributors and retailers
- Consumers

- Need capital for R&D and to pass down good terms to logistics and distributors
- Distributors and retailers need to finance upstream and downstream
- About 50% of consumers need to finance their off-grid product in one or the other way
- Huge working capital needs because of long transport and distribution times

Source: Niwa, Lighting Africa, Dalberg Analysis, csimarket.com, A.T. Kearney
Access to Finance

Investments 2014 – 2015
(in USD mn)*

The **financing gap** in the **short term** is ~ **USD 200 mn** and rising.

*Disclaimer: Only publicly reported investments. No strict methodology applied, double counting possible. Data not cross-checked and likely incomplete.
Off-grid investments: known transactions in last six months

- **Off-Grid Electric**: $7 million in 2015 (IFC and Cordiant), $23 million in 2014 (Solarcity, Vulcan, Zouk, Omidyar)
- **Mkopa**: $12.5m (i.a. LGT VP) on top of $20m (incl. grants)
- **Mobisol**: €22m incl. €6m grant (EU)
- **Fenix Intl**: $12.6m from i.a. GDF Suez, Schneider, Orange
- **Greenlight Planet**: $10m equity (Fidelity Growth)
- **BBOX**: $7m (Koshla Impact, Bamboo, DOEN Foundation)
- **Simpa**: $7m (i.a. Koshla Impact)
- **Orb Energy**: $2m from FMO for Kenya expansion
- **SolarNow**: $2m from Acumen and Sunfunder

*(For illustration only - please note disclaimers on next slide)*
Trends in investments

• Investment volume and deal size growing
• Small group of companies received multi-million dollar investments: mostly ‘pay-as-you-go’
• Including follow-up financing, some from same investors
• ‘Grant’ component still important, in various forms
• Mostly impact investors and US/EU Development Finance Institutions.
• IFC making initial investments, overall still limited role for MDBs and local financing

Disclaimers:
• no strict methodology applied, double counting possible
• data not cross-checked and likely incomplete
• no comparable historic data
Industry players and investors see barriers to finance on the side of their respective counterparts

Top barriers to finance by stakeholder group

**Top 3 barriers stated by the industry**

- No innovative deal/fund structures: 3.6
- Insufficient knowledge of investors: 3.5
- Subcritical deal sizes: 3.4

**Top 3 barriers stated by investors**

- Uncertain legal/policy frameworks: 3.7
- Limited track record of industry players: 3.6
- Subcritical deal sizes: 3.3

Source: Interviews and surveys with 30 manufacturers and distributors (December 2013) and 13 investors (December 2013 - February 2014), Energypedia, A.T. Kearney
Contact us:

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+31 30-6006-142
@GOGLAssociation

Save the date:

4th International Off-Grid Lighting Conference and Exhibition
Dubai, 26-29 October 2015
### July-Dec ‘14 Reported Sales of Quality Verified Products

#### Sales breakdown per product category

<table>
<thead>
<tr>
<th>Category</th>
<th>World (incl. Africa)</th>
<th>Africa (share of world)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Light only</td>
<td>1,565,344</td>
<td>975,393</td>
</tr>
<tr>
<td>Light + Mobile charging</td>
<td>2,110,016</td>
<td>755,870</td>
</tr>
<tr>
<td>Multi Light + Mobile Charging</td>
<td>47,537</td>
<td>33,733</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>47,537</strong></td>
<td><strong>33,733</strong></td>
</tr>
</tbody>
</table>

#### Revenue breakdown per product category

<table>
<thead>
<tr>
<th>Category</th>
<th>World (incl. Africa)</th>
<th>Africa (share of world)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Light only</td>
<td>18,621,997</td>
<td>11,393,563</td>
</tr>
<tr>
<td>Light + Mobile charging</td>
<td>78,530,322</td>
<td>28,845,926</td>
</tr>
<tr>
<td>Multi Light + Mobile Charging</td>
<td>5,738,175</td>
<td>4,432,810</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>5,738,175</strong></td>
<td><strong>4,432,810</strong></td>
</tr>
</tbody>
</table>

#### Energy Services benefit & SE4All Access breakdown per product category

<table>
<thead>
<tr>
<th>Category</th>
<th>World (incl. Afr) / Access</th>
<th>World (incl. Afr) / Benefitting</th>
<th>Africa / Access</th>
<th>Africa / Benefitting</th>
</tr>
</thead>
<tbody>
<tr>
<td>Light only</td>
<td>1,527,631</td>
<td>8,456,434</td>
<td>938,075</td>
<td>3,779,350</td>
</tr>
<tr>
<td>Light + Mobile charging</td>
<td>7,826,720</td>
<td>10,550,080</td>
<td>4,876,965</td>
<td>3,779,350</td>
</tr>
<tr>
<td>Multi Light + Mobile Charging</td>
<td>233,955</td>
<td>237,685</td>
<td>189,616</td>
<td>193,345</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>233,955</strong></td>
<td><strong>237,685</strong></td>
<td><strong>189,616</strong></td>
<td><strong>193,345</strong></td>
</tr>
</tbody>
</table>
Number of People “Exposed” to Modern Energy Services
AFRICA

Cumulative # of People

# of People for Period

Millions

Jan - Dec 2009
June - Dec 2010
Jan - June 2011
July - Dec 2011
Jan - June 2012
July - Dec 2012
Jan - June 2013
July - Dec 2013
Jan - June 2014
July - Dec 2014

0
5
10
15
20
25
30
35
40
10
8
6
4
2
1
0

LIGHTING GLOBAL
AN INNOVATION OF
WORLD BANK GROUP
Catalyzing Markets for Modern Lighting

AN INNOVATION OF
THE WORLD BANK
Price Breakdown

AFRICA

Jan-Jun'13

Below $20
58%

$20 - 40
40%

Above $40
2%

AFRICA

Jul-Dec'13

Below $20
71%

$20 - 40
28%

Above $40
1%

AFRICA

Jan-Jun'14

Below $20
64%

$20 - 40
29%

Above $40
7%

AFRICA

Jul-Dec'14

Below $20
55%

$20 - 40
43%

Above $40
55%

Above $40
2%
Sales Breakdown by Function
AFRICA

AFRICA Jan-Jun'13

- **Light only**: 815,580 (61%)
- **Light + Charger**: 510,752 (38%)
- **Multi-light + Charger**: 16,401 (1%)

AFRICA Jul-Dec'13

- **Light only**: 1,016,887 (72%)
- **Light + Charger**: 374,700 (27%)
- **Multi-light + Charger**: 9,084 (1%)

AFRICA Jan-Jun'14

- **Light only**: 1,067,633 (66%)
- **Light + Charger**: 436,687 (27%)
- **Multi-light + Charger**: 104,184 (7%)

AFRICA Jul-Dec'14

- **Light only**: 1,004,051 (57%)
- **Light + Charger**: 727,085 (41%)
- **Multi-light + Charger**: 39,599 (2%)

LIGHTING GLOBAL
Session I: Financing Challenges of Different Business Models

Xavier Helgesen, Off.Grid: Electric
Steve Katsaros, Nokero
Simon Bransfield-Grath, Azuri Technologies
Vertical integration enables our business model
Vertical integration enables our business model

(1) Capture full margin

(2) Ensure high quality experience

(3) Retain lifetime customer relationship

Unlock greatest value for customers (and investors)
Long term leasing means more customer value

(1) Customers are:
   (a) Hard to win
   (b) Easy to lose
   (c) Highly valuable

(2) We seek lifelong customers
   (a) Dependable service
   (b) Aspirational upgrades
   (c) Affordable daily rates
Good ways to tap development finance

Case: Results based financing (RBF)
Good ways to tap development finance

Case: Results based financing (RBF)
Government Partnership Matters

‘One Million Solar Homes,’ Tanzanian Style

Can the SolarCity leasing model light up Africa?

Eric Wesoff
February 18, 2015

The East African country of Tanzania, in an effort led by startup Off-Grid Electric, along with the support of the international development community, just set a goal of having “One Million Solar Homes” by the end of 2017. The campaign hopes to furnish solar electricity for 10 percent of the nation’s population and generate over 15,000 solar jobs.
SNV (with DFID and Endev) has run the world’s smartest off-grid incentive program in Northwest Tanzania. We need to replicate it globally. (http://bit.ly/1FtLMwl)

How it works:
- Donors contribute to a fund that pays only on success.
- Companies must take all risks to achieve success.
- Does not distort market. Funding as bridge to scale.
- 1 Million euro fund.
- Fast and competent administration.
- Incentives of up to 50 euro depending on amount of light.
IDCOL in Bangladesh has financed over 3 million solar homes.

- Government Sponsored Institution
- Donors provide grants, World Bank lends at 2%.
- IDCOL lends on at 6%.
- Strict technical standards.

How we could replicate this:

- Create a “Solar World Bank” to build a replicable model for any nation wanting to finance large-scale off-grid deployment. (modeled on IDCOL)
- Government sponsored institutions with independent and accountable administration lend on funds to private companies.
- Leverage existing Lighting Global standards to enforce quality.
Hello. We’re Nokero. We are changing the world one solar light bulb at a time.
The world’s only solar light bulb.
What is your business model?

Core business channels:

1. Aid
2. Corporate Social Responsibility (CSR)
3. Strategic Partnerships

How does it work?

• We target Aid organizations and NGO’s (Ex. Project Ebola)
• We respond to government tenders
• We identify strategic partners, including global agents and targeted distributors

What are the benefits & challenges?

• We can focus initially on customers who have the economic means to purchase our product.
• Aid channels do not follow typical, predictable cycles that more-developed distribution or retail channels may have.
What type of financing / financing tools are most suitable to scale companies with such business model?

- Working Capital
- Short-term financing during manufacturing runs.

What challenges do you face when pitching this business model to investors?

- Selling to the Base of the Pyramid is unfamiliar to most investors.
How have you been successful in addressing these challenges?

- Blending Aid and “Paid” channels
- Investors who aligned with our vision

What factors made investors believe in you and your business plan?

- Our investors have bought into our vision, first and foremost.
- They have seen evidence of success (5+ years, 1.3M lights sold)
Azuri ‘pay-as-you-go’ - Smarter Energy

- Solar home system – 8 hours of lighting + home phone charging
- Low upfront cost – small install fee
- Low weekly cost – regular top-up to cover cost of unit over 18 months
- Clean, reliable, off-grid power
Azuri Overview

- Established 2012, in Cambridge, UK.
- World Economic Forum Technology Pioneer company
- Focus on Sub Saharan Africa with deployment in 11 countries
- Delivering PayGo solar to rural off-grid households and small businesses
Immediate ROI for Customer

**Kenya example**

**Without Azuri**
- $10/month for Kerosene
- $0.20/charge for mobile

Total Spend: ~$13/month

**With Azuri**
- $10 install (one-off fee)
- $1.50/week top-up

Total Spend: ~$6/month

Customer cuts weekly energy spend by **50% or more**

AND

has **8 hours of light** for 2 rooms + **mobile phone charging** too

“Now I have Azuri, I am **saving time**”

97%

“Now I have Azuri, I am **spending less** on lighting and phone charging”

92%
When the first simple system is paid off, customers stay loyal to Azuri, upgrading step by step to larger systems with more energy benefits.
Financing PayGo (in general)

- At its core, PayGo is asset financing coupled with service delivery
  - Think of it like a property portfolio with unmet consumer demand

- Rate of growth of the sector is limited by
  - Access to working capital
  - Ability to deliver a supply chain at scale

- Working capital requirement a function of
  - Growth rate
  - Repayment period (i.e. time for vendor to recover asset value)
  - Overhead

- Given sufficient channel and ability to scale, PayGo growth rate limited by availability of working capital
Future Working Capital

- Short term: working capital is an equity risk
  - Requirement to prove the market, the channel and ability to execute

- Mid term: debt risk secured on the service provider’s balance sheet
  - But this is challenging

- Mature market: there will be structured debt for working capital
  - In effect, a mortgage secured against assets and customer revenue streams

- Evidence of equity and secured debt today but these still limit growth

- Industry requirement for structured debt
  - Growth capital based on successful existing deployments (ie. debt risk, not equity risk)
  - Common framework for risk analysis that the financial sector understands
  - Common set of metrics that the PayGo industry can work towards
Session II: Solutions for Financing Needs

Jonathan Kirschner, DiV
Sandhya Hedge, Khosla Impact
Diana Jensen, OPIC
Eleanor T. Keppelman, DCA
Gary Hattem, Deutsche Bank
Asad Mahmood, FINCA
DIV’s open innovation fund invests at the intersection of 3 key principles:

- Evidence of impact
- Potential to scale
- Cost effectiveness
DIV invests at three stages of development

Stage 1: Proof of Concept
Up to $150K

Stage 2: Testing at Scale
Up to $1.5M

Stage 3: Widespread implementation
Up to $15M
DIV provides non-financial support to organizations in its portfolio

<table>
<thead>
<tr>
<th>Follow-on financing</th>
<th>Strategic advice</th>
<th>Technical expertise</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fellowships &amp; internships</td>
<td>Monitoring &amp; Evaluation</td>
<td>Marketing &amp; Communications</td>
</tr>
<tr>
<td>Legal services</td>
<td>USAID partnerships</td>
<td>Access to Networks</td>
</tr>
</tbody>
</table>
DIV’s portfolio of 100+ organizations spans the globe across its three stages.
DIV’s portfolio spans multiple sectors and types of organizations.
Mera Gao Power, India
Off.Grid: Electric, Tanzania
Simpa Networks, India
Buen Power, Peru
VENTURE CAPITAL FOR DEVELOPMENT
exceptional technology entrepreneurs building products & services and opening up markets for the 3B people and small businesses in the bottom half of the global, emerging economy
EQUITY
Seed, Series A cheques
$300k-$3M over time
India, Africa
Risk-aligned with entrepreneurs
800 EVALUATED, 15 INVESTMENTS

OFF GRID ENERGY

AFFORDABLE EDUCATION

AGRI TECHNOLOGY

HEALTHCARE ACCESS

INFO PLATFORMS

DIGITAL FINANCIAL SERVICES
WE ARE VERY ACTIVE IN CLEANTECH

2013

2014

An entrepreneur is someone who dares to dream the dreams and is foolish enough to try to make those dreams come true.
LOOKING FOR PARTNERSHIPS

We are happy to share our deep due diligence and sector research for

• FOLLOW ON EQUITY
• GROWTH EQUITY
• SENIOR, COLLATERALIZED DEBT (3+ years at 7-11%)
• JUNIOR, UNSECURED DEBT
• R&D GRANTS
• FIRST LOSS CAPITAL GRANTS

SANDHYA @ KHOSLAIMPACT.COM
WHAT WE LIKE IN STARTUPS

Let’s start with the four obvious ones

• BIG MARKETS
• UNIQUE VALUE PROPOSITION
• EXCEPTIONAL TEAM
• STRONG UNIT ECONOMICS

THERE ARE 4 OTHER CHARACTERISTICS THAT MAKE YOU DESIRABLE.
BE CLOSE TO YOUR CUSTOMER
MULTIPLE CHANNELS OF COMMUNICATION
A 100 MILLION DATAPoints
MAKE YOUR PROCESSES SCALABLE
A MULTI LATERAL PLATFORM FOR SOLAR DEBT
AUTOMATED REPORTING AND DATA FOR CREDIT SCORES
KEEP BACKUP FINANCIAL PLANS
EFFECTUAL REASONING: HAVE AN IF-THEN PLAN
FIND RECURRING REVENUE STREAMS
THANK YOU
OPIC’s Commitment to Renewable Energy
As the U.S. Government’s development finance institution, OPIC mobilizes U.S. private capital to help solve critical development challenges and in doing so, advances U.S. foreign policy.

OPIC currently manages a $18 Billion portfolio of projects in over 100 countries and operates on a self-sustaining basis at no net cost to the American taxpayer.*

*As of September 30, 2013
Last Year’s Renewable Energy Highlights

50% of all OPIC commitments in FY 2014 were to Renewable Energy projects

- **$1.2 billion** of new renewable energy commitments, which is expected to leverage an additional **$1.5 billion** in private sector capital

- Over **$9 million** approved for project preparation support for clean energy projects in Africa through the ACEF program

- Supported innovative technologies such as home solar kits, smart meters and crowd sourcing for renewable energy projects

- Committed OPIC’s first concentrated solar power project
Renewable Energy Commitments

The U.S. Government’s Development Finance Institution
Renewable Energy Commitments by Technology

- **Wind Generation**: 32%
- **Hydropower Generation**: 5%
- **Energy Efficiency**: 5%
- **Concentrated Solar Power (CSP) Generation**: 5%
- **Distributed Small-scale Solar**: 16%
- **Solar PV Generation**: 37%

*By number of projects – FY14*
Renewable Energy Commitments by Region

*By number of projects – FY14

- Latin America & Caribbean: 53%
- Middle East & North Africa: 21%
- South & Central Asia: 16%
- Sub-Saharan Africa: 10%
U.S. Government’s Power Africa initiative

Whole of government approach to increasing access to power in Sub-Saharan Africa

Power Africa Commitments:

- 30,000 MW of additional energy in Africa
- At least 60 million household and business connections with access to electricity
- $20 billion in new private sector commitments

OPIC’s Role:

- Committed to provide $1.5 billion to develop energy projects throughout Sub-Saharan Africa, including:
  - $250 million to a 310 MW wind power project in Kenya
  - $50 million to a 459 MW power plant in Nigeria
ACEF Background

Supporting early-stage project development for clean energy projects in Africa

- Clean energy projects often lack access to the development capital necessary to reach financial close, ACEF was created to fill that gap

- Due to the incredibly high demand for this type of support, OPIC’s ACEF program allocated its funds 2 years earlier than anticipated

- Assistance with engineering, legal, and other consulting expenses

- Developed by OPIC in partnership with the U.S. Department of State, U.S. Trade and Development Agency, and U.S. Agency for International Development
ACEF = African Clean Energy from Every Angle

ACEF is meeting Africa’s growing need for energy access and power generation by supporting a variety of approaches:

- **Small-scale distribution**
- **Portfolio of Mini-grids**
- **Financial Intermediary**
- **Grid-connected Power Generation**
OPIC’s ACEF by the Numbers

In addition to supporting successful clean energy projects, ACEF aims to catalyze private sector investment in clean energy projects in Africa.

Other ACEF Numbers:
- 9 Countries Supported
- 13 Project Preparation Funds ($Million)
- 24 Projects Supported
- 331 Anticipated Power Generated (MW)
- 895 Anticipated Capital Mobilized ($Million)

USG Partnership Leverages Private Sector Funds 60:1

The U.S. Government’s Development Finance Institution
The Asia-Pacific Clean Energy Program launched a new initiative called the U.S. - Asia Pacific Comprehensive Energy Partnership (US-ACEP)

- US-ACEP will support dedicated personnel from OPIC and USTDA to facilitate investment in energy projects in the region and economic growth in the U.S.

- Since the launch, OPIC has established its first ever presence in Bangkok, Thailand

Increased focus on facilitating renewable and cleaner energy, markets and interconnectivity, the emerging role of natural gas, and sustainable development in Asia Pacific
Our Clients and Alliances

OPIC coordinates with other U.S. government agencies and international partners to provide financing and risk mitigation products to a wide range of clients.

<table>
<thead>
<tr>
<th>Current Clients</th>
<th>Strategic Alliances</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>U.S. Government</td>
</tr>
<tr>
<td></td>
<td>• Departments of State, Commerce, and Treasury</td>
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<tr>
<td></td>
<td>• USAID &amp; USTDA</td>
</tr>
<tr>
<td></td>
<td>• Ex-Im Bank and SBA</td>
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<td></td>
<td>• Millennium Challenge</td>
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<td></td>
<td>Development Finance Institutions</td>
</tr>
<tr>
<td></td>
<td>• IFC and MIGA</td>
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<tr>
<td></td>
<td>• Regional Development Banks (IDB, ADB, AfDB, EBRD)</td>
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<tr>
<td></td>
<td>• Other Bilaterals (CDC, FMO, DEG)</td>
</tr>
<tr>
<td></td>
<td>Other Partners</td>
</tr>
<tr>
<td></td>
<td>• Chambers of Commerce</td>
</tr>
<tr>
<td></td>
<td>• AmChams</td>
</tr>
<tr>
<td></td>
<td>• NGOs</td>
</tr>
<tr>
<td></td>
<td>• Financial Institutions</td>
</tr>
</tbody>
</table>
Over the past 41 years OPIC has supported over $200 billion of investment in developing markets that is projected to support over 277,000 U.S. jobs.

### OPIC By the Numbers*

<table>
<thead>
<tr>
<th>Category</th>
<th>Total Investment Supported</th>
<th>Total Projects Financed</th>
<th>U.S. Exports Supported (Projected)</th>
<th>U.S. Jobs Supported (Projected)</th>
</tr>
</thead>
<tbody>
<tr>
<td>$0</td>
<td>$200 billion</td>
<td>4,000</td>
<td>$76 billion</td>
<td>278,000</td>
</tr>
</tbody>
</table>

*Since 1971

### Success Stories

- **South Africa**: $250 million to SunEdison for development of a 60MW solar PV power plant, creating hundreds of new jobs.

- **India**: $3.5 million loan to Healthpoint for water treatment facilities serving 400 communities to help prevent disease. Project was featured on NPR.

- **Jamaica**: $43 million to Blue Mountain Renewables for the second wind power plant in Jamaica. The 34MW power project will contribute to Jamaica’s 2030 renewable energy goals.

- **Israel**: $250 million to Negev Energy for the construction and operation of OPIC’s first concentrated solar power (CSP) deal.
Contact Us

THANK YOU

Diana Jensen
Managing Director,
Renewable Energy and
Sustainable Development

Visit our website at: www.opic.gov
Agenda

• DCA Overview

• Guarantee Examples and Potential Structures
## What is the Development Credit Authority?

### We put local wealth to work

#### Our product
- The Development Credit Authority (DCA) uses partial credit guarantees to share risk with local financial institutions in order to unlock financing for underserved sectors.
- DCA guarantees can cover a variety of credit transactions, including term-loans, financial leases, wholesale loans, or other structured debt instruments.

#### Our partners
- We partner with private debt providers, including commercial and investment banks, institutional investors, microfinance institutions, cooperatives and private investors.
- Our guarantees are backed by the full faith and credit of the U.S. Treasury.

#### Our goals
- DCA specializes in unlocking financing for businesses that would otherwise not be considered by local investors.
- We seek to prove the commercial viability of underserved markets so that lending and investment continue long after we exit.

#### Our outcomes
- With this product, debt providers can reduce collateral requirements, lengthen loan tenors, and explore new markets under the safety of a credit guarantee.
- To be successful, we distinguish ourselves through speed, flexibility, innovation and a focus on serving our financial partners and USAID missions.
Since FY99, DCA has signed 451 guarantees, leveraging $3.7 billion in private capital, achieving an 84% utilization rate for expired guarantees.
**Indicative energy transactions to date**

DCA has signed 25 guarantees in the energy sector leveraging over $454 million, including:

<table>
<thead>
<tr>
<th>Region</th>
<th>Transaction Details</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Africa</strong></td>
<td><strong>Kiwira Hydro</strong>&lt;br&gt;$12 million&lt;br&gt;Portable Guarantee&lt;br&gt;Tanzania&lt;br&gt;10MW Hydro project under development by EA Power</td>
</tr>
<tr>
<td><strong>Europe / Asia</strong></td>
<td><strong>M-Kopa</strong>&lt;br&gt;$1 million&lt;br&gt;Loan Guarantee with Acumen Fund&lt;br&gt;Kenya&lt;br&gt;Pay-per-use solar lighting and mobile charging</td>
</tr>
<tr>
<td><strong>Europe / Asia</strong></td>
<td><strong>SolarNow</strong>&lt;br&gt;$2.5 million&lt;br&gt;Loan Guarantee with Centenary Bank&lt;br&gt;Uganda&lt;br&gt;Expansion of SolarNow’s business</td>
</tr>
<tr>
<td><strong>Europe / Asia</strong></td>
<td><strong>Renewable Energy</strong>&lt;br&gt;$5 million&lt;br&gt;Loan Portfolio Guarantee with Ecobank&lt;br&gt;Nigeria&lt;br&gt;Loans to renewable energy SMEs</td>
</tr>
<tr>
<td><strong>Europe / Asia</strong></td>
<td><strong>Renewable Energy</strong>&lt;br&gt;$13 million&lt;br&gt;Loan Portfolio Guarantee with MFI Consortium&lt;br&gt;Kenya&lt;br&gt;Co-guarantee with Sida for loans in agriculture and clean energy</td>
</tr>
<tr>
<td><strong>Europe / Asia</strong></td>
<td><strong>Orb Energy</strong>&lt;br&gt;$4 million&lt;br&gt;Portable Guarantee&lt;br&gt;India&lt;br&gt;Expansion of Orb Energy’s business</td>
</tr>
<tr>
<td><strong>Europe / Asia</strong></td>
<td><strong>Nereus Capital</strong>&lt;br&gt;$100 million&lt;br&gt;Portable Guarantee with Northern Lights&lt;br&gt;India&lt;br&gt;Fund-of-Funds investment in clean energy</td>
</tr>
<tr>
<td><strong>Europe / Asia</strong></td>
<td><strong>Energy Efficiency</strong>&lt;br&gt;$10 million&lt;br&gt;Loan Portfolio Guarantee&lt;br&gt;Ukraine&lt;br&gt;Loans for HVAC, building envelope, and renewable energy</td>
</tr>
<tr>
<td><strong>Europe / Asia</strong></td>
<td><strong>Energy Efficiency</strong>&lt;br&gt;$7 million&lt;br&gt;Loan Portfolio Guarantee&lt;br&gt;Bosnia and Herzegovina&lt;br&gt;Loans to municipalities for energy efficiency and renewable energy</td>
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<tr>
<td><strong>Europe / Asia</strong></td>
<td><strong>Energy Efficiency</strong>&lt;br&gt;$10 million&lt;br&gt;Loan Portfolio Guarantee&lt;br&gt;Bulgaria&lt;br&gt;Loans to municipalities for energy efficiency and renewable energy</td>
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<tr>
<td><strong>Latin America</strong></td>
<td><strong>Energy Efficiency</strong>&lt;br&gt;$5 million&lt;br&gt;Loan Portfolio Guarantee&lt;br&gt;Jamaica&lt;br&gt;Loans to support SME hotels and manufacturing firms for energy efficiency and water investments</td>
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<tr>
<td><strong>Latin America</strong></td>
<td><strong>Energy Efficiency</strong>&lt;br&gt;$10 million&lt;br&gt;Loan Portfolio Guarantee&lt;br&gt;Central American Region&lt;br&gt;Loans to SMEs for cleaner production processes and energy efficiency investments</td>
</tr>
</tbody>
</table>
DCA offers four main products:

- **LG** LOAN GUARANTEE
- **LPG** LOAN PORTFOLIO GUARANTEE
- **PG** PORTABLE GUARANTEE
- **BG** BOND GUARANTEE
...and recently developed four new applications of these models

**LEASING**
Enabling farmers and agribusinesses to lease tractors and other machinery to improve productivity.

USAID provides a Leasing Portfolio Guarantee to a qualifying leasing company, enabling farmers to access equipment at affordable prices.

**MULTINATIONAL CORPORATIONS**
Increasing the purchasing power of small and medium enterprises (SMEs) operating in an MNC's sector.

USAID establishes a Loan Portfolio Guarantee with a bank to increase lending to SMEs. The guarantee is paid for by an MNC seeking to increase access to finance for the purchase of their products.

**AGRICULTURE INSURANCE**
Bundling loans with insurance products to protect farmers during drought.

USAID provides a Loan Portfolio Guarantee to a bank that will bundle its loans to farmers with agriculture insurance. As insurance payouts are made, the viability of agriculture insurance schemes is demonstrated — helping increase the uptake of agriculture insurance in Africa.

In the event of default, DCA shares losses beyond those covered by the insurance scheme.

**LONG-TERM FINANCE**
Helping local financial institutions access long-term capital to on-lend.

USAID provides a Bond Guarantee to an MFI or local bank seeking to raise funds on local capital markets. With affordable, long-term finance, local financial institutions can offer longer loan tenors to their customers.
Agenda

• DCA Overview

• Guarantee Examples and Potential Structures
Global: Household Technologies Loan Portfolio Guarantee

**Project description:** A $100.0 million, 8 year pari passu loan portfolio guarantee, co-guaranteed with the Swedish International Development Cooperation Agency (Sida), with three international impact investors to encourage lending to businesses needing working capital in the household technology sector (clean cookstoves, water filtration, solar lanterns, etc.). The guarantee will cover loans in Africa, Latin America/Caribbean and South/Southeast Asia. The three investors intend to have complimentary portfolios in product and geography. A reserve fund of $25.0 million will be allocated based on the financial partners’ abilities to disburse funds and create impact.

### General Features
1. The financial partners will make working capital loans to household technology businesses and funds financing the sector.
2. Together, USAID and Sida provide a 50% pari passu guarantee on these loans.
3. Reserve will be allocated based on financial partners’ ability to disburse funds and create impact.

### Structure
- **Alpha Mundi ($20 million)**
- **Signina Capital ($30 million)**
- **Calvert Foundation ($25 million)**
- **Reserve ($25 million)**

### Indicative Terms
- **Total Facility**: $100,000,000
- **Lenders**: AlphaMundi, Signina Capital, Calvert Foundation
- **Borrowers**: Manufacturers and distributors of household technologies
- **DCA/Sida Coverage**: Variable, ranging 25% to 50%
- **Guarantee Length**: 8 years
- **Avg Guaranteed Loan Size**: $2,000,000
- **Avg Sub-loan Length**: 2 years
- **Currency**: USD, EUR, local currencies
- **Origination Fee**: 0.3 - 0.5%
- **Utilization Fee**: 0.3 – 0.75%
- **Targeted Geographies**: Africa, Latin American, S/SE Asia

**Household Technology Business**
**Africa: Off/Micro-Grid Loan Portfolio Guarantee (Proposed Facility)**

**Project description:** USAID is currently developing a 50% loan portfolio guarantee to support producers, manufacturers and distributors of renewable energy technologies for off grid or mini/micro grid systems, including solar, hydro, biomass, etc. The proposed portfolio would be up to $20.0 million with expected sub loans of $50,000 to $4,000,000. Specific criteria for underlying borrowers will be established in conjunction with the lenders once they are identified. Lenders must be privately-owned institutions/funds with three years of operating experience that lend on a commercial basis, thus serving as a true risk sharing partner for USAID.

**General Features**

1. USAID is seeking two to three financial partners to make up to $20.0 million of loans, utilizing their own funds, to businesses engaged in the production or distribution of renewable energy technologies.

2. USAID will provide a 50% pari passu guarantee on these loans.

3. The target borrowers will include developers, manufacturers and distributors of renewable energy products for off-grid or mini/micro grid systems.

**Structure**

- Impact Investor
- Energy Investment Fund
- Commercial Bank / MFI

- **50% DCA Guarantee**

**Indicative Terms**

<table>
<thead>
<tr>
<th>Total Facility</th>
<th>Up to $20,000,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lenders</td>
<td>TBD</td>
</tr>
<tr>
<td>Borrowers</td>
<td>Developers, manufacturers, producers of renewable energy technologies for off-grid or mini-grid systems</td>
</tr>
<tr>
<td>DCA Coverage</td>
<td>50%</td>
</tr>
<tr>
<td>Maximum Loan Size</td>
<td>$4,000,000</td>
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<tr>
<td>Guarantee Length</td>
<td>~10 years</td>
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<tr>
<td>Sub-loan Length</td>
<td>1-5 years</td>
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<tr>
<td>Currency</td>
<td>USD, EUR or local currency</td>
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<tr>
<td>Utilization Fee</td>
<td>TBD</td>
</tr>
<tr>
<td>Origination Fee</td>
<td>TBD</td>
</tr>
<tr>
<td>Targeted Geography</td>
<td>Sub Saharan Africa</td>
</tr>
</tbody>
</table>
Other potential structures for investors

Structure 1: USAID supports a debt investment into an energy-specific fund

1. Impact Investor / Other Debt Provider

   1. USAID guarantees 50% of the principal of this debt

   2. 50% DCA Guarantee

2. SPV / Energy Investment Fund

   1. Renewable Energy SME

   2. Solar Manufacturer

   3. Renewable Energy Investor

3. The fund in turn invests in renewable energy technologies

Structure 1: USAID supports an investor's wholesale debt financing (via bond or loan)

1. Debt Provider/Commercial Bank/Institutional Investors

   1. USAID guarantees 50% of the principal of this debt

   2. 50% DCA Guarantee

2. Impact Investor

   1. An investor makes a debt investment into a specialized investment fund

   2. USAID guarantees 50% of the principal of this debt

   3. The investor in turn invests in renewable energy technologies

   4. A debt provider, such as a commercial bank, provides long term wholesale financing to an impact investor

   5. USAID guarantees 50% of the principal of this debt

   6. The investor in turn invests in renewable energy technologies
# DCA Africa Contacts

## DC-Based Investment Officers

<table>
<thead>
<tr>
<th>Name</th>
<th>Title</th>
<th>Phone</th>
<th>Email</th>
</tr>
</thead>
<tbody>
<tr>
<td>Megan Rapp</td>
<td>Team Lead</td>
<td>(202) 712-1482</td>
<td><a href="mailto:mrapp@usaid.gov">mrapp@usaid.gov</a></td>
</tr>
<tr>
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<td>Investment Officer</td>
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</tr>
<tr>
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</tr>
<tr>
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<td><a href="mailto:ekeppelman@gmail.com">ekeppelman@gmail.com</a></td>
</tr>
</tbody>
</table>

## Portfolio Managers

<table>
<thead>
<tr>
<th>Name</th>
<th>Title</th>
<th>Phone</th>
<th>Email</th>
</tr>
</thead>
<tbody>
<tr>
<td>Joe Obi</td>
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</tr>
<tr>
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## Field Investment Officers

<table>
<thead>
<tr>
<th>Name</th>
<th>Title</th>
<th>Regional Mission</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jenna Diallo</td>
<td>Field Investment Officer</td>
<td>West Africa</td>
</tr>
<tr>
<td>Allan Hackner</td>
<td>Field Investment Officer</td>
<td>South Africa</td>
</tr>
<tr>
<td>Chris Powers</td>
<td>Field Investment Officer</td>
<td>South Africa</td>
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**DC**

**Based**

**Investment Officers**

**Portfolio Managers**

**Field Investment Officers**

**DC**

**Based**

**Investment Officers**

**Portfolio Managers**

**Field Investment Officers**
Thank you!
FY14 closed transactions in Africa

DCA signed 4 guarantees in the power sector leveraging over $159 million:

- **Nigeria**
  - Standard Chartered
    Zenith Bank
    $90 million
    Loan Guarantee
    Nigeria
    On-lending facility for generation and distribution company capital expenditures

- **Kenya**
  - Stima-SACCO
    $8 million
    Portable Guarantee
    Kenya
    Partial guarantee for retail loans to finance household connection to local power distribution

- **Tanzania**
  - Mapembasi Hydro Power Company Limited
    $11 million
    Portable Guarantee
    Tanzania
    Partial guarantee of senior project debt for 10MW run of river hydro project in Southern Tanzania

- **Nigeria**
  - AMP Solar Nigeria
    $50 million
    Portable Guarantee
    Nigeria
    Partial guarantee of senior debt for portfolio of distributed solar-battery hybrid power systems
Essential Capital Consortium: Off Grid Solar

Presentation at GOGLA Investor Conference
March 18, 2015

Passion to Perform
Deutsche Bank Global Social Finance

Founded in 1990, Global Social Finance (GSF) is a recognized pioneer in developing innovative social finance products and initiatives that impacts those communities most in need

- Provides mission-driven capital for urban regeneration, economic development, microfinance, affordable housing and social enterprise development

- Over 20 years, more than $2.5 billion profitably lent with 99.5% repayment, $1 billion current AUM
  - $700 mm US Social Investment AUM, all DB principal investment
  - $330 mm International Social Investment AUM, $18.5 mm of DB principal investment

- Mandate to leverage DB capabilities across business lines for benefit of society
- Profitable from fees, spreads and investment income (impact first)

- GSF is committed to addressing the intersection of climate and poverty by supporting growth amongst social enterprises that deliver innovative energy solutions to the poor while benefiting the planet
Essential Capital Consortium (2014) $50 million

- Structured to deploy growth capital to early stage social enterprises
- Diverse investor group including institutional & corporate investors, development financial institutions, HNW individuals and foundations, including $5.5 million principal investment from Deutsche Bank
- Introduces investors to new social enterprises in diverse sectors like health, sustainable energy and innovative financial services beyond traditional microfinance
- 20% guarantee against losses from Swedish Development Agency (SIDA) provides credit enhancement to investors
- 4% target investor return with 5 year tenor
## Investment Criteria: Energy

**ECC will focus on viable social businesses operating globally that focus on underserved communities and have a strong commitment to bringing measurable and sustainable economic opportunities**

<table>
<thead>
<tr>
<th>Eligibility Criteria</th>
<th>Target Borrower</th>
<th>Target Geography</th>
</tr>
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<tbody>
<tr>
<td></td>
<td>✘ Operates in three sectors: Energy, Healthcare and BoP Financial Services, including MFIs with products beyond typical MFI offerings such as housing, energy efficiency, leasing, education or vehicle loans</td>
<td>✘ Global focus, outside of the US and Western Europe</td>
</tr>
<tr>
<td></td>
<td>✘ Business models include, but are not limited to, product manufacturers, distributors, PAYGO service, mini-grids, cookstoves</td>
<td>✘ Eligible countries include countries classified by the World Bank as low-income, lower-middle-income or upper-middle income economies, with certain restrictions as required by Deutsche Bank’s AML Compliance policy</td>
</tr>
<tr>
<td></td>
<td>✘ Demonstrates intent to serve the poor and pursue a social mission and has a business model that presents innovative, viable, long lasting solutions to issues facing the BOP</td>
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<td></td>
<td>✘ Has a strong management team with extensive, relevant experience</td>
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<tr>
<td></td>
<td>✘ Is profitable or has a clear trajectory toward achieving profitability; a track record of at least two years of operations and annual revenue of at least $2mm</td>
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</table>

<table>
<thead>
<tr>
<th>Product Offering</th>
<th>Product Tenor</th>
<th>Currency</th>
<th>Security</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>✘ Senior Debt</td>
<td>✘ 2-3 years</td>
<td>✘ Loans to social businesses will be secured (receivables, inventory, etc) where possible or will be protected by external guarantees</td>
</tr>
<tr>
<td></td>
<td></td>
<td>✘ USD, or local currency swapped to USD using hedging partners like Deutsche Bank or MFX</td>
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<table>
<thead>
<tr>
<th>Limits</th>
<th>Maximum Size</th>
<th>Country Limit</th>
<th>Borrower Type</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>✘ Up to $5 million or 10% of the max portfolio (typical loan size ~$2.5 million)</td>
<td>✘ Max of 20% of the total portfolio in one country&lt;sup&gt;1&lt;/sup&gt;</td>
<td>✘ Up to 50% to MFIs</td>
</tr>
<tr>
<td></td>
<td>✘ Amount limited to 30% of Investee Companies’ total assets or 4x current annual EBITDA</td>
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</table>
Current portfolio promotes access to affordable energy around the world

**USA: Biolite** is a USA-based company that is developing a clean cookstove that can also charge cell phones and off-grid LED lights.

**India & Africa: Greenlight Planet** is a global provider of clean energy solutions to rural families around the world by creating and distributing affordable, reliable solar lanterns through a network of microentrepreneurs. Since 2008, Greenlight’s solar lanterns have reached over 2 million households across 23 countries.

**Tajikistan: Arvand** is a microfinance institution offering a new “Green Loan” that will finance the purchase of solar panels, insulation, cook stoves, etc. Arvand expects to disburse $2mm Green Loans in 2015.

**India: Orb Energy** is one of India’s leading manufacturers, distributors and servicers of residential and commercial solar energy solutions for reliable power, hot water heating and improved energy efficiency. Orb Energy also provides lighting to solar villages and affordable small scale solar lanterns.

**Global: d.Light design** manufactures solar lighting solutions for the bottom of the pyramid.

**USA: Biolite** is a USA-based company that is developing a clean cookstove that can also charge cell phones and off-grid LED lights.
Global Social Finance: Energy Portfolio

• 2011, Global
  • **Current Exposure:** $375,000 PRI loan, DB Foundation
  • **Expected Future Loan Usage:** Working capital to bolster GLP’s inventory financing needs
  • **History:** DB Foundation authorizing Greenlight’s first loan of $250,000 in late 2011 via Greenlight’s win of the Solar For All competition.
  • The company’s performance and borrower track record of no late payments, led the Foundation to follow up with another loan of $250,000 in March 2014.
  • 50% of the initial loan was repaid on May 2014
  • Currently, DB is in conversations with GLP for a ECC loan
  • **Credit Enhancement:** None

• 2012, Global
  • **Current Exposure:** $1mm, senior loan, Global Commercial Microfinance Consortium II
  • **Loan Usage:** Working capital
  • **History:** DB’s GCMC II fund authorized d.light’s first loan of $1.5mm in 2012.
  • DB’s GCMC II fund then recommended an add-on of $1.5mm in March 2013. This was approved as a 1-month bridge, where in DB identified two co-financers (Netri Foundation and New Island Capital) to come in and buy $500,000 and $1.5mm of the debt, respectively
  • **Credit Enhancement:** USAID DCA guarantee

• 2013, India
  • **Current Exposure:** $1mm senior NCD, Global Commercial Microfinance Consortium II
  • **Loan Usage:** Fund vertical integration of water heater manufacturing processes
  • **History:** DB’s GCMC II fund authorized a total commitment of $2mm. The fund disbursed $1mm of that commitment through a NCD. GCMC II will disburse the second tranche when Orb Energy achieves a select group of financial milestones
  • **Credit Enhancement:** USAID DCA guarantee
Global Social Finance: Energy Portfolio

- 2014, US/Global Expected
- Current Exposure: $500,000 PRI loan, DB Foundation
- Loan Usage: Working capital
- History: DB Foundation authorizing a $500,000 PRI loan from the DB Foundation. 50% of the loan may be transferred at book value to the Clean Cooking Working Capital Fund as a participation (once the CCWCF has been set up)
- As of 2015, Biolite also launched a solar lighting product
- Currently, DB is in conversations with BioLite for a ECC loan
- Credit Enhancement: None

- 2014, Tajikistan
- Current Exposure: $2mm senior loan, Essential Capital Consortium
- Loan Usage: Working capital to fund MFI on-lending
- History: Arvand was selected for a $2mm loan from ECC for its solid financial health, its outstanding social performance, and its embrace of product innovation.
- Arvand recently developed an innovative Green Loan, designed to finance the purchase of solar panels, clean cookstoves and other energy efficient products. Arvand expects to disburse USD 2 million in these loans in 2015, a share projected to increase in later years.
- Credit Enhancement: None

Stay Tuned!
FINCA’s Mission and Vision

Mission - why we exist:
• FINCA’s mission is to alleviate poverty through lasting solutions that help people build assets, create jobs, and raise their standard of living.

Vision - where we want to go:
• FINCA’s vision is to build a global network of sustainable and scalable social enterprises that improve lives worldwide.
The 30-Year FINCA Competitive Advantage

Access to Finance

1.8M Clients in 23 Countries

30 Years of Experience of Working with the Poor

Trusted Brand

Financial Acumen

FINCA is perfectly positioned to become the first microfinance institution to accelerate the expansion and growth of select Social Enterprise partners.
What We’ve Learned: Key Social Enterprise Needs

Greater exposure: relationships and partners to grow their business, access finance, and build credibility

Distribution channels: cost-effective and innovative sales and distribution channels to reach customers at scale

Customer education to overcome cultural barriers and adaptation of new products and technologies

Alternate credit methodologies adapted for high-volume, low denomination (HVLD) lending

Microfinance alone does not have the capacity to address the sheer scale of people who would benefit from Social Products and Services.
Universe of Engagement in Social Enterprise

- Financing Social Enterprises
- Financing End Users of Social Products
- Distribution of Social Products
- Running Social Enterprises
- Influencing the Industry Through Advocacy
# Comparative Analysis of Universe of Engagement

<table>
<thead>
<tr>
<th></th>
<th>Financing Social Enterprises</th>
<th>Financing End Users of Social Products</th>
<th>Distribution of Social Products</th>
<th>Running Social Enterprises</th>
<th>Influencing the Industry</th>
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<tbody>
<tr>
<td><strong>Scalability Timeframe</strong></td>
<td>EXCELLENT</td>
<td>EXCELLENT</td>
<td>GOOD</td>
<td>FAIR</td>
<td>EXCELLENT</td>
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<tr>
<td><strong>Alignment with Core Competency</strong></td>
<td>EXCELLENT</td>
<td>EXCELLENT</td>
<td>EXCELLENT</td>
<td>FAIR</td>
<td>GOOD</td>
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<tr>
<td><strong>Level of Risk</strong></td>
<td>GOOD</td>
<td>GOOD</td>
<td>FAIR</td>
<td>FAIR</td>
<td>EXCELLENT</td>
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<td><strong>Logistics and Execution</strong></td>
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<td>GOOD</td>
<td>FAIR</td>
<td>FAIR</td>
<td>EXCELLENT</td>
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<td><strong>Potential Profitability</strong></td>
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<td>EXCELLENT</td>
<td>FAIR</td>
<td>EXCELLENT</td>
<td>FAIR</td>
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<tr>
<td><strong>Level of Seed Capital Required</strong></td>
<td>GOOD</td>
<td>GOOD</td>
<td>GOOD</td>
<td>FAIR</td>
<td>EXCELLENT</td>
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<td><strong>Economic Benefits</strong></td>
<td>EXCELLENT</td>
<td>EXCELLENT</td>
<td>GOOD</td>
<td>EXCELLENT</td>
<td>FAIR</td>
</tr>
</tbody>
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| **TOTAL EXCELLENTS** | 5                            | 4                                     | 1                               | 2                          | 4                         |
Our Three-Pronged Strategy

**Influence**
- 1. FINCA+ Social Enterprise Accelerator

**Innovation**
- 2. FINCA+ Uganda Distribution Business

**Investment**
- 3. Investment in Social Enterprises
### 1. Influence Through Experience—FINCA Social Enterprise Accelerator (SEA)

- **Accelerate the growth of Social Enterprises through practical business approach, unique in the industry**
- **Advocate for a fair and favorable business environment**

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<th>Number</th>
<th>Title</th>
<th>Details</th>
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<td>1</td>
<td>Collaboration and Scalable Partnerships</td>
<td>• Partnerships, licensing, and joint ventures</td>
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| 2      | Innovative Financing Structures                 | • Alternative credit methodologies for high-volume low-denomination (HVLD) lending  
|        |                                                 | • Facilitate delivery of financial resources                            |
| 3      | Customer Education to Overcome Adoption Barriers | • Facilitate customer education through 30-year trusted relationship working with the poor |
| 4      | Establish Responsible Social Business Standards  | • Level the historic imbalance of power between poor and financier and require transparency in pricing, strong after-sale service, and product quality |
| 5      | Advocate for Pro-Social Business Policy         | • Partnership with governments to enable effective collaboration and better policy to overcome challenges faced by Social Enterprises |
2. Innovation Through Experimentation – FINCA+ Uganda Distribution Business

Transform sales and distribution through continued experimentation in innovative ways of lending for high volume, low denomination (HVLD) products.

- **Distribution**: Engage a sales force of young, unemployed youths to help distribute and sell Social products.

- **Financing End-Users**: Develop innovative credit methodologies in partnership with FirstAccess and ideas42 based on behavioral and psychometric indicators for HVLD lending in Africa.
3. Investment in Social Enterprises – FINCA+ Investing Activities

- Direct investment
- Asset purchase (e.g. buying inventory of Solar Enterprises)
- Buying loan portfolios through FINCA subsidiaries
Panel Discussion: Ideas on Closing the Financing Gap

Jacob Winiecki, CGAP
Lauren Cochran, Blue Haven Initiative
Christopher Aidun, Persistent Energy Capital
Michael Lin, Fenix International