EDFI ElectriFI

A year in review 2021



electrifi.eu





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EDFI ElectriFI is an impact investment facility that invests in early-stage companies and projects in the access to energy sector.

EDFI ElectriFI focuses on creating new and improved connections and on increasing generation capacity from sustainable energy sources. EDFI ElectriFI invests in the private sector in emerging markets. The facility is managed by the EDFI Management Company, an organisation established by the 15 European Development Finance Institutions (DFIs).





EDFI Management Company

The EDFI Management Company (EDFI MC) was established in 2016 to serve as a common platform for developing innovative partnership models between the European institutions and European DFIs. EDFI MC delivers development finance solutions that enable European DFIs and private sector investors to increase the scale and impact of their work. These solutions allow them to focus on those business models, technologies and geographies where they have not been able to operate at the desired scale, given their resources and investment criteria. It places a particular emphasis on sectors that are critical to sustainable development, such as access to energy and sustainable agriculture.

At EDFI ElectriFI, we share EDFI's vision: ***Investing to make a difference.*** To improve people's lives in countries where the need is greatest, by enabling the private sector to invest more, and in higher-risk projects, thus creating growth with strong development impact

edfimc.eu

The Electrification Financing Initiative

EDFI ElectriFI

Our mission

Contribute to ensuring access to affordable, reliable, sustainable and modern energy for all.

Access to energy is fundamental for development and poverty reduction, particularly in developing countries. In order to achieve the goals of the 2030 Agenda for Sustainable Development and the Paris Agreement on climate change, it must be a priority to develop sustainable energy approaches that lay the foundations for resilient, low-emission economies and societies around the world. In that perspective, the private sector is an essential partner. Increasing sustainable investments in small and medium-sized enterprises (SMEs) active in the renewable energy industry is key to ensure the transition towards a sustainable economy.



679 million people

will still be without electricity by 2030 according to the UN[1]

As the planet faces overlapping and interlinked global crises, the aspirations set out in the 2030 Agenda for Sustainable Development are in jeopardy. The current global energy crisis stresses even more the urgent necessity to transform developing countries' energy sector in order to allow the most vulnerable population to benefit from an accelerated shift to more affordable and cleaner sources of energy.

1. United Nations SDG report 2022

The EU has been pioneering efforts to support private sector-led sustainable energy investments and address the needs identified by developing countries. The Electrification Financing Initiative (EDFI ElectriFI) is one of the EU's key innovative financial instruments mandated to narrow the investment gap in the renewable energy sector. Launched in 2015 during COP21, the facility has become a key instrument in realising the ambitious targets of the recent Global Gateway strategy, in a Team Europe approach.

The facility's unique business model relies on EU funding in order to invest in local markets in poorer economies and fragile situations. By combining technical assistance and risk capital, EDFI ElectriFI can take greater risks than other investors. As such, its activities de-risk investments and allow private investors and development finance institutions to deploy capital that they could not have invested otherwise.

Global Gateway

EDFI ElectriFI

"At EDFI ElectriFI, we invest to improve people's lives in countries where the need is greatest. We aim to accelerate the development of businesses and create new and improved connections and thus electrify millions of households and reduce CO_2 emissions. To that end, we work closely with the European Commission, DFIs, and private investors to develop strategies for offsetting risks and maximising private sector leverage in sustainable energy financing".

JEAN-DENIS COLLIN

ElectriFI Manager at EDFI Management Company



"EDFI ElectriFI's additionality is based on its mandate to invest in smaller amounts and at an earlier stage. This makes EDFI ElectriFI uniquely placed to provide much-needed, but scarcely available, early-stage funding. Consequently, the facility is able to provide a pipeline of scalable projects for the European DFIs. EDFI ElectriFI is a striking example of public-private partnership between the EU and European DFIs to facilitate and enable access to energy in those countries where it is much needed. **We only have ten years left to reach the 2030 Sustainable Development Goals.** To accelerate progress towards Clean and Affordable Energy for All (SDG7), we desperately need funds such as ElectriFI".

MARINA PANNEKEET

Manager Energy/ Southern and East Africa at FMO and Chair of ElectriFI's Investment Committee



Our values



Impact-driven



Accountable



Enabbling



Entrepreneurial



Inclusive



Our mandate

Support early-stage, viable private businesses and projects that increase or improve access to and supply of sustainable energy.

EDFI ElectriFI is a strategic and innovative financing instrument aimed at increasing access to clean energy in developing countries. The EU-funded blending facility contributes to de-risk the distributed renewable energy sector and catalyse additional private investments.

After five years of operation, EDFI ElectriFI currently manages EUR 277m on behalf of the EU. This funding has increased over the years, and combines two facilities offering a global reach and tailor-made approaches for increasing access to clean energy in developing countries.



ElectriFI Global

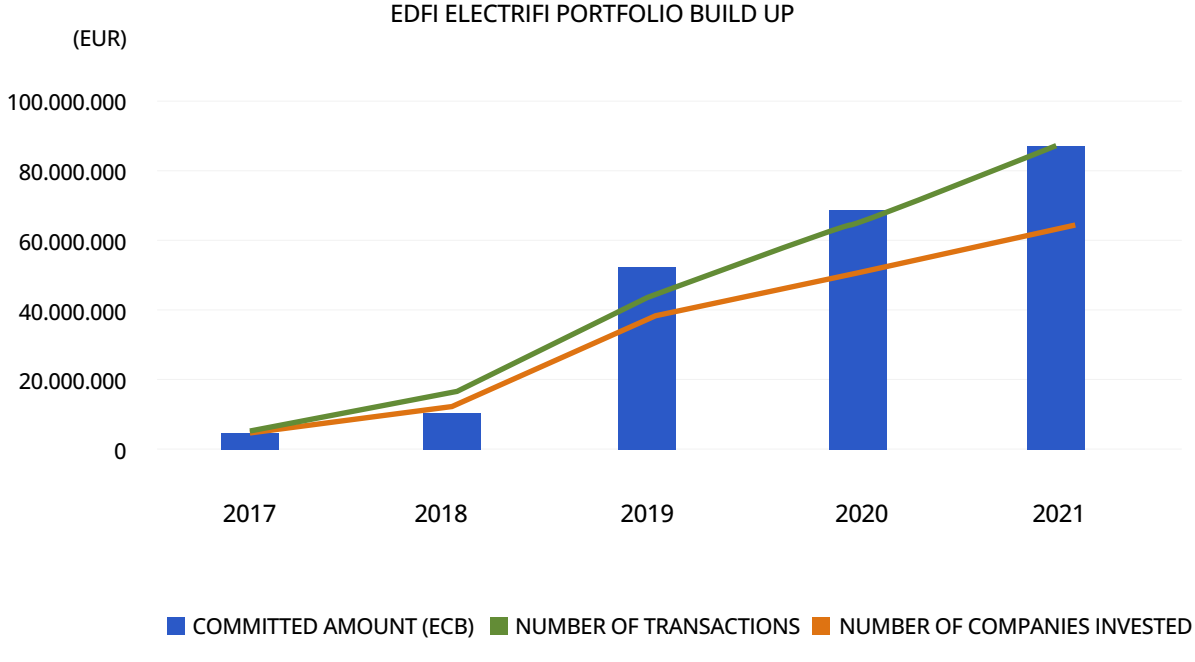
(EUR 121m)

Launched in 2016 and including contributions from Power Africa (USD 10m targeted at sub-Saharan Africa) Italy (EUR 5m) and Sweden (EUR 5m).

ElectriFI Country Windows

(EUR 156m)

offering dedicated funding for selected countries. Country Windows are established in close collaboration with EU delegations and with the support of national governments. The first set of Country Windows (launched in 2018) was allocated to Zambia (EUR 31m), Nigeria (EUR 30m), Côte d'Ivoire (EUR 10m), Benin (EUR 5m) and Pacific (EUR 8m). The second set of Country Windows (contracted at the end of 2020) will deploy specific funding for Kenya (EUR 47.6m), Burundi (EUR 9.3m), Eswatini (EUR 5m) and Uganda (EUR 5m).



Our mandate

Our market ↘



focuses on renewable energy investments that are additional to those from European DFIs or commercial investors.

Our clients ↘



are building sustainable, for-profit businesses that target long-term impact and repayment of the investment capital.

Our investments ↘



are made with patient capital designed to address the specific needs of early-stage businesses.



Our team ↘



is composed of dedicated, experienced professionals who specialise in investing in early-stage ventures in emerging markets dedicated to contributing to the SDGs.

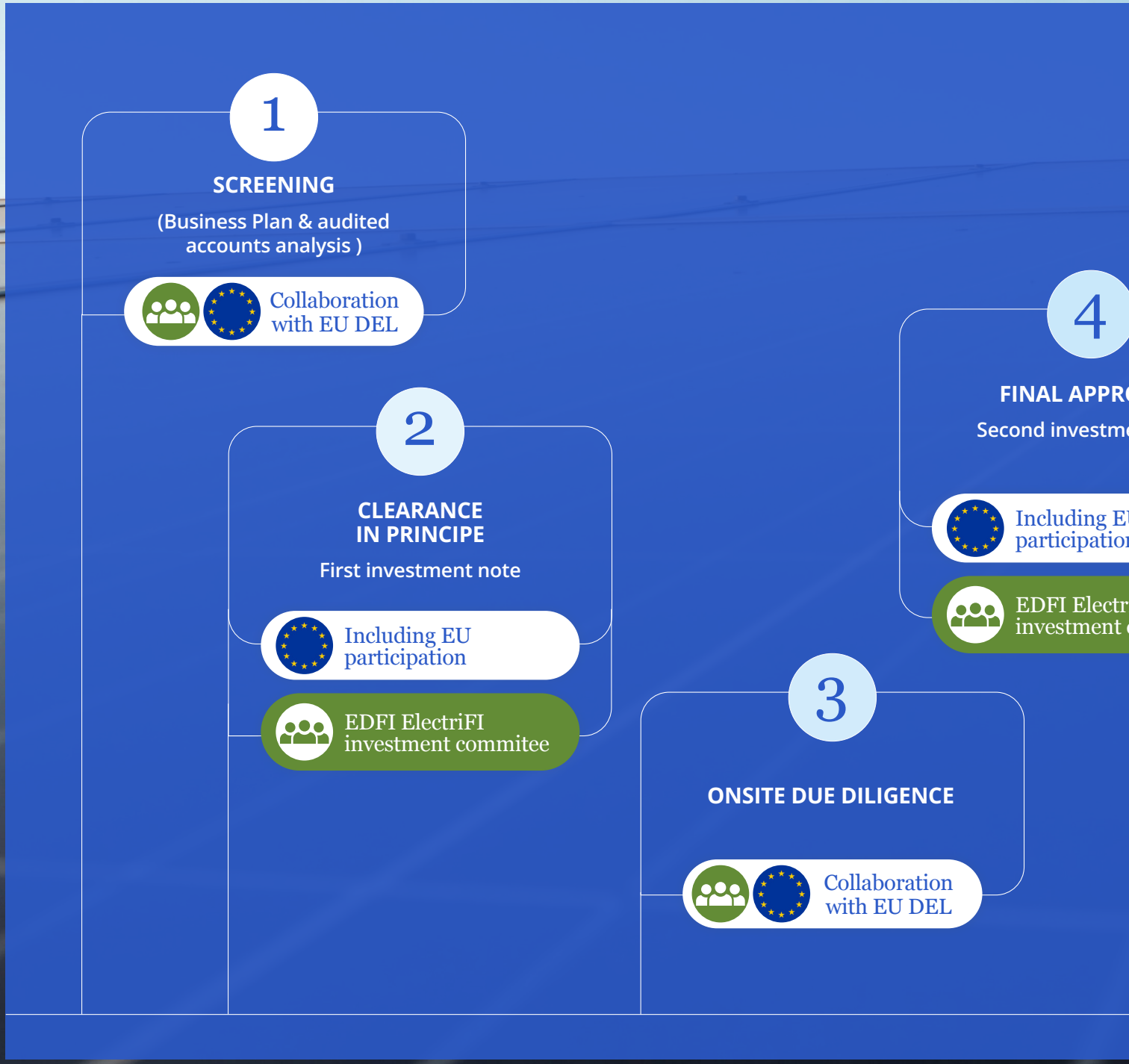
Our governance ↘

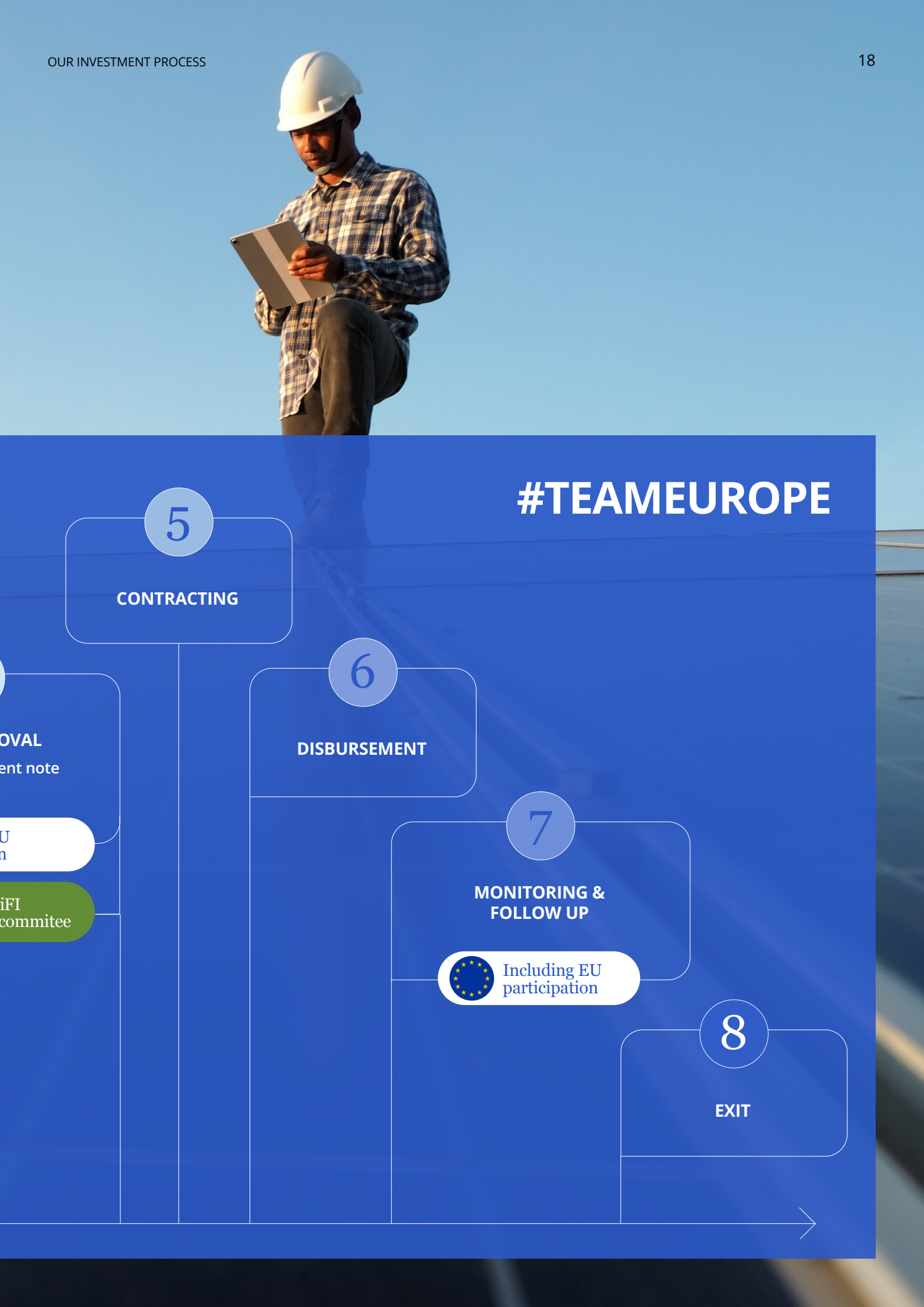


incorporates processes for engaging the European DFIs, the EU and local delegations throughout the investment cycle, including strategy design and investment approval.

Our investment process

A standard 2–steps approval to contracting, with onsite due-diligence





#TEAMEUROPE

5

CONTRACTING

OVAL

ent note

U
n

iFI
commitee

6

DISBURSEMENT

7

MONITORING & FOLLOW UP

Including EU participation

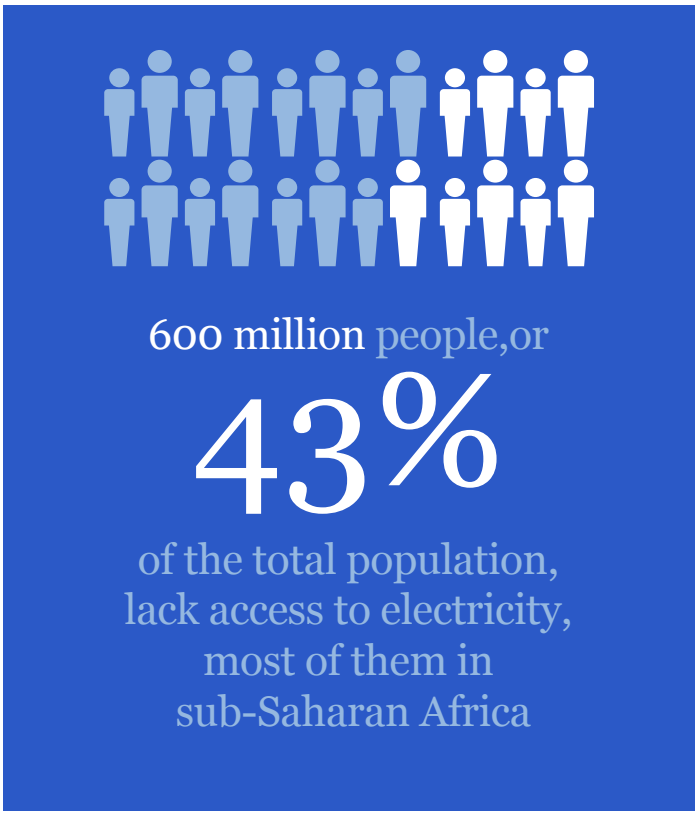
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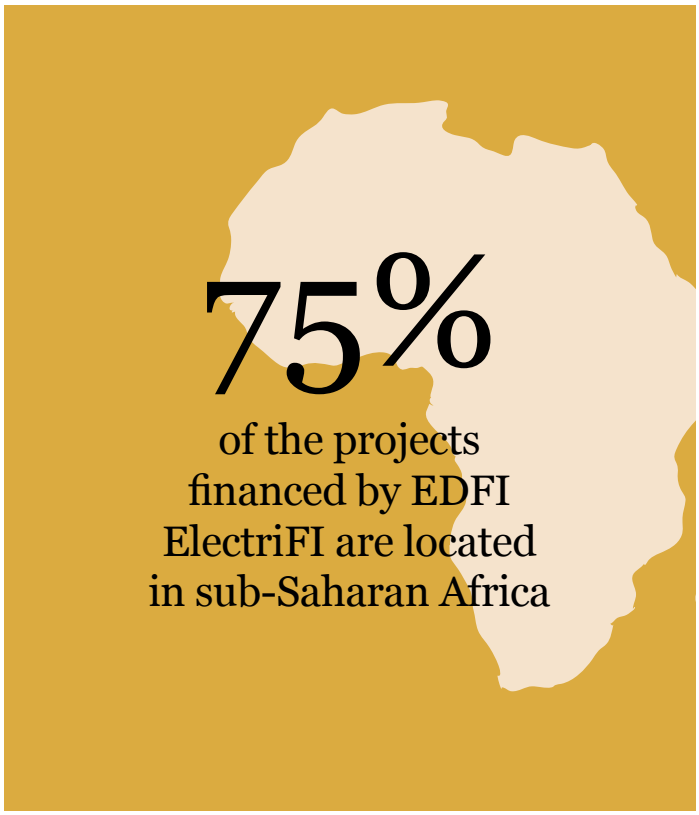
EXIT

Strategy focus: Unlocking more finance to secure Africa's energy future

Affordable and sustainable energy for all Africans is an immediate and absolute priority

- In 2020, 77% of the global population without electricity lived in sub-Saharan Africa.
- Africa is home to 60% of the best solar resources globally, yet only 1% of installed solar PV capacity.
- Achieving Africa's energy and climate goals means more than doubling energy investment this decade. This would require USD 190 billion each year from 2026 to 2030, with 75% going to clean energy.





While Africa bears the least responsibility for the CO_2 emissions and climate change negative consequences, the continent is also the most affected by the cascading crises.

Contributing to Africa's sustainable growth involves taking into consideration its growing productive use of energy. By investing in innovative renewable energy projects that put people at the center of their strategies, EDFI ElectriFI aims to support sub-Saharan African countries to reduce their energy dependence, create sustainable jobs and contribute to green growth. EDFI ElectriFI targets the most vulnerable populations, with a strong focus on innovation, entrepreneurship as well as women and youth empowerment.

A year in review

The year 2021 has been **a year of challenges and opportunities** for EDFI ElectriFI. While the pandemic continued to impact most of our operations and investee companies, it has also attracted a growing number of financiers and political leaders into the renewable energy sector. The unprecedented situation faced by low-income countries has increased the uncertainty around those markets. Several of our investee companies had to cope with these increased challenges. Most of them have endured lower revenues and lower cash flows, as well as supply chain disruptions. Our main priority was therefore to selectively continue to support our existing portfolio and to manage the consequences of the crisis on those companies.

EDFI ElectriFI continued to outperform in 2021



With

11 new

transactions signed,



supporting

8

investee companies



for a total of

€ 18m

including an existing client.



↘ **The need for patient and affordable long-term capital (equity and equity like) has never been as high.** The low maturity of the market, combined with limited cash flow generation and vulnerability to external shocks limits the leveraging capacity of the access to energy businesses at a time where the vast majority of the funding brought to companies is under the form of senior debt. The specificities of our mandate has never been clearer.

First of all, we've continued to evidence our additionality by focusing on the stage of investment in our investee companies. Two thirds of them are either start-ups of scale ups and most of our corporate equity investments are done in Series-A or Series-B. We've also adapted of financing instruments to the context. 77% of the financing has been contracted in equity like instruments (equity, quasi equity and junior debt) allowing companies to catalyse more private finance. EDFI ElectriFI also continuously committed to offer flexible investment solutions that are tailored to the market's needs. While the proportion of investment in the SHS sector have decreased (from 45% in 2019 to 32% in 2021), the minigrid sector has become increasingly important. We also have introduced a working capital facility for the very first time in a transaction with Amped Innovation in Africa.



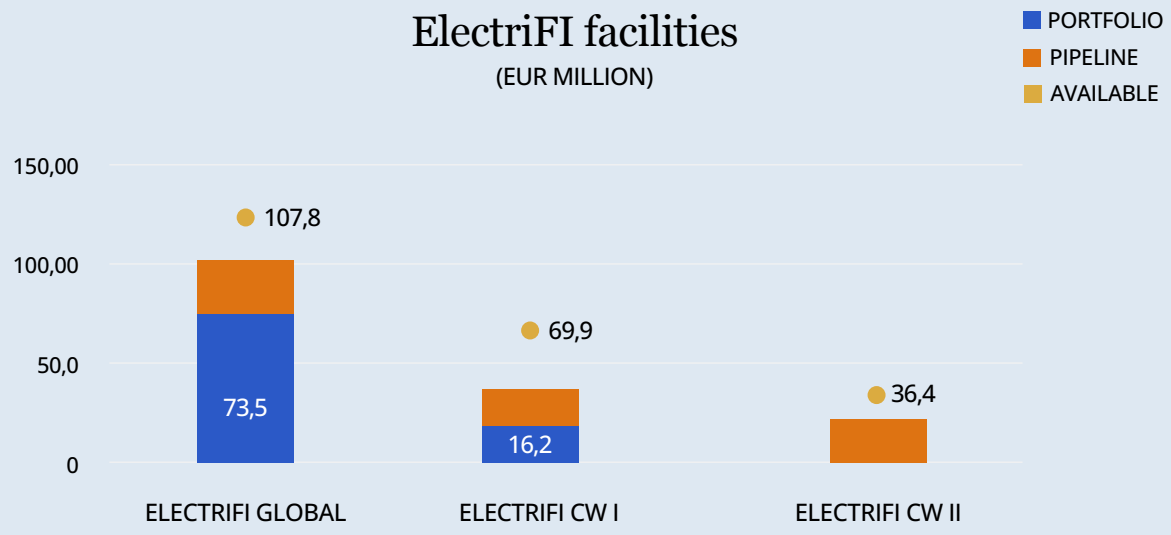
↘ **The EDFI ElectriFI facility kept developing.** We've launched four additional country windows providing dedicated funding for specific countries (Eswatini, Burundi, Kenya and Uganda), together earmarking EUR 44m. By year end, a top up of Kenya was also signed, bringing the size of the ElectriFI Country Window 2 facility to EUR 67m. The consolidation of the Country Windows' extension is the result of a highly effective collaboration with the European Commission and a fostered coordination with the European delegations on the ground.

In the coming years, we want to build up on our lessons learned, and keep partnering with the EU Commission, local authorities, international institutions and European DFIs on specific geographies to continue supporting access to electricity across the globe.

We want to continue exploring new product offerings, innovative business models and our approaches to the sector of access to energy while pursuing to deepen the outreach.

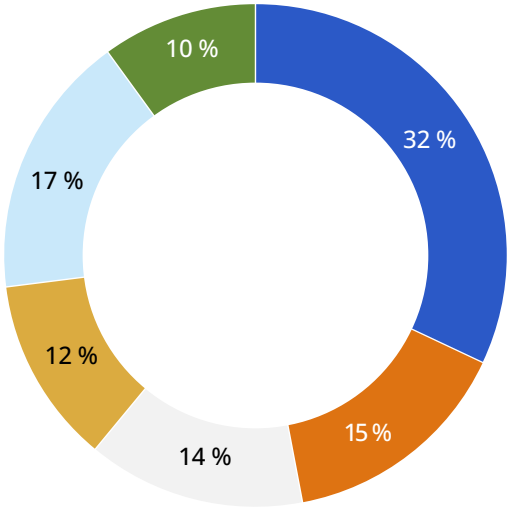


Our portfolio





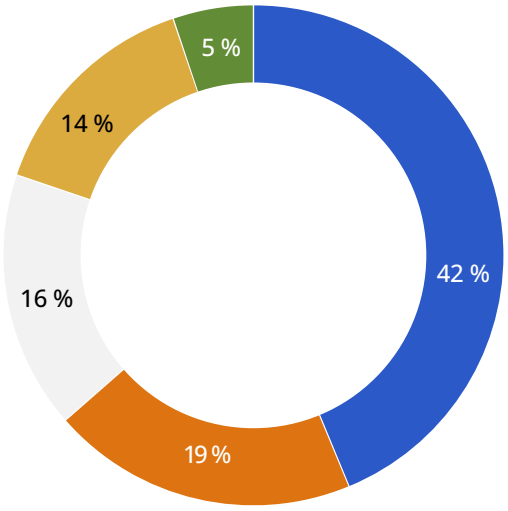
Overview (December 2021)



Breakdown by business model

(EUR MILLION)

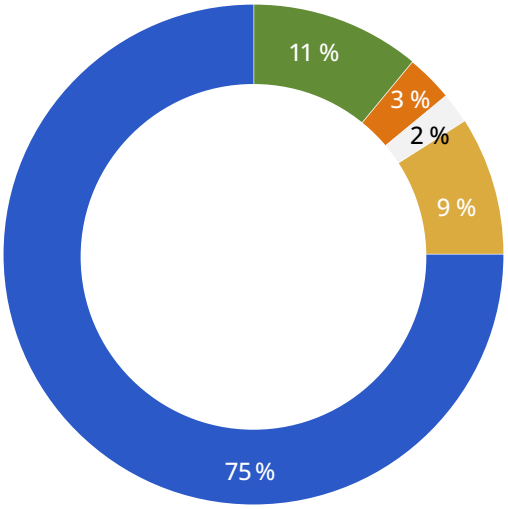
SOLAR HOME SYSTEMS
MINI-GIRDS
C&I
IPP
DIVERSIFIED DRE
OTHERS



Breakdown by financial instruments

(EUR MILLION)

EQUITY
QUASI EQUITY
JR DEBT
SR DEBT
WCF



Breakdown by region

(EUR MILLION)

SOUTH EAST ASIA
CENTRA LAMERICA
NORTH AMERICA
GLOBAL
SUB-SAHARAN AFRICA

Achievements

EUR
85m
committed

44
transactions supporting

32
companies and projects

80%
including off-grid energy companies in (semi-) rural areas

Average ticket size
EUR
2.9m

40%
investments in Country Windows

For each euro invested by the facility, we managed to leverage 3.5€ from other investors in those same companies.

Contribution to impact targets

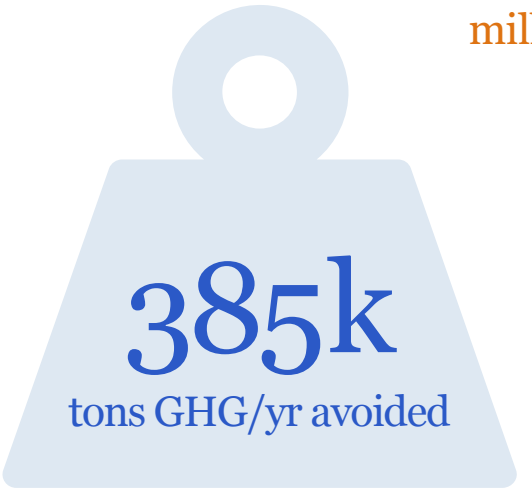


million beneficiaries



125

GWh renewable energy produced per year



385k

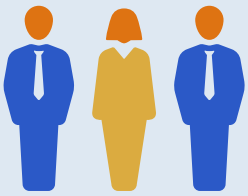
tons GHG/yr avoided



Our investees' senior management is composed of

76%

of women



Our investees' companies employ

45%

of women as part of their total workforce

2X CHALLENGE FINANCING FOR WOMEN

86%

of the portfolio meets the 2X Challenge to invest in women criteria

Our value proposition

An innovative and catalytic blending instrument



EDFI ElectriFI

Impact first

INVESTING IN SUSTAINABLE FARMING
IN DEVELOPING COUNTRIES

More than half of the EDFI ElectriFI's portfolio is invested in least-developed countries and fragile states.

EDFI ElectriFI directly contributes to reducing GHG emissions (SDG13) and to ensuring access to affordable, reliable and sustainable energy (SDG7). Through its investments in private companies and projects, the facility aims to accelerate the development of businesses by providing access to clean energy for hundreds of millions of people by 2030.

EDFI ElectriFI clients have to meet pre-defined impact targets, high standards of business integrity and are expected to reach profitability within three years following investment.

Additional and collaborative

BUILDING AND ACCELERATING
MARKETS THROUGH PARTNERSHIPS

40% of the portfolio value is co-financed with DFIs.

EDFI ElectriFI works closely with the European Union, DFIs and private investors to develop strategies for offsetting risks and maximising private sector leverage in sustainable energy financing.

By developing Country Windows in collaboration with EU Delegations and host governments, EDFI ElectriFI is able to offer customised approaches to meet the needs of specific markets.



EDFI ElectriFI

Go-to-place for catalytic investments

INVESTING WHERE OTHERS CANNOT

EDFI ElectriFI's total investments have leveraged an extra EUR 280m.

EDFI ElectriFI makes investments that are in addition to those from other investors. These investments rely on a strategic and entrepreneurial approach to attracting additional financing for promising early-stage businesses. They comply with EU development finance objectives by reducing their exposure to risk and allowing them to grow and gain access to traditional financing methods. All investments are assessed using strict additionality criteria and leverage ratios.

Fit for purpose and scalable

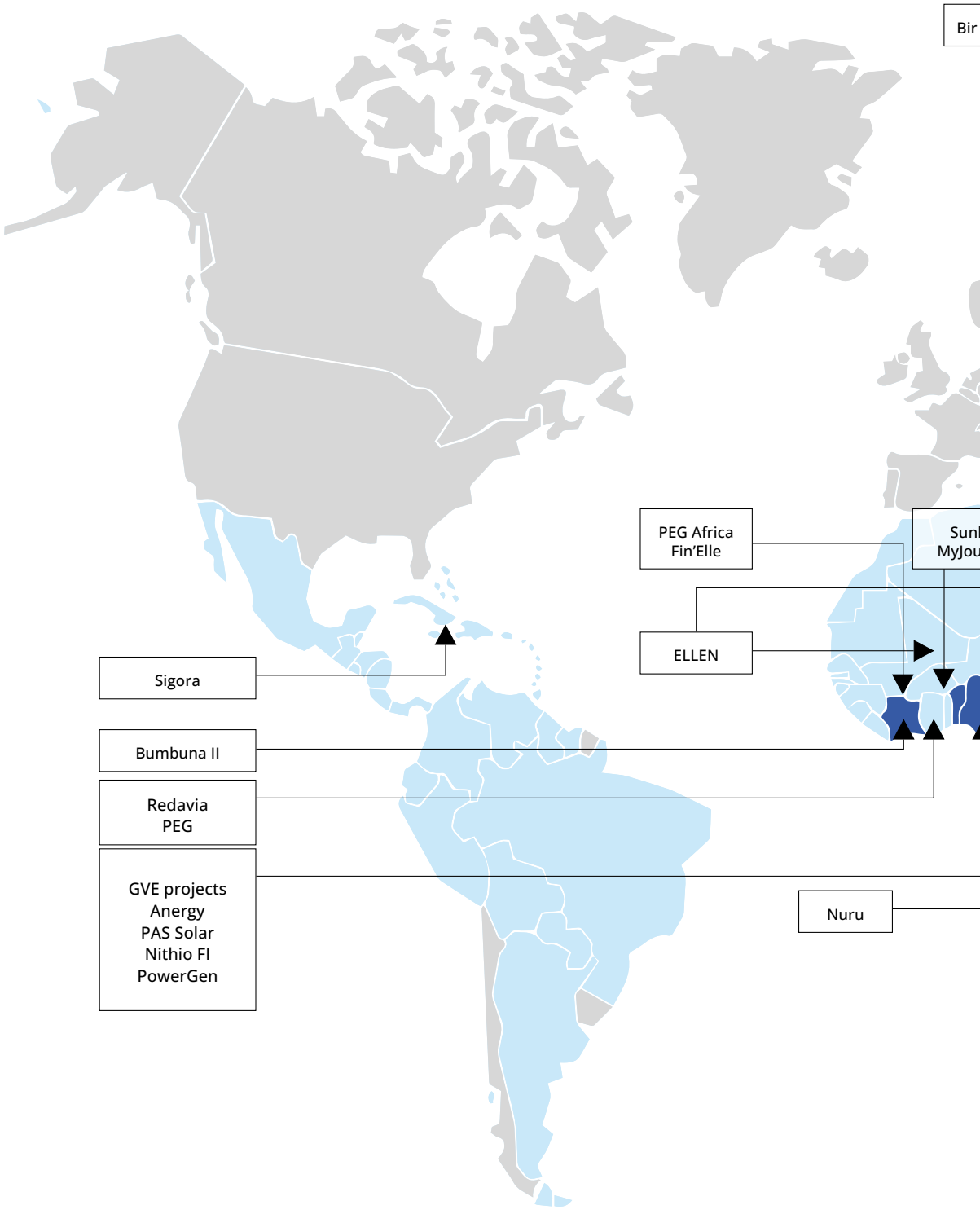
OFFERING FLEXIBLE PRODUCTS THAT MEET THE SECTOR'S NEEDS

70% of EDFI ElectriFI's investments are equity and quasi-equity.

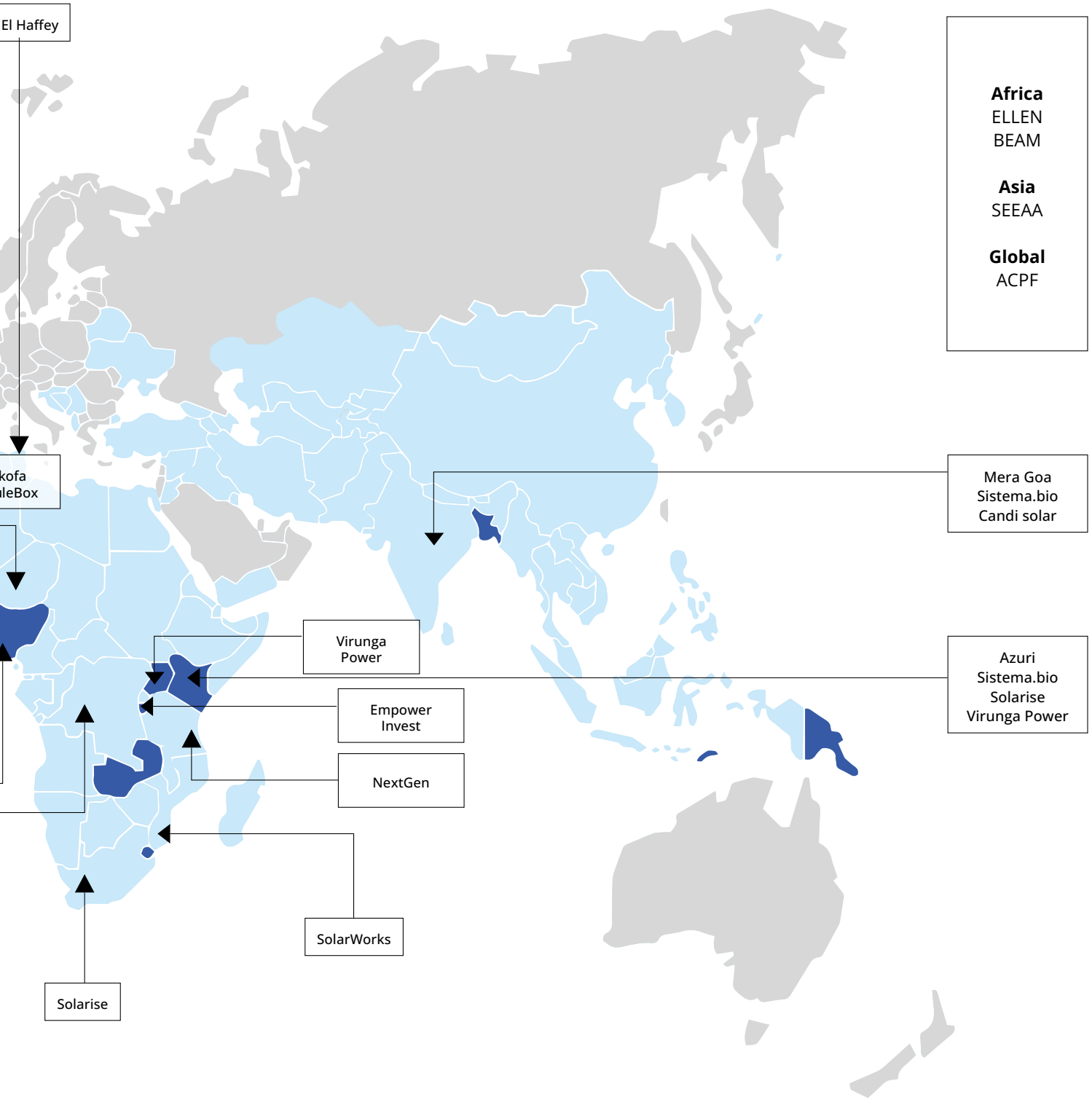
Working closely with its clients, EDFI ElectriFI develops long-term financing solutions tailored to each specific project, the current economic and financial situation of the country as well as its risk profile.

EDFI ElectriFI invests debt, equity and quasi-equity investments from EUR 0.5-10m (or the equivalent in USD or local currency) through various instruments such as equity, quasi-equity and junior and senior debt. This allows the facility to invest early in innovative companies and to support entrepreneurs' needs.

A global footprint



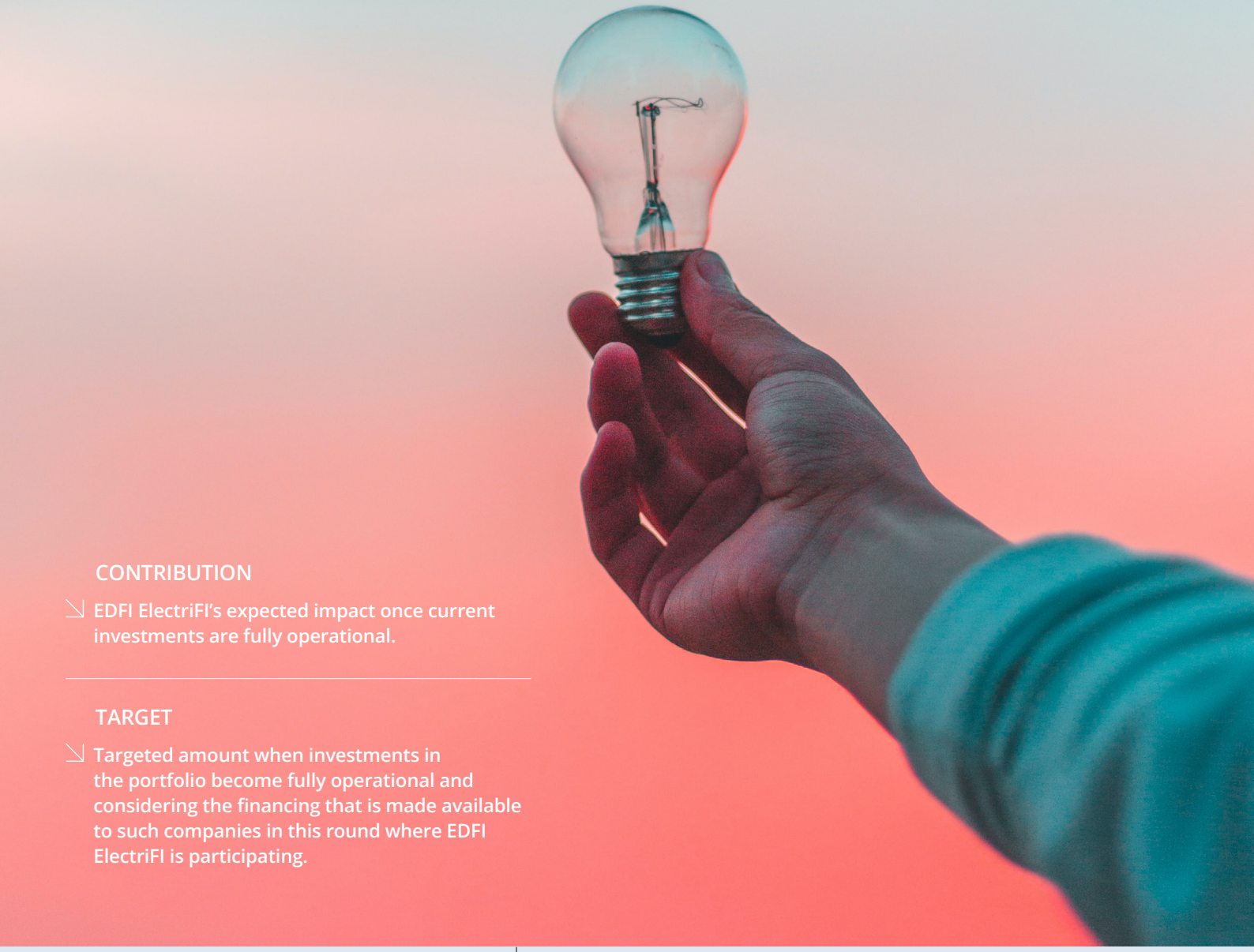
↘ EDFI ElectriFI operates globally. In addition to its global mandate across the OECD DAC (Development Assistance Committee) list, it has developed customised investment strategies that target specific countries and regions. To date, ElectriFI has committed investments in **22 countries**, of which **75%** of the projects are located in **sub-Saharan Africa**.



Our clients' impact

As an impact-driven initiative aligned with development finance standards, EDFI ElectriFI strives to unlock extraordinary social and environmental returns from growing businesses. EDFI ElectriFI applies stringent sustainability standards; as well as conducting in-depth due diligence, it requests that its clients achieve high social, environmental and fiscal standards. For each project, EDFI ElectriFI monitors the following impact targets:

INITIATIVE	Number of Beneficiaries (millions of people)		
	TARGET	REALISED	TARGET
ELECTRIFI GLOBAL	16,0	11,7	545.000
ELECTRIFI CW 1	3,130	0,279	118.667



CONTRIBUTION

EDFI ElectriFI's expected impact once current investments are fully operational.

TARGET

Targeted amount when investments in the portfolio become fully operational and considering the financing that is made available to such companies in this round where EDFI ElectriFI is participating.

	GHG Avoided (Tons of CO2 per year)		Output (GWh per Year)	
	REALISED		TARGET	REALISED
	381.798		394,0	118,6
	3.619		165,2	5,9

Selected case studies

Redavia – successful exit and follow-on investment

In 2021, EDFI ElectriFI successfully exited a USD 2M loan (EUR 1.83M equivalent) subscribed in 2018 by REDAVIA, a solar power provider for commercial and industrials in West and East Africa. In parallel, EDFI ElectriFI signed at the same time a new USD 3.1M (EUR 2.84M equivalent) loan to accelerate the company's expansion in Ghana and Kenya.

REDAVIA is a C&I company providing pre-configured solar units through flexible lease-to-own contracts helping, so customers can cut energy costs, while simultaneously paying off their solar assets. EDFI ElectriFI's investment in the period 2018-2022, in Ghana alone, helped commission 3.4MWp of solar capacity, while avoiding the equivalent of 4,129 tons/y of carbon emissions.

The benefits for local SMEs willing to transition towards greener sources of energy are huge. For instance, the 48 kWp roof-mounted solar farm deployed by Redavia for the agribusiness Exotic EPZ in Nairobi has helped the SME to significantly reduce its carbon emissions, and to make meaningful financial savings which allowed the company to support its customers. The solar farm has enabled the company not just to survive the COVID-19 crisis, but to thrive. Exotic EPZ was able to reinvest the company savings into the business and to scaleup its macadamia nut processing, allowing the company to support more smallholder farmers and to employ more local employees.



" EDFI ElectriFI's investment in the period 2018-2022, in Ghana alone, helped commission 3.4MWp of solar capacity, while avoiding the equivalent of 4,129 tons/y of carbon emissions."

MyJouleBox - Leasing solar installations to households and small businesses in remote areas

EDFI ElectriFI invested a total of EUR 1.5m split (the first investment under the Benin Country Window) in MyJouleBox, a solar distributor & operator in Benin. The financing was part of a EUR 3m Series A round aimed at strengthening its positions as a leading energy specialist in Benin and accelerate its expansion in Burkina Faso, Senegal and Togo. The company, operating under the brand ARESS, has developed a competitive one-stop-shop approach to service complementary segments of clients (retail, SMEs, communities) in their decentralised, renewable energy needs.

MyJouleBox is the result of a friendship between its founders, Paul Berthomieu and Leonide Sinsin. They met in Paris during their PhD in Electrical Engineering and became friends. Leonide, born in Benin, managed to convince his friend to follow him there and they very quickly started the Aress company, specialised in the installation and distribution of high-quality solar power systems, using the money earned during their internship.

While only 40% of Beninese citizens have access to electricity, a significant gap is observed between access in urban (70%) and rural areas (18%). Governmental ambitions aim to achieve urban and rural electrification rates of 95% and 65% by 2025. A quarter of the country's energy mix is expected to come from renewable energy. As a result, solar demand is expected to grow by 20% per year by 2035 in Benin. MyJouleBox is well positioned to contribute to accelerate electricity access in the country. The EDFI ElectriFI funding will support the expansion of the company's customer base and deploy up to 36 MW of photovoltaic solar modules by 2023. With this funding, the company aims to reach some 55 000 new beneficiaries, to save more than 40 000 tons of CO_2 eq/year.



“ The company aims to reach some 55 000 new beneficiaries, to save more than 40 000 tons of CO2 eq/year.”

2021 investments

Over the past 12 months, alongside our partners we have invested to accelerate access to clean energy in seven countries in sub-Saharan Africa and Southeast Asia.



Azuri
Follow on investment

KENYA	EUR 1.5M	4M BENEFICIARIES
SHS	FINANCING INSTRUMENT JUNIOR DEBT	11500 TONS CO2-EQ/YEAR 1400 MWH/YEAR

EDFI ElectriFI contracted a first investment with Azuri in 2018, with a EUR 1.5m junior debt as part of a larger debt syndication of EUR 3.6m. After exiting the company in 2021 (ahead of the repayment deadline), and given the excellent results of the company, EDFI ElectriFI and other co-investors decided to subscribe to a follow-on investment of EUR 1.5million to support the expansion of Azuri's Solar Home System business in Kenya.

ELECTRIFI GLOBAL



Amped Innovation

NIGERIA	USD 6M	658 000 BENEFICIARIES
SHS	FINANCING INSTRUMENT SENIOR DEBT	

EDFI ElectriFI is supporting Amped Innovation's initiative to develop new productive use appliances designed specifically for off-grid usage. Indirectly, the investment supports creation of specialised SHS distributors across sub-Saharan Africa who can rely on Amped Innovation for all equipment supply. EDFI ElectriFI is financing the company's working capital needs, allowing Amped to allocate its cash resources on general corporate purposes including research and development.

ELECTRIFI GLOBAL & NIGERIA CW



MyJouleBox

BENIN	EUR 1.5M	155 000 BENEFICIARIES
SHS	FINANCING INSTRUMENT EQUITY + QUASI-EQUITY	20500 TONS CO2-EQ/YEAR 8.7 MWH/YEAR

MyJouleBox is a diversified energy access company active in Benin and expanding into adjacent countries and markets. Its product offering includes the cash sale (with partners) and paygo distribution of SHS as well as larger systems designed for local businesses and SME's Its diversified product portfolio helps it to navigate through the difficulties of the offgrid electrification sector.

BENIN CW



PowerGen Nigeria

NIGERIA	USD 3M	159 000 BENEFICIARIES
MINIGRID	FINANCING INSTRUMENT EQUITY	11850 TONS CO2-EQ/YEAR 3000 MWH/YEAR

EDFI ElectriFI invested in Powergen Nigeria to finance the construction of up to 30 minigrids in Nigeria, leading to 10,000 connections in rural Nigeria. PowerGen also acts as the developer, EPC contractor and operator for the project. This investment which takes the form of an SPV will benefit to more than 50,000 beneficiaries in offgrid communities, also providing a cheap and clean alternative to fossil fuel generators for the productive users.

NIGERIA CW



Simusolar

TANZANIA	USD 1.5M	28840 BENEFICIARIES
PRODUCTIVE USE	FINANCING INSTRUMENT QUASI-EQUITY	13600 TONS CO2-EQ/YEAR

Simusolar is a company established in Tanzania focused on creating solar-powered equipment that has a direct impact on productivity. The company provides and finances accessible, affordable and energy-efficient solar-powered water pumps and fishing lights, meeting the needs of rural smallholders and fishermen.

EDFI ElectriFI investment aims to strengthen the company's operations in Tanzania and Uganda via productive use equipment that directly increases income of smallholder farmers and fishermen.

ELECTRIFI GLOBAL



Fin'Elle

IVORY COAST

MICROFINANCE INSTITUTION

EUR 1.5M

FINANCING INSTRUMENT
JUNIOR DEBT + TECHNICAL ASSISTANCE

Fin'ELLE is a microfinance institution in Ivory Coast that is focused on small businesses, with a particular interest for business activities lead by women. Thanks to its ElectriFI subordinated loan and some technical assistance, Fin'ELLE is developing a green loan product that is being designed to support small Ivorian businesses active in the sectors of electrification, energy efficiency and renewable energy.

DFIs involved: FMO

IVORY COAST CW



Sunkofa

BENIN & SSA	EUR 1.5M	145 000 BENEFICIARIES
MINIGRID	FINANCING INSTRUMENT EQUITY	5 000 TONS CO2-EQ/YEAR 3000 MWH/YEAR

Sunkofa is a young developer and operator of rural mini-grids in sub-Saharan Africa. The company is looking to build 40 mini-grids supported by a grant from the Millennium Challenge Corporation. In addition to Benin, Sunkofa has a strong pipeline of projects in West and Southern Africa. EDFI ElectriFI's 1.5m EUR equity investment will finance a portion of the construction costs in Benin, as well as provide funding for further mini-grid development.

ELECTRIFI GLOBAL



OnePower

LESOTHO	EUR 4.3M	27000 BENEFICIARIES
MINIGRID	FINANCING INSTRUMENT + SENIOR DEBT	13600 TONS CO2-EQ/YEAR 3480 MWH/YEAR

EDFI ElectriFI started investing in the company in 2018, when it signed a development finance loan of EUR 0.1m with 1PWR, allowing the company to procure a comprehensive feasibility study which laid the groundwork for the current investment in 1PWR's mini-grid portfolio. In 2019, REPP extended a LSL 7m loan to 1PWR to finance Lesotho's first solar-battery mini-grid at the village of Ha Makebe. This project became operational in 2021 and now services 215 households and businesses in the community.

ELECTRIFI GLOBAL





Our team

↘ **Dominiek Deconinck**
Chief Investment Officer - EDFI MC

↘ **Jean-Denis Collin**
Fund Manager

↘ **Josyane Costa**
Front Office Assistant

THE ELECTRIFI INVESTMENT TEAM IS SUPPORTED BY THE WHOLE TEAM OF EDFI MANAGEMENT COMPANY.

↘ **Quentin Antoine**
Senior Investment Officer

↘ **Corentin Billiet**
Senior Investment Officer

↘ **Ruben Boeynaems**
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↘ **Géraldine Crosset**
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↘ **Guillaume Cruyt**
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