NEW GENERATION SOLAR CONSORTIUM

Growth Financing and Knowledge Capital For Young and Locally-Owned Off-Grid Solar Distributors

PRESENTED BY ERIN DAVIS, VICE PRESIDENT
In 2016, $223 million was raised but $60 million—more than 25% of it—went to two companies: Mobisol and Lumos Global.
With the current pace of financing, SDG7- Universal Energy Access by 2030 will be missed by more than 100 million households in sub-Saharan Africa (SSA) alone:

There are hundreds of “2nd and 3rd generation” distributors operating across the globe. They are ideal candidates for growth financing and technical support as they understand the needs and particularities of their local market.
CHALLENGES FOR DISTRIBUTORS

Young Distributors are affected by challenges at the End-User, Company and Macro-level. The New Generation Solar Consortium offers solution to the challenges at all three levels.

1. Customer have experienced poor after-sales service
   • Lack of Affordability
   • Lack of exposure to the benefits of solar products

2. Weak balance sheet and track record to attract debt and equity financing
   • Access to information

3. High taxation on imported products and difficult importation processes
   • Costly to navigate country-specific trade and tax regulations
   • Lack of awareness among investors
The New Generation Solar Consortium

Growth Financing and Knowledge Capital for Young and Locally-Owned Off-Grid Solar Companies

**Key Features**

- **Quasi equity** with an exit through revenue sharing after a certain threshold of revenue is reached

- **Structured PAYGO Debt** that relies on the cash flow of the pay-as-you-go payments and built-up cash reserves rather than the balance sheet

- **Technical assistance** to develop systems and financial integrity to attract larger financing

- **Platform** with knowledge sharing, matchmaking and exposure opportunities (developed in partnership with the UN Foundation)

**Notes**

- $30mm funding and support over 5 years
THE FUND STRUCTURE

**Assets**

- Structured Revenue Share Financing
- Bullet Loans
- Structured Debt Inventory Financing

**Liabilities**

- Super Senior Tranche
  - US $20 million
- Senior tranche
  - US $7 million
- First-loss tranche
  - US $3 million

**5-year US $30mm Fund**

Self-Generating Technical Assistance Facility
New Generation Solar Consortium will promote adaptation of a Code of Conduct to ensure customer protection and widespread acceptance of solar products at end-user level.
ARESS SARL

<table>
<thead>
<tr>
<th><strong>Year Established</strong></th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue (2017)</strong></td>
<td>$500,000 +</td>
</tr>
<tr>
<td><strong>Employees</strong></td>
<td>26 Full time Employees; 247 Commission-based Agents</td>
</tr>
<tr>
<td><strong>Capital Structure</strong></td>
<td>Private Equity Capital from Founders Inventory Financing Facility from SIMA Funds</td>
</tr>
<tr>
<td><strong>Locations</strong></td>
<td>Benin, Togo, Burkina Faso</td>
</tr>
</tbody>
</table>
| **Business Model**   | ARESS has a diversified portfolio of business segments:  
  1) **SHS**: Last mile distribution and installation of Pico and SHS systems on cash and Paygo basis.  
  2) **Productive Use**: Victron energy solar products and components parts on cash basis through its showrooms spread across Benin.  
  3) **Engineering/Commissioned Installations**: works with government agencies and other organizations for commissioned projects for installation of solar streetlights, mini grids, solar water pumps and others |
| **Products Distributed** | Greenlight Planet, Victron, and MyJouleBox |