

## SunFunder Guarantee

### Introduction

More than 600 million people in sub-Saharan Africa live without access to energy today and unless significant efforts are made, that number will increase. Moreover, most people are not likely to get connected to the grid whereas one important economical and scalable solution is the private-sector led off-grid electrification. There is a big opportunity for residential and commercial solar enterprises to provide clean energy access, resulting in more reliable power for social services, businesses and new jobs by deploying distributed solar systems. However, a key bottleneck for many companies in the beyond-grid solar sector is the limited availability of scalable and appropriate debt financing, IEA estimates that USD 33 billion of investments is needed each year in Africa to meet the 2030 target of which a large portion is debt. In order to achieve access to reliable, sustainable and modern energy for all in 2030, a combination of technical and financial solutions provided by the private sector is necessary.

This contribution aims at addressing these constraints by providing a loan portfolio guarantee to a private finance intermediary named SunFunder Inc. Through its debt funds, SunFunder Inc., will offer loans to renewable energy sector companies in Sub-Saharan Africa and thereby enabling them to expand and offer renewable energy services to more underserved populations. SunFunder inc. is an American, Delaware-based company that has been active since 2012 as a specialized solar lender in sub-Sahara Africa. Their products are tailored to meet the needs of three types of companies i) Solar Home Systems ii) Commercial and industrial iii) mini-grids for productive uses. The total guarantee facility is 15 000 000 USD and will enable a total of 30 000 000 USD in loans over an 8-year period. Sida will cover 50% or 70% of the outstanding loan and the remaining exposure is covered by the investors themselves. The 70% risk coverage will be applied in countries such as Mali, Madagascar, South Sudan, Somalia, Liberia, Sudan and DRC where the risks are assessed as extra high. The higher risk coverage will incentivise SunFunder to enter these markets.

### Program content

The purpose of this guarantee is to spur development and investments in this sector, a better environment, reduced climate impact and increased production of and access to renewable energy. In numbers, approximately 30 companies are expected to get a loan with support from the Sida guarantee, the positive impact on the environment is estimated as a total reduction of CO2 emissions of around 1,760,000 tCO2e and at least 600,000 new connections or 3 million people will gain access.

### Targeted geographical and thematical areas

This guarantee can be applied on loans in favor of solar investments in any country in sub-Sahara Africa which is not subject to an embargo and/or is not an Upper Middle-Income Country as defined by the DAC List of ODA Recipients. The pipeline indicates that 47% of the loans will be granted to companies in Eastern Africa, 16% in Southern Africa and 37% in West Africa.

### For further information

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