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Trine – Crowdfunding portfolio guarantee

Introduction

Access to electricity in sub-Saharan Africa is limited. Over 125 million households lack access to modern energy services. With current grid extensions and population growth trends, a total of 210 million off-grid households will need to be connected by 2030 to achieve the Sustainable Development Goal number 7, Affordable and Clean Energy. Small solar power systems or micro grids generated by solar, wind, water or bioenergy are the most cost-efficient alternatives to access energy. Nevertheless, few can afford the cost of a solar panel system or a connection to a mini grid when the total cost must be payed upfront.

As an alternative to the grid, distributed energy service providers (ESP's) can offer electricity, primarily through solar home systems, to off-grid customers. ESP's offer an alternative way of financing, where customers can make down payments during one to three years, through their mobile phones, until they become the owner of the system. However, ESP's face difficulties to finance their business expansion through the traditional banks, constraining the growth of the market and hampering increased access to electricity for poor people in these regions. Crowdfunding is a rapidly growing financing instrument, with potential to mobilize considerable amounts of private capital for this specific purpose.

Project content

The contribution is a guarantee to the "Crowdfunding Platform" called Trine. The guarantee agreement will run during the period 2018-2023 and will cover 60% of the expected 10 MEUR mobilized private capital from the "crowd". The concept of crowdfunding is fairly new and arranges debt funding from private individuals through web-based facilities to borrowers who are small and medium-sized energy service companies in Africa that offer renewable energy solutions, often in the form of rent-to-own. The customer is often one who lack access to electricity and who cannot afford to pay the entire investment up-front.

The renewable energy companies that will be able to borrow through the Trine platform are expected to provide around 100,000 clients or 560,000 people with access to renewable energy services in sub-Sahara Africa based on an estimated 1 MW of renewable energy. Moreover, we expect a reduction of 200,000 ton in CO2 emissions. The contribution is also expected to positively demonstrate that there is a commercial opportunity to lend to small and medium sized energy service companies through a competent Crowdfunding platform. The intention is to contribute to expanding the debt market further to make it sustainable to operate without subsidies and guarantees.

Targeted geographical areas

The geographical focus is renewable energy services companies in Tanzania, Rwanda, Kenya, Uganda and Zambia.

For further information

Trine website: www.trine.com