

FINANCE IN FOCUS

STREAMLINING ACCESS TO FINANCE - PAS SOLAR

REPP initially invested in PAS Solar (PAS), a joint venture between Pan Africa Solar and BBOX, in October 2017, providing a US\$2m convertible loan along with a US\$0.2m development loan. The purpose of the investment was to help the company to achieve critical mass, growing from a pilot project of installed solar home systems to a size where it could develop a stronger team with better systems and processes, and then attract capital from a wider range of financiers.

Between then and March 2019, PAS grew to an installed base of over 4,000 households and SME customers. It also developed good competency in customer post-sales service, revenue collection, repossessions and redeployments.

In late 2018 and early 2019, REPP worked with PAS to structure a syndicated loan facility to allow further growth. REPP's US\$2.2m loan was rolled into the new facility and a REPP partner, EU-funded Electrification Financing Initiative (ElectriFI), committed a further US\$3m. Funding needs for future growth of PAS were factored into the structure through the inclusion of an "accordion" that allows new lenders to enter the facility with minimal additional legal expense up to a total amount of US\$10m.

The syndicated debt facility is a demonstration of REPP's work to facilitate and streamline energy developers' access to finance. This is accomplished by reducing transaction costs by having a single set of loan documents, making negotiations faster using standardised terms and conditions, and reducing management time spent on reporting and monitoring commitments. In structuring the facility, REPP has sought to allow more funding to be accessed over time as the business continues to grow, with minimal redocumentation and in a form that lenders and debt capital markets are already familiar with.

The structure has already attracted interest from other lenders.

SENIOR SECURED SYNDICATED TERM LOAN

Borrower:	PAS Solar Limited
Initial lenders:	Renewable Energy Performance Platform, ElectriFI
Amount:	US\$10m, of which US\$5.2m is committed, with an accordion of a further US\$4.8m
Tenor:	5 years with 2-year flexible grace period
Interest rate:	10%
Documentation:	Simplified Loan Market Association syndicated loan agreement
Arranger:	Camco Clean Energy
Facility and Security Agent:	Camco Clean Energy
Legal counsel:	Womble Bond Dickinson