

shared commitment to local currency



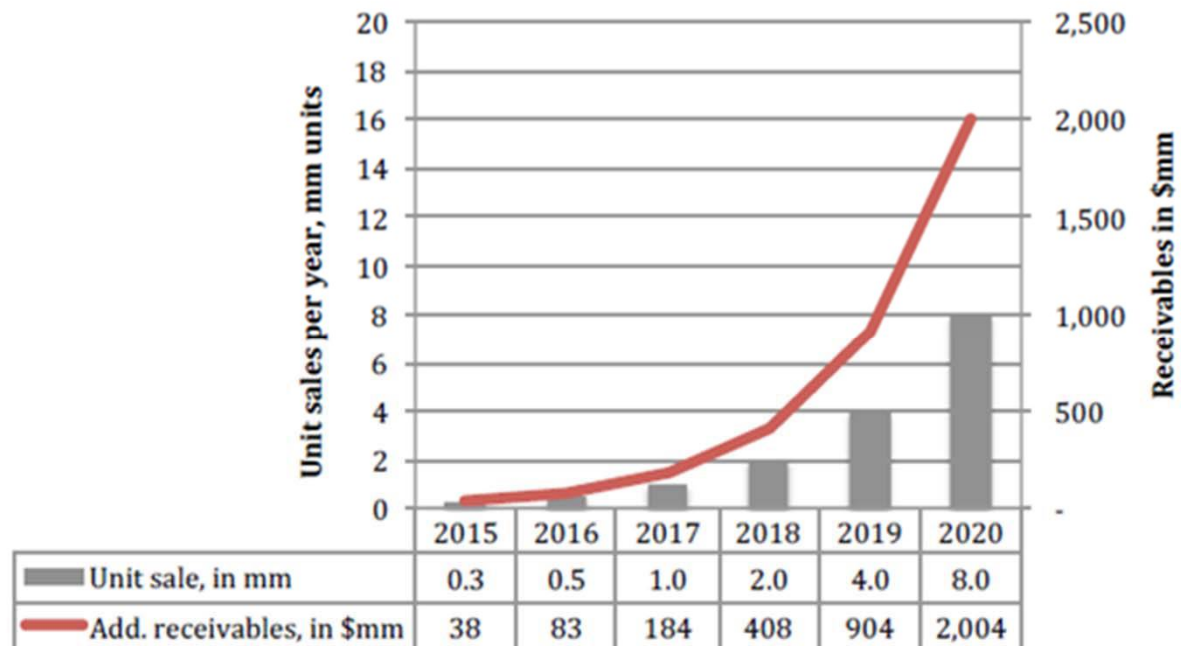
FX Risk Management Progress

- De-risking essential for scaling up.
- TCX Global Risk Pool provides market reflective hedging solution on additionality basis.
- BMU invested E30m in catalytic risk support.
- Target E400m in fresh risk capital

TCX Impact Focus: Access to Energy

- ✓ Political push: Universal access 2030, Power Africa: 60m SSA connections 2030, Benin, etc.
- ✓ Technical and cost feasibility: grid expansion US\$1500/connection vs off-grid US\$500/connection + reliable + free. Mobile banking allows pay-as-you-go financing (Low NPL).
- ✓ Potential to standardize
- ✓ FX Risk Hedging strengthens business model and makes financing the S-curve

Growth of LCY denominated receivables created per year given a 100% YoY sector growth.



Source: Responsibility, Currency Risk and Mitigation Strategies For the Off-Grid Energy Sector (Nov 2015)

TCX FX Risk Management ☐ Progress

- Demand was built: Accepted is (a) consumer should not carry fx risk; (b) FX risk should be priced into business model AND removed.
- But high market risks increase costs☐ .need to explain risks, their pricing

FX Risk Management [?] Lessons Learned and Questions

- Risk transparency not always welcome
- risk management capacities need to be built and conflicted status of TCX. Who takes lead?
- Need for performance data, [?]untested business model[?]
- Does uneven playing field and high impact justify subsidies?
- De-risk + STANDARDIZE + Aggregate

	5Y	10Y	15Y
Solarcity bond yields (23/02/2016)	3.7	4.6	7.4
US Treasury	1.2	1.8	2.0
Solarcity Credit Spread	2.5	2.8	5.3