

Crowdfunding and solar energy, powering the world with tech

 By [Nicci Botha](#)

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Born and raised in Cape Town, [The Sun Exchange](#) is a crowd-investing platform built specifically to close the funding gap for solar energy in the developing world. Digital currency based, it enables individuals and businesses anywhere in the world to collectively finance and earn revenue by electrifying Africa.

“It is hard not to get excited about this,” says Abe Cambridge, founder and CEO of The Sun Exchange. “We are bridging two world-changing technologies to create a service that practically defines new world economics. We are financing decentralised distributed clean energy systems using decentralised peer-to-peer finance systems. You could not get any further away from the previous economic paradigm of centralised fossil fuels and sovereign-backed financial institutions.”

After working on several solar projects in the UK, Cambridge moved to South Africa in 2014 to help banks and lenders perform technical due diligence on the mega solar projects being installed under the government’s REIPPP programme (renewable energy independent power producers procurement programme).



Source: itweb.co.za

Access to affordable funding

“As I was working in this space, I recognised that despite there being perfect conditions for solar energy in South Africa there was very low uptake on commercial solar. The reason? Lack of access to affordable capital and finance solutions. Using my experience from solar energy coops in the UK and with new peer-to-peer finance technologies such as Indiegogo and Bitcoin now maturing, I envisaged a crowd-finance platform for solar energy in Africa, but where the opportunities are open to anyone,” he says.

He says there is a desperate need for solar installers and solar project developers to access affordable finance for smaller scale solar energy projects between 10kW and 1MW. This part of the solar market is presently not being served by conventional project finance and for which traditional unsecured borrowing is prohibitively expensive.

“It probably helps that we are the first company in the world to accept Bitcoin as a currency into projects. For those that have Bitcoins, which are usually exposed to massive swings in volatility, being able to invest them into a tangible solar asset that generates returns tied to fiat currency is very, very appealing.”

Electricity makes money, money makes electricity

“Most remarkable of all, is that digital currencies are 'mined' on computer hardware, essentially creating money from electricity, which can then be used to pay for solar generators in Africa. Allowing people to invest digital currency into solar energy is a completely fundamental shift in the basis of international monetary and energy systems. Of course, you don't need to be into this new digital currency to get involved and start earning money through The Sun Exchange, anyone with a bank account or a credit card can log-on to our website and within minutes be invested into a solar energy project that will earn them decades of lucrative revenue.”

The company technically validates projects, performs bankability checks on the off-taker, then hosts them as crowd-investing opportunities to the world and performs full FICA and AML check on the investors. It then provides standardised specialist template lease or loan agreements to sit between co-operative SPVs and the solar off-taker.

Projects

For its pilot project, 60 individuals from all corners of the globe from the UK, USA, Canada and Australia, as well as much closer to home, came together to raise R400,000 to finance a 15kWp solar plant now powering the Stellenbosch Waldorf School Solar Energy Cooperative. The project is earning the investors a 10% annual return and it has reduced the school's electricity bills by 15%.

“Given the funding gap facing solar developers and installers throughout not just Southern Africa but throughout the developing world, we find that we don't have to try very hard to find projects that need finance, they find us. We have been contacted by universities in India, factories in Ghana, housing developments in Kenya and even mini-grids in the Caribbean.

These projects need specialist and flexible solar finance, and that is what we are here to do. We now have a pipeline of projects that it is going to offer to the general public an opportunity to invest in over 50MW of solar power which is otherwise viable, but unable to raise finance through conventional means. This includes over 1,000 school, factories, farms and mini-grids throughout Southern and Eastern Africa.”

Cambridge says his company is working on a series of projects for a dairy farm in Western Cape. “We are starting with energy efficiency measures such as LED lighting and insulation, and this is a precursor to a much larger solar project. The project is open for funding now and investors will earn 10,2% interest for three years.”

“We are also working with a developer that has over 1,000 schools that need solar energy, a telecoms network looking to go solar and factories and mini-grids that want to rely on the sun rather than fossil fuels – a really diverse range of projects that give us a glimpse into the future direction of the energy source for Africa's economic growth.”

Persuading sceptical South Africans

It certainly has been harder to communicate and persuade South Africans that crowd-investing into solar is a secure investment, he says.

"You keep money in bank accounts, not in solar energy plants, right? In all seriousness though, it does present an educational learning curve. Our projects are set up as cooperatives, which is a legal structure that allows people to finance projects together."

"South Africans are familiar with the idea of a stokvel for things like agriculture, groceries which are traditionally used by the financially underserved, but not for those with access to advanced financial services and certainly very unusual to be used for 21st century clean energy technology. It's like two different worlds have collided."

He says they use Germany, where most of the world's solar panels are installed, as an example. Only 5% of that country's 75GW of solar energy was financed by private companies and banks, the rest was funded by individuals and communities. As of last year there was over 1,000 solar energy coops, and many of them are enormous. "We expect that as our projects become better known, people will feel they are missing out if they are not invested into at least one solar energy project."

Clean, affordable energy in every home

It'll take \$600bn to electrify Africa, according to Cambridge. "That sounds like a lot, but consider that to date, globally, \$3,4trn has been pledged to be moved from fossil fuels and into clean energy. The problem is not lack of funds but the absence of a market place to connect funds to projects, and The Sun Exchange is bringing that money into Africa. We won't rest until every home and business on this continent has access to affordable and clean energy."

Although it's only a year old, The Sun Exchange has won the SWIFT Innobrite FinTech Start-Up Challenge in May 2016 and was a finalist in the Proof of Work Competition held in New York City in April 2016.

ABOUT NICCI BOTHA

Nicci Botha has been wordsmithing for more than 20 years, covering just about every subject under the sun and then some. She's strung together words on sustainable development, maritime matters, mining, marketing, medical, lifestyle... and that elixir of life - chocolate. Nicci has worked for local and international media houses including Primedia, Caxton, Lloyd's and Reuters. Her new passion is digital media.

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