

Unlocking Long-Term Local Currency Climate Finance for Off-Grid Energy Access in Nigeria

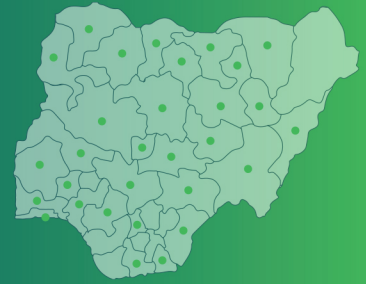


CLIMATE

Finance Blending Facility

The Climate Finance Blending Facility (the "Facility") is a catalytic first loss multi-donor facility seeded with £10 million concessional funding by the UK Foreign, Commonwealth & Development Office ("FCDO") to co-finance off-grid energy investments alongside InfraCredit's local currency guarantees in Nigeria.

Collectively, a pipeline of off-grid renewable energy projects have been identified that will be financed under the programme in 35 states across the six geo-political zones in Nigeria.



Blended Finance provides an innovative and sustainable approach to enable renewable energy developers improve bankability and mobilise local currency financing required to scale whilst delivering employment, growth and accelerating the journey to net zero.

Theory of Change

Clean Energy Access



Unlock climate financing for private sector enterprises providing off-grid renewable energy solutions for unserved and underserved markets.

Development Assistance



Innovative blended finance approach for donors and concessional financiers, to make smart use of impact-seeking capital to mobilise private sector financing.

Domestic Institutional Investors



Catalyse green investments in local currency from domestic private institutional investors from the local debt capital markets.

Green Economy



Promote green growth and climate resilient development by enhancing access to renewable energy for productive uses whilst transitioning to a low-carbon economy.

Funding Tools



Blended Finance

Strategic use of concessional finance to reduce the capital cost and mobilize private capital to increase off-grid clean energy access



Local Currency Funding

Unlock access to affordable long term local currency financing for eligible off-grid energy projects



Risk Sharing

Provide funded first loss risk mitigation instrument structured to catalyse private finance that would not otherwise flow.

PROJECT PIPELINE

448m USD **746.1b** NGN EQUIV **30** PRIVATE DEVELOPERS

EXPECTED IMPACT

570,167 No. of projected Connections to Energy Access	200.46 Projected Capacity (MWp) to be installed	5,612 Number of Communities
25,469 Jobs to be created	1,575.95 Tonnes of GHG Emissions to be reduced	N373.05b (USD 224 mln) Private capital to be mobilised

Eligibility Criteria

- InfraCredit's eligibility criteria for infrastructure projects (see www.infracredit.ng/eligibility-criteria)
- Projects must be off-grid clean energy solutions such as solar mini-grids, solar homes systems, solar lanterns, fridges, pumps, driers and clean cooking products, small medium enterprise coolhubs and low carbon public transport or such other eligible projects as may be approved by the Funders
- Projects should increase energy access and/or productive use of energy
- Must comply with IFC Economic Sustainability and Governance Standards

The projects will report on energy access, number of connections, MW installed and private finance mobilised, jobs created, GHG Emissions reduced or avoided and will have a positive and significant direct contribution to the United Nations Sustainable Development Goals (SDGs) 7, 8, 9, 11, 13 and 17



Anchor Funder






Co-Financing Partner



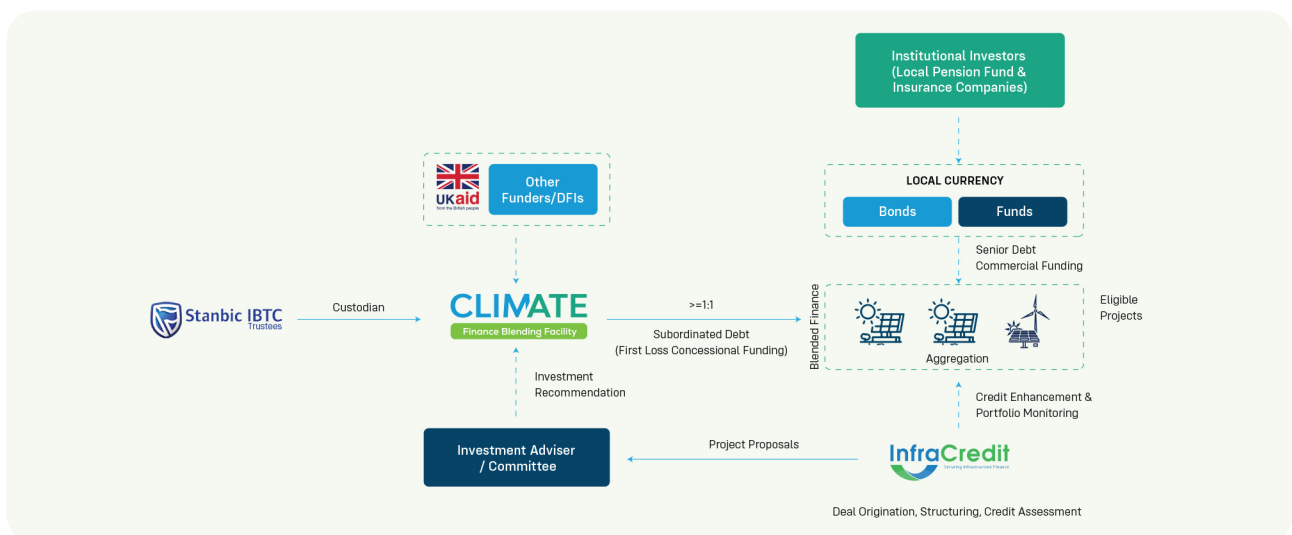
For more information, please visit:
www.infracredit.ng/climate-facility



SYNOPSIS OF THE FACILITY

	<p>The Facility was established to help de-risk, reduce the capital cost and catalyse domestic institutional investment to scale up private sector financing of affordable local currency capital for eligible off-grid clean energy infrastructure for unserved and underserved markets in Nigeria by co-financing returnable blended lower-interest rate subordinated debt capital alongside local currency guarantees from InfraCredit</p>		
Anchor Funder		Co-Financing Partner	
Commencement Date	May 2022		
Funds contributed till date	£10 million (USD 11.3 million)	Additional Co-Funding	US\$ 55 million
Private Capital to be Mobilised	50% of total project funding requirement		
Financing Structure	The funding will be provided in a subordinated first loss 50:50 mix between the Facility and domestic institutional investors		
Credit Approved Pipeline	US\$31.26 Mln (NGN14.1 Bln)	Project Pipeline	US\$ 123.4 million
Aggregate Expected Impact (Credit Approved)	<ul style="list-style-type: none"> 75,934 Projected Connections with Energy Access 15.24 MW Projected Capacity to be Installed 215 Communities 8,950 Jobs to be Created 1,229 tonnes of GHG Emissions to be Reduced NGN11.82 Bln (USD 50.7 Mln) Private Capital to be Mobilised 		
Potential Co-Funders	Philanthropies, Impact Investors and Development Agencies		
Domestic Institutional Investors	Insurance companies, local pension funds, and other asset managers including low carbon energy focused funds.		
First Transaction Close	NGN1.6 billion Green Debt Issue (September 2022)		
Second Transaction Close	NGN1.91 billion Green Debt Issue (June 2023)		
Third Transaction Close	NGN1.51 billion Green Debt Issue (December 2023)		
Fourth Transaction Close	NGN3.9 billion Green Debt Issue (November 2024)		

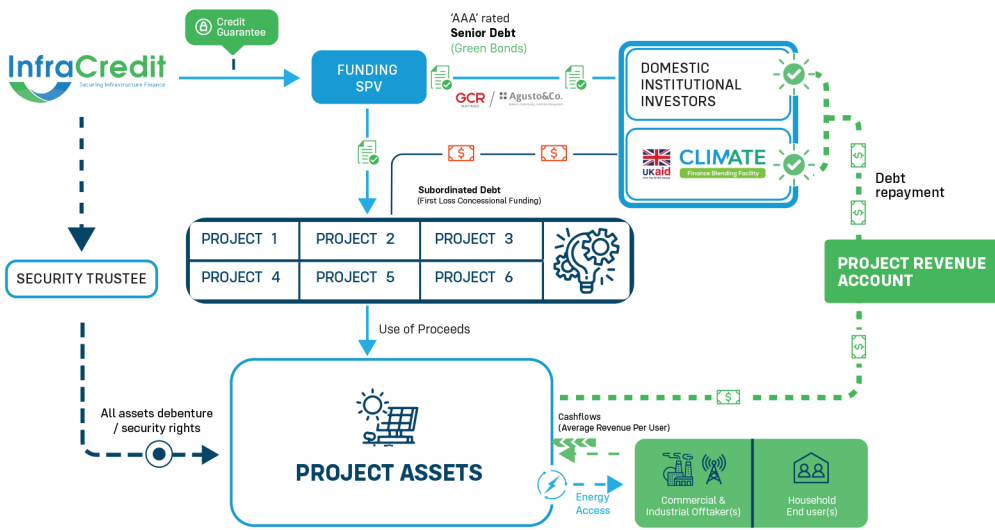
Facility Financing Structure



Source: InfraCredit

HOW WE WORK

Basic Transaction Schematic



Key Features

- | Guarantee Features |
|-------------------------------|
| ▪ Irrevocable & Unconditional |
| ▪ Naira Obligations |
| ▪ Up to 100% |
| ▪ Senior Ranking Obligations |
| ▪ Non Acceleration |
| ▪ Up to 20 year Maturity |
| ▪ Pari Passu Rights |
| ▪ Voting Rights |
-
- | Legal Documentation |
|----------------------|
| ▪ Deed of Guarantee |
| ▪ Recourse Agreement |
| ▪ Security Deed |
| ▪ Other Documents |

Guarantee Transaction Process

Deal Execution will be conducted in three phases: **Origination (Preliminary Assessment), Due Diligence & Structuring and Final Approval/Closing**

