

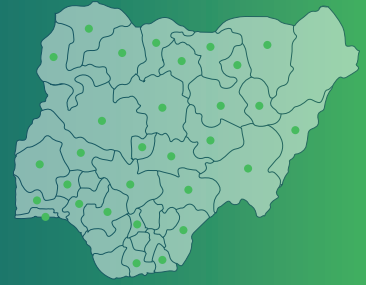
Unlocking Long-Term Local Currency Climate Finance for Off-Grid Energy Access in Nigeria



CLIMATE

Finance Blending Facility

The Climate Finance Blending Facility is a catalytic facility capitalised with USD21.3 million concessional funding by the UK Foreign, Commonwealth & Development Office ("FCDO") and the British International Investment ("BII") to mobilise additional funding from development partners to co-finance off-grid clean energy investments alongside InfraCredit's local currency guarantees 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

697m **946b** **70** PRIVATE DEVELOPERS

USD NGN EQUIV

EXPECTED IMPACT

709,529 No. of projected Connections to Energy Access	165.6 Projected Capacity (MW) to be installed	5,256 Number of Communities
162,600 Jobs to be created	314,682 Tonnes of GHG Emissions to be reduced	N438.5Bn (USD302 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



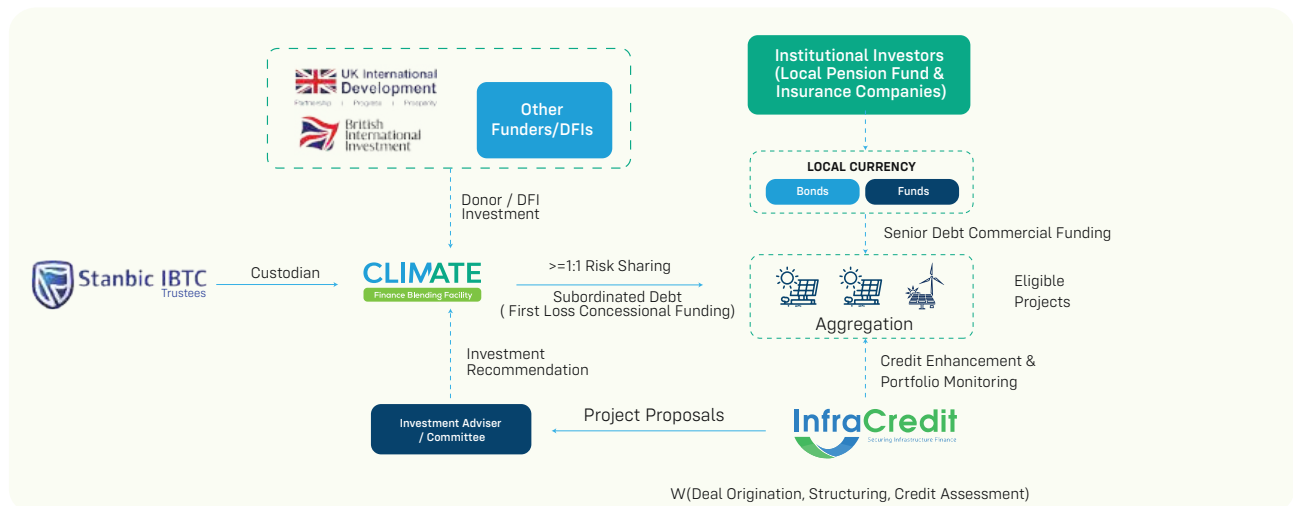
For more information, please visit:
www.infracredit.ng/climate-facility



Synopsis of the Facility

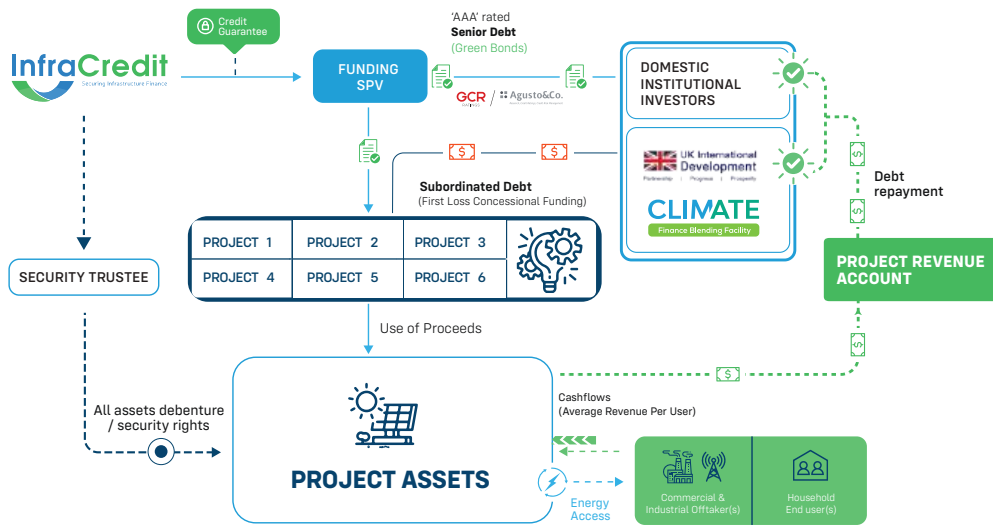
	<p>The Facility was established help de-risk, reduce the capital cost and catalyse domestic institutional investment to scale up private sector financing of affordable local currency capital for eligible off-grid clean energy infrastructure for unserved and underserved markets in Nigeria by co-financing returnable blended lower-interest rate subordinated debt capital alongside local currency guarantees from InfraCredit</p>		
Anchor Funder		Co-Financing Partner	
Commencement Date	<p>May 2022</p>		
Funds contributed till date	<p>\$ 21.3 million</p>	Additional Co-Funding	<p>US\$ 52.7 million</p>
Private Capital to be Mobilised	<p>50% of total project funding requirement</p>		
Financing Structure	<p>The funding will be provided in a subordinated first loss 50:50 mix between the Facility and domestic institutional investors</p>		
Credit Approved Pipeline	<p>US\$32.3 Mln (NGN44.7 Bn)</p>	Project Pipeline	<p>US\$ 126 million</p>
Aggregate Expected Impact (Credit Approved)	<ul style="list-style-type: none"> • 67,665 Projected Connections with Energy Access • 19.1 MW Projected Capacity to be Installed • 43 Communities • 17,600 Jobs to be Created • 26,936 kgCO2e per annum GHG Emissions Reduced • NG22.35 Bln (USD 15.63 Mln) Private Capital to be Mobilised 		
Potential Co-Funders	<p>Philanthropies, Impact Investors and Development Agencies</p>		
Domestic Institutional Investors	<p>Insurance companies, local pension funds, and other asset managers including low carbon energy focused funds.</p>		
Transaction Close	<ul style="list-style-type: none"> - NGN1.6 billion Green Debt Issue (September 2022), - NGN1.91 billion Green Debt Issue (June 2023), - NGN1.51 billion Green Debt Issue (January 2024), and - NGN3.90 billion Green Debt Issue (October 2024) 		

Facility Financing Structure



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**

