

## Africa GreenCo signs USD 27 million Guarantee Facility with GuarantCo

For immediate release, 4th April 2024

**Africa GreenCo Group (GreenCo)** has signed a USD 27 million Guarantee Facility with GuarantCo, part of the Private Infrastructure Development Group (**PIDG**) to boost renewable energy in Southern Africa.

Under this Guarantee Facility, GuarantCo will issue guarantees in favour of the Independent Power Projects (IPPs) from whom GreenCo will buy power, backing GreenCo's payment obligations to such IPPs. Given GuarantCo's strong credit rating (Moody's A1 and Fitch AA-), this provides significant comfort to such IPPs, and their lenders, increasing bankability and helping to attract investment in new renewable energy generation in Southern Africa. The Guarantee Facility provides for the ability to be increased to USD 50 million to support the further growth of the business.

Speaking at the signing ceremony, **GreenCo's Chief Investment Officer, Pug Bennet** said *"GuarantCo's backing enhances GreenCo's credibility in the market. The due diligence work by the GuarantCo team has been extensive and they are to be commended in both their thoroughness and support in developing a bespoke Guarantee Facility. The guarantees that will be issued under this Guarantee Facility are a key requirement to enable GreenCo's IPPs to reach financial close and to start construction of much needed power for the region. The work done by GreenCo as the leading energy trader in the region is only possible with the support of our investors, IFU and InfraCo Africa, and we are grateful to GuarantCo for adding to this support through this Guarantee Facility."*

**Layth Al-Falaki, CEO at GuarantCo**, said: *"We are delighted to have closed our transaction with Africa GreenCo which aligns with the PIDG 2023 – 2030 Strategy focus on climate action. Our sister PIDG company, InfraCo Africa, has supported the development and growth of Africa GreenCo's pioneering offering since 2020. It is a good example of our strategic focus to replicate deals, executing transactions more efficiently in order to deliver the impact to local people faster. We are very happy to provide a complimentary and innovative credit solution to support the company to further grow its business and provide financial support to solar photovoltaic projects in Southern Africa."*

The lack of creditworthy off-takers to long term power purchase agreement has been a significant impediment to effectively harnessing the enormous renewable energy potential of Southern Africa. The collaboration between GreenCo and GuarantCo will help unblock this bottleneck and support the region in meeting the increasing power demands of its growing industries and achieving its sustainable development goals.

**Chris Taylor, Deputy Director, UK JETP Envoy at the UK's FCDO** said: *"This is a great example of how innovative finance can mobilise private investment in sustainable and inclusive infrastructure. This guarantee facility can support deployment of more renewables in the Southern Africa region and will also help decarbonise industry and address load shedding in South Africa as part of the Just Energy Transition. The UK's support pledge to South Africa's Just Energy Transition included those elements of investments by the Private Infrastructure Development Group (PIDG) to the degree to which they relate to South Africa. The UK is a majority funder of PIDG"*.



[First row left to right] Jason Murray, Finance Director at GuarantCo; Layth Al-Falaki, CEO at GuarantCo; Cathy Oxby, Co-founder and CCO at Africa GreenCo; Pug Bennet, Co-founder and CIO at Africa GreenCo.

[Second row left to right] Christopher Taylor, Deputy Director, UK JETP Envoy at FCDO; Gail Warrander, Just Energy Transition Lead, South Africa at FCDO; Mark Barges, Partner at Ashurst; Naresh Goyal, Senior Investment Specialist at GuarantCo; Stephanie Curiel, Senior Legal Counsel at GuarantCo; Adela Mackie, Juriste at Ashurst; Tra Vu, Investment Manager at GuarantCo.

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### **About GreenCo**

GreenCo is a renewable energy buyer and trader operating in Southern Africa (Zambia, South Africa, Zimbabwe and Namibia); purchasing power from renewable energy generators and selling that electricity to utilities, private sector offtakers (i.e. commercial and industrial users), national power trading markets and to the competitive markets of the Southern African Power Pool (SAPP). GreenCo is an active trader on SAPP and holds a number of applicable licenses covering its operations within the Southern African region. Through its activities, GreenCo will increase the supply of, and demand for, finance for energy projects, and mobilise private sector capital more quickly towards critical and transformative capacity addition. For more information please see: [www.africagreenco.com](http://www.africagreenco.com)

GreenCo's innovative business model was incubated with grant funding and strategic input from **The Rockefeller Foundation**, **Convergence** and the **P4G**. GreenCo also benefited from the support of **SADC PPDF** via the **Development Bank of Southern Africa** and **USAID's Power Africa**, of which GreenCo is a private sector partner.

### About IFU

IFU, the Danish Investment Fund for Developing Countries, is an independent government-owned fund offering advisory services and risk capital to companies doing business in developing countries and emerging markets. Investments are made on commercial terms with the aim of creating economic and social progress as well as supporting the Sustainable Development Goals. For more information please see: [www.ifu.dk](http://www.ifu.dk)

### About PIDG

The Private Infrastructure Development Group (PIDG) is an innovative infrastructure project developer and investor which mobilises private investment in sustainable and inclusive infrastructure in sub-Saharan Africa and south and south-east Asia. PIDG investments promote socio-economic development within a just transition to net zero emissions, combat poverty and contribute to the Sustainable Development Goals (SDGs). PIDG delivers its ambition in line with its values of opportunity, accountability, safety, integrity, and impact. Since 2002, PIDG has supported 211 infrastructure projects to financial close which provided an estimated 222 million people with access to new or improved infrastructure. PIDG is funded by the governments of the United Kingdom, the Netherlands, Switzerland, Australia, Sweden, Germany and the IFC [www.pidg.org](http://www.pidg.org)

### About InfraCo Africa

InfraCo Africa is part of the Private Infrastructure Development Group (PIDG) and seeks to alleviate poverty by mobilising investment into sub-Saharan infrastructure projects. It does this by investing directly into early-stage projects and by providing development leadership. Through its investments arm, InfraCo Africa can also provide equity to close a financing gap and start construction or fund innovative solutions that need support to scale-up, to pilot new products or enter new markets. InfraCo Africa is funded by the governments of the United Kingdom (through FCDO), the Netherlands (through DGIS) and Switzerland (through SECO). To find out more visit: [www.infracoafrica.com](http://www.infracoafrica.com)

### About GuarantCo

GuarantCo mobilises private sector local currency investment for infrastructure projects and supports the development of financial markets in lower income countries across Africa and Asia. GuarantCo is part of the Private Infrastructure Development Group (PIDG) and is funded by the governments of the United Kingdom, Switzerland, Australia and Sweden, through the PIDG Trust, the Netherlands, through FMO and the PIDG Trust, France through a stand-by facility and Global Affairs Canada through a repayable facility. GuarantCo is rated AA- by Fitch and A1 by Moody's. Since 2005, GuarantCo has enabling USD 6.2 billion of total investment and USD 5.2 billion of private sector investment, giving 45.2 million people improved access to infrastructure and creating around 229,000 jobs. GuarantCo's activities are managed by GuarantCo Management Company which is part of Cardano Development [www.guarantco.com](http://www.guarantco.com)

