



US\$15.5m raised to scale innovative renewable energy buyer and trader Africa GreenCo

Lusaka, Zambia: InfraCo Africa, part of the Private Infrastructure Development Group, the Danish Investment Fund for Developing Countries (IFU) and the EU-funded Electrification Financing Initiative (EDFI ElectriFi) have together committed US\$15.5m to enable Africa GreenCo (GreenCo) to scale its innovative offering as Zambia's first renewable energy buyer and services provider.

GreenCo's Chief Investment Officer, Pug Bennet, said ***"Reaching this financial close will enable us to support a portfolio of up to 110MW of renewable energy. We are extremely grateful to our investors and our partners from the Government of Zambia, ZESCO, the SAPP team and the existing SAPP members for their trust and support of innovative new business models such as GreenCo and look forward to working alongside the industry leaders as the market grows from strength to strength. We are now ready to mobilise significant private sector investment in renewable energy whilst strengthening the national and SAPP electricity markets."***

GreenCo's Lusaka-based company, GreenCo Power Services was established in 2020 with support from IFU and InfraCo Africa (through its sister company, PIDG Technical Assistance). GreenCo's model involves purchasing power from renewable independent power producers (IPPs) and selling that electricity to utilities, private sector offtakers (i.e. commercial and industrial users) and competitive markets in the Southern African Power Pool (SAPP). The monies raised by the second fundraising announced today will provide GreenCo with working capital and the Liquidity Buffer necessary to support a portfolio of up to 110MW of renewable energy.

The Zambian Minister of Energy Hon. Peter Chibwe Kapala, MP, welcomed this investment saying, ***"GreenCo Power Services Limited is the first Intermediary Power Trader in Zambia following the enactment of the 2019 energy sector legal framework. GreenCo introduces to the Zambian electricity market a creditworthy buyer of renewable energy generated from IPPs. The entry of GreenCo on the Zambian electricity market signifies Government's commitment to create a conducive environment that will attract private investments in an open, transparent and competitive electricity market. This investment will support Zambia's development of a greener and diversified energy mix: one that creates jobs and new***

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business opportunities, whilst at the same time positioning Zambia as the region's power trading hub."

InfraCo Africa's Chief Investment Officer, Claire Jarratt said, ***"PIDG and InfraCo Africa are pleased to be investing alongside IFU and EDFI ElectriFI to grow the potential of GreenCo's innovative approach. With strong support from the Government of Zambia and national utility, ZESCO, GreenCo aims to both increase the attractiveness of Zambia's renewable energy sector to private investors and to complement wider efforts to incorporate more clean energy into the country's energy mix by reducing reliance on sovereign financial support to bring that new generation capacity online."***

In its first 12 months of operation, GreenCo has been accepted as the first member under the Market Participant category and the first new member of the Southern African Power Pool (SAPP) since 2018. GreenCo has awarded its first power purchase agreement tender to a 25MW pilot solar facility in Sesheke in the country's Western Province. It has also negotiated a power purchase agreement with a large hydro facility to purchase and sell the plant's excess generation.

"GreenCo is an innovative business that has the potential to increase private investments in renewable energy by acting as a creditworthy intermediary between private producers of renewable energy and offtakers. To invest in this kind of business is in line with our strategy to support the green transition in developing countries and improve access to electricity. Therefore, we are pleased to follow up on our 2020 investment in Africa GreenCo and join efforts with the company as well as our co-investors InfraCo Africa and EDFI ElectriFI," said Otto Vinther Christensen, Vice President at IFU.

"EDFI ElectriFI is delighted to join forces with IFU and InfraCo Africa to support GreenCo in the realisation of its initial portfolio of PPA with renewable IPPs. This catalytic investment is made through our Country Window dedicated to Zambia and will enable the emergence of a creditworthy private offtaker, allowing for the deployment of additional renewable generation capacity in the country. The support of the Government of Zambia has been key to the development of this unique initiative," explained Quentin De Hoe, ElectriFI Senior Investment Officer at EDFI Management Company.

Alongside conventional renewable energy IPPs, GreenCo offers a complementary approach to scaling up renewable energy investment in Zambia, helping to mitigate climate change impacts, improve security of electricity supply and increase efficiency in the country's power sector. As members of the SAPP and with access to additional funding, the company is well

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positioned to demonstrate the potential of its model to transform the region's wider renewable energy landscape.

Notes to Editors:

- ZESCO is a state-owned power company and is Zambia's largest power company, producing 80% of the country's electricity.¹
- GreenCo's innovative business model was incubated with grant funding and strategic input from The Rockefeller Foundation, Convergence Finance and P4G. GreenCo also benefits from the support of SADC PPDF via the Development Bank of Southern Africa and USAID's Power Africa, of which Africa GreenCo is a private sector partner.
- More information about the project can be found here: <https://infracoafrica.com/project/africa-greenco/>

Africa GreenCo Group Africa GreenCo aims to increase private sector investment in energy generation in sub-Saharan Africa by mitigating the credit risks associated with the current lack of creditworthy offtakers. Current weak financial position of utilities and the limited choice of alternative buyers in case of utility default deters private capital. An intermediary aggregator between buyers and sellers can help attract sustainable investments in the power sector on the strength of a multi-buyer model. Its role as a financially sustainable intermediary offtaker and power trading company can also stimulate regional electricity trading and facilitate more efficient use of available and new resources by optimizing them on a regional basis. Through its activities, Africa 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 additions, reducing pressure on utilities as well as financial liabilities for sovereign investments. To find out more visit: <https://africagreenco.com/>

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 171 infrastructure projects to financial close which provided an estimated 217 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

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 or by funding experienced teams to provide project 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

Investment Fund for Developing Countries (IFU): IFU – the Investment Fund for Developing Countries is a Danish impact investor contributing to green, just and inclusive societies as well as supporting the Sustainable Development Goals. We provide risk capital to companies operating in developing countries across Africa, Asia, Latin America and parts of Europe. Investments are made on commercial terms in the form of equity, loans and guarantees. IFU has co-invested in over 1,300 companies in more than 100 developing countries and emerging

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markets. Contracted investments total EUR 31 billion, of which IFU has contributed EUR 3.4 billion. Capital under management is EUR 1.7 billion. To find out more visit: <https://www.ifu.dk/en/>

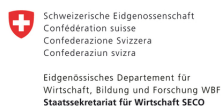
EDFI ElectriFI: EDFI ElectriFI is an EU-funded impact investment facility, financing early-stage private companies and projects, focusing on new/improved electricity connections as well as on generation capacity from sustainable energy sources in emerging markets. EDFI ElectriFI, is managed by the EDFI Management Company, a company established by the 15 European Development Finance Institutions (DFIs). To find out more visit: <https://www.electrifi.eu/>

ⁱ <https://www.zesco.co.zm/aboutUs>

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Ministry of Foreign Affairs of the
Netherlands



The Project is funded
by the European Union