COVID-19 Off-Grid Recovery Platform

Part I: Project Information

GEF ID
10667

Project Type
FSP

Type of Trust Fund
GET

CBIT/NGI
CBIT **No**
NGI **Yes**

Project Title
COVID-19 Off-Grid Recovery Platform

Countries
Regional, Sierra Leone, Ethiopia, South Africa, Mauritius, Kenya, Nigeria, Uganda, Tanzania, Zambia, Senegal, Mali, Burkina Faso, Niger, Cameroon, Ghana, Malawi

Agency(ies)
AfDB

Other Executing Partner(s)
Partner Funds

Executing Partner Type
Private Sector

GEF Focal Area
Climate Change

Taxonomy

Renewable Energy, Climate Change Mitigation, Climate Change, Focal Areas, Deploy innovative financial instruments, Influencing models, SMEs, Private Sector, Stakeholders, Financial intermediaries and market facilitators, Beneficiaries, Gender Mainstreaming, Gender Equality, Sex-disaggregated indicators, Gender-sensitive indicators, Enabling Activities, Capacity, Knowledge and Research

Sector
Renewable Energy

Rio Markers
Climate Change Mitigation
Climate Change Mitigation 2

Climate Change Adaptation
Climate Change Adaptation 0

Submission Date
11/29/2021

Expected Implementation Start
10/1/2022

Expected Completion Date
9/30/2028

Duration
72In Months

Agency Fee($)
1,171,000.00

A. FOCAL/NON-FOCAL AREA ELEMENTS

Objectives/Programs	Focal Area Outcomes	Trust Fund	GEF Amount($)	Co-Fin Amount($)
CCM-1-1	Promote innovation and technology transfer for sustainable energy breakthroughs for decentralized power with energy usage	GET	13,000,000.00	87,650,000.00
		Total Project Cost($)	**13,000,000.00**	**87,650,000.00**

B. Project description summary

Project Objective

Unlock and catalyse private capital to mitigate the negative impacts of the COVID-19 pandemic on the energy access industry in Africa

Project Component	Financing Type	Expected Outcomes	Expected Outputs	Trust Fund	GEF Project Financing($)	Confirmed Co-Financing($)

Project Component	Financing Type	Expected Outcomes	Expected Outputs	Trust Fund	GEF Project Financing($)	Confirmed Co-Financing($)
Concessional capital to enable blended finance loans for energy access companies affected by COVID-19	Investment	2.57 million tCO2eq reduction in greenhouse gas emissions 2.4 million people provided with access to clean and modern energy services 144 clean energy connections for businesses and social infrastructure 39.5 MW increased renewable energy capacity installed 9,750 employment opportunities preserved and created	40 energy access companies financed USD 61.35 million private sector funding leveraged for energy access companies	GET	13,000,000.00	87,650,000.00
				Sub Total ($)	**13,000,000.00**	**87,650,000.00**

Project Management Cost (PMC)

Sub Total($)	**0.00**	**0.00**
Total Project Cost($)	**13,000,000.00**	**87,650,000.00**

Please provide justification

C. Sources of Co-financing for the Project by name and by type

Sources of Co-financing	Name of Co-financier	Type of Co-financing	Investment Mobilized	Amount($)
Private Sector	Off-Grid Energy Access Fund (OGEF)	Loans	Investment mobilized	20,000,000.00
Private Sector	Energy Entrepreneurs Growth Fund (EEGF)	Loans	Investment mobilized	25,000,000.00
Private Sector	Social Investment Managers and Advisors (SIMA)	Loans	Investment mobilized	16,350,000.00
GEF Agency	AfDB - Sustainable Energy Fund for Africa (SEFA)	Loans	Investment mobilized	26,300,000.00
			Total Co-Financing($)	**87,650,000.00**

Describe how any "Investment Mobilized" was identified

? USD 20 million of concessional funding to CRP was approved as part of SEFA?s COVID-19 Strategy by its Governing Council and by the AfDB Board in December 2020 (including USD 19.8 million for co-investment with Partner Fund capital and USD 200k to cover legal and implementation cost). Approval of an additional USD 6.5 million funding contribution to the platform from SEFA is expected in Q2 2022. ? USD 61.35 million of commercial capital will be cofinanced by five specialized energy access debt funds (CRP Partner Funds): EEGF (managed by Triple Jump, OGEF (managed by Lion?s Head Global Partners), SIMA Fund 1, SIMA Angaza Distributor Finance Fund and SIMA Commercial & Industrial Solar Green Bond (managed by SIMA). The Fund Managers were selected following a competitive bidding process. Co-investments will be sourced from capital under management by the Partner Funds. The availability of capital, pipeline readiness and efficacy of deployment as well as integrity aspects have been assessed as part of the due diligence process.

D. Trust Fund Resources Requested by Agency(ies), Country(ies), Focal Area and the Programming of Funds

Agency	Trust Fund	Country	Focal Area	Programming of Funds	Amount($)	Fee($)	Total($)
AfDB	GET	Regional	Climate Change	NGI	13,000,000	1,171,000	14,171,000.00
			Total Grant Resources($)		**13,000,000.00**	**1,171,000.00**	**14,171,000.00**

E. Non Grant Instrument

NON-GRANT INSTRUMENT at CEO Endorsement

Includes Non grant instruments? **Yes**

Includes reflow to GEF? **Yes**

F. Project Preparation Grant (PPG)

PPG Required **true**

PPG Amount ($)

200,000

PPG Agency Fee ($)

18,000

Agency	Trust Fund	Country	Focal Area	Programming of Funds	Amount($)	Fee($)	Total($)
AfDB	GET	Regional	Climate Change	NGI	200,000	18,000	**218,000.00**
				Total Project Costs($)	**200,000.00**	**18,000.00**	**218,000.00**

Core Indicators

Indicator 6 Greenhouse Gas Emissions Mitigated

Total Target Benefit	(At PIF)	(At CEO Endorsement)	(Achieved at MTR)	(Achieved at TE)
Expected metric tons of CO?e (direct)	2500000	2573319	0	0
Expected metric tons of CO?e (indirect)	0	0	0	0

Indicator 6.1 Carbon Sequestered or Emissions Avoided in the AFOLU (Agriculture, Forestry and Other Land Use) sector

Total Target Benefit	(At PIF)	(At CEO Endorsement)	(Achieved at MTR)	(Achieved at TE)
Expected metric tons of CO?e (direct)				
Expected metric tons of CO?e (indirect)				
Anticipated start year of accounting				
Duration of accounting				

Indicator 6.2 Emissions Avoided Outside AFOLU (Agriculture, Forestry and Other Land Use) Sector

Total Target Benefit	(At PIF)	(At CEO Endorsement)	(Achieved at MTR)	(Achieved at TE)
Expected metric tons of CO?e (direct)	2,500,000	2,573,319		
Expected metric tons of CO?e (indirect)				
Anticipated start year of accounting				
Duration of accounting				

Indicator 6.3 Energy Saved (Use this sub-indicator in addition to the sub-indicator 6.2 if applicable)

Total Target Benefit	Energy (MJ) (At PIF)	Energy (MJ) (At CEO Endorsement)	Energy (MJ) (Achieved at MTR)	Energy (MJ) (Achieved at TE)
Target Energy Saved (MJ)				

Indicator 6.4 Increase in Installed Renewable Energy Capacity per Technology (Use this sub-indicator in addition to the sub-indicator 6.2 if applicable)

Technology	Capacity (MW) (Expected at PIF)	Capacity (MW) (Expected at CEO Endorsement)	Capacity (MW) (Achieved at MTR)	Capacity (MW) (Achieved at TE)
Solar Photovoltaic select		40.00		

Indicator 11 Number of direct beneficiaries disaggregated by gender as co-benefit of GEF investment

	Number (Expected at PIF)	Number (Expected at CEO Endorsement)	Number (Achieved at MTR)	Number (Achieved at TE)
Female	1,250,000	1,200,000		
Male	1,250,000	1,200,000		
Total	2500000	2400000	0	0

Provide additional explanation on targets, other methodologies used, and other focal area specifics (i.e., Aichi targets in BD) including justification where core indicator targets are not provided

? As a result of CRP funding, energy access (EA) companies are anticipated to provide over 480,000 new solar energy connections, resulting in 2.4 million beneficiaries with increased access to clean energy, as well as 144 new clean energy connections for businesses and social infrastructure. Based on the indicative pipeline, approximately 70% of the funding will be allocated towards off-grid solar home system (SHS) products, 10% towards green mini-grids (GMG) and 20% towards solar solutions for commercial and industrial (C&I) use and social infrastructure. The estimated number of connections are based on an average SHS of 50 watt at a cost price of USD 150 (USD 3 million per MW installed capacity), a cost price of USD 6.2 million per MW minigrid capacity installed, and a cost price of USD 1.4 million per MW installed capacity for C&I. ? In addition to new energy connections, the estimated reduction in greenhouse gas (GHG) emissions includes the continuation of EA services to existing customers which already have EA solutions installed; i.e. CRP prevents EA businesses from falling into bankruptcy and customers reverting to fossil fuel-based energy solutions. Based on estimates received by CRP Partner Funds, approximately 664,000 existing connections will remain in service as a result of CRP funding, including GEF funding. Therefore, these systems will continue to create GHG emission reductions, during the remaining equipment life-time estimated at 3 years for SHS, and 10 years for mini-grids. ? The reduction in GHG emissions for SHS and GMG is estimated based on GOGLA's standard impact metrics . Each SHS yields approximately 0.37 tCO2eq of GHG emission reductions per year with a system lifetime of 7-years (aligned to the LiFePO4 batteries). This is 0.72 tCO2eq of GHG emission reductions per year for GMGs with a system lifetime of 20-

years and 92 annual tCO2eq GHG emission reductions for C&I based on an emission factor of 0.64 tCO2e/MWh. ? See annex F for details on the methodology and assumptions used for the project?s impact calculations.

Part II. Project Justification

1a. Project Description

1) The global environmental and/or adaptation problems, root causes and barriers that need to be addressed (systems description)

570 million climate vulnerable people in Sub-Saharan Africa live without access to modern electricity and rely on a variety of stop-gap and environmentally polluting household energy solutions[1]. To meet daily energy needs, traditional energy solutions are used, such as kerosene lamps, diesel generators, lead acid batteries, and paraffin candles. These are unsustainable, expensive and damaging to human health and the environment. Approximately 80% of energy poor households live in rural areas[2]. The generally low-income and rural farming households, are highly dependent on climate and weather patterns for subsistence agriculture and therefore highly vulnerable to the physical impacts of climate change. Women and girls are especially exposed to energy poverty in Africa owing to the fact that they spend more time on average at home and in many cases face greater limitations than men in terms of economic opportunity and empowerment. This gender energy nexus is emphasized by Longe (2021)[3] who argues that ?energy poverty in Sub-Saharan Africa affects females mostly, because women and girls are commonly stereotyped with the task of providing and using unclean energy for their households. Consequently, they are involved in the daily collection and use of firewood (also called traditional biomass), paraffin (also called kerosene), coal, animal dung, and other unclean energy sources for their households? energy demands?.

Decentralized renewable energy systems offer a cost efficient, clean and sustainable solution to increase access to energy offering economic opportunities and social services while reducing greenhouse gas emissions. Such energy access solutions include off-grid Solar Home Systems (SHS), Mini-Grids (MGs), Commercial and Idustrial (C&I), and Clean Cooking (CC) solutions. In addition to providing households with increased access to a higher quality of energy services, these energy solutions provide rural communities with better access to information and communications technologies, digital financial services, opportunities for additional and diversification of income generating activities, and social services such as improved education and health systems. Increasing access to energy is critical to increasing adaptive capacity and strengthening climate resilience of vulnerable, rural populations that are most acutely impacted by the physical impacts of climate change. Off-grid EA solutions offer a compelling solution to achieve ambitions of both carbon mitigation and enhanced climate resilience.

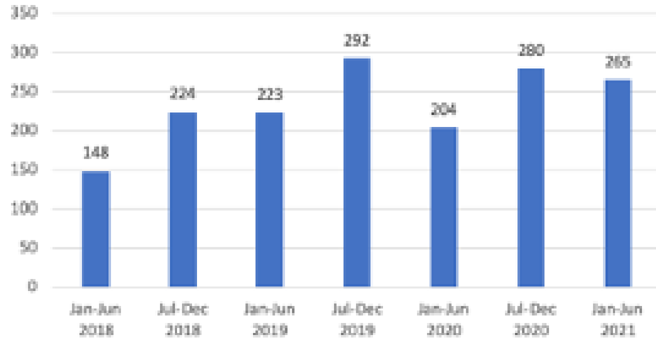
Over the past ten years, innovative companies have driven dramatic progress in the EA sector in Africa. Companies commercializing small-scale renewable EA solutions have significantly increased access to modern, sustainable and reliable energy with nearly 200 million off-grid solar products sold over the last 10 years globally. While this progress is promising, 570 million people in Sub-Saharan Africa continue to lack access to electricity and this number is projected to increase as a result of population growth. Given it is largely financially and logistically infeasible to expand the grid to very rural and/or low-density populated areas, the deployment of off-grid solar systems to 440 million people is required to reach universal access by 2030. As such, the continued growth of EA companies and healthy development of the broader EA industry is critical to the achievement of the Sustainable Development Goal 7 (SDG7), other SDGs on the continent and the Paris Agreement commitments.

Over USD 1.1 billion has been invested in Sub-Saharan Africa in the rapidly emerging EA industry in the last decade. EA companies are capital intensive companies that require substantial grant, equity, and debt investments. EA companies typically acquire anywhere between USD 100k to USD 5 million in grants over the life of their operations. Grants remain an important source of early stage capital allowing for early technology research and development, business model testing, and market validation. Equity investments are usually secured from impact investment funds, that increasingly have offices in Africa. Equity investment terms (i.e. valuations) and methodologies are proprietary and vary widely across the industry. Equity tickets start small (i.e. around USD 100k to USD 500k) and increase over time into the eight-figure range. EA companies require substantial debt to grow and maintain operations. Debt financing is mostly secured by DFIs, specialty lenders, crowd platforms, and financial institutions alike. While some early stage investors may achieve modestly attractive returns, the majority of specialized lenders in the market operate on thin lending margins. Benchmark debt pricing in the sector ranges between 6% and 16% (on a USD-equivalent basis). EA lenders take substantial risk considering the nascence of the sector (in terms of market penetration, complex business models and challenging geographies, leading to longer journeys towards profitability) and the instability of EA market environments. This investment risk is only exacerbated during crises such as the COVID-19 pandemic, with unusually large uncertainties and weakened financial positions of EA companies.

The COVID-19 pandemic threatens the commercial viability of EA companies, undermines growth of the industry and compromises progress towards universal EA and the achievement of low carbon development and green growth ambitions. Although EA companies have proven to be more resilient to the impacts of the COVID-19 pandemic than initially expected, impacts are expected to last much longer than anticipated (as the pandemic is on-going for its 3rd year). Reduced sales volumes, diminished customer payment capacity, supply chain disruptions, increased cost of technology, heightened currency volatility and decreased investment volumes, reduce or delay profitability, lower operational flexibility and resulted in market dysfunctionalities.

? **Sales performance is yet to recover to pre-pandemic levels**. While a 6% Year-over-Year growth of the sector was projected prior the pandemic for the period of 2019-2024[3][1], sales volumes of off-grid lighting products dropped drastically (by 30%) the first half of 2020 and have only bounced back partially to date and not yet returned to a growth trajectory[4][2]. As a result, the number of people lacking access to electricity is set to increase in 2020 and gains in EA throughout Africa are being reversed[5][3]. With a 13% YoY growth estimated to be needed to reach EA for all by 2030[6][4], the uncertainty introduced by COVID-19 jeopardises the significant impact that is expected to be delivered by the industry.

Figure 1. Sales Volumes Sub-Saharan Africa (USD, million)



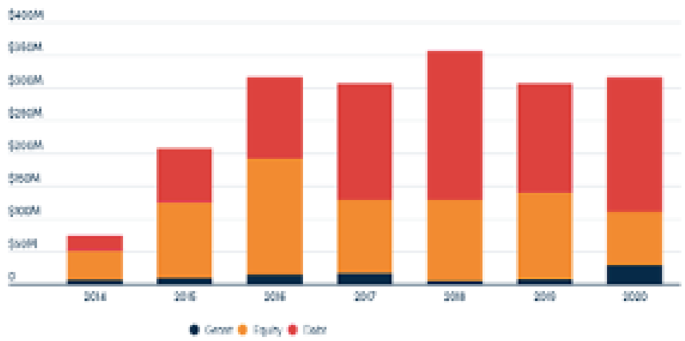
? **Customer repayment capacity and portfolio quality have deteriorated.** Sub-Saharan Africa moved into recession for the first time in over 25 years, with the informal sector one of the hardest-hit by the pandemic, reducing disposable income and ability to purchase basic electricity services. This has translated into an increase in delayed (and in some cases defaulted) payments and an overall degradation of customer receivables portfolios. Although performance varies (both pre and during COVID19), 50% of EA businesses experienced a decline in collection rate and 75% experienced an increase in write-offs, resulting in an increase of the portfolio at risk (delay of customer payment >30 days) plus write-off ratio from 19.1% pre-COVID19 to 33.1% in 2021[7].

? **Supply chain disruptions persist, adding delays and costs**. Containment measures imposed by governments disrupted supply chains and evented to longer delivery times and increased costs of shipping and materials. The pick-up of manufacturing activity in the second half of 2020 caused a strong rise in demand for inputs and container shipments, which in turn reflected in higher container shipping costs and input prices. Approximately 73% of manufacturers expect continued impact on and delays of production in 2021, for some products till the second half of 2022. Due to reduced personnel and increased complexity of manufacturing and shipping processes, a ?new normal? is expected including slower and more expensive supply chains for EA companies.

? **Currency volatility and depreciation been amplified**. Most companies are highly leveraged, borrowing in USD or EUR, while their revenues are collected in local currencies, making them vulnerable to the increased foreign exchange (FX) risk. The devaluation of local currencies reduces companies? ability to service hard currency investor payments and purchases of stock and other services. A continued depreciation of local currencies against the USD is expected in almost all African countries as a result of the lasting effects of the pandemic, modest economic recoveries and stretched national finances. Modest depreciation of 0?4% is expected in about 36 African countries, while another 12 countries will see depreciation of more than 5% in 2022[8].

? **Cost of technology have risen and may remain high in the near term.** Globally, the price of hardware and component parts have increased due to raw material volatility and supply shortages, which had a significant impact on the off-grid sector. Manufacturers expect a 9-14% increase in the cost of solar lanterns and solar home system production across the product range, reversing the trend of decreasing cost of solar technology[9]. While these may be absorbed in the short-term, they will ultimately need to be passed on to consumers who are already under financial stress as a result of the crisis ? adding a new longer term challenge for the sector.

Figure 2. Off-Grid Solar Investments (USD, million)



? **Investments in sector have dropped and remain subdued**. Although investors continue to deploy capital, investment volumes remained stagnant, amounting to USD 316 million in 2020, while USD 420 million of investments were expected in 2020 prior to the pandemic[10]. EA companies are experiencing challenges and delays in accessing funding due to inability of investors to conduct on the ground due diligence, in combination with decreasing portfolio quality, and the emerging risks and uncertainties. Investments to date for 2021 are approximately at USD 200 million (including a recent USD 90 million investment announcement in ZOLA that bumped up the number significantly) and are expected to end slightly below the 2020 total by year end. Additionally, increased credit risks are pressuring upwards the (risk-adjusted) pricing of commercial loans and reducing flexibility on available products, terms and conditions. Finally, it is worth emphasizing that achieving SDG7 through decentralized technologies would require more than USD 1.1 billion annually, which is almost 4 times the current volume of invested equity and debt capital, highlighting the large financing gap and the need to sustain momentum in this young market.

? **Profitability is lagging and most businesses do not yet generate positive returns**. The majority of EA companies are not yet profitable, which is largely explained by the youth of companies (majority is less than 5 years old), maturing business models and challenging geographies, leading to longer journeys to optimize operations, achieve economies of scale and eventually net income for the shareholders. The reduction in sales, in combination with tight cashflows, exposure to increased foreign exchange fluctuations, and limited ability to service existing debt obligations, has left these companies financially vulnerable (liquidity <90 days / total cost doubled from 51% prior to COVID-19 in 2019 to 89% during COVID-19)[11]. The sector requires flexible, patient and risk-tolerant capital to allow more ?runway? for maturation of the businesses, in particular with regard to product offerings, operational efficiency, expansion of client base and optimization of financing arrangements, in order to reach profitability

Engagements by the Bank with EA debt funds confirmed the increased risks of the energy investment sector. These conversations testified to (i) EA companies? weakened balance sheets, liquidity shortfalls and reduced ability to service debt; (ii) the need for restructuring of loans or adjusting loan terms of portfolio companies; and iii) pipeline investments being challenged by limited ability to conduct on-site due diligence for new transactions, high level of uncertainty, and increased cost of risk-adjusted lending. Risk adjusted interest rates have increased by 1-4% as a result of increased Credit Risk (uncertainty around supply chain, customer demand uncertainty and repayments, operational and financial challenges) and increased Financial Market Risk (increase of local interest rates , tightening /paralysis of local lending markets as banks and asset managers look to protect assets and focus on de-risking portfolios, and devaluation of local currency reducing companies? ability to service hard currency investor payments, make stock and other service purchases).

There is a need for tailored financial solutions to support EA companies and facilitate their continued strong progress in Africa. Affordable and risk capital is fundamental to unlock current stagnant state of the market and support EA companies? strong recovery through and beyond this crisis. Without this tailored financial support, the sector may at best remain stuck at a ?resilient but stagnant? state and at worst crumble under pressure. A tailored financial instrument must take into consideration the need for affordable liquidity in the sector, while ensuring to maintain its commercial integrity and market fundamentals, by limiting the potential perverse incentives and market distortion. In this context, the African Development Bank has developed the COVID-19 Off-Grid Recovery Platform (CRP), described in the section below.

[1] Worldbank (2021). Tracking SDG7, The Energy Progress Report 2021

[2] https://www.lightingafrica.org/

[3] Omowunmi Mary Longe (2021): *An Assessment of the Energy Poverty and Gender Nexus towards Clean Energy Adoption in Rural South Africa. Energies* **2021**, *14*, 3708. https://doi.org/10.3390/en14123708

[4] GOGLA (2021). Global Off-Grid Solar Market Report.

[5] WorldBank (2021). Tracking SDG7: The Energy Progress Report 2021.

[6] GOGLA (2020). Global Off-Grid Solar Market Report.

[7] GOGLA (2021). Off-Grid sector information provided by GOGLA for the African Development Bank.

[8] The Economist Newspaper Limited (2021).

[9] GOGLA (2021). Off-grid solar supply chain disruption: 87% of manufacturers expect increased prices for consumers. https://www.gogla.org/about-us/blogs/off-grid-solar-supply-chain-disruption-87-of-manufacturers-expect-increased-prices

[10] GOGLA (2021). Global Off-Grid Solar Market Report.
[11] GOGLA (2021). Off-Grid sector information provided by GOGLA for the African Development Bank.

2) The baseline scenario and any associated baseline projects

Approximately 84 million off-grid solar units are in use today, providing clean energy solutions and benefiting more than 420 million people.[1] These solutions collectively create approximately 31 million tCO2eq GHG emission reductions per year. The continued operations of many of the EA businesses providing these clean energy solutions in Africa is in jeopardy due to the business challenges faced as a result of the pandemic, as described in the previous section. 370,000 green jobs are at risk[2] and if these companies fall into bankruptcy, households may lose access to modern energy solutions. A ?reverse energy transition? could lead to an increase in GHG emission due to households returning to fossil fuel-based energy solutions. While this in itself is problematic, the effect of EA companies being unable to weather the downturn may be dramatically more severe. Due to the nascence and relative fragility of the industry, the industry may require several years before it could recover to its level of operational scale in Africa, of close to 500,000 units sold/month across the continent. This would cause an extended increase in carbon emissions and almost certainly preclude the achievement of SDG 7 in Africa.

African Development Bank energy access initiatives

In its ambition to achieve universal EA for all in Africa by 2025, the Bank launched in 2016 its New Deal on Energy for Africa (NDEA). Among other aspirational goals of the NDEA, the Bank aims to increase off-grid generation and add 75 million connections by 2025. To achieve this ambitious target, the Bank has spearheaded several initiatives to bring affordable energy to communities living off the grid, such as:

- **The Facility for Energy Inclusion (FEI)**, a USD 500 million debt financing platform for small-scale renewable energy projects, including small independent power producers (IPPs), mini-grids and captive power projects, as well as off-grid solar homes system companies. Since its approval in 2016, FEI has been dedicated to increasing access through renewable energy technologies by aggregating capital from concessional and commercial investors; structuring bankable projects and demonstrating commercial viability; accelerating delivery through flexible instruments to increase access to clean energy; and supporting the transition to low-carbon and climate resilient development. FEI comprises two windows functioning as separate funds:
- The Off-Grid Energy Access Fund (OGEF) is a targeted USD 100 million debt fund to support innovative off-grid EA companies through corporate loans, secured loans and securitized receivables transactions. OGEF was the first sector-specific debt fund providing local currency solutions for the

off-grid solar industry in Africa. OGEF reached a final equity close in November 2019 with USD 59 million in committed equity capital (including capital from the GEF) and USD 36 million debt facilities, to support innovative, off-grid EA companies. The fund was instrumental in demonstrating the need and viability of local currency lending.

●FEI On-Grid, a targeted USD 400 million pioneering debt fund to provide flexible, sustainable, and efficient financing to support the expansion of EA through the development of small-scale renewable energy generation and mini-grids across Africa. Both FEI On-Grid and OGEF are managed by Lions Head Global Partners (LHGP). FEI On-Grid has achieved a final close in January 2021 with USD 211 million with contributions from AfDB, Norfund, European Union, the Clean Technology Fund, KfW and OeEB.

●**The Distributed Energy Service Companies (DESCOs) Financing Program**, approved in July 2019, aims to contribute to the ?energy access for all? goal by crowding-in local financial intermediaries into the scale-up of DESCOs in their respective regions/countries. This is achieved through the promotion of securitization financing techniques that sufficiently collateralize the receivables earned by DESCOs whilst simultaneously de-risking the underlying transactions for relevant financiers. The program also facilitates local currency financing for DESCOs and provides local lenders with risk mitigation instruments. The main goal of the program is to unlock local capital in the off-grid sector and contribute to scaling up the deployment of SHS in Sub-Saharan Africa.

●**The Leveraging Energy Access Finance (LEAF) Framework**, is a USD 900+ million financing programme designed to unlock commercial and local currency capital to scale up the activities of decentralized and distributed energy (DRE) services companies operating in Africa, including solar home systems, green mini-grid and captive power solutions. The LEAF Framework provides concessional finance and credit enhancement instruments, such as guarantees and subordinated debt, to improve the bankability of DRE projects and crowd-in commercial investment, including from local financial institutions.

●The **Desert to Power (DtP) initiative**, aims to accelerate economic development in the Sahel region through the deployment of solar technologies at scale. Specifically, DtP is looking to deliver electricity to 250 million people (160 million people on-grid and 90 million people off-grid) and to add solar energy generation capacity of up to 10 GW through a combination of public and private interventions. The initiative covers 11 countries (Burkina Faso, Chad, Djibouti, Eritrea, Ethiopia, Mali, Mauritania, Niger, Nigeria, Senegal and Sudan).

In the pursuit of achieving electricity access goals of the continent and catalyzing substantial levels of private sector engagement and investment, the Bank established the **Sustainable Energy Fund for Africa (SEFA)** in 2011. SEFA is a multi-donor Special Fund managed and administered by the Bank providing catalytic finance to unlock private sector investments in renewable energy and energy efficiency. SEFA?s overarching goal is to contribute to universal access to affordable, reliable, sustainable, and modern energy services for all in Africa, in line with the NDEA and SDG 7, and to promote renewable energy and energy efficiency in the African continent. SEFA was established in partnership with the Government of Denmark and has since received contributions from the Governments of United States, United Kingdom, Italy, Norway, Spain, Sweden, and Germany, and the Nordic Development Fund.

Housed in the Renewable Energy and Energy Efficiency Department (PERN) of the Bank, SEFA avails different instruments to remove market barriers, build a more robust pipeline of projects and improve the risk-return profile of individual investments, through:
•**Technical Assistance** availed through grants and reimbursable grants for project preparation and enabling environment strengthening to public and private sector entities with a strong focus on activities that will directly unlock investments, and;
•**Concessional Investments** providing catalytic risk capital and viability gap financing, primarily to private entities, by deploying Results-Based Financing, loans, and equity instruments often blended with the Bank and other commercial investments.

SEFA is administered in accordance with the Bank procedures, rules and policy guidelines. The Resource Mobilization and Partnerships Department (FIRM) provides fiduciary oversight and is responsible for formal communications with existing and potential donors to the trust fund. Day-to-day operations and management are entrusted to the SEFA Technical Unit, which acts as the delivery unit and administrative secretariat, responsible for screening, implementing, reporting, monitoring and evaluating SEFA?s activities and projects, under the guidance of the PERN department. All projects are subject to the approval of a cross-departmental Technical Review Committee, responsible for technical and financial soundness as well as alignment with applicable Bank?s policies, rules, procedures, strategies and priorities. A Governing Council (GC), composed of representatives of the Bank and SEFA Donors, is responsible for the implementation oversight and strategic guidance of SEFA. All SEFA?s concessional investments, and technical assistance support amounting to more than USD 1 million are approved by the Bank?s Board of Directors.

Since its inception, SEFA has grown rapidly and has become one of the leading actors of the renewable energy sector in Sub-Saharan Africa. At the end of 2020, SEFA ended its first cycle as a technical assistance facility (SEFA 1.0) and approved the first batch of SEFA 2.0 projects which helped developers to bring their projects to fruition. Additionally, the facility helped to design innovative renewable energy and EA programmes in Sub-Saharan Africa, including fragile states. SEFA is also renown for having pioneered three important initiatives in the region which are the Africa Renewable

Energy Fund (AREF), the Facility for Energy Inclusion (FEI), and the Green Mini-Grid Market Development Programme (GMG MDP). As of the end of 2020, SEFA?s portfolio included 71 projects with USD 88.3 million SEFA investments for project preparation and equity, expecting to result in 4.1 GW new sustainable energy capacity to be installed and 9.4 million new energy connections. More information can be found in SEFA?s annual report.

GEF investments in energy access through AfDB

1. As part of the Bank?s Public-Private Partnership Program, the GEF became an investor into FEI OGEF, providing a USD 8.5 million equity contribution into the fund. To date, FEI OGEF has made eight investments across Senegal, DRC, Rwanda, Mauritius, Benin, Burkina Faso and Kenya for a total amount of USD 31 million, in high quality and credible EA companies: SHS company BBOXX received an USD 8 million loan in local currency to roll-out new solar home systems in Rwanda and a USD 4 million loan to accelerate the operations in DRC where less than 20% of the population has access to electricity; SunCulture, a solar irrigation company and Kenya-based developer and distributor of solar water pumps and irrigation solutions for smallholder farmers received USD 2.25 million in inventory financing; d.light, received USD 10 million debt to scale up its operations in underserved markets such as Nigeria, Tanzania, Zambia and Ethiopia; Solar Panda secured a USD 3 million loan to keep bringing sustainable power through SHS (including lights, mobile charging, and television) to communities in Kenya; Qotto received a USD 2.5 million loan to be split between their facilities in Benin and Burkina Faso to electrify rural communities living off-the-grid; and Baobab+, a French leading solar home system distributor in West Africa, received EUR 2 million debt funding for the extension of Baobab+ services in Senegal.
2. The On-Grid window of FEI has been granted a USD 10 million contribution from the GEF to establish a Project Preparation Facility (PPF) aiming at financing late-stage preparatory activities leading to financial close. The PPF was established in October 2020 with the signature of the corresponding agreements and procedures manual. There have been no disbursements to date, but the Bank as the Supervisory Authority has been requested to provide its no objection to 7 projects: 5MW floating solar project in Seychelles, 15MW mini-grids in DRC, 8MW greenfield solar PV in Ghana and Sierra Leone, 20MW PV sola power plant in Egypt, refinancing of 19MW hydropower plants in Madagascar, 45MW greenfield C&I solar power projects in Kenya, Rwanda and South Africa, and 19MW rooftop solar C&I projects across Burkina Faso and Mali.

Figure 3 below confirms the funding relationship between GEF and EA initiatives invested in through AfDB and the proposed investment through this proposal.

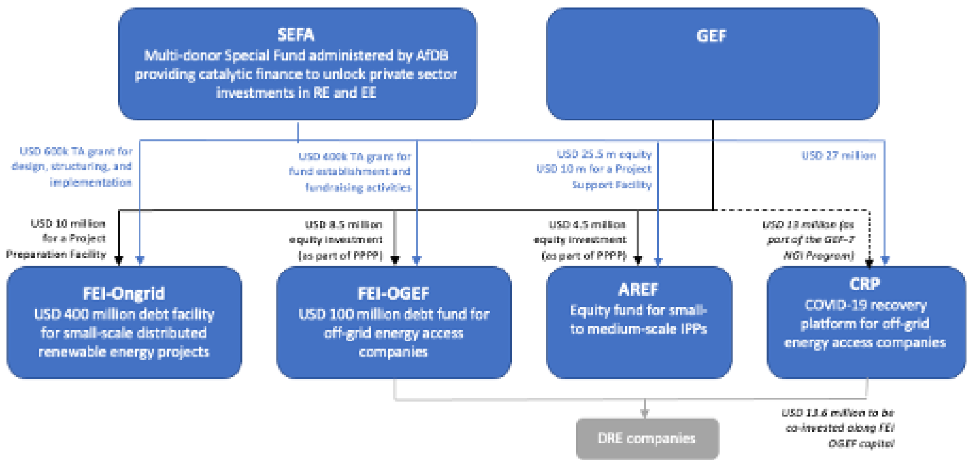


Figure 3: Funding relationship GEF and AfDB energy access initiatives

COVID-19 related energy access efforts

Despite the fact that these innovative financing initiatives were established to increase clean EA in Sub-Saharan Africa, they are not designed to provide a COVID-19 response and affordable, tailored financial solutions the sector needs to address the liquidity gap and need for concessional finance resulting from the pandemic. Realizing that the impact of the COVID-19 pandemic on Africa was likely to be unprecedented in nature and scale, the Bank established in April 2020 the **COVID-19 Rapid Response Facility (CRF)** to provide fast, flexible and effective responses to mitigate the severe economic and social impact of the COVID-19 on its regional member countries including the private sector. The majority of the Bank?s CRF, encompassing a USD 10 billion envelope, has been channeled through sovereign operations in the form of emergency budget support. The private sector CRF envelope, comprising USD 1.4 billion, supports existing clients of the Bank only, of which a small fraction availed to energy sector stakeholders in the utility-scale space. Given that the Bank?s existing energy financing initiatives are not well-suited to respond to the needs of the EA sector, and that the Bank?s CRF is limited to existing clients only, SEFA prepared a COVID-19 Strategy (May 2020) which comprised financial support for the EA sector as a key operational pillar.

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In March 2020, sector-wide discussions sparked the **Energy Access Relief Fund (EARF)**, a targeted USD 100 million concessional debt fund to support EA businesses to maintain existing off-grid energy services and human capital infrastructure. The Bank actively engaged with stakeholders involved to explore the possibility of funding the initiative. With EARF being a new and to be established fund and the coordinated response being work in progress, challenges around lack of clarity on the capital structure, legal set-up and implementation arrangements challenged the assessment required for commitment from the Bank. In November 2020, Social Investment Management and Advisors (SIMA) was selected as the Fund Manager of EARF. EARF accomplished a first close of USD 68 million in September 2021 and started deploying funds in Q4 2021.

There are additional ongoing efforts in the sector, focused on increasing access to energy for hospitals and health care facilities (such Power Africa?s Solar Electrification of Healthcare Facilities initiative) and customer relief (such as AECF?s REACT Kenya Relief Fund which provides emergency grants to sustain renewable EA for rural households in Kenya). Following a call to action, a USD 35 million sector-wide grant initiative to provide emergency grant funding to smaller decentralized renewable energy companies has been unable to launch, lacking funding support.

Early discussions with EARF, the large number of companies at risk, the limited availability of affordable recovery capital to EA businesses, and the opportunity of leveraging existing infrastructure and capital in the market, triggered the design of SEFA?s **COVID-19 Off-Grid Recovery Platform (CRP)**. CRP could still support EARF as well, amongst other Funds. EARF was included in the call for proposals for CRP, however a proposal was in the end not submitted.

CRP is designed to leverage multiple commercial debt funds (selected on a competitive basis), ensuring diversification of the portfolio and a lower risk on the dependency on a single fund. It builds upon complementarity of the instruments and approaches of the funds to provide sustainable funding and ensuring to maintain commercial integrity and market fundamentals, limiting the potential of conflict of interests and market distortion. The Bank received the endorsement from industry bodies, including the global association for the off-grid solar energy industry GOGLA, the Alliance for Rural Electrification (ARE) and the African Minigrid Developers Association (AMDA) on the Bank?s efforts in mobilizing finance for the EA sector and its innovative blended finance platform approach (see Annex L).

CRP is complementary to existing EA financing programs at the Bank and sector-wide COVID-19 response efforts:

? The financial services offered under the Bank-wide CRF are entirely different from those offered by CRP. CRF?s private sector windows targets mainly line of credit facilities for commercial banks, whilst CRP is targeting EA funds. As such, there is no overlapping services nor need for coordination.

? FEI is a stand-alone, debt investment facility. The two windows, FEI On-Grid (mini-grid, IPP?s, captive power) and OGEF (off-grid), each make debt investments as well as provide technical assistance to investees. These debt funds are differentiated from CRP in terms of the cost of lending. The FEI facilities lend at commercial rates (i.e., 6-15%) depending on the risk of the transaction. In addition, CRP?s recovery funding is restricted to EA companies negatively impacted by the pandemic. CRP allows for OGEF to lend at more affordable terms to end borrowers (i.e. <10%) and reducing the

Funds? exposure risk, providing the additional level of comfort required to enter deals the Fund would otherwise not be able to do and on affordable terms.

? EARF is a concessional debt fund to finance EA businesses to maintain existing off-grid energy services and human capital infrastructure, whereas CRP provides concessional capital to EA debt funds, leveraging commercial capital, allowing for lending on below-market terms through diverse financing instruments, and offering the level of de-risking required for these funds to continue lending during the crisis to companies impacted by the pandemic. In addition to the Bank having been in close contact with EARF investors and the initiative, increased coordination and synergies are expected as a result of SIMA managing both EARF and SIMA Fund 1 and DFF (Partner Funds of CRP).

COVID-19 Off-Grid Recovery Platform

The COVID-19 Off-Grid Recovery Platform (CRP) is the Bank?s flagship COVID-19 response operation for the EA sector and forms the baseline project for this proposal. CRP is a 6-year program designed to avail flexible and concessional capital to EA companies affected by the pandemic. SEFA has committed USD 20 million of concessional funding to the platform (of which USD 19.8 million to be invested along Partner Fund capital and USD 200,000 to cover legal and implementation cost).

Because of its unique position and nature, SEFA is well-suited to support Africa?s sustainable energy sector during the COVID-19 pandemic. SEFA?s flexible, concessional, and catalytic financing instruments enact both immediate and longer-term responses to safeguard the sustainable energy sector in Africa from the financing risks of the pandemic. SEFA?s COVID-19 Strategy, approved by its Governing Council, includes a provisional envelope of up to USD 40 million to be deployed under two components: (i) Relief Funding for the EA Sector, and (ii) the Electrification of Health Infrastructure. CRP will be funded under the first component of the SEFA COVID-19 strategy. CRP was approved by the Bank?s Board in December 2020.

Objectives of the CRP. The overarching objective of CRP is to unlock and catalyze private capital to mitigate the negative impacts of the COVID-19 pandemic on the EA industry in Africa. The specific objectives are to: (i) safeguard the operations and progress of EA companies; (ii) ensure a robust commercial recovery for the EA industry following the pandemic, and; (iii) enable a green economic recovery and low carbon development for countries across the continent. CRP will provide much needed liquidity and working capital to companies affected by the crisis, ensuring the continuation of EA services to existing customers and enabling expansion of operations into new clean electricity connections to reach long-term climate and development goals.

Rationale. The majority of eligible borrowers under CRP operate under conditions that make them more vulnerable to the impact of the pandemic, such as: (i) capital intensive business models; (ii) limited (yet improving) profitability; (iii) highly leveraged operations to fuel rapid sales growth and consumer financing plans; (iv) FX risk as a result of purchasing imports and lending in USD or EUR, while revenues are collected in local currencies; and (v) operating in volatile markets that often see strong economic fluctuations. Moreover, the risks introduced by the pandemic add pressure to increase the risk-adjusted pricing of commercial loans in and reduce the appetite of lenders to transact under prevailing market circumstances. This has the impact of either lenders not executing deals and companies not receiving finance, or companies receiving expensive debt that may be detrimental to longer-term growth and operational sustainability. These factors make lending relief and recovery capital to EA companies, especially during the pandemic, a specialized financing niche. This requires the expertise and experience of sector-specific EA investment funds. Such funds not only have access to potential deals and the critical benchmark data required to accurately assess and price investments in the sector; they are also well positioned to mitigate against the risks imposed by the pandemic on EA businesses.

Platform and blended finance approach. CRP is a co-financing platform that provides concessional capital to experienced EA debt funds (Partner Funds). This capital is then blended with the commercial capital managed by each Partner Fund on a per transaction basis to enable low-cost loans for EA companies. The blended sub-investments are structured on pari-passu terms for the principal amount of the investment and ensure proportionality and pro-rata with a minimum co-financing of 1:1 at transaction level. CRP has been designed as a financing platform to (i) leverage the expertise and ingenuity of specialist EA investment teams, (ii) provide a template for aggregating concessional capital from energy and climate financiers, and (iii) provide a mechanism to unlock commercial capital of existing EA lenders (investment funds) for a specific purpose. CRP?s blended finance strategy and pari-passu requirement align interests between financiers, safeguarding the quality of transaction structuring and portfolio management, while ensuring that lending remains affordable for underlying companies. Whereas benchmark debt pricing in the sector ranges between 6% and 16%, the blended co-investment approach of the CRP may enable pricing at nearly half these figures. The platform approach ? which convenes the power of several investment funds - thus enables a large volume of transactions in a relatively short amount of time, a broad geographic coverage, and a wide range of financial solutions in support of the diverse business needs across the EA industry. Working with multiple partners on a co-financing basis provides additional benefits in terms of portfolio diversification, investment discipline and reduced market distortion. As the approach requires several funds in the marketplace to deploy their own commercial capital alongside CRP funds, the competitive tension between Partner Funds ensures that pricing remains fair and affordable for the sector. Partner Funds act in an agent capacity to source, appraise, transact, and manage investments on behalf of CRP.

In addition to leveraging commercial capital from Partner Funds that is directly co-invested alongside CRP funding, additional commercial finance will be catalyzed from the private sector. This includes additional capital raised at the same time as CRP?s investment (beyond the Partner Funds' capital) such as equity, as well as additional investments that are anticipated to occur during the project period. The Partner Funds are experienced and well positioned to provide tailored finance towards the specific situation of EA companies, considering crisis response, recovery plans and adjusted business plans. Bridging the urgent funding gap of EA businesses and supporting strong recovery plans on below market-terms amidst the crisis, enables businesses and Partner Funds to attract additional patient capital contributing to the sustainable long-term growth of the companies.

The following terms apply for CRP funding extended to Partner Funds

Funding amount	USD 5-10 million per Fund Manager
Instrument	Concessional Loan
Recipient	Partner Funds - Specialised EA debt investment funds
Pricing	0% ? to be effectively blended with commercial lending and financial debt instruments provided by the Partner Funds
Fees	Up to 1% per annum may be charged on CRP funds deployed at transaction level to support additional costs incurred in managing CRP funds. 1% refers to the principal amount executed in each underlying transaction and will be charged to the end borrower.
Term	6 years; CRP funds will be deployed in 12 months, with a possible extension of 12 months subject to market conditions and at the discretion of the Bank, with an amortization period of up to 48 months.
Co-investment	CRP funds will be co-invested alongside the commercial capital of each Partner Fund. CRP transactions require a minimum 1:1 co-investment at transaction level, provided as new capital from the Partner Funds
Use of Proceeds	Working capital and liquidity at affordable rates to enable continued operations and strong recovery
Eligible end borrowers	Early to growth stage EA businesses i) operating in Africa ii) commercializing solar home systems, green mini-grid, small scale C&I or clean cooking solutions, iii) robust business models affected by COVID-19

Credit Risk	The credit risk of CRP funding on-lent to end-borrowers is carried by CRP. Risk is shared on a pari-passu and pro rata basis.
Implementation	Partner Funds will be responsible for identifying, appraising, structuring, and managing investments

Partner Funds. Three Fund Managers specialized in lending to the EA sector and currently managing closed-end debt investment funds are selected as Partners to deploy and co-invest along CRP. The Partner Funds invest on commercial terms and are commercial investment vehicles. The USD 20 million contribution from SEFA will be invested by these Partners along the following four Funds:

? The Energy Entrepreneurs Growth Fund (EEGF) managed by Triple Jump. EEGF is a USD 65 million investment fund providing flexible, tailored and patient capital and is the only mezzanine debt focused vehicle, complementary to other investors in the space. EEGF targets companies operating in the EA value chain that are often perceived as too risky by most debt funds currently active in the market. EEGF?s mezzanine instrument is in particular relevant considering the limited availability and reduced equity investments in the sector.

? The Off-Grid Energy Access Fund (OGEF) managed by Lion?s Head Global Partners. OGEF is a USD 95 million fund, providing mainly senior loans in local currency to companies that are suppliers of off-grid energy solutions and have a demonstrated need for working capital in the form of inventory or receivables finance, bringing affordable solar energy to communities living off the grid in the region. Given the heightened currency volatility and EA companies collecting revenues in local currencies, local currency loans are preferred and much needed to reduce foreign exchange risk for EA companies.

? The Off-Grid Solar and Financial Access Senior Debt Fund (Fund I) managed by Social Investment Managers and Advisors (SIMA). Fund I is a USD 90 million investment fund that provides senior debt to innovative companies that finance, manufacture, and/or distribute solar home systems.

? The Angaza Distributor Finance Fund (DFF) managed by SIMA. DFF is a USD 3 million fund, providing hard and local currency debt to small and locally-owned EA distributors with approximately USD 1 million or less in revenue annually and promoting gender equality within EA.

Annex I provides more information on the selected Partner Funds and Annex J provides an overview of the strategic coherence of the selected Partner Fund investment strategies.

The fund management teams of these Partner Funds have extensive track records of lending in Africa and other emerging and frontier markets, demonstrating their ability to deliver on commercially sound principles. The experienced fund managers are specialized in the EA sector in Africa, operating some of the largest and most established specialized debt investment funds in the sector, and are licensed and regulated by the financial regulatory authorities in their countries of domicile. The Partners have established fiduciary duties, investment processes, and governance frameworks. Due to their expertise in lending in the EA sector and market knowledge, these experienced Partner Funds are well placed to structure recovery facilities for EA companies affected by the COVID-19 pandemic.

The Fund Managers were selected following a competitive bidding process. The selection process started with a market sounding exercise where seven fund managers specialized in lending to the EA sector and currently managing closed-end debt investment funds were pre-selected and invited to respond to a first call for proposals. These included Triple Jump, Lion?s Head Global Partners, responsAbility, SunFunder, Social Investment Managers and Advisors, TRINE and Lendahand. Investment proposals were assessed based on the fund manager?s experience and track record, as well as the fund?s COVID-19 recovery investment strategy, terms and pipeline readiness ? see table below. Three of the seven funds have been selected following due diligence by the Bank?s transaction team.

The following table summarizes the selection criteria. A minimum score of 70 out of 100 was required as a pre-condition for continuation to the appraisal stage.

Fund Manager Experience and Capacity	**50%**
•Deploying energy access debt investments (demonstrated energy access transactions executed by the Fund)	10%
•Advising, structuring, closing and workouts of debt products (demonstrated experience + defined investment processes and portfolio management procedures in place, incl. loan workout)	10%
•Track record in financing businesses in Africa (including portfolio performance to date)	10%
•Experience with donor initiatives, concessional finance and blended investments	10%
•COVID-19 Portfolio and pipeline readiness	10%

Proposed COVID-19 Strategy and Operations	**50%**
•COVID-19 Approach and scope of intervention, reflecting a robust understanding of the challenge, risks and mitigants	10%
•Proposed structure and resources availed (financial and human)	10%

•Indicative investment terms (including pricing) to be applied to target companies	10%
•Transaction pipeline, including geographic focus and expected impact from intervention	10%
•Risk assessment and mitigants, including conflicts of interest	10%
Total	**100%**

The Bank?s due diligence policies, applicable to any Bank?s non-sovereign operations and therefore also applicable to the Partners Funds, include Know-Your-Customer (KYC), Anti-Money Laundering (AML) and Combating the Financing of Terrorism (CFT) procedures and operational safeguards. Partners will be responsible for ensuring the compliance of end borrowers to Bank policies, including environmental and social compliance and monitoring. The need for Partners to ensure the compliance of end borrowers are articulated and agreed within the Agreement between the Bank and Partner Funds.

End Borrowers. CRP supports EA companies commercializing small-scale renewable energy solutions to households, micro-enterprises, and other end-customers in underserved communities in Africa and affected by the pandemic. The following technologies are included under CRP: solar home systems, green-mini grids, clean cooking and small scale commercial and industrial use solar solutions (off-grid decentralized captive renewable energy systems and appliances for productive use). Majority of companies in the sector are early-to-growth stage businesses with annual revenues between USD 200,000 to 5 million, in addition to a few more mature companies with annual revenues between USD 5-20 million. As described above, these companies operate under conditions that make them extra vulnerable to the impact of the pandemic, including capital intensive business models and highly leveraged operations to fuel rapid sales growth and consumer financing plans.

Partner Funds are required to assess companies on the following additional eligibility criteria:

•<u>Evidence of the negative impacts of the pandemic on business operations and a well-justified need for recovery finance</u>. Evidence may include but is not limited to regulatory challenges limiting operations (i.e., travel restrictions), portfolio deterioration, decrease in sales growth, heightened FX risks, operational disruptions and delays, and inability to raise capital on affordable terms;

•<u>Commercially viable operations and financial performance prior to the pandemic</u>. The Bank requires a track record of good operational and financial performance demonstrated through at least 3 years audited financial statements with unqualified audit opinions or good prospects for meeting all its financial obligations and generate adequate surpluses to sustain its long-term viability, in the case of start-ups. Further indicators may include unit economics (the company had/has positive unit economics or visibility on reaching positive unit economics within a certain period since CRP?s investment) and cash flow (company has/had positive cash flow or projected to reaching this stage within a defined period following investment by CRP);

●Sound management, accounting and corporate governance systems that provide effective protection of the interests of all investors;

●Demonstrable developmental impact through activities.

The following documentation, amongst others, will be obtained by Partner Funds to assess the justification for concessional CRP funding:

? Financial accounts (prior the pandemic and current);

? Operational data highlighting portfolio deterioration (for example defaults, churn, repossessions of solar home systems), delays in supply chain, challenges in operations, decreases in unit sales and revenue, challenges in fundraising;

? A clarification of how COVID-19 has affected the business? performance.

Expected Development Outcomes. The following development outcomes have been estimated for CRP:

Household benefits and job creation. CRP enables the continuation of EA services to 330,000 existing customers and the provision of off-grid solutions to 240,000 additional households. The positions of circa 1,750 employees will be protected, and over 3,080 new full-time positions will be created during the project period, of which 30% is expected to be filled by women.

Infrastructure. 240,000 new EA connections will be deployed, totaling 19.6 MW of additional solar capacity to be installed. These EA solutions will generate modern energy for households and micro-enterprises.

Private sector development. 20 EA companies will be financed and supported through the crisis by the blended investments of CRP strengthening the business ecosystems through supply chain operations and the need for professional services. In addition, solar energy solutions will provide clean and sustainable energy to 70 commercial and industrial businesses and social infrastructure.

Leverage. SEFA funding will leverage 30 million of commercial finance from Partner Funds to be directly co-invested along SEFA funding providing affordable financing otherwise unable to be deployed. Furthermore, USD 110 million additional commercial finance is expected to be catalyzed from the private sector, including additional capital raised at the same time as CRP?s investment and beyond the Partner Funds' capital, as well as additional investments that are anticipated to occur during the project period, contributing to the sustainable long-term growth of the companies. Additional capital catalyzed during the project term will be monitored and reported on by Partner Funds. This results in a total leverage of private sector commercial capital by SEFA funding of 1:7.

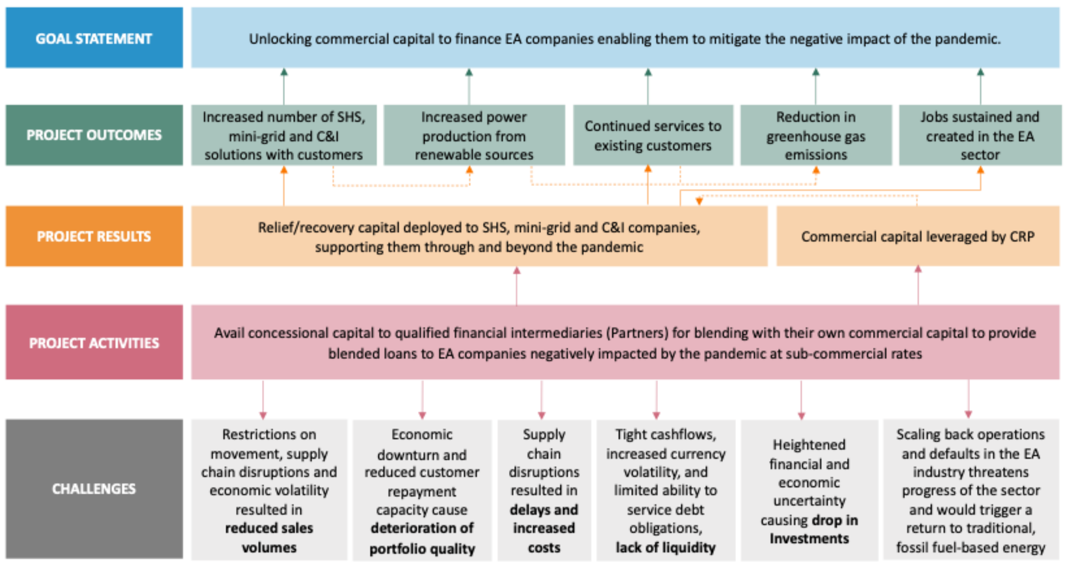
Environmental effects and contributions to green growth. CRP will have a positive environmental effect by promoting the adoption of off-grid solar products that provide households with basic, emissions-free access to energy, displacing fossil fuel energy solutions. It contributes to climate change mitigation by financing activities that reduce approximately 1.28 million metric tons of carbon dioxide equivalent (tCO2eq), primarily through displacing the use of small-scale diesel generators and kerosene by clean energy solutions and enabling the continuation of EA services to existing customers. The operation will ensure the sustainability of green renewable energy enterprises, protect and expand green jobs, and contribute to green growth in the target countries.

3) The proposed alternative scenario with a brief description of expected outcomes and components of the project

The sector and its progress towards achieving EA for all are at a critical junction. Reduced and delayed profitability, lower operational flexibility due to macro uncertainty and market dysfunctionality continue to threaten the recovery of EA companies, undermining growth of the industry and compromising progress towards universal EA. While EA companies are in need of additional capital, investments into the sector have been subdued. Existing financing initiatives are not designed to provide a COVID-19 response and affordable, tailored financial solutions the sector needs to address the liquidity gap. Additionally, increased credit risk is pressuring upwards the (risk-adjusted) pricing of commercial loans and reducing flexibility on available products, terms and conditions. As currently envisaged ? i.e. under the baseline scenario described in Section 2 above ?? ? a gap in recovery funding remains.

Access to clean, affordable and reliable renewable energy is also instrumental for women?s social and economic empowerment and the overall improvement of people's living conditions. The benefits for women as a result of access to renewable energy include amongst others: i) increased opportunities for income generating activities; ii) strengthening household economic resilience and financial independence; iii) contribution to safer communities; iv) increased study/working hours; v) improved health; and vi) increased access to information. CRP Partner Funds are committed to the improvement of gender equality through the implementation of different activities and objectives such as gender-lens investing, alignment with the 2X Challenge Criteria, evaluation of impacts of the investees? activities on gender inequality, research on women economic empowerment and technical assistance. More information on gender is provided in section *3. Gender Equality and Women's Empowerment*.

Figure 4: Theory of change CRP



As highlighted in the theory of change in figure 4, GEF?s contribution will unlock additional private sector capital, enabling investors to continue lending and enhance much needed recovery funding. CRP concessional capital enables Partner Funds to enter deals they would otherwise not be able to invest in and enables capital flowing to EA companies, while ensuring that lending remains affordable for EA companies and on terms that support company and market growth. The affordable debt is required to avoid the insolvency of EA companies and a collapse of momentum in the industry, while preserving market development and transition to low carbon development pathways. Safeguarding the operations and progress of EA companies is also critical to achieving GEF?s goal of mitigating climate change by reducing greenhouse gas emissions through the deployment of renewable energy solutions. Over the longer-term, continuity of energy supplies and access to energy at household and enterprise levels are prerequisites to ensure climate-resilient economic recovery and green growth.

Funding request to expand CRP.

In this context, the Bank is looking to deploy USD 19.5 million additional concessional funds through CRP to address the gap in recovery finance, providing risk-tolerant capital on flexible/concessional terms, which will be catalytic and unlock additional much needed financing. This proposal includes a

USD 13 million concessional loan from the GEF-7 Non-Grant Instrument window to be invested in EA businesses through CRP. The Bank will deploy an additional USD 6.5 million contribution from SEFA, lined up for the Bank?s Board approval in Q2 2022. The expansion of CRP enables the support to additional EA companies across a wide range of business models, and adding geographic coverage. GEF?s capital injection will allow additional EA companies to continue their operations throughout the pandemic and support their strong recovery.

COVID related benefits/opportunities.

With regards to benefits generated in the context of the COVID-19 pandemic, the project will contribute towards strong and green recovery and building up a resilient foundation in the off-grid renewable energy sector. Highlighted in the baseline scenario, the uncertainty introduced by COVID-19 jeopardizes the significant impact that is expected to be delivered by the industry and the project intends to develop a strategy to ensure the financial and operational sustainability of EA companies, the continuation of the clean energy services to existing and new customers and protecting jobs in the sector. A ?reverse energy transition? could lead to an increase in GHG emission due to households returning to fossil fuel-based energy solutions. While this in itself is problematic, the effect of EA companies being unable to weather the downturn may be dramatically more severe. Due to the nascence and relative fragility of the industry, the industry may require several years before it could recover to its level of operational scale in Africa, of close to 500,000 units sold/month across the continent.[1] This would cause an extended increase in carbon emissions and almost certainly preclude the achievement of SDG 7 in Africa.

Implementation arrangements.

GEF funding will be deployed in accordance with the applicable AfDB?s policies, rules and procedures and will be subject to the same implementing arrangements and processes under CRP with respect to pricing, fees, risk sharing, delegation of investment decision-making, disbursement, repayment, and other terms and conditions, except for:

- GEF funding will be limited to decentralized renewable energy solutions including SHS, GMG and C&I (small-scale C&I including decentralized captive renewable energy systems and appliances for productive use). Large-scale grid-connected renewable energy systems are not eligible under the scope of CRP. Given clean cooking is not included in the GEF programming directions, GEF funding will be limited to decentralized renewable energy solutions including SHS, GMG and off-grid C&I only. This will be done by applying eligibility criteria specific for GEF co-financing.
- FEI OGEF is one of the selected Partner Funds for CRP. GEF is a financier of the OGEF and to avoid GEF double counting of environmental benefits generated by OGEF and other potential risks, GEF funding to the CRP will be excluded from Partner Funds that have received GEF financial support. As

such GEF funding will not be extended to OGEF or any other previously funded initiative by GEF under the CRP, and thus will not be co-invested in underlying transactions alongside OGEF capital.

Partner Funds. The USD 19.5 million additional concessional funds will be deployed through CRP Partners Lion?s Head Global Partners, Triple Jump and Social Investment Managers and Advisors. The rationale to continue with existing partners is based on the Funds having: i) complementary investment strategies to reach a broad range of needs in the market; ii) sufficient capital for blending and co-investment along CRP; iii) established relationships with the Bank and infrastructure to efficiently and timely deploy the additional funds in the market.

The USD 19.5 million contribution from the GEF and SEFA will be split and invested by these Partners along the following three Funds:

? USD 6.5 million to the Energy Entrepreneurs Growth Fund (EEGF) managed by Triple Jump.

? USD 6.5 million to the Off-Grid Energy Access Fund (OGEF) managed by Lion?s Head Global Partners.

? USD 6.5 million to the Commercial & Industrial Solar Green Bond managed by SIMA. The Commercial & Industrial Solar Green Bond is a newly established, USD 150 targeted Fund, that provides debt financing to young and fast-growing C&I developers.

In case a Partner fails to use its full CRP investment facility for various reasons (limited liquidity, bandwidth, pipeline), the Bank may consider reassigning uncommitted capital to another higher performing Partner Fund.

Annex I and J provide more information on the Partner Funds and the strategic coherence of their investment strategies.

Timeline. The urgency of the operation calls for streamlined and efficient institutional processing and a phased approach of disbursements. Following the Bank?s Board approval of CRP in December 2020, financing agreements for the USD 19.8 million SEFA?s funding were signed in August 2021. Based on strong pipelines developed by the Partners, the majority of SEFA?s USD 19.8 million is expected to be disbursed by Q4 2022. As of March 2021, USD 34.4 million of investments have been approved by the Partner Funds? Investment Committees, of which USD 25 million has been disbursed to 8 companies, including a CRP contribution of USD 11 million. Once approved, GEF and SEFA additional USD 19.5 million is targeted to be disbursed in Q4 2022. The phased disbursement provides Partner Funds enough time to finance ca. 40 companies.

Underlying transactions and credit risk.

To allow for rapid deployment of CRP funds and to accommodate limitations on the use of proceeds of GEF funding as described above, the origin of the funds from the CRP at project level will be exclusively composed of either: i) GEF and Partner Fund capital, **or** ii) SEFA and Partner Fund capital. There will be no co-financing at transaction level from both sources of CRP financing, i.e. SEFA and GEF will not co-finance the same underlying transactions together. This separation of funding allows for CRP to exclude GEF funding from financing FEI OGEF as well as clean cooking operations and enhances the administration, monitoring, and reporting of the CRP.

The credit risk is determined on a transaction basis. Each financier (i.e. SEFA, GEF and the Partner Funds) will only carry the risk on its contribution to each underlying transaction. This means the GEF will only be exposed to losses in the transactions that it is participating in. In the case of defaults, write offs will only affect the Partner Funds and donors that have co-financed the specific transaction, and following the pari passu for principal amounts and pro rata risk sharing principles of the CRP.

To summarize:

- The credit risk of CRP funding provided to end-borrowers is carried by the respective CRP financiers (SEFA or GEF) exclusively. GEF is only exposed to losses made on the transactions it has a direct participation in, and the same for SEFA. SEFA and GEF funds are never co-invested in the same transactions.
- Because of this separation, SEFA and GEF can thus never be subordinated to each other.
- The risk on non-CRP portion of funding in each underlying, blended transaction remains with the Partner Funds.
- In the event of default of an underlying transaction, only the parties involved in the transactions ? i.e. the Partner Fund and the respective donor that is financing the project (i.e. SEFA or the GEF) ? will share losses proportionally to their respective capital contributions.
- The default of a project by a given partner fund will never be repaid by another Partner Fund.
- The above will be operationalized in the monitoring and reporting requirements, to be firmed up in the agreements.
- The CRP will maintain as a rule, the same level of seniority of the principal amount of the GEF and the Partner Fund. It will also always maintain at least a pro-rata exposure (co financing of 1:1 at underlying transaction level).

Credit risk is anticipated to be comparable across different batches of investments under CRP, as a result of the demand for recovery funding outstripping supply, the required co-investment (?skin in the game?) from the partners enforcing sound investment principals are followed for all transactions and given the same policies, procedures and eligibility criteria apply for CRP investments with the exception of financing clean cookstoves or Partner Funds that have already received GEF financing support.

The following criteria are applicable for GEF and SEFA financing:

Criteria	**GEF**	**SEFA**
Technology	SHS, C&I, GMG	SHS, C&I, GMG, Clean Cooking
Partner Fund	Excluding Funds that have already received GEF financial support	
Underlying borrowers	Evidence of the negative impacts of the pandemic on business operations and a well-justified need for recovery finance. Evidence may include but is not limited to regulatory challenges limiting operations (i.e., travel restrictions), portfolio deterioration, decrease in sales growth, heightened FX risks, operational disruptions and delays, and inability to raise capital on affordable terms;	
	Commercially viable operations and financial performance prior to the pandemic. Track record of good operational and financial performance demonstrated through at least 3 years audited financial statements with unqualified audit opinions or good prospects for meeting all its financial obligations and generate adequate surpluses to sustain its long-term viability, in the case of start-ups. Further indicators may include unit economics (the company had/has positive unit economics or visibility on reaching positive unit economics within a certain period since CRP?s investment) and cash flow (company has/had positive cash flow or projected to reaching this stage within a defined period following investment by CRP);	
	Sound management, accounting and corporate governance systems that provide effective protection of the interests of all investors;	
	Demonstrable developmental impact through activities.	

Indicative terms of GEF funding

Instrument	Concessional loan
Interest	0%
Currency	USD
Maturity	Up to 6 years. GEF funds will be deployed in 12 months, with a possible extension of 12 months subject to market conditions and at the discretion of the Bank, and an amortization period of up to 48 months.
Repayment	Up to year 6 years depending on principal repayments of the underlying projects as confirmed in the reflow table.
Use of Proceeds	Decentralized renewable energy solutions including SHS, GMG and C&I (small-scale C&I including decentralized captive renewable energy systems and appliances for productive use) with the exclusion of clean cooking and Partner Funds that have already received GEF financial support (to avoid double counting of GEBs). This will be done by applying eligibility criteria specific for GEF co-financing.

Expected Development Outcomes. USD 13 million concessional funding from the GEF will substantially increase the impact of the CRP. Together with the USD 6.5 million from SEFA, GEF?s incremental contribution would yield the following development outcomes above and beyond the baseline scenario:

Unlocking commercial capital to finance 20 additional EA companies enabling them to mitigate the negative impact of the pandemic and safeguarding the progress of the EA industry and the achievement of low carbon development and green growth ambitions.

- GEF?s USD 13 million contribution will leverage USD 6.5 million from SEFA (on top of the USD 19.8 million already provided), and USD 31.15 million of direct co-investments of commercial finance from Partner Funds (in addition to USD 30.2 million provided in the first phase). Direct co-investments will be sourced from capital under management by the Partners.
- GEF?s contribution will additionally unlock USD 111.4 million of indirect co-investments during the project period. This includes additional capital raised by investee companies, at the same time or after CRP investments are made, and separate to funds deployed under the CRP.

Increased number of SHS, mini-grid and C&I solutions with customers and continued services to existing customers. GEF?s funding and the commercial finance it leverages safeguard EA services for over 1.6 million people and provides off-grid solutions to 243,000 new households, increasing EA to over 1.2 million people.

Increased power production from renewable sources. 244,000 new EA connections will be deployed to households and 74 connections to businesses and social infrastructure, totaling 19.9 MW of additional solar capacity to be installed. These EA solutions will generate modern energy for households and enterprises.

Reduction in greenhouse gas emissions. GEF funding will expand the positive environmental impact of the CRP. An additional 1.3 million metric tons of carbon dioxide equivalent (tCO2eq) will be created as a result of GEF?s financial contribution.

Jobs sustained and created in the EA sector. 1,800 green job positions will be protected and 3,120 created during the project period, of which 30% are expected to be filled by women.

Table 1 summarizes the impact of the CRP Baseline Scenario, as well as the total development impacts that are anticipated under the ?CRP Alternative Scenario?, as a result of GEF Funding.

Table 1. Summary of Baseline and Alternative Scenarios, and Incremental Impact of GEF Funding.

Indicator	CRP Baseline Scenario	Incremental Impact of GEF Funding	CRP Alternative Scenario (with GEF Funding)
Concessional finance provided (USD, million) by: SEFA GEF	19.8	6.5 13	26.3 13
Commercial capital co-invested by Partner Funds (USD, million)	30.2	31.15	61.35
Commercial capital catalyzed by additional energy access financiers (USD, million)	110	111.4	221.4
Total financing enabled (USD, million)	160	162.05	322.05
Number of energy access businesses financed	20	20	40
Number of households with increased access to clean energy (million)	240,000	243,000	483,000
Number of beneficiaries with increased access to clean energy	1.2 million	1.2 million	2.4 million
MW installed	19.6	19.9	39.5
Green jobs preserved and created, of which 30% is expected to be filled by women	4,830	4920	9,750
tCO_2eq reduced or avoided	1.28 million	1.29 million	2.57 million

[1] GOGLA (2020). Global Off-Grid Solar Market Report Semi-Annual Sales and Impact Data

3) Alignment with GEF focal area and/or Impact Program strategies

This proposal is well aligned with the GEF-7 programming directions for the climate change focal area focusing on supporting developing countries embark on a more sustainable and clean energy consumption pathway to meet the increasing energy demand driven by economic and population growth. This shift towards low-emission and climate-resilient economies is supported by the African Development Bank Group through the rolling out of a range of energy related initiatives to power and light up the continent. This objective is even more crucial to attain under the current economic constraints faced by African countries hit by the COVID-19 related restrictions and measures. GEF funding enables the Bank to help countries preserve, maintain and spur further low-carbon growth through CRP in response to the pandemic.

This GEF investment aligns with Objective 1 of the climate change focal area by supporting the continued and expanded use and uptake of low-emitting technologies as promoted by the UNFCCC and in Article 10 of the Paris Agreement. It is recognized that partnering with the private sector can strengthen and expand markets for products and services with development related outcomes such as economic growth and increased employment. GEF funding, through CRP, will unlock private capital for EA companies that deploy solar home systems, green mini-grids and small scale C&I. GEF investments will participate in this innovative co-financing platform to leverage existing financial intermediaries' ability to quickly and cost-effectively provide liquidity and blended finance at scale in risky environments and increase the viability and attractiveness of the combined financial arrangement for additional investments to be mobilized from other financial institutions, the private sector and/or domestic sources to replicate it and scale it up during and post COVID-19.

Moreover, the GEF investment will participate in increasing and expanding access to mitigation options with systemic impacts. Given the COVID-19 related challenges faced by African countries, the GEF investment will be crucial in helping the CRP safeguard the operations and standing of EA companies, ensuring strong commercial recovery to preserve the EA industry and enabling green economic recovery of African countries. This will ensure the continued supply of energy services to existing customers and further increase the access coverage through new clean electricity connections in line with long-term climate and sustainable development goals. It will help African countries, hosting benefiting commercial companies, to reach their objectives under their nationally determined contributions (NDCs), such as through the deployment of decentralized energy solutions.

5) Incremental/additional cost reasoning and expected contributions from the baseline, the GEFTF, LDCF, SCCF, and co-financing

GEF's concessional capital will contribute to safeguarding the sustainable energy sector and preclude a reversal of the ?energy transition?. Both the EA sector, and progress towards the achievement of SDG 7, are at a critical juncture. The drop in market growth due to the impacts of COVID-19 already resulted in an estimated 10-15 million people and 300,000-450,000 enterprises missing out on improved EA in 2020[1]. CRP without the GEF only reaches a fraction of the estimated recovery funding gap. The GEF contribution would expand recovery funding closer to a level that is currently required to avoid the insolvency of EA companies and a collapse of momentum in the industry. GEF?s capital will be additional and catalytic in ensuring other segments, countries, and companies of the EA market are supported. Beyond quantum, the flexibility and concessional pricing of GEF financing is critical. GEF is able to match SEFA?s concessional terms and enable the blended loans deployed under the initiative. These blended loans, priced at sub-market rates, allow companies to manage cash flows through and beyond the pandemic. Without access to affordable finance, EA companies may default on existing loans and be forced to close or scale back operations. Widespread defaults in the EA industry would trigger a return to traditional, fossil fuel-based energy solutions - such as candles, kerosene, diesel generators, and lead acid batteries - which are expensive, inefficient, polluting, and hazardous to use.

Unlocking commercial capital, deploying blended finance at scale. CRP provides countercyclical funding to companies facing liquidity constraints. GEF's concessional capital enables financiers to continue lending commercial capital to the sector during this unprecedented time when the sector is critically in need for capital and with existing - rather than increased - pricing to better absorb the market uncertainty created by the pandemic. The blended finance mitigates Funds? exposure risk and provides the additional level of comfort required for them to enter deals they would otherwise not able to do. A USD 13 million contribution from GEF will complement an additional USD 6.5 million provided by SEFA and leverage USD 31.15 million commercial capital from Partner Funds that would otherwise not have been available on affordable terms. Furthermore, it catalyzes additional USD 111.4 million from other investors during the lifetime of the project.

CRP contributes to providing immediate relief as well as laying the foundations for a green and inclusive recovery after the crisis. CRP will safeguard the operations and progress of EA companies in Africa, ensuring a robust commercial recovery for the EA sector following the pandemic and long-term climate and development goals. The support allows businesses to preserve permanent jobs in the sector, human capital necessary to scale and support growth plans past the COVID-19 recovery. The platform enables investments in low carbon infrastructure to create green jobs, diversify national energy sectors, accelerate green growth, and increase the climate resilience of rural communities.

6) Global environmental benefits (GEFTF) and/or adaptation benefits (LDCF/SCCF)

CRP contributes to climate change mitigation and carbon intensity reduction by replacing non-renewable energy sources with renewable sources. EA solutions reduce the reliance on and use of fossil fuel-based energy solutions such as kerosene and diesel. GEF funding through CRP, will not only allow the continuation of business operations through the COVID-19 recovery period, it enables them to expand their operations allowing investments in new clean electricity connections. GEF funding will i) safeguard the continuation of EA services to existing customers preventing businesses from severe cost cutting measures or bankruptcy, and ii) support the deployment of additional off-grid solar products. It is estimated that CRP will enable the reduction of 2,57 million metric tons of carbon dioxide equivalent (tCO2eq), by providing households and small businesses with emissions-free access to energy and displacing fossil fuel energy solutions.

CRP will deliver climate change adaptation co-benefits by increasing access to clean electricity of rural households, advancing economic opportunities, efficiencies and welfare benefits that strengthen households' adaptive capacity and resilience. Access to electricity forms the foundation of economic and social advancement. Even the most basic tier of electricity access ? with solutions capable of powering only indoor lighting and/or small electronic devices ? would represent a significant improvement over the status quo. The majority of beneficiaries targeted under LEAF are low-income, rural households with small-scale subsistence farming as primary livelihood. With hardly any land irrigated, these communities are heavily dependent on rain, making them highly vulnerable to changing climate and weather patterns, including climate induced drought and shorter rainy seasons. Often, these off-grid and energy poor communities do not have access to information services, education, and other critical social services needed for climate and economic resilience. Solar powered information sources ? i.e. such as radios, TVs, and mobile devices ? provide households with better access to information and communications (including early warning information and information to recover faster from the impacts of disasters), encourages more active engagement in society and serves as a medium for education. Furthermore, improved lighting offers the opportunity for longer study hours, enhances productivity during evening hours, and improves perceptions of personal and communal safety. Access to modern energy services enabled by off-grid technologies offer additional opportunities for income generating activities, new businesses and income diversification, improving socio-economic resilience of people benefitting from the project. Finally, lighting provided by solar systems displaces harmful kerosene lighting solutions, thereby reducing indoor pollution and improving the health of relevant household members.

7) Innovation, sustainability and potential for scaling up

CRP?s blended co-financing platform presents a novel approach for deploying blended finance for low carbon and sustainable energy investments at scale. Partnering with specialized EA debt funds allows for concessional capital to rapidly crowd-in commercial capital and leverage existing capacity and expertise to deploy blended finance for low carbon and sustainable energy solutions at scale. An additional strength of the platform approach is its flexibility for the amount of concessional capital deployed to be expanded pending market needs and additional concessional funding partners.

The following elements contribute to the sustainability of the program:

•**Quality of Fund Management.** The selected Partners are experienced Fund Managers specialized in the EA sector and licensed by the financial regulatory authorities in their countries of domicile. The Partners have established fiduciary duties, investment processes, and governance frameworks. The co-investment requirement of CRP aligns interests between the selected Partner Funds and CRP and ensures a quality pipeline of transactions. The core investment teams of each selected Partner Fund have been assessed to confirm demonstrated track records in deal origination, due diligence, structuring, and portfolio management. The Partner Funds are expert lenders in the EA industry and beyond and bring considerable experience to debt investing in the African SME context. Due to their market knowledge and understanding of the cash flows of the underlying assets, the experienced Partner Funds are well placed to structure relief facilities for EA companies. Annex I provides more information on the selected Partner Funds.

•**The financial sustainability of CRP co-investments.** The financial sustainability of CRP co-investments will be assured as a result of i) the alignment of interests between target investees, Partners, and the CRP; ii) the required co-investment on pari passu terms for the principal of the investment from commercial funds ensuring sound credit risk and commercial viability by Partners during the appraisal of each sub-investment encouraging high quality deal selection; and iii) projects being priced in accordance with the borrowing and repayment capacity of the borrowers.

•**Portfolio diversification.** Working with multiple partners on a co-financing basis provides additional benefits in terms of portfolio diversification, allowing for a broader geographic coverage and a wider range of financial solutions in support of the diverse business needs across the EA industry. EEGF and FEI OGEF will deploy similarly sized larger tickets, whereby EEGF focus on mezzanine products priced in USD and FEI OGEF is a senior local currency lender. SIMA Fund 1 provides senior debt to established EA companies and SIMA DFF prioritizes smaller ticket sizes targeting locally-owned and smaller distributors. Finally, the Commercial & Industrial Solar Green Bond provides debt financing to young and fast-growing C&I developers. Additional information on complementarity of the Funds is provided in Annex J.

•**CRP?s approach limits the risk of market distortion.** A large infusion of subsidized capital into the private sector risks market distortion. CRP?s blended finance approach allows for the continuation of deployment of capital by EA lenders that aligns interests and enables them to structure effective business recovery loans that are pragmatic for end borrowers, which also meet the needs of limited partners and upstream sector investors. By working through multiple partners, the project furthermore ensures (i) a level playing field and no single player in a dominant position given ability to lend below market terms; (ii) some competitive tension and the incentives to optimize deal structures, despite having access to concessional capital; and (iii) the one-year investment period, restricting capital availability to the pandemic timeframe. The blending of concessional capital with multiple Partner Funds ensures the affordability of finance while minimizing market distortion.

The platform approach offers the opportunity to engage additional financing providers and expand the pool of capital available. Considering the (growing) demand for relief and recovery capital, the African Development Bank, in addition to the GEF contribution, has mobilized USD 6.5 million additional resources from SEFA to increase the support to companies in mitigating the short-term impact of COVID-19 and safeguard a viable EA sector past COVID-19 recovery. The CRP platform provides a mechanism that may be easily expanded in line with market demand, appetite from Partner Funds, and the interest of potential donors and financiers.

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[1] GOGLA (2021). Global Off-Grid Solar Market Report Semi-Annual Sales and Impact Data.

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[1] SEFA Annual Report 2020

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[1] GOGLA (2020). Off-Grid Solar Market Trends Report 2020
[2] https://www.energyaccessrelief.org/
[3] GOGLA (2020). Global Off-Grid Solar Market Report Semi-Annual Sales and Impact Data

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[1] GOGLA (2021). Off-Grid sector information provided by GOGLA for the African Development Bank.

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[1] GOGLA (2020). Global Off-Grid Solar Market Report.
[2] GOGLA (2021). Global Off-Grid Solar Market Report.
[3] WorldBank (2021). Tracking SDG7: The Energy Progress Report 2021.
[4] GOGLA (2020). Global Off-Grid Solar Market Report.
[5] GOGLA (2021). Off-Grid sector information provided by GOGLA for the African Development Bank.
[6] The Economist Newspaper Limited (2021).
[7] GOGLA (2021). Off-grid solar supply chain disruption: 87% of manufacturers expect increased prices for consumers. https://www.gogla.org/about-us/blogs/off-grid-solar-supply-chain-disruption-87-of-manufacturers-expect-increased-prices
[8] GOGLA (2021). Global Off-Grid Solar Market Report.

1b. Project Map and Coordinates

Please provide geo-referenced information and map where the project interventions will take place.

CRP targets a portfolio of EA companies supporting operations across Africa. The indicative investment pipeline of Partner Funds, comprises a wide coverage of countries across the continent, including 16 countries and transition states such as Mali, Niger and Cameroon. Investment volumes are equally divided over East Africa and West Africa. Additional countries will be added and benefitting from CRP investments. See Annex K for the indicative pipeline and investments volumes per country or region.

Figure 4: CRP pipeline countries

Scaling-up decentralized renewable energy solutions is a necessity to meet Africa?s growing electricity demand and promoting sustainable development. To date, 570 million people in sub-Saharan Africa lack access to electricity, mostly concentrated in rural regions. Decentralized renewable energy represent cost-effective solutions to increase access to electricity for rural populations distant from the grid. The IEA (2019) estimates that to reach access to electricity for all, grid expansion and densification is the least cost option for nearly 45% of the currently deprived, mini-grids for 30% and stand-alone systems for around 25%. Green mini-grids are the most effective and least-cost solution for off-grid areas with high population density and economic activity. Solar home systems are ideal for sparsely populated areas and communities with low purchasing power. Solar C&I offers businesses clean, reliable electricity and the potential to reduce electricity costs.

The off-grid market in East Africa, although at different levels of maturity, is generally more advanced ? with e.g. Kenya having one of the strongest SHS markets compared to its peers. Much of the innovation across the continent originated here ? both in terms of technologies and business models, but also in terms of novel financing structures and public-private market development programs. The sector is also rapidly growing in West Africa, with the sector really picking up. In addition to the more established players, there are many newer market entrants and local EA companies.

1c. Child Project?

If this is a child project under a program, describe how the components contribute to the overall program impact.

2. Stakeholders

Select the stakeholders that have participated in consultations during the project identification phase:

Civil Society Organizations No

Indigenous Peoples and Local Communities

Private Sector Entities Yes

If none of the above, please explain why: No

Please provide the Stakeholder Engagement Plan or equivalent assessment.

Specialized energy access investment funds - Partner Funds

INTEREST IN THE PROJECT	? CRP?s deployment of concessional funding for blending with commercial capital enables Partners to continue lending to EA companies impacted by the pandemic at risk-adjusted rates, investments they would have otherwise not been able to provide or on affordable terms.

PROPOSED ROLE IN THE PROJECT	? CRP investments require the expertise and experience of sector-specific EA investment funds and teams. ? CRP Partner Funds are well positioned to provide tailored finance towards the specific situation of EA companies, considering crisis response, recovery plans and adjusted business plans. Bridging the urgent funding gap of EA businesses and supporting strong recovery plans on below market-terms amidst the crisis. ? Partner Funds will carry out a range of activities including originating, appraising, structuring, executing, managing, monitoring, and reporting investments that fit within investment parameters outlined by CRP. ? Partner Funds provide commercial capital to the underlying transactions. In addition to the CRP financing contribution, CRP will leverage an estimated USD 68 million commercial capital sourced from capital under management by the Partners.

ENGAGEMENT STRATEGY AND TIMING OF ENGAGEMENT	? <u>Market assessment and project concept development stage:</u> A market sounding exercise was conducted, including seven main fund managers in the sector to understand market developments and the impact of the pandemic on EA businesses and specialized investors, including the impact on the Funds? pipeline and portfolio, risks, liquidity shortfalls and the ability of EA companies to service debt, and a possible approach for collaboration to support the sector during this unprecedented time. ? These conversations confirmed the unprecedented market uncertainty created by the pandemic, increasing the risks of the existing energy investment climate. Key takeaways from the market sounding include: i) liquidity shortfalls of portfolio companies and their reduced ability to service debt; ii) need for restructuring of loans or adjusting loan terms; and iii) pipeline investments being challenged by high level of uncertainty, increased cost of risk-adjusted lending and limited ability to conduct on-site due diligence for new transactions. Given the high level of uncertainties in an already nascent and risky market, financing to EA companies has been delayed or available on terms not affordable for EA companies affected by the pandemic. ? <u>Project preparation stage:</u> Given the unique circumstances, large uncertainties of the pandemic and developing impact on the sector, the Bank?s continued engaging the specialized EA Funds, feeding into the project design and to understand their capacity to absorb and deploy CRP funding. Partner Funds have been selected following a competitive bidding process and due diligence processes. ? <u>Project implementation stage</u>: The selected Partner Funds will deploy CRP funding and act in an agent capacity to source, appraise, transact, and manage CRP investments. The Bank will monitor the investments, through work plans including pipeline, investment notification forms, quarterly reports, semi-annual CRP-focused progress reports, annual reports, and annual supervision missions by technical experts from the Bank.

INFORMATION SHARING	? The implementation of the CRP will generate unique insights into the impacts of COVID-19 on EA companies and the most appropriate responses in terms of technical support and financial products. This information and insights will be part of the regular reporting requirements from the Partner Funds to AfDB. ? The Bank will convene Partner Funds virtually to discuss projects, gauge views on the market, promote collaboration and develop summary notes with key lessons and stories from the ground, that may be shared with a wider audience and relevant stakeholders. ? The Bank will publish an end of project report detailing the utilization of the CRP funds including aggregate impact, environmental and development reporting and documentation of market insights and lessons learned.

DFIs, Private debt and equity investors in EA

INTEREST IN THE PROJECT	? CRP will safeguard operations and progress of EA companies, supporting a robust commercial recovery for the EA industry. ? By bridging the urgent funding gap of EA businesses and supporting strong recovery plans, CRP will strengthen the EA market for additional and future investments.
PROPOSED ROLE IN THE PROJECT	? Project implementation stage: In addition to leveraging commercial capital from Partner Funds that is directly co-invested alongside CRP funding, additional finance will be catalysed either at the same time as CRP?s investment (beyond the Partner Funds' capital) or as additional investments that are anticipated to occur during the project period. ? In addition to CRP and Partner Fund financing contributions, CRP is expected to leverage an estimated US$ 237 million additional patient capital contributing to the sustainable long-term growth of the companies.
ENGAGEMENT STRATEGY AND TIMING OF ENGAGEMENT	? Other EA financiers will be approached through the network and relations of Partner Funds, EA companies, and sponsors.

EA companies

INTEREST IN THE PROJECT	? EA companies affected by the crisis require affordable relief and recovery capital to ensure their business continuity, the continuation of essential EA services to existing customers, maintain human capital infrastructure. Safeguarding their operations and progress is not only important to existing customers, but also for the expansion of operations into new clean electricity connections to reach long-term climate and development goals.
PROPOSED ROLE IN THE PROJECT	? EA companies affected by the pandemic are the end-borrower and beneficiary of the flexible and concessional financing provided as a result of CRP. ? CRP will provide finance to support strong recovery plans of market players in the SHS, mini-grid and C&I space in Africa.
ENGAGEMENT STRATEGY AND TIMING OF ENGAGEMENT	? Project preparation stage: Multiple industry associations, including GOGLA, SEforALL, AMDA and EnDev, conducted surveys[1][5] to assess the impact of the COVID-19 pandemic, to what extent EA companies and rural households are affected by the crisis and confirming the emerging needs of EA companies. The surveys included over 450 EA companies across Africa. The large number of companies and rural households at risk and the limited availability of affordable recovery capital, triggered the design of CRP. ? Project implementation stage: CRP builds on the network and relations of CRP Partner Funds to engage DRE companies (virtually, during field visits and other network opportunities) and provide tailored finance towards the specific situation of EA companies, considering crisis response, recovery plans and adjusted business plans.
INFORMATION SHARING	? Development impact of the transactions under CRP will be monitored and included in the regular reporting requirements from the Partner Funds to AfDB, including indicators on number of maintained and new connections, number of beneficiaries, number of maintained and new jobs, MW installed and reduction in GHG emissions.

Broader EA stakeholders (including foundations, researchers, and industry associations)

INTEREST IN THE PROJECT	? Industry associations confirmed the need for financial solutions that can support EA companies through and beyond the pandemic in order to continue the recent progress made in access to clean energy and to ensure strong recovery of the sector. CRP provides affordable funding for EA companies providing immediate relief and supporting strong recovery efforts on terms that support company and market growth. ? Alignment with priorities and initiatives at industry level.

ENGAGEMENT STRATEGY AND INFORMATION SHARING

- ? Project preparation stage: AfDB has participated in sector wide coordination calls on the impact of COVID-19 on the EA sector and industry needs. These calls included private sector entities and civil society organizations, many of whom have strong linkages to local communities and indigenous peoples served by EA solutions.
- ? Project preparation stage: The Bank has been in close contact with industry associations and has received data and key findings on the state of the off-grid energy market, including impacts of the pandemic, challenges and needs. This information feeds into the design of CRP and justifying its expansion. AfDB received the endorsement of the global association for the off-grid solar energy industry GOGLA, the Alliance for Rural Electrification (ARE) and the African Minigrid Developers Association (AMDA), on its efforts in mobilizing finance for the EA sector and its innovative blended finance platform approach through CRP.
- ? Project preparation and implementation stage: AfDB and Partner Funds have and will continue to participate in renewable energy (investors) fora at the international, pan-African and regional level, especially related to COVID-19 pandemic relief and recovery activities. AfDB and OGEF have participated in the following sector wide online events on the impact of the pandemic on the energy sector: i) Joao Duarte Cunha, Head of AfDB?s Renewable Energy Division, participated in the Energy Access COVID-19 Relief Summit organized by ARE and GOGLA; ii) Harry Guiness, former Managing Director of Lion?s Head Global Partner?s OGEF team participated in a panel discussion on relief, recovery, and resilience at the GOGLA annual member conference 2020
- ? AfDB business practice is to work synergistically with other DFIs/MDBs, donors, development partners, industry associations etc. AfDB is actively engaged in key platforms (e.g. AfDB is a member of the GMG Partnership; AfDB is co-chair of the mini-grid funders group; AfDB is a member of the Household Solar Funders Group), energy donor working groups at country-level and has regular virtual meetings with industry associations such as GOGLA, ARE and AMDA to exchange information on the sector. AfDB will use these networks of stakeholders and initiatives in the sector to access, share and document best practices on financing EA projects, especially on the lessons learned and unique insights from providing financial support to EA businesses during the COVID-19 pandemic.

Current and future consumers of EA products and services

INTEREST IN THE PROJECT	? Need for continuation of EA services to existing customers with clean energy connections. ? Access to clean, reliable and affordable electricity to off-grid communities as a result of the SHS, GMG and C&I solutions provided by EA companies.
ENGAGEMENT STRATEGY	? DRE companies receiving relief and recovery financing from CRP will be able to continue services to existing customers and increasing access to new customers.
INFORMATION SHARING	? Development impact of the interventions under CRP will be monitored, including indicators on number of maintained and new connections, number of beneficiaries.

Women as customers, entrepreneurs and employees

INTEREST IN THE PROJECT	? Women as customers, entrepreneurs and employees of EA companies benefit from social, economic and health benefits as a result of EA companies providing access to clean, reliable and affordable electricity through SHS, GMG and C&I solutions.
ENGAGEMENT STRATEGY	CRP Partner Funds are committed to the improvement of gender equality within the EA sector through the following: ? All Partner Funds conduct environmental and social assessments to explicitly evaluate the potential impacts on gender. ? Tailored advisory support to select portfolio companies and supporting the development of strategies for advancing gender equity among employees and customers. ? Some Partner Funds apply Gender-Lens Investing considering the impact of the investments on women at all levels: as end-clients, as corporate end-clients, as entrepreneurs and as employees. ? Conducting Research on Women Economic Empowerment. ? Alignment with the 2X Challenge Criteria (launched at the G7 Summit 2018 as a bold commitment) to invest in the world?s women.

INFORMATION SHARING	? EEGF conducts strategic research on the unique barriers and solutions for women as related to EA at both investee and customer level. This will help understand the true extent of economic benefits women receive from SHS products and the barriers they still face, which will in turn help drive the business case for providers to meet the unique needs of their women customers. This research contributes to industry knowledge, improves EEGF?s own approach towards gender equality, and helps drive the business case for companies to meet the unique needs of women in the A2E sector.

Indigenous or minority peoples and local communities

INTEREST IN THE PROJECT	? Indigenous and minority peoples are often among the most marginalised and vulnerable communities among a population. The ability of indigenous and minority peoples to defend their rights to and interests in land and natural or cultural resources is often restricted by their economic, social and/or legal status. They are often more vulnerable to the adverse impacts associated with development than non-indigenous communities. ? EA companies may create opportunities for indigenous and minority peoples to participate in and benefit from development-related activities that may help them fulfil their aspiration for economic and social development. ? Indigenous and minority peoples may play a role in sustainable development by promoting and managing activities and enterprises as partners in development.

ENGAGEMENT STRATEGY	? As part of their Environmental and Social Assessment, all Partner Funds assess potential impact on indigenous or minority people and local communities. Partner Funds confirmed that typically the EA companies in their portfolios do not impact indigenous or minority people and local communities. ? All Partner Funds comply with the IFC performance standards (PS), including ? IFC PS 7 on Indigenous people to: (i) Ensure respect for the human rights, dignity, aspirations, culture, and natural resource-based livelihoods of Indigenous Peoples; ii) Anticipate and avoid adverse impacts on communities of Indigenous Peoples, or when avoidance is not possible, to minimise and/or compensate for such impacts; iii) Promote sustainable development benefits and opportunities for Indigenous Peoples in a culturally appropriate manner; iv) Establish and maintain an ongoing relationship based on Informed consultation and participation with Indigenous Peoples; v) Ensure Free, Prior, and Informed Consent (FPIC) of the Affected Communities of Indigenous Peoples in specific circumstances; vi) Respect and preserve the culture, knowledge, and practices of Indigenous Peoples. ? IFC PS 8 on Cultural Heritage to: i) Protect cultural heritage from the adverse impacts of project activities and support its preservation; and ii) Promote the equitable sharing of benefits from the use of cultural heritage; and ? IFC PS 4 on Community Health, Safety and Security to: i) Anticipate and avoid adverse impacts on the health and safety of Affected Communities; and ii) Ensure that the safeguarding of personnel and property is carried out in accordance with relevant human rights principles and in a manner that avoids or minimises risks to Affected Communities. ? When the Environmental and Social Assessment of an underlying project confirms impact on indigenous or minority people and local communities and adverse impacts on affected communities cannot be avoided, underlying projects must develop an Indigenous Peoples Plan. The plan must detail actions to minimize and/or compensate for adverse impacts and to enhance positive impacts and above requirements must be met. Partner Funds will ensure this is done through its investees and ESG compliance written into loan covenants are required to be included in underlying loan-agreements.

[1]GOGLA (2020), Impact of COVID-19 on off-grid energy sector; SEforALL (2020), Identifying options for supporting the Off-Grid sector during COVID-19 crisis; Endev (2020), Energising Development COVID-19 impacts on markets; https://app.60decibels.com/covid-19#explore; AMDA Odyssey (2020), COVID-19 survey results; Endev (2020), COVID-19: Energy Access Industry Barometer - Results and observations

In addition, provide a summary on how stakeholders will be consulted in project execution, the means and timing of engagement, how information will be disseminated, and an explanation of any resource requirements throughout the project/program cycle to ensure proper and meaningful stakeholder engagement

Select what role civil society will play in the project:

Consulted only; Yes

Member of Advisory Body; Contractor;

Co-financier;

Member of project steering committee or equivalent decision-making body;

Executor or co-executor;

Other (Please explain)

3. Gender Equality and Women's Empowerment

Provide the gender analysis or equivalent socio-economic assesment.

Substantial benefits are expected promoting gender equality and women empowerment. With CRP being a pan African project, country level assessments have not been conducted. However, there are clear links between gender impacts and access to energy. Access to clean, affordable and reliable renewable energy contributes to women?s social and economic empowerment and is essential for the overall improvement of people's living conditions. Women and girls are especially exposed to energy poverty in Africa owing to the fact that they spend more time on average at home and in many cases face greater limitations than men in terms of economic opportunity and empowerment.

The gender lens is in particular relevant in light of the COVID-19 pandemic with the crisis creating a significant setback to gender equality. As a result of the pandemic, women?s share in unpaid care and domestic work has increased, due to heightened care needs of older and sick people, school closures/home schooling and cooking more meals at home. Women?s jobs are 1.8 times more vulnerable to this crisis than men?s jobs. In addition to increased uncertainty in the labor-market, women are having to drop out of the workforce as a result of increased unpaid care responsibilities at the home.[2] Access to energy for women and job security are instrumental to mitigate the disproportionate negative impact of COVID-19 on women.

The social, economic and health benefits for women as a result of access to renewable energy include:

? **Increased opportunities for income generating activities**: Access to energy increases opportunities for women to start small businesses or support new income generating activities. These businesses or income generating activities can also be performed later at night as a result of improved lighting and access to energy offers greater flexibility in the organization of everyday chores. Business women benefit from increased status at home and in their communities.

? **Strengthening household economic resilience and financial independence**: Additional income generated as a result from access to clean energy or employment within the EA sector, allows women to contribute to household earnings and increase financial independence. Increased earning by women can have powerful economic and social benefits for their families and communities. Women tent to reinvest 90 percent of their income in their families and communities, while men reinvest only 30 to 40 percent. Income generated as a result of access to clean energy and money saved that would previously have been spent on expensive fuel, such as kerosene, increases household economic stability.

? **Creating safer communities**: Access to lighting creates safer communities. Households avoid dangerous kerosene lighting that can cause damage to property and, in some cases, even death. Improved lighting also results in longer hours of light in and around the house. There are indications that women in electrified households report significantly lower acceptance of domestic violence.

? **Increased study hours**: Solar lighting allows students to reliably complete homework or study during evenings.

? **Improved health**: There are close to 4 million premature deaths every year attributable to household air pollution from inefficient and polluting energy sources. By replacing polluting energy sources with clean solutions, clean energy improves women?s health through the reduction of indoor air pollution levels.

- ? **Access to information.** Systems powering electric appliances such mobile phones, radios and TV will provide female household members access to information, such as news, job adverts, weather and agriculture information, as well as information about COVID-19, measures families should take, vaccination programs etc.

Gender objectives Partner Funds

Gender-Lens Investing (?GLI?) is core to EEGF?s impact objectives. EEGF is committed to the improvement of gender equality through the following:

1) EEGF?s GLI strategy considers the impact of EEGF on women at all levels: as end-clients, as corporate end-clients, as entrepreneurs and as employees. Gender equality and equity elements are explicitly addressed in ESG, impact and investment due diligence questionnaires. EEGF also has a Technical Assistance budget allocated to support investees to improve their gender equity in practice and does portfolio analysis on an annual basis to better understand how to improve impact on women in the portfolio, with learnings feeding back into its Fund strategy.

2) EEGF is alignment with the 2X Challenge Criteria. The 2X Challenge was launched at the G7 Summit 2018 as a bold commitment to inspire DFIs/IFIs and the broader private sector to invest in the world?s women.

1) Research on Women Economic Empowerment. EEGF conducts strategic research on the unique barriers and solutions for women as related to EA at both investee and customer level. This will help understand the true extent of economic benefits women receive from SHS products and the barriers they still face, which will in turn help drive the business case for providers to meet the unique needs of their women customers. Through this research, EEGF aims to contribute to industry knowledge, improve EEGF?s own approach towards gender equality, and help drive the business case for companies to meet the unique needs of women in the A2E sector.

OGEF?s Environmental and social assessment explicitly evaluates the potential impacts of the investee?s activities on gender inequality and the investees policies, processes, and activities to support gender equality. The assessment includes investee HR/recruitment to ensure these do not discriminate against employees on the basis of gender, total workforce and total female employees, the profile of customers, including women.

SIMA Fund 1 also includes gender in its environmental and social assessment to explicitly evaluate the potential impacts on gender. SIMA Fund 1 works with borrowers to identify social and gender goals and may use specialized consultants when necessary to support companies.

SIMA DFF takes an overall gender-lens approach and requires all investees to have to adapt gender policies and promote gender equality within energy access. Together with investees, SIMA DFF establishes social goals that encompass gender equality and women?s economic empowerment. Goals may include number of female customers reached and number of employment opportunities for women, as well as, organizational culture goals by introducing gender-inclusive workplace policies. The Fund also seeks to support companies founded or led by either women or local entrepreneurs.

In parallel with financing, the SIMA DFF also provides value-added services to portfolio companies in support of these objectives, such as tailored advisory support to select portfolio companies and assists with the development of strategies for advancing gender equity among employees and clients. 60 Decibels, a Fund partner, is gathering gender-related end-user data for portfolio companies, which will complement gender data collected via SIMA DFF.

SIMA is also looking to be part of the 2X challenge.

The logical framework will include gender-sensitive indicators, to measure the impact on women, including number of female customers, beneficiaries, and job creation. Partner Funds have been assessed on their ability to monitor and report on these development impact indicators. It is expected that the GEF funding will contribute to enhance the quality of life of 1.2 million women and girls? and to maintain and create full-time employment opportunities for approximately 2,900 women as a result of the CRP,

CRP is also expected to comply with do-no-harm principles such as adherence to applied Environmental and Social safeguard practices (E&S) to be managed through the implementation of Environmental and Social Management Systems (ESMS) of the Partner Funds. E&S risk aspects include labor conditions for workers, including women. Partner Funds have been assessed on the compliance of their ESMS to the requirements of the Bank?s Integrated Safeguards Systems to ensure they meet the requirements in terms of policy requirements, procedures and organizational structure for the selection, preparation, implementation and monitoring of the co-investments.

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[1] L. Clark (2021). Powering Households and Empowering Women: The Gendered Effects of Electrification in sub-Saharan Africa
Energia.org. Gender Perspective Energy
Deloitte (2015). Women, Energy, and Economic Empowerment

[2] https://www.mckinsey.com/featured-insights/future-of-work/covid-19-and-gender-equality-counteringthe-regressive-effects#
[3] https://www.energia.org/case-gender-perspective-energy-access/
[4] ?GBV and Electricity: What?s Light Got To Do With It??. Africa Energy Forum: Energy&Her series, part of the Digital Energy Festival for Africa, November 4, 2020.
[5] WHO (2018). Household air pollution and health.

Does the project expect to include any gender-responsive measures to address gender gaps or promote gender equality and women empowerment?

Yes

Closing gender gaps in access to and control over natural resources;

Improving women's participation and decision making Yes

Generating socio-economic benefits or services or women Yes

Does the project?s results framework or logical framework include gender-sensitive indicators?

Yes

4. Private sector engagement

Elaborate on the private sector's engagement in the project, if any.

For-profit, private sector energy access businesses are key to deliver universal access to energy. Solar home systems, green mini-grids and other EA solutions present a commercially viable, climate resilient, and modern solution to providing clean EA to off-grid, primarily rural populations in Africa with limited spending power. Companies deploying these products have seen extensive growth in Africa, however the impact of the COVID-19 pandemic threatens the commercial viability of these companies. GEF funding will support EA businesses by providing liquidity relief and working capital to safeguard the operations and progress of EA companies and ensure a robust commercial recovery for the EA industry and low carbon development for countries across the continent.

Crowding in private sector investments and commercial finance. Private sector funds have been vital in establishing the renewable sector and progress made so far. While the sector is in need of additional investment and liquidity, investors are constrained by the inability to conduct due diligence and grow pipelines, decreasing portfolio quality and the emerging risks and uncertainties. CRP?s deployment of concessional capital on a blended, co-investment basis enables commercial financiers to continue lending to the sector at risk-adjusted rates, while ensuring that lending remains affordable for EA companies. CRP utilizes the opportunity to leverage existing funds and capital relationships to increase the financing available to businesses and allow for a more comprehensive response.

5. Risks to Achieving Project Objectives

Elaborate on indicated risks, including climate change, potential social and environmental risks that might prevent the project objectives from being achieved, and, if possible, the proposed measures that address these risks at the time of project implementation.(table format acceptable):

In alignment with its 2nd Climate Change Action Plan (CCAP2), the AfDB seeks to reduce vulnerability to climate variability in its Regional Member Countries (RMCs) and increase the climate resilience of Bank-financed development investments.

Climate related risks in the EA space may include impacts of climate change such as drought (e.g. which could constrain potential ability to pay across PAYGO portfolios), flooding (e.g. which can damage systems installed), excessive dust in arid areas affected by desertification (i.e. which can reduce power output or increase O&M costs). Given that underlying projects (including technology, geographical regions, end-beneficiaries etc.) are unknown at the time of submission of the GEF CEO Endorsement and being approved by CRP Partners during the implementation, a risk assessment as described in the GEF?s Scientific and Technical Advisory Panel (STAP)?s guidance document cannot be conducted at this stage and will be managed through the implementation of the ESMS of the Partners. According to the AfDB?s Integrated Safeguards System the ESMF of each Partner Fund has been assessed to ensure all environmental and social safeguard issues for subprojects at the respective project sites, from preparation, through appraisal and approval, to implementation, are addressed. It thereby ensures compliance with the Bank?s safeguards policies.

The Partner Funds to the CRP have each been assessed by the Bank?s **Environmental and Social Safeguards** team. Specifically, the Environmental and Social Management System (ESMS) frameworks of each fund have been evaluated and assessed to meet the lending requirements of the AfDB, and have been published on the Bank?s website. The ESMS of each Partner Fund outlines a streamlined and thorough process to originate, screen, approve, and implement potential sub-investments under the CRP to ensure that environmental and social risks are appropriately addressed - as is required by the Bank?s Integrated Safeguards System (ISS)[2]. To anticipate and avoid risks and mitigate impacts to workers, affected communities, and the environment, potential sub-investments will all be evaluated and subsequently categorized into levels of risk, which informs subsequent investment and required mitigation actions; including the identification of hazards, assessment of vulnerability and exposure of populations and their livelihoods and the identification of measures to manage the risk impacts of climate change. The selected Partner Funds are experienced in assessing potential EA investments from commercial as well as social and environmental dimensions.

Partner Funds commit that each investment will be made in line with its E&S Policy and associated procedures and will ensure that each of its investees is evaluated on basis of the five operational safeguards set out in AfDB?s ISS and the safeguard of climate change. Investees are financed only when they are expected to be designed, built, operated, and maintained in a manner consistent with the E&S Policies. The financing agreement with each Partner Fund confirms that representations and warranties will be included under the End-Borrower Loan Agreements confirming that the end-borrower shall comply with the requirements of any acts, orders, regulations and codes of practice to which it may be subject relating to health and safety, and environmental and social requirements, including the Environmental and Social Policy of the Fund and the End-Borrower?s Environmental and Social Policy. Partner Funds will monitor and report on E&S performance of investees to the Bank. The Bank will monitor compliance with the ESMSs through the investment notifications and performance reports, as firmed up the CRP financing agreement, as well as through annual supervision missions by the Bank?s experts.

The CRP (and its Partner Funds) have been assessed by the Bank?s Environmental and Social Safeguards team as category FI-B, which suggests that ?the financial intermediaries? portfolios are deemed to be medium risk, and may include subprojects that have potential limited adverse environmental, climate change, or social impacts and that are equivalent to Category 2 projects (the Bank?s categorization memorandum is attached in Annex N). The project involves facilitating investments in small- to medium-scale renewable energy technology companies. Accordingly, it is expected that these investments will only involve low to medium environmental and social safeguards risks which, as per AfDB?s E&S policies, can be managed through the implementation of environmental and social management systems and plans. The environmental and social risks identified for CRP activities include: i) environmental pollution risks typical of the medium to small scale solar power projects, and ii) health and safety risks and working conditions for workers involved in the installation of equipment. The environmental and social safeguards risks identified will be managed by the Partner Funds through the implementation of their environmental and social management systems and plans, and policies, procedures and organizational structure for the selection, preparation, implementation and monitoring of subprojects.

E-waste is a growing problem in the off-grid energy sector resulting in unintended consequences related to end-of-life management of renewable energy waste. One of the major challenges facing the off-grid EA sector as it moves beyond the useful life of first-generation products, is the safe and environmentally sustainable treatment of e-waste derived from investees? products and infrastructure. Given the relative immaturity of the sector, local and international regulations and general market best practice are still very much in development.

To ensure environmentally sustainable treatment of waste of underlying projects, waste management is an integral part of the ESMF of all Partner Funds. Through the implementation of the ESMFs, Partner Funds, during the due diligence process of underlying projects ensure borrowers integrate the three R?s of waste management (recycle, reuse, reduce) in their operations, that investee companies ensure compliance with national and where applicable international regulations governing the treatment of e-waste, have environmentally sustainable waste management plans in place and report on their waste management practices.

One of the Fund Managers, OGEF, has also committed to participate in industry activities to harmonise and enhance waste management policies in the sector, principally through pro-active membership in the GOGLA e-waste working group, and make every effort to be aware of international best practice from a wider range of stakeholder/sector-linked initiatives and apply and promote these across its portfolio.

The table below highlights additional risks and mitigation strategies that have been identified in relation to the investments of CRP.

Risk	**Description**	**Mitigation Strategy**
Political risk	Political actions in countries can adversely affect EA business operations and investments.	Although sovereign risk is important to take into consideration, the risk to investments depends heavily as well on both the industry and the company itself and a company?s ability to manage that risk. This is also demonstrated by the defaults in the industry (Mobisol and Solarkiosk) that happened paradoxically in Kenya with low country risk. The unique situation that a country represents, together with the business and related risks to the project will be assessed during due diligence at project level by the Partner Funds; their processes, policies and capacity to do so has been confirmed during due diligence stage.

Legal /institutional framework/and enforcement of law	Mini-grid, C&I and SHS projects are exposed to regulatory risk. Poor regulatory framework to deploy DRE at scale and support investments may impede the delivery of the project.	Most country governments are committed to increasing renewable energy as part of its energy mix and to reach universal access to energy outlined in the country plans and strategies. Although the countries have different regulatory challenges, many are developing frameworks in support of these objectives, such as tax exemptions (Ghana, Ethiopia and Kenya), clear licensing processes and conducive tariff regulations. As part of the due diligence process, Partner Funds will assess if conducive policies are in place for underlying projects in the specific countries.
Deterioration of COVID-19 and pro-longed economic downturn	Failure to deliver development outcomes due to extended impact of COVID-19 affecting EA companies such as delays supply chain disruption; ultimately impacting the financial situation of businesses.	Partners provide active management support to portfolio companies and will effectively monitor key indicators. The Partners are expert lenders in the energy access industry and bring considerable experience to debt investing in the African SME context. Due to their market knowledge and understanding of the cash flows of the underlying assets, the experienced Partner Funds are well placed to structure relief/recovery facilities for energy access companies.
Currency depreciation	EA companies are exposed to currency risk, especially in fragile states where volatility can be particularly high.	CRP funds will be subject to the currency risk hedging strategies proposed by Partner Fuds on a per transaction basis, e.g. local currency hedges, cross currency swaps, or back to back financing structures with local commercial banks.
End user ability to pay	EA companies serve customers with low and irregular incomes in remote regions.	EA companies have developed credit assessment frameworks based on ten years of industry experience. Partner Funds selected to implement CRP are experienced in appraising the portfolios and credit risk policies of potential investees.

Reduced revenue and deterioration of portfolios	EA companies are seeing signs of deteriorating portfolio quality due to the economic slowdown induced by the pandemic.	The Partner Funds are expert lenders in the EA industry and beyond and bring considerable experience to debt investing in the African EA context. Due to their expertise in lending and market knowledge, the experienced Partner Funds are well placed to structure relief facilities for EA companies. A reduction in revenue caused by a shock such as the pandemic would negatively impact the ability of EA companies to service debt. The use of concessional capital to provide working capital and liquidity solutions enables companies to improve cash flow management.
Over-pricing on partner funds	Partners may artificially increase pricing on commercial loans given the concessionality provided by the CRP.	Blended pricing will be justified for each transaction and subject to monitoring by the Bank. Funds that are identified as acting inappropriately may have funds clawed back or be disqualified from future funding of CRP.
Moral hazard	Risk that the Partners will not apply a similarly rigorous credit procedure when deploying CRP funds	Partners will at least match CRP?s investment in each transaction. Risk sharing in terms of seniority, quantum, and pro rata disbursement ensures quality deal selection. Moral hazard from previously funded initiatives by GEF is not possible since GEF financing excludes the possibility of financing through the CRP Partner Funds that have already received GEF financial support.
Market distortion	Due to the use of concessional finance, there is a risk of availing highly subsidized capital which could lead to adverse effects of high-risk transactions reducing the quality of credit portfolios.	The required co-investment on pari-passu terms ensures high quality deal selection on sound investment principles.

Duplication of CRP resources / ?double-dipping?	There is a risk that multiple Partner Funds provide funding to the same borrower.	Potential borrowers will be informed about CRP as the source of funds and limitations to CRP lending (EA companies are not eligible to receive CRP funding multiple times). It will be the borrowers? obligation to disclose whether they have received, or are in the process of receiving, CRP funding. It is the Partners? responsibility to assess this during due diligence.
Slow deployment of CRP resources	Partner Fund fails to use its full CRP investment facility for various reasons: limited liquidity, bandwidth, pipeline etc.	Selected Partner Funds have demonstrated a strong indicative pipeline and the availability of commercial capital for co-investments. In addition, CRP will make capital available for a limited time (12 months). Beyond this period, uncommitted capital may be reassigned to Funds that can deploy the funding.
Conflict of Interests	There is a risk that Partner Funds may use CRP funds to enhance the performance of previously executed loans that are under- or non-performing.	The pari-passu and pro rata risk sharing requirements serve to ensure the quality of transaction structuring. We believe that the pari passu requirement for principal amounts is enough to avoid this unintended and undesirable consequence and is a key reason for including the risk sharing requirement in the design of the CRP.
Over-indebtedness of the underlying borrower	Some of the projects that will be invested in could result on over-indebtedness of the borrower.	Partner Funds have their own underwriting criteria. CRP requires the Funds to abide by these principles in deploying CRP funds. This includes among several other criteria and with respect to indebtedness leverage ratios. Furthermore, CRP eligibility criteria will include viability of the business including its ability to service debt. This may be reflected in i) projected growth to increase overall revenues; ii) positive unit economics or visibility on reaching positive unit economics within a certain period of time; iii) company had positive cash flow or projected to reaching this stage within a defined period following investment by CRP.

Physical risks of climate change (i.e. drought, flooding) affecting customer ability to pay	There is a risk that a large-scale climate event may reduce household incomes and thus limit their ability to pay for EA solutions.	Partner investment funds and EA companies are well aware of this risk and use a range of portfolio diversification strategies (i.e. geographical diversification) to mitigate the threat of physical climate risks, limiting geographical concentration risks.
Environmental and social risks, including not properly disposing waste materials	Environmental and social risks related to failure to identify and assess potential impacts and implement and monitor plans and systems intended to avoid, minimize and mitigate negative impacts.	As an integral part of the Bank?s due diligence process, ESMFs of Partner Funds have been assessed based on their commitment and capacity to manage and/or improve their E&S management and performance. E&S monitoring and reporting of underlying borrowers will be included as covenant to the financing agreements.
Improper waste management	Risks of not properly disposing solar panels and batteries which contain hazardous materials.	As per their ESMFs, Partner Funds are required to assess waste management plans of underlying borrowers to ensure good practices and mitigation actions for the disposal of solar panels and batteries are in place. This will be part of the E&S monitoring and reporting of underlying borrowers that will be included as covenant to the financing agreements.

[1] Multinational - Facility for Energy Inclusion Off-Grid Energy Access Fund - P-Z1-FF0-012 - E&S Policy

Multinational - Energy Entrepreneurs Growth Fund - P-Z1-FF0-012 - ESMS

Multinational - Social Investment Managers and Advisors llc (SIMA) - P-Z1-FF0-012 - ESMS

[2] AfDB Integrated Safeguard System: https://www.afdb.org/fileadmin/uploads/afdb/Documents/Policy-Documents/December_2013_-_AfDB%E2%80%99S_Integrated_Safeguards_System__-_Policy_Statement_and_Operational_Safeguards.pdf

6. Institutional Arrangement and Coordination

Describe the institutional arrangement for project implementation. Elaborate on the planned coordination with other relevant GEF-financed projects and other initiatives.

The African Development Bank and SEFA are playing a sponsor role in the design, structuring, capitalization, co-financing and overall implementation of CRP with Partner Funds.

AfDB will ensure adequate oversight of the implementation of CRP, these responsibilities include:
? Selection of Partner Funds.
? Defining pre-eligibility criteria for investments.
? Monitoring of included investments against eligibility criteria.
? Validating and processing disbursement requests related to these investments.
? Portfolio management of the Platform?s investments.
? Knowledge management and dissemination of lessons learnt.

Partner Funds? responsibilities include:
? Identifying prospective borrowers and transaction structures.
? Full due diligence and approval of investments, in compliance with eligibility criteria and principles of blended finance, in particular on minimum concessionality.
? Administering CRP funds, including disbursement and collection of repayments, regular supervision and monitoring of the borrowers.
? Submitting quarterly, semi-annual and annual reporting on the utilization of the Platform funds, including impact reporting and documentation of market insights.
? Commissioning external audits and sharing of audited financial statements

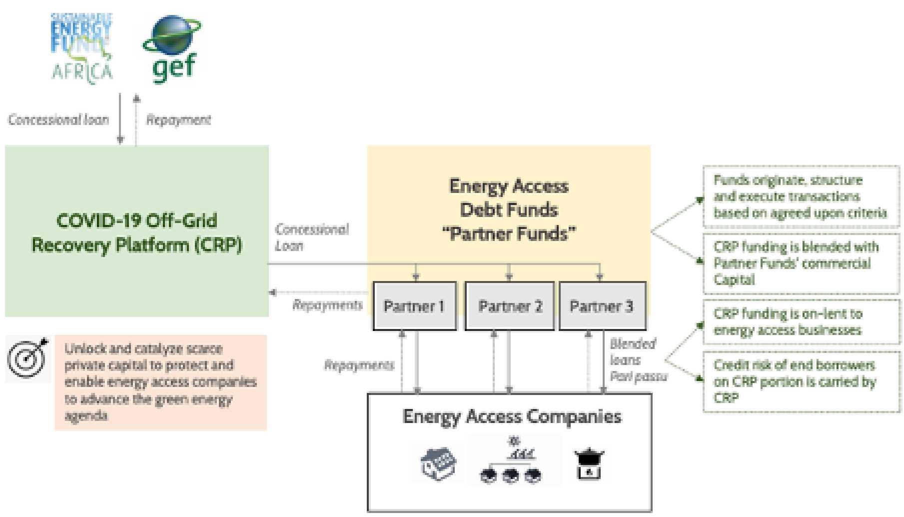

Figure 3. CRP financing structure.

Delegation of investment decision-making. As the sector requires a rapid response to the crisis, investment decision-making shall be fully delegated to the Partner Funds as per their established origination, appraisal, governance, and implementation processes. Partner Funds will carry out a range of activities ? including originating, appraising, structuring, executing, managing, monitoring, and reporting ? for investments that fit within investment parameters outlined by CRP. All transactions will be governed by Agreements between the Bank and each Partner Fund and will be monitored for compliance by the Bank through investment notification forms submitted by the Partner Funds for each underlying transaction. The investment notification form provides information on underlying borrowers and transaction terms, including a justification for the blending approach utilized. Implications of any deviation from AfDB policies or terms and implementing arrangements will be outlined in the Agreements, consequences include CRP funds being frozen or an end of the financing agreement with the fund.

Agreements between the Bank and Partner Funds. The AfDB, as Implementing Agency, will sign an Agreement with each Partner confirming specific terms, conditions, implementation arrangements and investment criteria governing the concessional loan, including investment eligibility criteria (e.g. technologies, geographies, business viability, and other criteria) and terms of the sub-investments to be supported by CRP funds (e.g. tenor, blended structuring, pricing, repayment triggers, currency risk, security, fees, and other terms). The Agreements between the Bank and Partner Fund will include clauses on performance and on non-compliance. An external legal counsel is required by the Bank to support the drafting and negotiation of the Agreements with Partners.

Disbursement Modalities. Disbursements from CRP funding to the Partners Funds will be performed in line with AfDB?s policies and procedures. Partners will be required to open a dedicated bank account (?special account?) in a commercial bank to exclusively receive the CRP funds, thereby avoiding commingling risk with other resources. Capital will be disbursed to Partners in tranches based on indicative investments plans. The Bank will ensure alignment of the potential transactions with Agreements. Subsequent disbursements take place provided that the immediately preceding advance has been justified up to at least 50 percent and contingent on compliance with agreements and relevant policies of the Bank.

Repayments. CRP capital will be repaid contingent on repayment of end-borrowers to the Partner Fund. The credit risk of CRP funding on-lent to end-borrowers is carried by CRP. The Partner Funds will be responsible for ensuring timely collection under the loan agreements as well as for the timely repayment of such amounts to the Bank. Repayments of CRP funds match the repayment profiles of the underlying transactions. Payments made by the end-borrower will be shared between CRP and the Fund on a pro rata basis dependent on the respective capital contributions. The Funds ability to recover loans, as well as established and strong workout processes and policies, are verified and assessed as part of the due diligence process by the Bank. Furthermore, the required co-investment and risk sharing, incentivizes Partners to apply best efforts to recover unpaid amounts.

CRP provides Partner Funds priority on interest payments. Principal payments will be shared proportionally. In the event of default, unpaid interest will be foregone and any remaining repayments will be shared between CRP and Partner Funds proportionally to their respective capital contributions.

Write-off Procedure. If despite all efforts by the Fund and the Bank to recover the loans and amounts due have failed ? including restructuring or rescheduling of the loans, or executing security arrangements to recover losses in part or in full ? the concessional loan or part thereof will be written-off, following the Banks write-off policy:?

- Projects will have already been watch-listed
- AfDB Loan Accounting team automatically notifies the SEFA Technical Unit (TU) of a missed reimbursement, per the terms of the agreement with the client
- SEFA TU Unit informs the Special Operations Unit that shall determine, in consultation with Risk Management Unit, whether a write-off action can be deferred or accelerated, depending on the individual situation
- The Special Operations Unit undertakes the preparation of a write-off request to the Credit Risk Committee
- The write-off request should be submitted to the Credit Risk Committee and other affected parties for review, clearance and information
- Subsequent to the Credit Risk Committee clearance, the Head of the Special Operations Unit should submit a write-off memorandum for the consideration of and formal approval by the President.
- Following authorization by the President, the Financial Management Unit will process the write-off in accordance with applicable accounting rules for converting the loan to a grant
- Subsequent to the President?s clearance, the Special Operations Unit should notify the Board of Directors by submitting an explanatory note which explains the decision and the rationale for the write-off.

Other relevant GEF financed projects and complementarity. The GEF Private Sector Engagement Strategy encourages a collaboration between the GEF and the private sector in activities that provide strong incentives for the transformation of sectors, markets and economic systems in a way that either reduces environmental degradation or extend positive environmental externalities. The GEF investment in CRP is strongly aligned to this strategy by unlocking commercial capital to finance EA companies in Africa and enabling the continuation of their operations and securing further growth in the future. Likewise, as a co-investor in the CRP platform, SEFA's technical assistance and concessional finance to remove market barriers, has proven to be an effective tool to unlock private sector investments in renewable energy, building a robust pipeline of projects and improving the risk-return profile of renewable energy investments.

For instance, SEFA?s role has been instrumental in the establishment of the Africa Renewable Energy Fund (AREF), a pan-African equity funds for renewable energy established in 2013. The fund raised about USD 200 millions in commitments from other development finance institutions and commercial investors, including a USD 4.5 million equity investment from the GEF. The fund manages a portfolio of geothermal, hydro, biomass, solar and wind projects totaling 274 MW of capacity, spread out in 6 African countries, namely, Ethiopia, Uganda, Tanzania, Ghana, Cameroon and Madagascar. SEFA also spearheaded the establishment of the Facility for Energy Inclusion (FEI), a pan-African debt financing platform for small-scale renewables. Using various debt instruments such as corporate, project finance and mezzanine finance, the fund supports small scale Independent Power producers sponsoring grid connected power projects, mini-grids and captive power projects of capacity below 25 MW.

The Public Private Platform (PPP) for Renewable Energy, another initiative supported by the GEF, leverages USD 240 million of financing from the AfDB private sector arm to support the scaling up of renewable energy projects in Africa. This GEF investment through the CRP will complement the Public Private Platform (PPP) for Renewable Energy in its efforts to facilitate access to energy for low-income and rural households. Along the same lines, the GEF funded pilot Africa Climate Technology Finance Center and Network (ACTFCN) has been supporting African countries in scaling-up the deployment of low-carbon and climate resilient technologies for climate change mitigation and adaptation, thereby catalyzing CRP?s endeavors in disseminating renewable energy products.

7. Consistency with National Priorities

Describe the consistency of the project with national strategies and plans or reports and assesments under relevant conventions from below:

NAPAs, NAPs, ASGM NAPs, MIAs, NBSAPs, NCs, TNAs, NCSAs, NIPs, PRSPs, NPFE, BURs, INDCs, etc.

Although CRP will be implemented across Africa, Partner Funds? indicative pipeline include transactions in Western Africa (*Mali, Burkina Faso, Nigeria, Niger, Sierra Leone, Senegal and Ghana*), Central Africa (*Cameroon*), Eastern Africa (*Ethiopia, Kenya, Tanzania and Uganda*) and Southern Africa (*Malawi, Zambia, Mauritius and South Africa*) sub-regions.

These countries have small-scale renewable energy access in NDCs and the GEF investment in the CRP platform will contribute to achieving Nationally Determined Contribution (NDC) targets in these countries. EA solutions proposed by the CRP platform will add 40 MW of solar capacity, representing about 2.5 million metric tons of CO2 emissions avoided over the lifetime of the equipment. In the same vein, the CRP platform complements efforts undertaken under the Africa NDC Hub, hosted at the Climate Change and Green Growth Department of the African Development Bank, to engage national, sub-national, non-state actors and private sector representatives on appropriate policies, strategies and actions tailored to suit individual needs of African countries to enable them to deliver their climate change commitments under the Paris Agreement.

The GEF investment through the CRP platform will support the development of renewable energy solutions on the continent, thereby contributing to the international efforts on mitigation. Even though, African countries have not committed to reducing their GHG emissions under the Kyoto Protocol, they do recognize the importance of engaging in mitigation measures for socio-economic development objectives. Notwithstanding the lack of National Appropriate Mitigation Actions (NAMAs), most of the countries do support the Copenhagen Accord and specified some mitigation actions to be implemented within their national frameworks.

CRP pipeline countries in the Western Africa sub-region are all member countries of the Economic Community of West African States (ECOWAS). This latter has developed a renewable energy policy[1] that was adopted by the 43rd Ordinary Session of the ECOWAS Authority of Heads of State and Government, held in Abuja on July 2013. The renewable energy policy, which is aligned with the broader strategic goals of ECOWAS Vision 2020, aims to assist the ECOWAS Member States to develop appropriate regulatory frameworks for the promotion of renewable energy technologies and services, thus reinforcing regional integration in the renewable energy sector. In terms of objectives, the regional energy policy intends, amongst others, to i) increase the share of renewable energy in the overall electricity mix, including large hydro, to 35% by 2020 and 48% by 2030 and ii) increase the share of the rural population served by decentralized renewable electricity services to 22% by 2020 and 25% by 2030.

As for countries covered in the Eastern African sub-region, they are all member countries of the East African Community (EAC), with the exception of Ethiopia. EAC has adopted a renewable energy policy[2][6] which aims, amongst other objectives, to increase i) access to modern cooking practices for 50% of traditional biomass users; ii) access to reliable electricity for all urban and peri-urban poor and iii) access to modern energy services for all schools, clinics, hospitals and community centres.

In the Southern African region, indicative pipeline countries under the CRP platform are all member states of the Southern Africa Development Community (SADC)[3]. The organization recognizes the importance of renewable energy and energy efficiency as a cost-effective way to ensure energy security and reduce greenhouse gas emissions. The Regional Energy Access Strategy and Action Plan designed to the renewable energy policy, has set targets which include 7.5% of off-grid share of renewable energy as per total grid electricity capacity and 15% of cooking/heating efficient devices penetration by 2030.

Cameroon being the only country in the indicative CRP pipeline in Central Africa sub-region, has an ambitious renewable energy policy. The country intends to increase the share of its renewable energy capacity to 25% of its total energy capacity by 2030[4].

In addition to these ongoing efforts, the African Development Bank, building on its long experience and strategic position in the continent, helps its regional member countries to i) increase the sustainable use of renewable energy sources where the potential exists, (ii) foster energy efficiency and (iii) adopt cleaner technologies[5]. Furthermore, the African Development Bank plays a catalytical role in the adoption of governance and regulatory reforms in regional member countries by helping them create an enabling environment that would attract private capital in the sector. In the broader context of ?Light up and Power Up Africa? strategy, the African Development Bank has set-up a New Deal on Energy for Africa, which lies on the following principles: (i) raising aspirations to solve Africa?s energy challenges; ii) establishing a transformative partnership on energy for Africa; (iii) mobilizing domestic and international capital for innovative financing in Africa?s energy sector; (iv) supporting African governments in strengthening energy policy, regulation and sector governance; and (v) increasing African Development Bank?s investments in energy and climate financing.

In view of the above, the CRP platform fits very well in the renewable energy policies of the pipeline countries in which it will be deployed, but more importantly, it will contribute to the renewable energy agenda of these countries and ensure that progress achieved will not be jeopardized by the COVID-19 pandemic.

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[1] https://www.climatewatchdata.org

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[1] ECOWAS Renewable Energy Policy (EREP) (http://www.ecreee.org/sites/default/files/documents/ecowas_renewable_energy_policy.pdf)

[2] Regional Strategy on Scaling-up Access to Modern Energy Services in the East African Community (https://rise.esmap.org/data/files/library/kenya/Renewable%20Energy/RE%203.5%20-%205%20year%20Action%20Plan%20for%20the%20Regional%20Strategy%20on%20Scaling%20Up%20Access%20to%20Modern%20Energy%20Services%20in%20the%20EAC.pdf)

[3] SADC Renewable Energy and Energy Efficiency Status Report 2018 (https://www.sacreee.org/sites/default/files/documents/files/SADC_EN_%28web%29.pdf)

[4] Djouedjom, T. F. G and Zhao, X (2018). Current Status of Renewable Energy in Cameroon, North American Academic Research, volume 1, issue 2, 2018, 1 (2), 71 ? 80

[5] Energy Sector Policy of the AfDB Group (https://www.afdb.org/fileadmin/uploads/afdb/Documents/Policy-Documents/Energy_Sector_Policy_of_the_AfDB_Group.pdf)

8. Knowledge Management

Elaborate the "Knowledge Management Approach" for the project, including a budget, key deliverables and a timeline, and explain how it will contribute to the project's overall impact.

The implementation of the CRP will generate unique insights into the impacts of COVID-19 on EA companies and the most appropriate responses in terms of technical support and financial products. As such, market knowledge on COVID-19 impacts and mitigation strategies can feed into the design of future financial products for these and other crises. CRP?s knowledge management plan includes the following items:

? Participation of AfDB and/or Partner Funds in renewable energy investors? fora at the international, pan-African and regional level, especially related to COVID-19 pandemic relief and recovery activities. AfDB and OGEF have already participated in sector wide online events (see below) on the impact of the pandemic on the energy sector and these efforts will continue.

o Joao Duarte Cunha, Head of AfDB?s Renewable Energy Division, participated in the Energy Access COVID-19 Relief Summit organized by ARE and GOGLA, and

o Harry Guiness, former Managing Director of Lion?s Head Global Partner?s OGEF team participated in a panel discussion on relief, recovery, and resilience at the GOGLA annual member conference 2020;

? Close interaction with the AfDB?s hosted EA initiatives and network of partners/financiers to access, share and document best practices on financing EA projects, especially on the lessons learned and unique insights from providing financial support to EA businesses during the COVID-19 pandemic;

? Convene CRP Partner Funds to discuss projects, gauge views on the market, promote collaboration and develop summary notes with key lessons and stories from the ground; and

? Publication of an end of project report detailing the utilization of the CRP funds including aggregate impact, environmental and development reporting and documentation of market insights and lessons learned.

The table below summarizes the budget for knowledge management:

Expenditure category	Detailed description	Indicative cost (USD)	Responsible entity
Trainings, workshops, meetings	Virtual event with CRP Partners to discuss the sector and COVID impacts Develop knowledge document with key lessons and stories from the ground.	n/a Covered by AfDB	AfDB
	Participate at investors fora and conferences	Covered by AfDB	AfDB

9. Monitoring and Evaluation

Describe the budgeted M and E plan

AfDB is responsible for and will undertake monitoring and reporting activities of the investments following Bank policies and procedures, and ensuring that it monitors and reports on development, climate change, and other relevant indicators/outcomes.

All investments are governed by Agreements between the Bank and each Partner Fund and monitored for compliance by the Bank through: (i) rolling work programme with a concrete deal pipeline to inform tranched disbursement requests; and (ii) investment notification forms for each underlying transaction with information on underlying borrowers and transaction terms, including a justification for the blending approach utilized and including the minutes and materials of the Fund?s Investment Committee in which the investment decisions were made.

The Bank will monitor the portfolio and progress through: (iii) quarterly fund reports; iv) semi-annual CRP-focused progress reports on market conditions, pipeline and portfolio; v) annual progress reports on market conditions, pipeline and portfolio, operational and financial status, lessons learnt from portfolio and expected development impacts; (vi) annual supervision missions by AfDB?s technical experts and; (vii) annual external audits. The semi-annual and annual reports required from the Funds shall contain:

(i) market analysis, demand and indicative pipeline;

(ii) financial summary on the use of the funds;

(iii) portfolio summary and status;

(iv) adjusted forecasts for use and repayment of funds;

(v) summary and evidence of commercial finance leverage;

(vi) development outcomes ? including the following progress indicators:

a. renewable energy capacity installed (MW) as a result of the SHS, GMG and captive power solutions deployed by the relevant End-Borrower during the loan period

b. new electricity connections (number) as a result of the SHS, GMG and captive power solutions deployed by the relevant End-Borrower during the loan period (for example, by measuring the number of sales or customer contracts)

c. total beneficiaries of new connections (including all household members) (number) and how many of which are women (%)

d. existing customer contract services maintained (including existing customers that receive services from the End-Borrower at the start of the relevant End-Borrower Loan Agreement and that are expected to be maintained) (number)

e. Leverage (including commercial capital leveraged by CRP funds (USD, disaggregate Fund Contribution and other funding at the time of the transaction) and follow-on investment catalysed during the loan period (USD));

f. direct employment preserved (number) (e.g. number of employees at the start of the relevant End-Borrower Loan Agreement that are expected to be maintained) and how many of are women (%)

g. direct employment created (number) during the loan period and how many of these new positions have been filled by women (%)

h. reduction of carbon emissions during the loan period as a result of the systems deployed shown in tons of carbon dioxide equivalent (tCO2e).

(vii) any notifications, disbursement requests;

(viii) problems encountered, solutions envisaged, lessons learned; and

(ix) updated work plan and budget for subsequent quarters.

At the end of the funding period, Partner Funds are required to prepare and submit a completion report summarizing the use of CRP funds.

Partner Funds policies, processes and capacity for investments ? including originating, due diligence, portfolio management, loan workout and reporting ? have been assessed by the Bank to ensure these meet the Bank?s standards and requirements. Partner Funds will monitor investments through regular performance reports from end-borrowers to ensure compliance with covenants, terms and agreements of end-borrower loan agreements, as firmed up and in alignment with the CRP financing agreement.

AfDB will share with the GEF i) annual Project Implementation Reports, using the results framework to assess progress towards the project objectives and status of the project implementation, ii) a Midterm Review to assess overall project performance and actions taken to enhance implementation, and iii) a Terminal Evaluation at project completion, to evaluate the project performance in meeting its objectives and achievements.

The table below summarizes the budget for monitoring and evaluation and the required reports for this project, with timing based on CEO endorsement and project start in Q4 2022:

Report type	**Prepared by**	**Responsibility**	**Preparation frequency/period**	**Indicative cost (USD)**	**Timing of submission**

Report type	Prepared by	Responsibility	Preparation frequency/period	Indicative cost (USD)	Timing of submission
Project Implementation Report (PIR)	The Bank	The Bank	Annual	20,000	Before June 30, of a set fiscal year. First PIR in Q2 2023.
Mid-Term Review report (MTR)	Independent consultant	The Bank	Two years after project implementation	20,000	Q2 2025
Terminal Evaluations report (TE)	Independent consultant	The Bank	After project completion and no more than 12 months after project completion	50,000	Q4 2029
Supervision missions	The Bank	The Bank	Annual	25,000	n/a

10. Benefits

Describe the socioeconomic benefits to be delivered by the project at the national and local levels, as appropriate. How do these benefits translate in supporting the achievement of global environment benefits (GEF Trust Fund) or adaptation benefits (LDCF/SCCF)?

The project is well aligned with the objectives of the GEF Trust Fund by engaging the private sector to foster innovation and investment and promote sustainable energy development. The project will provide environment benefits by providing clean, sustainable electricity generated from renewable sources to over 1.1 million households and 144 businesses/ social infrastructure resulting in a reduction of greenhouse gas emissions of 2.57 million tCO_2 on a life-cycle basis.

11. Environmental and Social Safeguard (ESS) Risks

Provide information on the identified environmental and social risks and potential impacts associated with the project/program based on your organization's ESS systems and procedures

Overall Project/Program Risk Classification*

PIF	CEO Endorsement/Approval	MTR	TE
Medium/Moderate	Medium/Moderate		

Measures to address identified risks and impacts

Elaborate on the types and risk classifications/ratings of any identified environmental and social risks and impacts (considering the GEF ESS Minimum Standards) and any measures undertaken as well as planned management measures to address these risks during implementation.

The Partner Funds to the CRP have each been assessed by the Bank?s **Environmental and Social Safeguards** team. Specifically, the Environmental and Social Management System (ESMS) frameworks of each fund have been evaluated and assessed to meet the lending requirements of the AfDB, and have been published on the Bank?s website. These requirements are contained within the Bank?s Integrated Safeguards System (ISS). Notably, within the area of climate change risk, the ISS specifies that the borrower or client screens the project for environmental and social impacts?including climate change impacts, potential adaptation and mitigation measures, and the vulnerability of populations and their livelihoods?to determine the specific type and level of environmental and social assessment.

The selected Partner Funds are experienced in assessing potential energy access investments from commercial as well as social and environmental dimensions. The ESMSs of each Partner Fund have been reviewed to ensure that climate risks are appropriately addressed including during the due diligence of potential sub-investments under the CRP. Each ESMS provided by the Partner Funds explicitly mentions climate change as a key area of investment decision-making and reporting, including the identification of hazards, assessment of vulnerability and exposure and the identification of measures to manage the risk impacts of climate change.

The CRP (and its Partner Funds) have been assessed by the Bank?s Environmental and Social Safeguards team as category FI-B, which suggests that ?the financial intermediaries? portfolios are deemed to be medium risk, and may include subprojects that have potential limited adverse environmental, climate change, or social impacts and that are equivalent to Category 2 projects.? The environmental and social risks identified for CRP activities include: i) environmental pollution risks typical of the medium to small scale solar power projects, and ii) health and safety risks and working conditions for workers involved in the installation of equipment. The environmental and social safeguards risks identified can be managed by the Partner Funds through the implementation of their environmental and social management systems and plans, and policies, procedures and organizational structure for the selection, preparation, implementation and monitoring of subprojects.

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[1] Multinational - Facility for Energy Inclusion Off-Grid Energy Access Fund - P-Z1-FF0-012 - E&S Policy
Multinational - Energy Entrepreneurs Growth Fund - P-Z1-FF0-012 - ESMS
Multinational - Social Investment Managers and Advisors llc (SIMA) - P-Z1-FF0-012 - ESMS

[2] AfDB Integrated Safeguard System: https://www.afdb.org/fileadmin/uploads/afdb/Documents/Policy-Documents/December_2013_-_AfDB%E2%80%99S_Integrated_Safeguards_System__-_Policy_Statement_and_Operational_Safeguards.pdf

Supporting Documents

Upload available ESS supporting documents.

Title	Module	Submitted
EEGF E&S Policy	CEO Endorsement ESS	
FEI OGEF E&S Policy	CEO Endorsement ESS	

ANNEX A: PROJECT RESULTS FRAMEWORK (either copy and paste here the framework from the Agency document, or provide reference to the page in the project document where the framework could be found).

RESULT CHAIN		PERFORMANCE INDICATORS			MEANS OF VERIFICATION
		Indicator	**Target PIF**	**Target CEO endorsement**	
IMPACT	Greenhouse gas emissions mitigated	Tons of carbon dioxide equivalent (GEF Core Indicator 6)	2.5 million	2.57 million	Annual reports submitted by Partners
OUTCOMES	**Outcome 1** Increased access to renewable energy	Number of people with increased access to clean energy (GEF Core Indicator 11)	2.5 million	2.4 million	Annual reports submitted by Partners
		Number of businesses and social infrastructure with increased access to clean energy	-	144	
	Outcome 2 Increased renewable energy gener ating capacity	Renewable energy capacity installed (MW)	27	39.5	Annual reports submitted by Partners
	Outcome 3 Preserved and increased employment opportunities provided by EA businesses	Number of full-time jobs preserved	3,000	3,550, of which 30% filled by women	Annual reports submitted by Partners
		Number of additional full-time jobs created	4.918	6,200, of which 30% filled by women	
	Outcome 4 Increased number of SHS, mini-grid and clean	Number of existing customer contract services maintained	650,000	664,000	Annual reports submitted by Partners

	cooking solutions with customers	Number of additional customer contracts entered into with customers	504.557	483,00033	
OUTPUTS	**Output 1** Commercial finance leveraged by CRP funds	USD million	257 (of which 57 from Partners and 220 from private sector financiers)	282.75 (of which 61.35 from Partners and 221.4 from private sector financiers)	Investment notification forms and semi-annual reports submitted by Partners
	Output 2 Number of EA companies supported	Number of transactions	45	40	Investment notification forms and semi-annual reports submitted by Partners

KEY ACTIVITIES	Provide concessional capital to 5 EA Partner Funds to blend with their own financial products, enabling the provision of liquidity and working capital on softer terms to a wide range of EA companies (SHS, GMG and C&I) operating in Africa.	**Inputs** USD 26.3 million from SEFA (USD 6.3 million more than in the PIF) USD 13 million from the GEF

[1] The variation and slightly lower number of people with increased access is the result of the estimates at PIF stage being largely based on SHS and GMG connections and did not include C&I. The results framework in the CEO endorsement includes solar connections to 144 business through C&I.

[2] This number is slightly lower based on latest pipeline information from Partner Funds.

ANNEX B: RESPONSES TO PROJECT REVIEWS (from GEF Secretariat and GEF Agencies, and Responses to Comments from Council at work program inclusion and the Convention Secretariat and STAP at PIF).

#	GEF comments to the PIF	AfDB responses
	Eligibility	

1	The project is broadly eligible vis a vis the CCM strategy in GEF7. However, clean cooking is not included in the GEF programming directions, which focus on decentralized energy systems, including storage. Please elaborate on possible arrangements to exclude clean cooking investments from the eligibility criteria of transactions for which GEF funding would be considered. Re. Commercial & Industrial, we understand this is decentralized captive clean energy systems for productive uses. Please confirm. We do not support large scale grid connected renewable energy systems.	GEF funding will be ring-fenced for decentralized renewable energy solutions only such as SHS, GMG and C&I. This will be done by applying eligibility criteria specific for GEF co-financing. For example, transactions that involve clean cooking would be eligible for SEFA co-financing but wouldn?t be eligible for GEF investment. C&I indeed refers to decentralized captive renewable energy systems and appliances for productive use. Grid-connected IPPs are not eligible under the scope of the CRP. (Confirmed in Section 3. The proposed alternative scenario/Implementation arrangements.)
Metrics to assess distress of potential borrowers		
2	The key element at the basis of this proposal is the support to an industry in distress to prevent reverse energy transition and re-launch sector growth. Elaborate on eligibility criteria of borrowers to strengthen the theory of change. A draft eligibility checklist and the main KPIs that would be considered should be elaborated to ensure that only businesses that really need crisis-response financing can get it.	CRP supports companies that are negatively impacted by the pandemic by providing working capital and liquidity at affordable rates to enable continued operations. As such CRP eligibility criteria include: - Evidence of regulatory challenges limiting operations (i.e. lockdowns) - Evidence of portfolio deterioration - Evidence of a decrease in sales growth - Evidence of heightened FX risks - Evidence of operational disruptions and delays - Inability to raise capital on affordable terms. (Confirmed in section 2. The baseline scenario and any associated baseline projects/ End-borrowers and Section 3. The proposed alternative scenario/Implementation arrangements.)

3	The success and current duress of energy access companies is not fully described. How was financing obtained prior to the pandemic? What were the terms of those investments? What were the scale of those investments?	EA companies, led by solar home systems companies, are scaling rapidly across the continent. These are capital intensive companies that require substantial grant, equity, and debt investments. EA companies typically acquire anywhere between USD 100k to USD 5 million in grants over the life of their operations. Grants remain an important source of early stage capital allowing for early technology R&D, business model testing, and market validation. Grants are typically secured from public facilities through call for proposal processes, although private grantmaking (i.e. foundations) is also common in the sector. Equity investments are usually secured from US- and EU-based impact investment funds. These funds increasingly have offices in Africa. Companies typically travel to raise capital (i.e. roadshows) as well as host equity investors to visit operations during due diligence missions. Equity investment terms (i.e. valuations) and methodologies are proprietary and vary widely across the industry. Equity tickets start small (i.e. around USD 100k to USD 500k) and increase over time into the 8-figure range. Debt financing is secured by DFIs, specialty providers, crowd platforms, and local financial institutions alike. EA companies require substantial debt to grow and maintain operations. Typical hard currency rates in the industry are between 6 and 16% depending on the company, use of funds, markets, etc. Local currency rates can be as high as 30%. Debt similarly can range into the 8-figure range. To provide an indication of capital raising for market leaders: Zola Electric (formerly Off Grid Electric) has raised over $250 million; M-Kopa Solar nearly $200 million; D.Light over $200

4	What are the names of the energy access companies that are struggling, listed by company name, headquarters, and country of operation? What documentation has been obtained or would be required to show that these companies are in need of emergency funding?	The company names and details are subject to confidentiality agreements between the Bank and the funds. An indicative pipeline including investments per country is included in the CEO endorsement. As mentioned above, the Partner Funds will assess the justification for emergency funding. The requested documentation for the companies will include: - Financial accounts, prior and post the pandemic - Operational data highlighting portfolio deterioration (for example defaults, churn, repossessions of solar home systems), delays in supply chain, challenges in operations, decreases in unit sales and revenue, challenges in fundraising - A clarification of how the COVID-19 has affected their performance (Confirmed in section 2. The baseline scenario and any associated baseline projects/ End-borrowers and Section 3. The proposed alternative scenario/Implementation arrangements.)

5	How can we document that the risk-adjusted pricing for commercial finance is increasing and/or there is a reduced appetite of commercial ?lenders to transact under prevailing market circumstances?? Can such delta be quantified?	Considering the macro-economic conditions as a result of the pandemic, access to finance for the off-grid sector is becoming even more limited than before. Although investors continue to deploy capital, investment volumes remained stagnant, amounting to USD 316 million in 2020, while USD 420 million of investments were expected in 2020 prior to the pandemic. Investments to date for 2021 are approximately USD 200 million (including a recent USD 90m investment announcement in ZOLA that bumped up the number significantly) and are expected to end slightly below the 2020 total by year end. Increased credit risks is pressuring upwards the (risk-adjusted) pricing of commercial loans and reducing flexibility on available products, terms and conditions. Finally, it is worth emphasizing that achieving SDG7 through decentralized technologies would require more than USD 1.1 billion annually, which is almost 4 times the current volume of invested equity and debt capital, highlighting the large financing gap and the need to sustain momentum in this young market. Engagements by the Bank with EA debt funds confirmed the same and increased risks of the energy investment sector. These conversations testified to (i) EA companies? weakened balance sheets, liquidity shortfalls and reduced ability to service debt, (ii) the need for restructuring of loans or adjusting loan terms of portfolio companies, and iii) pipeline investments being challenged by limited ability to conduct on-site due diligence for new transactions, high level of uncertainty, and increased cost of risk-adjusted lending. Risk adjusted interest rates have increased by 1-4% as a result of: increased Credit Risk (uncertainty around supply chain, customer demand uncertainty and repayments, operational and financial challenges) and increased Financial

6	Given the timeline required for the approval process of AfDB and GEF ? please elaborate on how the timing of the financing will still meet the needs of the potential end borrowers (<u>survey indicates risk of survival within 3-6 months</u>). Given the urgency argument, this seem to be quite a long time. The entire point of the structure is speed, The GEF suggests a more accelerated approval since the urgency of the financing is one of the major drivers of this proposal. By Q2 2021 there may be many energy access companies that are not viable. When would be the funding ready for disbursement?	The urgency of the operation is clear, hence the need for streamlined and efficient institutional processing. Approval of SEFA funding for CRP was received in December 2020 and financing agreements for USD 19.8 million SEFA funding were signed in August 2021. Based on high demand and strong pipelines curated by the Partners, the majority of SEFA?s USD 19.8 million is expected to be disbursed by Q1 2022. Once approved, GEF and SEFA additional USD 19.5 million are targeted to be disbursed in Q4 2022. Although EA companies have proven to be more resilient to the impacts of the COVID-19 pandemic than initially expected, impacts are expected to last much longer than anticipated. Reduced sales volumes, diminished customer payment capacity, supply chain disruptions, increased cost of technology, heightened currency volatility and decreased investment volumes, reduce or delay profitability, lower operational flexibility and resulted in market dysfunctionalities. The extended impact threatens the recovery of EA companies, undermines growth of the industry and compromises progress towards universal EA. The phased deployment deployment allows ample time to finance ca. 40 companies and strengthen the whole industry. (Confirmed in Section 3. The proposed alternative scenario/Implementation arrangements.)
Additionality		

7	The baseline situation as presented in the PIF is that the project is going ahead even without the GEF financing, although smaller in size. How is the GEF additionality to be intended in this context? Minimum/critical mass of funding required to operationalize the CRP? Or? The successful fund-raising and partner solicitation (as noted on page 9) by AfDB for its initiatives calls into question whether GEF funding would be catalytic. If the platforms are already established and the funds are raised, would the need for GEF funding still be justified?	CRP is a platform concept anchored by USD 19.8 m from SEFA to mobilize an immediate envelope of USD 30 m from Partner Funds. This is only a fraction of the estimated relief and recovery funding gap. Sustaining growth in an emerging yet fragile EA sector, and maintaining progress towards the achievement of SDG 7, will require vast amounts of soft capital that only a few global institutions can provide. GEF?s additionality is therefore based on a case of financial additionality, by (i) addressing a critical gap in recovery/relief finance with a sizeable contribution; (ii) providing risk-tolerant capital on flexible/concessional terms, which will be very catalytic. (Confirmed in Section 3. The proposed alternative scenario/Implementation arrangements.)

8	Given the length of time usually taken to develop GEF projects, please clarify if the CRP partners will have already launched most major investments before the GEF funding is available. **Additional comments:** Is there a risk that less risky deals will be prioritized by CRP without GEF, and that GEF funding will only be blended later with a subset of the portfolio with higher credit risk? One more reason to fast track CEO ER preparation.	See answer to questions 6 and 7. The majority of the USD 19.8 million CRP capital (SEFA funding) is expected to be deployed by the Partner Funds into the market by Q1 2022 given high demand and strong pipelines curated by the Partner Funds. Once approved, GEF Funds will expand CRP?s relief and recovery funding through existing Partners. The initial deployments of CRP capital (i.e. CRP without GEF funding) will only reach a fraction of the market need. In addition, CRP pipeline investments have demonstrated CRP?s critical role in enabling Funds to invest in deals they would otherwise not be able to invest in and enabling EA companies to access affordable capital. GEF?s capital will be additional and catalytic in ensuring added countries and companies of the EA market are supported, across the full range of business models. GEF funds will be deployed to new businesses that have not received any CRP support. **Additional answer:** Absolutely not. The timing of deals is uncorrelated with their risk profile. We anticipate the credit risk to be comparable across different batches of investments under CRP as a result of ? the demand for relief funding outstripping supply and the timing of transactions being dependent on readiness and not risk profile ? the required co-investment (?skin in the game?) from the partners enforcing sound investment principles are followed for all transactions, and finally ? the same policies, procedures and eligibility criteria apply for CRP investments (except for a higher co-investment requirement on GEF funding, increasing skin in the game of Partners, and

Current landscape of COVID-19 financial response efforts		
9	A clear description of other ongoing efforts in the field should be provided. For instance, GOGLA is one of the partners in the EnDev industry survey mentioned in the proposal. Gogla is also part of ?COVID-19 Energy Access Relief Response?, which is looking to raise funding to capitalize a USD 100 million concessionary debt facility. What is the relation of CRP with this initiative? Have there been any discussions with the Gogla team or any of the other stakeholders involved in the COVID-19 Energy Access Relief Response? Are there other ongoing efforts from other energy access investors (IFC? Power Africa?) and how is CRP positioning itself in this context?	A section on ongoing similar activities is included in the PIF and CEO endorsement. The AfDB team has been engaging with GOGLA as well as the EARF team since the early design stages of the EARF. AfDB welcomes this complementary initiative. SIMA, one of the CRP Partner Funds, has been mandated to manage EARF, meaning that coordination and synergies with EARF will be even stronger. Whilst EARF is geared towards creating a specific fund, AfDB?s approach to address the funding gap is to extend financing to multiple existing Funds selected on a competitive basis, and leveraging the Funds? capital. This ensures: (i) diversification of the portfolio and a lower risk on the dependency on a single fund; (ii) complementarity of the instruments and approaches of the funds to provide sustainable funding; (iii) developing knowledge and lessons learnt platform on recovery funding. (Included in Section 2. The baseline scenario_ It is important to note that GOGLA, ARE, and AMDA have each provided letters of support for the CRP (annexed to the CEO endorsement). (See Annex M. Endorsement Letters Industry Associations)
Co-financing		

10	What is the rationale/logic for the GEF contribution to leverage or attract the high level of financing described in the PIF? **Additional Comments:** GEF?s funds will ?mobilize? AfDB is not correct: AfDB?s program is already there and will disburse anyway. The only way that argument works is if AfDB doubles down on the size of its own commitment. What is probably being mobilized is the funding by the Partners, ie Sunfunder, ResponsAbility, et al, so please correct language accordingly throughout the document.	GEF and SEFA?s capital are each provided on catalytic and concessional terms. These capital injections will allow EA companies to continue their operations throughout the pandemic, as opposed to dramatically scaling back or potentially dissolving. We view CRP as a bridge financing solution that will provide companies with a path to return to relative normalcy following the pandemic and continue to raise funds needed to grow their operations. The *indirect* co-financing amounts are estimated based on data provided by each selected fund manager, including additional capital raised at the same time as CRP?s investment (beyond the Partner Funds' capital), as well as additional investments that are anticipated to occur during the project period. Bridging the urgent funding gap of EA businesses and supporting strong recovery plans on below market-terms amid the crisis, enables businesses and Partner Funds to attract additional patient capital contributing to the sustainable long-term growth of the companies. **Additional Answer:** Indeed, the correct statement is that SEFA+GEF will mobilize commercial capital. The baseline scenario includes CRP with USD 19.8 m concessional funding from SEFA and USD 30.2 m commercial capital from Partner Funds. GEF's concessional capital and the additional contribution from SEFA, will expand CRP and therefore bring the relief and recovery funding closer to a level that is currently required. The USD 13 million concessional funding from the GEF and USD 6.5 million from SEFA, will leverage USD 31.15 million commercial capital from Partner Funds and therefore substantially increase the impact of the CRP. GEF?s incremental contribution would yield development outcomes above and beyond the baseline scenario, as is described in the PIF

11	Given the significant amount of co-financing expected to be brought in by private sector debt/equity providers, please clarify the typical structure of a pre-crisis transaction by one of the selected CRP funds: what are the typical Fund?s exposure limits in the transactions they generally participate into (% of equity requested by project proponent, % of commercial debt, etc). This would be important to assess whether the expected cofinancing of 200M from ?Commercial capital catalyzed by additional energy access financiers? is reasonable. **Additional Comments:** According to the selection criteria of the Partner Funds, you are evaluating them on their experience with Debt Instruments only. Since you are being more flexible in the use of the financing (ie they can provide a range of financing instruments) please explain how you evaluate the expertise of the funds in those additional financial products. Also, since the structure is dependent on Partner Funds experience in debt structuring and recovery, how would these new products fit into that expertise? The AfDB can write off loans that have defaulted; what about additional financial products that are not classified as debt?	CRP Partner Funds will provide a range of financing instruments including senior debt and mezzanine instruments. The leverage ratios required by each fund depend on the transaction, maturity of entities, and use of funds. A 12-month inventory finance loan is appraised differently than a 48-month investment into a receivables financing SPV. Lenders in small, earlier stage companies may only lend to leverage ratios of 2-3x, while lenders may be comfortable with 5x for more established companies. In this context, the USD 220M of commercial capital leveraged over the period of the platform as a result of CRP financing can roughly be considered as USD 40-80 M equity investments anticipated, and USD 130-160 M debt. We consider this reasonable given that ca 40 companies will be financed. **Additional answer:** CRP funds will be co-invested in a range of blended debt investments only. CRP does not support equity investments made into EA companies. Not all loans look the same, the range of financing instruments refers to a variety of debt products that differ in terms of seniority (subordinated debt, mezzanine, senior debt), tenors, pricing, and ticket sizes, and exist because of the complementary investment strategies of the target Partner Funds. This complementarity of investment strategies will enable CRP to support the diverse needs of businesses. With this clarification we consider the second comment not applicable given that CRP funds are only to be co-invested along debt products.

12	Unclear why GEF funding would be expected to have an increased co-financing ratio (1:2) compared to the SEFA funds (i.e. SEFA:CRP Funds = 20:30 vs GEF:CRP Funds = 13:27).	GEF funding is expected to have same co-financing ratio of SEFA (1:1.5 across the portfolio). The indicative pipelines provided by the Partners have indicated they could stretch the impact of CRP funds by going beyond the 1:1 minimum requirement at project level, and reach co-investments of to 1:3. (Confirmed in Section 3. The proposed alternative scenario**)**
	Previous GEF investments in energy access through AfDB	
13	Include a clear description of the previous GEF investments in FEI and its relation with SEFA. The very short description of FEI OGEF investment is not sufficient. It was our understanding that the first SEFA tranche was for utility scale renewable projects, not energy access. How much GEF funding was committed to OGEF? **Additional Comments as of 10/05/2020** Further explanation provided on this in the PIF is welcomed. Please create a chart showing the relationship of all GEF NGI investments including AREF, SEFA, etc. and the new proposal.	The GEF investment in FEI OGEF has no relation to SEFA. The USD 8.5 million from the GEF funded program ?AfDB Public-Private Partnership Platform? was invested as equity on concessional terms to FEI OGEF alongside the African Development Bank and other climate finance investors (SEFA not being one of them, SEFA only supported the fund development phase with grant capital). GEF was structured in a way to maximize the financial additionality by: (i) capitalizing the ?risk capital? tranche with a view to attracting more commercially-oriented investors into the senior debt tranches, seeking impact but with a low risk appetite; (ii) lower the overall cost of capital of the Fund and allow the provision of competitive, market-oriented debt instruments to EA companies, in particular in local currency. **Additional Answer:** A chart confirming the funding relationships between GEF, SEFA and the different programs is included in the PIF and CEO endorsement. (Included in section 2. The baseline scenario)

14	Include a clear description of the results to date from the previous two GEF investments in FEI. How many systems?	FEI OGEF was the first sector-specific debt fund providing local currency solutions for the off-grid solar industry in Africa. FEI OGEF reached a final equity close in November 2019 with USD 59 million in committed equity capital and USD 36 million debt facilities, to support innovative, off-grid EA companies. The fund was instrumental in demonstrating the need and viability of local currency lending. To date, FEI OGEF has made eight investments across Senegal, DRC, Rwanda, Mauritius, Benin, Burkina Faso and Kenya for a total amount of USD 31 million, in high quality and credible EA companies: SHS company BBOXX received an USD 8 million loan in local currency to roll-out new solar home systems in Rwanda and a USD 4 million loan to accelerate the operations in DRC where less than 20% of the population has access to electricity; SunCulture, a solar irrigation company and Kenya-based developer and distributor of solar water pumps and irrigation solutions for smallholder farmers received USD 2.25 million in inventory financing; d.light, received USD 10 million debt to scale up its operations in underserved markets such as Nigeria, Tanzania, Zambia and Ethiopia; Solar Panda secured a USD 3 million loan to keep bringing sustainable power through SHS (including lights, mobile charging, and television) to communities in Kenya; Qotto received a USD 2.5 million loan to be split between their facilities in Benin and Burkina Faso to electrify rural communities living off-the-grid; and Baobab+, a French leading solar home system distributor in West Africa, received EUR 2 million debt funding for the extension of Baobab+ services in Senegal.. Over its 10-year life, OGEF is expected to enable deployment of 4.5 million solar systems and provide modern EA to ca 20 million Africans. The FEI On-Grid facility is similarly a

15	Include a report on progress of SEFA, comparison of investment strategies, and documentation of executing partner performance.	SEFA Annual Report 2020
16	Include clear delineation between types of renewable energy investments under first SEFA tranche and the proposed project.	There is no delineation between SEFA and GEF investments. Apart from clean cooking projects, SEFA and GEF will invest in the same types of projects. (Confirmed in Section 3. The proposed alternative scenario**)**
17	The conflict of interest potential is a problem and options to deal with the risk to receive funding from the GEF twice, including potentially ringfencing GEF resources from OGEF, should be presented. If we invested GEF funds through both OGEF and GEF-CRP in the same underlying transaction we will have to discount the emission reductions estimates at PIF level, as to avoid doublecounting. I think we have to discuss how to avoid GEF funds in the CRP to be used via OGEF. This would be another limitation similar to cookstoves, which would be excluded from GEF-CRP financing, but instead of applying that to a sector, it would be applied to a specific Partner Fund. We should discuss this in more detail with the agency. It does not only impact GEBs calculation but also the co-financing numbers and the merits of this project to bring-in additional private investment (and not other Donors? or GEF? previous investment). We should discuss.	As per the GEF?s request, GEF funding to the CRP will be ringfenced from OGEF; GEF funding will not be co-invested in underlying transactions along OGEF commercial capital. (Confirmed in Section 3. The proposed alternative scenario/Implementation arrangements.**)**

18	A clear disaggregation of claimed co-financing and CCM benefits--anything already created to the prior GEF investment would have to be excluded.	The co-finance in the proposal includes the co-investments provided by the Partner Funds: the Fund?s commercial capital invested alongside CRP funding. Co-investment from Partner Funds must be ?new? ? i.e. previous transactions will not be considered as co-investment. (Confirmed in section 2. The baseline scenario and any associated baseline projects and Section 3. The proposed alternative scenario/Implementation arrangements.)
19	Please clarify the overlap/distinctions between the FEI program, the CRF, and the SEFA/CRP program. They all seem to be delivering similar financial services. How will overlapping services be coordinated?	CRF ? no overlap: The CRF is a USD 10 billion initiative implemented Bank-wide. The majority of the support is provided in the form of general budget support to regional member countries of the AfDB in support of health care investments and social safety nets. As such, there is no overlapping services nor need for coordination. FEI ? partial overlap: FEI is a commercial debt investment facility delivered through two independent windows/funds (on-grid and off-grid) each providing loans (mostly senior and secured) as well as TA to investees. Both funds are managed by the same Fund Manager, Lions Head Global Partners Asset Management. The FEI Off-Grid (aka. FEI OGEF) is partner fund of the CRP as the more closely aligned with the CRP objectives (i.e. core focus on solar home systems and micro-grids). FEI OGEF lends at commercial rates only per its policies agreed with investor base. Due to the pandemic, the risk adjusted pricing of these loans is likely to increase. CRP shall allow for FEI to lend at more affordable terms to end borrowers. (Included in section 2. The baseline scenario)
Emission reductions		

20	A more detailed breakdown of the calculations that were used to estimate the emission reductions is needed. **Additional comments:** While the logic is acceptable and seems ok for PIF stage, we should request the Agency to send us the calculation sheet to arrive to the 2.5 million tons, making explicit all the assumptions and differentiating minigrids from SHS.	Based on data received by CRP Partner Funds, approximately 664,000 existing connections would remain in service as a result of CRP funding, including GEF funding and 483,000 new clean energy connections for households and 144 for businesses will be added. Each solar home system yields approximately 0.37 tCO2eq of GHG emission reductions per year with a system lifetime of 7-years (aligned to the LiFePO4 batteries). GMG connections yield 0,72 tCO2eq of emission reductions per year with a system lifetime of 20-years and 92 annual tCO2eq GHG emission reductions for C&I based on an emission factor of 0.64 tCO2e/MWh. This provides for over 1.1 million connections, when discounted for loss and defaults, delivering 2.57 million tCO2eq GHG emission reductions as a result of the project. **Additional answer:** The detailed calculation sheet has been added as an annex to the PIF and CEO endorsement, confirming the calculations and underlying assumptions. (Included in Annex F: Impact Calculations)
21	CCM benefits calculation should be informed by GEF's incremental reasoning, not taking credit for anything created ? or that would have represented the baseline - prior to new GEF funding.	The impact calculations only include results directly related to the CRP co-investments.
22	The expected amount of emission reductions should be calculated over the lifetime of the equipment installed, and not over the implementation timeline of the project.	The emission reductions are estimated over the lifetime of the equipment installed; 7-year lifetime of SHS, 20-year of mini-grids and 25 years for C&I. (Explained in Annex F: Impact Calculations)

23	Carbon saved by a connection to a minigrid may be higher than that saved by the installation of a SHS, this should be factored in the calculation of emission reductions, which seems to have been carried out assuming that SHS are the main product supported by the CRP.	Based on indicative pipelines received, the modelling of GHG emission reductions, is based on an allocation of 70% of funding towards off-grid solar home system products, 20% towards C&I and 10% towards green mini-grids. (Confirmed in Annex F: Impact Calculations)
24	Please clarify how ERs to be expected from preventing a ?reverse transition? back to fossil fuels, as highlighted in the PIF, have been factored into the calculation	Based on data received by potential CRP Partner Funds, approximately 660,000 existing connections would remain in service as a result of CRP funding, including GEF funding. Therefore, these systems continue to create GHG emission reductions, during the remaining life-time estimated at 3 years. (Explained in Annex F: Impact Calculations)
25	The claimed development of 53 MW of solar installation needs clarification. What is the typical investment cost for energy access solar existing companies, and how does this claimed estimated compare?	The model is based on an average SHS of 50 watt at a cost price of USD 150, a cost price of USD 6.2 million per MW minigrid capacity installed, and a cost price of USD 1.4 million per MW installed capacity for C&I ? based on market standards and sector reports. (Explained in Annex F: Impact Calculations)
Financial structure		
27	The Partner Funds will enter into ?Agreements? with AfDB. Please confirm that the counterparty of these Agreement is the AfDB since there is no co-financing from your institution.	AfDB is also the trustee and implementing agency of SEFA Special Fund and shall sign all agreements accordingly. (Confirmed in *6.* Institutional Arrangement and Coordination)

28	Although the AfDB does not provide funding, Partner Funds would be required to follow all Bank Policies namely on AML, CFT and other relevant policies. Please describe the policies are part of the Agency Agreements and what provisions are included in these legal arrangements in case of non-compliance? Remedies/ Acceleration of debt/ Other?	As a Special Fund managed and administered by the AfDB, SEFA is ruled by its own Operational Procedures Document (OPD), approved by the AfDB Board of Directors. These OPD generally follow AfDB policies, procedures and practices related to energy sector operations across public and private sectors. As such, each transaction using SEFA resources is subject to the same due diligence process as Bank?s funded projects. This is also reflected in the Agreements. SEFA?s OPD can be accessed here. In case of non-compliance, the Bank/ SEFA has the right to accelerate the repayment of the funds already provided ? firmed up in the Agreements signed with the Partner Funds. The funds would then become immediately due and payable. (Confirmed in *6.* Institutional Arrangement and Coordination)

30	Since the Partner Fund is so central to the success of the investments, please elaborate on the selection criteria for fund managers, that have been screened and selected following call for proposals from the AfDB. What are the criteria that the AfDB will screen to accept additional Partner Funds to the platform? Are there any criteria you can share with us about the finances and track records of the Partner Funds ultimately selected?	Investment proposals are assessed based on the fund manager?s experience and track record, as well as the fund?s COVID-19 recovery investment strategy, terms and pipeline readiness CRP Partner selection criteria and track record have been provided in the PIF and CEO endorsement. In the selection of partner funds, 50% of the overall maximum score was based on Fund Manager experience, capacity, and track record, including - Demonstrated EA transactions executed by the Fund - Portfolio performance to date - Advising, structuring, closing and workouts of debt products - Defined investment processses and portfolio management procedures in place, incl. loan workouts and development impact reporting - Track record in financing businesses in Africa - Experience with concessional finance and blended investments The selected Partners are experienced fund managers specialized in the EA sector in Africa and licensed and regulated by the financial regulatory authorities in their countries of domicile. The Partners have established fiduciary duties, investment processes, and governance frameworks. Each of the funds have a mix of public and private capital providers. The fund management teams of each Partner have extensive track records demonstrating their ability to deliver on commercially sound principles. (Confirmed in Section 2. The baseline scenario)

31	Disbursements to partner funds are based on indicative TS/investment plan; shouldn?t all disbursement also be contingent to compliance with AfDB policies? Could we have disbursements in tranches/milestones?	Disbursements are in tranches based on indicative investment plans. Follow-up disbursements only occur after at least 50% of previous disbursements have been committed, and contingent to compliance with AfDB policies. (Confirmed in Section 6. Institutional Arrangement and Coordination)
32	Partners will be responsible for all activities from credit analysis, to loan disbursement, portfolio management including delinquency management and default. How would the AfDB monitor good business practice throughout the life of the loans? Are there any supervision functions from AfDB?	All investments will be monitored for compliance by the Bank through (i) work plan submissions with pipeline information; (ii) investment notification forms with information on underlying borrowers and transaction terms, including a justification for the blending approach utilized; (iii) quarterly progress reports at fund level, submitted to all Partner Fund investors (iv) semi-annual CRP-specific progress reports on market conditions, pipeline and portfolio; (v) annual reports documenting operational and financial status, lessons learnt from portfolio and expected development impacts (vi) annual audit reports carried out by external auditors on the facility account; (vii) annual supervision missions, with support from local offices and debt portfolio team; (viii) tranched disbursement contingent on satisfactory deployment of previous tranches. Last but not least, a regular interaction by the Bank CRP team with Partners. Investment decisions will be aligned to criteria agreed and documented in Agreements with each Partner. (Confirmed in section 9. Monitoring and Evaluation)

33	In case of delinquency and default, would there be cross-default to all investments held by the same Partner Fund? Please explain financial covenants and events of default that will apply to loans. Would those be the agencies? or the AfDBs?	CRP is exposed to the credit risk of CRP funding on-lent to end-borrowers. As such, Partner Funds are not liable for the CRP portion in the underlying transactions. There won?t be a cross-default to all investments in the case of a transaction default. The rationale behind this arrangement is that the facility finances a risky portfolio resulting from the pandemic. The Partner Funds will be responsible for ensuring timely collection under the loan agreements as well as for the timely repayment of such amounts to the Bank. Partner Funds have established policies and processes on workout and collection of repayments that will apply for CRP funding as well. As CRP funds will rank on par with Partner Funds, in the event of default, Partners and CRP will share losses pari-passu and proportionally to their respective capital contributions, incentivizing Partners to apply best efforts to recover unpaid amounts. (Confirmed in Section 6. Institutional Arrangement and Coordination)

34	All terms and conditions of the loan are pari passu and pro-rata with other providers. The GEF suggested in preliminary conversations to offer subordination or even lenghthening the maturity of the loans to attract additional financing, could you please explain why the proposal does not include that suggestion? **Additional comments:** The argument regarding avoidance of market distortion is to be revised. The presence of zero-interest-rate funding distorts. What moderates that effect is that, other than pricing, the rest of the terms on the emergency funding are being set by commercial parties already in the market, who are imposing the same loan covenants and repayment conditions that they would impose otherwise, whereas a concessional funder doing direct financing might alter those terms as well and undercut parties like the Partners. Since the principal is what is pari-passu and not interest payment; please make that clarification throughout the document (only once it is mentioned that is pari passu for principal only).	The platform is designed to unlock commercial capital and deploy blended finance at scale, while ensuring sound investment principles are applied. The platform seeks a pari-passu investment from GEF ?rather than subordination ? to ensure (i) ?skin in the game? of Partner Funds; (ii) that high quality deals are selected; and (iii) transactions have a robust structure. The maturity of loans offered by Partner Funds ranges between 2-5 years. CRP?s tenor of 5 years aligns with the Funds? investments and avoids having concessional capital in the market for too long to avoid market distortion. This could limit the ability of future debt funds (i.e. those not involved in CRP) to deploy capital at this ticket size. **Additional answer:** Market distortion is also reduced by working through multiple partners. This ensures the following: (i) a level playing field and no single player in a dominant position given ability to lend below market terms; (ii) some competitive tension and the incentives to optimize deal structures, despite having access to concessional capital; (iii) one-year investment period, restricting capital availability to the pandemic timeframe. (Confirmed in Section 7. Innovation, sustainability and potential for scaling up)

35	The project is confusing when it states that GEF funding will be pari passu with partner funds, and later that GEF offers a concessional loan with 0% interest. Please clarify and provide a waterfall of payments (for example what would happen in case of default of a loan on the GEF investment. How will losses be shared among the investment partners?) **Additional comments:** Since the principal is what is pari-passu and not interest payment; please make that clarification throughout the document (only once it is mentioned that is pari passu for principal only). The Reflow table mentions that? bullet repayment allowing for flexible repayment schedules and recycling the funds during project period. How would you ensure GEF financed projects would all mature on year 6? Longer tenor can be a GEF instrument benefit, perhaps it could be longer than 6 years and/or an incentive for early repayment?	CRP provides Partner Funds priority on interest payments. Principal payments will be shared proportionally. In the event of default, unpaid interest will be foregone, and any remaining repayments will be shared proportionally between CRP and Partner Funds. **Additional answer:** Text in the PIF was updated to be consistent, as well in the CEO endorsement. Repayment schedules will be tailored to the needs of underlying borrowers. GEF financed projects can be assured of maturity as the repayment period of the funds deployed under CRP will be clearly stipulated in Funding Agreements. As the Partners are experienced fund managers, we are confident in their ability to originate and structure transactions within the required time frames. The majority of loans offered by Partner Funds include repayment periods of up to 5 years. The 4-year repayment period of CRP aligns therefore with the Funds investment strategies and avoids having concessional capital in the market for too long and when no longer required (i.e. post pandemic). Our view is that this tenor enables sufficient flexibility to the fund managers to structure recovery and relief transactions that allows for enhanced cash management at recipient companies, while precluding/minimizing risks for distortion. (Confirmed in Section 6. Institutional Arrangement and Coordination)

36	What are the expected terms offered by the CRP partners, and what would they be without the GEF funding. In other words, discuss the affordability gap for energy access providers and how the GEF funding would close that gap. **Additional comments:** Financial partnering with the private sector always brings forth questions about proper risk sharing and perhaps displacing the role that the private sector should be playing. Could you please elaborate on that?	Whereas debt pricing by potential Partners ranges between 6% and 16% (on a USD-equivalent basis), the blended co-investment approach of the CRP enables pricing at nearly half these figures, depending on level of co-financing from the Funds. The blended price of CRP co-Investments is expected in the range of 4.5-9% when invested on 1:1 basis. **Additional Answer:** Quite the contrary, the platform provides a mechanism to unlock commercial capital of existing lenders that might have otherwise not be disbursed because of risk consideration.. Funds may have otherwise been hesitant to lend due to increased risk-adjusted pricing which could have adverse, long-term effects on borrowers. By providing a blended debt solution to bring pricing down, the CRP facilitates the flow of private capital, rather than displacing the role of the private sector (crowd-in effect). CRP?s role in keeping EA companies in business effectively enables a pipeline for follow-on, indirect co-financing.
37	Please explain why the PPG amount is needed for. **Additional comments:** Since the platform is already in place and would take place without GEF financing, we need additional details on why GEF should support this portion. AS also mentioned above AfDB SEFA will develop additional legal documents without GEF support (35). We would like to understand what specifically is needed from us.	The 200,000 USD PPG will be used in support of the development of the CEO endorsement and external legal advice to negotiate and draft the required agreements. **Additional Answer:** The PPG is required for additional legal support for the deployment of GEF funding through already selected partners. The additional funding from the GEF will require the extension of legal agreements as part of expansion of the platform. (Confirmed in Annex C: Status of Utilization of Project Preparation Grant)

38	What is the Banks procedure in converting concessional loan to grant. What are these triggers? **Additional comments:** Please in the termsheet include an explanation that in case of default, and following the	CRP capital will be repaid contingent on repayment of end-borrowers to the Partner Fund. The credit risk of CRP funding on-lent to end-borrowers is carried by CRP. The Partner Funds will be responsible for ensuring timely collection under the loan agreements as well as for the timely repayment of such amounts to the Bank. As CRP funds will rank on par with Partner Funds, in the event of default, Partners and CRP will share losses pari-passu and proportionally to their respective capital contributions, incentivizing Partners to apply best efforts to recover unpaid amounts. If despite all efforts by the Fund and the Bank to recover the loans and amounts due have failed, the concessional loan or part thereof will be written off, following the Banks write-off policy:? - Projects will have already been watch-listed - AfDB Loan Accounting team automatically notifies the SEFA Technical Unit (TU) of a missed reimbursement, per the terms of the agreement with the client - SEFA TU Unit informs the Special Operations Unit that shall determine, in consultation with Risk Management Unit, whether a write-off action can be deferred or accelerated, depending on the individual situation - The Special Operations Unit undertakes the preparation of a write-off request to the Credit Risk Committee - The write-off request should be submitted to the Credit Risk Committee and other affected parties for review, clearance and information - Subsequent to the Credit Risk Committee clearance, the Head of the Special Operations Unit should submit

39	Eligible End borrowers: please exclude clean cooking solutions as these are not part of the strategic directions of the GEF.	See answer to question 1 Clean cooking solutions are included under CRP, however, clean cooking solutions will not be eligible for GEF funding. GEF funding will be limited to decentralized renewable energy transactions including SHS, GMG and C&I (small decentralized, off-grid, renewable energy systems and appliances for productive use). This will be done by applying eligibility criteria specific for GEF co-financing.
40	Eligibility Criteria: could you please define what you mean by commercially viable operations? Perhaps include some financial ratios that indicate the financial viability. We would welcome a timeframe: ie the Fund has solid financial track record for at least [3-5] years prior to their selection	The Bank requires a track record of good operational and financial performance demonstrated through at least 3 years audited financial statements with unqualified audit opinions or good prospects for meeting all its financial obligations and generate adequate surpluses to sustain its long-term viability, in the case of startups. With regard to viability of operations, criteria may include: - Unit economics: the company had/has positive unit economics or visibility on reaching positive unit economics within a certain period since CRP?s investment, and - Cash flow: company had positive cash flow or projected to reaching this stage within a defined period following investment by CRP. (Confirmed in section 2. The baseline scenario and any associated baseline projects/ End-borrowers and Section 3. The proposed alternative scenario/Implementation arrangements.)

41	Since the credit analysis and portfolio management is so crucial to this proposal, we would like to understand if there will homogenised rules for underlying financed projects on (i) definition of delinquencies (for interest and principal_; (ii) default -ie how many days will a delinquency be considered a default; (iii) how does the AfDB evaluate that the Partner Funds have done all under their control to recover the loans. In these definitions when would the project be put under watch list?	Applicable Bank policies and procedures apply to all Partners and underlying transactions. Rules will be standardized and apply to the different Partner Funds and underlying investments, confirmed in the Agreement between the Bank and the Partner Funds. For the Bank, a loan is non-performing when payments of interest and/or principal are past due by 90 days. A loan (wholly or part thereof) can be written off when all efforts by the Fund and the Bank to recover the loans and amounts due have failed or the Bank establishes the underlying borrower?s insolvency or inability to repay. The Bank?s write off procedures need to be followed for any loan to be written off. The ability of Fund Managers to recover loans and as well as established workout procedures and policies, are part of the due diligence process. Funds are required to report semi-annually on portfolio, repayment of funds, and in case of non performing loans: workout procedures applied and status thereof. AfDB?s Loan Accounting team automatically notifies the SEFA Technical Unit (TU) of a missed repayment, per the terms of the agreement with the client. (Confirmed in Section 6.Institutional Arrangement and Coordination)

42	Does a write off happen as soon as there is 1 single missed reimbursement (here please clarify if of principal or interest)?	Not really, a late payment may not translate into default and write-off, the loan would be restructured or rescheduled before any more drastic action. Security package can also be activated to recover loan losses. Partner Funds can structure the repayments of loans on bullet or amortizing, repayment schedules can be flexible and will be tailored to the needs of the underlying borrowers. Repayments from the Partners to the Bank will follow an agreed schedule based on repayments of the underlying loans or the lapse of the 6 year term as part of agreement. If ultimately the funds are not able to recover fully/partly the losses, the funds have to notify Bank so a write off procedure can be initiated. See answer to question 38 on the write off process. (Confirmed in Section 6.Institutional Arrangement and Coordination)

43	Would the CRP still disburse to a fund that is experiencing high volumes of defaults or at least before the Special Operations Unit determines what each situation entails. I am referring here to the revolving aspect of GEF funds and partner funds as described in page 18. Please explain how that would work; would these cases be part of the Agreement between AFDB and Partner Funds?	There will not likely be enough ?lead time? to assess performance before all CRP funds are deployed. However, the Partner Funds are selected based on strong track records and experience in the market, they reputable EA funds backed by seasoned investors (mostly DFIs) and have skin in the game in underlying transactions, encouraging CRP funds to be deployed following sound investment principles. The Bank will closely monitor performance of the investments and portfolio through i) tranched disbursements of CRP funds to Partners based on a 6 month investment plans, ii) investment notification forms with details of and justification for the underlying transaction; and iii) funds are required to provide bi-annual reports on the CRP portfolio; (iv) sharing of quarterly fund reports; (v) supervision missions, at least once a year; (vi) annual external audits The Agreement between the Bank and Partner Fund will include clauses and repercussions on non-compliance and high volumes of default ? to be advised upon by the external legal counsel. (Confirmed in section 9. Monitoring and Evaluation)

44	Please include wording on separation of funds (as opposed to commingling) at platform level: ie the default of a project by a given partner fund can not and must not be repaid by another partner fund.	The credit risk is determined on a deal-by-deal basis and is not pooled at platform level. Each financier will only take risk on its contribution to a given project. This means the GEF will only be exposed to those deals it actually participates in and any losses shall not exceed its ticket/contribution. More generally note the following: - The credit risk of CRP funding provided to end-borrowers is carried by the CRP financiers (SEFA and GEF). The risk on non-CRF portion is on the Partners. - In the event of default of an underlying transaction, only the parties involved in the transactions (the Partner Fund and SEFA ***or*** the GEF) will share losses proportionally to their respective capital contributions. - The default of a project by a given partner fund will never be repaid by another partner fund. - As SEFA and GEF funds are not invested in the same underlying transactions, the GEF is only carrying the risk of default and losses up to its own portion of the loan in the underlying transaction. - The above will be operationalized in the MRV requirements to be outlined during contracting. (Confirmed in Section 3. The proposed alternative scenario/Implementation arrangements.)

45	Some of the projects that will be invested in could result on over-indebtedness of the borrower. Is there any consideration on how to avoid that?	Eligibility criteria will include viability of the business including its ability to service debt. This may be reflected in - Projected growth to increase overall revenues. - Unit economics: positive unit economics or visibility on reaching positive unit economics within a certain period of time - Cash flow: company had positive cash flow or projected to reaching this stage within a defined period following investment by CRP. In addition, the funds each have their own underwriting criteria. CRP requires the funds to abide by these principles in deploying CRP funds. This includes among several other criteria and with respect to indebtedness leverage ratios. (Confirmed in section 2. The baseline scenario and any associated baseline projects/ End-borrowers and Section 3. The proposed alternative scenario/Implementation arrangements.)
46	Also, we see as different types of underlying projects: distress/emergency cases, longer term restructuring and new projects. These require different types of expertise from Partner Funds: do all PF have this knowledge?	The Partner Funds are expert lenders in the EA industry and beyond and bring considerable experience to debt investing in the African SME context. Due to their expertise in lending in the EA sector and market knowledge, we believe the experienced Partner Funds are well placed to structure relief facilities for EA companies. The Principals of the partners funds have, beyond their work in EA, additional investment and finance experience from a range of relevant sectors (i.e. MFIs in emerging markets, health sector lending in emerging markets). They are among the most qualified investment managers in the landscape. Confirmed in section 2. The baseline scenario and any associated baseline projects/ Partner Funds.)

47	On the Risks section of the Document: (i) Reduced revenues and deterioration of portfolios: concessional finance and liquidity made available by CRP can up to a point improve the situation. Again, the expertise with distress debt seems to be more and more important. (ii) Moral Hazard: risk that the Partner Funds will not apply similar rigorous credit procedure[ ]. As the project reads now-the CRP could be co-financing FEI on grid and OGEF that Lions Head Global Partners is managing. If this same manager is selected as manager of the CRP. Chances of moral hazard are high. Same applies to other funds that may be working in other facilities. (iii) The Market Distortion: the description is confusing: on the one hand is the market distortion and other hand the low quality of the portfolio. These should be treated separately. (iv) Double-dipping: is a twofold concept: (i) between GEF and OGEF/other funds and (ii) between borrowers of CRP. The former is a concern to GEF and needs to be addressed. For the latter we suggest this is part of the eligibility criteria of the underlying projects as well as a provision in the Agreement between Partner funds and the AfDB. (v) Slow Deployment: the document mentions that all disbursement would need to be done quickly? and if not, uncommitted capital will be reassigned to a higher performing fund?. Please elaborate on that,we do not quite understand what ? performing fund? means. (vi) Conflict of interest: using the CRP funding to repay other loans to the CRP Partner funds. That paragraph needs more elaboration; perhaps mentioning	(i) See answer to question 46 (ii) OGEF will be excluded from GEF funding. For the avoidance of doubt, FEI On-Grid is not within the scope of CRP and is not being considered for CRP financing. (iii) Update wording. Due to the use of concessional finance, there is a risk of availing highly subsidized capital which could lead to adverse effects of high-risk transactions reducing quality of portfolios. (iv) i) OGEF is excluded from GEF funding. ii) Underlying borrowers cannot receive CRP funding twice. This will be part of and included in the Agreement between the Bank and Funds. (v) ?Performing? in this paragraph refers to funds successful implementation of CRP and the deployment of funds within the expected and agreed upon timeline. In case a fund is ?not performing?, meaning not deploying the CRP funds, CRP may consider reassigning the CRP funds to another Partner Fund that can deploy the funding. Wording in the PIF will be changed to clarify this. (vi) We believe that the pari passu requirement is enough to avoid this unintended and undesirable consequence and is indeed a key reason for including this risk sharing requirement in the design of the CRP.

48	The climate change risk section is insufficient. Please see https://www.thegef.org/events/gef-and-world-bank-training-climate-risk-screening-climate-change-knowledge-portal We need the sensitivity to climate change, and its impacts to be assessed	CRP supports projects across the African continent. Given that underlying projects (and therefor technology, geographical regions, end-beneficiaries etc.) are unknown at the time of submission of the GEF CEO Endorsement and being approved by CRP Partners during the implementation, a detailed climate risk assessment cannot be conducted at this stage and will be managed through the implementation of the Environmental and Social Management System (ESMS) of the Partners. The selected Partner Funds are experienced in assessing potential EA investments from commercial as well as social and environmental dimensions. The Partner Funds? ESMS have been assessed by the Bank?s Environmental and Social Safeguards team to ensure they meet the lending requirements of the AfDB and that climate risks are appropriately addressed including during the due diligence of potential sub-investments under the CRP - as required within the Bank?s Integrated Safeguards System (ISS). Each ESMS provided by the Partner Funds explicitly mentions climate change as a key area of investment decision-making and reporting, including the identification of hazards, assessment of vulnerability and exposure and the identification of measures to manage the risk impacts of climate change. (Confirmed in Section *5.* Risks*)*
	Gender/Indigenous People/ Other	

49	The number of direct beneficiaries disaggregated by gender in table F does not match the paragraph on Gender where it states that 5400 will have jobs but does not make an effort in quantifying the beneficiaries of the access to energy. Explain how the 2.5 million will be disaggregated by gender and make an estimate of # women benefiting of all the qualities you describe in wording in that paragraph. Please also make consistent with Table F: taxonomy (section on Gender). On indigenous populations, since it seems that a large number of the 2.5 million could be indigenous, could you please explain how that consultation would work?	CRP expects to benefit 2.4 million total beneficiaries with increased access to clean energy, including 1.2 million women. GEF funding contributes to retaining and creating 9,750 full-time employment opportunities of which 30% is expected to be filled by women. Although decentralized renewable energy solutions benefit rural, remote and possibly indigenous communities, it will be challenging to provide an estimate of a number of indigenous people, given we have an indicative pipeline (incl.18 countries) and the underlying transactions will be confirmed during the implementation period.

STAP Questions and AfDB Responses

Part I: Project Information **B. Indicative Project Description Summary**	**What STAP looks for**	**Response**	**AFDB Response**
Project Objective	Is the objective clearly defined, and consistently related to the problem diagnosis?	Yes	-
Project components	A brief description of the planned activities. Do these support the project's objectives?	The planned activities are framed around deliver of off grid energy that is more resistant to shocks such as the COVID pandemic. The project components are adequately laid out.	-
Outcomes	A description of the expected short-term and medium-term effects of an intervention. Do the planned outcomes encompass important global environmental benefits?	Yes, the potential for off grid upscaling can have considerable GEB and these have been carefully calculated.	-

	Are the global environmental benefits/adapta524132tion benefits likely to be generated?	Yes	-
Outputs	A description of the products and services which are expected to result from the project. Is the sum of the outputs likely to contribute to the outcomes?	Yes ? these are all linked to the various financing and offgrid delivery infrastructure.	-
Part II: Project justification	A simple narrative explaining the project's logic, i.e. a theory of change.	Not directly but there are two diagrams which show the structure of various components and the overall logic of the project is fairly self- evident.	The theory of change has been added to section 3. the proposed alternative scenario.
1. Project description. Briefly describe: 1) the global environmental and/or adaptation problems, root causes and barriers that need to be addressed (systems description)	Is the problem statement well-defined?	Yes	-
	Are the barriers and threats well described, and substantiated by data and references?	Yes except for note in summary evaluation on debt/equity and grey swan risks from the recent report by Wood Mackenzie on this topic	Additional information has been added in section 1. The global environmental and/or adaptation problems, root causes and barriers that need to be addressed
	For multiple focal area projects: does the problem statement and analysis identify the drivers of environmental degradation which need to be addressed through multiple focal areas; and is the objective well-defined, and can it only be supported by integrating two, or more focal areas objectives or programs?	This project is not focused on degradation.	-

2) the baseline scenario or any associated baseline projects	Is the baseline identified clearly?	Yes	-
	Does it provide a feasible basis for quantifying the project's benefits?	Absolutely ? much better than many other projects	-
	Is the baseline sufficiently robust to support the incremental (additional cost) reasoning for the project?	Yes	-
	For multiple focal area projects:		
	are the multiple baseline analyses presented (supported by data and references), and the multiple benefits specified, including the proposed indicators;	There is the pre-COVID baseline and also the broad lack of energy access presented with value of the approach taken by off-grid delivery. The grid interface is not provided and assumed to be far more expensive.	-
	are the lessons learned from similar or related past GEF and non-GEF interventions described; and	African Development Bank experience is provided.	-
	how did these lessons inform the design of this project?	Well-incorporated in design.	-
3) the proposed alternative scenario with a brief description of expected outcomes and components of the project	What is the theory of change?	Although not clearly presented as such, the theory of change in this case is based on a start-up subsidy for energy delivery infrastructure which would be able to be maintained through energy access companies. The profitability in the long-term of these companies is key to the theory of change and this is where the attached report and lessons and warnings therein should be considered.	The theory of change has been added to section 3 (the proposed alternative scenario)
	What is the sequence of events (required or expected) that will lead to the desired outcomes?	Presented adequately through various figures in proposal	-

	What is the set of linked activities, outputs, and outcomes to address the project's objectives?	Much of the activities are to be managed through the various financing steps and the implementation relies on the energy access companies and local government enforcement. Cameroon is noted as a country with clear targets in this regard while others are less clear on policy implementation.	-Scaling-up decentralized renewable energy solutions is a necessity to meet Africa?s growing electricity demand and promoting sustainable development. The IEA (2019) estimates that to reach access to electricity for all, grid expansion and densification is the least cost option for nearly 45% of the currently deprived, mini-grids for 30% and stand-alone systems for around 25%. Green mini-grids are the most effective and least-cost solution for off-grid areas with high population density and economic activity. Solar home systems are ideal for sparsely populated areas and communities with low purchasing power. Solar C&I offers businesses clean, reliable electricity and the potential to reduce electricity costs. To achieve energy access for all, emission reductions and green growth ambitions, most Africa countries have included decentralized energy solutions in their strategic plans and policies.

	Are the mechanisms of change plausible, and is there a well-informed identification of the underlying assumptions?	Yes ? with careful monitoring	-
	Is there a recognition of what adaptations may be required during project implementation to respond to changing conditions in pursuit of the targeted outcomes?	Yes	-
5) incremental/additional cost reasoning and expected contributions from the baseline, the GEF trust fund, LDCF, SCCF, and co-financing	GEF trust fund: will the proposed incremental activities lead to the delivery of global environmental benefits?	Yes	-
	LDCF/SCCF: will the proposed incremental activities lead to adaptation which reduces vulnerability, builds adaptive capacity, and increases resilience to climate change?	Yes	-
6) global environmental benefits (GEF trust fund) and/or adaptation benefits (LDCF/SCCF)	Are the benefits truly global environmental benefits/adaptation benefits, and are they measurable?	Yes	-
	Is the scale of projected benefits both plausible and compelling in relation to the proposed investment?	Yes	-
	Are the global environmental benefits/adaptation benefits explicitly defined?	Yes	-

	Are indicators, or methodologies, provided to demonstrate how the global environmental benefits/adaptation benefits will be measured and monitored during project implementation?	Yes	-
	What activities will be implemented to increase the project's resilience to climate change?	Yes	-
7) innovative, sustainability and potential for scaling-up	Is the project innovative, for example, in its design, method of financing, technology, business model, policy, monitoring and evaluation, or learning?	Financing mechanism is timely and blended finance is innovative	-
	Is there a clearly-articulated vision of how the innovation will be scaled-up, for example, over time, across geographies, among institutional actors?	Yes	-

		Will incremental adaptation be required, or more fundamental transformational change to achieve long term sustainability?	This may be needed in each country case.	GEF's concessional capital will contribute to safeguarding the sustainable energy sector and preclude a reversal of the ?energy transition?. Both the EA sector, and progress towards the achievement of SDG 7, are at a critical juncture. The drop in market growth due to the impacts of COVID-19 already resulted in an estimated 10-15 million people and 300,000-450,000 enterprises missing out on improved EA in 2020. CRP contributes to providing immediate relief as well as laying the foundations for a green and inclusive recovery after the crisis. CRP will safeguard the operations and progress of EA companies in Africa, ensuring a robust commercial recovery for the EA sector following the pandemic and long-term climate and development goals. The support allows businesses to preserve permanent jobs in the sector, human capital necessary to

1b. Project Map and Coordinates. Please provide geo-referenced information and map where the project interventions will take place.		Not included	Provided in section 1b (Project Map and Geo-Coordinates)
2. Stakeholders. Select the stakeholders that have participated in consultations during the project identification phase: Indigenous people and local communities; Civil society organizations; Private sector entities. If none of the above, please explain why. In addition, provide indicative information on how stakeholders, including civil society and indigenous peoples, will be engaged in the project preparation, and their respective roles and means of engagement.	Have all the key relevant stakeholders been identified to cover the complexity of the problem, and project implementation barriers?	Yes	-
	What are the stakeholders' roles, and how will their combined roles contribute to robust project design, to achieving global environmental outcomes, and to lessons learned and knowledge?	Provided in supplementary material	-

3. Gender Equality and Women's Empowerment. Please briefly include below any gender dimensions relevant to the project, and any plans to address gender in project design (e.g. gender analysis). Does the project expect to include any gender-responsive measures to address gender gaps or promote gender equality and women empowerment? Yes/no/ tbd. If possible, indicate in which results area(s) the project is expected to contribute to gender equality: access to and control over resources; participation and decision-making; and/or economic benefits or services. Will the project's results framework or logical framework include gender-sensitive indicators? yes/no /tbd	Have gender differentiated risks and opportunities been identified, and were preliminary response measures described that would address these differences?	Yes this is provided but there should be a review of some recent research in this regard from South Africa which raises red flags around prior experiences from off-grid projects and social justice. Monyei, C. G., Adewumi, A. O., & Jenkins, K. E. H. (2018). Energy (in)justice in off-grid rural electrification policy: South Africa in focus. *Energy Research & Social Science*, *44*, 152?171. https://doi.org/10.1016/j.erss.2018.05.002	Additional information on gender objectives and activities under the project have been included in section *3. Gender Equality and Women's Empowerment.*
	Do gender considerations hinder full participation of an important stakeholder group (or groups)? If so, how will these obstacles be addressed?	Accounted for	-

5. Risks. Indicate risks, including climate change, potential social and environmental risks that might prevent the project objectives from being achieved, and, if possible, propose measures that address these risks to be further developed during the project design	Are the identified risks valid and comprehensive? Are the risks specifically for things outside the project's control? Are there social and environmental risks which could affect the project? For climate risk, and climate resilience measures: ? How will the project's objectives or outputs be affected by climate risks over the period 2020 to 2050, and have the impact of these risks been addressed adequately? ? Has the sensitivity to climate change, and its impacts, been assessed? ? Have resilience practices and measures to address projected climate risks and impacts been considered? How will these be dealt with? ? What technical and institutional capacity, and information, will be needed to address climate risks and resilience enhancement measures?	Yes noted	-

6. Coordination. Outline the coordination with other relevant GEF-financed and other related initiatives	Are the project proponents tapping into relevant knowledge and learning generated by other projects, including GEF projects?	Well-coordinated	-
	Is there adequate recognition of previous projects and the learning derived from them?	Yes ? from the AfDB side	-
	Have specific lessons learned from previous projects been cited?	Somewhat but the broader critical material should be considered from the citations provided	-
	How have these lessons informed the project's formulation? Is there an adequate mechanism to feed the lessons learned from earlier projects into this project, and to share lessons learned from it into future projects?	Described	-
8. Knowledge management. Outline the "Knowledge Management Approach" for the project, and how it will contribute to the project's overall impact, including plans to learn from relevant projects, initiatives and evaluations.	What overall approach will be taken, and what knowledge management indicators and metrics will be used?	Good coverage in these sections	-
	What plans are proposed for sharing, disseminating and scaling-up results, lessons and experience?	Standard reporting	-

[1] GOGLA (2021). Global Off-Grid Solar Market Report Semi-Annual Sales and Impact Data.

ANNEX C: Status of Utilization of Project Preparation Grant (PPG). (Provide detailed funding amount of the PPG activities financing status in the table below:

PPG Grant Approved at PIF: **USD 200,000**			
Project Preparation Activities Implemented	***GETF/LDCF/SCCF Amount ($)***		
	Budgeted Amount	***Amount Spent To date***	***Amount Committed***
Development CEO endorsement and preparations for implementation	51,000	42,500	8,500
Extension of legal advice and agreements by external legal counsel to support the deployment of GEF funding through selected partners	149,000	-	149,000
Total	200,000	42,500	157,500

Once the project has received the GEF CEO endorsement and Bank?s approval for the expansion of CRP including USD 7 million funding contribution from SEFA, the PPG grant will be used to cover the cost of an external legal counsel to support the negotiation and drafting of the Agreements with each Partner. The utilization of the PPG and results will be included in the reporting to the GEF.

ANNEX D: Project Map(s) and Coordinates

Please attach the geographical location of the project area, if possible.

CRP supports projects across Africa. This project map confirms countries included in the indicative pipeline of investments provided by CRP Partner Funds, additional countries will be added. The responsible entity for the GEF investment is AFDB as Implementing Agency.

ANNEX E: Project Budget Table

Please attach a project budget table.

Expenditure Category	Detailed Description	Single Component (USD mobilized investments)			M&E	KM	Total (USDeq.)	Responsible Entity
		GEF Financing	*AfDB/SEFA Co-Financing*	*Partner Fund Co-financing (private sector)*				
Works	n/a							n/a
Goods	n/a							n/a
Vehicles	n/a							n/a
Grants/ Sub-grants	n/a							n/a
Revolving funds/ Seed funds / Equity	Blended loans to EA companies impacted by the COVID-19 pandemic	13,000,000	27,000,000	60,000,000			100,000,000	CRP Partner Funds

Sub-contract to executing partner/ entity	n/a							n/a
Contractual Services ? Individual	n/a							n/a
Contractual Services ? Company	Independent consultants contracted to conduct mid-term and terminal evaluation				90,000		90,000	AfDB
International Consultants	n/a							n/a
Local Consultants	n/a							n/a
Salary and benefits / Staff costs	Project managament (implementation, monitoring and reporting)							n/a
Trainings, Workshops, Meetings	Convene CRP Partners to discuss the sector and COVID impacts, and develop knowledge document with key lessons and stories from the ground							n/a
Travel	Annual supervision missions by the Bank's experts				25,000		25,000	AfDB
Office Supplies	n/a							n/a
Other Operating Costs	n/a							n/a
Grand Total		13,000,000	27,000,000	60,000,000	115,000		100,115,000	n/a

ANNEX F: (For NGI only) Termsheet

Instructions. Please submit an finalized termsheet in this section. The NGI Program Call for Proposals provided a template in Annex A of the Call for Proposals that can be used by the Agency. Agencies can use their own termsheets but must add sections on Currency Risk, Co-financing Ratio and Financial Additionality as defined in the template provided in Annex A of the Call for proposals. Termsheets submitted at CEO endorsement stage should include final terms and conditions of the financing.

Project/Program Title	COVID-19 Off-Grid Recovery Platform
Project/Program Number	10667
Project/Program Objective	Unlock and catalyse private capital to mitigate the negative impacts of the COVID-19 pandemic on the energy access industry in Africa
Country [ies]	Multinational (Africa)
Agency presenting the Project	AfDB
Project Financing	***A. Sources of Co-financing:*** ? GEF Agency, AfDB/SEFA, loan, USD 26.300,000 ? Private Sector, Partner Funds, loan, USD 61,350,000 ***B. Indicative Trust Fund Resources*** ? GEF Project Financing, loan, USD 13,000,000 **Total Project Financing:** USD 100,650,000
Currency of the Financing	USD
Currency risk	For underlying loans provided in local currency, GEF funds will be subject to the currency risk hedging strategies put in place by Partner Funds on a per transaction basis, e.g. local currency hedges, cross currency swaps, or back to back financing structures with local commercial banks.
Co-financing ratio	Every GEF 1 USD mobilizes 6.7 USD Every GEF 1 USD mobilizes 4.7 USD of private sector financing

Financial additionality of GEF resources	**Financing barriers addressed with the GEF blended finance resources and financial additionality.** The coronavirus outbreak has posed severe impacts on the EA sector. The reduction in revenues, in combination with tight cashflows, exposure to foreign exchange fluctuations, and limited ability to service existing debt obligations leave EA companies and the broader industry extremely vulnerable. There is a need for tailored financial solutions to support EA companies and facilitate their continued strong progress in Africa. Without additional concessional capital, the EA industry may suffer a dramatic setback risking years of progress made in the space. The risks and constraints introduced by the pandemic adversely impacted investors? ability to conduct due diligence and grow pipelines. Investors are also experiencing decreasing portfolio quality, and increased cost of capital resulting from the pandemic-related risks and uncertainties. As a result, either lenders are not executing deals and companies do not receive finance, or companies receive expensive debt that may be detrimental to longer-term growth. This, at a time when the sector is critically in need of additional investment and capital. GEF's concessional funding, to be effectively blended with commercial capital, reduces the cost of capital for EA businesses and enables commercial EA debt funds (Partner Funds) to continue lending to the sector at risk-adjusted rates, keeping capital flowing to EA companies through the crisis. The blended finance mitigates Partner Funds? risk exposure and provides the additional level of comfort required for them to enter deals they would otherwise not able to do and on affordable terms. Under the baseline scenario (i.e. without GEF co-financing), CRP would avail USD 50 million (including USD 19.8 million from SEFA and USD 30.2 million from the Partner Funds). GEF?s contribution will double the size of the facility by unlocking additional capital and enhance much needed relief and recovery funding.

<table>
<tr>
<td>Use of proceeds (for GEF financing)</td>
<td>
Provide a description of the use of the resources and their alignment with GEF Focal areas/Investment Programs

CRP is an innovative co-financing platform designed to mobilize commercial private capital to mitigate the impacts of the COVID-19 pandemic on EA companies and ensure a green recovery in Africa. CRP will achieve these objectives by providing a concessional loan from the GEF to 3 qualified financial intermediaries (Partners Funds). Partner Funds will blend GEF funding through CRP with their own commercial capital to provide loans to EA companies at sub-commercial rates. The origin of the funds from the CRP at project level will be exclusively composed of either: i) GEF and Partner Fund capital, or ii) SEFA and Partner Fund capital. There will be no co-financing at transaction level from both sources of CRP financing.

GEF funding, through CRP, will be co-invested along Partner Fund capital on an at least 1:1 basis at transaction level on pari-passu for the principal amount of the investment and pro-rata risk sharing terms at transaction level (except for the interest rate, with CRP pricing set at 0%). This means for a Partner Fund to make a CRP Contribution to an End-Borrower under the relevant End-Borrower Loan Agreement, the Partner Fund will make an additional amount available to the relevant End-Borrower that is no less than the relevant CRP Contribution, and invested on the same terms and conditions with exception of the interest rate. CRP funding can be used for a variety of blended loan offerings between the Partner Fund and end-borrower in terms of loan size, financing instrument, and repayment schedule and will finance the continuation and expansion of operations to support strong business recovery

GEF funds through CRP support decentralized renewable energy solutions including SHS, GMG and C&I (small-scale C&I including decentralized captive renewable energy systems and appliances for productive use) with the exclusion of clean cooking and Partner Funds that have already received GEF financial support (to avoid double counting of GEBs). This will be done by applying eligibility criteria specific for GEF co-financing.

These blended co-investments will ensure the continuation of EA services to existing customers and enabling expansion of operations into new clean electricity connections to reach long-term climate and development goals. The continued growth of EA companies and healthy development of the broader EA industry is well aligned to GEF?s focal area CCM-1-,1 promoting innovation and technology for sustainable energy breakthroughs for decentralized power with energy usage.

Funds provided by the GEF (and SEFA) are non-revolving funds.

Eligibility criteria:
<table>
<tr><th>Criteria</th><th>GEF</th><th>SEFA</th></tr>
<tr><td>Technology</td><td>SHS, C&I, GMG</td><td>SHS, C&I, GMG, Clean Cooking</td></tr>
<tr><td>Partner Fund</td><td>Excluding Funds that have already received GEF financial support</td><td></td></tr>
<tr><td rowspan="2">Underlying borrowers</td><td colspan="2"><u>Evidence of the negative impacts of the pandemic on business operations and a well-justified need for recovery finance</u>. Evidence may include but is not limited to regulatory challenges limiting operations (i.e., travel restrictions), portfolio deterioration, decrease in sales growth, heightened FX risks, operational disruptions and delays, and inability to raise capital on affordable terms;</td></tr>
<tr><td colspan="2"><u>Commercially viable operations and financial performance prior to the pandemic</u>. Track record of good operational and financial performance demonstrated through at least 3</td></tr>
</table>
</td>
</tr>
</table>

Financing instruments	**The financing instrument used with GEF resources: demonstrate the appropriate degree of concessionally and most efficient structures to mobilize private capital.** AfDB seeks a USD 13 million unsecured concessional loan from the GEF-7 Non-Grant Instrument window to support EA businesses through the COVID-19 Off-Grid Recovery Platform (CRP). Considering the urgent need for financing, the platform approach provides a mechanism to unlock commercial private capital of existing EA lenders (investment funds) for a specific purpose and enables: i) large number of transactions in a relatively short amount of time, ii) broad geographic coverage, and iii) a wide range of financial solutions supporting diverse business needs across the EA industry Working with multiple partners on a co-financing basis provides additional benefits in terms of portfolio diversification, investment discipline and reduced market distortion. CRP capital will be repaid contingent on repayment of end-borrowers to the Partner Fund. The credit risk of CRP funding on-lent to end-borrowers is carried by CRP, and consequently by GEF/SEFA and Partner Funds. The Partner Funds will be responsible for ensuring timely collection under the loan agreements as well as for the timely repayment of such amounts to the Bank. As CRP funds will rank on pari-passu terms with Partner Funds terms, in the event of default, Partners and the Donors will share losses in pari-passu terms for the principal amount of the investment and proportionally to their respective capital contributions, incentivizing Partner Funds to apply best efforts to recover unpaid amounts. If despite all efforts by the Fund Managers and the Bank to recover the loans and amounts due have failed, the concessional loan or part thereof will be written off, following the Bank?s write-off policy described in the section *6. Institutional Arrangement and Coordination*. Actual and expected reflows will be reported under the FPA-actual reflows on a quarterly/semi annual basis, on the expected reflows, once a year for Council information.
Terms and conditions for the financing instruments	For the debt instruments (including loans, credit lines, structured finance or bonds): (a) Amount of the loan: USD 13,000,000 (b) Maturity: 6 years (c) Interest rate: 0% (d) Interest payment dates: n/a (e) Principal repayment: up to year 6 years depending on principal repayment of the underlying projects as defined in the reflow table.

GEF 7 Core Indicator Worksheet

Core Indicator 6	Greenhouse gas emission mitigated		*(Metric tons of CO?e)*
		Expected metric tons of CO?e (6.1+6.2)	

		PIF stage	Endorsement	MTR	TE
	Expected CO2e (direct)	*2.5 million*	*2.5 million*		*2.5 million*
	Expected CO2e (indirect)				

Indicator 6.1	Carbon sequestered or emissions avoided in the AFOLU sector					
			Expected metric tons of CO?e			
			PIF stage	Endorsement	MTR	TE
		Expected CO2e (direct)				
		Expected CO2e (indirect)				
		Anticipated start year of accounting				
		Duration of accounting				
Indicator 6.2	Emissions avoided Outside AFOLU					
			Expected metric tons of CO?e			
			Expected		Achieved	
			PIF stage	Endorsement	MTR	TE
		Expected CO2e (direct)	*2.5 million*	*2.5 million*		*2.5 million*
		Expected CO2e (indirect)				
		Anticipated start year of accounting	*2021*	*2022*		
		Duration of accounting	*25 years*	*25 years*		*25 years*
Indicator 6.3	Energy saved					
			MJ			
			Expected		Achieved	
			PIF stage	Endorsement	MTR	TE
Indicator 6.4	Increase in installed renewable energy capacity per technology					
			Capacity (MW)			
		Technology	Expected		Achieved	
			PIF stage	Endorsement	MTR	TE
		Solar Photovoltaic	*27*	*40*		40

Impact calculations and methodology:

Summary Table			
Indicator	**CRP Baseline scenario**	**Incremental Impact of GEF Funding**	**CRP Alternative Scenario (incl. SEFA and GEF Funding)**

Concessional finance provided (million USD)	19,8	13 (GEF) and 6,5 (SEFA) = 19,5	39,3
Leverage of commercial capital from Partner Funds (million USD)	30,2	31,15	61,35
Additional capital catalyzed during the lifetime of the project (million USD)	110	111,4	221,4
Total financing as a result of CRP (million USD)	50	50,65	100,65
Number of businesses supported	20	20	40
Number of households with increased access to clean energy	240.000	243.000	483.000
Number of beneficiaries with increased access to clean energy	1.200.000	1.215.000	2.415.000
Additional jobs created	3.080	3.120	6.200
Number of jobs maintained	1.750	1.800	3.550
Existing number of connections with continued services	330.000	334.000	664.000
tCO2eq reduced or avoided	1.278.352	1.294.967	2.573.319
MW installed	19,6	19,9	39,5

Development impact based on CRP Alternative Scenario (incl. SEFA and GEF Funding)					
Indicator	**SHS (70% of underlying investments)**	**GMG (10% of underlying investments)**	**C&I (20% of underlying investments)**	**TOTAL**	**Underlying Assumptions**
Number of households with increased access to clean energy (number of systems or connections)	469.700	13.731	144	483.575	SHS: 20.000 connections per MW (avg 50 watt system) GMG: USD 733 per connection[1] C&I: 10 connections per MW
Number of beneficiaries with increased access to clean energy	2.348.500	68.656		2.417.156	Average household of 5 people[2] 50% of population in Africa is women[3]

Additional jobs created	3.852	549	1.797	6.198	SHS: 8.2 per 1000 systems[4] GMG: 40 per 1000 connections[5] C&I: 125 per MW[6] 30% of jobs in the EA sector is filled by women[7][7]
Number of jobs maintained	2,450	350	700	3.500	Based on indicative pipeline of Partner Funds. 30% of jobs in the EA sector is filled by women
MW installed	23	2	14,4	39,5	SHS: USD 3 million per 1 MW installed (avg 50 W SHS at cost price USD 150) GMG: USD 6.2 million per 1 MW installed[8][8] C&I: USD 1.4 million per 1 MW installed[9][9]
Existing nr of systems/ connections with continued services	630.000	35.000		665.000	Existing systems/ connections of pipeline companies (based on indicative pipeline of Partner Funds).

GHG Emission Reductions for CRP Alternative Scenario (incl. SEFA and GEF Funding)			
Indicator	**SHS (70% of underlying investments)**	**GMG (10% of underlying investments)**	**C&I (20% of underlying investments)**
Annual CO2 savings per connection (CO2 tons)[10][10]	0.37	0.74	92.69
New Connections			
Number of households or businesses with increased access to clean energy (number of systems or connections)	469.700	13.731	144
Default rate for new connections	3%	3%	0%
Discounted number of new connections generating GHG emission reductions	455.609	13.319	144
Annual GHG emission reductions from new connections	168.575	9.856	13,347
Years of expected operation	7	20	25
GHG emission reductions from new connections	**1.180.027**	**197.122**	**333.700**

Existing Connections			
Number of existing connections/continued service	630.000	35.000	
Default rate for existing connections	10%	10%	
Discounted number of existing connections generating GHG emission reductions (functioning connections)	567.000	31.500	
Annual GHG emission reductions from existing connections	209.790	23.310	
Years of expected operation	3	10	
GHG emission reductions from existing connections	**629.370**	**233.100**	
Sub-total and Total GHG Emission Reductions			
Sub-total direct GHG emission reductions (tCO2)	**1.809.397**	**430.222**	**333.700**
Total direct GHG emission reductions (tCO2)	**2.573.319**		

[1] AMDA (2020). Benchmarking Africa?s Minigrids.

[2] https://www.prb.org/international/indicator/hh-size-av/map/region

[3] https://data.worldbank.org/indicator/SP.POP.TOTL.FE.ZS?locations=ZG

[4] PowerforAll (2019). Powering Jobs Census 2019: The Energy Access Workforce

[5] Idem

[6] Idem

[7] GOGLA (2019). Off-Grid Solar. A Growth Engine for Jobs

[8] AMDA (2020). Benchmarking Africa?s Minigrids.

[9] BloombergNEF (2019). Solar for Businesses in Sub-Saharan Africa.

[10] SHS and GMG: Based on GOGLA?s standard impact metrix. C&I: 0.64 (tCO2eq/MWh) x 144.84 (avg annual MWh)

ANNEX G: (For NGI only) Reflows

Instructions. Please submit a reflows table as provided in Annex B of the NGI Program Call for Proposals and the Trustee excel sheet for reflows (as provided by the Secretariat or the Trustee) in the Document Section of the CEO endorsement. The Agencys is required to quantify any expected financial return/gains/interests earned on non-grant instruments that will be transferred to the GEF Trust Fund as noted in the Guidelines on the Project and Program Cycle Policy. Partner Agencies will be required to comply with the reflows procedures established in their respective Financial Procedures Agreement with the GEF Trustee. Agencies are welcomed to provide assumptions that explain expected financial reflow schedules.

Item Data	Item Data
GEF Project Number	10667
Estimated Agency Board approval date	Q2 2022

Investment type description (financial product : debt, equity, guarantee, other)	Debt
Expected date for start of investment	Q4 2022
Amount of investment (USD GEF funds)	USD 13,000,000
Amount of investment (USD co-financing)	USD 87,650,000
Estimated interest rate/return/ premium	0% (to be effectively blended with commercial lending and financial instruments provided by the Partner Funds)
Maturity	6 years
Estimated reflow schedule	Principal payments from end-borrowers in connection with an End-Borrower Loan Agreement will be shared proportionally between the GEF and Partner Fund. Principal payments match the repayment schedule of underlying projects; i.e. some transactions may be amortized, others repaid on a bullet basis. Reflows from the Partner Funds to AfDB are required within 3 Business Days following any repayment of principal by an End-Borrower under an End-Borrower Loan Agreement. The Bank will transfer all repayments received from the Partner Funds to the GEF on an annual basis.
Repayment method description	See above.
Frequency of reflow payments	Annually.
First repayment date	First repayment date corresponds to the GEF Portfolio?s first principal payment date plus reasonable time required to process the payments between the parties. *GEF Portfolio* reflects the underlying projects that GEF will be co-financing with Partner Funds under the CRP Platform.
First repayment amount	First repayment corresponds to the GEF Portfolio?s first repayment amount.
Final repayment date	Q4 2028
Final repayment amount	GEF Portfolio final repayment amount ? to be determined
Total principal amount to be paid-reflowed to the GEF Trust Fund	USD 13,000,000
Total interest/earnings/premiums amount to be paid-reflowed to the GEF Trust Fund	N/A

ANNEX H: (For NGI only) Agency Capacity to generate reflows

Instructions. The GEF Agency submitting the CEO endorsement request is required to respond to any questions raised as part of the PIF review process that required clarifications on the Agency Capacity to manage reflows. This Annex seeks to demonstrate Agencies? capacity and eligibility to administer NGI resources as established in the Guidelines on the Project and Program Cycle Policy, GEF/C.52/Inf.06/Rev.01, June 9, 2017 (Annex 5).

a) Ability to accept financial returns and transfer from the GEF Agency to the GEF Trust Fund;

As a multilateral development finance institution, the African Development Bank (AfDB) Group seeks to further the social and economic well-being of its regional member countries. To attain this objective, the Bank uses the leverage afforded by its AAA rating to on-lend to its borrower countries, at favorable terms, resources raised in international capital markets. Beyond the provision of affordable capital, the AfDB offers an attractive, diversified menu of options that allows borrowers to tailor financing to their circumstances. The Bank?s financial products comprise of loans (including synthetic local currency, and syndicated loans), guarantees, equity and quasi?equity, and risk management products.

The overall financial performance of the Bank Group in 2019 remained strong. The Bank maintained its triple-A rating with a stable outlook from all four global rating agencies. Income revenues for two of the Group?s three lending windows?the African Development Bank (ADB) and the Nigeria Trust Fund (NTF)? were higher than in 2018. For instance, ADB revenue increased to $1.3 billion in 2019, from $1.2 billion in 2018, driven largely by increased lending and investment returns.

In addition, section 7.1 of the financial procedures agreement between the African Development Bank, the African Development Fund and the International Bank for Reconstruction and Development as Trustee of the Global Environment Facility Trust Fund, dated June 30, 2010 as amended on 19 June 2017, describes the commitment of the Bank to return reflows to the GEF trust fund. As per section 7.1:

?If any GEF Trust Fund funds transferred to the Agency for GEF Projects are used to provide financing, which generates any reflow of funds, and such reflow of funds are required to be returned to the GEF Trust Fund pursuant to the applicable policies and procedures of the GEF, the Agency shall credit and hold the funds in the GEF/AfDB Sub-Account or the GEF-AfDF Sub-Account, as applicable (following their receipt by the Agency), until the Trustee requests the Agency to return them to such account as the Trustee may designate. The Agency will maintain a record of any such re??ow of funds and report them to the Trustee pursuant to Section 12.2.(e) below.?

b) Ability to monitor compliance with non-grant instrument repayment terms;

The Financial Control Department is responsible for accounting for the financial consequences of the Bank Group?s transactions and decisions, and for the preparation, fair presentation and overall integrity of the internal financial reports and published financial statements. It is also responsible for loan administration and accounting and related fiduciary responsibilities, including disbursement of funds to projects and programs financed by the Bank Group.

c) Capacity to track financial returns (semester billing and receiving) not only within its normal lending operations, but also for transactions across trust funds;

As noted above, the African Development Bank Group provides for a strong fiduciary control framework for both its lending and non-lending operations. The African Development Bank maintains separate records and ledger accounts for the administration of GEF Funds.

d) Commitment to transfer reflows twice a year to the GEF Trust Fund;

As per section 12.2 para (e) of the financial procedures agreement, the African Development Bank Group currently reports within thirty 30 days after the end of each quarter of the GEF Fiscal Year (or such other frequency agreed with the Trustee), the dates and amounts of reflows of funds received by the Bank from GEF Projects, for the period reported, broken down by each GEF Project. This supports the commitment of the Bank to transfer reflows to the GEF Trust Fund.

And, in case of NGI for private sector beneficiaries:

e) Track-record of repaid principal and financial returns from private sector beneficiaries to the GEF Agency.

The Bank?s experience in administering NGI investments from the GEF is also exempli??ed by current active GEF projects in its portfolio. A series of GEF NGI projects were approved by the GEF for the channeling of private sector investments through the African Development Bank including:

- Moringa Agro-forestry Fund for Africa (non-grant) (ID 9051), $12,000,000

- AfDB-PPP Public-Private Partnership Program (ID 4929), $20,000,000 sub-divided into the following three investments:

? African Renewable Energy Fund (AREF), Junior Equity, $4,500,000

? Egypt Shapoorji Solar PV 50MW, Senior Loan, $7,000,000

? Off Grid Fund (FEI OGEF), Equity, $8,500,000

- Investing in Renewable Energy Project Preparation under the Fund for Energy Inclusion (FEI) (ID 9043), $10,000,000

And, in case of concessional finance for public sector recipients:

f) Track-record of lending or financing arrangements with public sector recipients;

Since its founding in 1964, the African Development Bank Group has been helping its regional member countries through both lending and non-lending operations to support their socioeconomic development. For FY 2019, the African Development Group has committed more than $7.7 billion to operations led by public sector recipients.

Annex I: Description of Partner Funds

Triple Jump

Triple Jump has close to 15 years of track record in impact investments in emerging markets, with USD 900 million in assets under management and Africa as one of its core markets. Its energy fund, the Energy Entrepreneurs Growth Fund (EEGF), provides a full range of financial instruments ? equity, mezzanine and debt (for avoidance of doubt, CRP funds will only be co-invested with debt products) ? to early growth stage EA companies in Africa. The flexible, tailored and patient capital is accompanied with EEGF?s TA facility or the ?Engine Room?, that strengthens crucial operational areas and business models. Persistent ? a leading EA venture builder and one of the first specialized investment advisers dedicated to the emerging access to energy sector ? is advisor to EEGF. By partnering with Persistent, EEGF benefits from the team?s years of experience in building commercially successful businesses in the off-grid energy sector.

EEGF?s first close took place in December 2019, and the Fund started deploying its capital early 2021. Despite its limited track record in the EA market, the fund has broad experience in lending to MFIs in Africa, with over USD 1.2 billion in of loans deployed and supported by Persistent Energy Capital, as advisor to the fund. Persistent has a proven track record in early stage investing and co-founding access to energy companies, having closed to date 18 investments across 16 countries with double digit returns for investors, and successfully executed two exits.

Fund Manager Description

Name of Fund Manager	Triple Jump
Legal Entities (Country, Year)	Available upon request.
Physical Offices	Headquartered in Amsterdam, with 5 regional offices in Nairobi, Bangkok, Lima, Mexico City and Tbilisi
Assets Under Management (USD)	EUR 900 million
Assets - EA (USD)	Available upon request.

Capital Structure and Financing (USD)	Available upon request.

EEGF Investment Strategy

Geographical Scope	Sub-Saharan Africa
Company Stage	Early growth stage companies
Ticket Sizes	USD 1-10 million
Instrument(s)	Full range financial instruments; equity, convertible, mezzanine (focus), structured debt, senior debt, guarantees
Pricing, Tenor, and other Terms	**Pricing:** Available upon request. **Tenor:** Available upon request.
Additional Notes	Engine room (TA) support to 80% of investees. Persistent (A2E venture builder) is advisor to EEGF.

EEGF CRP Investment Strategy

EEGF is a mezzanine debt focused vehicle, and is complementary to other investors in the space. EEGF targets companies operating in the EA value chain that are perceived as too risky by most debt funds currently active in the market. EEGF?s investment strategy to unlock the EA sector potential exists of a combination of: (1) offering patient, risk-tolerant and flexible capital, (2) providing hands-on expert operational support, and, through this, (3) de-risking early-stage companies to attract more long-term commercial funding. With EEGF?s flexible instruments, the Fund is well positioned to structure tailored investments based on the companies? needs, revised business plans and rebound strategies.

CRP?s concessional finance enables EEGF to offer better lending rates to businesses affected by the pandemic. EEGF leverage of CRP funding is 1.5 times on average and up to 3 times on a transaction level with the below indicative terms:

1. Instrument: Mezzanine debt, senior debt
2. Ticket size: USD 2-4M (incl. CRP funding)
3. Tenor: up to 4 years
4. Pricing: Available upon request.
5. Repayment schedules: flexible and tailored to needs of investees

Lion?s Head Global Partners

In 2018, the African Development Bank launched the Facility for Energy Inclusion (FEI), an umbrella initiative to catalyze funding into projects and companies that promote EA. The Off-Grid Energy Access Fund (OGEF) was established as a USD 100 million innovative finance strategy within the wider FEI platform to tackle the lack of access to reliable sources of energy by providing local currency financing solutions to companies, bringing affordable solar energy to communities living off the grid in the region.

Lion?s Head Global Partners Asset Management (LHGP AM), the Fund Manager of OGEF, is approved by the Mauritius? Financial Services Commission (FSC) as the investment management arm of Lion?s Head Global Partners (LHGP), an investment bank authorized and regulated by the UK Financial Conduct Authority (FCA). LHGP has over 10 years? experience in applying fund management, capital market, and financial advisory expertise to development finance initiatives across financial inclusion, trade, renewable energy, agriculture and health sectors in Africa and other frontier markets. LHGP has to date executed investments in 26 countries across Sub-Saharan Africa.

Fund Manager Description

Name of Fund Manager	Lion?s Head Global Partners Asset Management (LHGP AM)
Legal Entities (Country, Year)	Available upon request.
Physical Offices	Headquarters in London with regional offices in Nairobi, Lagos, New York and Dubai.
Assets Under Management (USD)	USD 430 million across LHGP funds
Assets - EA (USD)	Available upon request.
Capital Structure and Financing (USD)	Available upon request.

FEI OGEF Investment Strategy

Geographical Scope	Sub-Saharan African countries which possess an enabling environment conducive to EA market development
Company Stage	Targeted at non-sovereign companies that are suppliers of off-grid energy solutions and have a demonstrated need for working capital in the form of inventory or receivables finance.
Ticket Sizes	USD 2-10 million

Instrument(s)	Debt financing in hard and local currency, mostly secured with inventory, receivables, shares and other assets as collateral.
Pricing[1]**, tenor and other terms**	Available upon request.
Additional Notes	OGEF TAF provides capacity building support to potential and active portfolio companies and local Financial Institutions to support sector-building initiatives, and to cover independent advisory costs related to strengthening the quality of legal transaction structuring and internal management information systems.

FEI OGEF CRP Investment Strategy

OGEF intends to use CRP support to:

? execute delayed transactions where market-based pricing is challenging;

? reduce liquidity pressure of higher interest rates resulting from increased risk profiles;

? expand the pipeline to include opportunities alleviating the impacts of COVID-19; and

? provide local currency debt to reduce exposure to current and future increases in currency volatility.

Indicative terms at transaction level:

? Instruments: Debt products; primarily senior secured lending with inventory, receivables, shares and other assets as collateral

? Ticket size: USD 2-10 million (including CRP funding)

? Tenor: 4 years

? Pricing: Available upon request.

? Repayment schedules: adaptable (bullet repayment or scheduled repayments schemes to be discussed)

? Currency: Hard or local currency

Social Investment Managers and Advisors (SIMA)

Social Investment Managers and Advisors is the Fund Manager of SIMA Off-Grid Solar and Financial Access Senior Debt Fund (?Fund I?) and the SIMA Angaza Distributor Finance Fund (?DFF?) that invest in the EA sector. SIMA Fund I is one of the largest specialized debt funds in the off-grid space. Through its Fund I, SIMA has disbursed over USD 95 million to its portfolio companies since 2017. Some of the leading companies in the EA sector have benefited from their support to provide SHS systems to off grid households, on affordable PAYGO mobile money-based payment plan. The DFF invests in small and local distributors with ~US $1mm or less in revenue annually and investees are required to adapt gender policies and promote gender equality within EA.

SIMA has launched a new Fund focussed on the growing C&I space. The Commercial & Industrial Solar Green Bond is a targeted USD 150 million Bond, with its first close of USD 50 million expected in Q3 2022. The C&I Fund will provide debt to young and fast-growing C&I project developers, including local players, funding the full value chain of project financing.

Fund Manager Description

Name of Fund Manager	SIMA
Legal Entities (Country, Year)	Available upon request.
Physical Offices	USA, Kenya, Pakistan
Assets Under Management (USD)	USD 93 million
Assets - EA (USD)	Available upon request.
Capital Structure and Financing (USD)	Available upon request.

SIMA Fund 1 Investment Strategy

Geographical Scope	East and West Africa (71%) and South Asia (29%).
Company Stage	Off-Grid Solar (62%) and financial access (38%) companies. 2 years of financial track record, at least USD 1 million in revenue and at least USD 500,000 in equity.
Ticket Sizes	USD 250,000 to 5,000,000
Instrument(s)	Inventory financing; term loans for PAYGO; amortizing loans for PAYGO; distributor financing loans
Pricing, Tenor, and other Terms	Available upon request.

SIMA Fund 1 CRP Investment Strategy

SIMA intends to lend CRP funding with Fund I to enable more affordable lending rates to existing and new investees.

Indicative terms at transaction level:

- ? Instrument: Debt
- ? Ticket size: USD 0.5-5M (incl. CRP funding)
- ? Tenor: 2 years
- ? Pricing: Available upon request.
- ? Repayment schedules: flexible and tailored to needs of investees
- ? Currency: Hard currency or local currency

SIMA DFF Investment Strategy

Geographical Scope	Africa
Company Stage	Locally owned and smaller off-grid solar distributors using Angaza technology. 2 years of financial track record on Angaza with 1,000 registered units; USD 200,000 equity and revenue.
Ticket Sizes	USD 100,000 to 500,000
Instrument(s)	Debt; quasi-equity
Pricing, Tenor, and other Terms	Available upon request.

SIMA DFF CRP Investment Strategy

SIMA DFF blended with CRP funds enables more affordable debt to smaller and locally-owned solar distributors. SIMA DFF is uniquely positioned as it provides much smaller ticket sizes than most Funds in the market.

Indicative terms at transaction level:

- Instrument: Debt
- Ticket size: USD 100k to 1 million
- Tenor: up to 4 years
- Pricing: Available upon request.
- Repayment schedules: flexible and tailored to needs of investees
- Currency: hard or local currency

SIMA Commercial & Industrial Solar Green Bond Investment Strategy

Geographical Scope	Sub-Saharan Africa and South Asia
Company Stage	Young and fast-growing C&I project developers

Ticket Sizes	USD 2,000,000 to 5,000,000
Instrument(s)	Debt financing for full value chain of project financing; Longer Term Project Financing (~70% of the portfolio), Short Term Developer Finance (~30% of the portfolio)
Pricing, Tenor, and other Terms	Available upon request.

CRP Investment Strategy Commercial & Industrial Solar Green Bond

SIMA intends to lend CRP funding with the Commercial & Industrial Solar Green Bond to enable more affordable lending rates to new investees, including smaller and locally owned C&I developers. The C&I deals may be focussed on the provision of clean and sustainable energy solutions to health care facilities and social infrastructure.

Commercial & Industrial Solar Green Bond indicative terms:

? Instrument: Debt

? Ticket size: USD 2-5M (incl. CRP funding)

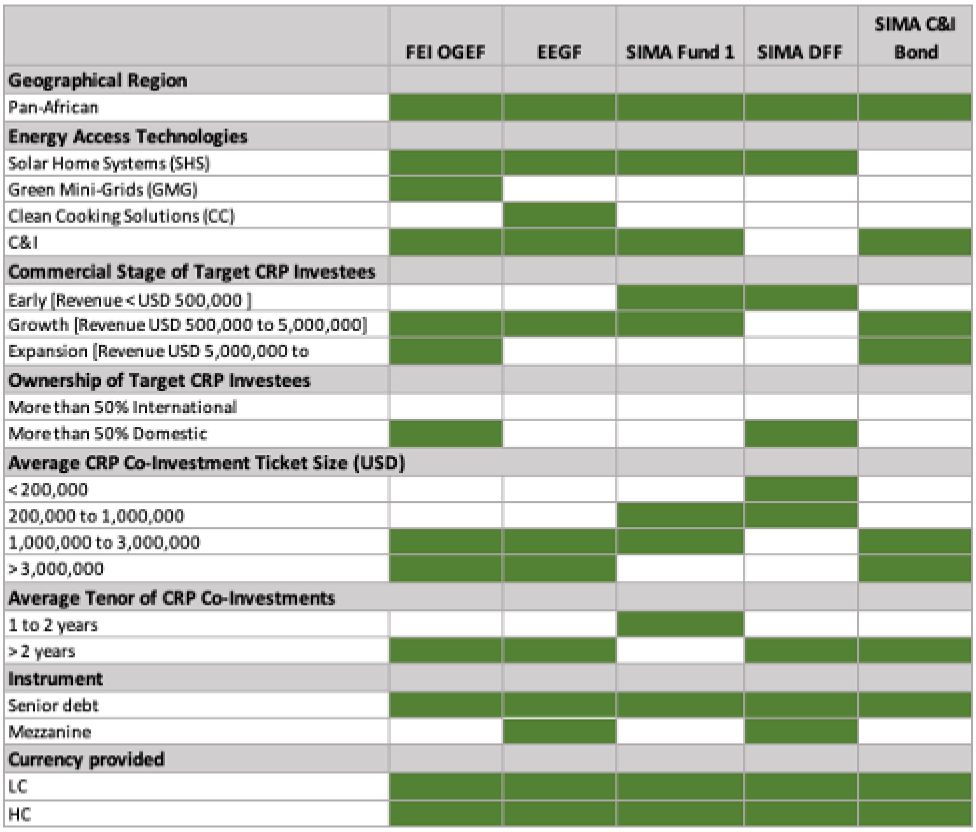
? Tenor: 5 years

? Pricing: Available upon request.

? Repayment schedules: flexible and tailored to needs of investees

? Currency: Hard currency or local currency

Annex J: Strategic Coherence of Selected Partners



Annex K: Indicative pipeline including transactions and range of investments per country or region.

Geographical focus area	Transition country	Blended investment incl. CRP and Partner contribution (USD	Fund Contribution (UDS)	CRP contribution (UDS)
Ethiopia		1.000.000	500.000	500.000
Kenya, Uganda, Mauritius		3.000.000	1.500.000	1.500.000
SouthAfrica, Mauritius and Kenya	Yes	5.000.000	2.500.000	2.500.000

Kenya, Nigeria, Uganda, Tanzania, Zambia	Yes	2.200.000	1.100.000	1.100.000
Cameroon	Yes	3.500.000	2.500.000	1.000.000
Ghana, Kenya, Uganda		4.000.000	3.000.000	1.000.000
Ghana, Kenya, Tanzania		3.700.000	2.900.000	800.000
Kenya		7.000.000	5.250.000	1.750.000
Malawi, Uganda		4.000.000	3.000.000	1.000.000
Senegal, Mali, Burkina Faso, Nigeria, Niger, Cameroon	Yes	2.750.000	2.000.000	750.000
Malawi		5.000.000	3.500.000	1.500.000
Sierra Leone		5.000.000	2.500.000	2.500.000
Ghana		10.000.000	9.000.000	1.000.000
Sierra Leone, Nigeria, Uganda	Yes	5.500.000	3.900.000	1.600.000
TOTAL		**61.650.000**	**43.150.000**	**18.500.000**

Annex L: Endorsement Letters Industry Associations

The Voice of the Off-Grid Solar Energy Industry

GOGLA
Arthur van Schendelstraat 500A
3511 MH Utrecht
The Netherlands
www.gogla.org

9th September 2020

Kevin Kariuki, Vice-President,
Power, Energy, Climate Change and Green Growth Complex
African Development Bank

SUBJECT: GOGLA endorsement letter to the COVID-19 Off-grid Recovery Platform

GOGLA is the global association for the off-grid solar energy industry representing 180 members operating in over 40 countries. Its mission is to help its members build sustainable markets, delivering quality, affordable products and services to as many households, businesses and communities as possible across the developing world.

We are writing this letter to fully endorse the AFDB's efforts in mobilizing finance for the off- grid solar sector in the light of COVID-19.

Globally, 420 million people have lived in a household benefiting from improved energy access due to an off-grid solar lighting product since 2010[1], the sector employs 370,000 FTE in market countries across Africa and South Asia[2].

The off-grid solar sector has a vital role to play in the COVID-19 response and recovery, serving customers who are most vulnerable to the health, social and economic effects of the crisis. The sector is supporting rural health facilities and households with access to electricity, enabling the dissemination of government health information messages, allowing students to continue their education, and enabling people to work remotely and stay in touch with family and friends.

Nevertheless, according to the latest industry survey[3], the progress achieved towards Sustainable Development Goal 7, Universal Access to Energy, could be reversed unless financial assistance is made available. Companies are under pressure due to the difficult macro-economic factors; consumers' diminished ability to pay, operational restrictions, supply chain disruptions and forex volatility. This is compounded by increased barriers to finance as the impact of the crisis remains uncertain.

GOGLA therefore welcomes and endorses the **COVID-19 Off-grid Recovery Platform** by the AfDB. We believe the blended finance mechanism is appropriately designed to support

[1] *Off Grid Solar Market Trends Report, 2020*
[2] *Off-Grid Solar: A Growth Engine for Jobs*.
[3] *https://endev.info/content/File:EnDev_Energy_Access_Industry_Barometer_Summary_FINAL.pdf*

The Voice of the Off-Grid Solar Energy Industry

GOGLA
Arthur van Schendelstraat 500A
3511 MH Utrecht
The Netherlands
www.gogla.org

companies and leverage existing fund managers and capital. GOGLA is confident that the off-grid solar industry has strong fundamentals and with support can maximize its contribution to social impact, creation of jobs, and growth of economies on the African continent.

Sincerely,

Koen Peters

GOGLA, Executive Director
k.peters@gogla.org; +31 633 98 88 98

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Arthur van Schendelstraat 500A
3511 MH Utrecht
The Netherlands
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Sincerely,

Koen Peters

GOGLA, Executive Director
k.peters@gogla.org; +31 633 98 88 98

Alliance for Rural Electrification
Shining a Light for Progress

Kevin Kariuki, Vice-President,
Power, Energy, Climate Change and Green Growth Complex
African Development Bank

Brussels, 8 September 2020

Dear Mr. Kariuki,

The Alliance for Rural Electrification (ARE) is the global association for the decentralised renewable energy industry (DRE) representing more than 160 members with the aim to promote a sustainable DRE industry for the 21st century, activating markets for affordable energy services, and creating local jobs and inclusive economies.

ARE is addressing this letter to the African Development Bank (AfDB) to endorse AfDB's efforts in mobilising finance for the DRE sector as a response to the COVID-19 pandemic.

Over the past decade the DRE sector has made tremendous strides in providing affordable electricity and economic opportunities for rural populations. Between 2010 and 2017, more than 920 million people have been connected to electricity (IEA & IRENA, 2019) with the DRE sector currently providing services to more than 420 million people and by powering more than 47 million people via 19.000 mini-grids across the globe (ESMAP, 2019).

Unfortunately, the current crisis triggered by COVID-19 has put in peril both existing DRE projects that power essential services to millions of people at present, as well as the future of the sector, endangering the achievement of not just SDG7 but all of the 2030 Sustainable Development Goals (EnDev, 2020). That is why the DRE sector cannot be allowed to fail.

ARE therefore welcomes and endorses the COVID-19 Off-Grid Recovery Platform (CRP) initiative by AfDB and believes that the blended finance mechanism proposed with the CRP can effectively leverage existing financial intermediaries to rapidly deploy blended finance at scale.

With kind regards,

Claudio Pedretti
President
Alliance for Rural Electrification

David Lecoque
CEO
Alliance for Rural Electrification

Alliance for Rural Electrification
Rue d' Arlon 69-71 - 1040 Brussels - Belgium
Tel: +32 2 709 55 42
Email: are@ruralelec.org
www.ruralelec.org

African Minigrid Developers Association (AMDA)
623 Wood Avenue Plaza
P.O. Box 1093-00606, Nairobi, Kenya
Tel: +254 (0) 740 109 965
www.africamda.org

AMDA

11 November 2020

Kevin Kariuki, Vice-President,
Power, Energy, Climate Change and Green Growth Complex
African Development Bank

AMDA is an industry association created by private sector minigrid developers and operators, donors and investors to improve access to funding and improve the regulatory and policy environment for minigrid companies in order to radically scale energy access across the continent. Today, AMDA represents 34 companies operating minigrids across 15 countries in Africa.

We are writing this letter to fully endorse the AFDB's efforts in mobilizing finance for the off-grid solar sector in light of COVID-19 pandemic.

The off-grid and mini-grid sector has a vital role to play in the COVID-19 response and recovery serving customers who are most vulnerable to the health, social and economic effects of the crisis. The sector is supporting rural health facilities and households with access to electricity, enabling the dissemination of government health information messages, allowing students to continue their education, and enabling people to work remotely and stay in touch with family and friends.

Nevertheless, according to the latest industry survey[1], progress achieved towards Sustainable Development Goal 7, Universal Access to Energy, could be reversed unless financial assistance is made available. Companies are under extreme pressure due to difficult macro-economic factors; consumers' reduced ability to pay, operational restrictions, supply disruptions and forex volatility. This is compounded by increased barriers to finance as the impact of the crisis remains uncertain.

AMDA therefore welcomes and endorses the COVID-19 Off-grid Recovery Platform by the AfDB. We believe the blended finance mechanism is appropriately designed to support companies and leverage existing fund managers and capital. AMDA is confident that the mini-grid industry has strong fundamentals and with support can maximize its contribution to social impact, creation of jobs, and growth of economies on the African continent.

Yours Sincerely,

Aaron Leopold

Aaron Leopold,
Chief Executive Officer
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[1] https://endev.info/content/File:EnDev_Energy_Access_Industry_Barometer_Summary_FINAL.pdf

[1] AMDA (2020). Benchmarking Africa?s Minigrids.

[2] https://www.prb.org/international/indicator/hh-size-av/map/region

[3] https://data.worldbank.org/indicator/SP.POP.TOTL.FE.ZS?locations=ZG

[4] PowerforAll (2019). Powering Jobs Census 2019: The Energy Access Workforce

[5] Idem

[6] Idem

[7] GOGLA (2019). Off-Grid Solar. A Growth Engine for Jobs

[8] AMDA (2020). Benchmarking Africa?s Minigrids.

[9] BloombergNEF (2019). Solar for Businesses in Sub-Saharan Africa.

[10] SHS and GMG: Based on GOGLA?s standard impact metrix. C&I: 0.64 (tCO2eq/MWh) x 144.84 (avg annual MWh)

Annex N: CATEGORIZATION MEMORANDUM (CM)

Project Title: COVID-19 OFF-GRID RECOVERY PLATFORM Risk Sharing Agency Line

SAP Code: P-Z1-FF0-012

Region: Multinational
Country: Multinational
Sector: Energy

Department: PERN

Division: PERN1

Operation type: *Non-Sovereign Operation*
Financial Instrument: ***Debt***
Financial Intermediary: *Yes*
Project Task Manager: Fatma Ben Abda, PERN1
Alternate Task Manager: Rahul Barua, SEFA/PERN1
Assigned Environmental Officer: Uche Duru, SNSC

Assigned Social Officer:

Proposed E&S Category: *FI-B - Medium Risk*

Approved E&S Category: *FI-B - Medium Risk*

E&S Category Approved by: Justin ECAAT
Submission date: *Thursday, August 27, 2020*

Approval date: *Tuesday, August 27, 2019*

1. Description of the project components including the main activities
?
The Covid-19 Off-Grid Recovery Platform (CRP) is a 5-year, USD 20 million program designed to unlock private capital for energy access companies to mitigate the negative impacts of the Covid-19 pandemic while advancing access to clean electricity. CRP will be deployed as a Risk Sharing Agency Line (RSAL) in which specialized energy access funds (?Partners?) would act as facility agents and blend SEFA resources with their own, enabling the provision of liquidity and working capital on below market terms to Energy Access (EA) companies. EA companies - i.e. companies which sell solar home systems, green mini-grids, clean cooking products, and other small-scale renewable energy solutions to underserved communities - are critical to achieving universal access to energy in Africa. EA companies are facing severe business uncertainty due to financial, economic, and operational challenges caused by the COVID-19 pandemic.

The selected Partners are three investment fund managers specialized in lending to the energy access sector. Each Partner comprises an experienced fund management team with demonstrated track records of lending throughout Africa. Triple Jump manages the Energy Entrepreneurs Growth Fund (EEGF), a USD 45 million investment fund providing mezzanine debt and other instruments to EA companies. Lion?s Head Global Partners manages the Facility for Energy Inclusion Off-Grid Energy Access Fund (FEI OGEF), a USD 100m that was incubated and invested in by the Bank, providing local and hard currency debt to EA companies with ticket sizes of USD 2 to 10 million. Social Investment Managers and Advisors manages the SIMA Off-Grid Solar and Financial Access Fund (?SIMA Fund I?), a USD 90 million investment fund, and the SIMA Angaza Distributor Finance Fund (DFF), a USD 3 million fund, each of which providing hard and local currency debt with a priority for small and locally-owned EA companies. These Partners were selected through a call for proposals and evaluated on the strength of the management teams and the complementarity of blended investment strategies proposed under the CRP.

2. Brief description of the project location/area?s key environmental, social baseline conditions, including country specifics related to E&S governance and fragility aspects as may be relevant

The current indicative pipeline for sub-investments includes projects from 22 RMCs of the Bank mainly across East, West, Central and South African regions. While the majority of these investments are in East Africa (particularly in Kenya which represents 20% of investment, being the largest market and home base of numerous EA businesses), a significant portion (ca. 23%) is in fragile states such as Sierra Leone, Liberia and DRC and Sahel countries including Mali and Niger.

3.a. Key environmental and/or social risks identified at this stage (a synthesis of points 1 and 2 above).

The E&S risks associated with these activities include among others:

- Environmental Pollution risks typical of the medium to small scale solar power projects.
- Health and Safety risks and working conditions for workers involved in the installation of equipment.

3.b. Please check the applicable Operational Safeguards (OS):
? OS1: *Environmental and Social Assessment*
? OS2: *Involuntary resettlement: Land Acquisition, Population Displacement and Compensation.*
? OS3: *Biodiversity, Renewable Resources and Ecosystem Services*
? OS4: *Pollution Prevention and Control, Hazardous Materials and Resource Efficiency*
? OS5: *Labor Conditions, Health and Safety*

4. Preliminary assessment of the Borrower/client?s capacity in E&S safeguards risk management [*It will always be necessary to start this section with a summary on the Country?s ESA institutional and legal framework (in general, is it a complete and strong system or not), then follows an assessment of the capacity of the national structure in charge of ESA, in particular with regard to its capacity to effective control of the implementation of ESMPs, then ending with the specific capacities of the project implementing entity*] The three financial intermediaries targeted by the operation have therefore been assessed on the compliance of their Environmental and Social Management Systems to the requirements of the Bank?s Integrated Safeguards Systems. The ESMS of the three FIs were assessed to meet the requirements of the ISS in terms of policy requirements, procedures and organizational structure for the selection, preparation, implementation and monitoring of subprojects.
5. Justification for Proposed Project Category (a synthesis of points 3, 4). [*Remember the important notice on the categorization of technical assistance projects*, *when treating TA*] The operations involve the investment of SEFA funds into three financial intermediaries which are involved in investments in energy access investee companies that provide small to medium scale renewable energy technologies. Accordingly, it is expected that these investments will only involve low to medium environmental and social safeguards risks which can be managed through the implementation of environmental and social management systems and plans. The key E&S risk aspect relate to waste management and labor conditions for workers in the implementation and operation of the beneficiary subprojects. The three financial intermediaries targeted by the operation have therefore been assessed on the compliance of their Environmental and Social Management Systems to the requirements of the Bank?s Integrated Safeguards Systems.
6. Required Studies and Documentations: [*Refer to BS#04.2. and be aware of combination of set of instruments*] **•ESMS from the three FIs**
7. Tentative disclosure dates of the safeguards reports and summaries: ? *14 August 2020*

[1] *The proposed category of the project can be equal or higher but not lower than what is required by the national legislation. The rationale being that the category governs the level and scope of the studies, public consultation and documentation, which are set by national legislations. The AfDB?s requirements, not explicitly captured in national legislation, could be considered to agree (with the borrower) to upgrade the category.*