

Side Event: High-Level Dialogue on Energy

Event name: Scaling up Local Financial Institution Lending for Energy Access

Event date and time: September 24, 2021, 7:00AM – 8:15 AM ET

Organizers: GreenMax Capital Advisors

Number of participants: 69

Main speakers and brief summary [max 300 words]:

GreenMax Capital Group presented a side event for the UN High Level Dialogue on Energy (HLDE), “**Scaling up Local Financial Institution Lending for Energy Access**,” to discuss the important role that local financial institutions (LFIs) can play in the energy access finance ecosystem. GreenMax Capital Group is launching a new risk mitigation fund, the **Green-4-Access (G4A) First Loss Facility**, which will partner with LFIs across Africa to scale up local currency debt financing for energy access. We approach this from four main perspectives: (1) energy access funding needs in Sub-Saharan Africa cannot be met without leveraging in private capital and LFIs are one crucial part of the private capital ecosystem; (2) foreign exchange risk creates huge exposure for Distributed Energy Services Companies and LFIs are best suited to provide local currency financing; (3) the off-grid sector is overburdened with on-balance sheet financing and LFIs can provide direct consumer lending to PAYG customers to relieve this burden; (4) African-owned energy access companies have struggled to raise capital and LFIs are a natural match to finance companies from their own countries. Yet, to date, few African LFIs have engaged in significant lending for energy access due to very high perceptions of risk.

The event began with an overview of G4A presented by GreenMax’s **Koye Alaba** and **Ezinne Okafor**, followed by a discussion with key stakeholders from the off-grid industry – including PAYG providers, **Anton Espira** (Solibrium Solar) and **Natalie Casey** (Koolboks), and mini-grid developers, **Henry Ureh** (Darway Coast) and **Prosper Magali** (ENSOL) – who each shared information about the financing challenges they are facing and the importance of a first-loss facility like G4A to catalyze lending for energy access in Sub-Saharan Africa.

Key outcomes [max 100 words]:

A summary of the event’s key takeaways include:

- African LFIs can play a critical role in the energy access finance ecosystem
- Past instruments for engaging LFIs to play a large role in the off-grid sector have had only mixed success
- A new intervention like G4A consisting of much stronger risk mitigation combined with robust TA has the potential to catalyze lending for energy access in Sub-Saharan Africa
- G4A is a well-developed facility with substantial support from the off-grid industry and from LFIs across Africa
- G4A has a capable team with a track record to make it work

Links to livestream recording/website/social media:

<https://www.youtube.com/watch?v=1b1PbOCHlcc>

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