Early Warning System

AFDB-P-Z1-FF0-037

Multinational - LEAF Risk Sharing Facility with the African Guarantee Fund

Quick Facts

Countries	Ethiopia, Ghana, Guinea, Kenya, Nigeria, Tunisia
Financial Institutions	African Development Bank (AFDB)
Status	Approved
Bank Risk Rating	C
Voting Date	2023-06-29
Borrower	African Guarantee Fund (AGF)
Sectors	Energy, Industry and Trade
Investment Type(s)	Guarantee
Investment Amount (USD)	$ 13.94 million
Project Cost (USD)	$ 267.00 million

Project Description

The LEAF Risk Sharing Facility (“LEAF RSF” or the “Facility”) is a USD 100m counter-guarantee facility to the African Guarantee Fund (“AGF”) aimed at supporting access to finance for Small and Medium Enterprises (SMEs) in the decentralised renewable energy space (“DRE”) that offer solar home systems (SHS), green mini-grids (GMG) and captive commercial/industrial solutions (C&I). The proposal is for the Bank to contribute with USD 52m Partial Credit Guarantee (PCG) to the facility while the Green Climate Fund (GCF) – in context of the Leveraging Energy Access Finance Framework (LEAF) – contributes with USD 48 million PCG. The facility is expected to catalyse a minimum of USD 267 million in local currency financing from AGF’s Partner Financial Institutions (“PFIs”) for DRE projects and companies over a 5-year investment period. LEAF is an AfDB programme in collaboration with the GCF that extends concessional credit enhancement and debt instruments to Decentralized and Distributed Renewable Energy (DRE) companies. This project primarily contributes to climate mitigation results. As such, 100% of the total approved amount is attributed as climate finance, of which 100% is dedicated to mitigation.

LEAF RSF expects to facilitate funding for c. 160 companies in LEAF countries, out of which circa 30%.

The LEAF Programme supports the development of DRE in six countries Nigeria, Kenya, Ghana, Tunisia, Guinea and Ethiopia. The LEAF RSF is similar to the Bank’s Affirmative Action for Women in Africa (AFAWA) Risk Sharing Mechanism (AFAWA RSM) Initiative, in collaboration with AGF where in the Bank and other donors provide counter-guarantees for PFIs’ portfolios of loans to women-led or women- owned businesses.

Early Warning System Project Analysis

Environmental Category: [3] Low Risk

Investment Description

- African Development Bank (AFDB)

A counter-guarantee facility to the African Guarantee Fund (“AGF”).

The proposal is for the Bank to contribute with USD 52m Partial Credit Guarantee (PCG) to the facility while the Green Climate Fund (GCF) –in context of the Leveraging Energy Access Finance Framework (LEAF) –contributes with USD 48 million PCG. The facility is expected to catalyze a minimum of USD 267 million in local currency financing from AGF’s Partner Financial Institutions (“PFIs”) for DRE projects and companies over a 5-year investment period.

Financial Instrument: Guarantee
Commitments (UA): 10,548,046
Conversion Rate USD (2023-06-29): 1,32154
Commitments (USD): 13,939,664.71

Financial Intermediary

Financial Intermediary: A commercial bank or financial institution that receives funds from a development bank. A financial intermediary then lends these funds to their clients (private actors) in the form of loans, bonds, guarantees and equity shares. Financial intermediaries include insurance, pension and equity funds. The direct financial relationship is between the development bank and the financial intermediary.

- African Guarantee Fund (Financial Intermediary)

Private Actors Description

The *African Guarantee Fund* is a non-bank financial institution that helps small and medium-sized businesses in Africa get loans by sharing the financial risk with local banks. It was set up in 2011 by the African Development Bank along with other international governments.

Contact Information

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ACCESS TO INFORMATION

You can submit an information request for project information at: https://www.afdb.org/en/disclosure-and-access-to-information/request-for-documents. Under the AfDBs Disclosure and Access to Information policy, if you feel the Bank has omitted to publish information or your request for information is unreasonably denied, you can file an appeal at https://www.afdb.org/en/disclosure-and-access-to-information/appeals-process.

ACCOUNTABILITY MECHANISM OF AfDB

The Independent Review Mechanism (IRM), which is administered by the Compliance Review and Mediation Unit (CRMU), is the independent complaint mechanism and fact-finding body for people who have been or are likely to be adversely affected by an African Development Bank (AfDB)-financed project. If you submit a complaint to the IRM, it may assist you by either seeking to address your problems by facilitating a dispute resolution dialogue between you and those implementing the project and/or investigating whether the AfDB complied with its policies to prevent environmental and social harms. You can submit a complaint electronically by emailing crmuinfo@afdb.org, b.kargougou@afdb.org, b.fall@afdb.org, and/or s.toure@afdb.org. You can learn more about the IRM and how to file a complaint at: https://www.afdb.org/en/independent-review-mechanism/

Bank Documents

- Appraisal Report (EN)
- Appraisal Report (FR)
- Environmental Study (EN)
- Environmental Study (EN)

Other Related Projects

- AFDB-P-Z1-FF0-028 MULTINATIONAL - Leaf Risk Sharing Facility with the African Guarantee Fund (LEAF RSF)