

## Providing innovative financing for a just transition in Africa

Established in 1985, the Eastern and Southern African Trade and Development Bank (TDB) is a multilateral, treaty-based, investment-grade development finance institution, with 41 sovereign and institutional shareholders and assets of USD 8 billion. TDB serves 22 economies in its region, with the mandate to finance and foster trade, regional economic integration, and sustainable development.

TDB is part of the TDB Group, which also comprises the Trade and Development Fund (TDF), the Eastern and Southern African Trade Fund (ESATF), TDB Captive Insurance (TCI), and the TDB Academy.

## ENERGY FACTSHEET

### TDB LENDING SOLUTIONS

TDB Group provides bespoke short-term trade and long-term project & infrastructure financing solutions in numerous sectors that allow its sovereign, financial institutions, and corporates clients, including PPPs and SMEs, to do business and contribute to supporting activities which are critical to the economic, social and environmental sustainability of its member states.

As part of its Environmental, Social and Governance (ESG) framework, TDB categorizes its transactions according to the E&S risks that they pose. As of the end of 2021, 79% of TDB's portfolio exposure was for transactions with low E&S risk, up from 73% in 2020.

TDB uses either one or a combination of modes of financing including: direct financing via senior and mezzanine debt, often in co-financing arrangements with local and foreign lenders, loan guarantees and syndications. It also provides export credit co-financing as well as a range of non-financial products such as advisory, asset management and agency services.

### TDB ENERGY FINANCING

TDB provides innovative financing in the energy sector through both short-term trade finance facilities aiming to boost energy security via the importation of strategic commodities, and long-term low carbon energy projects – for a just transition in the region.

Through its project & infrastructure window specifically, TDB finances long-term critical energy projects which contribute to reducing the electricity access gap, boosting economic activity, creating jobs, as well as to climate action via the reduction of GHG emissions – in line with SDGs, Agenda 2063 and Paris Agreement imperatives.

Almost USD 700mn of TDB's loans are climate-aligned projects in transport, ICT, energy, industry and building sectors, with 80% of the Bank's energy capacity portfolio, excluding oil & gas, in renewables.

TDB is actively building its pipeline of long-term renewable energy projects that expand industrial, commercial and residential power access, including through off-grid and mini-grid generation.

### SOLUTIONS OFFERED INCLUDE

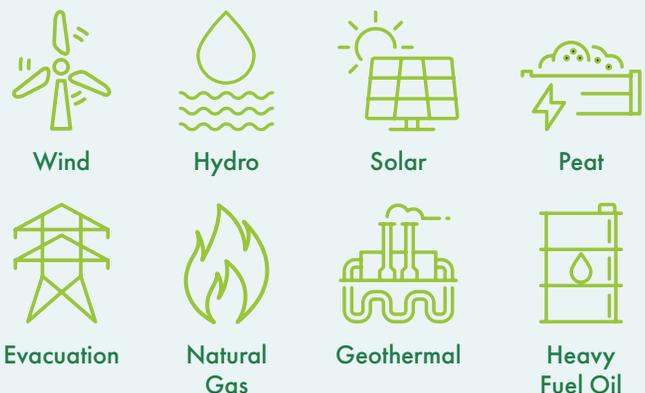
#### Short-Term Trade Finance – up to 3 years:

- Import and export financing
- Structured commodity finance
- Pre- and post-shipment finance
- Issuance of letters of credit
- Guarantees and bonds
- Supplier-focused working capital solutions including receivables purchase financing and invoice discounting

#### Long-Term Project & Infrastructure Finance – up to 15 years:

- Direct loans
- Lines of credit
- Guarantees
- Mezzanine debt
- Advisory and appraisal services
- Syndications
- Leasing

### TDB ENERGY SECTORS



## SPECIAL INITIATIVES

### TDB OFF-GRID SME FACILITY

The TDB SME Off-Grid Facility provides access to debt financing for SMEs operating in the renewable energy space, with a special focus on the off-grid sector value chain, including those involved in the supply, construction, and operation of infrastructure projects. These include SMEs operating in Solar Home Systems (SHS) value chains as well as those making productive use of clean energy and commercial & industrial (C&I) captive power solutions.

### TDB RENEWABLE ENERGY DEALROOM

Debt financing can be accessed for private sector renewable energy projects, including those of SMEs, via TDB's Renewable Energy DealRoom. Special focus is placed on projects which can create jobs, enhance access to clean energy, increase trade and investment, and promote new technologies.

<https://www.asokoinsight.com/deals/platforms/tdb-renewable-energy-dealroom>

### TDB FUNDING REQUEST CHECKLIST: MINIMUM REQUIREMENTS

- Business Plan/ PIM including market study;
- Financing requirements: total project cost estimate, required debt amount and availability of equity/ equity raising plan;
- ESIA: compliance with IFC's Performance Standards;
- Financial structure: corporate or project finance;
- Financial model;
- Technical and procurement documents: technical studies and site investigations, ESIA report and approval, layout drawings, specifications, statement of basis of estimates (e.g. preliminary drawings, uncertified vendor equipment drawings, supplier quotations), bill of quantities, etc.;
- Project implementation plan and team for greenfield projects;
- Personnel details for brownfield projects;
- Execution strategy: timelines, EPC/EPCM or owner managed, engineer/project manager and contractor;
- Permits, licences, approvals, land titles/leases as maybe applicable;
- Proposed source of debt repayment;
- 3 year audited financial statements for brownfield projects;
- Proposed securities and guarantees;
- KYC documents: constitutive documents, shareholders list and IDs of shareholders with 10% shareholding and above;
- Minimum deal size of USD 5mn;
- Offtake Agreement: currency, tenor, tail, credit standing of offtaker and any credit; enhancements as maybe applicable;
- Indicative plan to mitigate against delays and cost overruns.

### SELECT AWARDS

- African Banker Awards: Sustainable Bank of the Year (2022)
- African Banker Awards: DFI of the Year (2022)
- Global Finance: Outstanding Sustainable Financing in Emerging Markets in Africa (2022)
- Global Finance: Outstanding Leadership in Sustainable Finance by a Multilateral Institution (2021 & 2022)
- Global Trade Review: Best Development Bank global award (2022)
- African Banker Awards: African Bank of the Year (2020)

### CASE STUDIES

#### SOLAR



TDB is contributing to reducing the electrification gap, job creation for women and youth, and the improvement living standards via a USD 4.2mn debt transaction with Sunspot Energy Kenya Limited, operating as Spark Possibilities, an SME providing large high-value solar home systems (SHS) in rural and semi-rural communities in Kenya. Spark Possibilities has provided power to close to close to 7,000 households, with an impact on about 35,000 people to date, and currently employs 1000 representatives in local communities, 40% of which are women, with most below 30 years of age. The financing will enable Spark Possibilities to offer an expanded range of solar energy solutions to more households in Kenya and enter other markets in Sub-Saharan Africa, while contributing to the realization of multiple Sustainable Development Goals (SDGs) including SDG7 Affordable and Clean Energy, SDG5 Gender Equality, and SDG13 Climate Action.

#### NATURAL GAS



TDB provided USD 99.2mn in a senior loan facility for the Coral South Floating Liquefied Natural Gas (FLNG) project in Mozambique, set to be the world's first ultradeepwater FLNG unit. Mozambique's government is expected to generate several billions in income in the form of royalties, taxes and dividends during the 25-year commercial life of the project. The success of Coral South has served as catalyst for securing various additional mega onshore LNG projects. The project is contributing to the realization of several SDGs including SDG7 Affordable and Clean Energy, SDG 8 Decent Work and Economic Growth, SDG 9 Infrastructure and Industrialization and SDG 13 Climate Action. TDB received recognition for this transaction with African Banker Awards: Infrastructure Deal of the Year, for Coral South Floating Liquefied Natural Gas (FLNG) project (2019).