



30 June 2023

**The Facility for Energy Inclusion (“FEI”), managed by Cygnum Capital (formerly Lion’s Head Group), signed its first transaction in the mini-grids sector, to provide USD 7.5 million of debt to MySol Grid Zambia (formerly PowerCorner Zambia), a unit of ENGIE Energy Access, to construct 60 mini-grids which will connect over 40,000 people to electricity in Zambia. ENGIE Energy Access is the leading PAYGO and mini-grid solutions provider in Africa.**

On June 29th 2023, FEI signed finance documents to provide USD 7.5 million of senior debt to MySol Grid Zambia. This transaction structured by FEI provides MySol Grid Zambia (“**ENGIE**”) with the necessary funding and flexibility to construct mini-grids under the Increased Access to Electricity and Renewable Energy Production (“**IAEREP**” programme, 11<sup>th</sup> European Development Fund). As part of IAEREP, the European Union previously allocated EUR 6 million grants to MySol Grid Zambia in the context of the EU Global Gateway initiative. By scaling up adoption of off-grid energy in Zambia, this initiative will provide economic and social opportunities for families and small businesses who cannot be connected to the electricity network.

ENGIE will construct, own, operate, and maintain the mini-grids, ensuring that the residential, commercial, and productive use customers receive clean, reliable electricity while delivering high-quality and customer centric services. Expanding on its energy access track record across Sub-Saharan Africa, ENGIE sees huge value in the development of the mini-grid business in Zambia. This agreement to provide long-term debt financing represents further progress in the African mini-grid space, expanding energy access to grid-unserved communities, creating economic growth and increasing socio-economic welfare in the community.

*“Small scale renewable infrastructure and mini-grids are fundamental in driving economic and social development across Africa. This inaugural transaction in the mini-grid sector demonstrates FEI’s commitment to improving energy access and supporting transactions with high development impact designing innovative structures with a commercial approach.”*, said Carmen de Castro, Fund Manager at Cygnum Capital Asset Management.

*“Attracting non-recourse long-term debt financing for mini-grid projects is proof of the viability of the business model and the legitimacy of renewable mini-grid projects in the rural electrification landscape. This financing will contribute to the Sustainable Development Goals of the United Nation by providing almost 5 MW of affordable, reliable, and sustainable clean energy to more than 40,000 beneficiaries living in rural areas in Zambia.”* said Gillian-Alexandre Huart, CEO of ENGIE Energy Access.

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### **About ENGIE Energy Access**

ENGIE Energy Access is the leading Pay-As-You-Go (“**PAYGO**”) and mini-grids solutions provider in Africa. The company develops innovative, off-grid solar solutions for homes, public services and businesses, enabling customers and distribution partners access to clean, affordable energy. The PAYGO solar home systems are financed through affordable instalments from \$0.19 per day and the mini-grids foster economic development by enabling electrical productive use and triggering business opportunities for entrepreneurs in rural communities. With over 1,700 employees, operations in nine countries across Africa (Benin, Côte d’Ivoire, Kenya, Mozambique, Nigeria, Rwanda, Tanzania, Uganda and Zambia), over 1.9 million customers and more than 9 million lives impacted so far, ENGIE Energy Access aims to impact 20 million lives across Africa by 2025.

### **About Cygnum Capital (formerly Lion’s Head Group)**

Cygnum Capital is an investment bank and asset manager, operating across frontier and emerging markets. Cygnum Capital Asset Management manages five pioneering funds: four debt funds including: (i) the African Local Currency Bond Fund (“**ALCBF**”), a ground-breaking investment vehicle established to support local currency capital markets, (ii) Off-Grid Energy Access Fund (“**OGEF**”) which supports companies in off grid energy such as SHS and small-medium mini-grids, (iii) FEI which support companies that provide a range of renewable energy solutions such as medium - large mini- grids, C&I and IPP with a maximum capacity of 25 MW, (iv) AfricaGoGreen (“**AGG**”) Fund which supports companies combating climate change by reducing the use of fossil fuels through new technologies and that increase energy efficiency; and a VC private equity fund (v) E3 Low Carbon Economy Fund for Africa (“**E3 LCEF**”) which invests in climate-smart services, digital connectivity & Applications, low-carbon productivity enablers. Cygnum Capital Asset Management has over USD 750 million of assets under management with investments in more than 27 African countries.

### **About the Facility for Energy Inclusion**

FEI is designed to support small-scale independent power producers delivering power to the grid, mini-grids, commercial and industrial and captive power projects. FEI was set up by the African Development Bank as part of its New Deal for Africa initiative. In addition to the investment by the AfDB, FEI received equity funding from the German Federal Ministry for Economic Cooperation and Development through KfW and Norfund, and a loan commitment from the Austrian Development Bank. The AfDB also invested on behalf of the Clean Technology Fund and the European Commission.

The transaction was supported by FEI’s Project Preparation Facility (“**PPF**”), funded by the Global Environment Facility, through the African Development Bank. The PPF provides returnable grant funding for last-mile processes that are crucial to closing transactions and to fund due diligence and preparatory costs incurred in establishing innovative structures or transactions that FEI is seeking to lend to.

The Lender was advised by Burges Salmon (legal), Trama TecnoAmbiental S.L. (technical), and ERM (E&S).

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