



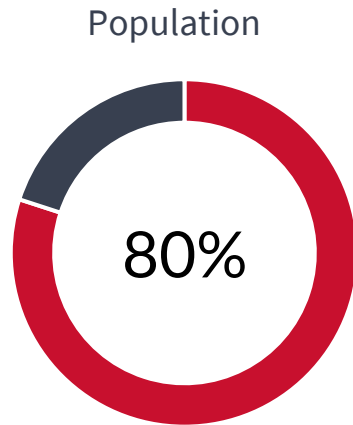
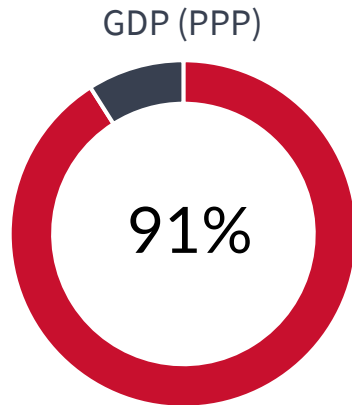
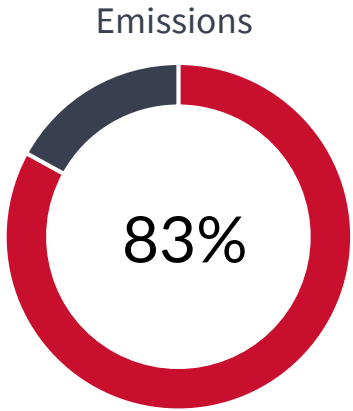
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Deepening sustainable finance mechanisms in Africa: Learnings from Africa and other markets

Smitha Hari, Senior Vice-President, Sustainable Finance & ESG

auctusESG

Global net zero coverage



139
Out of a total 198 countries
targets net-zero

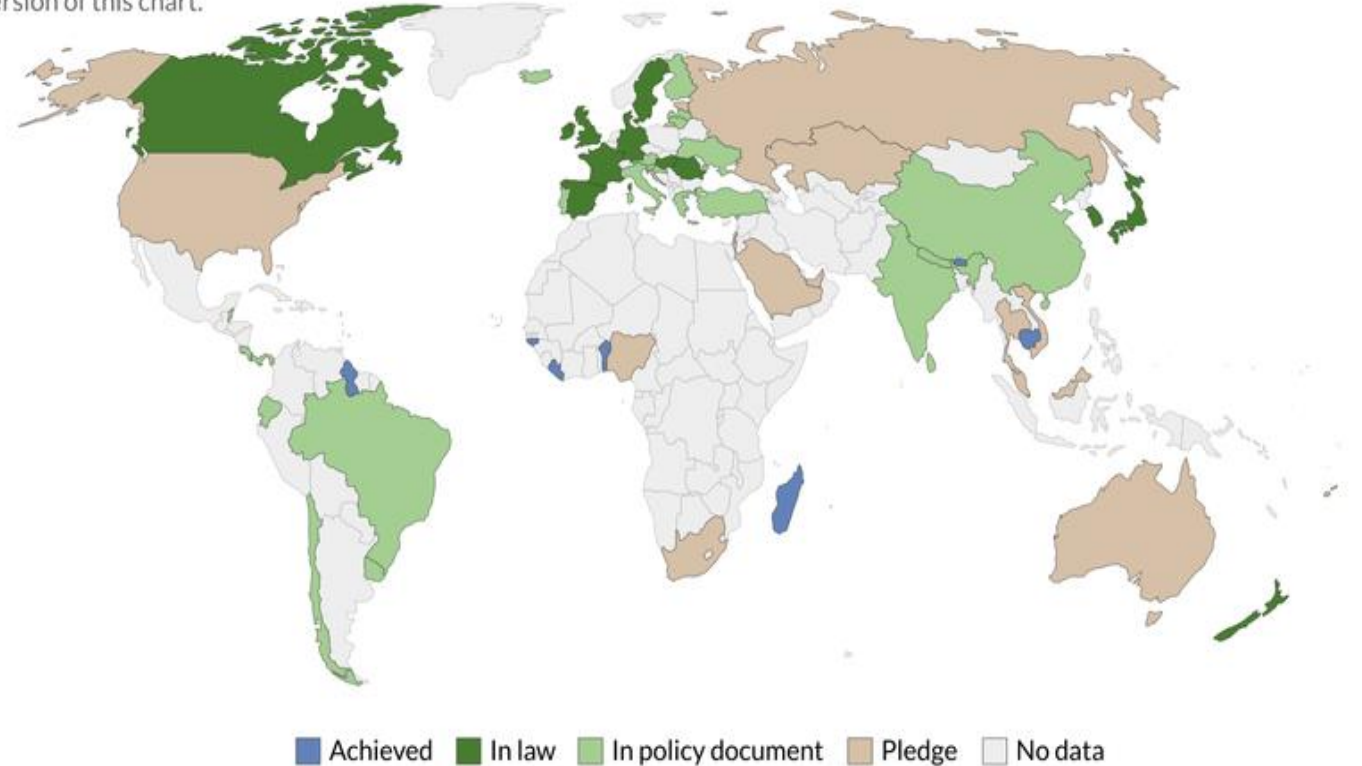
~20%
of the global economy with net
zero targets enshrined in law

Status of net-zero carbon emissions targets

The inclusion criteria for net-zero commitments may vary from country to country. For example, the inclusion of international aviation emissions; or the acceptance of carbon offsets.



To see the year for which countries have pledged to achieve net-zero, hover over the country in the interactive version of this chart.



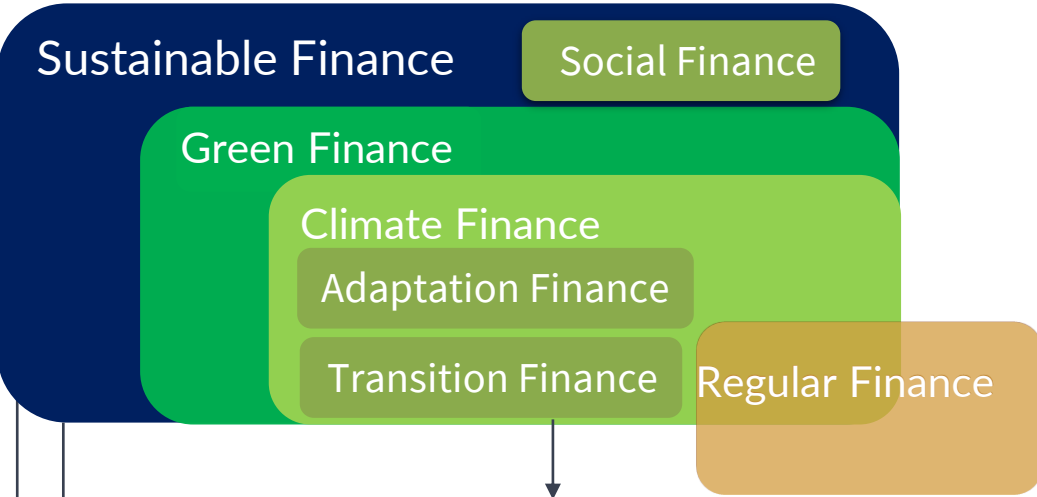
Source: Net Zero Tracker. Energy and Climate Intelligence Unit, Data-Driven EnviroLab, NewClimate Institute, Oxford Net Zero. Last updated: 2nd November 2021.

Greening of finance

Integration of climate related risks into the assessment framework and methodologies of a financial institution to transition towards a greener financial system

Financing of green

Opportunity driven – to increase the capital infusion from public, private and other sources into projects with sustainable development priorities



OECD - *“Finance for achieving economic growth while reducing pollution and greenhouse gas emissions, minimizing waste and improving efficiency in the use of natural resources.”*

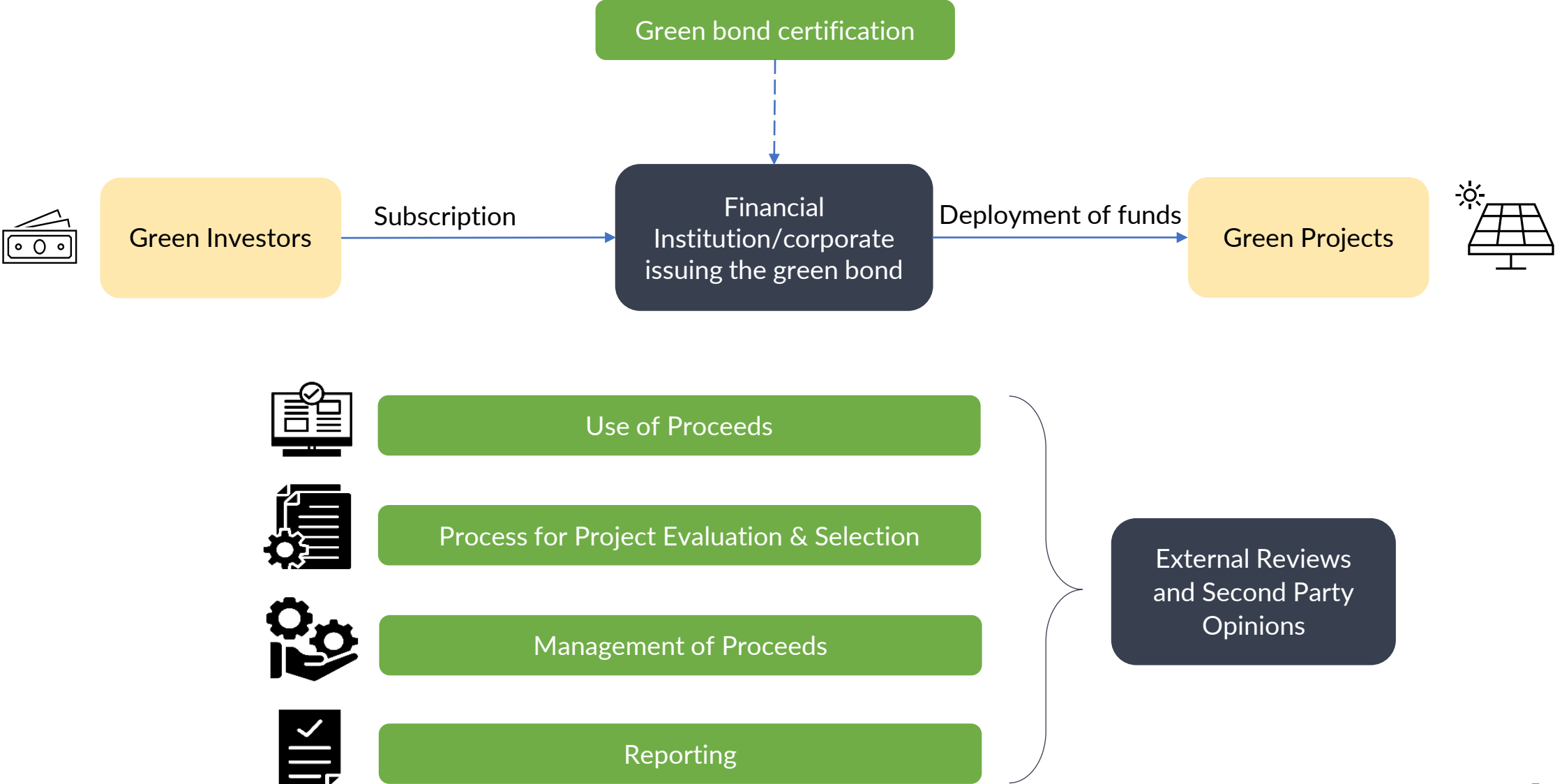
Government of Germany - *“Strategic approach to incorporate the financial sector in the transformation process towards low-carbon and resource-efficient economies, and in the context of adaptation to climate change.”*

UNFCCC - *“Climate finance refers to local, national or transnational financing—drawn from public, private and alternative sources of financing—that seeks to support mitigation and adaptation actions that will address climate change.”*

European Commission - *“Sustainable finance refers to the process of taking environmental, social and governance (ESG) considerations into account when making investment decisions in the financial sector, leading to more long-term investments in sustainable economic activities and projects.”*

Swiss Federal Ministry of Environment - *“Financial products and services, under the consideration of environmental, social and governance factors throughout the whole risk management and decision-making process, provided to promote responsible investments which create a positive environmental, social and governance impact.”*

Example – Typical issuance process for green bonds



Lack of globally accepted definition or taxonomy

Greenwashing

Data issues for verifiable IMM/ M&E methodologies

Lack of dedicated green capital in emerging markets

Issuer fatigue and confusion

Unclear pricing differential for green bonds

Skewed flows towards large issuers and issuances

Dependency on offshore capital leads to hedging costs

People management issues, given different stakeholders

Possible mechanisms: What is it that the green investors are looking for in markets like ours?

Outcome-based financing

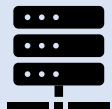


Outcome Funder:
commits funding

The Outcome Funder—governments, philanthropic agencies, other donors etc. commits to disburse funds to Service Providers and/or Financiers if or when the outcomes are achieved



Financier:
finances the intervention



Service Provider:
delivers the intervention

Service Providers deliver the intervention, which is financed i) with their own source capital or (ii) by a financier – commercial banks, investors, philanthropists, or microfinance institutions



Independent Verifier:
reports outcomes



Outcomes Funder:
disburses funding

The disbursement of outcomes funding is triggered by the results verification report submitted by the Independent Verification Agent (IVA).

Product examples:

Development Impact Bonds (DIB):

- Utkrisht DIB, India
- Village Enterprise DIB, Kenya & Uganda

Sustainability-linked Loans:

- R8.45bn RMB SLL, Southern Africa

Pay-as-you-go models:

- M-KOPA, Africa
- Azuri Solar Technology, South Africa

Financing for cashflow/livelihood creation

Approach:



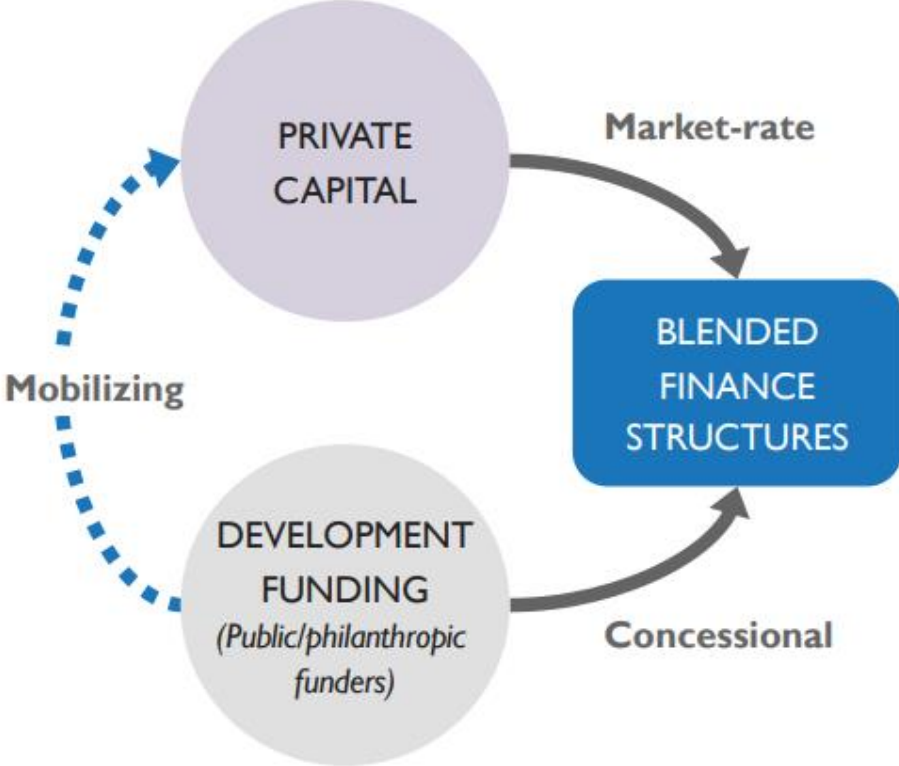
Financial Products:

- Solar Sister Project, Uganda
- Cocoa Climate Resilience Fund, Ghana
- Kilicafe, Tanzania
- Women Livelihood Bond, IIX, Global
- Skill Development Bonds, NSDC, India

Blended Finance

Principles:

- 1 Anchor blended use to a development rationale
- 2 Design blended finance to increase the mobilisation of commercial finance
- 3 Tailor blended finance to local context
- 4 Focus on effective partnering for blended finance
- 5 Monitor blended finance for transparency & results



Lake Turkana Wind Power Facility, Kenya

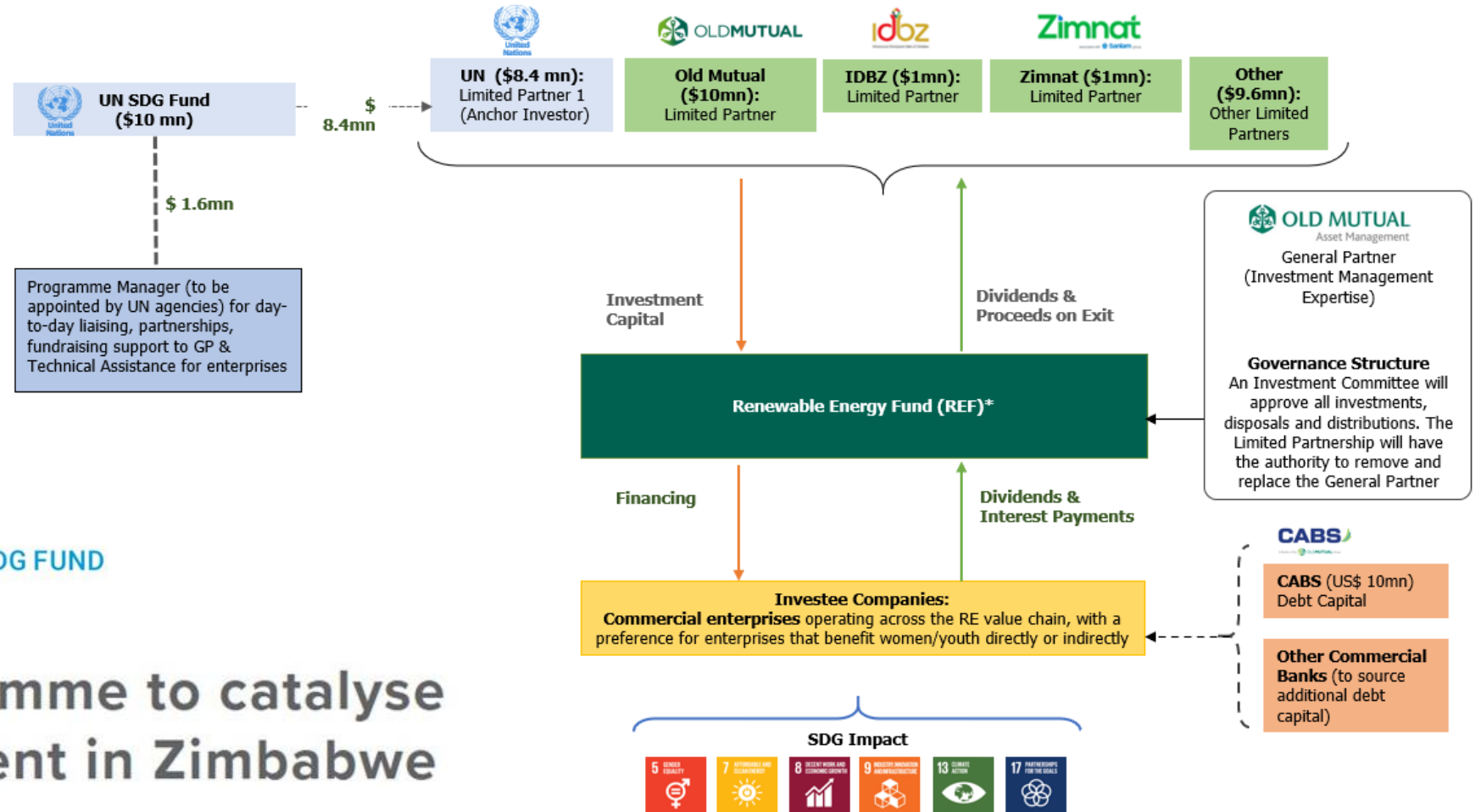
West African Initiative for Climate-Smart Agriculture

Blended Finance – Case Study by auctusESG

Gender-responsive climate finance fund focused on clean energy

Synopsis

In collaboration with three multilateral entities, government ministries and local consultants of a vulnerable African country

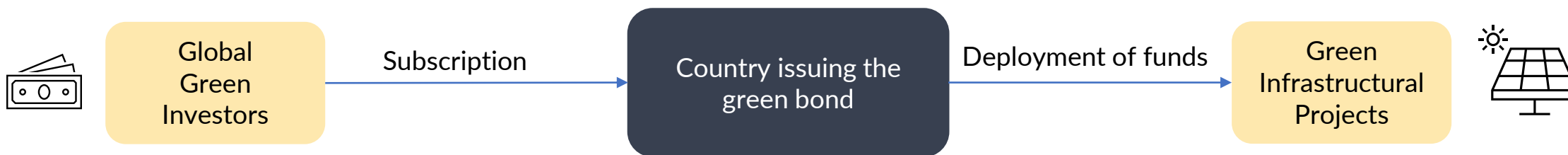


\$45M UN-led programme to catalyse renewables investment in Zimbabwe

Sovereign Green Bonds

- Pursue a low-carbon pathway
- Socio-economic development
- Reach NDC targets
- Exposure to new (international) investor base
- Improve credit profiles of the projects

Process:



26 countries

USD 227 billion mobilized

Accompanying Green Bond Framework

Example:

Nigeria, first African country to issue Sovereign Green Bonds (4th Globally)

Partners: World Bank Group, IFC, AfDB, UNEP-CBI

First issuance:

Volume	N10.69Billion (~27 USD)
No. of projects	3
Term of bond	5 years

Contact us

Email: corporate@auctusesg.com

Phone: +919867900090

For more information, please visit

Website: auctusesg.com

Twitter: [@auctusESG](https://twitter.com/auctusESG)

LinkedIn: [linkedin.com/company/auctusesg-llp](https://www.linkedin.com/company/auctusesg-llp)