



FSD Africa Investments invests US\$4.5m in Nithio FI, to support the scale up of off-grid energy access in African markets.

Funding contributes to Nithio FI's first raise of US\$23 million to scale off-grid energy financing in Kenya, Nigeria, and Uganda.

NAIROBI, June 8, 2021 – FSD Africa Investments (FSDAI), the investing arm of FSD Africa, has today invested US\$4.5m in Nithio FI, a renewable energy financing intermediary focused on the Pay as You Go (PAYG) off-grid solar sector, to provide reliable and sustainable renewable energy solutions for households and small businesses in Kenya, Nigeria, and Uganda

Nithio Holdings is an AI-enabled energy financing platform whose mission is to standardize credit risk assessments and therefore drive more capital to the sector, including by investing directly and efficiently in off-grid solar companies. Over the next five years, Nithio FI aims to provide financing to more than 224,000 energy access products across the continent, including solar home systems (SHS) and productive use appliances.

Despite the increasing interest in Africa's off-grid solar offerings, GOGLA's statistics reveal that investment in the sector has stalled over the last five years. In addition, nearly 600 million people across the continent are still expected to be without electricity in 2030 unless there is significant progress in scaling up financing access.

Through the FSDAI's investment, Nithio FI's innovative approach will unlock capital for renewable off-grid energy in Africa, supporting access to energy for households, smallholder farmers, and micro-entrepreneurs that would otherwise struggle to meet the costs. This increased access to clean energy will enhance approaches to countering climate change and promote sustainable development. This will be achieved by leveraging Nithio FI's innovative approach which integrates repayment data and geospatial population mapping into its AI models to produce a standardized credit risk assessment and forecast of cash flows. Nithio FI leverages this data to inform its investment decisions, directing capital to scalable, sustainable solutions to Africa's renewable energy access challenge. Nithio FI currently provides receivables-backed financing in Nigeria, Uganda, and Kenya, with planned expansion in 2022.

FSDAI's investment complements Nithio FI's total raise of US \$23 million. This comes alongside US\$5 million from ElectriFi (the Electrification Financing Initiative funded of the European Development Finance Institutions Association, EDFI), and a commitment of US\$10 million from the U.S. International Development Finance Corporation (DFC). This complements the commercial equity supplied by Nithio Holdings. Combined, these investments will enable Nithio FI to demonstrate the data-driven model, lend to operators in key markets, and unlock additional capital. By end of 2021, Nithio FI aims to raise an additional US\$25 million.

Additionally, Nithio Holdings also recently raised more than US\$7 million to scale its operations and data analytics. The round was led by TPG's The Rise Fund in partnership with Kupanda Capital, joined by Emerson Collective and Powerhouse Ventures.

Commenting on the announcement, Mark Napier, CEO, FSD Africa, stated:

"Investing in sustainable and efficient sources of power will be essential to building a greener, more inclusive future for African economies. Through this investment, we hope to contribute towards tackling both the continent's climate challenge and the power gap which still leaves many behind. The falling cost of renewable energy technologies means that our investment in Nithio will enable clean electricity to be provided in a way that is accessible across the continent, while also scaling up efforts to meet Africa's sustainable development goals."

Adding to the announcement, Anne-Marie Chidzero, Chief Investment Officer, FSD Africa Investments, said:

"Innovation must play a central role in closing the power gap in Africa. By leveraging the technical and analytical capabilities of Nithio, we are ensuring that those communities who are most at need are provided priority access to renewable electricity. With renewable energy emitting the least greenhouse gases and air pollutants, both the planet and our health will benefit from the investment in greener power sources."

In response to the announcement, H la Cheikhrouhou, Nithio Co-Founder and CEO, commented:

"In order to achieve universal energy access by 2030, last mile financing must scale to the billions. Nithio has developed an innovative approach powered by its Risk Analytics Engine to lend to small, medium, and large off-grid energy operators to drive scalable connectivity. We are excited to work with FSD Africa Investments to achieve this goal."

On his part, UK Minister for Africa, James Duddridge, said:

"Through the UK's partnership with Financial Sector Deepening Africa and organisations such as Nithio, we are supporting thousands of Africans to access more affordable, sustainable and reliable energy solutions and improve standards of life. As the UK prepares to host the COP26 climate conference, we recognise that investing in clean and sustainable energy will transform lives and help communities become more resilient to the impacts of climate change on the continent."

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About FSD Africa

FSD Africa is a specialist development agency working to reduce poverty by strengthening financial markets across sub-Saharan Africa. Based in Nairobi, FSD Africa's team of financial sector experts work alongside governments, business leaders, regulators, and policy makers to design and build ambitious programmes that make financial markets work better for everyone. Established in 2012, FSD Africa is incorporated as a non-profit company limited by guarantee in Kenya. It is funded by UK aid from the UK government.

About FSD Africa Investments (FSDAi)

FSD Africa Investments is the investing arm of FSD Africa. Based in Nairobi, FSD Africa's team of financial sector and investment experts work alongside governments, business leaders, regulators, and policy makers to design and build ambitious programmes that make financial markets work better for everyone. FSDAi invests in the financial firms and intermediaries whose strategies could lead to transformative change in financial markets. Established in 2012, FSD Africa is incorporated as a non-profit company limited by guarantee in Kenya, and FSDAi as a Kenyan investment company. Both are funded by UK aid from the UK government.

About Nithio FI

Nithio FI B.V. is a Financial Intermediary that offers receivables-backed financing to off-grid energy providers in Africa, starting with Nigeria, Uganda and Kenya. Nithio FI is part of Nithio Holdings, which was established in 2018 with a goal of using its AI risk analytics engine to unlock scalable financing for energy access at scale. www.nithio.com