

One of Malawi's first solar energy project reaches financial close

Nkhotakota, Malawi – December 20th, 2019: One of Malawi's first solar projects has reached financial close after attracting investment volume totaling \$67 million USD. Initial site works have begun in Nkhotakota, and construction of the first phase is targeted for completion by March 2020. Once complete, the project will add 46 MW of clean energy to the local power supply.

Developed by UAE-based Phanes Group in collaboration with responsAbility Renewable Energy Holding and the Overseas Private Investment Corporation (OPIC), the project was the result of the first Power Purchase Agreement (PPA) signed with Malawi's national utility (ESCOM) in February 2019. This was Malawi's first competitive tender in the power sector, and the PPA is projected to last 20 years.

Phanes Group and its partners were awarded the project in May 2017 following an international tendering process which attracted bids from 21 companies globally. Phanes Group will work closely with its partners throughout development of the project: responsAbility is supporting with the provision of equity financing, while also taking on the role of co-developer. OPIC is contributing debt financing, and Natsons is the local development partner.

"This project will empower underserved communities in some of Africa's poorest regions through access to affordable, reliable, and diversified energy," commented Tracey Webb, OPIC Vice President for Structured Finance and Insurance. "OPIC is proud to play a role in the growth of Malawi's budding solar industry, which will advance our efforts to foster prosperity and stability in Sub-Saharan Africa."

The Nkhotakota project is part of a push by the Malawian government to use solar power to strengthen the country's electricity infrastructure. Currently only 15% of the population has access to power, and the national capacity is estimated at 362 MW. The new capacity added will make a significant contribution to the government's target of increasing power access to 30% of the population by 2030.

The project will also move Malawi away from its traditional reliance on hydropower, which currently comprises over 95% of the country's energy mix. This has left the country vulnerable to droughts, particularly considering a recent drop in the water level of Lake Malawi which has threatened the region's supply of power. The new plant will address this challenge and play a critical role in securing Malawi's daytime electricity supply.

Joseph Nganga, Managing Director at responsAbility Renewable Energy Holding remarked: "Access to reliable and affordable electricity is a key prerequisite for economic development - when power is out, organizations either shoulder high opportunity costs from lost output, or resort to much costlier backup power, usually from diesel. Our aim in supporting this project is to simultaneously contribute to climate change mitigation and accelerate the development of Malawi."

"Lack of power has been a real obstacle to Malawi's social and economic development," added Phanes Group's CEO, Martin Haptops. "This project demonstrates that solar energy offers a viable path to bringing power to those communities which need it most. We are thankful to our partners responsAbility and OPIC, who have been instrumental in realizing our aim to electrify new markets in Africa. We hope the Nkhotakota project will serve as a model for future private investment into the local solar sector."

Phanes Group will allocate part of its annual budget to CSR initiatives for the communities which will be served by the project. Some of these resources will be dedicated to initiatives with local NGOs such as Vision Fund Malawi to help tackle local challenges and support the area's future development. In partnership with these organizations, Phanes Group will provide structures for access to water and electrification of key community buildings. In addition, the company will support activities to empower women in the community; for example,

through increasing access to HIV testing and counseling, as well as providing financial and business management training to women's savings and loans groups and supporting vocational skill-building initiatives.

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More about Phanes Group

Phanes Group is an international solar energy developer, investment manager and asset manager, strategically headquartered in Dubai, UAE. Established in 2012, Phanes Group's integrated approach, combining financial and engineering expertise, enables the company to deliver end-to-end solar energy solutions.

Phanes Group has a growing portfolio of solar investments and developments spanning multiple geographies, with a distinct focus on emerging markets - especially Africa, the Middle East, Central Asia and the Commonwealth Independent States (CIS). The company recently delivered the Middle East's largest distributed solar project (the DP World Solar Power Programme) and has delivered Phase I of the largest solar project in the Caribbean (Monte Plata).

To date, Phanes Group's global clean power contribution is in excess of 70+ MW, with a further 2.5 GW under development or at the planning stage globally. Phanes Group has a dedicated asset construction division, Oryx Solar System Solutions LLC, delivering Phanes Group's projects as well as offering Operations & Maintenance (O&M) services.

Phanes Group also has satellite offices in Nigeria and Kazakhstan.

More about responsAbility Investments AG

A leading asset manager for impact investments in emerging economies, responsAbility manages USD 3 bn of assets through a variety of investment vehicles that provide private debt and private equity to some 540 companies with inclusive business models across 90 countries. Founded in 2003, the company is headquartered in Zurich, Switzerland, and has local offices in Bangkok, Geneva, Hong Kong, Lima, Luxembourg, Mumbai, Nairobi, Oslo and Paris.

More about OPIC

The Overseas Private Investment Corporation (OPIC) is a self-sustaining U.S. Government agency that helps American businesses invest in emerging markets. Established in 1971, OPIC provides businesses with the tools to manage the risks associated with foreign direct investment, fosters economic development in emerging market countries, and advances U.S. foreign policy and national security priorities. OPIC helps American businesses gain footholds in new markets, catalyzes new revenues and contributes to jobs and growth opportunities both at home and abroad. OPIC fulfills its mission by providing businesses with financing, political risk insurance, advocacy and by partnering with private equity fund managers.

OPIC services are available to new and expanding businesses planning to invest in more than 160 countries worldwide. Because OPIC charges market-based fees for its products, it operates on a self-sustaining basis at no net cost to taxpayers. All OPIC projects must adhere to best international practices and cannot cause job loss in the United States.