



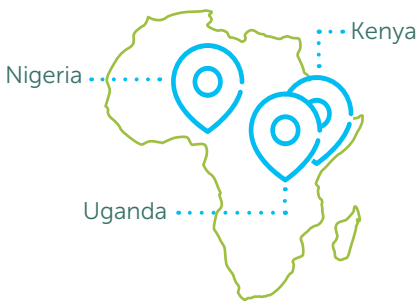
# Backing smaller innovative local firms in off-grid solar with affordable capital is part of the answer to Africa’s renewable energy



## NITHIO

NITHIO IS AN AI-DRIVEN PLATFORM FOR CLIMATE FINANCE

Nithio helps to unlock capital for renewable off-grid energy for local solar energy companies in Nigeria, Uganda, and along the Kenya-Somalia border, supplying off-grid energy to households and small enterprises.



## VISION

To support Africa’s energy sector by securing:

-  Lending capital for off-grid solar companies
-  Climate responsive solutions
-  Reliable and affordable energy for households and small businesses
-  Enhancing resilience, and improved livelihoods

“The commitment provide lending opportunities to smaller-scale solar energy companies is also helping to scale up Nithio FI’s investor base.”

Noel Agbegha  
Nithio’s Investment Officer for West Africa



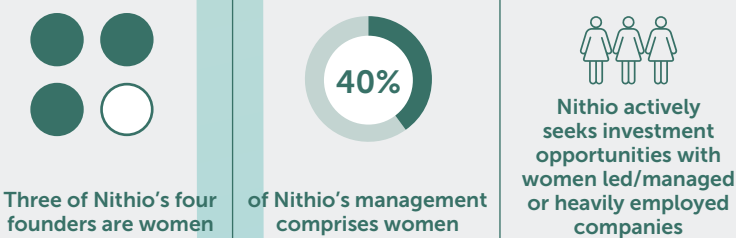
Two years after FSDAi invested US\$4.5 million in Nithio’s open-ended vehicle, Nithio FI, to enhance off-grid energy financing in Kenya, Nigeria, and Uganda the impact has been significant. Nearly 244,000 people have improved energy access, cutting 665,654 metric tons of CO2 emissions. Nithio’s products support 5,636 entrepreneurs, deploying nearly 80,000 energy systems. These results align with FSD Africa’s mission of catalysing climate investments, enhancing resilience, and improving livelihoods through energy access.

Nithio was founded to accelerate Africa’s climate resilience and energy access, on the back of its AI-powered credit risk assessment capabilities. It specialises in lending to off-grid solar companies, offering receivables-backed financing to Pay-As-You-Go Solar Home Systems, productive-use appliance firms, and microfinance institutions to provide reliable and sustainable renewable energy solutions for households and small businesses.

FSDAi’s funding was part of Nithio FI’s initial \$23 million raise, allowing Nithio to provide more affordable finance to its clients. As of June 2023, Nithio’s total committed capital stood at \$26.5 million and had extended \$19.8 million in loan commitments across ten investments. Other investors include EDFI ElectriFi, United States International Development Finance Corporation (DFC), Schmidt Family Foundation, and Shell Foundation. FSDAi, a notable player in early-stage investment vehicles and one of Nithio FI’s early backers continues to inspire confidence in other investors, bolstering Nithio’s track record.

The off-grid solar business is stratified. At the top tier, a few international companies generate revenues exceeding US\$25 million. In the middle tier, a small group achieves revenues from US\$2.5-25 million. At the base is tier 3; numerous companies will have grown steadily over three to six years, often through cost-effective methods like bootstrapping. Nithio often serves as the first international investor for these smaller local firms. Their growth primarily hinges on securing business financing, with initial backers inspiring confidence in subsequent financiers, fostering climate resilience and profitability.

## GENDER EQUALITY IN A MALE-DOMINATED INDUSTRY



One of the strengths of Nithio’s data-driven platform is its ability to provide gender-disaggregated impacts, which has proven quite valuable. Nithio acknowledges that its impact can disproportionately, yet positively, affect women. This includes greater financial inclusion, access to energy, higher quality of life and health, access to services and information, and support for establishing and scaling smallholder farming and micro-businesses.

Nithio’s lending is powered by its Risk Analytics Engine, which produces standardised credit risk assessments. As most borrowers provide Pay-as-you-Go financing, Nithio’s Analytics enables forecasting of cashflows and repayment timelines for solar products. Nithio also assesses companies’ Environmental, Social, and Governance policies, hiring and staffing policies, gender policies, and the impact of the company on livelihoods, among others. Additionally, with its Analytics, Nithio can finance large international and small local distributors. Nithio’s ticket sizes range from \$500,000 – 5 million.

Nithio aims to continue adding to its capital stack as an open-ended vehicle and to explore other climate financing opportunities with strategic partners.