



For Immediate Release

Co-op Bank partners with African Guarantee Fund (AGF) to boost Green Financing in Kenya.

21st September 2021 – Nairobi, The Co-operative Bank of Kenya today signed a Loan Portfolio Guarantee Agreement with African Guarantee Fund (AGF) for Small and Medium-sized Enterprises amounting to Kes.750 Million to increase financing of green transactions in Kenya.

The guarantee facility will enable Co-op Bank, on the one hand to strengthen its commitment to financing Micro, Small and Medium-Sized Enterprises (MSMEs), and on the other to promote emerging corporates in Kenya that are involved in green energy and solar installation projects.

According to data from the International Renewable Energy Agency, increased demand and technological advances have contributed to a significant decrease in solar photovoltaic (PV) systems costs over the years. Solar costs have fallen by over 80% since 2010 while the levelized cost of energy generated by large scale solar plants is under Kes 10/kwh, compared to about Kes 38/kwh ten years ago. The figures further indicate that between 2018 and 2019 alone, the price of solar power fell by 13%.

Commenting on the signing of the agreement, the Director - Corporate & Institutional Banking at Co-op Bank Jacquelyne Waithaka said, “The challenge that banks and other financiers face in the financing of solar energy regards the kind of securities that customers offer as collateral for credit. Solar panels and inverters, for instance, are not a preferred security because they cannot be easily liquidated in case of loan default. Co-op Bank’s partnership with AGF has created an instrument that overcomes this challenge, thereby giving the bank considerable ability to finance solar energy programs effectively.”

“Energy costs remain one of heaviest input costs for many MSMEs. This partnership is expected to have large positive impact on MSMEs involved in manufacturing, light industry and agro-processing by reducing the cost of doing business thereby making them more competitive. For the environment, a successful uptake of the scheme will lead to the reduction in Carbon emissions. It is also expected that as the prices of solar technologies continue to come down and AGF continues to develop other products, a greater number of Kenyans will afford renewable energy products and services,” she added.

AGF Group Director of Business Development Franck Adjagba reaffirmed AGF’s commitment in promoting a sustainable economic growth in the country. He said, “Banks in Kenya are in dire need of risk mitigating instruments to support their lending activities to SMEs. However, we should aim for economic growth without degrading the environment. Sustainability improves the quality of our lives, protects our ecosystem and preserves natural resources for future generations. Our partnership with Co-op Bank today reflects our commitment to increase financing of businesses in the green sector.”

Through this partnership, Co-op Bank will avail the opportunities to customers across the country.



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Notes to the Editors

About African Guarantee Fund

African Guarantee Fund is a non-bank financial institution whose objective is to promote economic development, increase employment and reduce poverty in Africa by providing financial institutions with guarantee products and capacity development assistance specifically intended to support SMEs in Africa.

African Guarantee Fund was founded by the government of Denmark through the Danish International Development Agency (DANIDA), the government of Spain through the Spanish Agency for International Cooperation and Development (AECID) and the African Development Bank (AfDB). Other shareholders include French Development Agency (AFD), Nordic Development Fund (NDF), Investment Fund for Developing Countries (IFU) and KfW Development Bank (KfW).

AGF has a rating of AA- by Fitch Ratings Agency.

www.africanguaranteefund.com

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