RENAISSANCE INFRASTRUCTURE ADVISORY

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The risk-sharing test

Choosing climate-finance debt that can deliver

Instruments, jurisdictions and project decisions across the UK, Europe, the Middle East and Africa.



Capital follows a credible allocation of risk.

INVESTMENT READINESS / RISK ALLOCATION / CLIMATE IMPACT

A practical perspective for sponsors, investors, lenders and public-sector decision-makers.

Connecting Opportunities to Capital. Delivering Impact that Lasts.

EXECUTIVE PERSPECTIVE / 1 OF 2

Start with the investment barrier and the repayment case.

Blended finance should resolve an identified investment constraint, produce a measurable benefit and establish who absorbs losses under defined conditions. Sponsors should first determine whether payment uncertainty, insufficient tenor, currency exposure or preparation risk prevents commercial participation. They can then compare targeted support with a credible unsupported case, document what additional investment it enables and test the remaining exposure.

Additionally, climate investment needs a credible repayment case. Debt must be serviced from contracted revenues, regulated income, operating savings or an identified public budget. Carbon benefits and economic need strengthen the rationale, but do not automatically create cash available for debt service.

HISTORICAL MARKET CONTEXT / IEA 2025 ESTIMATES [1]

USD 3.3tn

TOTAL GLOBAL ENERGY INVESTMENT

USD 2.2tn

CLEAN ENERGY + RELATED TECHNOLOGIES



~67% clean energy and related technologies; remaining share ~33%.
Shares derived from rounded IEA 2025 estimates.

Includes renewables, nuclear, grids, storage, low-emissions fuels, efficiency and electrification. USD 2.2tn is part of the USD 3.3tn total, not additional to it. These are 2025 investment estimates, not climate-debt issuance or 2026 outturns. [1]

What the market context means for a project

The scale of investment establishes context, not entitlement to funding. A project must still show a viable commercial proposition, an executable delivery plan and an affordable financing structure. The relevant question is which specific risk prevents participation and whether a proportionate intervention changes the investment decision.

The first test: identify the payer, the financing barrier and the party able to manage it.

Decision rule: compare debt capacity, fees, hedging, reserves, covenant flexibility and refinancing exposure on consistent assumptions. Do not assume a green pricing advantage or future refinancing.

Source: [1] IEA, World Energy Investment 2025. Executive interpretation: Renaissance Infrastructure Advisory.

EXECUTIVE PERSPECTIVE / 2 OF 2

Separate the design choices. Justify the support.

Three separate design decisions

A financing package separates repayment structure, sustainability commitments and credit protection. These features can be combined, but each answers a different question. A project loan may be green, local-currency and guaranteed without those descriptions having the same meaning.

DESIGN DECISION	MEANING AND DECISION TEST
01 / Repayment structure	Defines the borrower, repayment source, recourse, security and repayment profile. Project, corporate and asset finance create different obligations. **Test:** Who pays, and what can lenders claim if payment fails?
02 / Sustainability overlay	Defines eligible allocation or performance targets and the evidence required. Green and sustainability-linked structures impose different commitments. **Test:** What must be funded or achieved, and how will compliance be evidenced?
03 / Credit support	Transfers or absorbs specified exposures through guarantees, insurance or subordinated capital; limits and exclusions remain decisive. **Test:** What is covered, who bears residual losses and when is support available?

Why targeted support can be justified

Support is justified when it changes a credible investment decision by extending tenor, improving payment certainty or addressing an evidenced market failure. Sponsors should demonstrate additionality: what becomes possible because of the intervention. OECD guidance emphasises minimum necessary concessionality and commercial sustainability. Define the purpose, cost and duration, and reassess support as conditions improve. [2]

Poorly calibrated support can subsidise investors unnecessarily, disguise weak economics or create public contingent liabilities. A payment guarantee does not create demand; a lower coupon does not resolve construction failure or currency mismatch. Test the covered obligation, claims timing, exclusions and remaining exposure.

Renaissance view: optimise the cost of a resilient financing package, rather than the headline coupon alone.

Source: [2] OECD DAC Blended Finance Guidance 2025, Principle 2. Structuring interpretation: Renaissance.

INSTRUMENT COMPARISON

The same climate asset can support different forms of debt.

Climate-finance debt categories describe different dimensions of a transaction and often overlap: a project loan can also be green, denominated in local currency and supported by a guarantee. Recourse and security determine the repayment structure; currency and tenor shape cash-flow resilience; sustainability conditions govern allocation or performance; and credit support covers specified exposures. Comparing these dimensions separately helps sponsors combine instruments coherently and helps investors assess what each feature contributes without mistaking a sustainability label for stronger credit protection.

INSTRUMENT / FEATURES	BENEFIT / SUITABLE USE	LIMITATION / DECISION TEST
Senior project-finance loan Limited recourse to a project company; security, covenants and cash waterfall.	Tailored drawdown and amortisation. Suits contracted renewables, infrastructure and larger storage projects.	Extensive diligence and restrictive distributions. Construction, merchant revenue or weak counterparties can constrain leverage.
Green loan Proceeds allocated to eligible green expenditure, with tracking and reporting. [3]	Bank flexibility for defined capex: grids, retrofits, clean fleets and water efficiency.	Label adds data and review costs. Repayment remains dependent on the borrower or project credit.
Green bond / private placement Capital-market or negotiated institutional debt with green allocation commitments. [4]	Diversifies funding; suits repeat issuers, large portfolios and operating-asset refinancing.	Issuance costs and market windows matter. Bullet maturities and investor-consent mechanics may reduce flexibility.
Sustainability-linked loan / bond Financial or structural terms linked to defined performance targets. [5,6]	Supports enterprise-wide transition where spending is dispersed across operations.	Weak targets or small penalties can undermine credibility. General proceeds are not proof of green project allocation.
DFI / concessional debt Development-finance institution lending, potentially combined with junior or grant support.	Can address tenor, preparation or risk-bearing gaps in emerging markets and adaptation.	Eligibility, safeguards and approval time add complexity. DFI funding is not inherently concessional.
ECA-supported buyer credit Bank lending supported by an export credit agency; eligibility tied to the export transaction. [7]	Can support imported turbines, grid systems, fleet or other qualifying equipment.	Content eligibility, premium and procurement conditions may limit supplier choice. Cover does not eliminate every project risk.
Green sukuk Sharia-compliant certificates plus green allocation and reporting.	Broadens participation where Islamic investors and suitable asset arrangements are available.	Requires both sustainability and Sharia review. Recourse, asset transfer and enforcement depend on documentation.
Lease / receivables / securitised debt Equipment or pooled contracted cash flows support repayment.	Useful for e-buses, rooftop solar and efficiency portfolios with repeatable contracts.	Needs reliable servicing, default data and enforceability; residual-value and portfolio concentration risks remain.

Subordinated debt absorbs losses below senior lenders, adding cost and intercreditor complexity. Guarantees transfer specified risks.

Framework sources: [3] LMA GLP (2025); [4] ICMA GBP (2025); [5] LSTA SLLP (2025); [6] ICMA SLBP; [7] OECD. Comparative judgements: Renaissance.

INSTRUMENT SELECTION / WORKED COMPARISON

A lower coupon can conceal a larger funding obligation.

Illustrative operating project: capital cost 100m, base debt 60m and equity 40m before fees and reserves; annual cash available before financing and hedging is 12m in local-currency units. Compare the first full operating year, using annual payments and a 15-year maturity. These are analytical assumptions, not lender quotations or market pricing.

ASSUMED TERM	A / LOCAL LOAN	B / LOCAL BOND	C / FOREIGN LOAN
Principal / tenor	60m / 15 years	60m / 15 years	60m equivalent / 15 years
Rate / repayment	7.0%; level annual amortisation	6.5%; annual coupon, principal at maturity	5.0%; level annual amortisation
Upfront fee assumption	1.0% = 0.60m	2.0% = 1.20m	1.5% = 0.90m
Year-one debt payment	6.59m	3.90m coupon	5.78m equivalent
Additional cash provision	None modelled	4.00m annual principal reserve	1.20m assumed year-one hedge cost
Combined year-one cash requirement	6.59m	7.90m	6.98m
Cash coverage of that requirement	1.82x	1.52x	1.72x

Read the comparison correctly

The bond coupon is below the local loan rate, but a bullet maturity leaves principal to fund. The assumed 4m annual reserve accumulates 60m over 15 years, with no investment return; it is not necessarily a contractual requirement. The foreign loan appears cheaper before hedging, but the assumed hedge cost changes its cash burden. Hedge availability, tenor and collateral also matter.

Cash coverage above equals 12m divided by debt payment plus the stated hedge or reserve provision; it is not a contractual DSCR. Upfront fees require additional sponsor funding and are excluded from that annual ratio. This is a cash-flow illustration, not a discounted total-cost ranking: taxes, reserves, fee financing and later-year hedge costs require a full model.

Compare the complete repayment obligation and flexibility, not the coupon in isolation.

Renaissance illustration. Annual amortisation: payment = principal × rate / [1 − (1 + rate)^−years]. No financing availability is implied.

PROJECT SUITABILITY

Choose the instrument around the revenue model and delivery stage.

The project examples provide an indicative screening framework rather than a claim that finance is available on specified terms. Instrument selection begins with the revenue model, development stage, asset life, capital requirement and capacity to manage risk. Sponsors should use each archetype to test a financing hypothesis, then validate it against project evidence, lender requirements and jurisdiction-specific conditions. A suitable structure must remain affordable through construction and operation, with an identified payer and a credible response to downside performance.

PROJECT TYPE	PREFERRED STARTING POINT	WHAT CAN CHANGE THE ANSWER
Contracted solar / onshore wind	Construction-to-term project loan; green overlay if justified.	Power-purchase agreement credit, grid access, curtailment and currency. Bond refinance may follow stable operation.
Offshore wind / major networks	Syndicated project debt, corporate debt or DFI/ECA participation.	Completion interfaces, supply-chain risk, regulatory revenues and debt maturity relative to contracts.
Merchant battery storage	Conservatively sized project or corporate debt; equipment finance where suitable.	Contracted revenue floor, revenue stacking, cycling assumptions, degradation and augmentation costs.
E-bus / e-ferry fleets	Leasing, asset-backed loan or an aggregated fleet facility.	Availability payments, operator collections, charging interface, battery replacement and repossession rights.
Building retrofit / efficiency	Green bank loan, lease or energy-service receivables facility.	Verified savings, customer credit, measurement protocol and responsibility for performance shortfalls.
Industrial decarbonisation	Corporate transition financing or a material sustainability-linked facility.	Technology risk, product offtake and emissions baseline. Early demonstration may need equity and grants first.
Mini-grids / distributed power	Aggregated local-currency lending with targeted DFI or guarantee support.	Collections, demand ramp-up, tariff adequacy, subsidy delivery and portfolio servicing economics.
Flood resilience / adaptation	Public-budget or utility-backed debt with concessional or grant co-finance.	Avoided losses are an economic benefit; debt still requires an identified payer and affordable payments.

Tenor, scale and flexibility can outweigh a lower coupon

Loans typically offer more scope to negotiate drawdowns, repayment profiles and waivers. Bonds can provide funding diversification and fixed-rate certainty, but small or irregular borrowers may find issuance overhead disproportionate. Private placements can bridge these markets; investor appetite and bespoke terms determine suitability.

Currency first: a lower foreign-currency coupon may produce a more expensive and less resilient package after hedging. A local-currency instrument reduces a revenue/debt mismatch, while potentially offering shorter tenor or higher nominal rates. Compare both on a consistent cash-flow basis.

All project-fit assessments on this page are Renaissance analytical judgements. They are not indicative lending terms or jurisdiction-wide availability claims.

UNITED KINGDOM AND EUROPE

Deep capital markets reward evidence, but do not remove delivery risk.

Europe is not a single legal regime, and EU requirements do not automatically apply to the United Kingdom, Switzerland or every European jurisdiction. Financing must be assessed against the rules relevant to the issuer, project location, investor base and distribution route, alongside local security, insolvency, tax and sector arrangements. Common sustainability frameworks can improve comparability, but they do not standardise project revenues or enforcement. Cross-border sponsors therefore need a jurisdiction-by-jurisdiction compliance map before assuming that a structure or label is transferable.

UNITED KINGDOM	EUROPEAN UNION
Advantage: project lending and institutional debt can support contracted or regulated cash flows. GBP borrowing can match domestic revenues.	Advantage: euro funding and EIB participation can support substantial programmes; common sustainability tools assist eligible cross-border portfolios.
Constraint: grid access, consenting, contract interfaces and interest-rate exposure can dominate financing outcomes. Imported equipment creates separate currency exposure.	Constraint: permitting, power-market design, security enforcement and tax remain country-specific. Taxonomy evidence can require significant technical work.
Rule: the FCA anti-greenwashing rule applies to FCA-authorised firms making sustainability claims about products and services. SDR includes asset-management and distribution requirements within its scope. [8]	Rule: the voluntary European Green Bond Standard relies on EU Taxonomy criteria and supervised external review. Electing the label brings compliance obligations. [9]
Action: distinguish fund labels from loan or bond frameworks. Confirm the issuer, distributor and adviser perimeter, offering rules and relevant permissions.	Action: assess Taxonomy alignment and applicable disclosures. SFDR concerns financial-market participants/advisers and relevant products; it is not a project credit rating. [10,11]

UK case | Dogger Bank A and B: financing at construction scale

At financial close in November 2020, Equinor reported GBP 4.8bn of senior debt plus around GBP 0.7bn of ancillary facilities, involving 29 banks and three export credit agencies. The first two phases each represented 1.2 GW. These figures refer to A and B, not the entire wind farm. [12]

Lesson: sophisticated syndication can fund major climate infrastructure. The financing announcement demonstrates capital mobilisation, not proof of subsequent delivery performance. Replicability depends on the contracts, sponsors and project risks; the same leverage should not be transplanted to merchant storage or early-stage hydrogen.

Spain case | Iberdrola: a green loan for enabling infrastructure

In March 2024, the EIB reported approval of a EUR 700m green loan for Spanish distribution networks, with an initial EUR 500m tranche signed. The stated project investment was EUR 1.44bn. Grid upgrades were intended to improve resilience and enable renewable integration. Approval, signing and disbursement are different milestones. [13]

Lesson: enabling networks can be a strong climate-finance use case without attributing every connected generator's emissions benefits to the network loan. Compare financing with delivery and network-service outcomes.

Rules: [8-11]. Documented transactions: [12] Equinor (2020); [13] EIB (2024). Case implications are Renaissance interpretation.

MIDDLE EAST

Investor breadth is valuable. Legal recourse remains decisive.

The UAE and Saudi examples illustrate selected markets rather than a uniform Middle Eastern regulatory system. Sponsors must distinguish the rules of the relevant country, financial centre, listing venue and offering route, and assess how those requirements interact with the project contracts. Conventional debt and sukuk may broaden investor participation, but neither format removes questions about recourse, currency, purchaser credit or enforcement. Where Sharia-compliant structures are used, the sustainability assessment and the review of contractual and asset arrangements serve separate purposes.

The strongest case for bonds and sukuk

Large repeat issuers can combine regional and international demand to finance eligible climate portfolios. Sukuk add a route for Sharia-sensitive investors, where the transaction has suitable assets and contractual arrangements. A green framework may accompany either conventional bonds or sukuk; Sharia compliance and environmental eligibility require separate assessments.

JURISDICTION / SCOPE	BENEFIT AND COMPLIANCE IMPLICATION
UAE / ADGM ADGM introduced a sustainable-finance framework in July 2023, covering designated bonds and sukuk as well as other products. [14]	A defined designation can improve investor communication. ADGM rules are jurisdiction-specific: confirm the issuer, listing and distribution perimeter rather than treating the framework as a UAE-wide rule.
Saudi Arabia CMA guidelines took effect on 27 May 2025. The authority describes them as guiding; covered SAR offerings must disclose non-compliance. [15]	A framework supports market consistency, while ordinary offering and ongoing obligations continue. Confirm currency, placement route and exact scope. Sustainability-linked general-purpose funding differs from green allocation.

UAE case | Masdar: corporate green bonds for a project pipeline

In July 2024, Masdar issued USD 1bn in two USD 500m green-bond tranches with five- and ten-year tenors. The announcement specified coupons of 4.875% and 5.25% and allocation to new greenfield renewable projects under its framework. These historical coupons are not current pricing benchmarks. [16]

Benefit: corporate issuance can aggregate a pipeline and diversify investors. Trade-off: investors assess the issuer and the instrument's recourse, while project delivery remains a separate execution task. A USD issue does not resolve currency mismatch in underlying foreign projects.

Saudi counterexample | A sustainable sukuk can carry capital risk

Al Rajhi Bank announced a USD 1bn sustainable Additional Tier 1 (AT1) sukuk in May 2024. AT1 is a bank-capital instrument, not a senior infrastructure project loan. Its sustainability classification should not obscure its position in the capital structure or instrument-specific loss-absorption terms. [17]

A sustainable label does not tell an investor where they rank in a loss.

Sources: [14] ADGM; [15] Saudi CMA; [16] Masdar (2024); [17] Al Rajhi Bank (2024). Analytical project considerations: Renaissance.

AFRICA

Match the currency and strengthen the payment chain.

Egypt, Kenya, Nigeria and South Africa illustrate distinct financing and regulatory environments, with different currencies, capital-market arrangements and project payment chains. Regional opportunity should therefore be translated into country-specific analysis of tariffs, collections, investor eligibility, security and the availability of long-term funding. Local-currency debt may reduce a revenue mismatch, while foreign-currency or development-finance lending may address other constraints. The appropriate combination depends on project evidence and the cost of managing residual exposure, rather than assumptions about a single African financing model.

Across African projects, assess currency, utility or customer credit and enforceability at transaction level. Domestic debt can reduce currency mismatch but may be costly or scarce at long tenor. Foreign DFI debt can expand capacity while retaining exchange-rate exposure. A guarantee should target the missing protection, with its cost and claims process included in the model.

Kenya case | Acorn: local-currency debt with targeted support

GuarantCo reports a partial credit guarantee for Acorn's initial KES 4.3bn green bond in October 2019, alongside issue-cost assistance from PIDG Technical Assistance. It reports a further KES 1.4bn programme upsizing in 2021 and celebrated successful redemption in October 2024. The financing supported green student accommodation. [18]

Lesson: credit support, preparation assistance and a defined green-asset pipeline can work together. Local-currency funding aligns more closely with domestic rents; the issuer still faces construction, occupancy, operating-cost and refinancing risks. Redemption evidences repayment, rather than a quantified carbon outcome.

Egypt case | Benban: bridge financing is a distinct risk choice

In April 2026, EBRD announced a USD 65m construction bridging loan to HAU Energy for a 200 MW solar plant and 120 MWh battery system at Benban. The release projected emissions reductions of up to 280,000 tonnes of CO2 annually once operational. These are expected benefits, not verified operating results. [19]

Lesson: bridge debt can accelerate construction but creates a defined take-out requirement. Lenders must assess the timing and conditions of replacement funding, completion and grid integration. The announcement alone does not establish the project's currency hedge or final debt structure.

MARKET	REGULATORY / IMPLEMENTATION CONSIDERATION
Nigeria	SEC green-bond rules require eligible allocation, supporting project evidence, independent assessment and annual reporting. The published rules also specify proceeds controls. Confirm current consolidated rules and the offering route before issuance. [20]
South Africa	National Treasury launched a Green Finance Taxonomy in April 2022. Classification assists eligibility analysis; it does not substitute for listing, lending, environmental or exchange-control approvals. Confirm the applicable edition and sector criteria. [21]
Other markets	Kenyan or Egyptian case structures should not be assumed portable. Check local securities, currency, tax, security and sector requirements, including pension-investor eligibility and public approvals where relevant.

Transaction facts: [18] GuarantCo (2024); [19] EBRD (2026). Regulatory foundations: [20] Nigeria SEC; [21] South African National Treasury.

JURISDICTIONAL TRADE-OFFS

Use the same project questions, then adapt the financing route.

Consider the same archetype: a contracted solar-plus-storage project with local operating revenues and imported equipment. The comparison below is a diligence framework, not a regional pricing league table. It shows how the financing hypothesis changes with the payer, currency, legal perimeter and available investor base; country and transaction evidence must determine the final structure.

MARKET LENS	POTENTIAL FINANCING ROUTE	TRADE-OFF / EVIDENCE REQUIRED
United Kingdom	Test GBP project lending against contracted revenues; assess institutional refinancing after operational performance is established.	Currency matching helps the operating case, while imported equipment may retain FX exposure. Confirm grid access, payment terms, construction interfaces and offering requirements.
EU jurisdictions	Test euro or relevant local-currency debt, and eligible EIB participation. Apply a green framework only where supported by evidence.	Common EU tools aid comparison; national security, tax, permitting and enforcement still require review. Confirm the exact sustainability label and disclosure scope.
UAE / Saudi Arabia	Compare project or corporate funding, conventional bonds and suitable sukuk structures against the borrower and assets.	Identify country, financial-centre and offering rules. Test purchaser obligations, recourse, asset arrangements and currency; do not assume one Gulf regulatory model.
Selected African markets	Compare local-currency borrowing with DFI or foreign-currency debt and targeted guarantees or preparation support.	Long tenor, cost and investor eligibility need market testing. Assess collections, tariffs, convertibility, hedge economics and security in the specific country.

Arguments for and against transferring a structure

Standardised documents and familiar instruments can reduce preparation effort and help investors compare projects. The limitation is that documentation cannot transfer the underlying credit conditions: the same power-purchase agreement format may produce different outcomes under different payment practices, currencies or enforcement arrangements. A transaction succeeds through its complete contractual and operating system, rather than its regional label.

Before comparing headline rates, agree the currency, payer, enforcement route and residual risk.

Renaissance synthesis of the jurisdiction sections. Regulatory foundations: [8–11] UK/EU; [14–15] ADGM/Saudi CMA; [20–21] Nigeria/South Africa. Not a legal opinion.

RISK AND COMPLIANCE

Test the residual exposure before pricing the protection.

A guarantee, a green-finance framework and a second-party opinion each serve a limited purpose and should be assessed against their defined scope. A guarantee covers specified obligations or events; a framework sets sustainability commitments; and an external opinion reviews designated aspects of that framework. None replaces financial, technical, legal or environmental and social due diligence. Effective compliance connects these assessments with clear ownership, documented approvals, ongoing monitoring and an escalation process that identifies what remains uncovered and how breaches or shortfalls will be addressed.

RISK	CONTROL / EVIDENCE	ACCOUNTABLE OWNER
Completion / technology	Independent engineering, contingency, contractor security, interface plan and battery replacement provision.	Technical lead / lender engineer
Payment / market	Counterparty review, contract enforceability, collection history, downside demand and reserve sizing.	Commercial lead / credit team
Currency / interest rates	Currency-by-currency cash flow, hedge quotes, collateral terms and combined downside tests.	Treasury / finance director
Political / legal / public liabilities	Permits, land, security and tax opinions; guarantee triggers, exclusions, reimbursement and budget exposure.	Legal counsel / public authority
Financial crime / procurement	Beneficial ownership, source-of-funds, sanctions, anti-bribery and procurement checks under applicable laws.	Compliance lead
Climate integrity / safeguards	Eligibility file, impact methodology, environmental and social assessment, grievance process and independent checks.	ESG lead / external reviewer

Illustrative downside test | debt-service capacity

Assume annual cash flow available for debt service of 15.0 units and annual debt service of 10.0 units. The debt-service coverage ratio (DSCR) is 1.50x. The following cases are separate sensitivities, not market forecasts or covenant recommendations.

ASSUMED SHOCK	CALCULATION	DSCR
Cash flow falls 20%	12.0 / 10.0	1.20x
Foreign debt service costs 25% more in local currency	15.0 / 12.5	1.20x
Both shocks occur together	12.0 / 12.5	0.96x

The FX case assumes fully foreign-currency debt service and no hedge or revenue adjustment. A 25% rise in the local-currency price of foreign currency is specified directly. At 0.96x, operating cash falls short of debt service before considering reserves or support. Real models must include taxes, working capital, hedge costs and timing.

Two distinctions prevent false assurance

A second-party opinion addresses the sustainability framework within its scope; it is not a credit rating or a guarantee of project outcomes. Missing a sustainability target may trigger a margin or coupon adjustment rather than an event of default: the finance documents govern. Environmental eligibility also does not remove labour, biodiversity, land or community risks.

Illustrative calculation: Renaissance, using explicit assumptions. Compliance controls are a project diligence framework, not a complete statement of national law.

FROM FINANCING TO IMPACT

Make the evidence operational before financial close.

Renaissance's implementation framework connects financing decisions with operating evidence through a named owner, an evidence file and a clear decision at each stage. Sponsors first diagnose the investment barrier, then structure and validate the response before committing capital and monitoring performance. Each gate should specify the information required, who can approve progression and what triggers a hold or corrective action. This discipline links funding commitments to delivery accountability, repayment resilience and measurable climate outcomes throughout the project lifecycle.

GATE / OWNER	REQUIRED EVIDENCE	PASS / HOLD DECISION
01 Diagnose Sponsor / project director	Demand, payer, feasibility, delivery stage, climate rationale and alternatives.	Hold if the revenue or public payment source is undefined.
02 Structure Finance / treasury / legal	Comparable debt options; currency and tenor; security, term sheets and support costs.	Proceed when the financing barrier and proposed response are explicit.
03 Validate Technical / ESG / compliance	Due diligence, eligibility mapping, permits, baseline, impact model and ownership checks.	Resolve critical data gaps and regulatory conditions.
04 Commit Investment committee / board	Integrated downside model; documents; conditions precedent; procurement and assurance plan.	Approve only with funded contingencies and an executable repayment case.
05 Monitor Operations / CFO / ESG lead	Drawdowns, allocation ledger, covenant tests, operating data and independently checked reports.	Escalate breaches; apply contractual remedies and corrective actions.

A compact dashboard should connect finance with outcomes

ALLOCATION	CREDIT	DELIVERY	IMPACT
Eligible spend and unallocated balance. Refinancing share and reconciliation to bank and asset records.	DSCR, liquidity and debt maturity. Hedge coverage and payment arrears.	Capex variance and completion milestones. Availability and asset performance.	Metered MWh and emissions avoided. Energy or water saved; relevant beneficiaries.

For each metric, record its baseline, boundary, unit, period, method, owner and assurance status. Separate estimates from measured results and gross outcomes from financing-attributed shares. Distinguish lifecycle and operational emissions where material. Link adaptation evidence to hazards, exposed assets and service continuity or avoided-loss assumptions.

Renaissance perspective | debt selection is an investment decision

Use project debt where ring-fenced cash flows support it, and corporate or portfolio debt where the borrower can carry diverse exposures. Match green proceeds to eligible expenditure and sustainability-linked finance to measurable enterprise change. Target guarantees and concessional support at demonstrated barriers on proportionate terms.

Board challenge: Which risk prevents investment, who can manage it, what support changes the decision, and what evidence will demonstrate both repayment resilience and climate outcomes?

Process, dashboard and recommendations: Renaissance analysis. Impact methodology must be tailored to the instrument, sector and applicable reporting framework.

FROM FINANCE TO IMPACT / WORKED EXAMPLE

A project must demonstrate repayment and outcomes separately.

Illustrative 50 MW solar project: assume verified generation of 90,000 MWh in an operating year, a baseline grid factor of 0.45 tCO2e/MWh and project operational emissions of 0.02 tCO2e/MWh. These are invented analytical inputs, not a cited project, country factor or forecast. Climate performance and credit performance answer different questions and require separate evidence.

TEST	ILLUSTRATIVE RESULT	EVIDENCE / MANAGEMENT RESPONSE
Climate outcome	90,000 × (0.45 − 0.02) = **38,700 tCO2e** estimated operational emissions avoided.	Verify meters, baseline source, calculation boundary and reporting period. Lifecycle emissions and attribution require separate treatment.
Repayment resilience	Base annual cash available for debt service: 12m; debt service: 8m. **DSCR = 1.50x.**	Reconcile cash collections, operating costs and debt schedule. Revenue recognition is not the same as cash receipt.
Collection downside	Assume cash available falls 25% to 9m with unchanged debt service. **DSCR = 1.125x** (about 1.13x).	Test liquidity, covenants and corrective action. A timing shock can weaken repayment while generation and climate output remain unchanged.
Targeted support	A payment guarantee may cover a defined overdue obligation; it does not insure every cause of weaker cash flow.	Check beneficiary, trigger, claim timing, limit, exclusions and reimbursement duties before including recovery in the model.

Process: evidence must travel with the decision

Before commitment: the technical lead validates output assumptions; treasury tests cash and currency; legal counsel confirms obligations and protection.

During operation: the asset manager supplies metered generation, the finance director reconciles collections and the ESG lead maintains the impact calculation. Independent review should cover the agreed scope, with documented corrections and escalation.

Gross project outcome is not automatically financing-attributed impact. If a lender or investor claims a share, disclose the allocation method and avoid double counting across financiers. Report estimated and measured inputs distinctly, and explain why the baseline remains appropriate.

A strong climate result cannot cure weak collections; strong collections do not prove climate additionality.

Renaissance illustration only. Financial units are generic millions; the downside is a cash-flow assumption. Avoided emissions are an operational estimate, not carbon credits.

EVIDENCE AND METHODOLOGY

Sources, scope and editorial basis

Scope and editorial basis

This edition examines how debt structure, sustainability conditions and credit support influence climate-project financeability, with selected examples from the UK, EU, UAE, Saudi Arabia, Egypt, Kenya, Nigeria and South Africa. It compares repayment arrangements, currency alignment, project maturity, risk allocation and impact evidence to support practical investment decisions. These examples represent distinct legal and commercial environments, not uniform regional regimes, and their structures should not be transferred without local assessment. The purpose is to explain financing choices and trade-offs rather than rank markets, recommend securities or imply that funding is available.

Written for sponsors, lenders, investors and public authorities, the analysis combines official frameworks and transaction announcements with Renaissance interpretation. Historical cases illustrate structure, not current pricing. Announced, signed and disbursed finance are distinguished; forecast impacts are not treated as verified results.

SOURCE INDEX / CLICKABLE PRIMARY REFERENCES

01 IEA | World Energy Investment 2025

02 OECD | Blended Finance Guidance 2025, Principle 2

03 LMA | Green Loan Principles, March 2025

04 ICMA | Green Bond Principles, June 2025

05 LSTA / LMA / APLMA | SLL Principles, March 2025

06 ICMA | Sustainability-Linked Bond Principles

07 OECD | Official export credits and sector rules

08 FCA | Sustainability Disclosure Requirements

09 European Commission | European Green Bond Standard

10 European Commission | EU Taxonomy

11 European Commission | Financial-services disclosure

12 Equinor | Dogger Bank A/B financial close, Nov 2020

13 EIB | Iberdrola grid green loan, March 2024

14 ADGM | Sustainable finance framework, July 2023

15 Saudi CMA | Sustainable debt guidelines, May 2025

16 Masdar | USD 1bn green bonds, July 2024

17 Al Rajhi Bank | Sustainable AT1 sukuk, May 2024

18 GuarantCo | Acorn bond redemption, October 2024

19 EBRD | Benban solar/storage bridge, April 2026

20 Nigeria SEC | Green-bond rules, 2018

21 South African Treasury | Taxonomy launch, April 2022

CONCLUSION

Finance the risk that matters. Demonstrate the outcome that counts.

Climate-finance debt becomes useful when its structure matches the project's capacity to generate and protect cash. Across the markets examined, the central discipline is consistent: establish the payer, choose an appropriate repayment and currency profile, allocate risk to parties able to manage it, and build an evidence trail from funding to outcomes. The appropriate instrument may differ by jurisdiction and delivery stage, but a green designation cannot compensate for an unsupported revenue model or unclear contractual obligations.

Four priorities for decision-makers

01 DIAGNOSE THE BARRIER

Identify the constraint preventing investment, supported by project evidence and a credible downside case.

02 MATCH THE STRUCTURE

Compare recourse, currency, tenor, security, covenant flexibility and total cost against the asset and its revenues.

03 TARGET THE SUPPORT

Define the obligation or event covered, the loss allocation and residual exposure. Justify the cost and additionality of support.

04 GOVERN THE RESULT

Assign owners, retain evidence, monitor repayment and delivery, and distinguish forecast climate benefits from measured outcomes.

Renaissance viewpoint

Investment readiness is the point at which strategy, engineering, commercial arrangements, financing and governance become mutually credible. Sponsors should bring capital providers an integrated proposition that explains who pays, how delivery will be controlled, what happens under stress and how success will be evidenced. Support should strengthen that proposition on proportionate terms, with its responsibilities visible throughout the project lifecycle.

The next decision: which unresolved risk could change the investment case, and what evidence or action would resolve it?

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ENGINEERING • INVESTMENT • INFRASTRUCTURE • IMPACT

ABOUT RENAISSANCE

One platform. From opportunity to lasting value.

Renaissance Infrastructure Advisory brings together strategy, engineering, commercial structuring, investment readiness, governance and sustainability to help clients develop and deliver credible infrastructure opportunities.

The Investment Gateway connects opportunity development with the evidence, commercial arrangements and delivery disciplines that capital providers and project stakeholders need to assess the investment case.

How we support the investment decision

We help sponsors, public authorities and strategic partners evaluate options, strengthen business cases and financial models, structure commercial arrangements and establish delivery and impact frameworks.

DEVELOP THE OPPORTUNITY	STRUCTURE THE INVESTMENT	DELIVER AND DEMONSTRATE
Strategy and feasibility	Commercial and transaction readiness	Programme governance
Planning and engineering	Financial modelling and appraisal	Delivery assurance
Business-case development	Risk allocation	Sustainability and impact

Connecting Opportunities to Capital.
Delivering Impact that Lasts.

Discuss your next investment decision: www.renaissancece.co.uk

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