CASE STUDY

FinDev Canada and Climate Investor One (CI1): Financing renewable energy projects from development to operations

Name of Organizations:
FinDev Canada and Climate Fund Managers

Fund Manager:
Climate Fund Managers, a Netherlands-based joint venture between FMO and Sanlam InfraWorks, part of the Sanlam group of South Africa.

Donors:
European Union, the Green Climate Fund, USAID via Powerafrica, the Nordic Development Fund and the Dutch government

Investors:
FinDev Canada, FMO, NWB Bank, MJ Pensjon, Atradius, African Development Bank, NDF, AEGON, Atradius, Swedfund, Triodos Bank,

Name of Project:
Climate Investor One

Investment (Debt/Equity) or Technical Assistance (T.A.):
Fund Equity Investment and T.A.

Region:
The fund is incorporated in The Netherlands. Up to twenty projects across Africa, Asia and Latin America.

Sector:
Renewable Energy

Key Impact Focus:
Climate Change Mitigation

Climate Investor One (CI1) is a blended finance investment facility that aims to bring more renewable energy capacity to developing markets responsibly and inclusively by facilitating early-stage development, construction financing, and refinancing of renewable energy projects across Africa, Asia, and Latin America.

CI1 will finance up to twenty 20 onshore wind, solar, and run-of-river (hydroelectric) projects, typically ranging from 25 to 100 MW. Up to ten 10 percent of investments could be directed towards geothermal, energy from waste, or biomass projects.

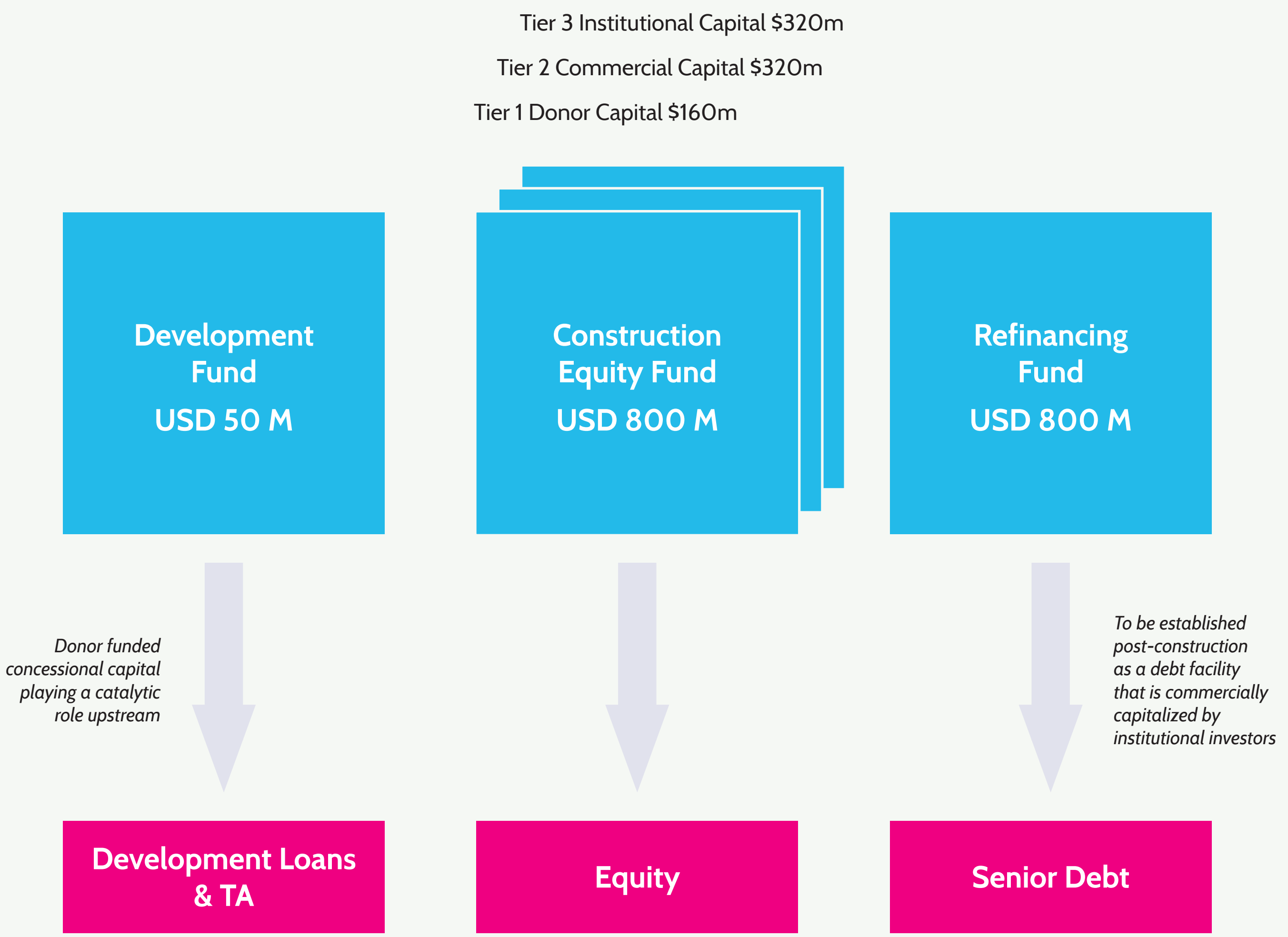
A first-of-its-kind structure, CI1 comprises three distinct but interlinked funds: 1) the Development Fund (US$50 million); 2) the Construction Equity Fund (US$800 million); and 3) the Refinancing Fund (US$800 million), each tailored to finance a stage in the renewable energy.

The US$50 million Development Fund is capitalized by donors to provide concessional loans and technical assistance for project preparation. The USS800 million Construction Equity Fund is a vehicle with three tranches of capital: Tier 1 capitalized by donors provides first loss protection, Tier 2 comprises commercial capital from DFIs and banks. Tier 3 is capitalized by institutional investors on fully commercial terms. Finally, the Refinancing Fund will be established post-construction as a commercial debt facility capitalized by institutional investors.

This unique structure enables CI1 to bring renewable energy projects from the development stage through construction and operations and mobilize funders from development organizations to commercial investors by offering a variety of risk and return options.

CI1 combines donor funding for the development stage of projects with DFI investments, export credit agency guarantees and private-sector capital for the construction and refinancing stages.

CLIMATE INVESTOR 1



Deal or T.A. Program Size ($):
US$1.6 billion Investment Funds and US$50 million in development loans and T.A. grants

Instrument Used:
Equity, debt, guarantees and development loans and T.A. grants

Investment product type/offering:
Equity and senior debt offered to DFIs and institutional investors

Expected/Actual IRR or Expected/Actual Impact:
N/A

Investment/T.A. Program Date and Term:
Life of the Fund: 2019–2029