

CLIMATE FUND MANAGERS
Fund Manager to the Climate Investor One Funds



Project Disclosure

14th February, 2019



Who is our prospective client?

Climate Investor One (“CI One”) is considering an investment opportunity in the Achwa 1 Hydropower Project (“Achwa 1”) which is managed by Berkeley Energy (“Berkeley” or “BE”). BE is a renewable energy project developer and a fund manager and manages the US\$ 200 million Africa Renewable Energy Fund (“AREF”). AREF owns a portfolio of run-of-river hydropower projects in Uganda including Achwa 1. Achwa 1 is a 42 MW run-of-river hydropower project on the Achwa River in northern Uganda. The Project is expected to reach Commercial Operations Decision (“COD”) in August 2020 and is being developed by Italian EPC contractor PAC SpA.

What is the funding objective?

CI One’s investment will be used to finance the construction of the Project which will support the national goals of Uganda as expressed in their UNFCCC Intended Nationally Determined Contribution (INDC). Uganda targets to reduce emissions by 22% by 2030 relative to a Business As Usual scenario. This target is partially achieved by installing 3,200 MW of renewable energy, which is estimated to cost around USD 5.4 billion. These goals are conditional on new sources of funding becoming available to finance the expansion of renewable energy.

Why do we want to fund this project?

Uganda has substantial natural resources and in the last decade, the country recorded one of the fastest rates of extreme poverty reduction in sub-Saharan Africa and the developing world. Growth in recent years - though impressive - has been constrained by the inadequacies of the country’s infrastructure. CIO will provide commercial financing mobilized via its Construction Equity Fund as well as other project sponsors that will support Uganda in achieving its climate change mitigation goals through investment in infrastructure.

Environmental and social rationale

The E&S risk of the transaction has been classified as category B+. The main E&S impacts and risks relate to community and occupational health and safety during construction, economic displacement due to construction of the access road, and biodiversity protection during operation. The transaction will be managed in accordance with IFC Performance Standards (“PS”) 1 to 6. The land occupied by the project is mostly government owned ranch land and there has been no physical displacement. PS 7 (Indigenous Peoples) is not triggered because there are no indigenous peoples present in the project’s area of influence. PS 8 (Cultural Heritage) is not triggered beyond the standard chance find procedure requirement. An ESIA (including an ESMP) has been prepared in line with the IFC Performance Standards. Dedicated community liaison is ongoing and a community development action plan is being implemented. This is designed to deliver net positive benefits to the local communities. An external independent review of the ESIA has been conducted and an environmental and social action plan will be implemented by the project after financial close.