

CLIMATE FUND MANAGERS
Fund Manager to the Climate Investor One Funds



Project Disclosure



Who is our prospective client?

Climate Investor One (“CI One”) is considering an investment opportunity in the construction of the Achwa 1 Hydropower Project (“Achwa 1” or “Project”) which is managed by Berkeley Energy (“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 (HPP) in Uganda including Achwa 1. The Project is a 42 MW run-of-river HPP on the Achwa River in northern Uganda. It 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 Nationally Determined Contribution (NDC). Uganda is aiming to reduce emissions by 22% by 2030 relative to a Business as Usual scenario. This target will be 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. 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 environmental and social risk (“E&S”) of the project has been classified as category B+ (in accordance with CIO’s risk categorisation) which is equivalent to International Finance Corporation (IFC) Category B. The main E&S impacts and risks relate to community and occupational health and safety during of the access road and biodiversity protection. The Project has triggered IFC Performance Standards (PS) 1-6. There are no indigenous peoples (IFC PS7) in the project area of influence and IFC PS8 (cultural heritage) is not triggered beyond the standard ‘chance find’ procedural 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 in place.