CLIMATE FUND MANAGERS

Fund Manager to the Climate Investor One and Climate Investor Two Funds

AI generated image based on current project design

Project Disclosure

Who is our prospective client?

Climate Investor Two ("CI2") is considering an investment opportunity in Akaia Green Fuels, which is an India-focused waste-to-value company set up to develop, construct, and operate compressed biogas (CBG) plants. CI2 will provide equity funding for the construction of a 20 tonnes per day (TPD) of CBG plant to be located in Bhamauri, Shahjahanpur District, Uttar Pradesh (UP), India ("Shahjahanpur Project"). The plant will use anaerobic digestion technology to convert agricultural waste into CBG with 123 tonnes per day of fermented organic manure (FOM) generated as a byproduct processed for commercial sale.

What is the funding objective?

CI2's investment will divert 94,000 tonnes of organic agricultural waste per annum from open burning and generate CBG for offtake by a state-owned gas utility. Carbon dioxide (CO_2) from the process will be sold to industrial users, avoiding atmospheric release. FOM will be sold to fertilizer companies and farmer cooperatives. The Shahjahanpur Project will result in net greenhouse gas ("GHG) emissions avoided of approximately 103,000 tons CO_2eq per year (subject to detailed engineering design) and support India's climate change mitigation action plan, national policies and state-level action plans to promote the use of biomass as a renewable energy resource to achieve COP26 commitments of Net Zero by 2070.

Why do we want to fund this project?

In India, approximately 500 million tonnes of crop residues are generated annually, a significant portion of which is either left to decompose or openly burned, contributing to severe air pollution (causing smog), release of GHG emissions and negative health outcomes. In UP, one of the largest agricultural states, 60 million tonnes of crop residues such as paddy straw and sugarcane press mud are produced each year. By creating a value chain for these wastes, the CBG plant will improve air quality for ~700,000 people (i.e. the feedstock catchment area). In addition, the CGB plant will displace imported fossil-based natural gas and be used in the transport sector, which will support Government of India's Sustainable Alternative Towards Affordable Transportation (SATAT) initiative.

Beyond environmental benefits, farmers will gain new income streams from selling waste and receive access to cost-effective FOM. These fertilizers play a critical role in improving soil health and organic carbon content, which have been severely degraded by decades of chemical fertilizer overuse. In addition, it is expected that 600 jobs will be created during construction and operation.

The investment also has clear climate change mitigation benefits, fitting within the CI2 mandate – clean water supply projects with a Rio Marker score of "2" for Climate Change Mitigation. In summary, the project will positively impact socioeconomic development and have climate change mitigation benefits.

Environmental and social rationale

The Shahjahanpur Project has been categorised as E&S risk category "B+" (in accordance with CI2's risk categorisation) which is equivalent to International Finance Corporation (IFC) Category B. E&S risks and/or impacts are limited, generally site-specific and largely reversible which can be effectively managed in line with available international standards. IFC Performance Standards (PS) 1-4 are applicable, and the key E&S impacts and risks relate to occupational health and safety, third-party labour and working conditions (including in the supply chain), and sustainable water use and waste management. An environmental and social management system (ESMS) is being implemented for Akaia Green Fuels and the underlying projects. An environmental and social management plan (ESMP) will be implemented during the construction and operation of the Shahjahanpur Project.

In case of questions or comments please contact info@climatefundmanagers.com.