

Norfund and CDC Group join forces to back renewable power development in South Africa

- The development finance institutions (DFIs) are investing ZAR 600 million in H1 Capital.
- Investment to add c. 2.4 Gigawatt (GW) of gross renewable capacity in South Africa, expanding access to power and contributing to the avoidance of 6,2 million tons of CO₂ annually.
- The commitment will enhance the economic participation of wider communities, and marks CDC's first direct investment in a Broad-based Black Economic Empowerment (BBEE) company in South Africa.
- The deal will be the first investment under Norway's new Climate Investment Fund, managed by Norfund.

Cape Town- 3 March 2022 - Norfund, the Norwegian investment fund for developing countries, and CDC Group, the UK's development finance institution (DFI), are today announcing a commitment to invest ZAR 600 million in H1 Capital (Norfund 360 million and CDC 240 million) – a South-African black-owned and managed renewables investment and development company.

The transaction represents a joint vision by the DFIs to mobilise climate finance to Africa and back clean infrastructure projects across the continent. The investment from Norfund and CDC, which will soon be renamed British International Investment (BII), will help to improve access to clean and affordable energy in South Africa. The increase in clean energy supply will provide consistent power to cities, villages, townships, businesses and farms, thereby increasing productivity and encouraging economic growth.

South Africa has tremendous economic potential. The government has set an ambitious target to generate 20GW of new renewable capacity over the next decade to address power shortages and decarbonise the power generation fleet, where 86 per cent of the country's energy mix is thermal.

This investment will support the country's clean energy goals, as it will enable H1 Capital to fund a pipeline of over 2.4 GW of new wind and solar projects, generating approximately 6,400 GWh per year. This will contribute to avoiding annual emissions of 6,2 million tons of CO₂¹, and help to accelerate South Africa's transition to clean energy.

H1 Capital is a development partner of choice, owing to the company's expertise on several renewable power projects and its deep commitment to energy sustainability. As a Broad-based Black Economic Empowerment (BBEE) company, H1 Capital's inclusive approach provides clean energy solutions that enhances the participation of the wider communities in the economy, helping to transform the lives and livelihoods of marginalised groups in South Africa.

The investment in H1 Capital demonstrates commitment by the UK and Norway to act on pledges made at COP26 - scaling climate finance to Africa and deepening collaboration on

¹ Calculated using the "IFI Default grid factors 2021 v3.1" (Combined Margin for South Africa): <https://unfccc.int/climate-action/sectoral-engagement/ifis-harmonization-of-standards-for-ghg-accounting/ifi-twg-list-of-methodologies>

solutions that will meet the continent’s needs and address the climate emergency. At the summit, Norway announced the creation of a new climate investment fund to be managed by Norfund, and this capital to H1 Capital will be the first investment under the new fund.

This commitment from the DFIs helps contribute to the UN’s Sustainable Goals (SDG 7) on affordable and clean energy, (SDG 8) on good jobs and economic growth and climate action (SDG 13). The transaction also qualifies for the 2X challenge, which seeks to support businesses that provide women in emerging economies with access to leadership opportunities, quality employment, and products and services that enhance their economic participation and inclusion. Moreover, the investment aligns with South Africa’s ambitions and steps toward securing a just transition to a low-carbon economy.



Tellef Thorleifsson, CEO of Norfund, commented: “At Norfund we are honoured that the Norwegian government has entrusted us with the responsibility of managing the new climate investment fund. We are delighted to be able to put the money to work quickly and effectively through what will be the first investment under the new mandate, with our existing partners in H1 and CDC, in projects in line with the energy plans of the South African government”

Anne Beathe Tvinnereim, Norwegian Minister of International Development, commented: “I believe that the new Norwegian climate investment fund managed by Norfund will be our most efficient tool to help accelerate the global clean energy transition, making it possible to base necessary development on renewable energy and limit the climate crises devastating impacts on the world’s poor. I am confident that this first investment under the new climate mandate will be the first of many mutually beneficial partnerships that contribute to a just transition in South Africa and in the other markets that Norfund aims to prioritize.”

Nick O’Donohoe, Chief Executive of CDC Group, commented: "We are delighted to once again partner with Norfund on this investment in H1 Capital, which will help increase clean energy access for people, communities, and businesses across South Africa. This investment marks another key step toward fulfilling our pledge to devote greater capital to fund clean infrastructure and to support markets like South Africa on their path toward a just transition. This investment signals our strengthened relationship with South Africa and clearly signals Britain’s commitment to help accelerate economic productivity and inclusive growth for Africa's green recovery."

UK Minister for Africa, Vicky Ford, said: “South Africa's target to generate 20GW of new renewable capacity over the next ten years is indicative of the country’s bold steps toward securing a net-zero future for itself. \$16million of UK investment in H1 Capital demonstrates our continued commitment to remaining a strong partner for Africa, to help address the urgent climate challenge, and promote clean and equitable growth that will ensure African economies can build back better.”

"Investments like this reaffirm and follow on from the commitment we have made to South Africa's low-carbon transition through the \$8.5 billion multi-donor Just Energy Transition Partnership.”

Reyburn Hendricks, Chief Executive Officer of H1 Capital, commented:

“H1 is excited to be able to partner with Norfund and CDC to achieve our purpose of improving the quality of lives. South Africa needs access to long-term, patient capital to develop the large-scale energy projects required for reliable, clean power supply and economic development. H1 hopes that the partnership fostered with Norfund and CDC can be replicated with other players and projects in Sub-Saharan Africa”.

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Notes to editors

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About CDC

1. CDC will formally become British International Investment plc on 4 April 2022.
2. British International Investment is a reliable and trusted investment partner to businesses in Africa, parts of Asia and the Caribbean. It will commit between £1.5 and £2 billion per annum between 2022 and 2026 to support the UK government’s Clean Green Initiative and to create productive, sustainable and inclusive economies in Africa, parts of Asia and the Caribbean.
3. British International Investment plays a key role in the UK government’s wider plans to mobilise up to £8 billion a year of public and private sector investment in international projects by 2025.
4. Over the next five years, at least 30 per cent of BII’s total new commitments by value will be in climate finance. This will make us one of the world’s largest climate investors in Africa.
5. BII is also a founding member of the [2X challenge](#) which has raised \$10bn to empower women’s economic development.
6. The company has investments in over 1,000 businesses in emerging economies and total assets of £6.8 billion.

Find out more at www.cdcgroup.com

About Norfund

Norfund is the Norwegian Investment Fund for developing countries. Our mission is to create jobs and to improve lives by investing in businesses that drive sustainable development. Norfund is owned and funded by the Norwegian Government and is the Government’s most



British International
Investment



H1 HOLDINGS

important tool for strengthening the private sector in developing countries, and for reducing poverty.

Norfund's committed portfolio totals 3.3 billion USD in Sub-Saharan Africa, South-East Asia, and Central America. Norfund has four investment areas: Clean Energy, Financial Institutions, Scalable Enterprises and Green Infrastructure. Investments in Clean Energy account for about 50% of the portfolio and 50% of the portfolio is in Sub-Saharan Africa. For more information, please visit: www.norfund.no