

Norfund, CDC Group invest R600m in local Black-owned, managed renewables firm

In an investment that will add approximately 2.4GW of gross renewable energy capacity locally, Norway's Norfund and the UK's CDC Group are committing to invest R600m in H1 Capital - a South-African Black-owned and managed renewables investment and development company.



L-R Observing the signing are Jan Fourie, sub-Saharan Africa GM for Scatec; Thithi Kuhlase-Maseko, coverage director and head of SA office at CDC; Reyburn Hendricks, CEO: H1 Holdings; Bjornar Baugerud, vice president Clean Energy (Norfund); and minister of international development of Norway, Anne Beathe Tvinningem.

Norfund, the Norwegian investment fund for developing countries, will contribute R360m, and CDC Group, the UK's development finance institution (DFI), will contribute \$240m. 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, which will soon be renamed British International Investment (BII), aims to help to improve access to clean and affordable energy in South Africa.

Need for 'long-term, patient capital'

Commented Reyburn Hendricks, CEO of H1 Capital, on the investment: "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."

The investment will enable H1 Capital to fund a pipeline of over 2.4GW of new wind and solar projects, generating approximately 6,400GWh per year. This will contribute to avoiding annual emissions of 6,2 million tons of CO₂, and help to accelerate South Africa's transition to clean energy.



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First investment under Norway's new climate investment fund

At the COP26 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. Tellef Thorleifsson, CEO of Norfund, said, "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."

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."

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

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