

## UK Climate Investments and Norfund invest in South African joint venture to develop renewable assets

London: 15 November 2021

**UKCI and Norfund are funding a South African joint venture partnership between H1 Holdings and Pele Green Energy to develop renewable energy assets on a 50/50 basis**

Today, Macquarie-managed UK Climate Investments (UKCI) and Norfund announced they are financing a joint venture between H1 Holdings and Pele Green Energy to fund their 40% equity participation in a 700 MW portfolio of onshore wind farms. Both partners will invest alongside Enel Green Power in one of South Africa's largest renewable energy equity deals valued at around \$US100 million.

UKCI and Norfund's commitment is aligned with the UN's Sustainable Development Goal number seven to increase access to clean, reliable, and affordable energy which is a critical enabler of social and economic development. However, despite having some of the world's best renewable energy sources, almost 600 million people in sub-Saharan Africa live without access to electricity<sup>1</sup>. Whilst this number has been in steady decline over recent years, the COVID-19 pandemic has halted progress. 13 million more people lacked access to electricity in 2020 compared to the previous year<sup>2</sup>.

In addition to tackling this challenge, UKCI and Norfund's investment will also aim to accelerate South Africa's transition to a low carbon economy, with a strong emphasis on enhancing Black Economic Empowerment (BEE). To this end, the portfolio will make annual social investments in their host communities which have historically been disadvantaged. These BEE investments will strengthen the joint venture partners as leading Independent Power Producers (IPPs).

The investment from UKCI deepens and strengthens the UK Government's commitment to supporting a green post Covid-19 recovery in South Africa. It also exemplified the kind of innovative climate financing and partnership between DFIs and the private sector promoted through the Climate Finance Leadership Initiative (CFLI).

Macquarie and Enel are founding private sector members of CFLI and Norfund has been a leading participant among the European Development Finance Institutions who have

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<sup>1</sup> <https://www.iea.org/reports/sdg7-data-and-projections/access-to-electricity>

<sup>2</sup> <https://www.iea.org/articles/the-covid-19-crisis-is-reversing-progress-on-energy-access-in-africa>

been working with CFLI members on partnering together in emerging and developing markets.

**Richard Abel, Managing Director of UKCI, said:** “UK Climate Investments has operated in the region for over three years now and has committed more than £67million across several exciting renewable energy projects. This partnership and investment is another sign of the growing maturity of the market, and an indication that the future of green finance in sub-Saharan Africa will be bright. We’re proud to be a part of the solution to transition towards a lower-carbon energy system.”

**Bjørnar Baugerud, Vice President – Clean Energy in Norfund, said:** “Norfund believes that providing increased access to affordable renewable energy is an effective way to contribute to create jobs and improve lives. Increasing the share of renewables in the South-African energy mix is also an important contribution to limit the climate crisis. We are confident that this new partnership will be an effective tool to reach our common goals.”

**British High Commissioner to South Africa, Antony Phillipson, said:** “The UK Government is committed to making sizeable climate finance investments here in South Africa. This latest initiative from UK Climate Investments will support the expansion of renewable energy and boost local ownership in the sector. It is vital that we maximise the potential of renewable energy as South Africa looks to tackle its current energy deficit and deliver their ambitious Nationally Determined Contribution (NDC) with its targets for emissions reductions by 2030. This is a key part of delivering a just transition.”

**Reyburn Hendricks, CEO of H1 Holdings said,** “H1 is proud to play a role in assisting in the portfolio of wind farms to become a reality. We look forward to working with our funding partners, UKCI and Norfund, as well as our fellow shareholders, Enel Green Power and Pele Green Energy, in contributing to meeting South Africa’s commitments to a lower-carbon energy system.”

**Gqi Raoleka, MD Pele Green Energy (PGE) said** “We are proud to partner with leading global investment firms such as the UKCI and Norfund to drive a Just Energy Transition in South Africa. This investment expands our operational involvement in wind farms across South Africa but of more significance is the offshore direct investment being attracted into the South African economy. We are humbled to continue serving the objectives of the National Development and Integrated Resource Plans, as these projects form part of the government’s Renewable Energy Independent Power Producers (REIPPP) Programme.”

H1 Holdings is renowned for its fundraising abilities, thus fulfilling a crucial element of the global requirement to increase funding for renewable energy and climate action. Pele Green Energy, which will assume a more operational role across the portfolio, will bring technical expertise given their unique position as one of the few South African IPPs that controls and operates a utility-scale power plant.

Enel Green Power, who will retain a 60% ownership interest in the portfolio, have a proven track record of successfully delivering renewable energy projects in South Africa, as well as other markets.

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### About UK Climate Investments

UK Climate Investments is a £200 million pilot investment programme mandated to invest in India and sub-Saharan Africa. It targets transformational green energy investments where UK Climate Investments capital can mobilise additional private sector capital on a sustainable basis to promote cleaner, greener growth in these developing economies. UK Climate Investments LLP is a joint venture between the Green Investment Group and the UK Government's Department for Business, Energy and Industrial Strategy.

It forms part of the UK's aid funded International Climate Finance, which is a UK Government commitment to support emerging markets and developing countries to respond to the challenges and opportunities of climate change. UK Climate Investments is managed by Macquarie Asset Management, the world's largest infrastructure manager.

UK Climate Investments is a joint venture between Macquarie's Green Investment Group (GIG) and the UK Government's Department for Business, Energy and Industrial Strategy (BEIS), which invests UK International Climate Finance to help the world's developing economies tackle climate change and promote clean, resilient and inclusive growth.

### 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 important tool for strengthening the private sector in developing countries, and for reducing poverty. Norfund's committed portfolio amounts to USD 3.3 billion in sub-Saharan Africa, Southeast Asia and Central America. Norfund has four investment areas: clean energy, financial institutions, large-scale enterprises and green

infrastructure. Clean energy investments account for about 50% of the portfolio and 50% of the portfolio is in sub-Saharan Africa. For more information, please see: [www.norfund.no](http://www.norfund.no)

### **About H1 Holdings**

H1 Holdings is a black-owned and managed company based in South Africa founded in 2000. Its purpose is to improve the quality of life. We believe that the potential of the renewable energy sector to improve people's lives is significant and far-reaching. In order to best achieve our purpose, we develop, invest in and operate renewable energy power projects.

For further information please visit [www.h1holdings.co.za](http://www.h1holdings.co.za)

### **About Pele Green Energy**

Pele Green Energy (PGE) is one of the leading South African IPPs having developed, owned and operated renewable energy power plants across South Africa over its 12-year history. PGE is one of the few South African IPPs that controls and manages an operational utility scale powerplant.

For further information, please visit: [www.pelegreenenergy.com](http://www.pelegreenenergy.com)