



## Meeting the energy demand and curbing climate change

Finnfund is a development financier. We build a sustainable world by investing in responsible and profitable businesses in developing countries.

Climate change, youth unemployment and other global challenges call for urgent private investments. We make those investments happen in a sustainable and profitable manner. Our investment criteria are profitability, sustainability and positive development impact.

Renewable energy is one of our key sectors – together with sustainable forestry, sustainable agriculture and financial institutions.



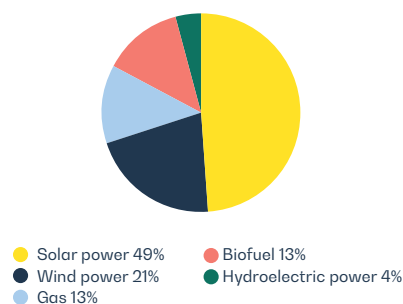
### Finnfund key facts:

- 40 years of experience
- 150–200 million euros invested in 20–30 projects per year in total
- 80 employees in Helsinki
- Total assets 500 million euros, portfolio and commitments 800 million euros
- Funding from the Finnish government, retained earnings from investments and loans from the private capital markets
- Owned by the State of Finland 94.1%, Finnvera 5.8%, Confederation of Finnish Industries 0.1%

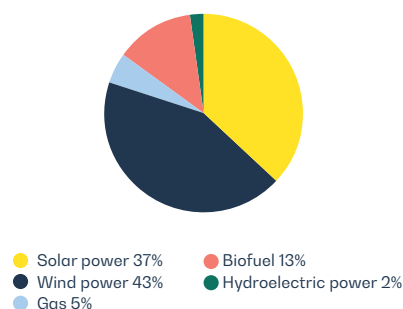
## Our renewable energy portfolio

- Direct investments in twenty renewable energy projects, two energy efficiency projects, and six funds which invest in renewable energy.
- Direct investments (portfolio and commitments) 166 million euros.
- Of the 166 million euros, about half is invested in solar energy, and one-fifth in wind power.

### Direct investments (portfolio and commitments) by energy type, December 2018



### Invested capacity (MW) by energy source 1,105 MW, December 2018



## IMPACT STUDY

# The Link between Power Investments, Incomes and Jobs in Cape Verde

Cabeólica wind farms consist of 30 wind turbines on four islands of Cape Verde: Santiago (9.35 MW), Sao Vicente (5.95 MW), Sal (7.65 MW) and Boa Vista (2.55 MW), totalling 25.5 MW. Since the beginning of its operations, Cabeólica has generated over 20% of Cape Verde's annual electricity consumption. Finnfund invested in Cabeólica in 2010 and exited in 2018.



## Key findings

The addition of 25.5 MW power generation capacity increased the effective supply of electricity by 14%.

By adding cheaper renewable energy to the grid, Cabeólica is estimated to have decreased the average electricity generation costs in Cape Verde by nearly 8% or € 0.02/kWh. However, as electricity prices in Cape Verde are not cost-reflective, this reduction has not been reflected in consumer electricity prices.

The shift from thermal to wind power is estimated to have displaced

12% (17 million litres) of Cape Verde's fuel imports, equalling to € 10.6 million or 2.1% of the country's trade deficit.

This has also lowered the overall CO<sub>2</sub> emissions by avoidance of 58.7 kt of CO<sub>2</sub> emissions, which is approximately 12% of Cape Verde's total emissions.

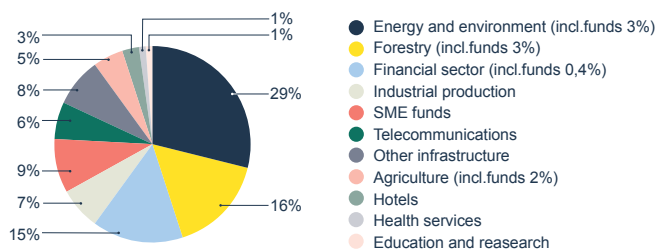
Cabeólica is estimated to have decreased outage time by 60%, leading to 0.8% increase in production time and overall 0.25% in national business production. This translates into 535 jobs and € 2.7 million in incomes.

## Why renewable energy

The way that developing countries meet their rapidly growing energy demand will be crucial for global efforts to curb climate change.

Renewable energy is Finnfund's largest sector with a portfolio and commitments worth 166 million euros. We continuously invest in wind, solar, hydro and bio energy, as well as energy efficiency and storage. We do not finance coal energy. The size of our projects varies and they make use of a wide range of technologies and financing solutions.

**Portfolio and undisbursed investment decisions and commitments by sector**  
(Total 800 million euros, 31 December 2018)



For more information,  
please visit  
[www.finnfund.fi](http://www.finnfund.fi)

## How and where we invest

We only finance projects with responsible implementation, lasting development impact and financial returns that reflect the risk. Our investments vary from one million to 25 million euros, with Finnfund always carrying a smaller share than the project sponsor.

### Tailored financing instruments:

- equity as a minority shareholder
- mezzanine financing to improve capital structure
- loans with maturities of up to 15 years

Returns are recycled into new investments. We also seek to catalyse institutional investors to invest more in developing countries. We adhere to international responsibility practices, such as IFC Performance Standards and UNGP, and we expect the same high standards of our investees and partners. We also have our own guidelines regarding, for example, responsible tax. We encourage our forestry clients to become certified, e.g. under the FSC®, and provide support along the journey.

### Finnfund as a partner:

- Strong expertise in renewable energy
- Dedicated team with long experience
- Established network – we help to build partnerships with international financiers and technology suppliers
- Thorough but swift investment process
- Financing solutions tailored for each project
- We help investees adhere to international sustainability standards
- Continuous monitoring and support throughout the investment period