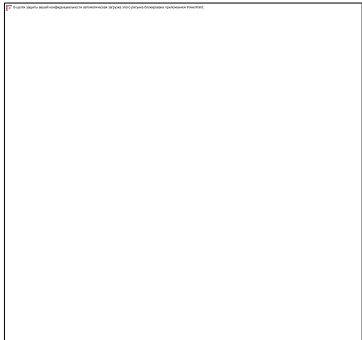




Danish IFU financing of renewables in Ukraine: lessons learnt and further plans

Renewable energy and energy efficient modernization of industry

Kyiv, 23 November 2017



IFU

INVESTMENT FUND FOR
DEVELOPING COUNTRIES

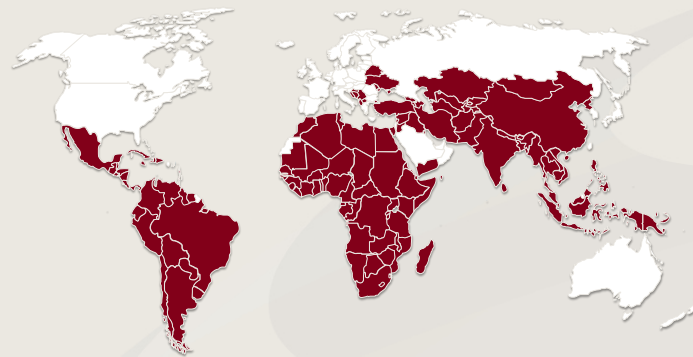
IFU IN BRIEF

Danish government-owned fund, operating on commercial terms

12.1 % The average annual gross return on share capital (2009 - 2016)

Promotes economic and social progress in developing countries

Provides risk capital and advice for projects having a Danish interest



146 investment countries

40 – 50 annual investments

New and additional financing

Established in 1967



Active portfolio of 212 projects

Average commitment of 7 - 10 years

2.5 bn EUR
invested in share capital and loans



Total contracted investments of more than

23 bn EUR



Leverage/mobilisation of capital: factor 8-9



IFU

General direct outcomes



Jobs, taxes, female employment, youth employment, etc.

Sector-specific direct outcomes



Limited CO2 emissions, number of assisted small farmers, etc.

IFU
CONTRIBUTES TO
THE 17
SUSTAINABLE
DEVELOPMENT
GOALS

Input and output



Technology level, staff training, ESG assessment, etc.

Indirect contributions



IFU

IFU'S INVESTMENTS

EUROPE (ex. Ukraine)

Investments (no.):	379
Total investments (DKKkM):	41,652
IFU investments (DKKkM):	6,021
Actual direct employment (people):	60,660

UKRAINE (since 2000)

Investments (no.):	51 (21 active)
Total investments (DKKkM):	2,662
IFU investments (DKKkM):	663
Actual direct employment (people):	4,597

ASIA

Investments (no.):	385
Total investments (DKKkM):	46,720
IFU investments (DKKkM):	5,308
Actual direct employment (people):	85,952

LATIN AMERICA

Investments (no.):	111
Total investments (DKKkM):	8,274
IFU investments (DKKkM):	1,516
Actual direct employment (people):	25,149

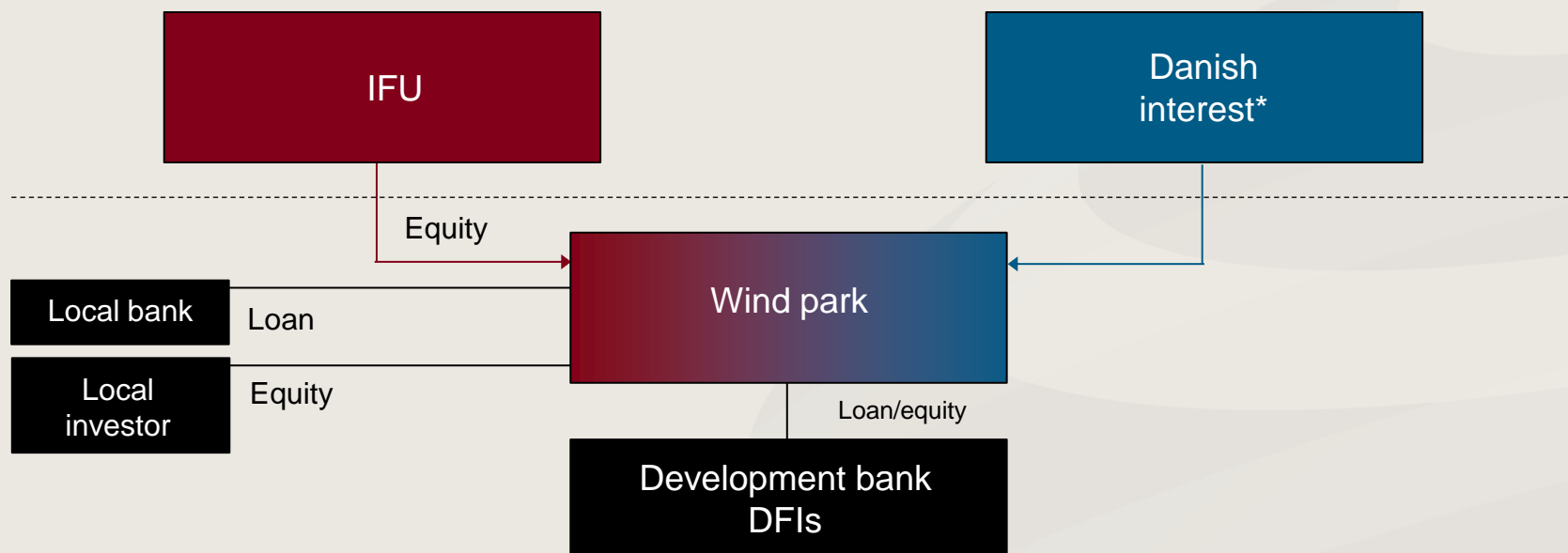
AFRICA

Investments (no.):	243
Total investments (DKKkM):	54,616
IFU investments (DKKkM):	3,703
Actual direct employment (people):	45,960

- Active minority investor
- Equity in the range of EUR 2m – EUR 15m
- Agreed exit strategy



Typical investment



*

- Danish investor
- Danish company supplying goods, technology, know-how, management or services;
- Indirect financial participation to the project company;
- Danish company sourcing products from the project company;
- Danish participation on the board or in the management team of the project company;
- Use of state-of-the-art Danish technology in the project;
- Direct or indirect job creation in Denmark;
- Etc.



CASE: Karpatskyi Wind, Ukraine

KEY FACTS

Project type	Wind farm
Country	Ukraine
Status	In operation
Fund participation	EUR 10.5m
Total investment	EUR 33.8m

- 6 x 3.45 MW Vestas turbines
- 10-year service and availability contract with Vestas
- Green tariff based PPA with Energorynok till YE2029
- Constructed during approx. 1 year
- Co-financed by EBRD and NEFCO



Pipeline: 2 x 30MW solar PV projects in Central & Western Ukraine

- Experienced Ukrainian sponsors
- Chinese panels and inverters
- Green tariff based PPA with Energorynok till YE2029 (est.)
- Secured grid connection
- Estimated construction period: 0.75 year
- To be co-financed by EBRD and NEFCO
- Paving the way for other investors



Lessons learnt and challenges

- Land allocation / Purpose of the land
- Location risks (Eastern Ukraine is more risky)
- Lack of available equity financing / Too much dependence on DFIs
- Reputation risks: who are the local partners?
- Who benefits the most from green tariffs? Who pays for these benefits?
- Whether green tariffs will survive till YE2029?
- Can Ukrainian judicial system protect asset owners?
- Is it safe to make direct equity investments to Ukraine, without going through foreign holding companies?
- Chronobyl solar? This should be extremely transparent to attract international finance
- Offshore wind?



IFU IN UKRAINE – INCREASING COMMITMENT

- Ukraine is ranked high for Denmark
- Investment development continues despite low economy
- Neighborhood Energy Investment Fund of DKK 130m for Ukraine and Georgia (2018-20)
- Danida Business Finance programs for public sector
- Grants for energy efficiency and Danish SMEs working in Ukraine
- Fruitful cooperation with EBRD, NEFCO, BSTDB



EUROPE AND MENA TEAM



In Copenhagen:



Lisbeth Erlands
Vice President,
Europe & MENA



Klaus Prebensen
Investment Director



Anders Paludan-Müller
Investment Director



Anastasiia Erichsen
Investment and Administrative
Supporter

In Kiev:



Olexiy Parkhomchuk
Investment Director



Lars Vestbjerg
Adviser

How to start? – Give us a call (ifu.dk) and be specific

