



Invest with Impact

How hydro-powerplants empower local population

Reliable renewable energy in Ecuador

There is not enough affordable energy available in Ecuador. Moreover a large proportion (approximately 40%) of the energy is not being generated in a sustainable manner. For a growing population and increasing workforce even more energy is needed in the future. The demand for energy has amply tripled in the past two decades, while the population growth was “only” 30%.

“Run-of-River” is small but powerful

Ecuador is very suitable for generating energy through “run-of-river” hydroelectric plants. These are relatively small-scale plants, ensuring the river and its environment are affected as little as possible.

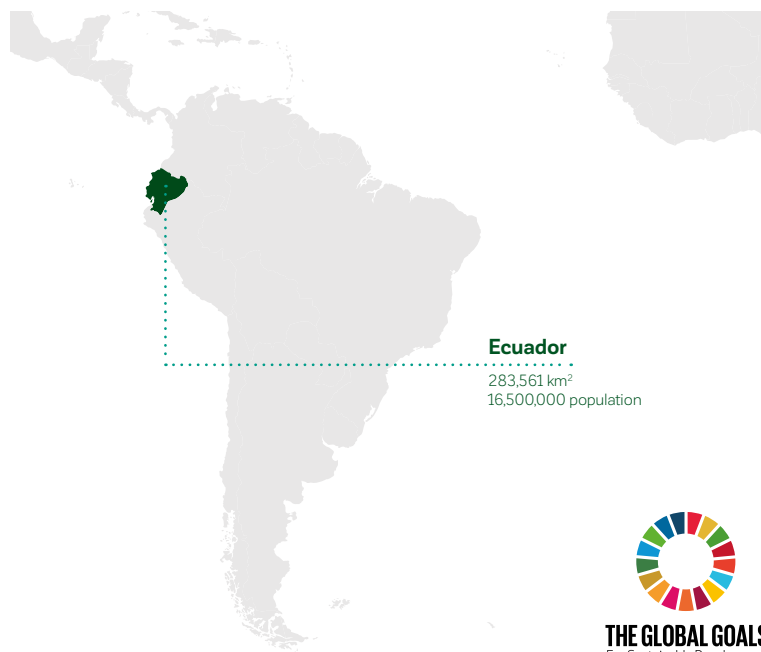
Hidronormandia, an installation of 49.6 MW, is based in southwest Ecuador at the riverfront of Upano. This hydropower project is expected to annually produce 338.6 GWh of affordable electricity and meet the energy needs of approximately 170,000 Ecuadorian households.

Hidronormandia was set up in 2016 and borrowed a total amount of USD 110 million from FMO and other partners. That is a substantial amount, which funded both the construction of the power plant itself as well as the 85 km long transmission line connecting the plant to the national energy grid.

Since 2018, the hydroelectric powerplant is operational and supplies energy to the national network. Around 350 local people worked on the construction. Now, in the operational phase, a small number of local people continue to have a job, e.g. working on the daily monitoring and maintenance of the plant. And whenever possible employees are hired from the local population. It is strongly encouraged by FMO at the implementation of a project that employment is offered to the local population. Involvement of the local population in several ways, including via employment, is an essential part to the success of a project, both during construction and afterwards. It has become proven concept that when local population is positive about the project and they feel involved, this will have a positive impact on how the plant operates.

The loan

In 2016 FMO granted a loan amounting to USD 40 million, part of which was provided by other DFI's. The fund acquired a USD 3.5 mln participation in the FMO loan in June 2018. The payments on the loan are proceeding as per the agreement.



In perspective

Decreasing the dependency on non-renewable energy is an ambition that many if not most countries share especially since the 2015 Paris Agreement. It is however more than just an ambition to be more sustainable. Quite often it is also an economically sensible or even necessary step. Many countries rely on the import of heavy fuel oils (HFO) for their daily energy production. The import of these HFOs are often a heavy and unpredictable burden on the government budgets of these economies.

This is not quite the case for Ecuador which still relies strongly on the export of its petroleum, which actually accounted for about a third of the country's export earnings in 2017. This was also a time during which the oil price dropped steeply. This volatility of the oil price and thus of the country's income influences the government's spending budget. A budget very much focussed on reducing local inequalities.

So in order to reduce the use of petroleum for its own energy production and thus freeing up finance for much needed other investments, the decision was made to increase renewable energy capacity by adding several thousands of MW to the grid within a number of years. By doing so the country strives not only for renewable and affordable energy, but also aims to reduce inequality.



The development of

Hidronormandia S.A



Installed capacity

50MW



GHG avoided p/a

> 150,000
tCO₂eq

FMO investment

FMO

USD 40 mln

Fund participation

USD 3.5 mln

“The power of a hydro-project is more than just the energy produced”



The Fund Manager

Privium Fund Management B.V. ('Privium') Privium is an Alternative Investment Fund Manager ('AIFM') and in that capacity avails of a license pursuant to section 2:65 of the Act on Financial Supervision of the Netherlands (Wft) as that section reads following the incorporation of the AIFM Directive in the Wft. (www.afm.nl) Privium Fund Management is a global business partner to different asset management initiatives.

Contact

Privium T: +31 20 46 26 644 W: www.fmopriviumimpactfund.nl



The Investment Advisor

FMO Investment Management BV ('FMO IM') is a MiFID licensed Dutch investment firm and 100% subsidiary of the Dutch development bank FMO NV. FMO IM advises on the loan portfolio at the request of the Fund Manager. All loans offered to the fund have successfully completed the investment process of FMO and have thus been added to FMO's own loan portfolio.

Published October 2019

Don't take any unnecessary risk. Read the Key Investor Information Document.

The FMO Privium Impact Fund, a Dutch Fund for Joint Account (fonds voor gemene rekening, or FGR) is included in the register held by the Dutch Authority for the Financial Markets (Stichting Autoriteit Financiële Markten, see www.afm.nl). This document is provided for information purposes only and should not be treated as an offer to buy or a solicitation of an offer to buy participations in the FMO Privium Impact Fund. Potential investors are advised to read the prospectus, including the supplement, and the key investor information document carefully and obtain (legal and tax) advice prior to an investment decision. The value of an investment fund is dependent on developments on the financial markets and can fluctuate strongly due to its investment policy. The value of your investments can fluctuate. Past performances provide no guarantee for the future. The performance overviews and/or performance objectives have been carefully prepared by Privium Fund Management. However, no rights can be derived from that information. The prospectus and supplement of the FMO Privium Impact Fund can be downloaded from www.priviumfund.com/funds. The prospectus and supplement of the FMO Privium Impact Fund are the only authorised documents for offering of shares of the fund and may only be distributed in accordance with the laws and regulations of each appropriate jurisdiction in which any potential investor resides.

Don't take any unnecessary risks.

Read the Key Investor Information Document.

THIS IS A MANDATORY ANNOUNCEMENT