



# Invest with Impact

Continued support for the wind of change

## A continued challenge

Costa Rica's desire to move completely to renewable energy was already mentioned in the case story on the Orosi windmill park, published in 2017. The move to aim for 100% renewable energy is not the main target by itself, but part of a more holistic plan towards a net-zero emission economy. While Costa Rica is recognized as a global leader for its environmental policies and accomplishments, its basic pillars of the Costa Rican development model evolve around inclusion, growth, and sustainability.

Exemplary is the pioneering Payments for Environmental Services (PES) program, launched back in 1997, which has been successful in promoting forest and biodiversity conservation; making Costa Rica the only tropical country in the world that has reversed deforestation. The program covers a staggering 35% of the country and roughly 70% of the forests. While achievements such as these are widely celebrated, the country also needs to focus on continuing poverty and inequality reduction amid the COVID-19 pandemic.

## When the wind is a winning factor

In 2016 FMO decided to provide financing for a set of four wind projects spread across two sites in Guanacaste province in northern Costa Rica, with both exhibiting outstanding wind conditions. Each project has ten 2MW windmills, thus building in total 80MW of wind power capacity. In September 2017, the construction was completed. The annual energy production is currently around 430GWh of electricity which is more than initially

expected and fits well within the growing energy needs of the country. Also, in combination with the country's electricity coverage of 99.4%, on what is considered a robust, reliable, and flexible electricity system, almost all Costa Ricans benefit from reliable and sustainable energy. It further supports the possibilities which the Costa Rican government intends to promote of the use of electric vehicles for both private, commercial, and public purposes. The owner of the projects is Corporación Multi Inversiones ("CMI"), a leading player in the development, construction and operation of renewable energy projects in Central America. CMI is a family-owned business from Guatemala, operational since 1920 and currently active in 15 countries. Its business consists not just of renewable energy projects, but also food businesses including wheat flour mills and pasta production. Through all its business combined CMI provides work for over 40,000 employees.

## The loan

Our fund participation is part of a USD 149 mln long term debt financing covering (a substantial part of) the cost to develop the four wind projects. FMO has also been able to mobilize more commercial capital from sustainability focussed investors such as Triodos Groenfonds and Oikocredit.



## In perspective

### A broader perspective




According to Costa Rica's National Decarbonization Plan presented in February 2019 greenhouse gas emissions are still increasing. Estimations say that emissions will increase annually by 2.4%. Between 2015 and 2030, emissions will have increased by 60%, and would increase by 132% in 2050.

The primary source of carbon emissions in Costa Rican is through the burning of fuels of private, public, and freight transportation. As the economy grew, the importance of private transport has risen. The country went from 418,048 units in 1994 to 1,347,000 in 2015, of which 834,000 are private/light-duty vehicles. The investment in public transport infrastructure has been low so far, given that most of the budget of the Ministry of Public Works and Transport has been invested in roads and in supporting the use of private vehicles. Investments in public transport are among the solutions presented as achieving improvements in public transport would service a large part of the population and socially more vulnerable groups. Solutions include not only making the system better connected and more accessible, but also powered by electricity.



## The development of

### Impact

	MW installed	80 MW
	GWh p/a	430 GWh
	CO <sub>2</sub> avoided	256.795t CO <sub>2</sub> eq

### FMO investment

FMO loan	USD 149 mln
Fund part	USD 2.4 mln

“At 99.4% coverage almost all Costa Ricans benefit from reliable and sustainable energy.”



### The Fund Manager

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#### Contact

**Privium** T: +31 20 46 26 644 W: [www.fmopriviumimpactfund.nl](http://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.

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