

Investing in sector development

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Triodos International Fundmanagement

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Triodos Bank

- 25 years sustainable banking
- leading European “Green Bank”
- €2bn. assets under management
- €250m. in renewable energy
- Green Funds → 1,2% tax incentive
- Dutch Sustainability Research
- Active role in public debate

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Triodos International Fund Management

‘access to financial services in developing countries’

- microfinance
- fair trade
- Renewable energy and energy efficiency

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- microfinance → three funds: €60m.
- public funding ↔ private management
- co-investing with financial development institutions and private investors
- 2004: social ethical investments: 1,2% tax benefit
- 2005: Global Reporting Initiative
- 2005 Venture Capital Fund in India

- trade finance facilities
- instrumental in branding fair trade
- developing standards

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- Renewable energy and energy efficiency
 - Solar Development Group: public-private funding
 - Triodos Renewable Energy for Development fund
- 2005: EC Tender Patient Capital Initiative

Triodos Renewable Energy for Development Fund

GOALS

- increase renewable energy and energy efficiency in developing countries
- stimulate the financial sector to invest in that sector

HOW

Initiate, structure and invest in local financial intermediaries using non-commercial capital to attract commercial capital

Mechanism

1. Master fund attracts non-commercial (public) funding to invest risk capital in sub funds
2. commercial capital matches with preference capital
3. local fund invests in projects and/or SMEs
4. commercial capital matches

Result: public capital with a risk return is leveraged with higher yielding private capital.

Based on our experience:

- small and simple
- transparent governance → few public interference
- grounded in the local market place
- realistic return expectations
- long term investment horizon
- broad definition of ‘fund’
 - bundling of projects
 - use existing financial infrastructure
- financially sustainable

What is needed to attract private investors?

- projects should be profitable or cost effective
- investment models for smaller projects
 - modify terms and conditions
 - greater assumption of various types of risks
- local expertise
- public capital with a risk return
- seed capital and business support
- supportive governments

What do we to develop the sector?

- stimulate and assist (our) local experts to start
- provide pre-investment capital
- accept a long term investment horizon
- active governance

- present investment opportunities to the private sector
- develop a track record for smaller projects

For more information

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