



## CDC's energy investments: building just, green development?

**Author:**

Dr Sarah Wykes, Lead Analyst Climate and Energy, CAFOD

**Research:**

British Overseas NGOs for Development (BOND)

**Acknowledgements**

We would like to thank Lynsay Taffe of CDC Group for her support in providing investment data.

© CAFOD September 2020.

**Cover photo:** Aerial view of floating solar cell platform, Taiwan. Tom Wang/Shutterstock

**Design:** Alex Quero,

W. [www.alex.quero@mac.com](http://www.alex.quero@mac.com)

E. [alex.quero@mac.com](mailto:alex.quero@mac.com)

## List of acronyms

CAFOD	Catholic Agency for Overseas Development
COP	Conference of parties to the United Nations Framework Convention on Climate Change
CDC	CDC Group, previously the Commonwealth Development Corporation
DFI	Development Finance Institution
DFID	Department for International Development
DRE	distributed renewable electricity
FCDO	Foreign, Commonwealth and Development Office
HFO	heavy fuel oil
IPCC	Intergovernmental Panel on Climate Change
MW	megawatt
ODA	official development assistance
ODI	Overseas Development Institute
OOF	other official flows
SDG	Sustainable Development Goal
SEforALL	Sustainable Energy for All
UKEF	UK export finance

## Contents

Acknowledgments	1
List of acronyms	1
List of Figures	3
Summary of findings	4
Recommendations for the UK government	5
Introduction	6
Aligning energy support overseas with the UK’s climate change and development commitments	7
How ‘Paris-aligned’ is the UK’s current energy support, including via CDC?	7
CDC’s Climate Change Strategy	8
BOX 1: How does CDC invest and how does it report on investments?	9
CDC’s energy investments – the data gaps	10
Box 2: Globeleq	11
CDC’s direct investments in fossil fuels	12
CDC’s direct investments in renewable energy	13
CDC’s total direct investments in energy	15
Box 3: CDC’s new fossil fuel exclusions – the emperor’s new clothes?	16
CDC’s investments in fossil fuels through managed funds (“intermediated investments”)	17
CDC’s investments in renewable energy through managed funds	18
CCD’s total investments in energy through managed funds	20
Additional energy support – CDC’s investments in financial intermediaries	20
CDC’s total energy investments	21
Conclusions	23
Endnotes	24

## List of Figures

Figure 1: Annual and total ODA transfers from DFID to CDC _____	6
Figure 2: ODA through CDC as a percentage of total ODA (2010–2019) (£m) _____	6
Figure 3: CDC portfolio by investment type (2019) (£m) _____	10
Figure 4: Globeleq electricity-generation capacity by fuel type (2020) (MW) _____	12
Table 1: CDC direct investments in fossil fuels – commitments (2014–19) (\$m) _____	12
Figure 5: CDC direct investments in fossil fuels – commitments (2014–19) (\$m) _____	13
Table 2: CDC direct investments in renewables – commitments (2014–19) (\$m) _____	13
Figure 6: CDC direct investment in renewables – commitments (2014–19) (\$m) _____	15
Figure 7: CDC total direct investments in energy (2014–19) (\$m) _____	15
Table 3: CDC’s direct investments in fossil fuels before 2020 Climate Change Strategy – commitments (2014–19) (\$m) _____	16
Table 4: Potential CDC direct investments in fossil fuels after 2020 Climate Change Strategy – commitments (\$m) _____	17
Figure 8: Number of CDC investments in fossil fuels through managed funds (2008–19) _____	18
Figure 9: Number of CDC investments in renewables through managed funds (2008–19) _____	18
Figure 10: Number of CDC investments in fossil fuels and renewables through managed funds (2008–19) _____	19
Figure 11: CDC total energy investments through managed funds (2008–19) (\$m) _____	20
Table 5: CDC direct commitments to financial institutions (2019) (\$m) _____	20
Figure 12: Total current value of CDC’s investments in energy (2019) (\$m) _____	22
Figure 13: Electricity generated and distributed by CDC investments by fuel type (2019) (MW) _____	22

## CDC's energy investments: building just, green development?

### Summary of findings

- CDC Group (CDC) does not report consolidated information on its energy-related investments. Information gaps, particularly related to its investments via managed funds and financial institutions, and inaccuracies in disclosed information, are a barrier to transparency.
- CDC's current energy portfolio is misaligned with the UK government's pledge to align public finance with climate-resilient development and support a just, green recovery from Covid-19 globally. Half of CDC's current energy portfolio is composed of fossil fuels, probably with significant further support that could not be accurately assessed due to data gaps.
- Over 90 per cent of CDC's direct fossil fuel investments, and much of its current exposure to fossil fuels through direct and indirect investments in financial institutions, would have been permitted under its new Climate Change Strategy. The exclusions introduced will not be applied to fossil fuel investments made prior to the launch of the Strategy.
- **Total energy investments:** The current asset value of CDC's total energy portfolio is estimated at \$1.64 billion (£1.24bn), evenly split between fossil fuels (\$835 or £632 million, or 51 per cent), and renewables (\$806 or £610m, or 49 per cent).<sup>1</sup> Fossil fuels accounted for 85 per cent of the total electricity generated and distributed through CDC investments in 2019.
- **Direct investments:** Between 2014 and 2019, CDC committed \$1.7bn (£1.28bn) directly to energy-related companies and projects, of which \$1.1bn (£833m) had been invested as of 2019. Of these commitments, over 40 per cent (\$744m, or £563m) were for fossil fuels, and fossil fuels represented over half (\$591m, or £448m) of investments made.
- The current asset value (end 2019) of CDC's direct energy investments was just under \$1.23bn (£930m). The proportion of fossil fuels is higher (\$511m, or 55 per cent) than renewables (\$520m, or 45 per cent).
- The largest channel for direct energy investment is Globeleq, a company majority-owned by CDC. Globeleq represented almost half of CDC's total commitments to fossil fuel power generation (over \$360m or £276m). Seventy-three per cent of Globeleq's electricity-generation capacity is currently fossil fuel-based.
- Less than five per cent of CDC's direct energy investments were in decentralised renewable energy, the least-cost solution for providing most people living in poverty with basic access to electricity.
- **Intermediated investments:** CDC has made energy investments through managed funds (intermediated investments) of at least \$403m (£305m) as of 2019. Of this, about one-third (\$146m or £111m) went to fossil fuels, and about two-thirds to renewables (\$257m or £194m).
- The current asset value of CDC's intermediated investments in energy is estimated at \$413m (£312m): \$161m or £122m (39 per cent) in fossil fuels and \$252m or £191m (61 per cent) in renewables.
- **Additional fossil fuel support:** CDC support for fossil fuels is likely to be larger than the figures provided for direct and managed fund investments in fossil fuel energy due to additional support to fossil fuel use through managed fund investments, and CDC's investments in financial institutions which finance fossil fuel-related activities.

## Recommendations for the UK government

- CDC is a significant channel for UK aid. Its investments must be clearly aligned with delivering the UK's climate change commitments under the Paris Agreement and the Sustainable Development Goals. Reform of CDC to become the UK's Green International Bank (GIB) should be a priority for the new Foreign, Commonwealth and Development Office (FCDO).
- CDC's mission should be to support developing countries in transitioning or leapfrogging to low-carbon, climate-resilient development pathways, including through its post-Covid response. CDC's lending mandate should be extended to national and sub-national governments in developing countries so that it can support public investments in low-carbon, climate-resilient infrastructure and services, including in the energy sector.
- CDC's energy portfolio requires urgent reform to deliver the aspirations of its new Climate Change Strategy. Around half its energy investments are in fossil fuels, and there are no plans to phase these out. This is inconsistent with CDC's stated ambition to align its investing with the 1.5°C temperature goal and support developing countries to transition or leapfrog to low-carbon development pathways.
- The UK government must place an immediate moratorium on new fossil fuel investments via CDC, both direct and through managed funds. The only exception should be investments in LPG or natural gas for clean-cooking access for people living in poverty. An independent assessment of the energy poverty-reducing impacts and avoided emissions of such investments should be carried out, including consideration of transition pathways to cooking with clean electricity and renewables.
- CDC's existing energy portfolio must be decarbonised, with fossil fuel investments reviewed and phased out by the end of 2021 (by COP26). While the review is pending, the new Foreign, Commonwealth and Development Office should suspend any further investments in CDC until there is clarity on the implications for CDC's capital requirements of any changes to the institution's investment pipeline and expected portfolio receipts.
- To improve the transparency and accountability of its investments, and reflect the particular complexity of its investments via managed funds and other financial intermediaries, CDC should disclose publicly and in a timely manner: the initial and current value of all investments through managed funds, the drawn down and current value of every direct investment, details of all investments made by financial institutions in receipt of CDC investment (such as banks), and the investment terms (including any restrictions on investment exit) for all investments (direct and through funds).

## Introduction

CDC Group (CDC), previously the Commonwealth Development Corporation, is a development finance institution (DFI) wholly owned by the UK government via the Department for International Development (DFID).<sup>2</sup> CDC invests in private sector businesses in Africa and South Asia with the dual objectives of achieving development impact and generating a financial return.<sup>3</sup>

Prior to 2015, CDC was a self-financing institution which received no additional resources from DFID. Since 2015, however, CDC has received increasing amounts of overseas development assistance (ODA) as part of a recapitalisation plan to expand its investment activities. Between 2015–16 and 2019–20, CDC received a total of £2.8bn from DFID and is scheduled to receive an additional £2.27bn between 2020–21 and 2021–22.<sup>4</sup> Figure 1 below shows the annual and total ODA transfers from DFID to CDC between 2015–16 and 2021–22.

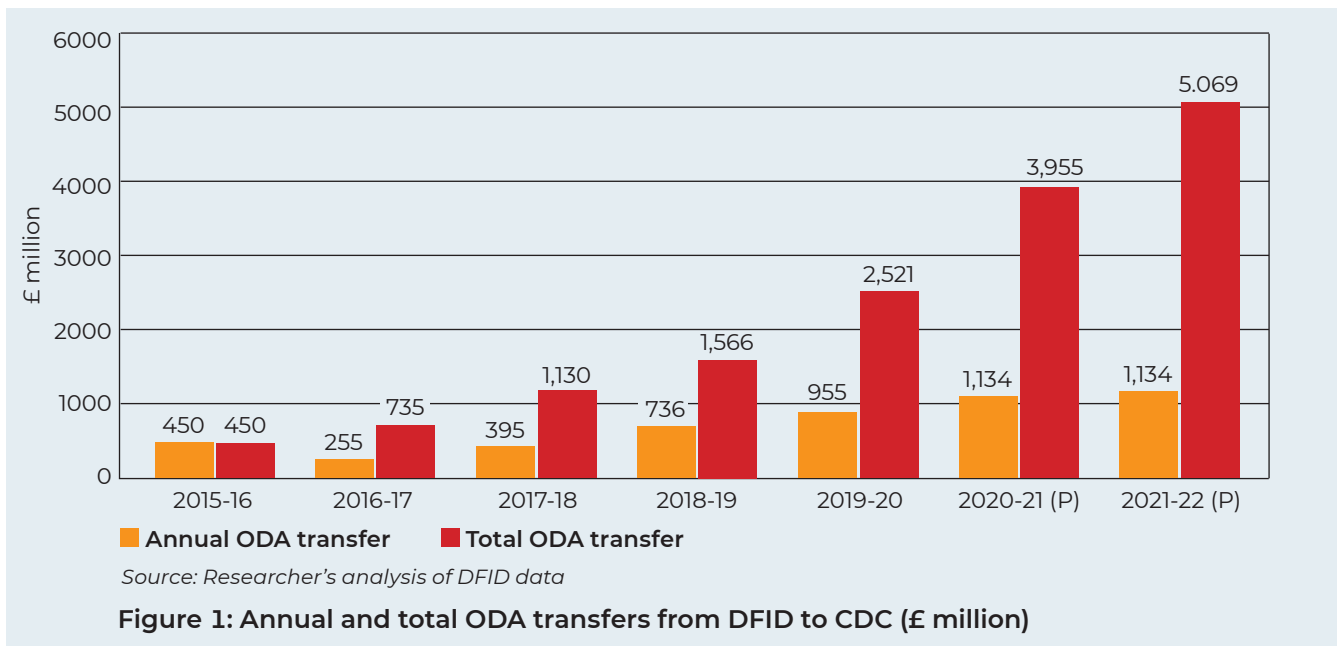
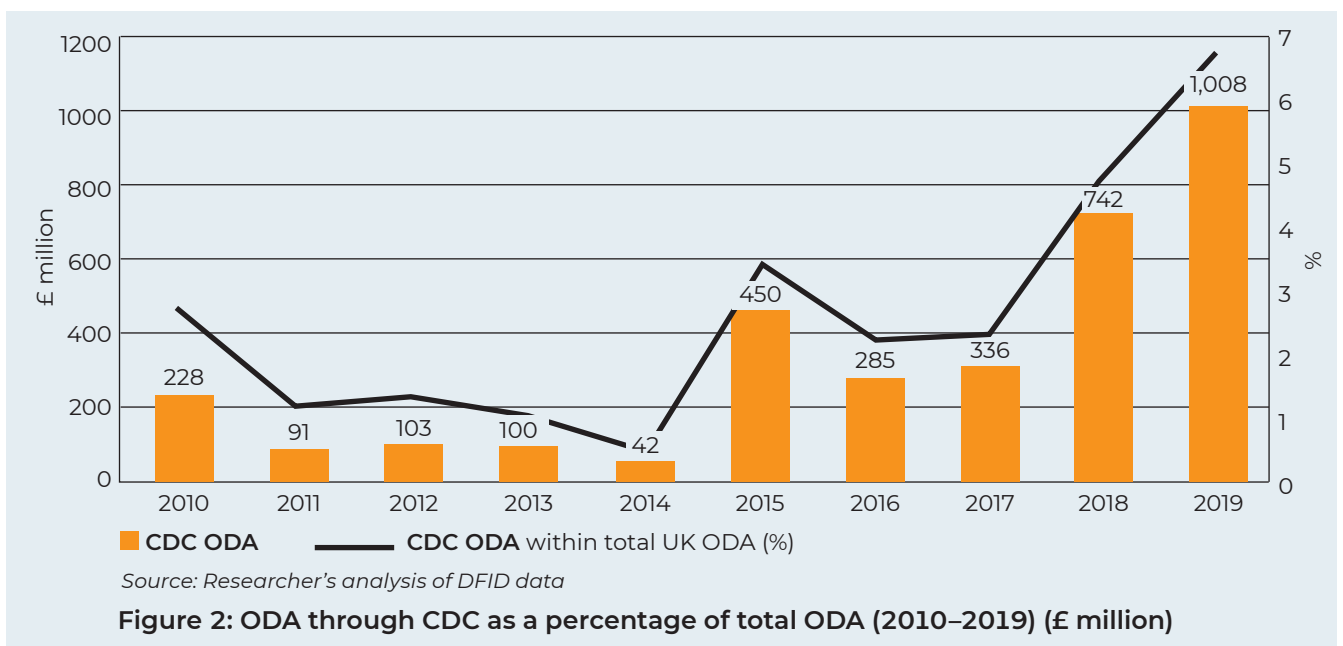


Figure 2 below shows the amount of ODA transferred to CDC as a percentage of total ODA. This shows that CDC has become an increasingly important channel for UK aid.



CDC's total net assets have more than doubled in less than a decade, rising from £2.95bn in 2012 to £6.4bn in 2019, primarily through increased capital transfers. This represents an average annual growth rate of 13 per cent. The total value of CDC's investment portfolio has increased from £2.2bn in 2012 to £4.7bn in 2019, an average annual growth rate of 12 per cent, reflecting the rise in investment commitments due to the recapitalisation.<sup>5</sup> CDC accounts for over half of DFID's total financial investments (which stand at £11.4bn).<sup>6</sup>

## Aligning energy support overseas with the UK's climate change and development commitments

CDC is one of the most important channels for UK aid. It is therefore critical to understand whether and how its investments are helping the UK meet its interlinked commitments on climate change and the Sustainable Development Goals (SDGs). Without urgent and ambitious action to address climate change, the huge gains in poverty reduction over the last three decades will be lost, and delivery of the SDGs will be put at risk.<sup>7</sup>

Under the Paris Climate Agreement, countries pledged to make efforts to keep below the 1.5°C limit for global warming and to align global financial flows with a pathway towards low greenhouse gas emissions and climate-resilient development.<sup>8</sup>

Alignment of global energy finance with the 1.5°C limit for global warming is crucial, given the central role played by fossil fuel emissions in climate change.<sup>9</sup> The amount of greenhouse gases emitted needs to be at least halved by 2030 and be near zero by 2050, if the world is to have even a reasonable chance of keeping below 1.5°C.<sup>10</sup> To have a *high* chance of reducing greenhouse gas emissions to near zero by 2050, the production and consumption of oil and gas need to be phased out urgently.<sup>11</sup>

The UK has also committed to help deliver SDG 7 on access to affordable, reliable, sustainable and modern energy for all by 2030. To reach universal electricity access, it is estimated that over two-thirds of investment should be in decentralised renewable electricity solutions or DRE (eg. solar home systems or mini-grids).<sup>12</sup>

Globally, there is financing gap for action on SDG 7, especially to support DRE and clean-cooking solutions – with only a tiny amount of global energy access finance going to DRE and an even smaller and decreasing amount to clean cooking.<sup>13</sup> According to the most recent Tracking SDG 7: The Energy Progress Report, this goal will be missed without greater action.<sup>14</sup> Despite this, only ten per cent of UK energy support goes to access for poor communities, and only half of the top ten recipients for ODA support were countries with the highest levels of energy poverty.<sup>15</sup>

As host of the next climate summit (COP26), the UK government has reaffirmed its commitment to aligning all UK finance flows with the Paris Agreement and, more specifically, to a global phase-out of coal power, scaling up universal electricity access and providing “technical assistance, investment [and] policy support, so that clean power becomes the most attractive option for all countries, not just developed ones”.<sup>16</sup>

The need for a just, sustainable energy transition is brought even more sharply into focus by the opportunities and risks associated with Covid-19 response and recovery packages. As CDC itself recognises, “finance and support from institutions like CDC will be critical to the rebuilding process”.<sup>17</sup> Recovery support could catalyse a sustainable, green recovery, including a just energy transition that builds community resilience to further shocks,<sup>18</sup> or lock developing countries further into high-carbon infrastructure.

## How ‘Paris-aligned’ is the UK's current energy support, including via CDC?

The government's renewed commitment to support a just and sustainable energy transition globally is welcome, but to be credible, the UK must get its own house in order by ensuring our energy support overseas is “Paris-aligned”.



Previous research by the Overseas Development Institute (ODI) for CAFOD showed that CDC is a significant channel for UK energy support overseas. From 2010 to 2018, CDC accounted for approximately 40 per cent of UK bilateral support for energy overseas (£791m).<sup>19</sup>

The research also revealed a significant gap between the energy sources the UK is supporting and its ambition to make all public finance “Paris-aligned”. About 60 per cent (£4.6bn) of UK energy support overseas is flowing to fossil fuels (the vast majority to oil and gas projects).<sup>20</sup>

Twenty-seven per cent of energy finance through ODA or other official flows (OOF) in the period 2010 to 2018 was for fossil fuels (just under £1.5bn), with a third of this (32 per cent) channelled via CDC. However, the previous research only covered CDC’s direct investments in energy businesses or projects, and did not include:

- a) investments via managed funds;
- b) any disaggregation of mixed investments (fossil fuel and renewable) by fuel type.

Given that CDC is increasing in significance as a channel for UK aid, a comprehensive analysis is needed to determine whether its energy portfolio is supporting delivery of the UK’s climate and development commitments, including whether it is aligned with the goals of CDC’s new Climate Change Strategy.

## CDC’s Climate Change Strategy

In July 2020, CDC published a new Climate Change Strategy. It aims to “ensure that [CDC’s] activities and portfolio are aligned with the Paris Agreement”<sup>21</sup> and is based around three building blocks:

- “1. Net zero by 2050: investing for a net-zero world, because investment decisions today affect emissions tomorrow
- 2. Just transition: supporting a ‘just transition’ to a net-zero economy by keeping the creation of decent jobs and skills development at the forefront of the change
- 3. Adaptation and resilience: strengthening adaptation and resilience of sectors, communities, businesses and people to the effects of climate change”.<sup>22</sup>

In terms of Building Block 1, the Strategy refers interchangeably to the goals of “investing in line with the 1.5°C temperature goal” and “achieving] net zero emissions at portfolio level by 2050”. It outlines two broad strategies to achieve this: first, “decarbonising our portfolio”, starting with baselining the overall emissions of “our entire portfolio, including through direct investments and intermediaries” and, second, “supporting individual country [low-carbon] pathways”.<sup>23</sup>

CDC further states that it will not make any new commitments to sub-sectors it classifies as mis-aligned with the Paris Agreement. Within the categories of misaligned sub-sectors in which CDC will no longer invest, the Strategy prohibits all coal, most oil and some gas investments.

Furthermore, CDC states that it “will only pursue investments in gas-fired power stations and gas midstream projects if they fulfil the requirements of our emerging guidance tool to demonstrate alignment with countries’ pathways to net zero emissions by 2050 and therefore can be considered transitional investments to net zero economies by 2050”.<sup>24</sup> However, CDC’s Chief Executive Officer (CEO) has described gas as a critical transition fuel for Africa to provide baseload power,<sup>25</sup> and CDC stated in recent correspondence that “we can in principle still support gas power projects, subject to new guidance on Paris alignment” with direct investments in fossil fuels in recent years mostly being in gas power.<sup>26</sup>

This position is to be kept under review “as the UK Government’s broader approach to ODA funding for fossil fuels is updated”.<sup>27</sup>

While the list of investment exclusions within the new Strategy may appear extensive (see Box 3: CDC’s new fossil fuel exclusions), it should be noted that CDC’s ‘Policy on coal-fired power generation’

introduced in 2014 already placed restrictions on CDC investments in thermal coal plants as part of the UK government's commitment in 2013 to end support for public financing of new coal-fired power plants overseas.<sup>28</sup> As a result, new investments in coal power generation through managed funds ceased.

Moreover, as this briefing highlights, most of CDC's current investments in fossil fuels would have been permitted under the new exclusion list (see Box 3: CDC's new fossil fuel exclusions). DFID has stated that the new Climate Strategy will also not be applied retrospectively to investments made prior to the launch of the Strategy.<sup>29</sup>

Furthermore, CDC has not provided any information on its approach to developing guidance to assess investment alignment with the Paris Agreement and country net-zero pathways for sub-sectors that are "transitional", such as gas power. It is unclear what methodologies will be used to assess how such investments can contribute to a transition pathway to renewable energy systems in specific country contexts, and whether the assessments and methodologies will be disclosed publicly.

This is concerning given that a precautionary approach to keeping below the 1.5°C limit for global warming requires an urgent phase-out of fossil fuels. New gas infrastructure will in most cases also be more expensive than providing power generation using renewable energy, and that future grid reliability could be provided by interconnection with other grids or dispatchable renewable power such as hydro or geothermal, combined with energy-storage solutions.<sup>30</sup>

A full picture of CDC's energy investments is urgently needed to inform public discussion around the Climate Change Strategy, including how much of CDC's energy portfolio is covered by its new baseline, what criteria are used to develop its emerging guidance tool, and whether its current fossil fuel investment exemptions are fit for purpose in terms of supporting countries to transition to sustainable energy pathways in line with the 1.5°C temperature goal.

### Box 1: How does CDC invest and how does it report on investments?

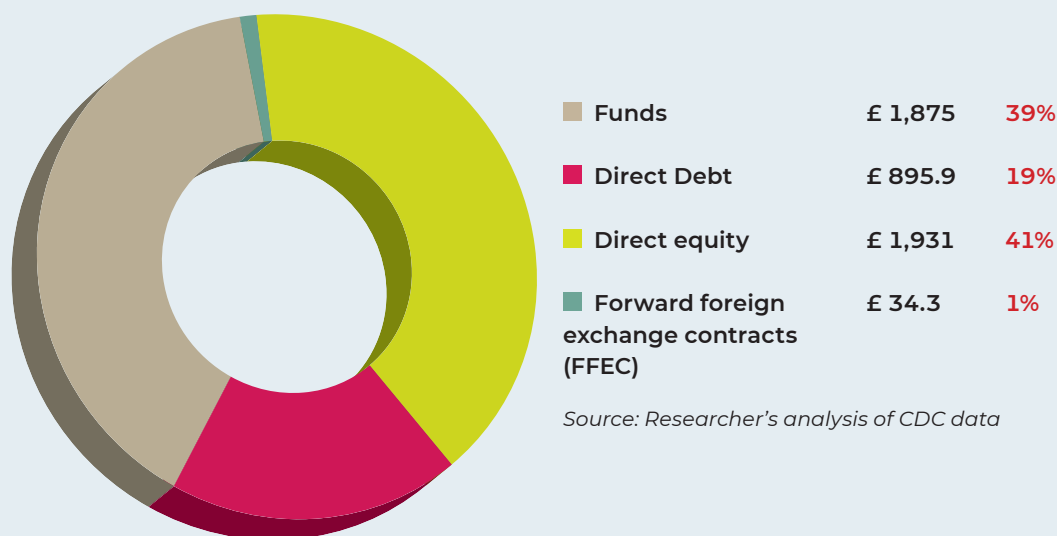
CDC currently invests through two main channels: direct investments, and investments through managed funds. This is explained in more detail in CAFOD's *Note on research methodology*.<sup>31</sup>

- **Direct investments** are investments made directly through a range of instruments including equity, debt and guarantees (and including investments in, and guarantees to, financial institutions [FIs] such as banks).
- **Fund (or "intermediated") investments** are investments in managed funds which then make investments in companies.

From 2004 to 2012, CDC did not make any direct investments, instead operating as a "fund of funds" investing through private equity funds across emerging markets. Following the adoption of a new Investment Policy in 2012,<sup>32</sup> CDC's geographical remit was narrowed to Africa and South Asia, and it began to make direct investments.

Direct investments represent 60 per cent of CDC's portfolio (£2.79bn)<sup>33</sup> and investments in managed funds account for 39 per cent (£1.88bn).<sup>34</sup> Figure 3 below shows the current value of the total CDC investment portfolio by investment channel.<sup>35</sup>

## Box 1 *continued*



**Figure 3: CDC portfolio by investment type (2019) (£ million)**

As CDC's investment flows have increased, the proportion of direct investments has also risen. In 2019, direct equity and debt commitments represented 75 per cent (£836.5m) of CDC's total new commitments (£1.12bn).<sup>36</sup>

## CDC's energy investments – the data gaps

CDC reporting on its investments raises several obstacles to obtaining a full picture of its energy portfolio, both in terms of the type of information disclosed and when it is disclosed.

Unlike many multilateral DFIs, including the UK-based Private Infrastructure Development Group (PIDG) which is majority-funded by DFID, CDC does not report publicly consolidated information on its energy-related investments, either as a discrete category under infrastructure or by type of energy source supported (ie fossil fuel and renewables, or individual fuel types).

In terms of the type of investment information disclosed, CDC reports all direct investment commitments and investments in managed funds (including basic investment details and value) in a given calendar year through its annual reporting process (*Annual Accounts* and *Annual Review*).<sup>37</sup> This information is also provided through an investment list on CDC's website.<sup>38</sup>

Direct investments and investments in managed funds by CDC are initially reported on a "commitment" basis.<sup>39</sup> However, CDC only reports the date and value of the initial investment commitment, not when the funds are actually invested (or "drawn down").<sup>40</sup> In addition, the current value of individual direct investments is not publicly disclosed by CDC except where required for the purposes of financial reporting, making it challenging to track investment flows and performance at the sectoral and sub-sectoral level.

For managed funds, individual company investments are only reported by CDC retrospectively via the investment list published on the CDC website. Neither the initial nor the current investment values of the individual fund investments are disclosed.<sup>41</sup> An additional barrier is that the investments list is not consistently updated, and contains substantial and persistent inaccuracies.<sup>42</sup> Again, this makes it difficult to obtain a comprehensive and accurate picture of all CDC's energy investments.

## Addressing the data gaps

BOND carried out research to identify all CDC's energy investments. CAFOD also requested from CDC data on all energy investments made through managed funds (according to CDC's definition of energy investments), including their initial and current investment values. CDC provided lists of these investments which it classified as related either to fossil fuels or renewable energies.<sup>43</sup> CDC also provided consolidated (not individual) initial and current investment values.<sup>44</sup>

All the intermediated energy investments disclosed by CDC were cross-checked with the existing investment list on the CDC website and any additional energy investments were classified by energy source supported (fossil fuel or renewable). Finally, we requested from CDC the initial and current investment values of those investments identified by this process as being fossil fuel-related, but not included as such in the list already provided by CDC.<sup>45</sup>

## CDC's direct energy investments

CDC's direct energy investments can be measured in three ways: commitments, investments made (drawn down), and the current value of investments. Between 2014, when CDC made its first direct energy investments, and December 2019, CDC made direct investment commitments totalling \$1.7bn to energy.

In terms of the energy sources supported, the portfolio was split between fossil fuels and renewables, with more commitments made to renewables, totalling \$958m (56 per cent). The largest channel for direct energy investment (just over \$500m) was Globeleq, a company 70 per cent owned by CDC that develops and owns power plants in Africa (see Box 2).

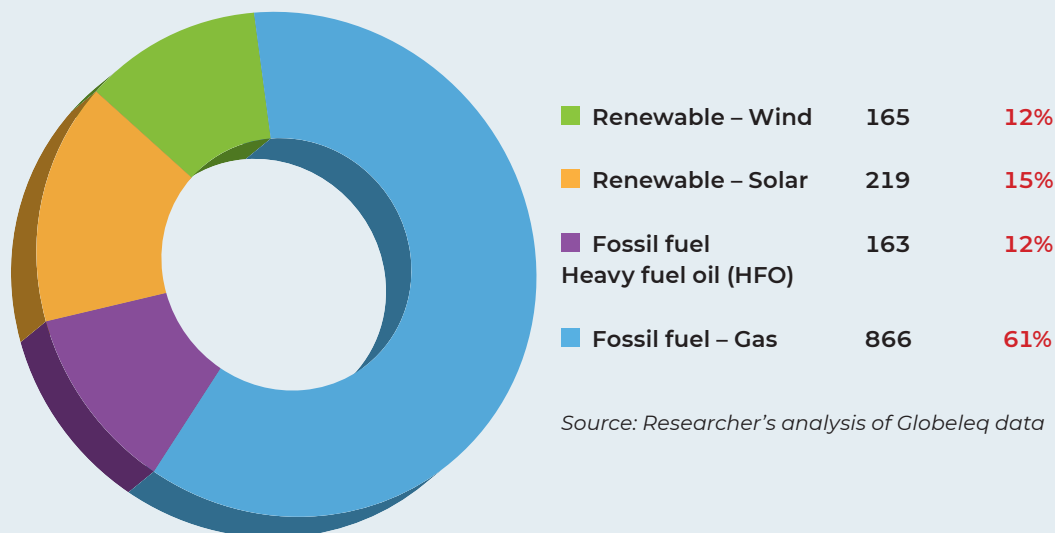
In relation to the UK's commitment to support delivery of universal energy access (SDG 7), less than five per cent of CDC's total direct energy investments were in decentralised renewable energy, the least-cost solution for providing basic access to electricity for most people living in poverty.

### Box 2: GLOBELEQ

Globeleq is a power generation company majority-owned by CDC which currently manages electricity-generating assets in Cameroon, Côte d'Ivoire, Kenya, South Africa and Tanzania.<sup>46</sup> It was originally set up by CDC in 2002 and its management transferred to fund manager Actis in 2004 (with CDC retaining its investment interest).<sup>47</sup> In 2015, CDC took over direct control of the company in partnership with the Norwegian DFI Norfund.<sup>48</sup> CDC already held a majority indirect investment in Globeleq Africa via the Actis Infrastructure 2 fund,<sup>49</sup> and retained a majority (70 per cent) stake in the company through a cashless transaction with an illustrative value of \$426m.<sup>50</sup> Since 2015, CDC has made a series of further investment commitments totalling \$89m, including \$52m to fossil fuels and \$37m to renewables.<sup>51</sup>

Globeleq's total current reported generation capacity is 1,413 MW. Seventy-three per cent of this capacity is fossil fuel-based (1,029 MW, including 866 MW from gas and 163 MW from heavy fuel oil) and 27 per cent is renewable (384 MW, including 219 MW from solar and 165 MW from wind).<sup>52</sup>

**BOX 2** *continued*



**Figure 4: Globeleq electricity-generation capacity by fuel type (2020) (MW)**

Globeleq also reportedly has fossil projects under development in Nigeria (540 MW gas), Côte d'Ivoire (250 MW gas) and Mozambique (400 MW gas), along with renewable energy investments in Mozambique (19 MW solar), Kenya (52 MW solar) and Zambia (20MW solar).<sup>53</sup>

### CDC's direct investments in fossil fuels

Table 1 lists CDC's direct investment commitments in fossil fuel-based energy up to 2019.<sup>54</sup>

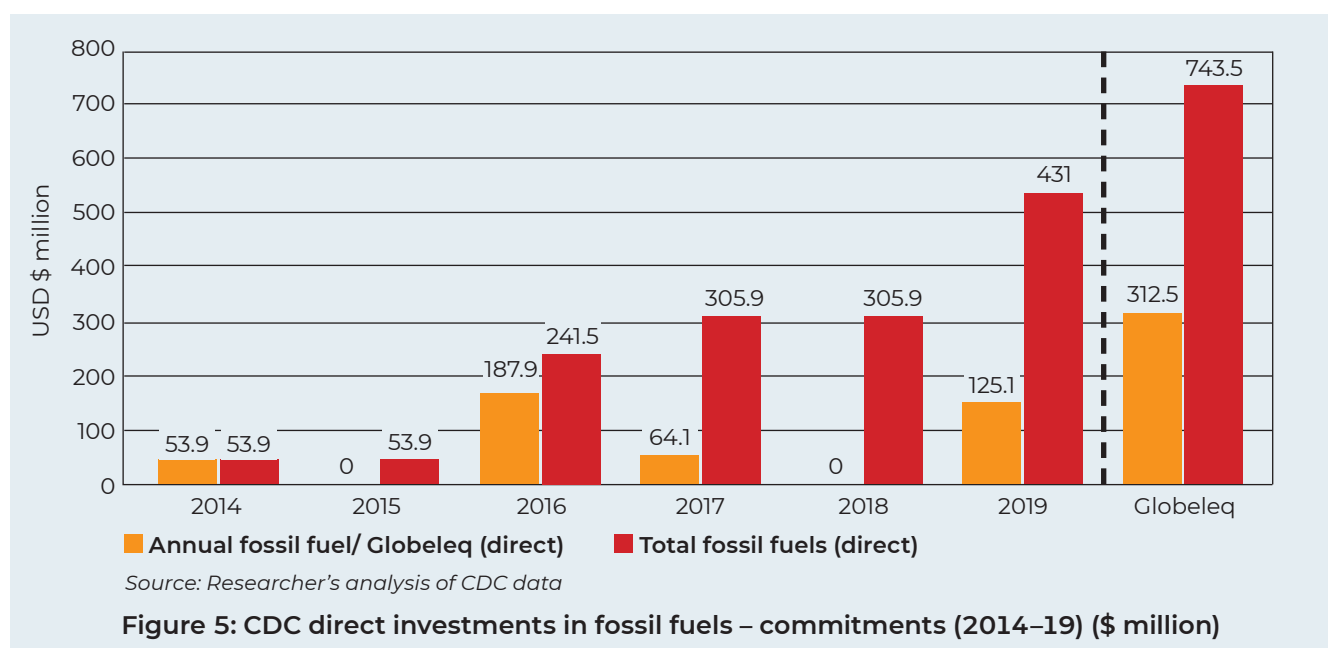
Investment	Date	Value \$ million
Summit Meghnaghat	2014	17.5
Azura Power	2014	30.0
Actis Energy Generation Holdings BV	2014	6.4
Globeleq Limited	2015	312.5
Amandi Energy	2016	82.9
The Africa Power Platform PCC	2016	1.8
Sirajganj 4	2016	103.1
Bangla Offshore LNG	2017	25.0
Te Power	2017	39.1
Early Power Limited	2019	80.0
Globeleq (Azito)	2019	45.1
<b>Total</b>		<b>743.5</b>

*Source: Researcher's analysis of CDC data*

**Table 1: CDC direct investments in fossil fuels – commitments (2014–19) (\$ million)**

Figure 5 shows annual and combined direct CDC commitments to fossil fuel energy according to published figures and, in the case of Globeleq and the APP, information provided by CDC to CAFOD. Between 2014 and 2019, CDC made an average annual direct commitment of \$123.9m to investments in fossil fuel power generation, with total commitments for the period of \$743.5m.

This shows, firstly, that the scale of CDC’s direct investments in fossil fuels has not reduced, even after the Paris Climate Agreement was signed. Secondly, it highlights the importance of Globeleq as a vehicle for fossil fuel investments, representing almost half of CDC’s total commitments to fossil fuel power generation over the period.



Of \$743.5m in reported investment commitments as of December 2019, CDC has stated that \$591.2m (80 per cent of total commitments) has been drawn down so far, and the current total portfolio value of these fossil fuel investments is \$674.7m.<sup>55</sup>

## CDC’s direct investments in renewable energy

Table 2 lists CDC’s direct investments in renewables-based power generation from 2014 to 2019.<sup>56</sup>

Investment	Date	Value (\$ million)
Globeleq Limited	2015	114.4
Gulpur Hydropower	2015	17.2
Akiira Geothermal	2016	4.2
Virunga	2016	9.0
M-Kopa	2017	21.6
The Africa Power Platform PCC	2017	70.3
Zephyr Power	2017	19.8
CDC South Asia Renewables Limited	2017	163.8
M-KOPA (Kenya)	2017	18.0
Zephyr Wind Farm	2017	20.7
M-KOPA (Uganda)	2017	2.0
Phoenix Power SAE	2018	11.6

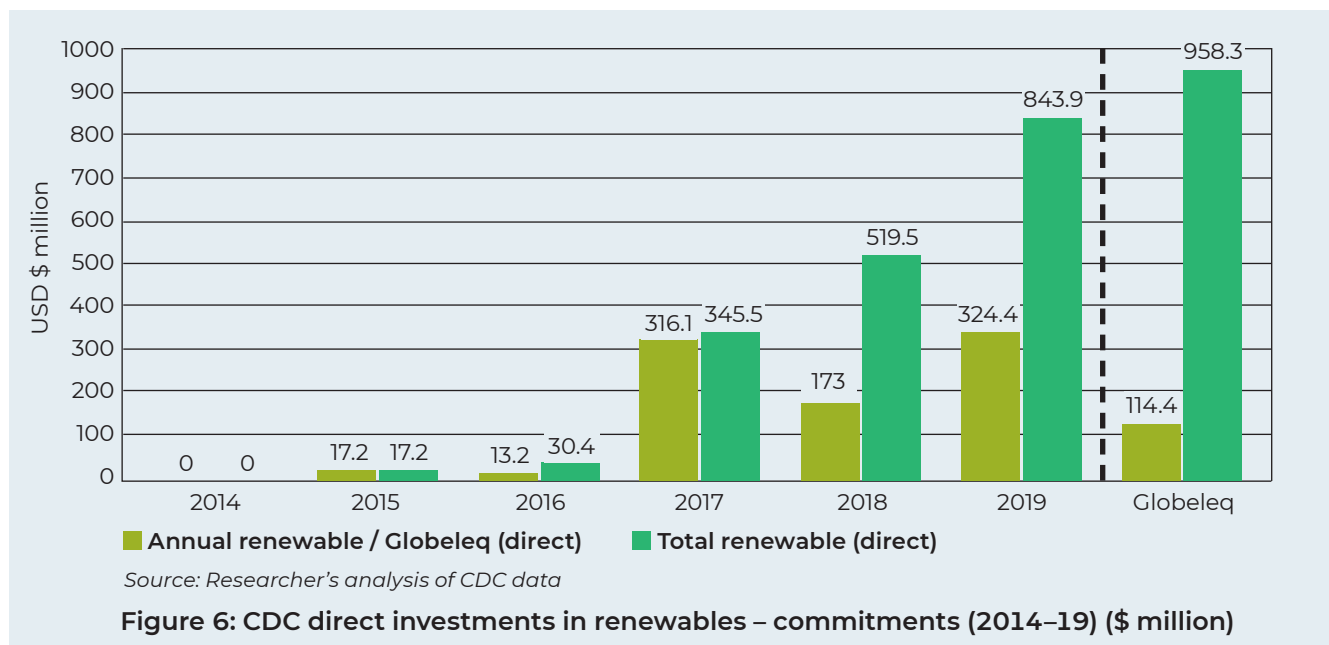
Table 2 continued

Investment	Date	Value (\$ million)
SP Energy (Egypt) SAE	2018	7.0
Alcazar Energy Egypt Solar 1 SAE	2018	12.0
Globeleq	2018	37.0
Aten Solar Energy SAE	2018	15.8
Bujagali Energy Limited	2018	44.0
Delta for Renewable Energy SAE	2018	11.0
Horus Solar Energy SAE	2018	15.8
ARC For Renewable Energy SAE	2018	11.5
Arinna Solar Power SAE	2018	3.6
Winnery for Renewable Energy Projects SAE	2018	3.8
Nachtigal Hydro Power Company SA	2018	101.9
PEG Africa Ltd	2019	15.5
Malindi Solar Project	2019	31.9
ACWA Power	2019	49.4
Gridworks Development Partners LLP	2019	11.8
Nepal Water and Energy Development Company	2019	22.0
Indus Wind Energy Limited	2019	27.6
Liberty Wind Power 1 (PVT) Limited	2019	27.2
Liberty Wind Power 2 (PVT) Limited	2019	27.2
Mettle Solar Africa Limited	2019	10.0
<b>Total</b>		<b>958.3</b>

Source: Researcher's analysis of CDC data

**Table 2: CDC direct investments in renewables – commitments (2014–19) (\$ million)**

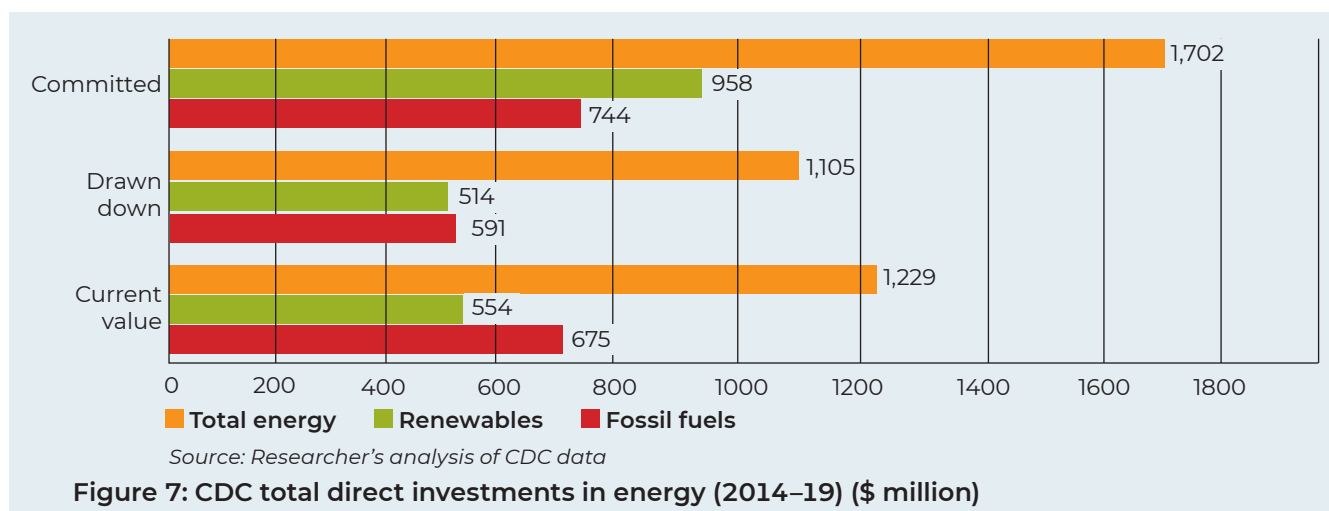
Figure 6 below gives the annual and combined value of commitments to direct investments in renewables according to published figures and, in the case of Globeleq and the Africa Power Platform (APP), information provided by CDC. This shows that Globeleq's commitments to renewable energy are much smaller than its commitments to fossil fuels – less than half the amount – and represent only 16 per cent of the total value of CDC's renewable energy investment commitments.<sup>57</sup>



Of the \$958.3m in reported direct investment commitments to renewables, according to CDC \$513.6m (54 per cent of total commitments) have been drawn down as of December 2019, and the current total portfolio value of these fossil fuel investments is \$554m.<sup>58</sup> This is a significantly lower level of investment drawdown compared to CDC's direct fossil fuel commitments, and reflects the fact that the majority of CDC's renewables commitments are more recent, dating from 2017 or after.

### CDC's direct investments in energy

Figure 7 shows the total direct energy investments by CDC (committed, drawn down and current value) as of December 2019. This shows that while commitments to renewables represent over half (56 per cent) of CDC's total commitments to power generation, fossil fuels currently represent the majority (54 per cent) of money drawn down (£591.2m of £1.11bn) and the majority (55 per cent) of the current value of CDC's investments in energy generation (£674.75m of £1.23bn).





### Box 3: CDC's new fossil fuel exclusions – the emperor's new clothes?

CDC's new Climate Change Strategy prohibits the following energy investments:

1. coal-fired power plants (including dual-power plants)
2. retrofitting and rehabilitation of existing coal power facilities
3. coal mining, processing and trading
4. upstream oil exploration and production
5. midstream oil (including refineries)
6. Heavy fuel oil only-fired (HFO) only-fired power plants and mini-grids
7. standalone upstream gas exploration and production
8. transport infrastructure for exclusive crude oil or coal transportation for power generation.

The new exclusions mainly exclude activities that CDC has either already effectively ceased funding (categories 1–3), or ones that represent a small percentage of its total fossil fuel support (categories 4–8). They do not explicitly prohibit investments in gas-fired power stations and gas midstream projects, and do not extend the policy to industrial investments or investments through financial institutions.

According to CAFOD analysis, over 90 per cent of CDC's current direct fossil fuel investments, and much of its current exposure to fossil fuels through direct and indirect investments in financial institutions, would have been permitted under these new exclusions. Table 3 lists all CDC's direct investments in fossil fuel power generation in the past five years.<sup>59</sup>

Investment	Date	Value \$ million
Summit Meghnaghat	2014	17.5
Azura Power	2014	30.0
Actis Energy Generation Holdings BV	2014	6.4
Globeleq Limited	2015	312.5
Amandi Energy	2016	82.9
The Africa Power Platform PCC	2016	1.8
Sirajganj 4	2016	103.1
Bangla Offshore LNG	2017	25.0
Te Power	2017	39.1
Early Power Limited	2019	80.0
Globeleq (Azito)	2019	45.1
<b>Total</b>		<b>743.5</b>

Source: Researcher's analysis of CDC data

**Table 3: CDC's direct investments in fossil fuels before 2020 Climate Change Strategy – commitments (2014–19) (\$ million)**

### BOX 3 *continued*

Table 4 shows the current direct investments that would potentially still have been permitted under the new exclusion list. Only the investments in Te, Dibamba (Globeleq) and Tsavo (Globeleq) would clearly have been excluded.<sup>60</sup>

Investment	Date	Value \$ million
Summit Meghnaghat	2014	17.5
Azura Power	2014	30.0
Actis Energy Generation Holdings BV	2014	6.4
Globeleq Limited	2015	302.5
Amandi Energy	2016	82.9
The Africa Power Platform PCC	2016	1.8
Sirajganj 4	2016	103.1
Bangla Offshore LNG	2017	25.0
Early Power Limited	2019	80.0
Globeleq (Azito)	2019	45.1
<b>Total</b>		<b>694.4</b>

Source: Researcher's analysis of CDC data

**Table 4: Potential CDC direct investments in fossil fuels after 2020 Climate Change Strategy – commitments (\$ million)<sup>61</sup>**

Furthermore, the policy only applies to new commitments. DFID has stated that it will not be applied retrospectively to existing investments or commitments.

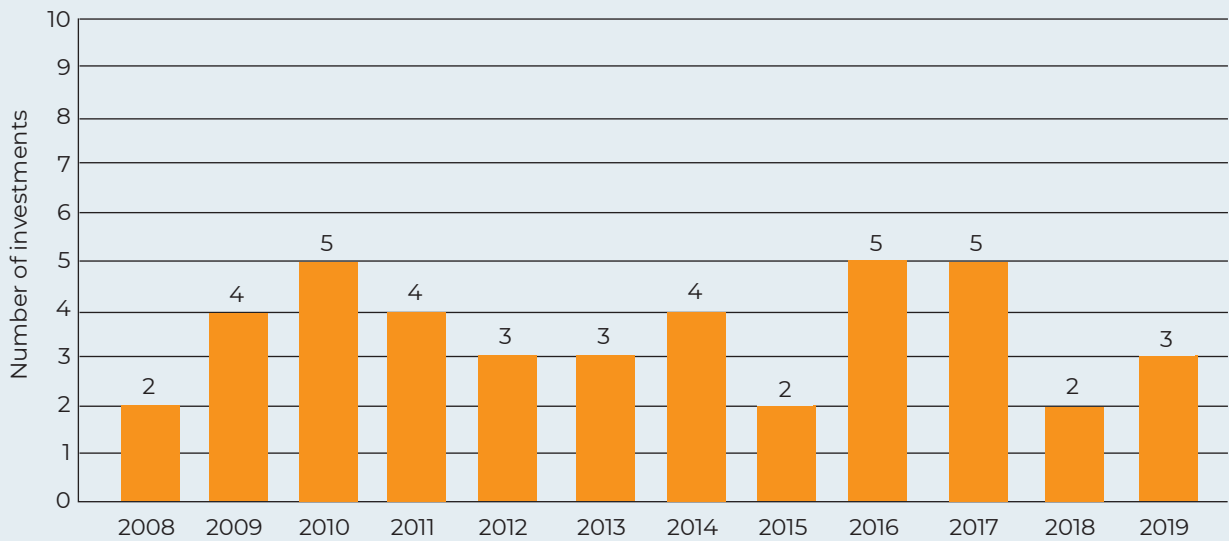
### CDC's investments in fossil fuels through managed funds ("intermediated investments")

Given the limited public disclosure of CDC's investments through managed funds, it is difficult to obtain an accurate picture of the timing and value of CDC's energy investments through this channel. In response to a request from CAFOD, CDC provided a list of 42 fossil fuel-related investments in 38 companies.<sup>62</sup> Based on this information, Figure 8 shows the distribution of intermediated investments in fossil fuel energy (as identified by CDC) by year.<sup>63</sup>

CDC provided the combined initial investment and current asset values for this list of investments as follows:<sup>64</sup>

- Total initial investment value: \$146m
- Total portfolio value: \$160.7m

Cross-checking this information with the current investment list on the CDC website, our research identified a further 34 fossil fuel-related investments in 27 companies which were not included in the list provided by CDC to CAFOD for various reasons.<sup>65</sup> On this basis, the total initial and current values provided by CDC for fossil fuel energy investments may be significantly lower than the actual total value of all fossil fuel-related investments through managed funds.

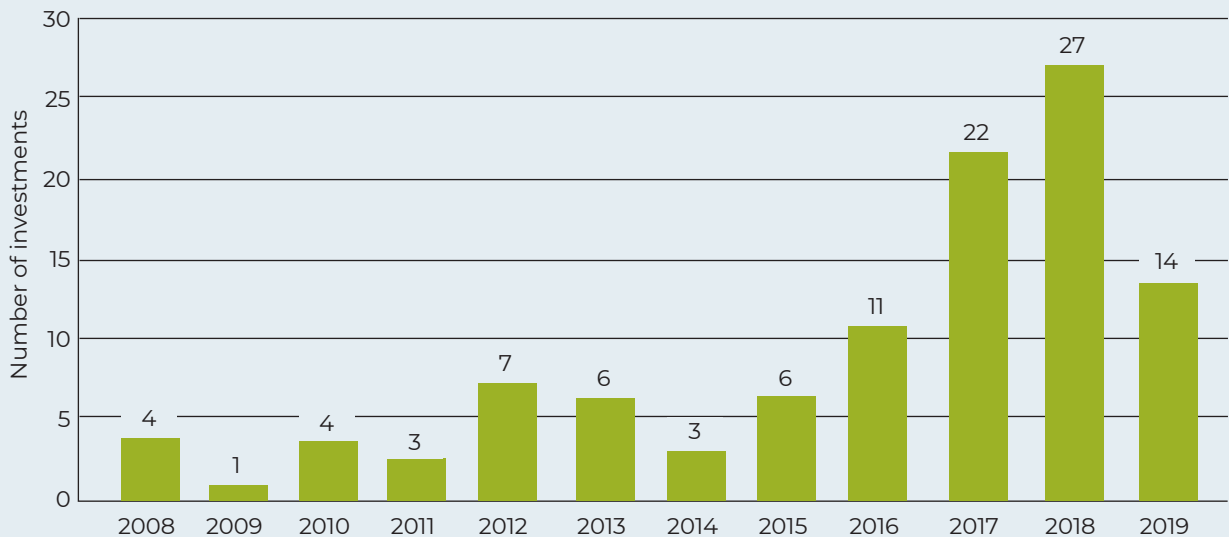


Source: Researcher's analysis of CDC data

**Figure 8: Number of CDC investments in fossil fuels through managed funds (2008–2019)**

### CDC's investments in renewable energy through managed funds

For renewables investments through managed funds, CDC provided a list of 108 investments in 106 companies.<sup>66</sup> Figure 9 shows the distribution of the investments in renewable energy identified by CDC by year.



Source: Researcher's analysis of CDC data

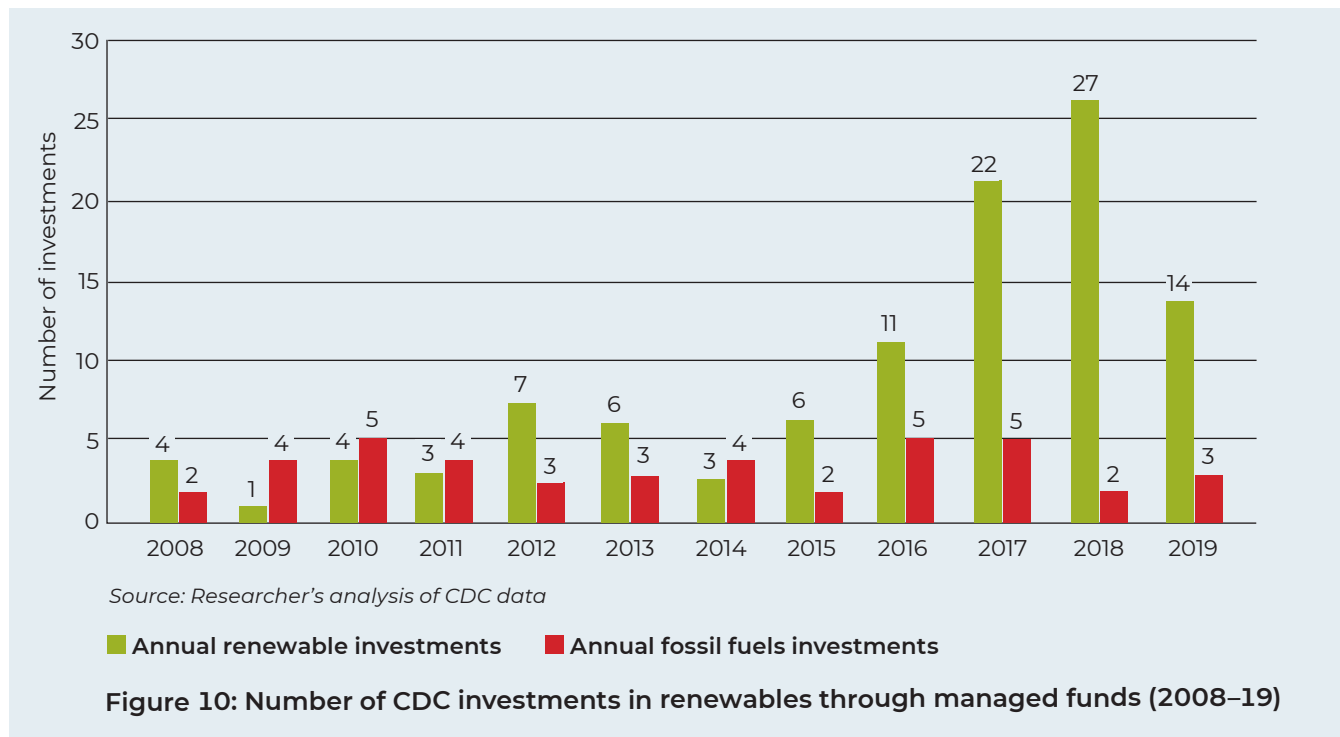
**Figure 9: Number of CDC investments in renewables through managed funds (2008–19)**

CDC provided the combined initial investment values and current asset values for this list of investments as follows:<sup>67</sup>

- Total initial investment value: \$256.7m
- Total portfolio value: \$251.8m

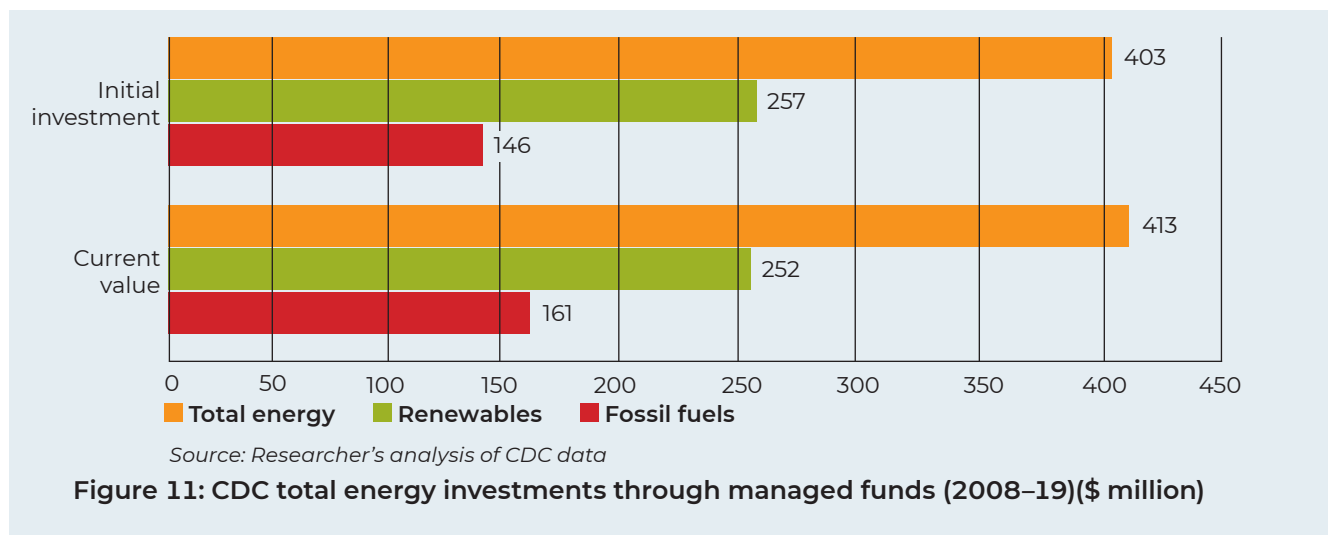
The list provided by CDC includes 13 investments in renewables through managed funds which were not identified as relevant investments when cross-checked with investments on the list on CDC's website<sup>68</sup>, and does not include 17 investments which were identified as relevant. On this basis, CDC's figures for the total initial and current values of investments in renewables through managed funds may not be accurate.

Figure 10 below presents CDC's investments in fossil fuels and renewable energy through managed funds as reported by CDC to CAFOD.<sup>69</sup> This shows that the number of investments in fossil fuels have remained relatively stable even as the number of investments in renewables increased from 2016 onwards.



## CDC's total investments in energy through managed funds

Figure 11 gives the estimated total energy investments by CDC through managed funds (both fossil fuels and renewable energy sources), as identified by CDC, as of December 2019.



## Additional energy support – CDC's investments in financial intermediaries

As well as investing in private companies directly and through managed funds, a large and growing percentage of CDC's total investment commitments are to financial institutions (FIs) such as banks, which subsequently finance private companies and individuals. They include equity and debt investments made directly and through managed funds, and support (for example, through guarantees) for finance facilities. Such investments are likely to provide substantial (and currently unquantified) additional support for energy overseas by CDC.

As of December 2019, financial services represented 25 per cent of CDC's total portfolio, second only to infrastructure (28 per cent). By sector, financial services represented over 50 per cent (£887.3m) of CDC's total investment commitments in 2019 (£1,657.2m). Of this amount, £825.9m (50 per cent) was commitments to financial institutions involved in lending to fossil fuel-related activities (see Table 5).

Investment	Date	Value £ million
ABSA Group Limited	Finance facility	59.3
ABSA Group Limited	Finance facility	79
Access Bank Plc	Direct debt	19
BMCE Bank of Africa	Direct equity	158.5
BRAC Bank Limited	Direct debt	24.6
Cholamandalam Investment and Finance Co Ltd (CIFCL)	Direct debt	43.1
FirstRand Limited	Finance facility	77.3
Standard Chartered Risk Sharing Facility	Finance facility	307.1
Trade Development Bank	Finance facility	58
<b>Total</b>		<b>825.9</b>

Source: Researcher's analysis of CDC data

**Table 5: CDC direct commitments to financial institutions (2019) (£ million)**

In respect of investments in financial institutions, it is unclear how CDC's previous restrictions on fossil fuel financing, including those contained in its 2014 Coal Fired Power Generation Policy and 2017 Investment Policy, have been applied. It is also unclear whether and how the new lending restrictions in CDC's Climate Change Strategy will apply going forward.

Prior to the introduction of its new Strategy, CDC placed no stringent restrictions on fossil fuel-related investments with the partial exception of coal,<sup>70</sup> so all financial institutions in which CDC currently has an investment are permitted to support almost all forms of fossil fuel (see also Box 3 for further information on CDC's new fossil fuel exclusions). In response to CAFOD's request for further information on CDC's exposure to fossil fuel investments through financial institutions, CDC stated: "We do not hold data on the energy activity of financial institutions."<sup>71</sup>

In respect of guarantees, in response to a question from CAFOD relating to its oversight of excluded investment activities through trade finance facilities CDC stated:

"If a trade transaction falls under an excluded activity, the contractual agreements we have in place with our partners mean that our facilities do not support those transactions. In practice this means our guarantee could not [be] called for any trade that falls under the excluded activity list. As part of a robust portfolio monitoring and management process, we have direct visibility of the underlying trades our facilities support. We monitor the portfolio and trades to ensure compliance with our exclusion list."<sup>72</sup>

In response to a further CAFOD request for information on underlying transactions supported through its trade finance facilities, CDC stated: "We do not publish the underlying trades of the financial institutions we are invested in."<sup>73</sup> On this basis, it is not possible to assess accurately CDC's exposure to fossil fuels via its trade finance facilities, nor the effectiveness of its monitoring of fossil fuel exclusions under its current Investment Policy or new Climate Change Strategy.

However, our analysis estimates that CDC's total exposure to fossil fuels through investing in FIs is likely to be significant. To give one example, Trade and Development Bank (TDB), a regional development bank, has received a total of \$175m in CDC commitments since 2016 (including \$75m in 2019).<sup>74</sup> In 2017 and in 2018, oil and gas loans represented about one-third of TDB's loan distribution by portfolio sector (33 per cent and 36 per cent respectively), with loans for power generation (without an identified energy source) representing a further five per cent.<sup>75</sup>

## CDC's total energy investments

Given the information gaps highlighted above, particularly in relation to investments via managed funds and in FIs that support fossil fuel-related activities, it is difficult to obtain a full picture of CDC's total support for energy, and the balance between support for fossil fuels and renewables. However, an estimate of the balance of renewable versus fossil fuel support can be obtained by looking at CDC's reported figures for total direct and intermediated investment values.<sup>76</sup>

Figure 12 gives the total current value of all CDC investments in energy, calculated by adding the reported current values for direct energy investments and investments through managed funds.<sup>77</sup> The total current value of CDC investments in energy, as reported by CDC, is \$1.64bn, of which \$835m (51 per cent) is investments in fossil fuel energy (\$675m in direct investments and \$161m in investments through managed funds) and \$806m (49 per cent) in renewables (\$554m in direct investments and \$252m in managed funds).<sup>78</sup>

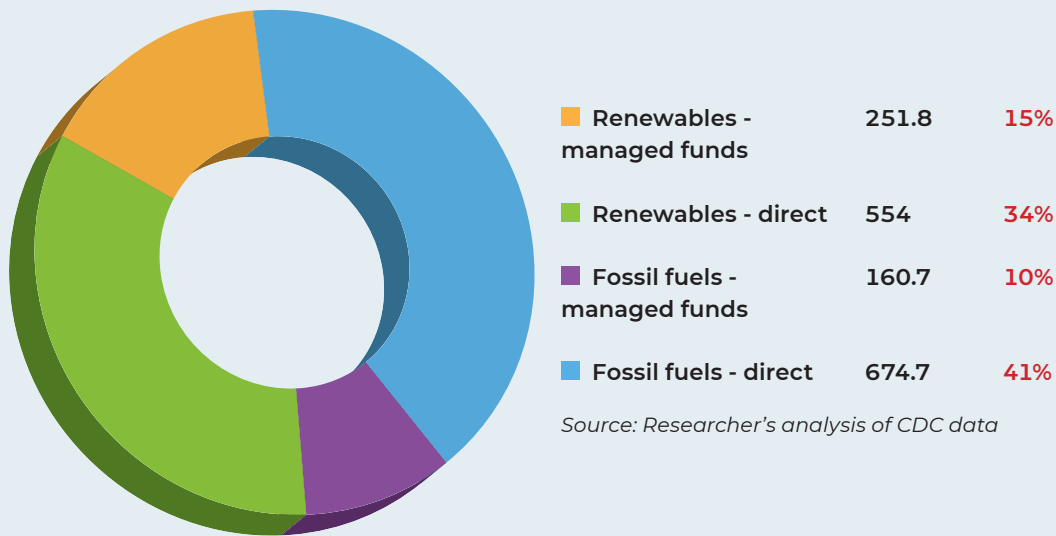


Figure 12: Total current value of CDC's investments in energy (2019) (\$ million)

As Figure 12 shows, about half of CDC's current energy portfolio is composed of fossil fuels. Figure 13 shows electricity generated and distributed through CDC investments by fuel type, showing that 85 per cent of the electricity generated and distributed through CDC investments in 2019 came from fossil fuels (up from 82 per cent in 2018).<sup>79</sup>

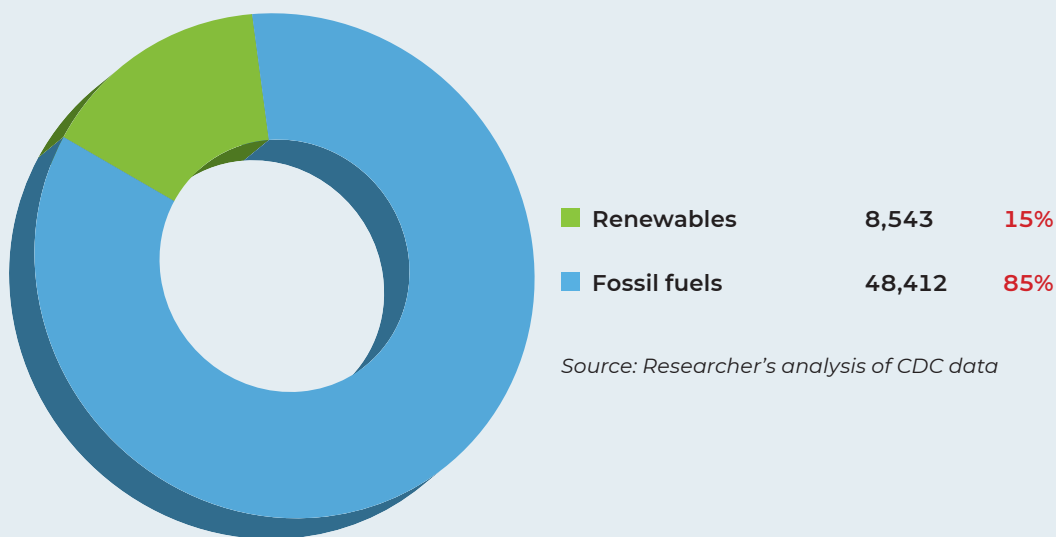


Figure 13: Electricity generated and distributed by CDC investments by fuel type (2019) (MW)

## Conclusions

Currently, CDC's energy investments are fundamentally misaligned with the stated aims of its Climate Change Strategy, in terms of keeping below the 1.5°C global warming limit and helping developing countries transition to low-carbon, climate-resilient development, as well as building a green and just recovery from Covid-19. At least half of CDC's current energy portfolio is composed of fossil fuels, with potentially significant further support that could not be accurately assessed due to data gaps. The new fossil fuel exclusions introduced under the Climate Change Strategy are not fit for purpose as they would permit most of CDC's existing fossil fuel investments.

Given the significance of CDC as a channel for UK aid, and energy support overseas in particular, urgent reform of CDC's energy portfolio is required, including more transparent monitoring and reporting of investments. This is critical if CDC is to support the objective of the UK's COP26 presidency programme to catalyse a just, sustainable energy transition globally. This reform should be a priority for the new Foreign, Commonwealth and Development Office (FCDO).



## Endnotes

1. For source data and *Note on research methodology* see <https://cafod.org.uk/About-us/Policy-and-research/Climate-change-and-energy/>. USD figures are used in the body of the report for reasons explained in the *Note on research methodology*. The conversion rate used for the GBP figures here is 1.321 USD to 1 GBP (31 December 2019). See <https://www.bankofengland.co.uk/boeapps/database/Rates.asp?TD=31&TM=Dec&TY=2019&into=GBP&rateview=D> In the briefing USD figures are used, except in the section *How does CDC invest?* For further explanation see CAFOD's *Note on research methodology*. Op.cit.
2. DFID merged into the new Foreign, Commonwealth and Development Office (FCDO) in September 2020. See <https://www.gov.uk/government/news/prime-minister-announces-merger-of-department-for-international-development-and-foreign-office>
3. See <https://www.cdcgroup.com/en/about/our-company/>
4. DFID (2020) *2017 to 2021 CDC capital increase business case*. [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/651848/2017\\_to\\_2021\\_CDC\\_capital\\_increase\\_business\\_case\\_publication\\_1038.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/651848/2017_to_2021_CDC_capital_increase_business_case_publication_1038.pdf)
5. Net asset value (NAV), as reported through CDC's annual reporting. In its *Annual Accounts 2019*, CDC reported an audited loss to 31 December 2019 of £371.6m. See CDC (2020) *Annual Accounts 2019*. [https://www.cdcgroup.com/wp-content/uploads/2020/06/CDC\\_AA19.pdf](https://www.cdcgroup.com/wp-content/uploads/2020/06/CDC_AA19.pdf). DFID estimated a further reduction in total asset value of £331.1m for the three months to 31 March 2020. See DFID (2020) *Annual Report and Accounts 2019*. [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/902370/annual-accounts19-20.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/902370/annual-accounts19-20.pdf)
6. DFID (2020) Op.cit. The balance of CDC's net assets consisted of cash and other short-term deposits (£349m) and other assets (£1,352m), consisting almost entirely of undrawn promissory notes from DFID (£1,341m).
7. UK Government (2018) *Guidance: international climate finance*. Updated 19 August 2020. <https://www.gov.uk/guidance/international-climate-finance>.
8. United Nations (2015) *The Paris Agreement*, Article 2:1c. <https://unfccc.int/resource/docs/2015/cop21/eng/10a01.pdf>
9. ODI et al (2020) *FAQs on oil, gas and poverty*. <https://www.odi.org/projects/17203-faqs-oil-gas-and-poverty>. CAFOD, Christian Aid and Tearfund (2020) *Powering past oil and gas: energy choices for just and sustainable development*. <https://cafod.org.uk/About-us/Policy-and-research/Climate-change-and-energy/Sustainable-energy>
10. IPCC (2018) *Global warming of 1.5°C. An IPCC Special Report on the impacts of global warming of 1.5°C above pre-industrial levels and related global greenhouse gas emission pathways, in the context of strengthening the global response to the threat of climate change, sustainable development, and efforts to eradicate poverty*. <https://www.ipcc.ch/sr15/>. In three out of four scenarios in the IPCC Special Report, fossil fuels provide less than 20 per cent of electricity in 2050 and no fossil fuel electricity at all in 2100.
11. The IPCC's P1 trajectory takes a precautionary approach to unproven negative emission technologies. It estimates that the use of coal, oil and gas needs to drop by 78, 37 and 25 per cent respectively by 2030 compared to 2010 levels to stay below the 1.5°C temperature limit. IPCC (2018) Op.cit. Oil Change International (OCI) argues that even the emissions from reserves in operational oil and gas fields, without further coal mining, would raise the average global temperature beyond the 1.5°C limit. OCI (2016) *The sky's limit: why the Paris climate goals require a managed decline of fossil fuel production*. <http://priceofoil.org/2016/09/22/the-skys-limit-report/>
12. IEA, IRENA, UNSD, WBG and WHO (2019) *Tracking SDG 7: The Energy Progress Report 2019*. <https://trackingsdg7.esmap.org/>
13. SEforALL (2019) *Energizing finance: understanding the landscape 2019*. An estimated annual investment of \$51bn is required to meet universal access by 2030. In 2017, of \$36bn in total finance for electricity access, with only a quarter (\$12.6bn) of the annual estimated investment needed going to new access for households. For clean cooking, an estimated annual investment of \$4.4bn is required, yet less than one per cent (\$32m) in commitments were tracked. Only three per cent of commitments for household electricity supported the lower tiers of access associated with basic energy connections, often off-grid or other decentralised solutions. <https://www.seforall.org/publications/energizing-finance-understanding-the-landscape-2019>

- <sup>14</sup> IEA, IRENA, UNSD, WBG and WHO (2020) *Tracking SDG 7: The Energy Progress Report*, On current trajectories, 620m people will remain without electricity and 2.3bn will still cook with biomass, kerosene or coal in 2030.
- <sup>15</sup> CAFOD (2020) *UK support for energy overseas – 2010 to 2018*. <https://cafod.org.uk/About-us/Policy-and-research/Climate-change-and-energy/Sustainable-energy/Analysis-UK-support-for-energy>.
- <sup>16</sup> UK government (2020) 'COP26 President remarks at first day of Petersberg Climate Dialogue'. <https://www.gov.uk/government/news/cop26-president-remarks-at-first-day-of-petersberg-climate-dialogue>
- <sup>17</sup> CDC (2020) *Responding to COVID-19*. <https://www.cdcgroup.com/wp-content/uploads/2020/04/CDC-Group-COVID-19-briefing-8-July-2020.pdf>
- <sup>18</sup> World Bank and SEforALL (2020) 'Damilola Ogunbiyi and Riccardo Puliti: Energy access takes center stage in COVID-19 fight, powering Africa's recovery'. <https://www.seforall.org/news/energy-access-takes-center-stage-in-covid-19-fight>
- <sup>19</sup> CAFOD (2020) Op.cit.
- <sup>20</sup> CAFOD (2019) *UK support for energy in developing countries – 2010 to 2017*. The research looked at UK energy support via ODA, OOF and export finance (UKEF), and covers the period from 2010 to 2017 for all UK support, including UKEF. <https://cafod.org.uk/About-us/Policy-and-research/Climate-change-and-energy/Sustainable-energy/Analysis-UK-support-for-energy>.
- <sup>21</sup> CDC (2020) *Investing for clean and inclusive growth: Climate Change Strategy*. <https://www.cdcgroup.com/en/climate-change-strategy/>
- <sup>22</sup> Ibid. *Executive summary*
- <sup>23</sup> Ibid.
- <sup>24</sup> Ibid.
- <sup>25</sup> CDC (2020) *Towards a decade of action: 10 years to achieve the Sustainable Development Goals*. <https://www.youtube.com/watch?v=Hlu90vGHR4w&feature=youtu.be> (1:14:30)
- <sup>26</sup> CAFOD correspondence with CDC, 25 August 2020.
- <sup>27</sup> CDC (2020) *Investing for clean and inclusive growth: Climate Change Strategy*. Op.cit.
- <sup>28</sup> UK Government (2013) 'UK position on public financing of coal plants overseas'. <https://www.gov.uk/government/speeches/uk-position-on-public-financing-of-coal-plants-overseas>). The 2014 Policy did not extend "to coal mining, processing, or trading, electricity distribution and transmission networks, or the use of coal as a source of heat to initiate chemical reactions (e.g. in the kiln of a cement plant)". The Policy is no longer available on CDC's website.
- <sup>29</sup> DFID (2020) 'Answer to CDC: climate change. Written question – 71908.' <https://www.parliament.uk/business/publications/written-questions-answers-statements/written-question/Commons/2020-07-09/71908/>.
- <sup>30</sup> ODI et al (2020) Op.cit.
- <sup>31</sup> See <https://cafod.org.uk/About-us/Policy-and-research/Climate-change-and-energy/>.
- <sup>32</sup> This Policy applied to the period 2012–16. The current CDC Investment Policy (2017–21) is here: <https://assets.cdcgroup.com/wp-content/uploads/2017/06/25150847/Investment-Policy-2017-2021.pdf>
- <sup>33</sup> 41 per cent (£1.93bn) in direct equity investments, and 19 per cent (£896m) in direct debt investments.
- <sup>34</sup> With £34m (less than one per cent) in forward foreign exchange contracts (FFEC).
- <sup>35</sup> This includes a total of 116 direct investments and investments in 224 funds managed by 128 different fund managers.
- <sup>36</sup> This figure does not include CDC commitments to guarantees, which are typically classed as "unfunded". In 2019, CDC made total new commitments of £1,657.2m, of which £1,174.7m were set to be fully funded by CDC. See CDC (2020) *Annual Accounts 2019*.
- <sup>37</sup> Released in July of the following year. See CDC (2020) *Annual Review 2019 and Annual Accounts 2019*. <https://www.cdcgroup.com/en/annual-review-2019/>
- <sup>38</sup> Investment list available at: <https://www.cdcgroup.com/en/our-impact/search-results/>.
- <sup>39</sup> The total commitments reported include both investments to be fully funded ("funded commitments"), and those that represent CDC's maximum liability under unfunded guarantees, trade finance or supply-chain finance programmes ("unfunded commitments").

40. Direct investment commitments are usually drawn down over a relatively short period, and managed fund commitments are typically drawn down over a five-year term (although some may remain undrawn for significantly longer).
41. Until 2014, initial investment amounts for equity investments through managed funds were reported through the annual UK ODA statistical reporting process. Following the decision to change the method of reporting CDC-related ODA, this information is no longer disclosed.
42. The public investment list continues to include a number of investments that CDC has confirmed in correspondence to be incorrect. These include, for example, multiple listed investments through Cordiant Emerging Loan Fund IV: <https://www.cdcgroup.com/en/our-impact/fund/cordiant-emerging-loan-fund-iv/>
43. CAFOD correspondence with CDC, 18 June 2020.
44. CAFOD correspondence with CDC, 10 July 2020. See *Note on the research methodology* for further details: <https://cafod.org.uk/About-us/Policy-and-research/Climate-change-and-energy/>
45. At the date of publication, CDC had not provided this information.
46. See <https://www.globeleq.com/operations/>
47. War on Want (2006) *Globeleq: the alternative report*. <https://waronwant.org/sites/default/files/Globeleq%20-%20The%20Alternative%20Report.pdf>
48. CDC (2015) 'Norfund and CDC form partnership to boost power generation in Africa and take direct ownership and control of Globeleq Africa'. <https://www.cdcgroup.com/en/news-insight/news/norfund-and-cdc-form-partnership-to-boost-power-generation-in-africa-and-take-direct-ownership-and-control-of-globeleq-africa>
49. See <https://www.cdcgroup.com/our-impact/fund/actis-infrastructure-2-lp/>
50. This information was provided by CDC, which states that it represents "a conservative value for the company appropriate to that time". CAFOD correspondence with CDC, 25 August 2020. CDC also had indirect shares held via the Actis fund, which were exchanged for direct shares in Globeleq. Norfund acquired the remaining 30 per cent for a final cash consideration of \$227m. Actis (2015) 'Actis announces exit of Globeleq Africa to CDC and Norfund consortium'. <https://www.act.is/media-centre/press-releases/actis-announces-exit-of-globeleq-africa-to-cdc-and-norfund-consortium/>
51. CAFOD correspondence with CDC, 25 August 2020.
52. See <https://www.globeleq.com/>
53. See <https://www.globeleq.com/operations/#projects>
54. This includes the full commitment amount for all companies listed, with the exception of Globeleq Limited and the Africa Power Platform, for which the fossil fuel-relevant exposure was included. The latter is calculated by applying the current NAV percentage split between renewables and fossil fuels back to commitments, as per the information received from CDC. Grindrod, Owendo Bulk Port and ENEO were also identified as direct investments with fossil fuel energy exposure; however, no detail on these investments was provided by CDC and they have not been included. It should be noted that numbers may not sum due to rounding.
55. CAFOD correspondence with CDC, 10 July 2020. These figures exclude Grindrod, Owendo Bulk Port and Eneo, for which relevant amounts were not provided.
56. This includes the full commitment value for all companies listed with the exception of Globeleq Limited and the Africa Power Platform, for which the renewables-relevant exposure was included. The latter is calculated by applying the current NAV percentage split between renewables and fossil fuels back to commitments. Eneo was identified as a direct investment with renewable exposure; however, no detail on this investment was provided by CDC and it has not been included. See CAFOD's *Note on research methodology* for further details: <https://cafod.org.uk/About-us/Policy-and-research/Climate-change-and-energy/>. It should be noted that numbers may not sum due to rounding.
57. Globeleq involves multiple commitments related to multiple investments, and annual figures for initial commitments by facility have not been provided, so the Globeleq value can only be provided on a combined basis.
58. CAFOD correspondence with CDC, 10 July 2020.
59. This includes initial investment values for all direct investments as disclosed through CDC's annual reporting except those for Globeleq and APP (current values for the fossil fuel components of these investments as provided directly by CDC). It should be noted that numbers may not sum due to rounding.

- <sup>60</sup> With the Dibamba and Tsavo investments through Globeleq given a notional value of \$10m and the Globeleq figure reduced accordingly.
- <sup>61</sup> Te Power and APP have been excluded and Globeleq amended. The relevant values for Dibamba and Tsavo are unclear and have been estimated.
- <sup>62</sup> These companies are: Ademat, Adhunik Power and Natural Resources Limited, Africa Oil Corp (formerly Impact Oil & Gas), Africa Oilfield Services/AOS Orwell Limited, Africa Terminaling Company Ltd, Albatros Energy, Amandi Energy, Azito, Bell Oil and Gas, Broron Oil & Gas, Cenpower, Elton International Company, Eneo (formerly Sonel), Gas Terminaling (formerly Linetrале Gas), Gas Train, GMR Energy Limited/Skyron Eco Ventures (GMR Infrastructure) (two investments, not including GMR Kamalanga), GMR Kamalanga Fund Energy, Jamaica Public Services Limited, Karadeniz Powerships, Les Centaures Routiers, Maria Gleta, Niger Delta Exploration & Production Plc, ONGC Tripura Power Company Limited (OTPC), PayGo Energy (two investments), Petrobras Oil & Gas B.V., PetroTiger (two investments), Proton Energy, PT Tri Wahana Universal, Quest Oil and Engineering Services/Ascon, Rabai Power Ltd, Sinowyde Energy Technologies, SODEP, Takoradi International Company Limited (TICO), Termoyopal, Uquo Integrated Gas Business (Accugas), Vertex Energy/First Hydrocarbon Nigeria Co Ltd, Viathan Engineering Limited, Vivo Energy, Well Logging Energy Technology Co. Ltd.
- <sup>63</sup> The most recent relevant fund investments disclosed through the CDC site date from 2008.
- <sup>64</sup> As of 31 December 2019.
- <sup>65</sup> These companies are: Actom (formerly Alstom Electrical Industries Plc) (two investments), Afrigas, Agrow, AMR Construction Limited, Capsea Marine, FRP Products Co Pte Ltd, Globeleq Africa Holdings, GVK Energy Limited, Hanjer Biotech Energies Pvt Ltd, Hythro Power Corporation Ltd, IVRCL Assets & Holdings Ltd, Karaikal Port Private Limited (two investments), Kosmos Energy, Notore Chemical Industries, Owendo Port, Petroleum Products Pipeline SA (3PL), Pinnacle Engines Inc, PTC Industries Ltd, Samson Maritime Limited, Seven Energy (formerly Exoro Energy/Gulf of Guinea Energy Limited) (three investments), Starsight Power Utility Limited, TD Power Systems Limited (two investments), Techpro Engineers Private Limited, Tecpro Ashtech Limited, Tecpro Power Systems, Tecpro Systems, Wind for Prosperity Kenya (three investments). For further detail, see CAFOD's Note on research methodology: <https://cafod.org.uk/About-us/Policy-and-research/Climate-change-and-energy/>.
- <sup>66</sup> Achwa 1 & 2 (formerly ARPE Limited), Achwa HPP3/4/5, Advanced Solar Power Cayman Ltd, Africa Clean Energy Development Renewables Cookhouse (RF) Proprietary [sic] Limited, AIIIM Hydroneo, Akiira One Geothermal Company Ltd, Alten Africa, Alten Hardap, Alten Kesses, APSD, Azimuth, BBOXX, BE Uganda (formerly Maji Power Ltd), Bharat Light & Power, Biokala, Bugoye Hydro Limited, Bukwo HPP Ltd, BVC Geothermal Ltd, Cameroon Hydro, Candi Solar, Chania Green Generation Ltd, Commercial Energy SA, Compagnie Marocaine de Goutte à Goutte et de Pompage (CMGP), Corbetti Geothermal, d.light (two investments), DC Frontier Energy Ltd, Djibouti Solar Park 1 Ltd, Eldosol Energy Ltd, Elemental Energy Ltd, Elgon Hydro Siti (PVT) Ltd, Enventure Africa S.A., Eolos, Esikipeto Power Generation Ltd, Fengrun new Energy Equipment Co. Ltd, First Solar (AP and Telangana Solar Assets), Frontier Energy Hydropower Ltd, Gigawatt Global Burundi SA, Green Light Planet, Greenewus Energy Africa Ltd, Himin Solar Energy Group Co. Ltd, Hunan Sun Zone Optoelectronics Energy Co, IIFS Solar (Malwa Solar), InspiraFarms, Jhimpir Power (Private) Limited, Kikagati, Kinguele Hydropower Plant, Kiwira Energy Ltd, Lanzatech New Zealand, Lekela Power, Lubilia Kawembe Hydro Ltd, Mahitsy, ManoCap Energy, Maraontsetra, Ming Yang Wind Smart Energy Group Limited, Momba Hydropower Ltd, Mongolia Wind, Mpanga, Mukoki HPP Ltd, Ndugutu Hydro Power Company Ltd., NEoT Offgrid Africa, Nithi Hydro Power, Nova Lumos Netherlands Holding B.V. (Lumos), NSL Renewable Power Private Limited, Nuru (formerly Kivu Green Energy), Nyamagasani II HPP Ltd, Olkaria 4, Olsuswa Energy Ltd, Panama Wind Energy Godawari Private Ltd, Panama Wind Energy Pvt Ltd, PEG Africa, Project Lake Turkana, Radiant Energy Ltd, Range Wind Park Limited, Rattan India Solar, Reliance Power, Renewable Energy Investments SA (RF) Proprietary Limited, Rensource Holdings Inc, Royal Tech CSP Limited, Rukarara VI HPP Ltd, Rwaza Hydro Power Ltd, Rwenzori Hydro (PVT) Ltd, Sahanivotry, Scaling Solar Kahone, Scaling Solar Touba, Senegy PV S.A, Shunfeng International Clean Energy Ltd, Solar Home Pte Ltd, Solar Saver, Solarise Africa, Starsight Power Utility Limited, TBCC, Ten Merina Ndakhar SA, Tongfang Energy/China Eastern Energy Corp Ltd, Tsinjoarivo, Tulu Moye Geothermal, UPC Renewables, Vana Vidyut, Vector Green Energy Private Limited, Vector Green Sunshine Limited

(Punj Lloyd Solar), VESA, Virtus Energy Solutions Limited, Wind for Prosperity Kenya, Zhoaheng Hydropower Holdings Limited, Ziba Ltd, Zina Solaire (formerly Windiga Energy), Zola Electric (formerly Off-Grid Electric) and Zonful Solar Energy.

<sup>67</sup>. As of 31 December 2019.

<sup>68</sup>. Investments provided by CDC in correspondence but not publicly listed include Alten Africa (not listed), Alten Hardap (not listed), Alten Kesses (not listed), Commercial Energy SA (not listed), Gigawatt Global Burundi SA (not listed), ManoCap Energy (not listed), Panama Wind Energy Pvt Ltd (not listed), Rattan India Solar (not listed), Rensource Holdings Inc (not listed), Starsight Power Utility Limited (includes fossil fuel exposure), TBCC (not listed), Virtus Energy Solutions Limited (not listed) and Wind for Prosperity Kenya (includes fossil fuel exposure). Investments publicly listed but not provided by CDC in correspondence include Aela Energia, Akshayini Oorja Pvt Ltd, BE Ghana, Berkeley Energy Renewables India Private Limited, China Eastern Clean Energy Corporation, Fundant Group Company Ltd, GET Power Private Ltd, Kharnal Hydro Electric Power Project, Kinangop Wind Park Limited, Konikablo, Lekela Power, Madkini Hydro Power Pvt Ltd, Makambako, Ostro, SolarNow and SunCulture.

<sup>69</sup>. Not including additional fossil fuel-related and renewable investments identified by BOND in the public investment portfolio, and including renewable investments not reported in the public investment portfolio.

<sup>70</sup>. Only placing some restrictions on coal-related investments.

<sup>71</sup>. CDC correspondence, 8 June 2020.

<sup>72</sup>. CDC correspondence, 18 June 2020.

<sup>73</sup>. CDC correspondence, 20 July 2020.

<sup>74</sup>. See <https://www.cdcgroup.com/en/news-insight/news/tdb-and-cdc-step-up-their-joint-commitment-to-boost-african-trade-with-a-us75m-trade-finance-facility/>

<sup>75</sup>. See <https://www.tdbgroup.org/wp-content/uploads/2020/04/TDB-Annual-Report-2018-English.pdf>

<sup>76</sup>. As explained, the total figure for support for fossil fuel use through managed funds is likely to be higher.

<sup>77</sup>. This includes investments through managed funds as identified by CDC (not BOND).

<sup>78</sup>. As discussed above, these figures capture only those investments directly related to energy (and not, for example, all those related to fossil fuel use).

<sup>79</sup>. See CDC (2020) *Annual Review 2019*. Op.cit.