



Making a difference

From green energy heat production to low-cost houses, communications are given a boost.

By Neesa Moodley

One of the leaders in the impact investments space is Mergence Investment Managers. Here are just some of the hot projects they are invested in:

Sustainable Heating

This is a company that produces steam, hot water and hot air from renewable fuels. Sustainable Heating gives clients a full outsourcing solution for green heat production. Clients include the likes of Pioneer Foods Group (Sasko), Novus Holdings and Dairy Day, which is a dairy factory based in KwaZulu-Natal. The company helps clients with engineering, procurement, construction, operation and maintenance of heating and steaming systems. It is financed by the Industrial Development Corporation (IDC), Mergence and the chief executive officer of the company, Paul Gorremans.

Biomass is, by definition, renewable but has less favourable aspects such as a higher more variable water content and lower unit thermal output, which means larger volumes are required to achieve the same heat outcomes. Sustainable Heating uses woodchips and sunflower husks as a biomass fuel source for its heating

systems. One of the main advantages is that woodchips are easily available in the form of biowaste and offcuts from industrial woodworking processes, for example, from wood mills and furniture manufacturers.

Project Isizwe

This project was kick-started in November 2013 by the City of Tshwane Metropolitan Municipality to provide free Wi-Fi. The first phase saw five sites with a capacity of 25 000 users across areas such as Soshanguve, Atteridgeville and Mamelodi, all in Gauteng. In mid-2014, a second phase was launched with another 213 sites and phase three, which is currently underway, will take the total number of sites to more than 600, connecting more than 700 000 users. The business model revolves around obtaining government sponsorship for the installation of free public Wi-Fi zones in low-income communities. The high cost of bandwidth is reduced by using local service providers and through partnerships with companies such as Neotel. Mergence's investment last year allows the project to accelerate roll-out by funding the interim outlay of capital necessary to speed up deployment while allowing the flow of money from the municipality to proceed as agreed outcomes are achieved.

Communicare

This social housing non-profit company, aims to provide homes for the lower-income population. Mergence has invested via senior debt relating to two Communicare properties – Drommedaris in Brooklyn, Cape Town, and Bothasig Gardens Property in Bothasig, Cape Town. The company's vision for 2025 is to provide affordable accommodation to more than 10 000 households via a tenancy scheme. The idea is that by including a substantial rental portfolio in the open market, Communicare will provide subsidised accommodation to more than 1 000 people who are currently reliant on the social old age grant. Currently, there are 3 375 units with a 60 per cent cost to income ratio – ideally, this will move to 14 000 units of which 5 400 will be social rentals and 8 600 open market rentals with a 15 per cent cost to income ratio by 2025.

Senior investment analyst at Mergence Investment Managers, Peta Chennells, says the company has also provided a simplified finance package to five of the successful bidder projects involved in the Small Projects Independent Power Producers Procurement Programme (SPIPPPP), which is designed to boost small businesses and ensure their involvement in the overall renewable energy plan.