



#### Session 4 Recap: Community Ownership in Practice

## Financing Mechanisms to Enable Community Ownership in Large-Scale Renewable Energy

Community ownership in large-scale renewables ultimately hinges on a practical question: **who finances the equity – and on what terms?**

In Session 4 of the JustRE Alliance **Community of Practice (CoP) on Community Ownership**, we focused on the financial structures that determine whether communities participate as real owners of renewable energy projects, or remain equity holders in name only.

The session, hosted by Juan Pablo Cárdenas (**JustRE Alliance**), brought together two perspectives from different regions facing similar structural barriers:



Juan Dumas, co-founder of **Meliquina** and the Community Equity Opportunity Fund (CEOF), on enabling community entry into utility-scale projects in Latin America.



Bulelwa Ntshingwa, Portfolio Manager at **Infra Impact** (Cape Town), on refinancing community trusts in South Africa to unlock earlier and more meaningful dividends.

Across contexts, a common pattern emerged: communities are expected to hold equity, but often under expensive and restrictive financing conditions that delay – or erode – the benefits of ownership.

## The capital bottleneck: Financing community ownership across the project lifecycle

**Juan Dumas** grounded the discussion in a reality many Latin American communities recognize: energy projects are frequently developed on community lands without meaningful wealth creation locally. Meliquina's response is to **structure equity partnerships in utility-scale projects "from scratch," with communities positioned as co-developers and eventual shareholders**. But as soon as a community negotiates equity, **the next bottleneck appears: capital access**.

Even where communities can "earn" equity through co-development, they are typically diluted at construction, and without affordable financing they cannot retain a meaningful stake and access to affordable capital becomes a key barrier.

The **Community Equity Opportunity Fund (CEOF)** responds to this challenge through a **blended finance facility** (targeting USD 40 million in its initial phase) designed to:



Provide development-stage loans where **communities are already formal partners**



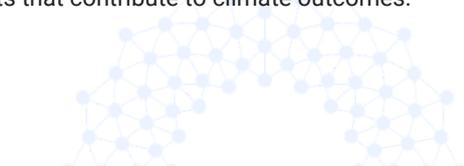
Temporarily hold **catalytic equity**, during construction, **reducing early-stage risk exposure**



**Enable communities to buy in after de-risking**, supported by guarantees

The sequencing is deliberate: **avoid forcing communities to borrow high-cost capital at the riskiest moment**. Instead, create a pathway into ownership once projects are operational and cashflows are stable.

The intended impact is wealth-oriented, building community assets and long-term dividend streams alongside profitable renewable energy projects that contribute to climate outcomes.



## When ownership exists – but doesn't pay

**Bulelwa Ntshingwa** highlighted a different market failure in South Africa. **There, community equity participation is mandated.** The issue is not access to shares – it is **cost of capital and timing of returns.**

Community trusts often finance their stakes at interest rates of 12–18%, combined with aggressive dividend “cash sweeps” that prioritize debt repayment. The result: **communities may wait 15–20 years before seeing meaningful benefits.**

Infra Impact's **Local Community Trust Fund** addresses this by **refinancing community debt in operational projects** through a **blended vehicle anchored by first-loss capital.** The outcomes include:



Lower interest rates



Improved dividend flow to communities



More flexible repayment profiles



Embedded governance support

In early examples, refinancing has significantly increased the share of dividends flowing to communities – **immediately improving cash availability for education, healthcare, and local development priorities.**

## Key reflections

Three takeaways shaped the session:



### Ownership fails when capital is extractive

High-cost financing and restrictive terms can hollow out equity participation.



### Blended finance can shift the equation

Guarantees, first-loss capital, and catalytic equity can reduce risk and improve outcomes across the project lifecycle.



### Proof matters

Demonstration projects are essential to shifting conservative financial systems.

As Session 4 made clear: **community ownership is not only a governance challenge** – it is fundamentally a **finance design challenge.** Aligning capital structures with community benefit remains central to delivering socially legitimate renewable energy at scale.

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