

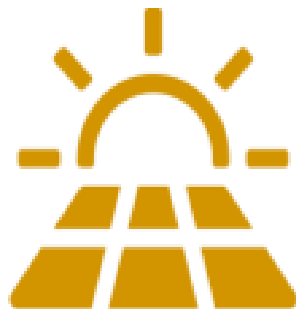


INTERNATIONAL
SOLAR
ALLIANCE

Financing Future Energy Hubs – Solar Finance Facility

A Case Study from ISA

A solar facility is needed to enhance the quantity and quality of Green investments



Global Renewable installations are growing



Emerging markets lagging behind



ISA's Installed Capacity (2022)	1053 GW	~120 GW
Solar investment (annual)	~ 30 million	INR 3.5 million
Investment Required to meet 2030 Potential (annual)	~ 60 million	~ 40 million

Note: Estimated cost of Solar PV in 2025 = 0.79/W | Source: [Global RE Finance 2020 \(IRENA\)](#), [SE4All](#), [Letting in the Light – IRENA](#), [Current Installed Capacity - Global](#), [2030 Potential – Africa](#), [IRENA Renewable Energy Capacity Statistics 2023](#)

The Global Solar Facility (GSF): 400 Million 3 years, 4X+ in 6 years

Agile facility to help mitigate project risks and attract commercial capital into solar projects



Leverage commercial, concessional and philanthropic capital to offer segment specific risk mitigation instruments



Dedicated focus on TA and investment strategy to scale up high potential parts of solar value chain



ISA will build a complementary ecosystem with ongoing programs to enable policy, people and process



The Facility will be managed by an institutional fund manager, with proven expertise in investment and fund management

- Deploy Payment Guarantee/risk mitigation, Insurance and Investment Facilities
- Start with Africa as a focus region
- Partner with reputed organizations e.g. MIGA

- Launch in other regions viz. Asia, LatAM, MENA etc
- Add Currency protection, Carbon, Technology investment products



GSF: structured to leverage capital at multiple levels



Grant for initial capital of INR 210cr (US\$25mn)



INR 83cr (\$10mn) Oversight and support for initial capital

ISA Member Countries and Donors

DFIs like GCF, EIB etc and commercial investors in regional facilities directly

Commercial and local investors investing in the facility and projects supported by the facility

Global Solar Facility started with Initial Capital of INR 830 crore (\$100 mn)

INR 750cr / \$90mn



TA - \$10mn

INR 830cr / \$100mn

Guarantee
INR 410cr / \$50mn

Insurance
INR 410cr / \$50mn

Investment
INR 750cr / \$90mn

Future Regional Facilities

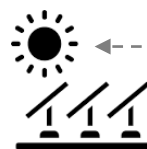
Asia

Latin America

Middle East

INR 1650cr (US\$200mn) Africa Regional Facility:

- TA of INR 83cr (US\$10mn) + Three limited life funds of INR 1570cr (\$190mn) (total) set up as pass-through vehicles
- Managed by Africa based institutional investment manager(s)



1.6 GW - expected size of projects worth \$1.4bn

Governance with global representation and professional team

Proposed Organization Chart



Overview

- The GSF will oversee all RFs: Monitoring investment decision-making, portfolio management, and governance
- Global Steering Committee will comprise a) an ISA representative, b) one nominee each from grantors contributing at least INR 170 crore (US\$20 million) amounting to at least 20% of the capital of the GSF; and c) one nominee appointed on rotation basis from all remaining contributors collectively
- Executive Board, which will oversee the day-to-day operations of the GSF.
- Management Team: The CEO and the team will be professionals with global experience. This team will ensure institutional capacity is built, bring in efficiencies in operations, and knowledge sharing.
- All the funds under RF will have their own Investment Committee / Board with representation from the GSF.

Key principles followed for GSF structure

Use of Independent investment Manager

Advantages

- Leverage manager’s expertise across regions and products
- Ability for market making and building local capacity
- Agility of decision making

Examples

- VCFEE, where SIDBI acts as the implementing agency
- Self-Reliant India Fund where SBI Ventures acts as the fund manager

Global fund with regional facilities and local presence

- Build and leverage investor track record at a central level
- Global investor interface and fundraising ability
- Knowledge sharing across different Regional Facilities
- Expense reduction in long term as facility builds internal capabilities

Examples

- Private Infrastructure Development Group (PIDG) seeded by the Govt of UK, joined in by other European Govts.

Robust governance with key contributors driving the strategy

- Strategic oversight from key contributors through a Global Steering Committee with veto rights
- Executive Board with independent members to keep accountability in decisions

Examples

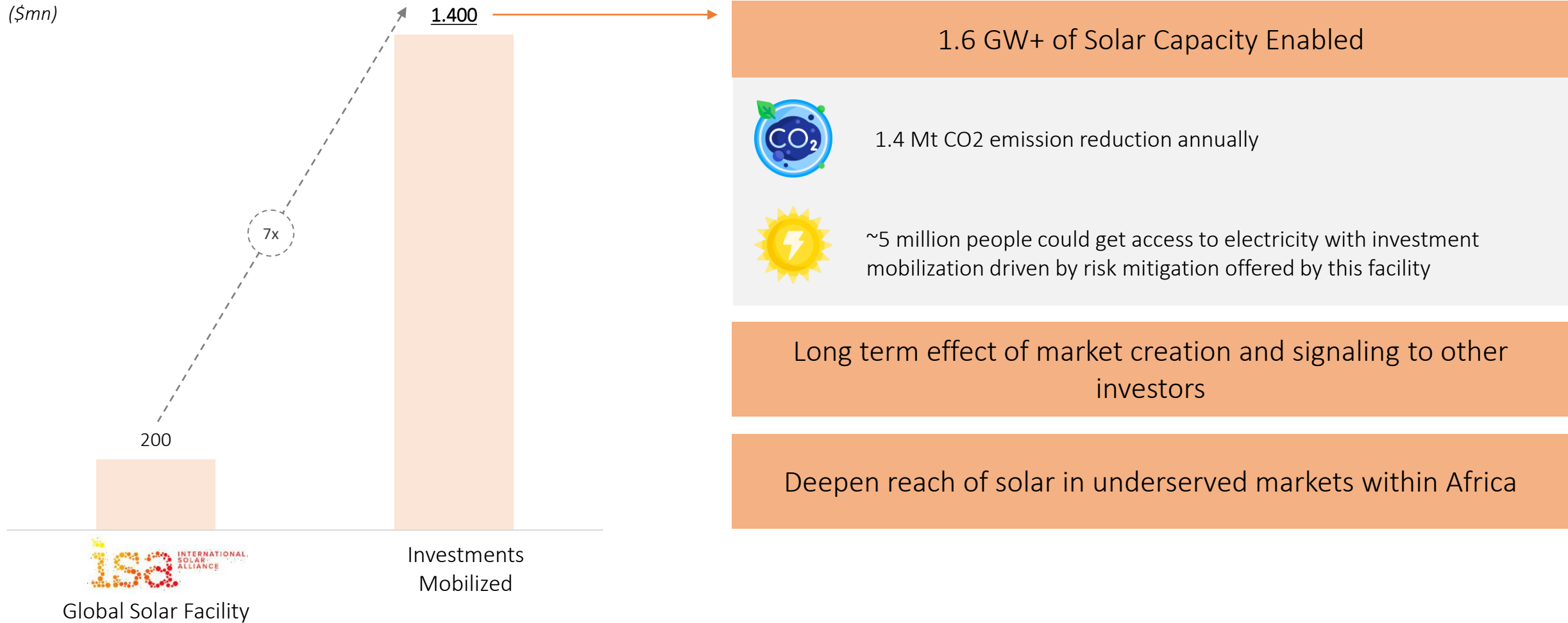
- India’s investments in Green Climate Fund, Global Environment Facility and African Development Bank

Detailed component wise plan for Africa Solar Facility

Component	Description	Size of the Facility	Type of capital	Structure options
Payment Guarantee	Partial Guarantees to cover payment support for solar projects. Issued on commercial basis and could also be provided in local currency	INR 410 crore / US\$ 50 million	Permanent commitment / 20 yr fund. Initially request blended capital, to be topped up later with commercial capital and leverage	<ul style="list-style-type: none"> • Payment Guarantee with liquidity facility • Risk Share with lenders • Grant / Loan for premium payable to other provider
Insurance Facility	Soft loans that partly subsidize the high insurance premiums	INR 410 crore / US\$ 50 million	Long-term (approx. 15 years) fund providing soft loans.	<ul style="list-style-type: none"> • Loan repayable after project successful
Investment	Capital for distributed solar projects, solar mini grids	INR 750 crore / US\$ 90 million	20 year fund INR 250 crore (\$30 million) as junior capital and INR 500 crore (US\$60 million) senior capital from commercial investors	<ul style="list-style-type: none"> • Local currency Equity / Mezzanine / Self-liquidating equity investment for
Technical Assistance	Grant for project preparation, capacity building and to ensure robust regulatory frameworks and contract structures	INR 80 crore / US\$10 million	Grant	<ul style="list-style-type: none"> • Grants allowing capacity building support – leveraging local ecosystem
Total		INR 1650 crore / US\$200 million		

Very high impact potential

Just in Africa, the facility if extrapolated will mobilize \$1 bn+ of solar projects



Note: Chart not to scale
Impact from insurance facility not quantified, implicit in guarantee impact

Financing Hubs – A Unique opportunity

Opportunity to show leadership in RE

- Leadership in providing an anchor contribution to the GSF’s capital in its G20 year will be a long-lasting contribution under its “**One Earth, One Family, One Future**” commitment.

Demonstrate commitment to Global South

- Following success in ensuring the African Union became a member of the G20; the launch of the GSF, starting with Africa, will further demonstrate India’s commitment to the development of the global south. **Picking a USP**

Partnerships – linking with prospects

- India can demonstrate its COP 28 commitment
- Partnership with UAE the presidency of COP 28 could be explored
- UAE committed INR 3.6 lac crore (US\$4.5bn) for Africa Climate finance¹.

Catalyse investments in Greenin Infrastructure

- India will help mobilize global investments in solar energy when ongoing tightening liquidity and geopolitical conflicts have constrained renewable energy financing for emerging economies

Energy Security and Supply Chain

- The GSF will help mitigate key geopolitical risks and enhance the energy security of the member countries.
- The partner organisation/country opportunity to manage and lead **green supply chains** (and other key components as the GSF scales).

Knowledge Institution for the 21st century

- The GSF will become a storehouse of global knowledge for solar energy
- With the GSF, an opportunity to demonstrate leadership in one of the key sectors of the 21st century

(1) UAE’s strategic partner for implementation in Africa is Africa 50 (An emerging African Multi-lateral for making infrastructure investments in Africa). The ISA has already signed an MoU with Africa50 for collaboration in implementing solar projects in Africa.

Risks and Sensitivities

- 1. Getting like-minded investors and countries to provide anchor contributions to the GSF's capital. GSF will need to be set up with governance and jurisdiction acceptable to the investors** – *the ISA takes a step-by-step approach, launches the facility with (US\$ 50 million) of initial capital, and undertakes pilot projects to demonstrate success and build investor confidence.*
- 2. Appropriate Investment Managers to be hired** – *in ISA's case, we received interest from several DFIs and other fund managers to manage the African facility. 8 such institutions attended a workshop conducted in September*
- 3. Building out the GSF's team** – *Key: Hiring an experienced CEO and team in parallel with the launch of the GSF.*



Thank You