WORLD BANK GROUP ROLE IN SUPPORTING SOLAR POWER

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World Bank

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The World Bank Group

Mandate:

- Support sustainable growth and poverty reduction.

Composed of:

- **International Bank for Reconstruction and Development (IBRD) and International Development Agency (IDA) – World Bank** – policy development support, institutional capacity building, government-backed investment and risk mitigation

- **International Finance Corporation (IFC)** – private sector arm of WBG: Investment support for private sector project developers and manufacturers in development-focused projects

- **Multilateral Insurance Guarantee Agency (MIGA)** – political, investment and credit guarantees
Support Instruments

- **Global Environmental Facility (GEF)** – In coordination with GEF, provide finance for policy and transactions
- **Carbon Finance (CF)** – for enhancing the viability of investments in mitigation projects
- **Clean Technology Fund (CTF)** – Investment project support to promote low-carbon and climate change mitigation technologies
- **Scaling Up Renewable Energy in Low Income Countries (SREP)** Pilot programs for low carbon development
- **Energy Sector Management Assistance Program (ESMAP)** – donors’ trust funds to support upstream policy and sector work in energy sector
WBG Development Support for Clean Energy Programs: Comprehensive Approach...Discrete Activities

**Policy and Capacity Building**
- Enhance policy framework incl. pricing and risk issues
- Transaction support for developed projects including private financing
- Long-term domestic institutional capacity building

**Carbon Finance and CDM/CIFs**
- Purchase CER from energy projects (power generation, T&D, energy efficiency)
- Streamlined access to carbon financing for the post-Kyoto regime

**Investment Lending and Institutional Building**
- Financing packages to scale-up integrated renewable projects with govt. and private developers (IBRD + IFC)
- Mobilization of funds for project preparation & cost risk sharing (IBRD + IFC + MIGA)
Multiple Instruments towards strategic objective...

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Institutions:
- ESMAP/SREP
- GEF
- IFC
- IBRD
- MIGA
- PCF
- CPF
- CTF/SREP
- IFC
- CTF
WBG Energy Lending Operations: Extensive experience globally and increasing lending
Increasing commitment

- Recent Green Bonds – “to help stimulate and coordinate public and private sector activity to combat climate change”
  - “An opportunity to invest in climate solutions through a high quality credit fixed income product”
- Three issuances in USD ($1.1 billion) and SEK ($2.85 b SEK) so far
- Further such issuances expected

For more details, go to: http://go.worldbank.org/LFS55Z7LLo
Clean Technology Fund (CTF) financing

- A new multi-billion fund ($5 billion pledged so far), managed by World Bank, for climate change mitigation to finance “transformational” projects
- Terms are very concessional; 40 year term, 10 year grace, 0.25% service fee, zero interest rate, for renewable energy projects
- Countries with large emission mitigation prospects
- WBG is implementing several CSP projects in MENA with CTF funding
- Bank client countries representatives in CTF Trust Fund Committee (as of Dec 09): Egypt, Morocco, India and Brazil
- Four programs approved in Africa: Egypt, Morocco, South Africa, Egypt/North Africa-CSP
Scaling Up Renewable Energy in Low Income Countries (SREP)

- Financing for proven renewable energy technologies towards low carbon development path (Initial financing: $250 million)
- Six countries recently selected for pilot programs: Mali, Ethiopia, Kenya, Honduras, Maldives, Nepal
- Next step: Define scope of program with support from development banks
- In the case of Mali: joint mission by WB and AfDB
Project Investment Types: Public

- **IBRD/IDA**: Sovereign guarantee-backed debt investments or guarantees in energy projects
  - Special consideration under the Development and Climate Change Framework to alternative energy projects
  - IDA loans are interest-free for qualifying countries
- **Clean Technology Fund** - Additional concessional funds for transformative energy projects through the specially created trust fund. Plan for CSP in MENA endorsed in end-2009 for 13 projects, about $750m on concessional terms
- **Can** include GEF financing, like 3 CSP-hybrid (ISCC) plants in Egypt, Mexico and Morocco
- **CF**: Carbon Finance tools to enhance quality of generation projects, structures to assist developers in getting carbon revenues.
Public Sector Investment Example: Egypt Kureimat ISCC

Multi-lateral (WBG and/or GEF)
- Grant: $49.8m
- Solar component
- IBRD project preparation, regulatory and policy support

Bilateral
- Japanese Bank for International Cooperation
- Loan or grant

Recipient equity (Govt of AR Egypt)
- Through public utility or special purpose vehicle
- Equity and management

For more details, please visit:
www.worldbank.org/energy
http://go.worldbank.org/ERF9QNT66o
Project Investment Types: Private

- IFC: Investments in private sector solar plants, PPP, etc.
  - Debt, equity, hybrid or mezzanine: flexible and innovative structures offered
- MIGA: Partial Risk Guarantees and Partial Credit Guarantees
- Carbon Finance tools

- Local and international currencies, hedging products
- Deep experience for Indian energy investments
Analytical and advisory activities

- Non-lending support and advice for:
  - regulatory and institutional capacity building
  - policy guidance, policy framework,
  - Transactional support and advice

- Available through:
  - Bank AAA,
  - as part of policy lending,
  - through trust funds managed by the WBG like ESMAP, etc
Majority of areas physically suitable for solar energy located in WBG client countries

Favorable for Concentrated Solar Power (CSP)

Worth considering for CSP
WBG SUPPORT TO SOLAR INITIATIVES IN SUB-REGION
Current Projects

- Rural Electrification under Public Private Partnerships (e.g. Mali, Senegal)
  - Stand-alone PV systems
  - Hybrid systems (PV/diesel, etc)
  - LEDs
- Senegal RE concession; financing by both WB (subsidy) and IFC (debt for concessionaire)
  - Regional operator: COMASEL (Morocco ONE)
Prospects

- Carbon Finance for PV investments in concessions (e.g., Senegal)
- Scaling up of Rural Electrification concessions with increased PV share
- SREP: Pilot CSP in Northern Mali? PV scaling up?
- Solar water heating programs (peak-shaving tool)
Continued partnership

- The WBG will remain to be engaged with the renewable energy development agenda in the ECOWAS region through the public and private sector arms.
- We look forward to a constructive dialog on possible assistance from the WBG
Thank you!