PROGRAMME ‘AFFORDABLE FINANCE AT SCALE’

(Launched in a Ministerial Side event on International Solar Alliance (ISA) on 22 April 2016 on the margins of signing of Paris Agreement on Climate Change in UN Headquarters in New York, USA)

In pursuit of the objectives set by the 30 November 2015 Paris Declaration on the International Solar Alliance and of the core endeavour of the Alliance, to pool and harmonize the demand for investments and technologies from solar-rich countries,

Recognizing that deployment of solar energy in line with our countries’ needs and with the objectives set during the Paris Conference on Climate Change will require investments at the trillion USD scale by 2030 and earlier if possible,

Acknowledging that deployment at this scale is not possible in the current fragmented regulatory landscape where a multiplicity of small-sized, heterogeneous projects lead to complex and working capital intensive development, high due diligence and transaction costs, lack of visibility on the market, misperception of risk and insufficient risk mitigation mechanisms; and that due to this fragmentation, only high cost and limited capital is available today for solar projects in our countries,

Recognizing the specific role solar energy can play in the development of our countries, due to its dissemination, adaptability and low operating costs, whereas existing regulations and legal practices in the field of energy have been designed decades ago for technologies that where essentially centralized and less capital-intensive,

Acknowledging that many countries are in the process of designing regulations for solar energy deployment; and that ISA member countries will attract large size and low cost investments more easily if, based on shared best practices and successful case studies, they join forces by adopting convergent regulatory frameworks,

Affirming that mobilizing the low cost capital available in some countries to ISA member countries implies a joint effort to set up : large portfolios of projects; common credit enhancement mechanisms to de risk these portfolios; appropriate vehicles to channel these de-risked cash flows to the international financial markets, and strong ethical rules and practices,

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1 «We intend making joint efforts through innovative policies, projects, programmes, capacity building measures and financial instruments to mobilise a large share of the more than 1000 Billion US Dollars of investments that are needed worldwide by 2030 for the massive deployment of affordable solar energy.» «We share the collective ambition to undertake innovative and concerted efforts with a view to reducing the cost of finance for immediate deployment of competitive solar generation»
We hereby announce our intention:-

1. To design and gradually adopt, on a voluntary basis, a set of converging best practices and measures required to set up large scale portfolios of projects eligible to common credit enhancement mechanisms; as well as common operational conditions with reduced transaction costs, for commercial solar power projects at various scales;

2. To settle as a first step, by the end of 2016, a common set of contractual documentation and practices for Power Purchase Agreements in public tenders and power procurement processes, that will make solar projects more easily bankable in member countries and will reduce the due diligence costs and risk perception; and support its adoption by the relevant stakeholders;

3. To set the ground by the end of 2016 for the establishment of an international Credit Enhancement Mechanism that will help de-risk investments and reduce the cost of financing for solar projects in eligible ISA member countries, in collaboration with the United Nations, the Green Climate Fund, Multilateral Development Banks, investors, insurers, private financial institutions and any other interested stakeholder;

4. To conduct discussions with the Corporate sector, inter alia through the Terrawatt Initiative, on the optimal terms and conditions for investment flows in ISA member countries; and ask them by letter, as a first step, to clarify by the end of 2016 the risk analysis criteria used for solar power generation asset financing, and their expectations in terms regulatory environment;

5. To organize on an annual basis RE-Invest fora that will materialize this multi-stakeholder dialogue based on mutually conditional objectives from governments, solar projects developers, investors and any other interested stakeholders in terms of solar deployment, electricity demand growth, development pipeline and financing capacities.

We will take the initial steps towards the full design and implementation of this Programme at the earliest. To this end, a Representative responsible for this Program will be clearly identified in our respective countries. The Representatives so designated will communicate through an appropriate digital platform and will meet as often as required in order to achieve the above mentioned objectives, in coordination with the National focal points for the International Solar Alliance in our countries. They will report to us by the end of this year, and will propose a new set of objectives for the following year. Their reports will also be forwarded to the Interim Administrative Cell of ISA for coordination and analysis purposes.

We propose that the process be continued under our collective leadership until the objective of 1 000 billion USD investment in photovoltaic power generation assets in member countries is reached.