GLOBAL SOLAR FACILITY
Enable and Invest in Solar
The world requires an investment of $12.5 trillion in renewable energy and $23 billion in off-grid solar by 2030 for universal energy access and a clean energy transition. However, current global solar investments are only 10% of the required amount for net-zero. Developing countries, home to over 50% of the global population, received just 15% of 2022’s renewable energy investments. Sub-Saharan Africa’s per capita renewable energy investment dropped by 44% from 2015 to 2021. Comparatively, investments in North America are 41 times higher, and in Europe, they are 57 times greater.

Innovative financial mechanisms are required to enhance solar investments worldwide, especially in low-income countries. Such mechanisms must reduce barriers to global investments and enable their spread. The developments in the past decade in solar have eliminated technology risk, achieved grid parity, and enabled gigawatt scale power production. The ISA’s Global Solar Facility (GSF) aims to catalyse solar investments across the world, starting with Africa’s underserved segments and geographies, thereby unlocking commercial capital. The GSF will primarily focus on decentralised solar solutions, rooftop solar, and productive use solar. Through this financing vehicle, which includes payment guarantees, insurance and investment funds, the GSF aims to mitigate project risks, provide technical assistance to address regulatory gaps, reduce currency risks, resolve contractual and financial uncertainties in the solar energy sector.

The ISA Assembly approved the creation of a Global Solar Facility (GSF) in Africa, which was announced at COP27 in Sharm-el-Sheikh in October 2022. To maximise impact, it is important that the GSF commences investments in regions with the greatest need. Africa, despite its vast solar potential, has only 1.3% of the world’s installed solar capacity (11.4 GW out of 849 GW in 2021). With nearly 600 million people in Africa lacking access to electricity, there’s a compelling case for distributed solar across the African continent.

Innovative financial mechanisms are required to enhance solar investments worldwide, especially in low-income countries. Such mechanisms must reduce barriers to global investments and enable their spread. The developments in the past decade in solar have eliminated technology risk, achieved grid parity, and enabled gigawatt scale power production. The GSF will take a balanced approach to maintain agility with longevity for its operations. This will involve appointing institutional investment managers with relevant regional expertise to ensure agility of investment decisions and deep local knowledge, developing in-house capacity which will enable capitalising on GSF’s global experience. This approach promises long-term benefits and significant impact. After Africa, the GSF aims to expand to regions such as Asia, Latin America, and the Middle East, where the Regional Facilities will be tailored to meet specific requirements. In future, the GSF will invest in innovative technologies to enhance solar energy efficiency, support startups for faster solar energy implementation, and explore emerging solar energy sectors.
Building a robust ecosystem for solar energy...

**COUNTRIES**
Collaboration:  
- Investment in the Facility  
- Drive forward solar agenda through investments  
Benefits:  
- Expand solar energy and energy access across Africa  
- Enhance regulatory framework

**Sovereign Funds**
Collaboration:  
- Invest in the Facility  
- Send eligible projects for financing  
Benefits:  
- Generate commercial returns from solar investments in Africa  
- Leverage global knowledge  
- De-risk investments in solar energy

**Investment Managers**
Collaboration:  
- Partner and/or manage funds for solar facility  
Benefits:  
- Capacity building through global solar platform

**Developers**
Collaboration:  
- Knowledge sharing, develop projects for the fund  
Benefits:  
- Greater availability of cost competitive financing for projects

By filling the gaps in solar energy financing

- Setting up of regulatory and contractual frameworks where necessary
- Funding for insurance premium currently not available
- Technical Assistance
- Equity for Utility Scale
- Distributed Solar Investments
- Insurance
- Hard & Local Currency
- Payment Guarantee
- Guarantee for off-taker risk, enable greater lending by local lenders
- Available in market – hence not a part of ISA facility
- To be added as facility expands
- Working with partners for quick execution
- More partnerships under discussions
Following the approval and launch of GSF at COP27, the ISA Secretariat has been conducting discussions with potential investors including member countries, development finance institutions, pension funds, and potential investment managers from across the world. The ISA has signed MOUs with Multi-Lateral Investment Guarantee Fund (MIGA), Africa 50, West African Development Bank (BOAD) for facilitating investments through the GSF in Africa.

The GSF will have an inhouse team of 4-5 senior professionals (including the CEO) to oversee various key functions. The CEO and the team will be professionals with global experience in investments and infrastructure. The GSF team will bring in efficiencies in operations, build institutional capacity and enable knowledge sharing. The CEO will report to the Executive Board, comprised of the Director General of the ISA, CEO of GSF and other members, which will oversee day-to-day operations of the GSF.

The GSF will be responsible to its Global Steering Committee for appropriate governance and operations of all the Regional Facilities (RF) under the GSF umbrella. The GSF will oversee all RFs on a continuous basis, monitoring investment decision making, portfolio management, and governance.

Introducing GSF’s First Solar Project in Partnership with Nuru in the DRC

The inaugural project under the Global Solar Facility (GSF) was announced at COP 28 with Nuru, a leading solar power company in the Democratic Republic of the Congo (DRC).

Addressing Electricity Crisis in DRC: The DRC faces a severe electricity crisis, with 77% of its 86 million population living in extreme poverty. Less than 20% have access to electricity, and the existing grid infrastructure is crumbling. In response, the Nuru initiative, supported by GSF, focuses on constructing and operating three solar hybrid metro/mini-grid projects in key provincial capitals. Each mini-grid, boasting a total capacity of 15MW, integrates solar panels, battery storage, and diesel generators to cater to diverse customer bases.

Overcoming Financing Challenges: Acknowledging the risk profile of the DRC and the financing hurdles it poses, ISA steps in with a grant of $1.35 million over three years. This financial support aids in offsetting premiums from the Multilateral Investment Guarantee Agency (MIGA), reducing tariffs and ensuring the long-term sustainability of the project.

Anticipated Positive Impact: The envisioned success of this project includes adding 15MW capacity, benefitting over 28,000 connections, displacing diesel generators, reducing greenhouse gas emissions, and fostering economic growth. ISA’s strategic intervention aims to create a tangible, positive change in the lives of the people in the DRC.

Governance

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