

GLOBAL SOLAR FACILITY

Enable and Invest in Solar





Background

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.

About Global Solar Facility

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 ISA 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.

Case for Solar in Africa

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.

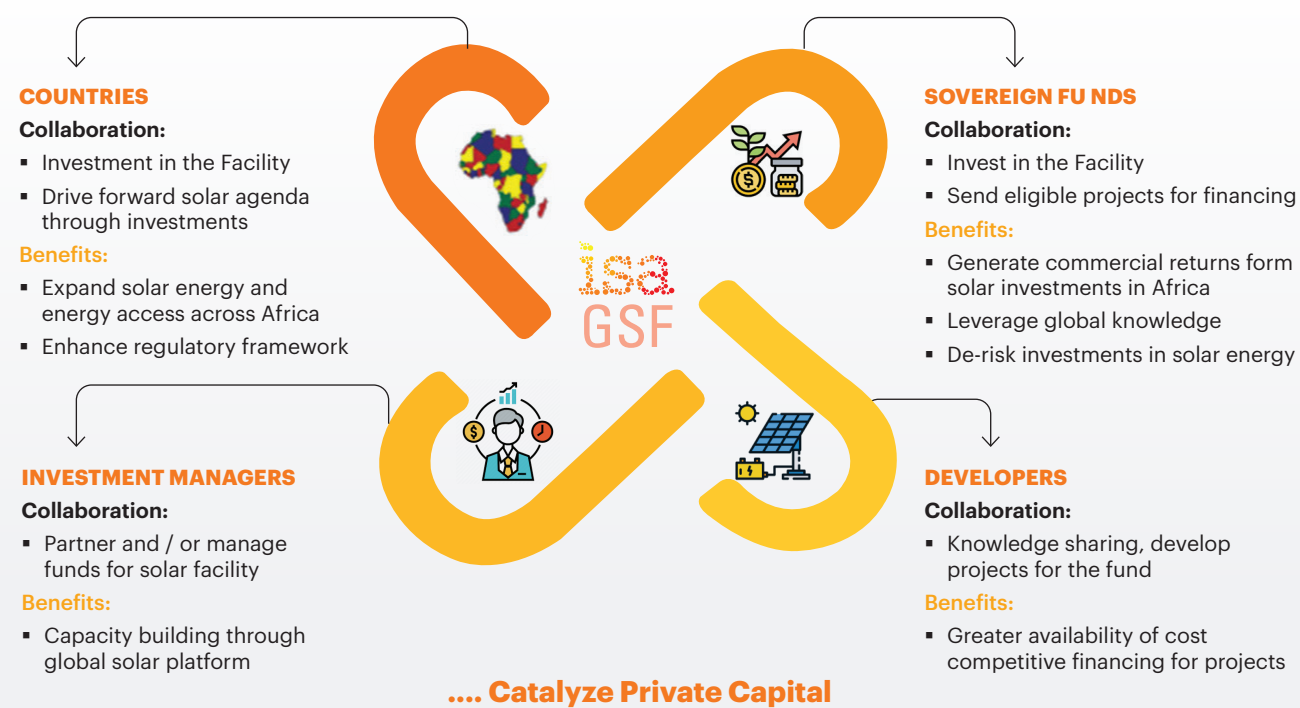
In October 2022, the ISA Assembly approved the creation of a Global Solar Facility (GSF) in Africa, which was announced at COP27 in Sharm-el-Sheikh

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.

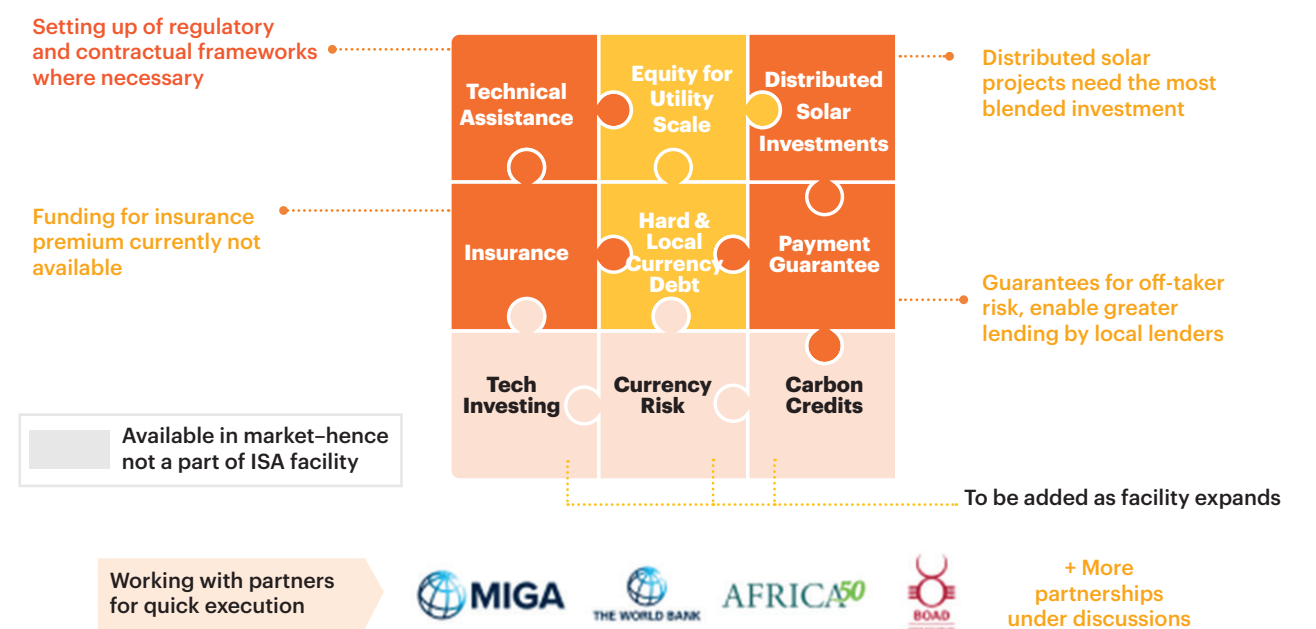
After Africa, the GSF aims to expand to regions such as Asia, Latin America and the Middle East, where the Regional Facilities will be tailored to meet specific requirements. In future, the GSF will invest in innovative technologies to enhance solar energy efficiency, support startups for faster solar energy implementation, and explore emerging solar energy sectors.



Building a robust ecosystem for solar energy...



By filling the gaps in solar energy financing





Progress of the Global Solar Facility

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.

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

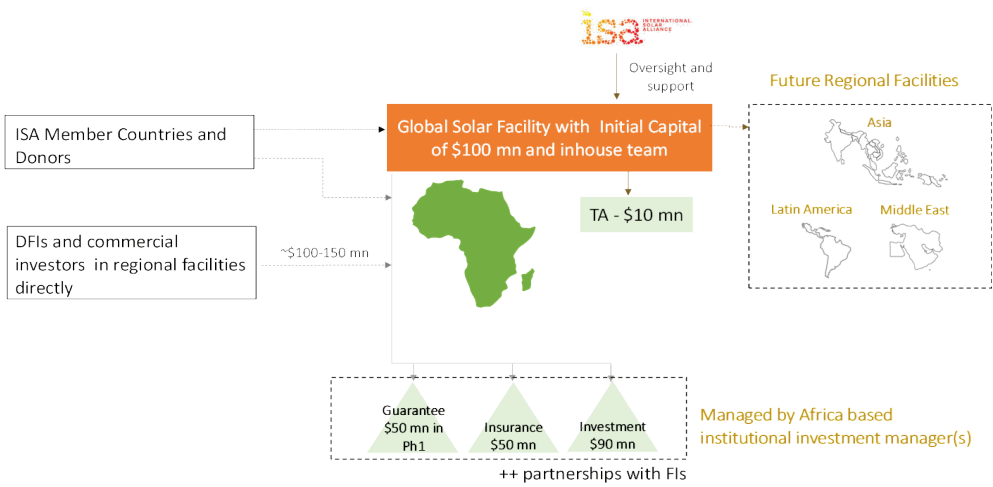


capacity, benefitting over 28,000 connections, displacing diesel generators, reducing greenhouse gas emissions, and fostering economic growth. ISA’s strategic intervention aims to create a tangible, positive change in the lives of the people in the DRC.

Paving the Way for Future Development: Beyond its immediate impact, the success of this pilot project is pivotal in inspiring further private mini-grid development, not just within the DRC but across Africa. Aligned with ISA’s overarching vision for the Global Solar Facility, this initiative seeks to catalyze impactful, financially viable solar projects in low-income regions, ensuring a brighter and sustainable future for all.

The Government of India is considering a \$25 million grant to the initial capital of the Global Solar Facility

The ISA Secretariat is mobilising resources for the GSF and is working towards selecting an institutional investment manager(s) to manage the Africa Solar Facility.



Organisation Structure of GSF

The GSF will be the entity acting as the common platform for all Regional Facilities (RF). The GSF will have an in-house team to manage operations, oversee fund activities and handle investor relations. GSF will launch RFs for each region, starting with Africa. Each RF will have a mix of limited life funds wherein the GSF will be an anchor investor. These funds will be

managed by institutional investment managers selected through a global selection processes.

The investment managers will have expertise in their respective regions and enable GSF to have the benefit of decentralised and quick decision making. The GSF will work under the guidance of a Global Steering Committee comprised of its key shareholders.

Governance

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.



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