

Renewables for Sustainable Development: Connecting the Dots

The Sustainable Renewables Risk Mitigation Initiative: developing RE programs leveraging private investment while maximizing socio eco benefits

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Global context: ambitious targets for variable renewables

**A critical target for affordable, reliable, sustainable and modern energy for all:
950 GW of solar PV and 580 GW of wind installed in developing countries by 2025
representing over 600 GW of new PV and 300 GW of new wind to be built in 5 years(*)**

RE deployment can play a key role from different perspectives:

- Climate change
- Reduce cost of generation
- Energy security and energy access as it is a modular source of energy
- Answering fast growing demand as it has short construction timeline
- Socio-economic impacts fostering industrial and local development and women empowerment



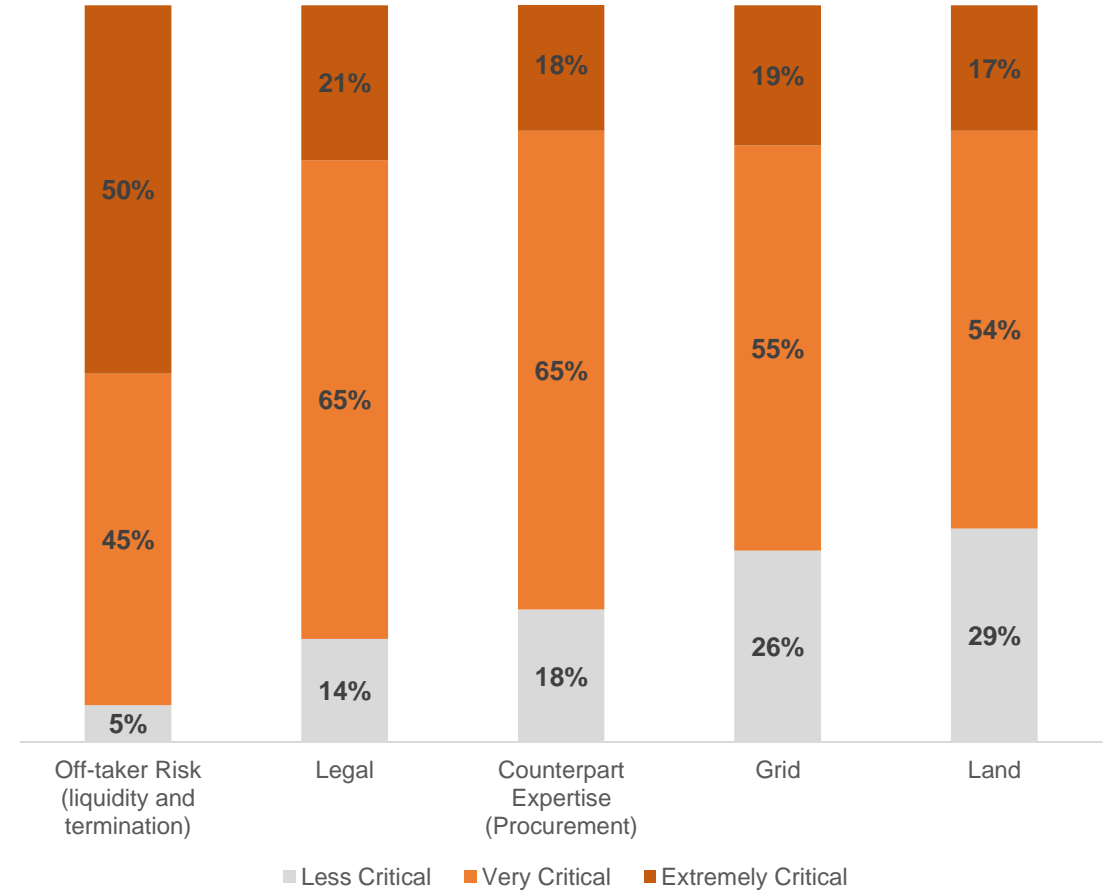
RE pipeline hindered due to critical challenges

Crucial challenges are hindering a sustained and significant deployment of privately-owned RE projects in most developing countries:

- Weak enabling environment
- Absence of open and transparent procurement
- Lack of access to risk mitigation coverage
- Grid integration issues for VRE technology

As a result, (i) a piecemeal approach, project-by-project and (ii) a lack of bankable and sustainable pipeline of projects for private sector investment

Key Risks Identified by Private Investors (1)





SRMI: an integrated approach for sustainable VRE deployment

Enabling Environment

(upstream support incl. generation & transmission planning, variable renewables (VRE) integration, regulatory and strategic support)

Critical Public Investments

(transmission lines, solar/wind park infrastructure and PPP mini-grids/SHS)

Robust Procurement

(downstream TA support incl. transaction advisory, feasibility studies, E&S instruments)

Risk Mitigation Coverage

(guarantees for IPPs for grid-connected and off-grid projects, geothermal resource de-risking)

Leveraging private investments at scale while maximizing socio-economic benefits

Blended with climate finance



Limitations to domestic value & mitigation measures recommended

Several challenges are preventing the maximization of the socio-economic benefits

Need for a medium-term strategy leveraging the RE bidding process

Risk not to maximize participation to the RE value chain

- For international bidders: (i) lack of visibility on the local opportunities, (ii) tight timeframe for tenders, (iii) pre-approved suppliers and (iv) costs for local assessment
- For local players: (i) insufficient knowledge on their positioning on the RE value chain and on the measures needed to improve it, (ii) lack of skills or of track-record, (iii) lack of visibility on RE programs to be able to invest in production units

Risk not to maximize local development

- Sites with good resources and large plots of lands are often located in areas where local communities face numerous challenges with sub-optimal results due to (i) the insufficient knowledge or prioritization of the needs of the local communities, (ii) the lack of coordination between the public party and the private party and (iii) the limited involvement of the local communities in the decision-making process

Risk not to maximize gender equality outcomes

- Employment opportunities created by large-scale solar and wind projects often benefit men more than women, resulting in a significant employment gap in the RE industry
- Also, in the remote areas, women, if employed, are more exposed to (i) lower-paid, lower-quality employment in the informal sector, and to (ii) an increased risk of gender-based violence



Deploying VRE while catalyzing economic development

With an integrated and cross-cutting RE roadmap building on a catalytic role played by the public party for long lasting impacts

ELECTRICITY PRODUCTION & ACCESS

Better security of supply and cost-competitive solutions

PARTICIPATION TO THE RE VALUE CHAIN

Participation of the local industry to the value chain of RE projects

LOCAL DEVELOPMENT

Inclusive development enhancing the local communities' livelihoods

HUMAN CAPITAL

Capacity building with a specific focus on women empowerment

An opportunity to build a sustainable ecosystem, resilient in the context of climate change and well-articulated in a timely manner, leveraging new opportunities offered by the scaling-up of RE