

Renewables 2023 Global Status Report collection

Economic & Social Value Creation

Local Value Creation Factsheet

Key Drivers

- Countries are increasingly looking to improve **local supply chains** for renewables to maximise the economic and social value from renewable energy.
- Some countries have **banned exports of unprocessed raw metals** needed to manufacture renewables and related technologies (such as batteries), providing financial incentives for local manufacturing and assembly or imposing local content requirements in tenders for specific projects.
- Although emerging and developing economies account for **two-thirds of the world's population**, they represent **only one-fifth of global investment** in renewables and **one-tenth of global financial wealth**.

Current Status, Policy and Investment

Current Status

- Governments are taking concrete policy actions to promote local value chains for renewable energy deployment and manufacturing.
- Regulations governing the use of locally produced materials are in place in more than 20 countries, including 7 advanced economies.

Policy

Policies to incentivise local production of renewable energy technologies are emerging around the world.

- **United States** – The Inflation Reduction Act provides tax credits for domestic production of offshore wind components, electric vehicles and battery components. The Department of Energy announced USD 52 million in investment grants for 19 solar PV manufacturing projects in 12 states.
- **Brazil** – The country provides low-cost financing for projects that only use local equipment.
- **Jordan** – The local content requirement is up to 35% in solar photovoltaic (PV) projects.
- **Australia** – The government approved a USD 10 billion national reconstruction fund to support domestic manufacturing of solar panels, batteries and hydrogen electrolyzers.
- **India** – A USD 3 billion incentive package was adopted to spur the creation of a complete ecosystem of solar PV manufacturing.
- Countries that have imposed export bans on unprocessed raw materials include the **Democratic Republic of the Congo** (for lithium and cobalt), **Indonesia** (for nickel and bauxite) and **Zimbabwe** (for lithium and cobalt).

Investment

- Investment in renewable energy remains uneven. In emerging and developing countries, annual investment across all areas of the energy sector has fallen around 20%

since 2016, due to the cost for debt and equity. Meanwhile, some initiatives have been taken to promote renewable energy manufacturing in Africa.

- **United States** – Developers are taking advantage of investment credits and tax breaks under the Inflation Reduction Act that are worth up to 30% of the total project cost. More than USD 70 billion in investment in clean technology manufacturing was announced between the Act’s passage in August 2022 and late May 2023.
- **Canada** – The 2023 budget proposes a tax credit of 30% of the cost of any investment in new clean technology manufacturing.
- **Republic of Korea** – The country announced an investment of USD 5 billion in loans and guarantees to advance domestic battery manufacturing.
- **Japan** – The Green Transformation initiative provides up to USD 1.8 billion in subsidies for battery manufacturing.
- The **Africa Renewable Energy Manufacturing Initiative (AREMI)** was launched to scale up renewable energy manufacturing capabilities in Africa, with the aim of unlocking up to USD 850 million in investments.
- The **European Investment Bank** agreed to invest USD 544 million in **Namibia** for the development of local mining and renewable hydrogen value chains, while modernising industrial capacities and driving socio-economic development in the country.