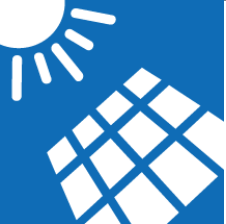


The Climate Investment Funds: A Decade of Delivery



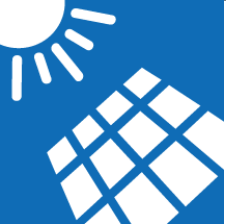
January 29th, 2018
Nairobi, Kenya





SREP: What Has Been Achieved?

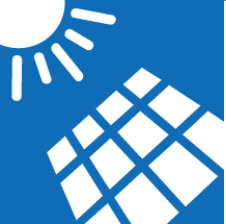
- To pilot and demonstrate the economic, social and environmental viability of low carbon development pathways in the energy sector by creating new economic opportunities and increasing energy access through the use of renewable energy
- 20 country investment plans and 7 private sector set aside concepts endorsed and many projects under implementation
- Creation of a platform for renewable energy investment planning and implementation;
- Mobilization of MDBs to engage in the most challenging countries and markets
- Support of first-of-its-kind investments in renewable energy technologies



SREP public sector credit terms and private sector principles

- Public sector credit terms
 - Maturity: 40 years
 - Grace period: 10 years
 - Service charge: 0.1%
 - Principal payment (yr 11-20): 2%
 - Principal payment (yr 21-40): 4%

- Principles for private sector investment
 - Minimum concessionality
 - Avoiding distortion and crowding out
 - Maximum leverage
 - Financial sustainability



CIF- SREP: Risk mitigation examples (I)

- The CIF has allocated about 36% of its approved funding to unproven or risky technologies (geothermal and Concentrated Solar Power) in low and middle income countries, and has provided up to 55% of international public finance currently flowing to the earliest, riskiest stages of geothermal projects
- **Rwanda:**
 - ✓ The SREP-funded Renewable Energy Fund (REF) Project will directly support the implementation of a risk-mitigation facility to incentivize private sector participation in off-grid solar space, to make solar products available on financial terms that the population can afford.
 - ✓ The REF project is a financial intermediary loan (FIL) to GoR as the borrower, funded by the SREP Trust Fund. GoR will transfer (grant portion) and on-lend (loan portion) the funds to the Development Bank of Rwanda (BRD), which will administer the facility. The project will be structured around two components: (1) Line of credit and direct financing for off-grid electrification; and (2) Technical assistance, capacity building and project implementation support



SREP: Risk mitigation examples (II)

Mali Segou Solar Project:

- SREP concessionality will improve the transaction overall risk profile, consequently enhancing private investments.
- The World Bank will provide a Partial Risk Guarantee (PRG) with the objective of backstopping certain payment obligations of: (i) EDM under the PPA, and (ii) GoM under the Concession Agreement.
- Furthermore, the project will include a cross-currency swap, to ensure that the project is not exposed to currency exchange risk that could potentially arise from the fact that all cash-flows are priced in FCFA (currency pegged to the EUR) and the SREP loan is priced in USD

Geothermal resource risk: Kenya, Ethiopia, Tanzania

Policies and regulations/capacity building: Ethiopia, Mali



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