

**DE-RISKING
RENEWABLE ENERGY
PROJECTS &
UNLOCKING PRIVATE
CAPITAL**



BOGOTA, SEPTEMBER 10, 2019

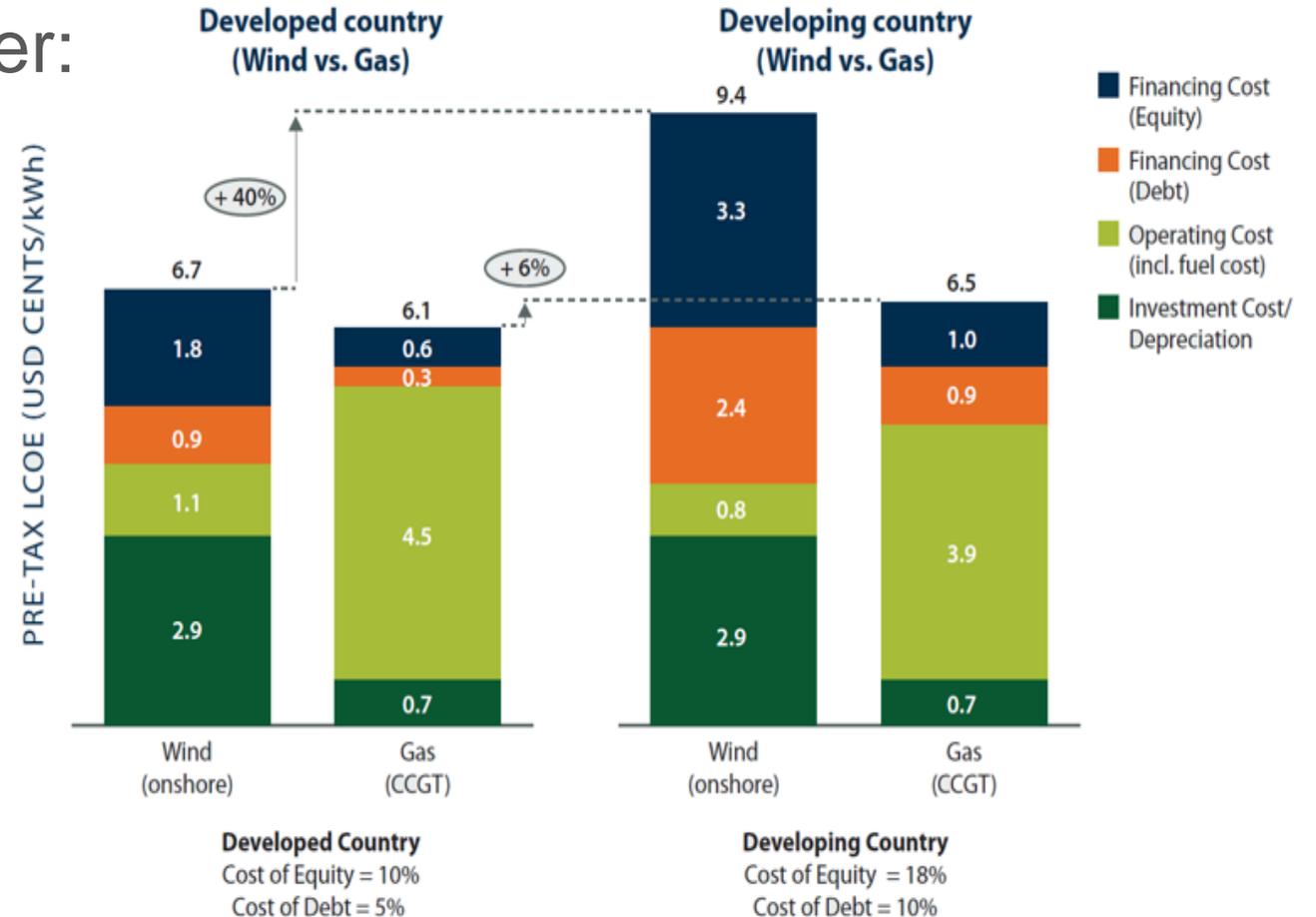
PROBLEM STATEMENT & OBJECTIVES (I)

- Renewables are surrounded by a broad risk universe; these risks (real or perceived) can lead to either:

(i) a binary decision (“not to invest / not provide lending”)

or

(ii) higher cost of capital (“demanding a premium to invest”) → a negative investment decision / higher LCOE.



PROBLEM STATEMENT & OBJECTIVES (II)

Institutional Level

Legal & Regulatory Framework

Contractual Level

Allocation of structural risks

Transactional Level (residual risks)

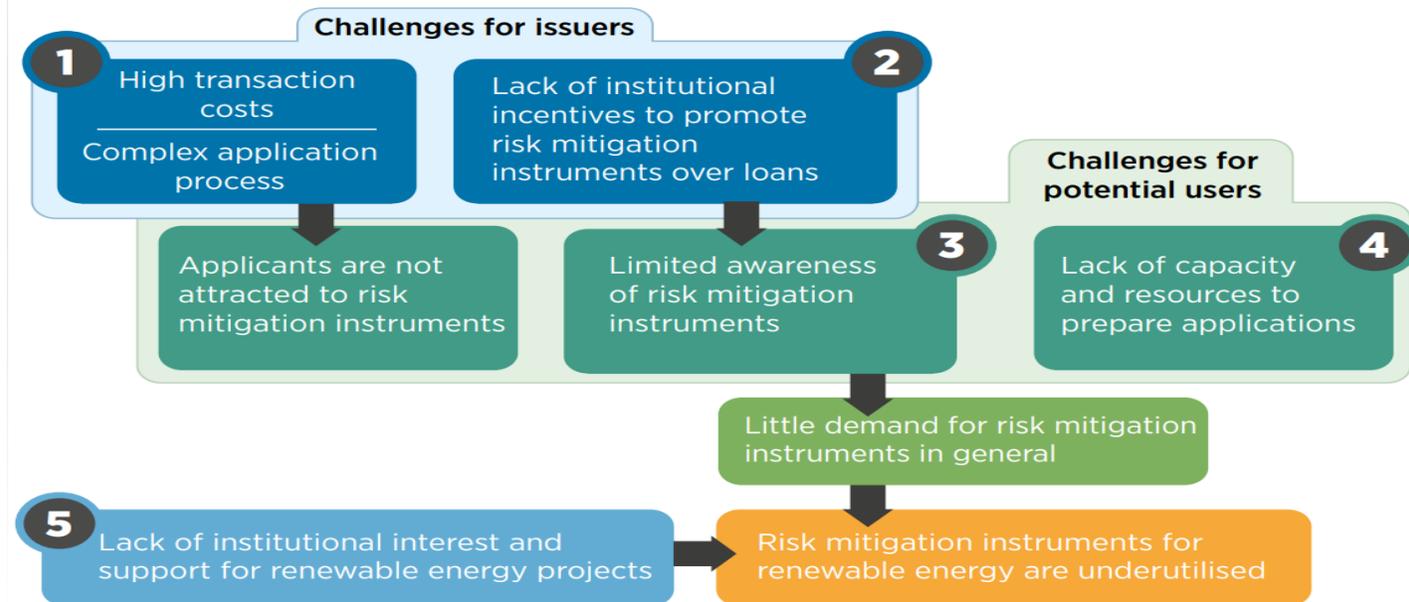
Insurance / guarantee products

PROBLEM STATEMENT & OBJECTIVES (II)

	Political risk	Policy and regulatory risk	Counterparty risk (power off-taker risk)	Grid interconnection and transmission line risk	Technology risk	Currency risk	Liquidity and refinancing risk	Resource risk
Government guarantee	✓	✓	✓					
Political risk insurance	✓	✓	✓	✓				✓
Partial risk/credit guarantee	✓	✓	✓	✓	✓	✓		
Export credit guarantee	✓	✓	✓	✓	✓	✓		
Currency risk hedging instrument								✓
Currency risk guarantee fund								✓
Local currency lending								✓
Internal/external liquidity facility				✓				✓
Liquidity guarantee								✓
Put option								✓
Grant and convertible grant								✓
Resource guarantee fund								✓
Geothermal exploration insurance								✓
Portfolio guarantee								✓

There is a plethora of risk mitigation instruments available for renewable energy, however, their utilization remains limited due to both supply / demand side barriers:

- Long processing times, high transaction costs (supply-side)
- Limited awareness (demand-side)
- Limited capacity (demand-side)



RISK ASSESSMENT & MITIGATION PLATFORM



A comprehensive **database** presenting information on risk mitigation instruments and their providers for a given project location & size and technology.



■ Risk mitigation instruments becoming more visible and easier to identify (increased awareness)



A **toolkit** (incl. reference materials, template documents, checklists, guidelines, wording options) providing the users with insight on how the risk mitigation works.



■ Risk mitigation instruments becoming easier understand and access

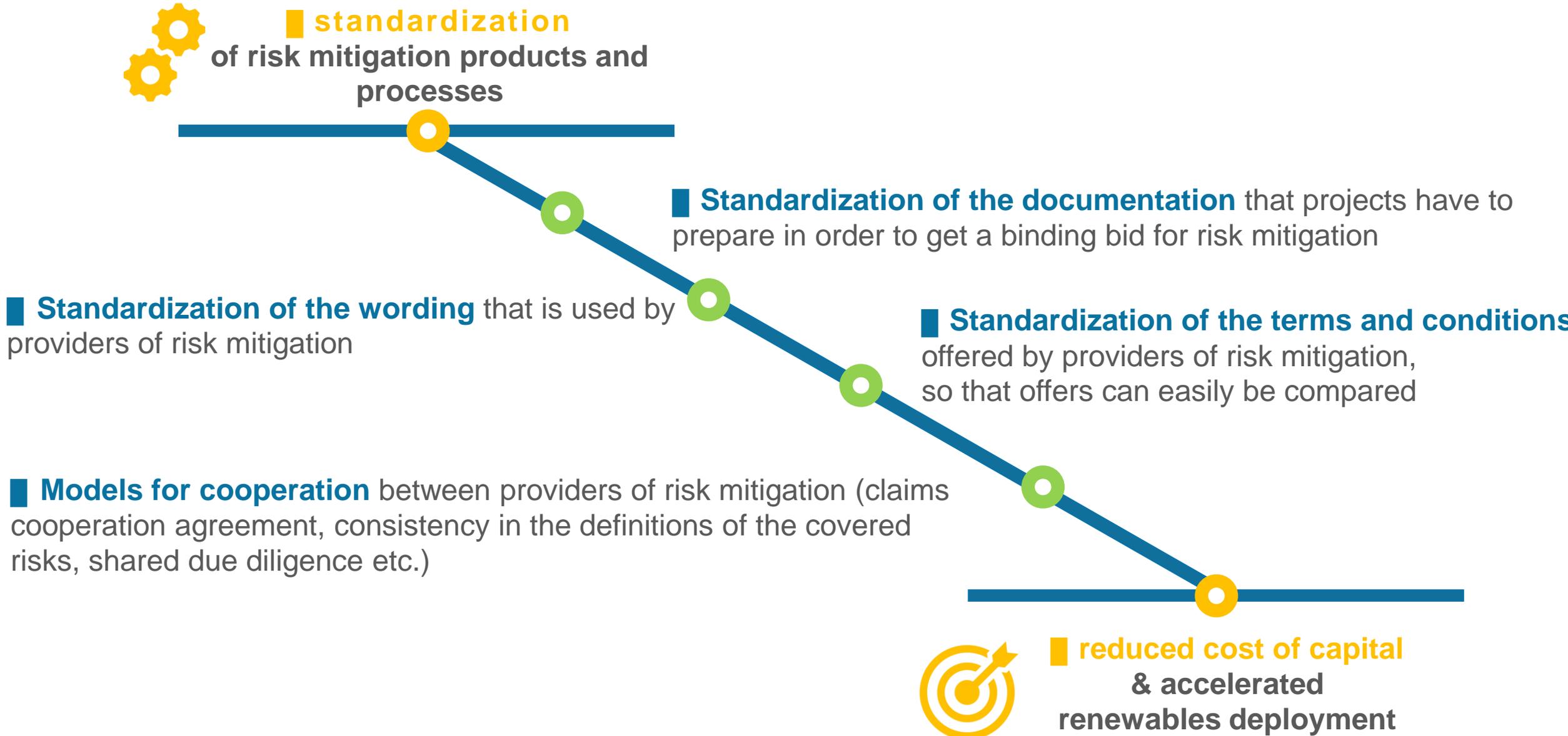


A **matchmaking** function by facilitating the interaction between the users, among others through a data room that is regulated by a standard NDA, and that will use standard documents (enquiry form, non-binding offer, etc.)

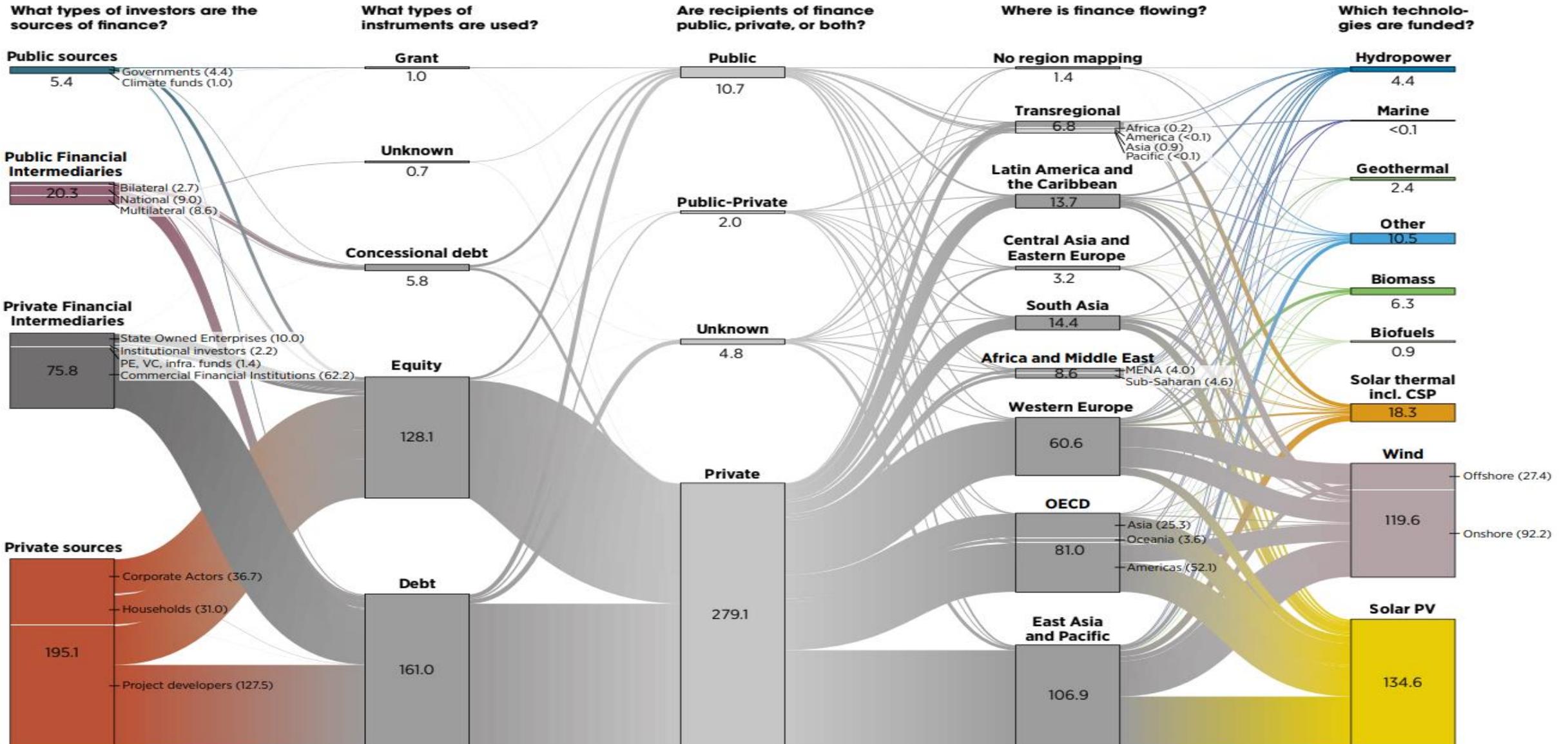


■ Transactions becoming more streamlined and less costly

RAMP – POTENTIAL NEXT PHASES



GLOBAL FINANCIAL LANDSCAPE



- Public financing will remain limited and thence need to be used in a targeted manner to crowd-in private capital.
- Risk mitigation instruments (e.g. guarantees, currency hedging instruments and liquidity reserve facilities) can be used more extensively by public finance institutions to effectively mobilise private investment.
- Blended finance can play a key role in removing market barriers and getting new markets to maturity; with the ultimate objective of creating commercially-sustainable lending markets for sustainable energy.

Thank you

