

## **Fifteenth session of the IRENA Assembly**

### **Side Event**

11 January 2025, 12:30 – 14:00 GST  
St. Regis Hotel, Saadiyat Island, Abu Dhabi

## **Innovative Renewables Risk Mitigation Instruments**

### ***Background***

Global investments in energy transition technologies reached a record high of USD 2.1 trillion in 2023, reflecting an increased commitment to sustainable energy sources. However, despite this progress, funding remains insufficient to meet the ambitious climate and development targets set for 2030 and beyond. IRENA's *World Energy Transitions Outlook* estimates that over USD 5 trillion in annual investment will be required to meet the 1.5°C climate goal by 2050. This includes a significant increase in renewable power generation capacity, grid enhancements, and energy flexibility measures. To stay on track with these goals, investment in renewable energy alone will need to more than double by 2030.

While investments have significantly increased in some regions, emerging markets and developing economies (EMDEs) remain starkly underfunded. Currently, half of the world's population – living in more than 150 economies outside Brazil, China, and India, and representing one-third of global GDP – received just 10% of the world's energy transition investments. Africa has received less than 1% of global energy transition financing in recent years, highlighting the stark geographic disparity in capital flows. These disparities in investments have been increasing. Advanced economies attracted 18 times more investment per capita over 2020-2023 than the 154 EMDEs (excluding China), up from 14 times between 2016-2019.

Risk mitigation will be critical to closing this gap. High capital costs, currency volatility, and other risks – real and perceived - deter investments in many EMDEs. Financing and risk mitigation instruments such as guarantees, concessional funding, insurance products, and blended finance structures are essential to addressing these challenges. This event, organised jointly between IRENA and the Sustainable Renewables Risk Mitigation Initiative (SRMI) partners, will tackle the pressing need for innovative risk mitigation strategies tailored to address specific macro-economic and structural challenges in EMDEs that can unlock greater investments.

### *Objectives*

- Examine traditional financing and risk mitigation instruments, including grants, concessional funding, and currency hedging mechanisms, focusing on their limitations in countries with challenging macro-economic contexts.
- Showcase successful examples of financing approaches, such as blended finance and results-based financing, that have improved risk-adjusted returns and impactful delivery of renewable energy projects.
- Highlight policy actions and financing structures that can incentivise increased renewable energy investments by reducing risk perceptions and improving investment security.
- Discuss frameworks for international cooperation to bridge financing gaps and support sustainable energy development in high-risk contexts.

### *Associated Publications*

- [A just and inclusive energy transition in emerging markets and developing economies: Energy planning, financing, sustainable fuels, and social dimensions](#)
- [The energy transition in Africa: Opportunities for international collaboration with a focus on the G7](#)
- [World Energy Transitions Outlook 2024](#)

### *For more information please contact*

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