

Technical Assistance Facility for Clean Energy Investment Mobilization



Joint meeting of the CTF and SCF Trust Fund Committees

June 5, 2018 – Washington, DC

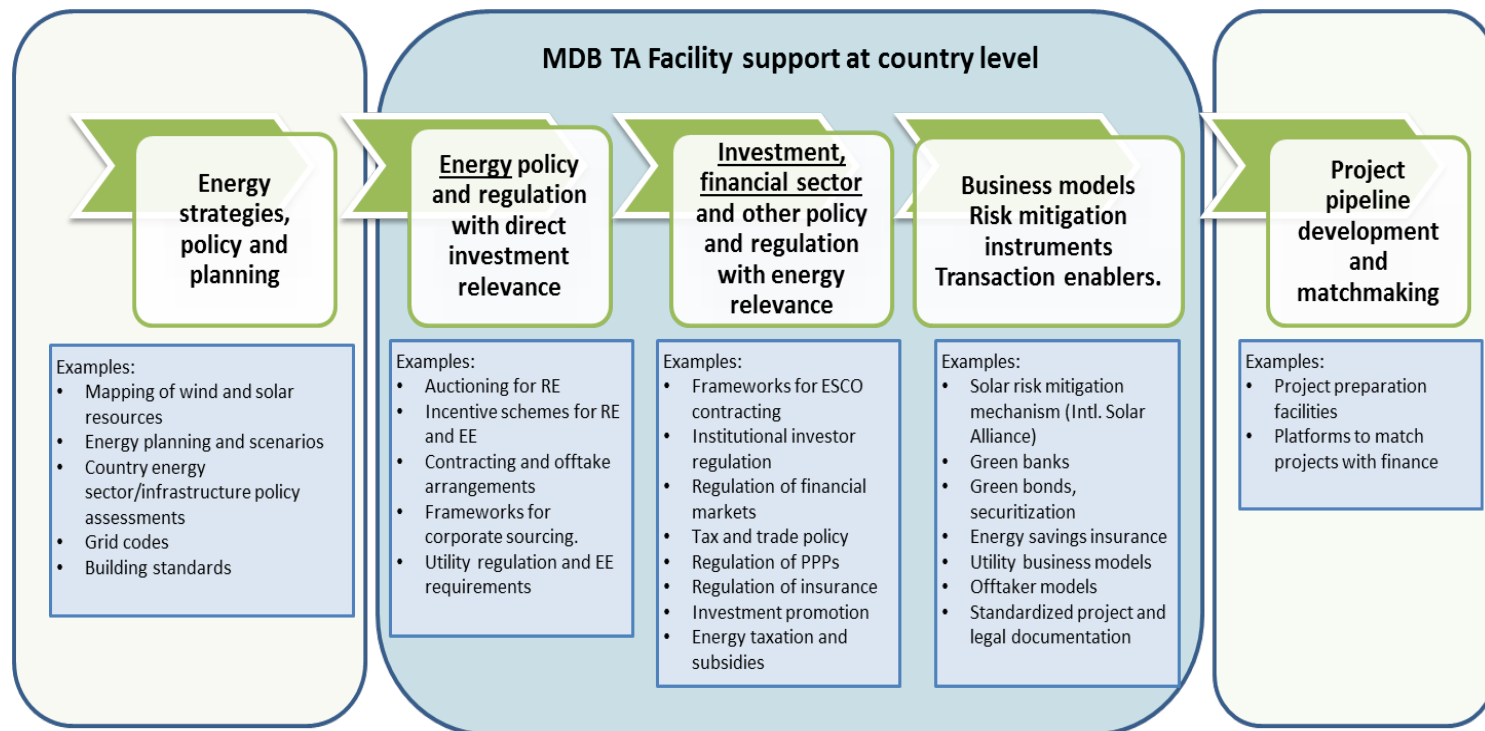
Context

- Mobilization of mainly private investments and finance are needed to achieve clean energy objectives of countries in line with Paris Agreement, NDCs and SDGs.
- Need to scale up clean energy investments in a short timeframe and avoid locking in high-carbon energy supply.
- MDBs are committed to increasing clean energy. Increasing focus on their role in mobilizing domestic financial institutions and catalyzing private finance, including from institutional investors.
- Shortage of TA resources that are linked to mobilizing investments at scale and market transformation.
- Need to make finance flows consistent with low-carbon transition.

Objective

- Establish Facility within the CIF to focus on technical support at country level to enable scaled-up investments in renewable energy and energy efficiency.
- Increase MDB support for country level enabling investment frameworks, in particular in the interface between private sector investment and public policy.
- Address risks and transaction costs, thereby mobilizing private sector investment and financing and bringing down the cost of capital.
- *In short:* Aligned with CIF objectives. Complementary to existing programs. As only TA no reflow issues. Will help mobilize investments that may be funded from various sources.

Support for areas that drive investment



Thematic and country focus

Priority themes

- **Renewable power** generation
- **Energy efficiency** in buildings and industry
- **Systems integration** of renewables e.g. smart grids, storage, distributed generation

Recipient countries may benefit from the facility provided they:

- meet Official Development Assistance (ODA) eligibility criteria according to OECD/DAC guidelines;
- have an active MDB country program (for this purpose, an “active” program means that an MDB has a lending program and/or on-going policy dialogue with the country).

Initial phase to focus on countries and interventions with high mitigation potential.

With additional funding from other contributors, a wider group of beneficiary countries and interventions may be included.

Selection criteria

- Country demand, and alignment with national priorities.
- Undertaken and implemented by partner MDB
- Contribution to stronger policy framework and local capacity
- Additional and complementary to existing MDB programs
- Contribution to increased mobilization of private sector investment
- Contribution to the mainstreaming of clean energy finance mobilization within MDBs
- Support for market transformation
- Public-private partnership approaches that harness the competencies of national and international energy, investment and finance institutions
- Alignment with development considering social impacts and the need for a just transition to a low-carbon economy

Implementation & funding

- Modelled over the Evaluation & Learning initiative: Administrative and operating costs of the facility fully covered through the “special administrative budget” of the SCF, approved by the SCF Trust Fund Committee, while **ensuring that costs are kept at a minimum.**
- **Typical scale of : USD 0.5-1M.** MIN USD 0.1M, MAX USD2M.
- Govt. of Denmark has expressed its intention – subject to successful finalization of domestic approval procedures - to make an additional **contribution of DKK 95 million to the SCF.**
- Open to additional funding contributions.
- 85% for country level work, 15% for cross-country learning and analysis.
- Advisory Group to review proposals and provide strategic guidance.
- Senior Specialist to lead AU management of the Facility, draft work plans and reporting, and promote learning and partnerships.

Implementation schedule

2nd quarter of 2018

- Approval by Joint TFCs of TA Facility
- Appraisal by initial donor (Govt. of Denmark)

3rd quarter of 2018

- Finalized framework for TA proposals, including formats and assessment criteria.
- Finalized procedures for monitoring and reporting.
- Formalization of agreement with initial donor(s).

4th quarter of 2018

- Advisory Group established.
- First annual workplan, incl. final results framework, and budget presented.
- First proposal(s) for TA submitted by MDBs.

1st quarter of 2019

- Inception report submitted to Joint TFC.
- Partner network on clean energy investment and finance established.
- First thematic call for proposals.