



# Investment Opportunities in Solar Mini Grids through Climate Finance

Abuja



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## Personal intro – Onkar Nath- Lead, Task Force, CF

- Been with GIZ since 2010, worked in India and now in Nigeria.
- Prior to joining GIZ, worked for the NGOs and private sector.
- Been involved in the Sector Network focused for ASIA like TUEWAS
- Was involved as a speaker of a WG on Productive Uses of Energy



## The task force on climate finance

- Specific to Sub-Sahara Africa region
- Focus is on mobilizing climate finance for Solar Mini Grids (off-grid or on-grid)
- *Promotion of improved cookstoves (household or SMEs) can also be considered.*



## Focus

- Mitigation – main focus on GHGs emission reduction – **Our Focus**
- Adaptation – main focus on increasing the adaptive capacity of people/institution/society in the event of climate change events.

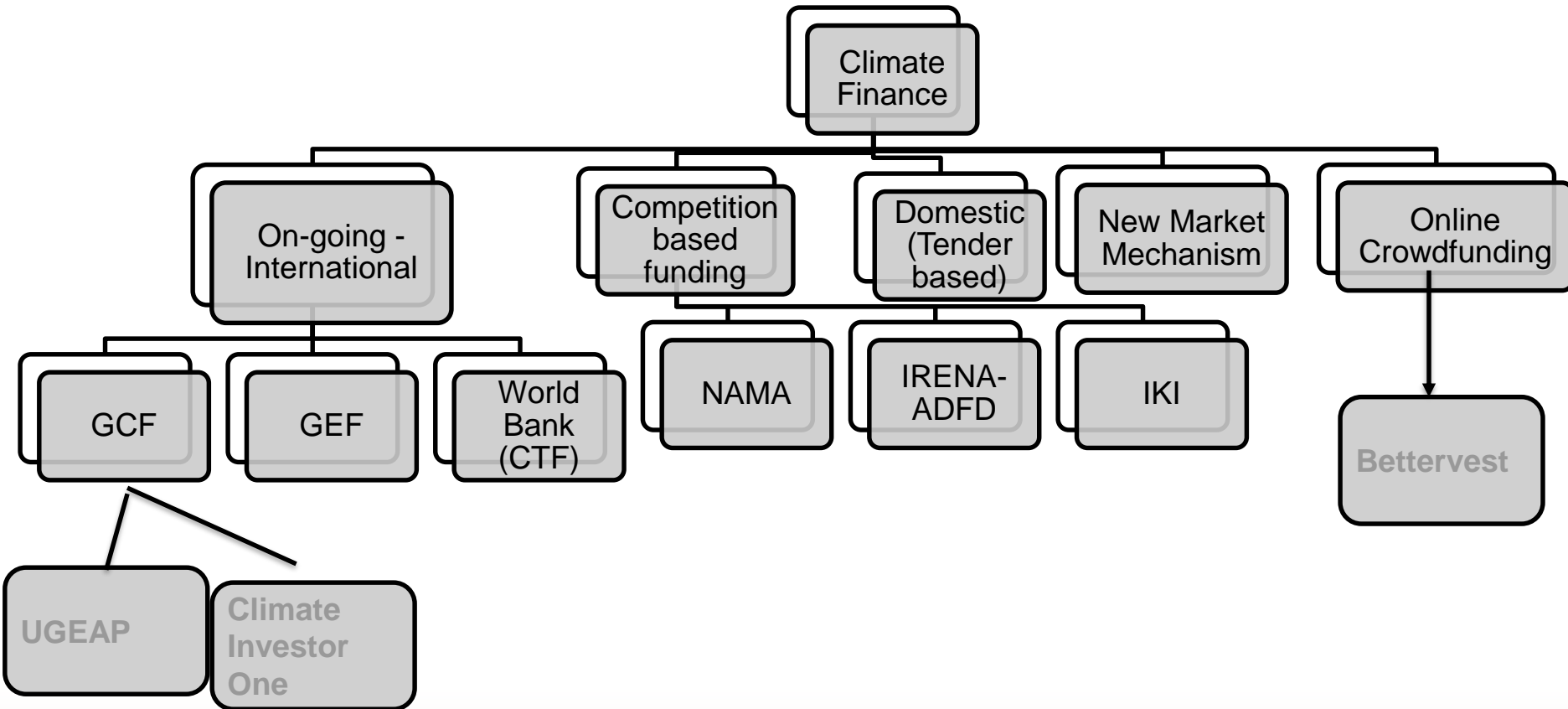


## Approach

- To support members of the group/countries in
  1. Identify climate investment opportunities for the Solar mini grid projects;
  2. Support in developing concept note/project idea note;
  3. Exchange of information especially on “Dos and Don’ts”
  4. Document the process in the form of a guideline;
  5. Keep updating the document



# Sources of climate finance





## Important points for developing concept notes

- Fund receiving organization (type of organization, their mandate, team, institutional capacity)- for example IRENA-ADFD;
- Need to approach national nodal entity (Ministry of Environment) to apply for GCF/GEF/NAMA etc related funds which is bit cumbersome;
- The concept notes/proposals should be developed in line with the submitted NDC;
- SDGs goal should also be kept in mind while developing the proposal.





## Important points – in general

- Need to work with local commercial banks/local financial institutes when accessing funds like UGEAP/Climate Investor One;
- Need to work on risk mitigation strategies as much as possible when accessing funds in the form of loans;
- Ready to support the donors/investors with due diligence exercises;
- Have a good understanding of market;
- Some of the climate finance sources like GCF takes considerable amount of time to concluded the proposal.



## Source of market information about countries

- Get-invest.eu for 16 African countries;
- NDC Partnership



## Drawbacks for Solar Mini Grids (off-grid)

- Mini Grid especially off grids business models are yet to prove its financial sustainability on commercial terms;
- The amount of CO<sub>2</sub>e emission reductions are not often large enough to draw attention of donors especially for off grid projects.



## NESP experience

- Applied for grant funding from NAMA facility board;
- Supported Rural Electrification Agency (REA) to develop Project Concept Note for accessing concession loans from IRENA-ADFD facility;
- On-going discussion with Deutsche bank for the UGEAP fund;
- On-going discussion with on-line debt based crowdfunding (Bettervest)



## Next steps

- Explore the sources for funding opportunities;
- Develop concept notes and share with members for their inputs;
- Exchange information among each other especially on Dos and Don'ts;
- Based on interest and requirements, we may also include financing for cookstoves since volume of GHGs emission is sizeable and also have associated social benefits.



Thank you for you attention!

Any questions?

**Onkar Nath**

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