

# Solar Risk Mitigation Initiative

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- The World Bank– Energy Sector Management Assistance Program (WB-ESMAP), in partnership with, Agence Française de Développement (AFD), International Renewable Energy Agency (IRENA) and International Solar Alliance (ISA) developed the Solar Risk Mitigation Initiative (SRMI or “the Initiative”) to address these challenges. This unique approach offers development and climate financing for (i) technical assistance to help countries develop evidence-based solar targets, implement a sustainable solar program, and maintain robust procurement processes with transaction advisors; (ii) critical public investments to enable the integration of variable renewable energy (VRE), finance solar park infrastructure, and increase access to electricity; and (iii) risk mitigation instruments to cover residual risks perceived by private investors.



## Risk Mitigation Approach

- SRMI aims to support countries in developing sustainable solar programs that will attract private investments and so reduce reliance on public finances. It has three components to mitigate the risk of solar deployment:
- **Sustainable Solar Targets:** supporting the development of sustainable renewable roadmaps with medium-term targets based on sound planning and resource assessments, and providing concessional climate finance blended with development finance and technical support to ensure that countries have the right enabling environment to reduce country risk;

- **Transparent Procurement:** supporting the selection of private sector developers and investors in a competitive and transparent manner to address country and project risk; and
- **Viable Risk Mitigation Coverage:** developing viable risk mitigation coverage to cover residual project risks targeting solar (grid and off-grid) and storage deployment financed and operated by private investors.
- **Financing:** Dedicated financing will be raised to support a technical assistance program as well as investment lending and risk mitigation coverage to implement the roadmaps. Concessional climate finance is expected to play a key role in new lending for grid infrastructure upgrades and development of solar parks as well as to support innovative risk mitigation coverage by leveraging the resources of development finance institutions.
- **Technical Assistance Program:** Under SRMI, it is proposed to finance a technical assistance program through ESMAP to support countries develop an enabling environment, particularly (i) electricity least-cost planning, (ii) transparent selection of independent power producers including through the hiring of transaction advisors, and (iii) capacity building program.