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RENEWABLES IN EMERGING AND DEVELOPING MARKETS 6TH ANNUAL CEO OPSWF SUMMIT PAPER

1.Executive Summary

During the Summit for a New Global Financing Pact, OPSWF members reinforced their belief that renewable energy projects in Emerging Markets and Developing Economies (EMDEs) constitute **a major investment opportunity** in terms of social and environmental impact, and risk versus return. Reducing carbon emissions in EMDEs while meeting rising demand for affordable energy will require significantly scaling-up private sector engagement and capital flows. Investment conditions in many EMDEs may, however, be challenging to address for international investors for several reasons: individual projects are often small, the regulatory environment is complex or lacks standardization resulting in insufficient repeated deal flow, and local markets often lack conditions that support foreign direct investment.

In preparation for today's Summit, OPSWF Network members drew from years of their own project financing experience while **canvassing policy makers and leading project developers to identify concrete actions that can enable local renewable energy solutions and create sustainable marketplaces in EMDEs.**

In a follow-on to the OPSWF 2022 Executive Brief on the topic, they published additional analysis presenting an **actionable approach to unlock large-scale capital flows**. Members have identified **three complementary vectors of work** for the Network to make progress in building capacity and de-risking renewable investments in EMDE countries: (1) **identify national policy enablers that can attract large-scale private sector financing (Policy Accelerator),** (2) **define project bankability criteria to help standardize project documentation and scale investments (Bankability Accelerator)**, (3) **facilitate collaborative investment efforts that foster the ecosystems to put these into practice (Investment Accelerator).**

As a first step, members identified a set of policy actions governments can take to accelerate the transition: (1) formulate policies that drive **efficient and market-priced energy markets**, (2) articulate **a sizeable national renewable energy ambition with a corresponding project tendering schedule as locally applicable,** (3) establish a **national team that can facilitate developers' participation in public tendering programs.**

Furthermore, members agreed that **building interlocking national and regional clean energy ecosystems with robust conduits to the international financial system is central to operationalizing this approach**. The working group on renewables agreed to partner and **organize a convening around a Western/Central Africa Renewables Investment Acceleration Program to help catalyse such an**

ecosystem, engaging in dialogue with multilateral development banks and welcoming the "Finance in Common[1]" initiative. OPSWF working group members further agreed to support the convening of leading renewable energy ecosystem players in West Africa. Exact dates and location are to be determined.

2. Background: Developing Renewable Energy in Emerging and Developing Economies

Investing in renewable energy in Emerging Markets and Developing Economies presents a tremendous investment opportunity. **By 2030, EMDEs need more than seven times the current level of annual investment in renewable energy – from less than USD 150 billion to over USD 1 trillion – to reach a global net-zero greenhouse gas emissions target in 2050 and meet energy needs.** These countries need to reduce carbon emissions while meeting increasing energy demands, with limited government budgets, and mobilizing the private sector will play a crucial role in achieving their energy supply and sustainability. While meaningful technical challenges remain for large scale roll-out of renewable energy such as the issue of intermittency, advances in technology and economies of scale have increased the role of renewable energy as a major component of the global energy mix, from utility scale generation through to micro grids that allow access to electricity to households for the first time. **Last year's 5th Annual OPSWF CEO Summit focused on identifying obstacles for investments and vital enablers to scale investment, which included: (1) transparent, repetitive tendering programs** with an increased focus on large-scale projects, (2) **improved regulatory frameworks** for international investors to enhance participation in the appropriate regulatory environment, (3) **better-structured public private partnerships** to mitigate risk where possible, and (4) greater adoption by SWFs of specialized investment teams that can facilitate the aggregation of deals and increase the number of participants and developments in EMDEs. The first three priorities underscored that **public policy-related enablers are a source, as well as a pre-requisite, to attracting more private investment to renewable energy in EMDEs.** As large capital providers involved in EMDE markets with a strong knowledge of sovereign policymaking, **SWFs can support project developers and governments accelerating project development and bankability at the local, regional, and global levels to prepare the ground for large-scale capital investment.** This belief fuelled OPSWF members' reflection and collective work over the last 8 months, with the objective to **go a step further and define how to escalate further capital investment by creating the ramifications that enable scale**. As a follow-on to the 2022 Executive Brief, the below is a summary of the working group's reflections, **which outline SWFs' vectors of work to make progress in the EMDEs** (see part 3) and **provide a more granular view on a set of recommendations for governments to de-risk projects** (see part 4).

[1]Global network of all Public Development Banks (PDBs) which aims to align financial flows on the 2030 Agenda and Paris Agreement for Climate Change
[2]World Economic Forum, 2023

3. Overview of the three vectors of work contemplated by the OPSWF Network to accelerate renewable energy development in EMDEs in the future.

Members recommend **three vectors of work to make progress in EMDE countries**, locally, regionally, and globally:

1. Identify national policy enablers that can attract large-scale private sector financing (Policy Accelerator)

Policy support and political willingness to create attractive local energy markets and standards are critical for the development of renewable energy at the national level. Such support is a pre-requisite for private investors when sourcing, screening, and assessing investment opportunities. Given that many members are experienced EMDE investors, the OPSWF Network's action first relies on a **Policy Dialogue Model (PDM), which requires members to unite around common policy standards and principles governments can use to accelerate the transition.** . Work stream members propose to indicate the attributes that make renewable energy projects bankable and reaffirm their willingness to invest if specific criteria are met. The OPSWF Network scope of action shall focus on identifying good policy standards, as applicable locally, and **supporting public institutions in EMDEs in their implementation and capability building**, sharing their **comparative international investment knowledge in a public-private cooperative approach.**

2. Define project bankability criteria to help standardize project documentation and scale investments (Bankability Accelerator Model)

Several project developers in EMDEs countries **lack the resources and experience with the documentation standards required by investors, and financing providers, increase their costs to review and assess investment opportunities.** Accelerating the bankability of projects is achieved by identifying and diagnosing gaps in the project documentation vis-à-vis bankability standards, and the providing of technical assistance enabling the developers to close the gaps.

A process for the support of projects escalating their path to bankability, starts with checking whether the projects are aligned with the objective of the project, being its **contribution to Sustainable Development Goals (SDGs) and Paris Agreement goal**s as well as **operational considerations** including the **project's technology type, size, availability of grid connection**, and **path to market**. In addition to diagnosing gaps in the documentation vis-à-vis bankability standards, an assessment on the quantity and type of technical assistance needed includes assessing **developers' credentials, capabilities, and experience, and offtake attractiveness and enabling investment schemes.**

In the **Bankability Accelerator Model (BAM)**, participating partners will have the opportunity to align on a common **set of criteria for project bankability** and investors **will have the opportunity, but not the obligation, to contribute capital to projects if these standards are reached**. In addition to the provision of technical assistant from a common pool of program resources, program partners can **facilitate active support for project developers, subject to their own additional specific criteria, which may be more granular than the commonly agreed set of criteria on which projects are evaluated**. Under the BAM, **the OPSWF Network - as a trusted convener - can help to coordinate and align governments and NGOs in the provision of concessional financing and development grants for technical assistance**. The Bankability Accelerator Model can be seen as an extension of the Policy Dialogue Model following its successful implementation, as **project development and bankability criteria are intertwined with stable policy foundations for climate-related investment**. Members believe that the BAM's efficiency relies on private capital's involvement at the beginning of the project cycle. SWF-backed bankability accelerator ecosystems would complement public and international institutions-led initiatives that aims to involve the entire energy sector and its associated stakeholders.

CASE STUDY : The Energy Transition Accelerator Financing (ETAF) Platform

The ETAF Platform is an innovative and inclusive climate finance solution managed by the **International Renewable Energy Agency (IRENA).**

ETAF's primary objective is to mobilize capital for renewable energy projects that contribute to an adaptable and resilient energy transition while promoting economic and social impact in developing countries. **The platform has already received pledges totalling US$900 million from four institutions, aiming to scale approximately 1.5 GW of renewable energy projects by 2030**. By supporting the implementation of ambitious **National Determined Contributions (NDCs)** aligned with the **2015 Paris Climate Agreement**, ETAF helps address mitigation, adaptation, and climate resilience goals. Furthermore, ETAF's activities contribute to the **United Nations Sustainable Development Goals (SDGs)** and align with strategic national objectives such as energy access, energy security, economic diversification, and sustainable development.

ETAF leverages the expertise and resources of multiple stakeholders:

1. **IRENA:** As the manager of ETAF, IRENA brings its global geographic footprint and extensive knowledge of renewable energy to the platform. IRENA's guidance and expertise ensure the effective implementation of projects and the promotion of renewable energy technologies.

2. **Abu Dhabi Fund for Development (ADFD):** With 50 years of experience in concessional and development financing worldwide, ADFD is a key anchor investor in ETAF. ADFD has committed USD 400 million in capital allocation, supporting the platform's goals, and enhancing its impact.
3. **Asian Infrastructure Investment Bank (AIIB):** As a global financial institution, AIIB's membership and expertise in investing in green infrastructure contribute to ETAF's success. AIIB's involvement brings additional capital, innovative technologies, and expanded connectivity to support the energy transition.
4. **Swiss Re:** With its vast experience in risk advisory, de-risking strategies, and insurance solutions, Swiss Re provides valuable support to ETAF. Working with international financial institutions (IFIs) and project developers, Swiss Re helps mitigate risks and supports project development.
5. **Masdar:** Masdar, a leading renewable energy company, contributes technical and project development expertise to ETAF. As an equity investor, Masdar leverages its market knowledge to identify and invest in selected private sector-sponsored projects, further strengthening ETAF's impact.

ETAF operates through a combination of financing types, including debt and equity. It provides affordable long-term debt and grants, supporting both junior and senior financing to cater to different risk profiles and financial needs. **In terms of governance, ETAF is managed by IRENA**, with decisions made through the IRENA Assembly. The Assembly, consisting of one representative from each member country, ensures inclusive decision-making and effective oversight. The platform also benefits from the leadership of Francesco La Camera, the Director-General of IRENA.

ETAF's actors have somehow already demonstrated its effectiveness through successful projects implemented under the IRENA-ADFD Facility from 2013 to 2020. These projects received co-financing of approximately USD 570 million, benefiting millions of people and creating thousands of jobs. They have also made significant contributions to reducing CO2 emissions. **As a benchmark platform, ETAF serves as a model for the future project bankability accelerators which will be created.** Its multi-stakeholder approach, innovative financing mechanisms, and focus on sustainable development make it a valuable example of how climate finance can drive the energy transition and achieve global climate goals.

3. Facilitate collaborative investment efforts that foster the ecosystems to put these into practice (Investment Accelerator Model)

Developing Renewables in EMDEs is often prevented by a **disconnected ecosystem** where asset owners, regulators and public/multilateral institutions **operate in silos**. In this ecosystem, assets owners, including

SWFs, often position themselves as the last link in the project finance value chain and face: (i) a lack of investments scalability, and (ii) complex risk characteristics. OPSWF members see an opportunity for change, **through the involvement of SWFs and private capital investors nearer the beginning of the investment lifecycle in addition to supporting development of the latter part of the EMDE renewables investment ecosystem by, for example, corner stoning platforms that aggregate operating assets into 'yieldco' type structures and thus help recycle earlier-stage development capital.** As large capital providers with strong knowledge of sovereign policy making, SWFs can more specifically **leverage their convening power** to:

- **Provide transparency on expectations** (e.g., SDG requirements from philanthropies, bankability criteria from private investors, financial conditions to unlock MDBs and DFIs funds)
- **Initiate a dialogue to boost project deal flow** (e.g., address regulation issues)
- **Drive the standardization of project risk characteristics**, so that they are consistent with capital allocation/risk measurement models, allowing for the aggregation of projects to a scale that enables Sovereign Wealth Funds to participate with large amounts of funds in each transaction
- **Present existing and new blended finance vehicles to foster members' financial contribution**

CASE STUDY : Macquarie's financing India's e-Mobility transition through a blended finance platform

Transportation is India's third-highest greenhouse gas-emitting sector, contributing 13 per cent of total CO2 emissions, which have more than tripled since 1990.

Transport emissions are forecast to increase and are a major contributor to poor urban air quality. There is a significant opportunity to decarbonise the transport sector through electrification, but the transition faces barriers due to high vehicle acquisition costs, technology risks and the availability of charging infrastructure. The Government of India has identified transportation as a **key priority as part of India's COP26 pledge to achieve net zero carbon emission by 2070.**

Macquarie is **leading the development of a new blended finance platform**, with the UN's Green Climate Fund (GCF), to drive the adoption of electric vehicles (EVs) across India, helping reduce the country's CO2 emissions and improve urban air quality.

Macquarie has proposed to establish a **platform which aims to introduce unique leasing and financing solutions to reduce the high upfront capital expenditure associated with EVs, tackle impediments around EV charging infrastructure and manage uncertainty around commercial EV performance.** Initially, the platform will focus on selected segments of the EV ecosystem such as e-buses, shared fleets and charging infrastructure, and will expand into other e-mobility sub-sectors as the market scales. In doing so, the platform also aims to contribute to an enabling environment for EV growth, leading to increased penetration of EVs and new market participants, including the growth of financing solutions and domestic manufacturing, and contributing to decreasing air pollution in urban environments.

The GCF has approved a commitment for $US200 million of junior equity to establish the first-of-its-kind EV focused leasing and financing company. Macquarie aims to **raise a further $US205 million** from institutional investors to capitalise the platform, and over time, **the Platform hopes to mobilise a total of ~$US1.5 billion of capital** (including debt finance). With a **10-year implementation period**, the platform is expected to deliver lifetime reduction of ~9.5 MtCO2e of greenhouse gas emissions.

The GCF was established to support the efforts of developing countries to respond to the challenge of climate change. It seeks to promote a paradigm shift to low-emission and climate-resilient development through providing concessional finance to accelerate transformational projects and innovation. This is the largest single country equity commitment from GCF and its first investment in any private sector institution in the transport sector.

In this case, the **blended finance structure proves to be efficient as it is designed to crowd-in private sector capital, leveraging GCF's commitment to provide a risk-mitigating buffer to commercial investors.** This structure can be highly effective in **catalysing investment in emerging markets energy transition opportunities. Use of innovative structures like first loss equity and guarantees are effective in leveraging in greater amounts of private capital in frontier sectors and jurisdictions.**

4. Private investors' expectations and recommendations to policy makers

This year, the OPSWF members leveraged both the Policy Dialogue Model (PDM) and the Bankability Accelerator Model (BAM). They **engaged in collaborative work** – conducting 15+ interviews with project developers in Africa, Asia, and South America – to publish a list of **risk assessment criteria** used by private investors to evaluate project offtake agreement. Members further relied on their experience and investors' knowledge to derive **three main principles that governments can leverage to de-risk investments and attract private capital.**

a. OPSWF projects' bankability evaluation criteria for private capital investment in EMDEs

OPSWF members recognize the necessity for equity providers to be more active in the generation of more bankable projects and **help governments shape attractive offtakes**. The Network drew on a dialogue regarding **investors' risk assessment criteria when investing in renewable energy projects in emerging markets and developing economies**. An investment risk profile is generally determined by assessing two dimensions: (i) the stability of future cashflows, and (ii) the mitigation of the counterparty risk.

Ensuring stable cash flows

Although each individual jurisdiction has its own particular risk characteristics, common de-risking mechanisms can be implemented to ensure stable cashflows to private investors, including:

- **Well-structured power purchase agreements** (PPA) through a **long-standing commitment (e.g., depending on investors investment strategy, from 12 to 30 years)** from an identified counterpart, a **fixed take or pay contract structure**, payments linked to inflation, and use of U.S. dollars or other major currency

- **Permissive national financial frameworks** with **no dividend repatriation restriction or foreign exchange controls**, as well as **government tax agreements for the duration of the project life**

Mitigating the counterparty risk

In addition, private capital investors would typically look at the following project's offtake characteristics to assess the project, program, or company's ability to fulfil its commitments:

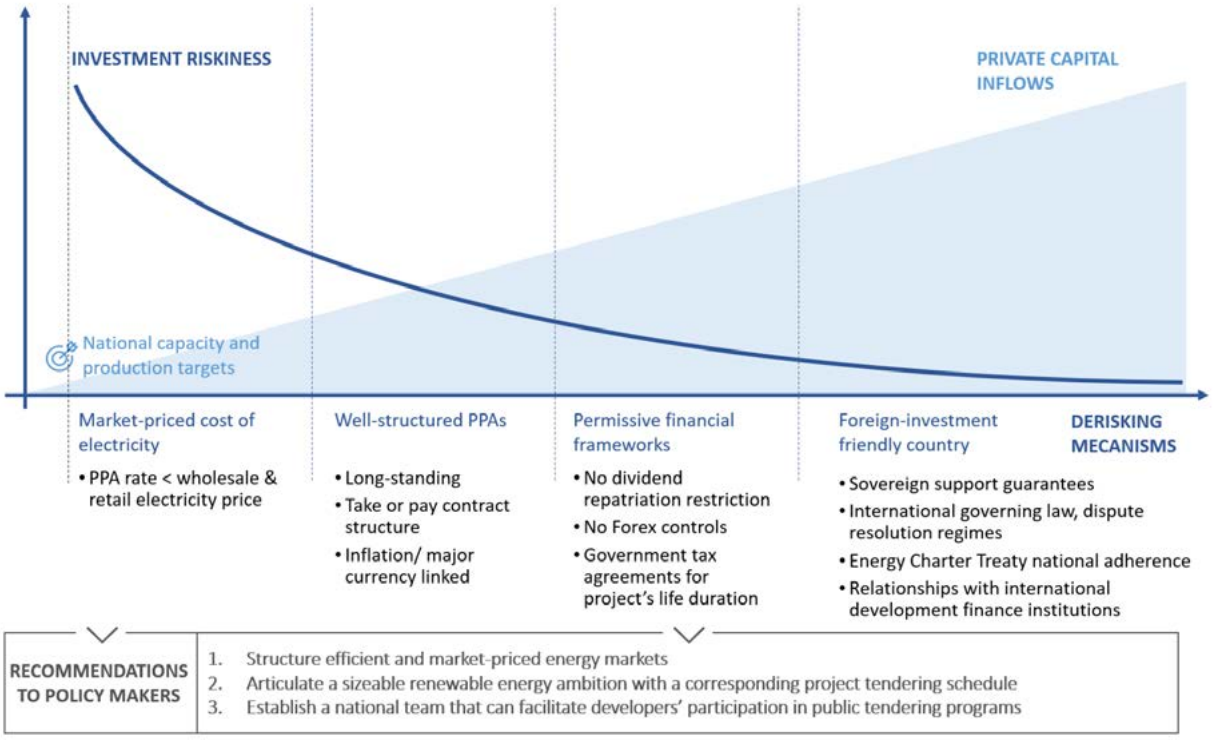
- **Favourable business conditions for foreign investment**, including **sovereign support guarantees** like **change in law provisions, international governing law and dispute resolution regimes, national adherence to the Energy Charter Treaty**, and **established country relationships with international development finance institutions.**

- **Economically efficient energy markets** - where utilities purchasing electricity from independent power producers are **able to recover the cost of electricity produced or purchased from the end consumer. Market schemes that allow for Independent Power Projects to supply industrial customers using the national electricity grid, is another lever to mitigate offtaker risk, which is seen in many countries but less common in EMDMs.**

Areas of focus to be prioritized by policy makers

To maximize their **national projects' stability of cash flows and limit the counterparty risk**, OPSWF members recommend that governments rely on the following **three principles**: (i) **structure competitive and financially balanced energy markets**, that allow private offtake projects as well as public tenders (ii) **articulate a clear national ambition and project tendering schedule, (iii) rely on a national organization to facilitate developers' participation in public tendering programs.**

Table 2: Synthesis of country riskiness assessment process and associated OPSWF recommendations to policy makers



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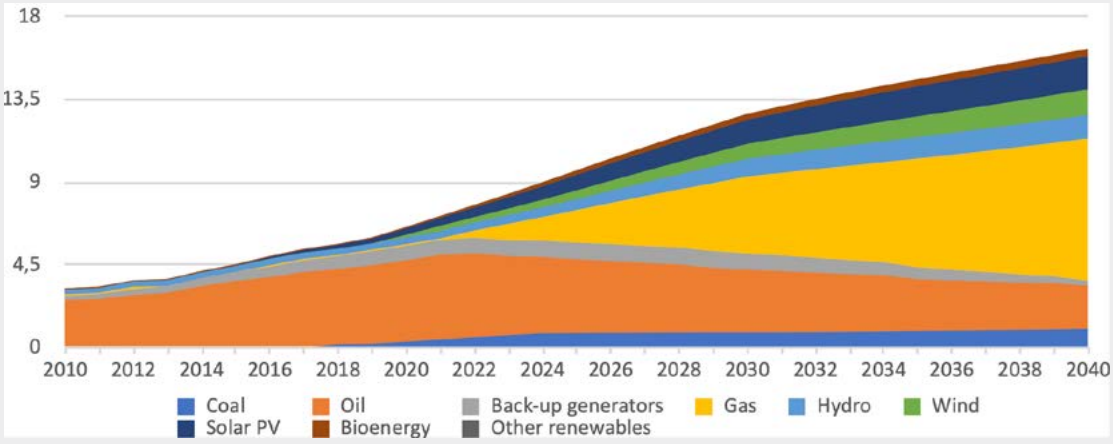
a. Formulate policy that drive efficient and market-priced energy markets

Looking at investment opportunities in renewable energy projects in EMDEs, investors primarily look at deregulated markets driving **competition** and **efficient pricing of electricity**. Deregulated markets tend to lower market entry barriers for investors, creating opportunities for independent power producers to deliver the pipeline of project that is needed. They offer the opportunity to have a **diversified base of buyers** (state or federal bodies, consumer and industrial players) lowering the counterparty risk. They also provide investors with **various payment options** (average purchase power cost, direct or negotiated, feed-in tariffs) enabling p**ayment performance management** and **reliable cashflow forecasts**. Furthermore, deregulated markets enabling competition **prevent electricity can help lower prices and minimize the need for subsidies**– thus improving the overall financial balance of the country's energy system and hedging investors against major counterparty and default risks.

CASE STUDY: Deregulation of energy market in Senegal

In June 2021, the Senegalese Parliamentary approved a bill reforming the country' electricity sector. The new legislation introduces the country's inaugural electricity code, which seeks to establish a fresh regulatory framework for the power industry. It incorporates regulations pertaining to rural electrification, **provisions for independent power producers (IPPs)**, renewable energy, and energy conservation. The primary objectives of this law are to **restructure Senelec, the government-owned integrated power utility, into a holding company and separate its activities in generation, transmission, and distribution.** Additionally, it aims to establish a comprehensive 10-year plan known as the Integrated Least Cost Plan (Plan Intégré à Moindre Coût, PIMC), which will serve as the basis for 5-year plans in power generation, renewable energy development, transmission, distribution, and energy efficiency. The ending of the Senelec monopoly will lead to the **introduction of competitive sale and wholesale of electricity,** as well as a **free access to transmission and distribution grids** for electricity producers – subject to a public tarif.

Table 1: Senegal electricity generation by technology in the Stated Policies Scenario, 2010-2040, in TWh



Source: IEA, October 2022

b. Articulate a sizeable national renewable ambition with a corresponding project tendering schedule, as locally applicable

Project finance investors need to choose their battles : they often have limited time to allocate funds to a selected number of countries deemed as the most promising ones. In this regard, countries setting **clear national electricity production targets and developing an associated credible project tendering schedule positively signal the market and promote investor interest.** Capital providers primarily seek to have **predictable procurement rounds**. They offer prospects of scale for developers and investors and justify setting up local teams, an advisory and services ecosystem, and even local manufacturing. A **planned approach to auctions** (e.g., an outlined timetable for multiple years ahead) and implementation of **time bound PPAs** with relevant offtakers prevent a backlog of PPAs and avoid terminations. In short, ambition, planning, and transparency foster competition, lower electricity prices, and greater interest from private capital.

c. Establish a national team that can facilitate developers' participation in public tendering programs

The monitoring of success for deregulated market and procurement rounds rests on a well-structured national organization facilitating developer participation in tendering programs. Regulators should aim at **designing an organization that facilitates pre-arranged grid-connectivity, environmental and social impact studies, and availability of land, notably through :**

- A credible energy system operator and grid development plan including **transparency on the electric grid's access points and where the grid has capacity to absorb additional electricity supply**
- Pre-project environment and social impact studies availability to reassure developers about project feasibility
- Efficient and transparent land acquisition, approval and permitting process for renewable projects

CASE STUDY : ADIA's investments in Greenko and Renew Power in India

In 2014, ADIA's subsidiaries conducted a thorough market analysis in India and identified attractive investment opportunities in the renewable energy sector. **India's has been able to crowd-in private capital thanks to the operationalization of the 3 principles stated above:** i) structured competitive and market-priced energy markets, (ii) clearly articulated national ambition and project tendering schedule, (iii) national organization to facilitate developers' participation in tendering programs. This contributed to ADIA's investing in **Renew Power** in 2015 and **Greenko** in 2016. Since then, both companies have experienced significant growth. Greenko has become a leading renewable energy owner and operator with an operating portfolio of approximately 7.5GW across 13 states.

At the same time, Renew Power, listed on Nasdaq, operates around 7.7GW of wind and solar projects across nine states. These investments have **contributed to India's decarbonisation goals, generating employment opportunities, and supporting environmental and social initiatives.**

i. Structured competitive and market-priced energy markets

The well-structured and market-priced energy markets spurred ADIA's investment in India's renewable energy sector, creating an attractive investment environment. **India's precise tariff formulation** for renewable projects, offering three options based on state, ensured **transparency and predictability throughout Power Purchase Agreements (PPAs)**. This allowed stakeholders to forecast cash flows, facilitating financial planning accurately. India showcased a favourable country risk profile compared to other emerging markets, excelling in ease of business, anti-bribery measures, geopolitical stability, and macroeconomic factors. The **country's stable legal system**, supported by established frameworks, reassured investors, enabling contract enforcement through local and international channels. Real-time energy flow data and reliable forecasts facilitated the seamless integration of renewable sources into the energy infrastructure. **India's power market dynamics, driven by a shortage of power** and the need for additional generation capacity, made renewable **projects cost-competitive even without significant subsidies.** The country's low per capita power consumption indicated potential convergence with developed nations over time. The Indian government's initiatives to liberalise the energy market, **including establishing an energy exchange and facilitating direct Power Purchase Agreements (PPAs) with corporate customers**, enhanced competitiveness and created investment opportunities. Given market growth, power dynamics, and the expected future decarbonisation drive, ADIA was attracted to the scalable business model in India's renewable sector. This made it an appealing investment proposition, leading ADIA to deploy substantial capital.

ii. Articulated national ambition and project tendering schedule

Building an articulated national ambition and establishing a project tendering schedule is crucial to attracting investments in the renewable energy sector. That is why India adopted **a planned approach to auctions, with a specified timetable of 12 months, mainly organised by a federal government agency like the Solar Energy Corporation of India (SECI).** This ensures the timely execution of Power Purchase Agreements (PPAs) with relevant off-takers, preventing backlog of PPAs, and enabling better price discovery. **Federal auctions have proven effective in minimising risks** related to land procurement, permits, and off-taker credit, resulting in lower capital costs for bidders compared to state-run processes. **Setting ambitious targets for renewable energy deployment** is essential to make the market attractive to investors. India's o**penness to foreign investment** further enhances its appeal. **Streamlining land acquisition processes**, with state monitoring and smooth approval procedures for transmission, along with the option to convert agricultural land into solar panel fields, facilitates project development. Additionally, simplified interconnection to the grid, managed through government-monitored auctions, expedites the process. With an **average project timeline of 18 to 24 months from initiation to operationalisation**, India's focus on **minimising construction time** further enhances its attractiveness to investors.

iii. A national organisation to facilitate developers' participation in tendering programs

India relied on a national organisation to facilitate the process to foster developers' participation in tendering programs and support the growth of the renewable energy sector. Several strategies were implemented to ensure a conducive developer environment and attract investments. Firstly, **target setting by utility companies** played a significant role in creating a strong demand for renewable energy projects. Moreover, the **government's commitment to supporting the sector through subsidies was paramount in reducing costs over time.** These governmental subsidies aimed to make renewable energy projects more economically viable and attractive to investors. The continuous decline in prices contributed to the competitiveness of renewable energy sources in the market. To streamline the implementation of renewable energy projects, **dedicated institutions have been established**. A **separate ministry** focused on renewable energy development and policy formulation. Additionally, the Solar Energy Corporation of India, a subsidiary of the ministry, played a crucial role in facilitating the implementation of the **National Solar Mission**. This institution was a nodal agency for **providing credit enhancement, ensuring cash flow predictability, implementing competitive public-private-partnership (PPP) auction processes**, and developing solar parks. SECI acts as the counterparty for **Power Purchase Agreements (PPAs) with the private sector**. SECI aggregates demand for clean power from states and tenders capacity through transparent online e-auctions. Any delays in payments by the states are absorbed by SECI, which ensures that private sector developers

are able to receive timely payments. Auctions with SECI as an intermediary have not experienced any default or delays in payment to developers and have standardized bidding documentation. SECI has a domestic credit rating of AAA from ICRA (Moody's). These considerations have provided strong credit comfort and favourable investment rationale to attract robust participation from the private sector. On the demand side, **SECI has been instrumental in creating a multiplier effect by aggregating demand from states.** SECI's role as a catalyst for the sector's expansion has been noteworthy due to its ability to attract investment at scale while being structured as a capital efficient institution. SECI was created with an initial corpus of INR 5 Bn from the Central Government as a payment security fund (PSF), to meet the liquidity gap due to delayed payments from discoms. The total projects operational under SECI tenders are 14 GW.

5. Way forward and areas of focus for the OPSWF Network to COP 28

The collaborative work of OPSWF's workstreammembers to provide transparency and guidance on a set of principles public institutions can apply is a **first step towards the creation of more equity-led initiatives to foster renewable energy ecosystems**, and which combine initiatives from the 3 models outlined in this paper. OPSWF members **believe that building ecosystems interlocking national and regional clean energy stakeholders** with **robust conduits to the international financial system is critical to operationalize** these models and **tackle local barriers to private capital investment**. As a starting point, **members will review the opportunity to support the establishment of an ecosystem to accelerate project development in Western African EMDEs**. The region possesses significant untapped potential for renewable energy, which can play a crucial role in alleviating the energy shortage in the region as only 42% of the West African population has access to electricity[3]. The region boasts extensive solar energy potential, with consistently high radiation averages ranging from 5 to 6 kWh/m2 throughout the year. Additionally, one third of West African countries[4] have hydroelectric potential of approximately 23,000 MW, yet only about 16 percent of this potential has been tapped. The region exhibits favourable prospects for all forms of bioenergy, and certain countries possess significant wind, tidal, ocean, thermal, and wave energy resources. Additionally, In order to catalyze such an ecosystem, some members based in Africa and elsewhere further agreed to partner **and organize a convening around a Western/Central Africa Renewables Investment Acceleration Program, engaging in dialogue with multilateral development banks and welcoming the "Finance in Common [5]" initiative. OPSWF working group members further agreed to support the convening of leading renewable energy ecosystem players in West Africa**. Exact dates and location are to be determined.

[3]World Bank, 2022 ; Only 8% for rural residents have access to electricity
[4]United Nations, 5 out of the 15 member states of the Economic Community of Western African States (Benin, Burkina Faso, Cabo Verde, Côte d'Ivoire, the Gambia, Ghana, Guinea, Guinea-Bissau, Liberia, Mali, Niger, Nigeria, Senegal, Sierra Leone and Togo)
[5]Global network of all Public Development Banks (PDBs) which aims to align financial flows on the 2030 Agenda and Paris Agreement for Climate Change