

Press Release: The International Solar Alliance presents its first offering to deepen solar markets

New Delhi (14 November 2017) – A USD 1 billion guarantee could crowd in up to USD 15 billion of investments for 20 gigawatts (GW) of solar PV capacity in more than 20 countries, claims a study released yesterday at the India Pavilion at the COP23 climate negotiations in Bonn. The Common Risk Mitigation Mechanism (CRMM) is a multilateral market platform, which received initial support from seventeen countries with high solar potential, including India, France, Australia, Mali, Namibia, and Nigeria, among others. The CRMM Feasibility Study outlines the 20 GW plan as a pilot phase with its eventual aim to leverage billions of dollars of impact capital to catalyse USD 1 trillion of domestic and international private institutional capital, and transform global renewable energy markets. If successful, CRMM could help build over 1 terrawatt (TW), or 1000 GW, of solar power generation capacity in low and middle-income countries by 2030.

A multi-stakeholder Taskforce comprising the Council on Energy, Environment and Water (CEEW), the Confederation of Indian Industry (CII), the Currency Exchange Fund (TCX), and the Terrawatt Initiative (TWI) designed the feasibility study on the request of 17 signatory countries of the International Solar Alliance. The study also presents recommendations to governments of low and middle-income countries to accelerate their solar energy generation capacity, at scale and in local currency. The idea is to develop a sustainable financial ecosystem, centred around an international guarantee mechanism, which could pool various types of risks and pool projects across many countries to lower the costs of hedging against those risks.

Financing of solar power generation assets in a majority of developing countries suffers from a lack of risk mitigation tools, a high perception of risk among investors, high transaction costs, small project sizes, and lack of scale. Investors, developers, and other stakeholders need transparency and clarity of process, which is often missing in some countries. CRMM is designed to create a global solar market, boosting confidence among the international development community and private and public institutional financiers, to help meet international climate targets in countries with high solar potential.

Dr Arunabha Ghosh, CEO, CEEW, said, “As much as 75 percent of the cost of solar power is the cost of finance. CRMM is designed to pool multiple risks - political, off-taker, and foreign exchange risks - and have many participating countries, capitalised through multiple sources of public money. The pooling of risks would reduce double counting of risk variables, providing a single guarantee cover at prices lower than the additive price of existing insurance products. In its success, CRMM will help to achieve United Nations Sustainable Development Goals, objectives of the Paris Agreement on climate change, and the domestic renewable energy ambitions of participating countries. A multi-country effort of this nature gives me hope that a clean energy transition is possible and actionable.”

H. E. Upendra Tripathy, Interim Director General, International Solar Alliance, added, “CRMM - the Paris Guarantee Fund - is a major step in the implementation of the Paris Declaration of the International Solar Alliance (ISA) adopted on 30 November 2015 and of the ISA Programme aimed at mobilising affordable finance at scale. This instrument will dramatically lower the cost of finance for renewable energy and the overall price of electricity – and will set an example worth emulating by all.”

“Concerted actions undertaken in the context of the Alliance should focus on realising the objectives enshrined in the Paris Declaration, which included: bringing our efforts together to reduce the cost of finance for solar energy and mobilise up to USD 1000 billion investments by 2030, and developing new, cost efficient and reliable solar technologies and applications,” said Ségolène Royal, Ambassador for the Arctic & Antarctica Poles and Special Envoy for the implementation of the International Solar Alliance, Government of France.

ISA, jointly launched by India and France at COP21 in 2015, is set to become a treaty-based intergovernmental international organisation on 6 December, with the Republic of Guinea becoming the 15th country to ratify the ISA Framework Agreement last week. The total number of ISA member countries has now increased to 44. ISA aims at creating a global buyers’ market for solar energy through a platform that brings together countries with rich solar potential to aggregate demand for solar across member countries. In this manner, ISA aims to reduce prices, facilitate the deployment of existing solar technologies at scale, and promoting collaborative solar R&D and capacity. The Feasibility Study, aligned with the framework of the ISA, specifically addresses its mandate to aggregate and harmonise frameworks for investment.

The CRMM pilot phase will be launched in 2018. The aim of the pilot is to achieve a critical size and demonstrate its cost effectiveness in pooling and aggregating capital, and mitigating risks at an international level.

Read the complete study: [CRMM Feasibility Study](#)