

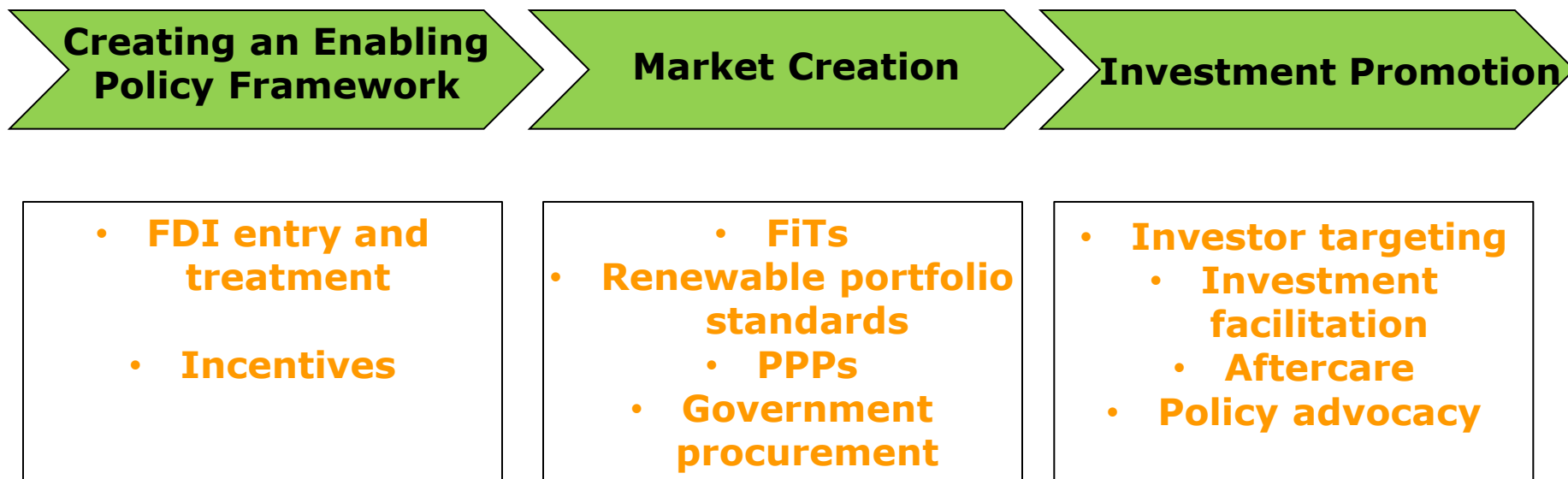
Catalysing FDI in the Solar Energy Sector

The Role of a National IPA

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Government: A Key Player in Kicking-Off the Solar Energy Market



Source: World Investment Report 2010

Government Leadership in Early Stage Project Development

**Policy
Preparation**

**Opportunity
Identification**

**Pre-
Development**

**Project
Development**

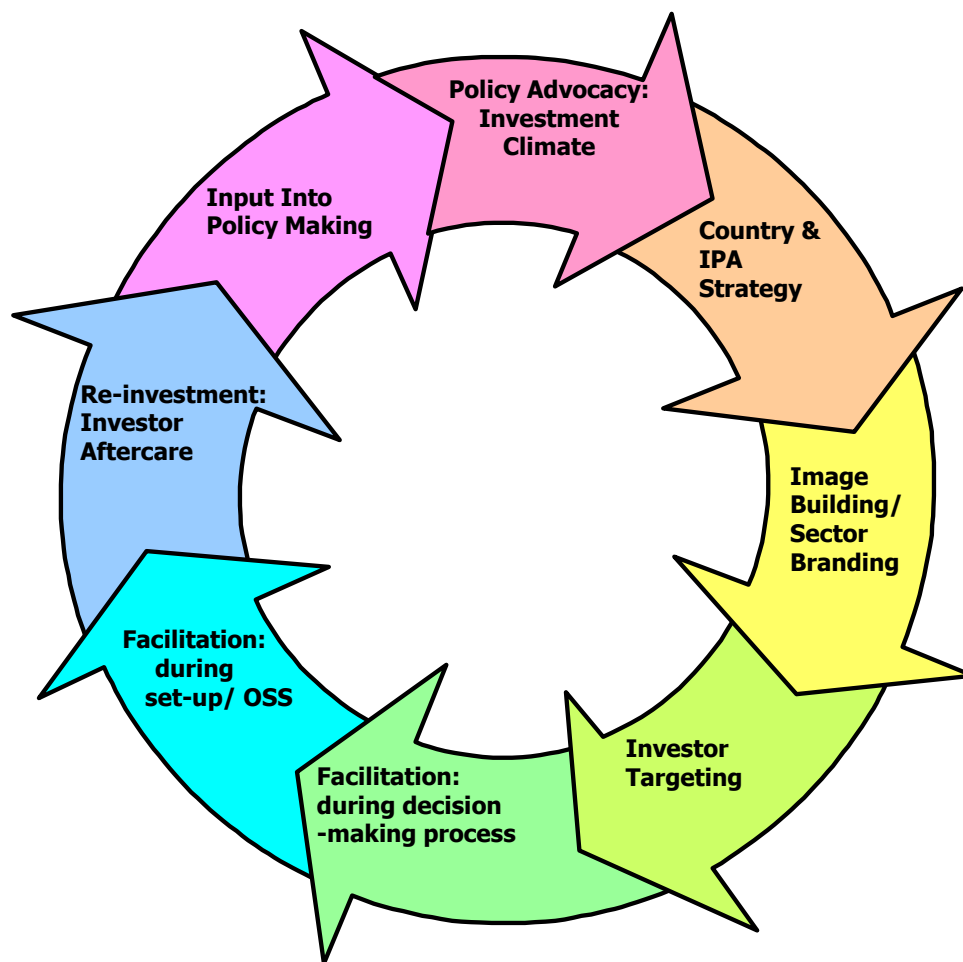
**Project
Implementation**

Commissioning

**Early stages where
government can take a lead**

- **Alleviating entry barriers and formulating a national strategy**
- **Market creation**
- **Project preparation and packaging**
- **Improving risk-return ratios for investment**

Role of an IPA: cutting across the key investment promotion functions



Role of an IPA: Strategic Positioning

- ❑ **Understand international and regional trends and key drivers of FDI flows to the sector**
- ❑ **Review and benchmark the Kenyan market and its offer**
 - **Map FDI stock in the sector**
 - **Benchmark with competing destinations and other energy sources**
- ❑ **Identify priority subsectors**
 - **Carefully define criteria agreed by all parties**
- ❑ **Image building based on value proposition of Kenya**

Role of an IPA: Investor Targeting

- ❑ **Prepare a pipeline of bankable projects**
 - **Political prioritization (e.g. fit with national development strategy)**
 - **Regulatory preparation (e.g. advance processing of planning permissions)**
 - **Packaging (e.g. project bundling, project proposal preparation)**

- ❑ **Develop a marketing strategy**

- ❑ **Profile and approach potential investors**
 - **Traditional & emerging investors**
 - **Credit providers and other partners**
 - **Innovative business models to meet investors' appetites**

Role of an IPA: Investment Facilitation

- ❑ **Information: regulatory, market and project**
- ❑ **Establishment services**
 - **Assist in navigating the establishment process**
 - **Facilitate partnership**
- ❑ **Post-establishment services and aftercare**
 - **Trouble-shooting**
 - **Partnership facilitation**
 - **Other aftercare services (e.g. skill development programmes)**

Role of IPA: Policy Advocacy

- ☐ **Identify problems and bottlenecks**
- ☐ **Set the policy advocacy agenda**
- ☐ **Advocate policy remedies**
- ☐ **Evaluation**

Role of an IPA: Institutional Setup

**A team or task force
needs to be put in place within the IPA**

- **Interface with private investors**
- **Government support/service facilitator**
- **Government focal point on investment climate**
- **Partnership catalyzer**
- **Knowledge center**

Case Study: Experience of the Government of Gujarat, India, in Driving Solar Energy Deployment

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- A vertical yellow arrow pointing downwards, indicating the progression of time from 2010 to 2014.
- 2010** **Launch of rooftop solar initiative:** after >800 MW ground mounted PV capacity commissioned in the State
- 2012** **Pilot rooftop system (5 MW):** on pre-identified government buildings in the capital city of Gandhinagar
- 2014** **Replicate in Vadodara a commercial rooftop project (5 MW):** on residential, commercial and industrial buildings; all financed by the developer (US\$8mn); PPA signed in June 2014; To be operational in 2015-2016.

Role of Government and Supporting Organization (IFC)

- **Conducting a detailed technical study:** survey on large available rooftop space; a database; estimate feasible capacity
- **Review social, legal and commercial issues related to renting rooftop space and develop terms of agreements**
- **Leading discussion of the design of the PPAs**
- **Support preparation of bidding documents**

Source: IFC

Partnership is the Key to Success

- **Shared vision and objectives**
- **Information sharing**
- **Policy coordination**
- **Established working protocols or service-level agreements among primary stakeholders**

Key takeaways

- 1. Government leadership is crucial for the takeoff of the solar energy industry***
- 2. IPAs should develop expertise and prepare bankable projects***
- 3. Partnership is the key to success***

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