

A JOINT MESSAGE



The Global Environment Facility (GEF) is the largest funder of renewable energy in the developing world, supporting solar, wind, and other clean forms of energy. In 14 years, GEF's clean energy portfolio has grown to more than \$1.9 billion in grants for projects in more than 60 developing countries, with a total value of nearly \$12 billion. These projects hold the promise of reduced greenhouse gas emissions, while also alleviating poverty through the provision of modern energy services using locally available resources.

GEF's approach to renewable energy seeks to create conditions for growing commercially sustainable markets, catalyzing private investment and supporting government commitments to programs and policies, and widespread consumer acceptance. In promoting these aims, the private sector focus of the International Finance Corporation (IFC) is particularly important and valuable. IFC brings an institutional commitment and proven track record in promoting sustainable private sector investment in developing countries. As GEF seeks to define more effective means of engaging the private sector as a partner in promoting solutions to global environmental problems—a current priority on our agenda—IFC's experience and capacity will be increasingly important.

As this study illustrates, despite the environmental appeal of solar PV and other renewable energy technologies, finding practical business solutions to their introduction has not been easy. GEF has a responsibility not only to report these results, but also to avoid repeating mistakes and incorporate the lessons of experience going forward. I am, therefore, very pleased by the effort IFC has made to review the outcome of its projects and make them available for others working in this field of increasing worldwide interest. The discussion of how these lessons have influenced more recently established projects and mainstream IFC investments is an encouraging example of GEF's influence on the larger investment community. I congratulate IFC for this study and trust it will be widely disseminated.

Monique Barbut
Chief Executive Officer and Chairperson
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Lack of access to electricity remains one of the key challenges in the developing world. Renewable energy solutions including solar PV can make a significant contribution to addressing the issue of rural electrification. However, finding a way to employ these solutions on a commercial and sustainable basis in emerging markets has yet to be discovered.

For almost 20 years, IFC has explored options for the commercialization of solar PV in the developing world. In the early to mid-1990s, IFC initiated several solar PV activities in partnership with other investors. Although these efforts could not overcome all the complexities of the solar PV market, and have not always lived up to their original expectations, they have provided valuable lessons of experience that are documented in this study.

This report is in two parts. Part 1 describes the history of IFC's approach to solar PV and explains why IFC today has developed a different approach to addressing rural electrification. It will be of interest to those now in the field as context and background.

Part 2 provides case studies on IFC's solar PV financing initiatives, as well as examples of some of the projects that these initiatives supported. These, we hope, will be useful to those in the business of exploiting the approaches to the nascent PV market in emerging markets.

In light of these lessons of experience, IFC is moving toward a broad approach to market-based solutions to rural electrification that supports a variety of technologies, including the commercialization of low-power lighting devices, and distributed power generation.

IFC's efforts in this field would not have been possible without donor support. The role of the Global Environment Facility (GEF), the primary source of funding for renewable energy projects in developing countries, was, and remains, invaluable in providing the resources required to cover the higher risks and noncommercial costs of new business models and financing programs.

Developing and sharing lessons of experience are a pivotal part of IFC's strategy, and I hope this study will be a useful tool to those who are currently operating in, or planning on entering, the solar PV market in emerging markets. I also hope that this publication will contribute to the growing body of knowledge regarding sustainable energy solutions for rural electrification.

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