

Access to affordable financing for renewable projects is increasingly becoming a necessity. Increasing global investments and focused policy initiatives require that the vast savings across the world be directed to meet the needs of the LDCs as they transition towards a low-carbon pathway. The global financial system still has a long way to go to meet the investment needs required for a faster transition to renewable sources of energy. Current data shows that financing sources are heavily skewed towards OECD countries. Financing sources have to be developed at scale for the developing world as well. At the same time, it is important to increase the role of institutional investors whose investment portfolios are more in line with the long-term funding needed for solar and other renewable energy finance.

With India's leadership, a Solar Finance Corporation has the potential to generate funding for the solar energy sector globally. The successful implementation of solar sector projects can then help the corporation to expand the model to other areas of renewable energy as well as to newer technologies such as hydrogen.

Finally, the role of the government in creating a stable regulatory and legal framework is important for global financial institutions to channel their funds with less risk and higher predictability. Governments should also be strengthening policy initiatives to enable transparency and a better business environment. In addition to meeting energy requirements, it is also important to focus on job creation. Thus, the success of the SFC will depend on effective collaboration among all stakeholders including government, energy companies, financial institutions, distribution and transmission companies, and the end-user.

Endnotes

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Observer Research Foundation

20, Rouse Avenue Institutional Area

New Delhi - 110 002, INDIA

+91-11-35332000 Fax: +91-11-35332005

contactus@orfonline.org

www.orfonline.org