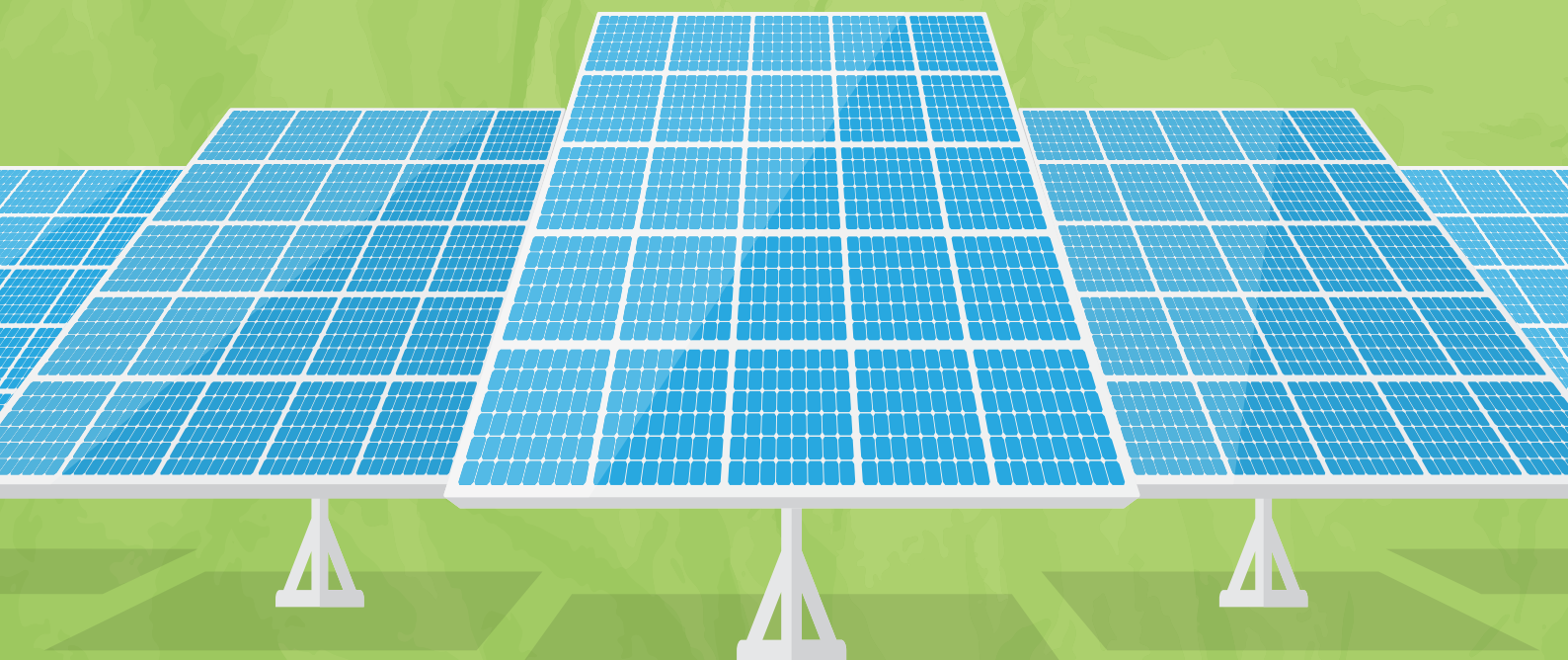


INTRODUCTION

1



Global investments in renewable energy are increasing at an exponential rate. At the start of the century, between 2000 and 2009, this sector drew total investments of US\$ 2.6 trillion.¹ It continued to grow in the subsequent years and peaked at US\$ 351 billion in 2017, before declining to US\$ 322 billion in 2018 due to falling cost of renewable energy which meant more capacity addition per unit of investment. Cost reductions as well as improved technology and systems have made this sector competitive as compared to conventional fossil fuel. The cost of solar energy has dropped by 85 percent over the last decade.² There is increased policy support from the government as well as from members of the industry that are increasingly adopting sustainability parameters as part of their mandate.

Solar energy is an abundant resource and can play a significant role in meeting the climate goals of keeping global temperature below 2 degrees. Successfully meeting the goals set by the Paris Agreement would lead to the share of renewables in total electricity use to increase to 85 percent in 2050 as compared to only 20 percent in 2016. Further, end-use products such as solar pumps can power livelihoods in developing countries.

The corporate and industrial sectors constitute two-thirds of global power consumption and must therefore become important customers of renewable energy. Many companies are voluntarily adopting targets to increase the mix of renewable energy in their power consumption. Mobilising finance for the renewable sector is a key challenge, especially for developing countries. Newer and innovative sources of funding are needed to help direct investment into solar energy sources. This report outlines a proposed structure for a bank in the form of a Solar Finance Corporation, that can help channel financing (e.g., grants, debt, and equity) towards solar projects across the world, with a focus on developing countries.