



ESMAP – RENEWABLE
ENERGY TRAINING PROGRAM

Preconditions for Successful Financing

April 24, 2014





Country Investment Climate

- **Political system and stability**
 - Governance
 - Stability of policy framework and direction
 - Corruption
 - Support for foreign investment
- **Macroeconomic environment that is based on sound fiscal policies**
 - Public finances and debt burden
 - Credit risk and repayment record
 - Inflation rate
 - Record of dealings with commercial lender and international investors





Country Investment Climate Continued ...

- **Stability of legal system**
 - Upholding domestic law
 - Contract enforcement
 - Arbitration
 - Investment laws

- **Domestic banking and capital markets**
 - Liquidity and depth of capital markets
 - Appetite for longer-term investments
 - Sophistication and capacity of banking sector
 - Security and collateral practices





Sector Investment Climate

- **Legal and Regulatory Framework**

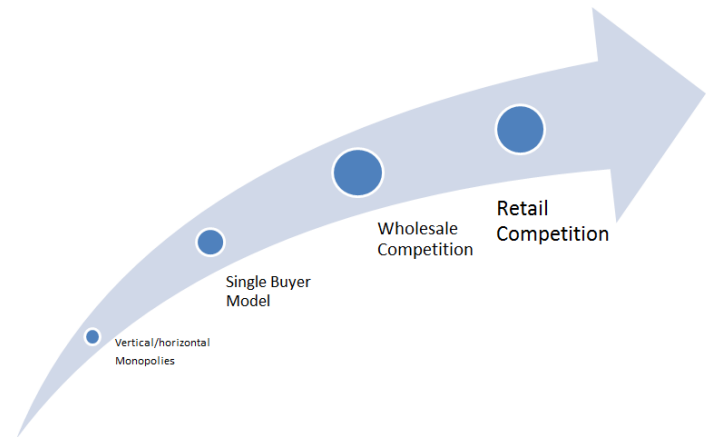
- Clear and coherent energy policy framework, particularly for integration of renewable energy
- Primary laws that promote private investments in the sector
- Stable and predictable regulatory framework (*Regulation by Contract* as an interim measure)
- Clear legal framework for contracting, land ownership, taxation, licensing, etc.

- **Sector structure with clear delineation of responsibilities**

- Who is responsible for what
- Minimum overlapping responsibilities
- Power sector market structure

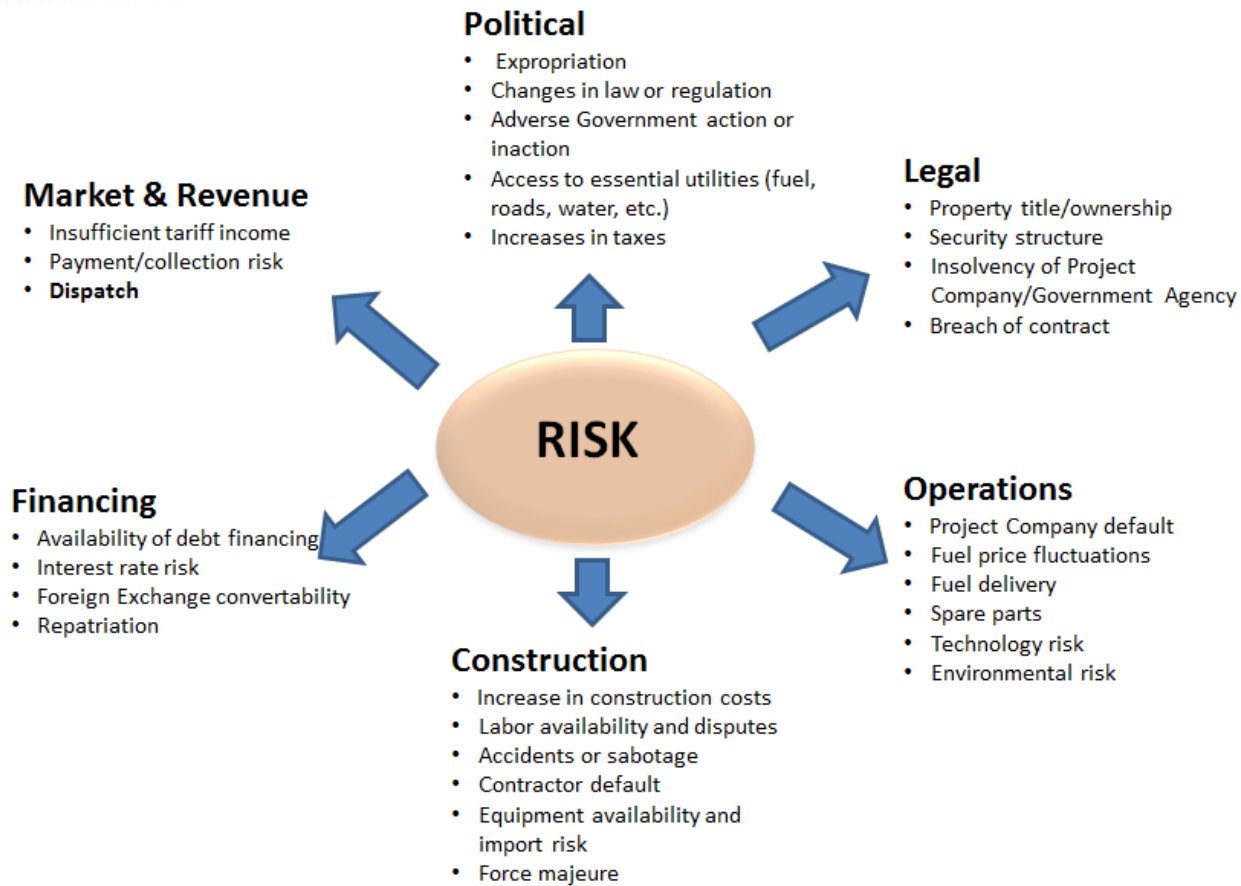
- **Sector planning and approach**

- Sector Master Plan or Integrated Resource Plan
- Demand/supply balance
- Grid stability and operating conditions





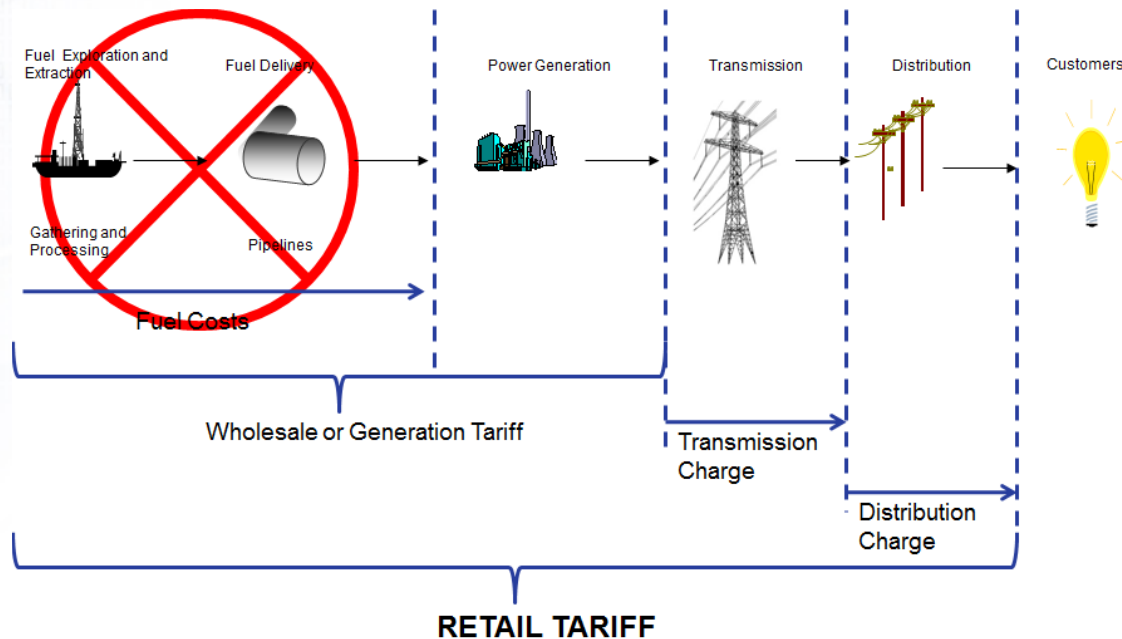
Project-Level Environment





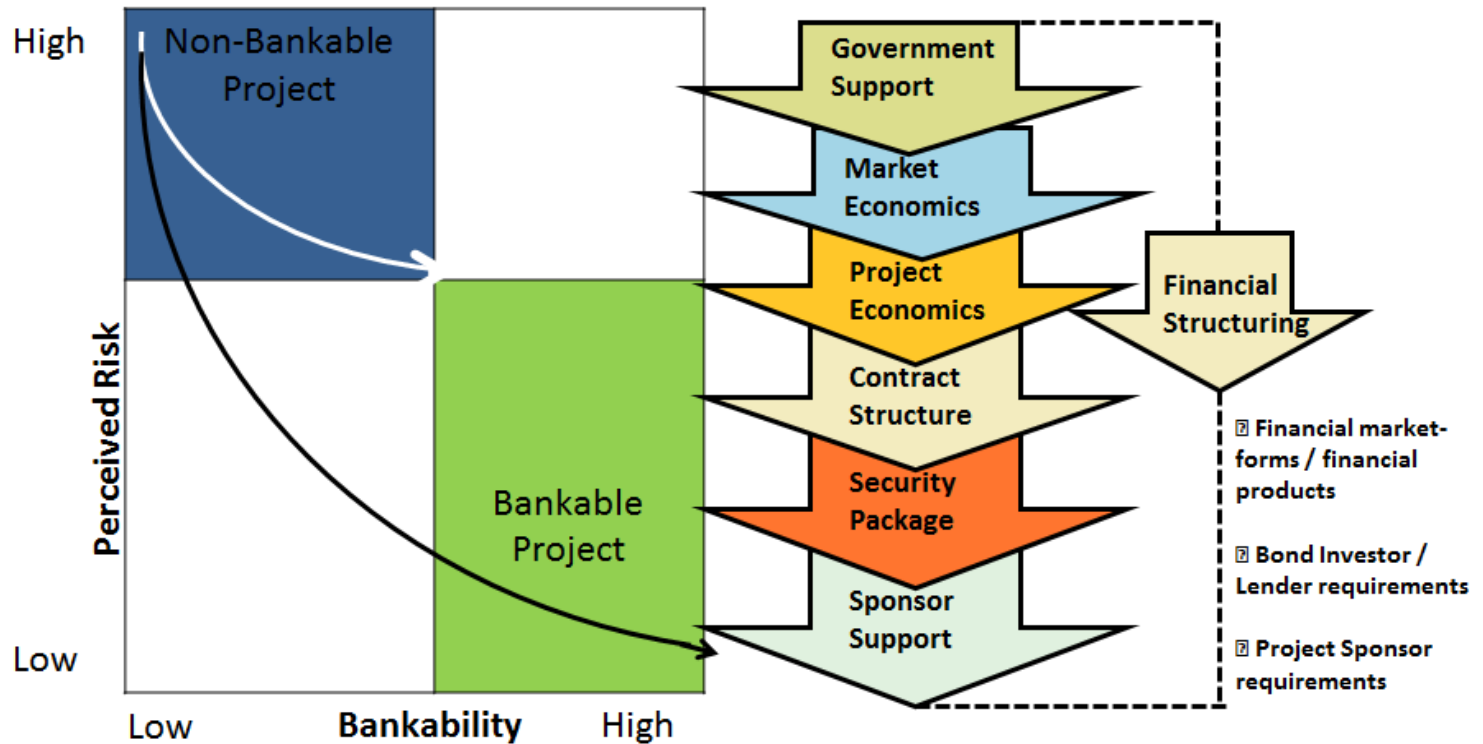
Project-Level Environment Continued ...

The most well-structured legal/contractual framework means very little if the underlying project economics do not work





Project-Level Environment Continued ...





Thank You

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