



Background

South Asia is among the fastest-growing regions in the world, projected to require USD 1.1 trillion worth of investments over the next 20 years. This rapid economic development will result in a significant increase in energy consumption, requiring installation of new capacities as well as adoption of demand side initiatives for enhancing efficiency. Use of clean energy to meet the huge, forecasted energy demand remains the only alternative considering the region's vulnerability to climate change. India, Bangladesh and Nepal have also announced ambitious clean-energy plans for the next 8-10 years, and the commitment of their respective governments is clearly evident from the evolving policy framework.

Based on the commitments made so far by the South Asian countries, an investment of more than USD 500 Bn shall be required in clean energy in next 8 years. Such quantum of investments has no past precedence and conventional sources of capital seem inadequate to meet this huge investment requirement. The United States Agency for International Development (USAID), through its regional presence and technical expertise in the SA region (particularly in India) plans to plug-in this investment gap. The flagship program of USAID, the South Asia Regional Energy Partnership (SAREP), has been mandated to mobilize investments and institutionalize best value procurement practices in the clean energy sector in South Asia and assist in filling up the envisaged investment gaps.






SAREP plans to mobilize the required investments through the use of public private partnership (PPP) models as well as new and innovative financing instruments, and assist in achieving the clean-energy targets committed by India and other SA countries. In addition, SAREP shall provide assistance to governments in transitioning towards public procurement based on total cost of ownership/lifecycle costs, thereby minimizing the current impact of such activities on environment.

Interventions

SAREP will provide technical assistance and capacity building support for the following:

1. Investment structuring mechanism to enable low-cost financing for eg: dedicated financing facility for e-mobility and smart meters.
2. New and innovative financing instruments like Infrastructure Investment Trusts (InvITs), green bonds and Alternate Investment Funds (AIF) for eg: structuring AIF for providing capital to MSMEs, thus accelerating their clean energy transition
3. Best-value procurement practices and enhancing bankability of clean-energy projects for eg: preparing a framework and implementation roadmap for sustainable public procurement
4. Enhancing access to capital and optimizing financing costs for large corporates/PSUs committed to decarbonization.
5. Structuring PPPs in clean energy
6. Investor roadshows and handholding support to international investors for facilitating investments.
7. Closure of clean energy transactions (Transaction advisory support)

Anticipated outcomes

	MOBILIZE	large scale investments in clean energy
	ENABLE	Improved procurement processes and governance
	ENHANCE	Bankability of clean energy projects
	FACILITATE	Adoption of new and innovative financing instruments/structures
	STRUCTURE	New and innovative business models



Key stakeholders

1. Public sector units (PSUs), utilities, private sector entities, industry associations, training institutions and policy thinktanks like Niti Aayog
2. Banks, financial institutions (FIs), Non-banking financial companies (NBFC), sovereign wealth funds, pension funds, private equity funds, Environmental, social, and governance (ESG) funds
3. Multilaterals like World Bank, Asian Development Bank (ADB) and United Nations Environment Programme (UNEP), Bilaterals like Kreditanstalt fuer Wiederaufbau (KfW), Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) and The Foreign, Commonwealth & Development Office (FCDO) and U.S. government agencies like U.S. International Development Finance Corporation (DFC), United States Trade and Development Agency (USTDA)

About SAREP

The South Asia Regional Energy Partnership (SAREP) is a five-year, flagship regional energy program of USAID/India. SAREP will improve access to affordable, secure, reliable, and sustainable energy in six countries—Bangladesh, Bhutan, India, Maldives, Nepal, and Sri Lanka. This five-year initiative aims to provide expert technical assistance and capacity development under four interlinked objectives – utility modernization, advanced energy solutions and systems, regional energy markets and integration, and private sector participation and engagement to support the clean-energy transition, as per the country's climate and energy security priorities. SAREP's activities and outcomes support and contribute to the U.S.-India Strategic Clean Energy Partnership (SCEP) and the Climate Action and Finance Mobilization Dialogue (CAFMD) under the U.S.-India Climate and Clean Energy Agenda 2030 Partnership.

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FACT SHEET

MOBILISING INVESTMENTS AND

ENABLING ADOPTION OF BEST-VALUE

PROCUREMENT PRACTICES IN CLEAN ENERGY

SOUTH ASIA REGIONAL ENERGY PARTNERSHIP (SAREP)

