

Joint SDG Fund – Component 2 – SDG Financing

Template for the Joint Programme Final Progress Report (preparatory funding)

Purpose: to provide the UN Joint SDG Fund's donors with evidence that preparatory funding provides good value for money - so that we can continue allocate resources to your programming.

Instructions: be succinct and to the point; emphasize only results and issues that you want to bring to the attention of the Fund; do not go over the max number of pages.

Deadline: January 31st, 2021

Cover page

Reporting period: June 30 – December 30, 2020

Country: Madagascar

Joint Programme (JP) title: Transforming the financial system to support the development of sustainable energy solutions through technical assistance and investment
Short title: A Financial Innovative System for Sustainable Energy

List of PUNOs: UNDP, UNIDO, UNCDF

RC (name): Mr. Issa SANOGO, UN Resident Coordinator, issa.sanogo@un.org
Representative of Lead PUNO (name and agency): Ms. Natasha van Rijn, UNDP

Government JP Focal Point (name and ministry/agency): Ms. Rindra Hasimbelo RABARINIRINARISON, General Secretary of Ministry of Economy and Finance, rindra.sgmef@gmail.com

RCO JP Focal Point (name): Mrs Hasina RAKOTONDRAZAFY E-mail: hasina.rakotondrazafy@un.org

Lead Agency JP Focal Point (name): Mrs Natasha van Rijn E-mail: Natasha.van-rijn@undp.org

Budget (Joint SDG Fund contribution): USD 200,000

Budget Expenditures: 103,175.04

Delivery Rate 51.58% - Prep Funding Rate (%) = $\frac{\text{Expenditures PUNO}}{\text{Total transferred funds Jan 2020 to December 2020}}$:

Short Description of the Joint Programme (1 paragraph for each section)

This description will be used to update your country page in our online platform (please scan the website before answering) <https://sdginvest.jointsdgfund.org/proposals>

Financial leverage (estimated target in US\$): **90 Million**

Challenge:

Explain the key challenge(s) the JP aims to tackle with reference to both development and financing challenges and how they interconnect.

The main objective of the joint proposal is to support the Government of Madagascar in creating a financial ecosystem that supports the development of sustainable energy projects by providing technical assistance and investment capital, by creating a Sustainable energy lab, setting up a de-risking facility and creating a sovereign development fund. Madagascar is a paradoxical country rich in natural resources but lacking key development infrastructures. The energy situation in Madagascar could be described as an "energy starvation, access to electricity is still very limited, only 16,5% of the population has access to an electricity grid, it drops to 6.2% in rural areas. These energy challenges constitute a major impediment to economic and social development. This project is designed to transform the financial system of Madagascar into an integrated system responding to the needs of the public and private sectors and guaranteeing the availability of stable financial resources for the financing of the sustainable energy sector.

Innovation (financial instrument/mechanism/approach):

Summarize the financial mechanism(s) proposed and why the approach is different from conventional and/or alternative approaches and how it is fit for purpose to address the challenge described above.

The key innovative feature of the proposal stands in the creation of a new investment ecosystem that combines the establishment of a Sovereign Fund aimed at supporting large-scale strategic infrastructure projects, with the creation of two entities: the Sustainable Energy Incubator and the Derisking facility that will facilitate the flourishing of less mature projects that would have been otherwise neglected but have the potential to deliver a transformational effect on the sustainable energy sector.

The JP marks a break from the traditional way of financing development in Madagascar by mobilizing the country's assets first and channeling the available resources on high impact programs/projects to trigger economic growth. While private sector has often been put aside, the instrument developed in this JP recognizes their central place in development financing.

SDG Impact:

Please describe the development impact the JP aims to achieve. Do not list the SDGs.

This JP will expand energy production infrastructure and increase the share of renewable energy in the country's energy mix and facilitate the access to affordable and sustainable energy. It will mobilize resources for Madagascar and strengthen domestic resource mobilization, and enable innovative SMEs and SMIs to have access to funding.

Partners:

Please list key partners involved in implementation as well as secured investors. Do not mention more than 4-5 partners. Do not mention generic stakeholders (e.g. Government, private sector), but only specific institutions/partners.

- **Ministry of Energy and Hydrocarbons;**
- **ANKA Madagascar;**
- **GEF Africa Minigrid Project (AMP);**
- **GIZ – PERER Project;**
- **Rurale Electrification Agency (ADER).**

Final Progress Report (MAX 3 PAGES)

1.1. Progress achieved

Provide brief description of the project's developments, results and achievements during the preparatory phase including 1) financial vehicle design; 2) market assessment; 3) feasibility study; 4) pipeline assessment; 5) legal assessment; 6) investor mapping and matching; 7) others. Please list the names of strategic documents developed (if any).

A preliminary analysis on the pipeline has been completed, which led to identification of 42 projects that could be supported by either the SE Incubator (15 projects), the Derisking Facility (14 projects) of the Sovereign Fund (13), for a total CapEx of ~ USD 2 Billion. This work has allowed to better define the capital needs (in term of USD amount and capital type) that has driven the definition of the Investment Strategy outline

1.2. Challenges faced

Did the UNCT face any major challenges in the preparatory phase? Briefly explain the challenges, their impacts, and how you overcame those.

The main challenges faced during the preparatory phase was the recruitment process of national and international consultants within a short time period. The recruitment took at least 4 weeks to be finalized. The PUNO mobilized their respective roster to accelerate the process.

The second challenge faced was the engagement of potential partners in this JP. Given that the project is still in its inception phase, partners hesitate to provide yet their official support.

1.3 Partnerships leveraged

Did you leverage new partnerships during the preparatory phase (e.g. government, private investors, IFIs, bilateral/multilateral banks, etc.)?

- Yes
 No

Provide in bullet points the main highlights on strategic partnerships and with whom.

- **Bamboo Capital Partners;**
- **The World Bank has expressed strong interest in the financial mechanism being structured by the JP;**
- **PFAN expressed its willingness to collaborate in particular to strengthen the technical assistance planned to be provided by the Incubator to SMEs/SMIs and to facilitate the presentation of the best projects to a panel of investors.**

1.4. Co-funding mobilized

Did you secure additional funding or in kind support for the proposal during the preparatory phase?

- Yes
 No

If yes, please include amounts committed during the prep-phase.

Source of funding	Yes	No	Type? (\$ or in kind support)	Name of organization	Amount (USD)	Comments
Government	<input type="checkbox"/>	<input type="checkbox"/>				
Donors/IFIs	<input type="checkbox"/>	<input type="checkbox"/>				
Private sector	<input type="checkbox"/>	<input type="checkbox"/>				
UN/PUNOs	<input type="checkbox"/>	<input type="checkbox"/>				
Other partners	<input type="checkbox"/>	<input type="checkbox"/>				

1.5. Budget changes (if relevant)

If there were changes in the actual budget from the one shared as part of the Fund Transfer Request, please briefly justify these changes.

Please, explain briefly:

N/A