

## 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 31<sup>st</sup>, 2021

### Cover page

**Reporting period: June 30 – December 30, 2020**

**Country: Sudan**

**Joint Programme (JP) title: Solar Revolution for Transforming Lives in the White Nile and Kassala states of Sudan through a National Solar Fund Scheme**  
**Short title: Sudan National Solar Fund**

**List of PUNOs: UNDP, UNICEF and UNHCR**

**RC (name): Babacar Cissé**

**Representative of Lead PUNO (name and agency): Yuri Afanasiev, UNDP**

**Government JP Focal Point (name and ministry/agency): Yasir Abdalla Saied, Ministry of Energy and Mining – Renewable Energy Directorate**

**RCO JP Focal Point (name): Babacar Cissé E-mail: [babacar.cisse@one.un.org](mailto:babacar.cisse@one.un.org)**

**Lead Agency JP Focal Point (name): Yuri Afanasiev E-mail: [yuri.afanasiev@undp.org](mailto:yuri.afanasiev@undp.org)**

**Budget (Joint SDG Fund contribution): USD57,500**

**Budget Expenditures: USD57,500**

**Delivery Rate 100% - 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\$): **15,550.000**

### Challenge:

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

There is currently no private sector seed funding, the National Solar Fund provides an important risk hedging mechanism that holds great promise for economically exploiting Sudan's sizeable solar energy potential through an innovative business model. Currently, debt and equity investors typically do not currently have confidence in projected cashflows of a given project or business and hence are unlikely to invest in rural areas of Sudan. In this circumstance, the Fund offers a mechanism to provide financing on non-commercial (i.e. concessional) terms calibrated to the specific risk/return profile of an investment opportunity. This could cover the additional costs associated with operating in difficult settings, and give investors greater confidence that projected cashflows will be achieved, which would allow additional finance to be leveraged. The project development team discussed with commercial banks and reached consensus to contribute 7M\$. In addition, the KOIS Invest is a private sector impact investment firm, which has expressed interest in the project and it is under discussion and yet to be finalized.

### 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 National Solar Fund consists of grants, concessional loans, and tax exemptions and will be made available to households and health facilities in rural communities that currently lack access to electricity for basic needs, security and economic growth. The Fund will ensure steadily declining solar system costs and promote an innovative business model (i.e. self ownership business model; Energy Service Provider business model). Lower costs will result in solar systems becoming more financially viable for poor rural households while the application of an innovative business model will result in increased commercial capital flows to rural areas. The NSF is an excellent example of innovative climate finance, which is crucial for the achievement of Sudan's NDC's and the global SDG's. Firstly, it encompasses a solid structure for public and private partnership, that can now join efforts on the implementation of the development agenda in Sudan. The Fund also creates an enabling environment needed to scale-up climate actions, a proved mechanism for catalyzing initial public investment into large private investment. Secondly, the origin of such investment is not limited to the country of Sudan, but aiming at cross- sector blended finance, from domestic and global sources. The solar for irrigation, drinking water, lighting in schools, health centers and agro-processing business initiative embodies a groundbreaking mechanism for rural access to such global finance. The NSF scheme is directly targeting vulnerable people, an action that indeed can unlock economic growth in agriculture, improving access to electricity in social sector. Thirdly, this financial model presents a highly innovative approach to vertical implementation, connecting the interests of national and regional authorities while contributing to global obligations of Sudan. It bears similarity to several national funds established in other countries to meet comparable objectives, including the Brazilian National Fund on Climate Change and the Indonesia Climate Change Trust Fund. The innovative nature these and Sudan's NSF is translation of top-down policies and goals into bottom-up actions in rural areas, with individual households playing a leading role in the incorporation of climate activities alongside the private sector. Some of the key lessons learned from these

comparable initiatives that will be incorporated into the NSF include having an up-to-date web presence, the publication of online annual report for transparency; and the online availability of monitoring and evaluation reports of fund activities. As such, the NSF represents a financial mechanism that has proven effective in other locales and should lead to a greater supply of affordable electricity to meet currently unmet needs in rural areas of Sudan.

*SDG Impact:*

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

The project will directly contribute to the achievement of SDG targets and the impacts are i) increased share of the rural population with access to clean drinking water supply through the installation of 50 solar pumps serving over 300 thousand people; ii) increased share of the rural population with access to sustainable withdrawals and supply of freshwater through the installation of 500 solar pumps for small scaled irrigation in farmlands, thereby addressing water scarcity in these vulnerable areas and leading to about 34,000 new jobs in the agriculture sector; iii) increased access to affordable, reliable and modern energy services through the introduction of 5.56 MW of solar PV capacity to provide drinking water, irrigation water, electricity for health centers, and community electrification through the installation of mini-grids; iv) introduction of 5.56 MW of solar PV technology to meet the energy needs of rural communities through the displacement of diesel-fueled generators, thereby increasing the share of renewable energy in Sudan's energy mix; v) Elimination of 16.9 thousand tonnes of carbon dioxide (tCO<sub>2</sub>) emissions annually and 0.42 million tCO<sub>2</sub> over the life of the project associated with the displacement of diesel-fueled generators with solar PV systems.

*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 Mining, Ministry of Agriculture, Ministry of Irrigation and Water Resources, Agriculture Research Center, Energy Research Center, Ministry of Finance and Economic Planning (Federal level), White Nile State Government, Kassala State Government, Sudanese Environmental Conservation Society and Nile Banks and associations

## 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).

The SDG project is based on the success case of ongoing projects and therefore, the project development team used feasibility study and mid-term assessment of the previous projects (i.e., Solar Water Pump project funded by the GEF). Specifically, the project development team invited commercial banks and discussed about parallel co-financing and finally reached consensus on fund contribution from commercial banks. Meanwhile, the Central Bank of Sudan and Ministry of Finance provided legal context for funding and it takes into account in the project document.

### 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 major issue is semi-lock down for COVID and therefore the project development team could not visit to the project sites. However, the project development team consulted with various stakeholders including state and locality level by using tele-communication (i.e., zoom, phone). In addition, the project formulation team invited representatives from commercial banks and discussed for financial contribution. Ministry of Finance and Central Bank of Sudan participated in the discussion and finally reached consensus and commercial banks committed to contribute 7M\$ for the SDG project.

### 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.

The project encompasses a solid structure for public and private partnership, that can now join efforts on the implementation of the development agenda in Sudan. The Fund also creates an enabling environment needed to scale-up climate actions, a proved mechanism for catalyzing initial public investment into large private investment. The key partnerships are:

- Ministry of Energy and Mining (Renewable Energy Directorate): Direct engagement in all activities related to outcome #2, in addition to technical support in activities related to the other outcomes
- Ministry of Finance & National Economy (MoF): Provide solar system tax exemption; setting strategies for central bank that support strengthen of National Solar Fund
- Ministry of Agriculture (MoA): Technical support for baseline surveys and studies in both states and M&E for solar pumps
- Agriculture Research Center and Energy Research Center: Technical support and research activities
- Ministry of Irrigation & Water Resources: Technical support for ground water assessment studies in the anticipated project's locations

- State governments in White Nile and Kassala states: Provision of grantees to farms under the self – ownership business model
- Central Bank of Sudan: Provision of legislations and orders to commercial banks to support the flow of funds to end users
- Commercial banks in White Nile and Kassala states: Direct engagement in both self-ownership and energy service provider business models
- Farmer Associations in White Nile and Kassala states: Provision of baseline information about each individual farmer applying to the NSF

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 checked="" type="checkbox"/>	<input type="checkbox"/>	<i>In kind</i>	<i>Ministry of Energy and Mining;</i>	<i>1,000,000</i>	
				<i>Ministry of Agriculture;</i>	<i>1,000,000</i>	
				<i>Ministry of Irrigation, Water Resources &amp; Irrigation;</i>	<i>5,00,000</i>	
				<i>Agriculture Research Center;</i>	<i>5,00,000</i>	
				<i>White Nile state government;</i>	<i>750.000</i>	
				<i>Kassala state government;</i>	<i>750.000</i>	
			<i>USD</i>	<i>Ministry of Finance, Federal level</i>	<i>3,000,000</i>	<i>Tax exemption</i>
Donors/IFIs	<input type="checkbox"/>	<input type="checkbox"/>				
Private sector	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<i>USD</i>	<i>Nile Bank and Associations</i>	<i>7,000,000</i>	<i>Parallel co-financing</i>
UN/PUNOs	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<i>USD</i>	<i>UNDP</i>	<i>350,000</i>	
				<i>UNICEF</i>	<i>350,000</i>	
				<i>UNHCR</i>	<i>350,000</i>	
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:

No changed