

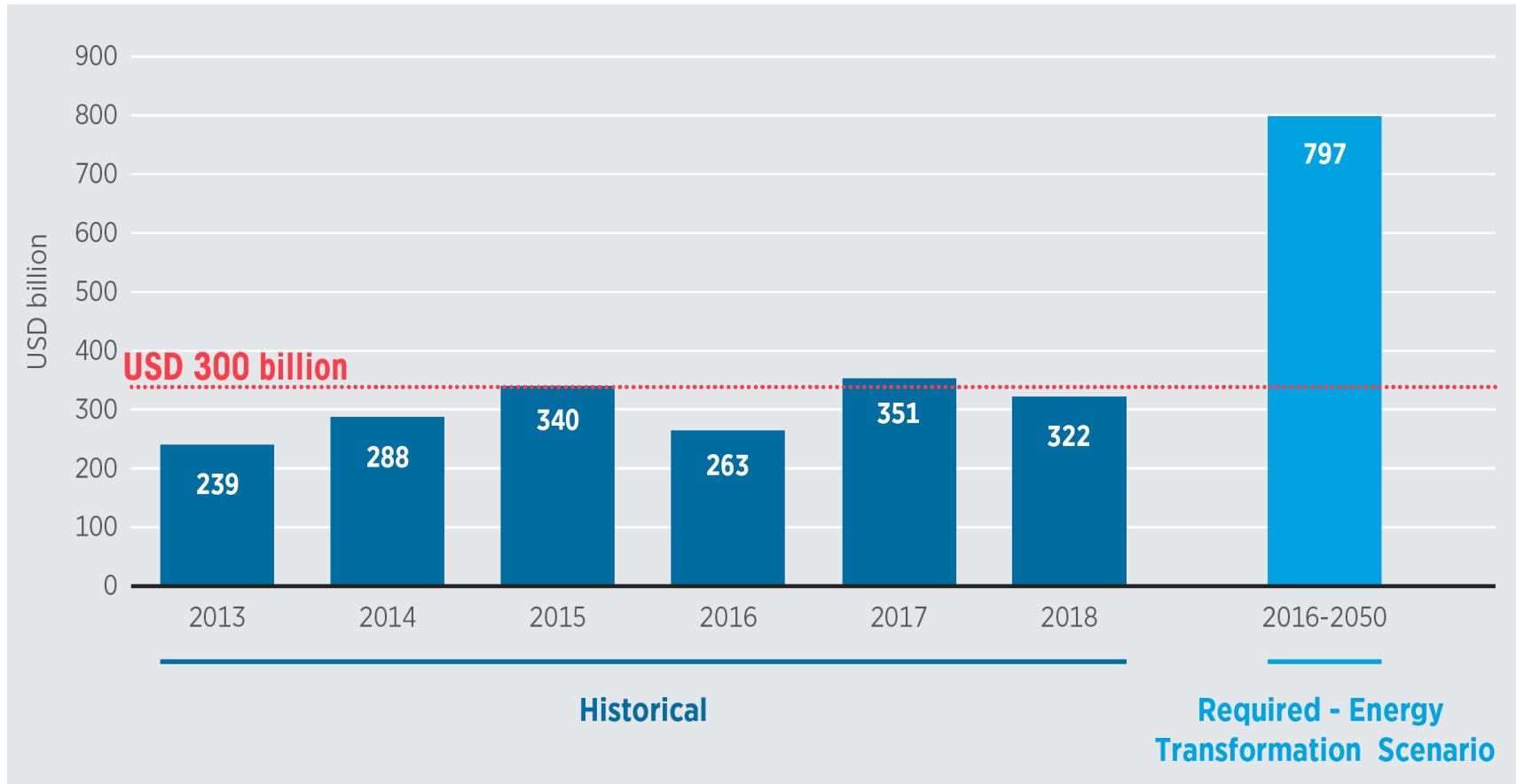
# Stimulating Investment in Community Energy: Broadening the Ownership of Renewables

**IRENA Policy Talks 2020**

9 December



# Renewable energy investment must triple



- For an energy transition in line with global climate objectives, investment in renewables must almost triple between now and 2050

# Community energy can bridge investment gap



## Community energy

***“Economic and operational participation and ownership by citizens or members of a defined community in a renewable energy project”***

**IRENA Coalition for Action, 2018**

# Community energy benefits



**Socio-economic gain**  
through investment,  
job creation and  
improved welfare



**Increased energy security**  
through lower  
energy costs and  
greater price certainty



**Accelerated access  
to renewable energy**  
through citizen-driven  
innovation



**Broadened participation**  
in the energy system

Source: IRENA Coalition for Action, 2020

- **Community energy can play an important role in the post-COVID recovery by increasing participation in the energy transition and generating local socio-economic benefits**



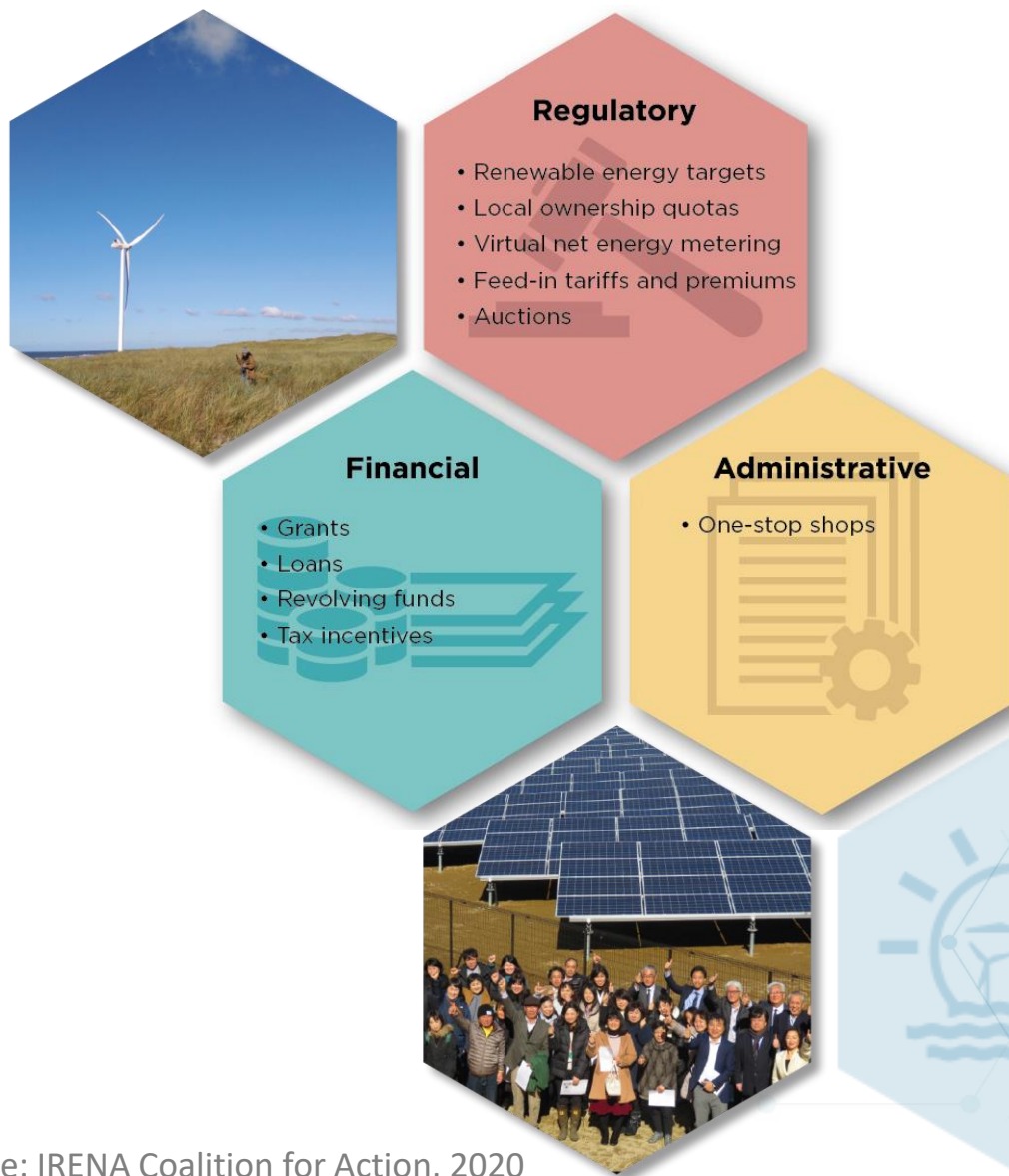
# Barriers to financing community energy



Source: IRENA Coalition for Action, 2020




- **Community energy faces different challenges than other renewable energy projects**
- **Governments and financial institutions can help overcome these barriers**

# Policies for community energy investment



- **Governments play an important role in stimulating investment in community energy**
- **Policies must be designed with the specific characteristics of community energy in mind**

# Financing community energy projects

|  |  |  |
|--|--|--|
|   | <b>Grant</b><br>Funds are awarded and do not need to be repaid by the recipient.       | <ul style="list-style-type: none"><li>• Governments and government agencies, development finance institutions, climate funds</li><li>• Private non-governmental organisations and foundations</li><li>• Crowdfunding</li></ul>                                 |
|   | <b>Debt</b><br>Funds are borrowed and repaid by the recipient over time with interest. | <ul style="list-style-type: none"><li>• Financial institutions (e.g. state and commercial banks, non-banking financial institutions, micro-finance institutions)</li><li>• Development finance institutions and climate funds</li><li>• Crowdfunding</li></ul> |
|  | <b>Equity</b><br>Funds are invested in return for partial ownership of assets.         | <ul style="list-style-type: none"><li>• Public/private utilities</li><li>• Renewable energy project developers</li><li>• Private investors (e.g. angel investors, venture capitalists, private equity firms)</li><li>• Crowdfunding</li></ul>                  |

- **Community energy projects strive for high shares of community ownership**
- **Access to external funding such as grant, debt and equity needs to improve**

Source: IRENA Coalition for Action, 2020



# Recommendations to stimulate investment in community energy

- **Adopt targets and policy designs that value citizen participation and local socio-economic development**
- **Facilitate community access to capital through targeted public finance**
- **Support innovative financing mechanisms and business models for community energy**
- **Integrate community energy in energy access and local development programmes**





# THANK YOU!