

OSLO, 21.01.2025

# Information session

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For applicants to Norway's Sovereign Guarantee Scheme for  
Renewable Energy in low-and middle-income countries





# Agenda

- Introductory remarks and the purpose of the meeting
- An overview of the application process
- Frequently asked questions (FAQs)
- Any remaining outstanding questions



# The Sovereign Guarantee Scheme for Renewable Energy

The Guarantee Scheme is a 5-year (pilot) 5bn NOK (~ **US\$460m**) unfunded guarantee scheme that aims to **catalyse investment** for **renewable energy** in **low- and middle-income** countries.

The scheme seeks to:

- ✓ Meet development objectives and **alleviate poverty** through an increase in access to **clean energy**
- ✓ Reduce **greenhouse gas emissions**
- ✓ Support **national policy agendas** towards renewable energy

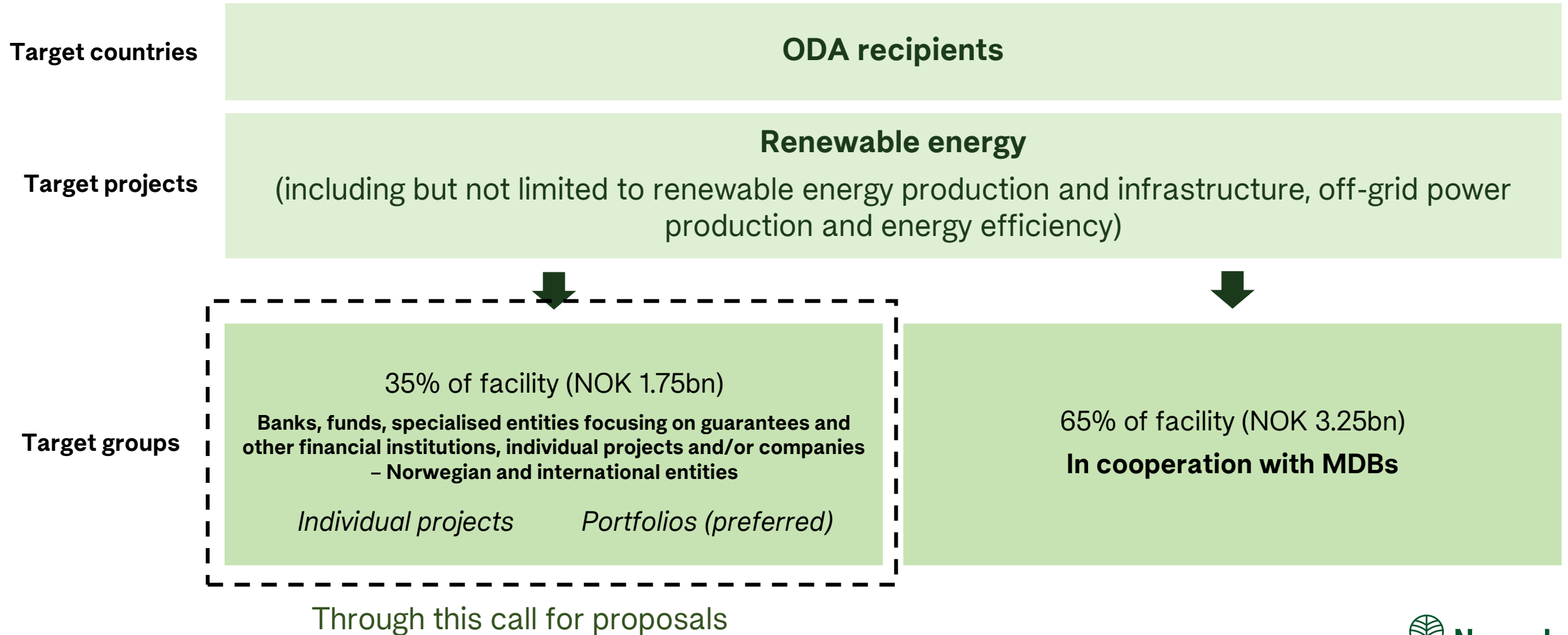
Measured through:

Mobilised capital, number of additional households with access to electricity, number of jobs created, MW renewable energy installed, avoided CO2 emissions





# Relevant elements of the guarantee scheme



# Guarantee specifics

## Guarantee features

The guarantees will have Norway's **AAA rating**

Norad will prioritise **credit guarantees**

The guarantees can cover both **individual projects** and **portfolios** (preference for portfolios)

Norad will cover up to a **maximum 50% of the addressed risk exposure**, sharing the risk with another professional entity

Guarantee tenor may be **up to 15 years** with extensions possible at Norad's discretion

The pricing of the guarantee will reflect the risk covered

## Financial terms

**Subsidies** for guarantee premiums can be applied for (partly or in full)

The indicative minimum guarantee amount from Norad is **200m NOK** (~ \$18m)

Guarantees can be provided in **USD, EUR** or **NOK**

# Two stage process

Applications will be processed starting January 2025 – plan to continue until the total amount under this CfP is committed

Stage 1

**Concept note**

Open for eligible applicants, open ended

Stage 2

**Detailed proposal and supporting documentation**

By invitation, deadline

**Risk Assessment**

*(informs pricing of guarantee premiums)*

# Frequently asked questions (FAQs)

Questions from the information sessions, as well as other questions we receive throughout the process will be published at [Q&A – Guarantees for renewable energy investments in low- and middle-income countries | Norad.no](https://www.norad.no/en/q-and-a)

# What do we mean by renewable energy? Are your project(s) within scope?

- **A broad definition** – can cover risk related to grid-based power plants, distributed generation solutions, power grids and other energy infrastructure, energy efficiency measures, and efforts towards a more productive use of energy.
- Renewable energy is energy derived from natural sources that are replenished at a higher rate than they are consumed. This will typically include **energy from non-fossil fuel sources such as hydro, geothermal, solar, wind, bio-fuels, tide and wave sources**. Anything else or beyond this will be assessed on a case-by-case basis.
- Green hydrogen will be considered, but elements like feasibility, technical and project maturity and the total contribution to the guarantee scheme's overall objectives will affect the assessment (similar to any other application).



# What if the required guarantee amount from Norad is less than 200m NOK?

- Applications for investments requiring less than 200m NOK in guarantee coverage from Norad can be considered, but please note that any provision of guarantees to such projects/portfolios will be on *exception*
- Such applications will need to show exceptional value against the criteria of additionality and potential for impact (among the other formal and assessment criteria outlined in the call for proposals)
- This should be clearly outlined in the concept note

# Who can apply? Can countries or sub-nationals apply?

- The call for proposals is open for applications from banks, funds and financial institutions, specialised entities focusing on guarantees, and individual projects and/or companies
- Please note the preference of credit guarantees – if companies apply then they should have progressed with the funding sources underlying the investment, as this is a criteria that applications will be evaluated against
- Our main objective is to catalyse additional investments in renewable energy and mobilise private capital
- Any international or Norwegian institution can apply

# What is the geographical focus? Where can project(s) be implemented / is country X eligible?

- Transactions in any ODA-country is eligible
- The list can be found on the OECD website: [ODA recipients: countries, territories, and international organisations | OECD](#)
- 30% of the total frame of the total guarantee facility (including amount earmarked for MDBs) can go to the least developed countries

# What is meant by risk-sharing? How much risk can Norad take?

- Norad must share the risk with another professional entity and can cover up to a maximum 50 percent of the addressed risk exposure (i.e., the risk that the guarantee is intended to cover).
- This means that the risk must be shared with a co-guarantor or the guarantee beneficiary
- Norad can share risk with multiple professional entities
- In conjunction with the minimum guarantee amount (of 200m NOK), this means that the project/portfolio needs to require a risk cover of 400m NOK or above (equity would come in addition)
- Norad is unfortunately unable to support in connecting co-guarantors to guarantee beneficiaries
- Applications for Stage 1 do not have to show documentation of a co-guarantor, but projects that are able to secure one or more will have preference. A plan for and/or progress in securing one or several co-guarantors will be helpful and is a criterion that applicants will be evaluated against.



# What risks can Norad cover? Such as currency or convertibility?

- The guarantee scheme is open to cover different types of risks but will initially and primarily be used to cover credit risk.
- Norad will assess transactions according to an overarching assessment of risk (based on the investment, context, experience, and transaction) meaning that other risks can be considered

# How will the guarantees be priced?

- The guarantee premiums will be determined after phase 1.
- Norfund, the Norwegian DFI, will support on the risk assessment which will inform the price of the guarantee premiums.
- The risk assessment will consist of a two-step process entailing 1) an initial assessment which will inform an indicative price, and 2) a final assessment confirming a final price of the guarantee premium.
- The pricing of the guarantee will primarily reflect the risk covered. The pricing will as an outset not include any profit elements.
- Please note that parts of the risk assessment will be done by external consultants whose costs will be covered by the applicant/guarantee beneficiary.

# Are there any limits assigned to financial institutions or per transaction?

- There are no limits (related to amount or number of applications), so multiple applications are allowed
- However, single point exposure in the portfolio will be taken into consideration

# Apart from guarantees, do you also offer grants?

- The guarantee scheme covers only guarantees, and does not offer grants or technical assistance.
- You can find a full list of Norad's call for proposals (for grants) here: <https://www.norad.no/en/for-partners/guides-and-tools/calls-for-proposals/>



# Can agriculture projects with renewable energy such as solar be eligible for a guarantee from Norad?

- The guarantee scheme is only for renewable energy
- It is possible to apply for a guarantee that will cover the renewable energy part of e.g. an agriculture project
- Any project would still need to be aligned with the eligibility criteria, such as the indicative minimum guarantee amount of 200m NOK





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