

AFGHANISTAN

AE:UNDP



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Project title	Afghanistan Rural Energy Market Transformation Initiative-Strengthening Resilience of Livelihoods through Sustainable Energy Access				
Result areas	Sector	Total financing, USD	GCF financing, USD	Financial instrument	
Energy generation and access	Public	USD 25 M	USD 23 M	Grant/Loan /Guarantee/Equity	
Description of specific climate change problem and how the project will address it	<p>The project will increase the adaptive capacity of communities, identified as amongst the most vulnerable in the world, to the impacts of climate change, while at the same time reducing carbon emissions and steering the country of Afghanistan towards private sector-led growth, in the renewable energy sector.</p> <p>GCF interventions are required to address these barriers in an effective and timely manner so that maximum GHG emissions reductions are realized now, and in future, rural renewable energy markets are transformed, adaptive capacity of rural poor is strengthened, and a low-carbon development strategy for Afghanistan is enabled. These outcomes will be achieved if renewable energy systems and services for productive and livelihood-related activities are increased; new business models, service and delivery mechanisms using modern concepts and techniques are deployed; rural energy markets facilitating private sector participation are created; and capacities are built for private, public and research organizations for sustaining rural renewable energy markets.</p>				
Alignment with key country priorities and stakeholders engaged	<p>The project is designed to empower the rural poor population and fight climate change impacts such as changing seasons, erratic precipitation and increased incidence of extreme events affecting lives, ecosystems and livelihoods on rural Afghanistan.</p>				

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Activities

The project focuses on mini-grids as applicable RE systems to achieve the project outcomes. Mini- grids, using state-of-the-art technologies and business concepts, are proven and matured renewable energy systems widely deployed in many developing countries for providing energy services for basic as well as productive applications aligned to the multi-tier framework of Sustainable Energy for All (SEforAll).

Expected outcomes

The project will have two outputs:

1. Rural renewable energy markets will be transformed, strengthened and mainstreamed; and
2. Clean energy solutions for livelihoods in target areas will be increased.

Paradigm shift potential

The paradigm-shifting nature of the proposed project is rooted in the plausibility of prospects for the GoIRA to increase rural renewable energy development over continued expansion of the current practice of diesel and kerosene use with related high GHG emissions. A full paradigm shift towards continued rural renewable energy development under this project is specifically designed for replication and scale-up by providing (i) policy support for mainstreaming mini-grids, (ii) providing a platform for private sector engagement through setting up Renewable Energy Service Companies (RESCOs), (iii) supporting technical and commercial packages of interventions (e.g. mini-grids + RESCOs), (iv) a track record of successful implementation of mini-grids, (v) necessary capacity among public, private and community groups for effective management of technology. Taken together, these factors enable a transformational shift to clean energy delivery in rural areas explicitly linked to improving climate resilience and establishing a low-carbon model of economic development.