

Introduction to The Climate Technology Initiative's Private Financing Advisory Network - CTI PFAN -

CTI Side Event at SB 34

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Bonn, 10th June 2014
connecting clean energy businesses with financing

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Introduction to PPL



- ❑ Financing Arranger / Advisor
 - Structured Finance / Project Finance
- ❑ Exclusively for Developing Countries & Transition Economies
- ❑ Special Focus on Clean / Renewable Energy Projects
 - other areas of know how (Infrastructure)
- ❑ Privately Owned / Independent
 - Holding Co & Headquarters in Cyprus / Offices in Johannesburg & Kiev
 - Activities: Africa, Asia, CIS
- ❑ Involvement with CTI / UNFCCC since 2004
 - Founding Member & Global Coordinator of CTI PFAN
- ❑ More Info @ www.ppl-int.com

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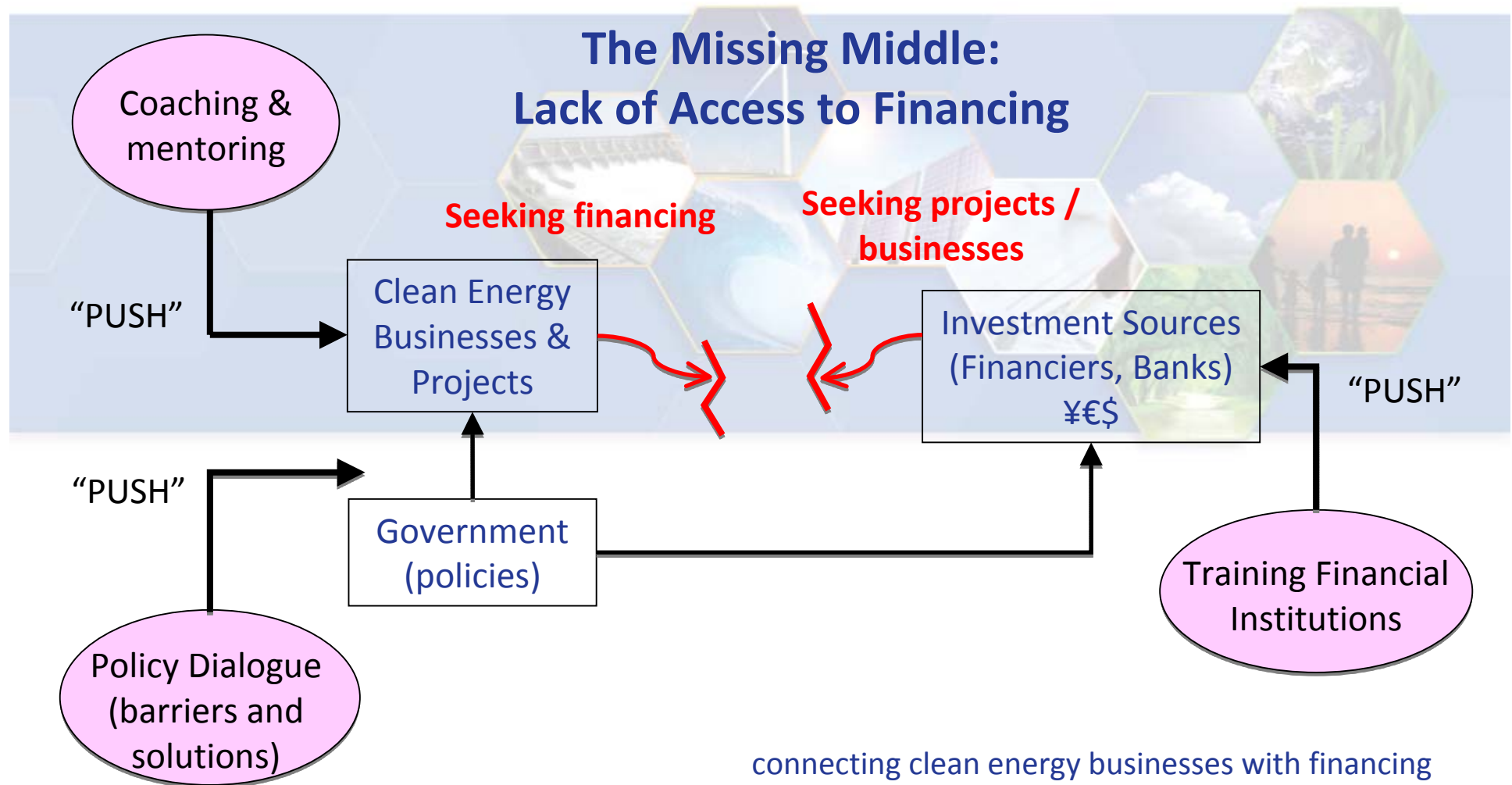
Rationale for CTI PFAN

- ❑ Lack of sufficient Public Funds to make an impact on Technology Transfer for Climate Change
 - Need for the Private Sector
- ❑ Workshops in Montreal (2004) & Bonn (2005)
 - To develop an innovative solution to finance TT
 - Inclusion of Private Sector
- ❑ Missing Middle
 - Lots of Projects / Lots of Investment
 - Little & insufficient interaction & communication between the 2 sides
- ❑ PFAN seeks to bridge that Investment Gap
 - Acts as a broker between the money and the projects
 - Strengthens the capacity of the project developers to present their projects in a way that investors and financiers can readily understand

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CTI PFAN – Integrated Programme Design

How a multi-pronged approach can scale up clean energy deployment



What is CTI PFAN?

- ❑ CTI PFAN is a Multi-Lateral Initiative:
 - CTI Countries / APP / ICETT / REEEP / USAID
- ❑ CTI PFAN goals:
 - to accelerate technology transfer and diffusion under the UNFCCC
 - to reduce GHG
 - to promote low-carbon, sustainable economic development
 - to increase financing opportunities for promising clean energy projects
- ❑ Connects CE projects with Investors / Financing
 - Real projects on the ground making a real impact
- ❑ Network of Private Sector Professionals
 - Investors / Consultants
 - Developing Country experience & appetite
 - Over 40 full members & growing fast
 - Large database of investors > 100
- ❑ Triple bottom line approach

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CTI PFAN'S FUNDING PARTNERS



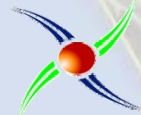
USAID
FROM THE AMERICAN PEOPLE



renewable
energy
& energy
efficiency
partnership



CTI PFAN NETWORK MEMBERS



PPL
INTERNATIONAL



Management
Consultant
Regulatory
Economics &
Finance



UGANDA CARBON BUREAU



FE CLEAN ENERGY GROUP
INC.



HCConsulting

S³IDF | Small-Scale Sustainable
Infrastructure Development Fund



華興資本
CHINA RENAISSANCE



firstclimate



jpi group
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劍平國際投資

LGUGC
LGU GUARANTEE CORPORATION

What Services Does CTI PFAN Offer?

- ❑ CTI PFAN provides support & advice to selected projects to help them meet the criteria of the Investment Community
- ❑ **Free** coaching service to project sponsors & developers to help them raise private sector finance
 - Project Development / Commercial & Financing Structure
 - Marketing / Technical Issues / Growth Strategy
 - Preparation of Business Plans, Investment & Financing Proposals
 - Sourcing Equity & Debt
- ❑ Technical Assistance
 - Contributions to the cost of technical studies etc
- ❑ Matchmaking Service: Contact Broking & Introductions
- ❑ Investment / Financing – directly from PFAN Members & their Networks

How Does It Work?

❑ 2 Entry Points

❑ Unsolicited Proposal Submission for Development Pipeline

- From any source
- Induction Review: rigorous but non-bureaucratic
- PFAN Member assigned to project as dedicated Coach
- 3 Phase Development Framework
 - Preparation of the Business Plan
 - Introduction to Investors
 - Guidance to Investability & Financial Closing

❑ Regional & Country based CE Financing Forums

- RFP – project selection
- Intensive Coaching on Business Plan & Investor Pitch
- Showcasing in front of Investors at Forum
- Projects inducted into Development Pipeline

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Costs

- ❑ PFAN Services are provided **free** to the project developer / sponsor
 - Subject to selection
- ❑ Cost of providing the PFAN Services is absorbed by the Funding Partners (CTI / USAID / ICETT / REEEP etc).
- ❑ Provision of services subsidised by the PFAN Members
 - Trade-off: access to the project pipeline for business development
 - Right of First Offer to provide services / financing (non-binding & fully competitive terms)
- ❑ Success Fee on Financial Closing
 - Shared between PFAN and the involved PFAN Consultant according to an agreed schedule

Project Criteria

- ❑ Target Project Size: USD 1 – 50 million total investment volume
 - Smaller & larger projects possible
 - Ca 15% of portfolio for Micro-Projects (< USD 1 million)
- ❑ Typical Project Type: CE / RE mitigation projects for generation of power or production of biofuels
 - Wind, Solar, Geothermal, Biomass, Biofuels, Small Hydro
 - PFAN is technology neutral
 - EE / Adaptation / Forestry / Upstream Technology Dvpt Projects
- ❑ Commercial & Technical Viability
 - Adequate return on investment
- ❑ GHG reduction / abatement potential
- ❑ Other developmental benefits
 - Millenium Development Goals: agricultural development, poverty reduction, health, education, female economic participation etc

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Evolution of CTI PFAN

- ❑ Apr 2006 – Sep 2008: Small Scale Pilot Program
- ❑ Dec 2007: recognition / endorsement by COP 13 decisions
 - (4 / CP.13)
- ❑ Oct 2008: Start of Major Scale-Up Programme
 - Funding from CTI / USAID / APP / REEEP / ICETT
 - Multi-Year Programme
 - Current Funding Horizon – End 2013
- ❑ Global Coverage
 - 4 regional networks: Latin America, Africa, Asia, CIS

Network Overview

❑ Latin America & Caribbean Regional Network

- Dedicated Coverage in Brazil, Chile, Columbia, Mexico
- All other countries in the region eligible
- From End 2011 – country networks in Central America & Caribbean

❑ Africa Regional Network

- Regional Coverage
- Dedicated Country Networks in Mozambique, Uganda and South Africa
- From 2011 sub regional networks in SADC / EAC / W. Africa and new country networks

❑ Asia

- Regional Coverage
- Dedicated networks in China, India, Indonesia, Philippines & Thailand

❑ From late 2011 – CIS / Central Asia

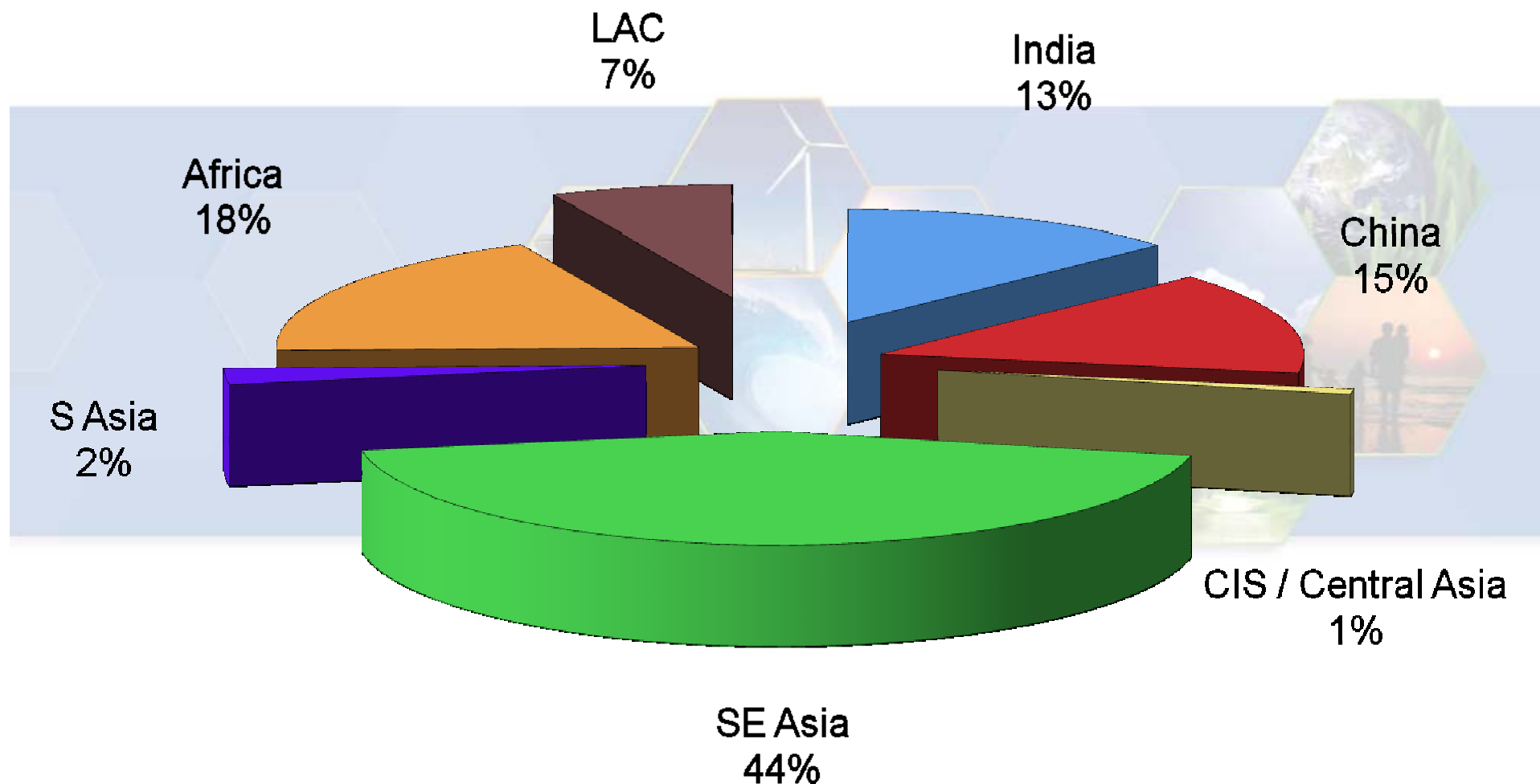
Development Pipeline Summary

❑ 116 projects

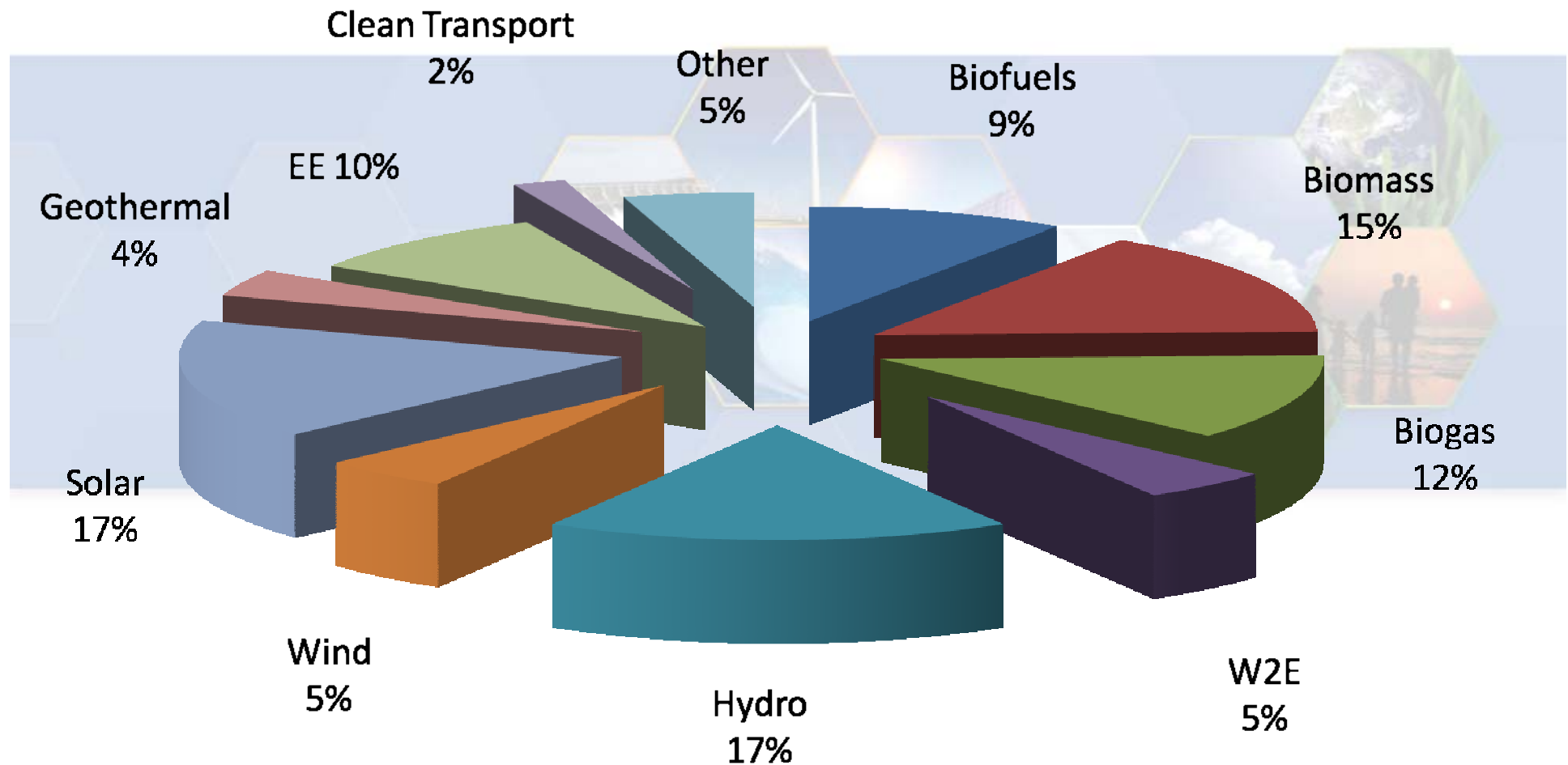
❑ USD 2,6 billion of total aggregate investment

❑ > 5,5 million tonnes CO₂ e reduction potential pa

Pipeline Analysis by Region



Pipeline Analysis by Technology



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Closed Projects

- ❑ 28 Projects Closed

- ❑ USD 369 million of Investment Raised

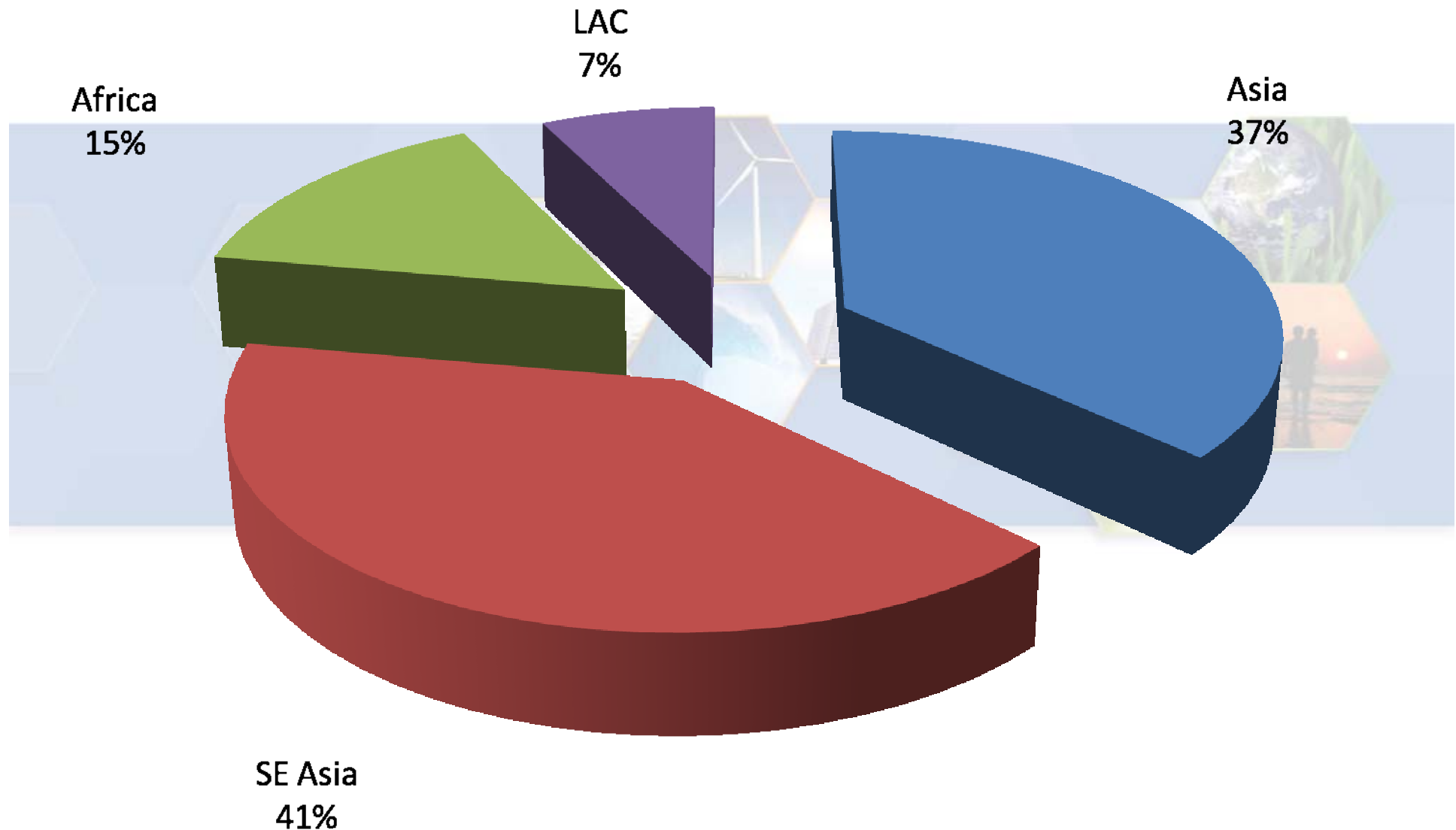
- ❑ 280 MW of Installed Clean Capacity

- ❑ 1,7 million tonnes CO₂ e reduction pa

- ❑ 94,5 GWhrs pa Energy Savings (EE projects)

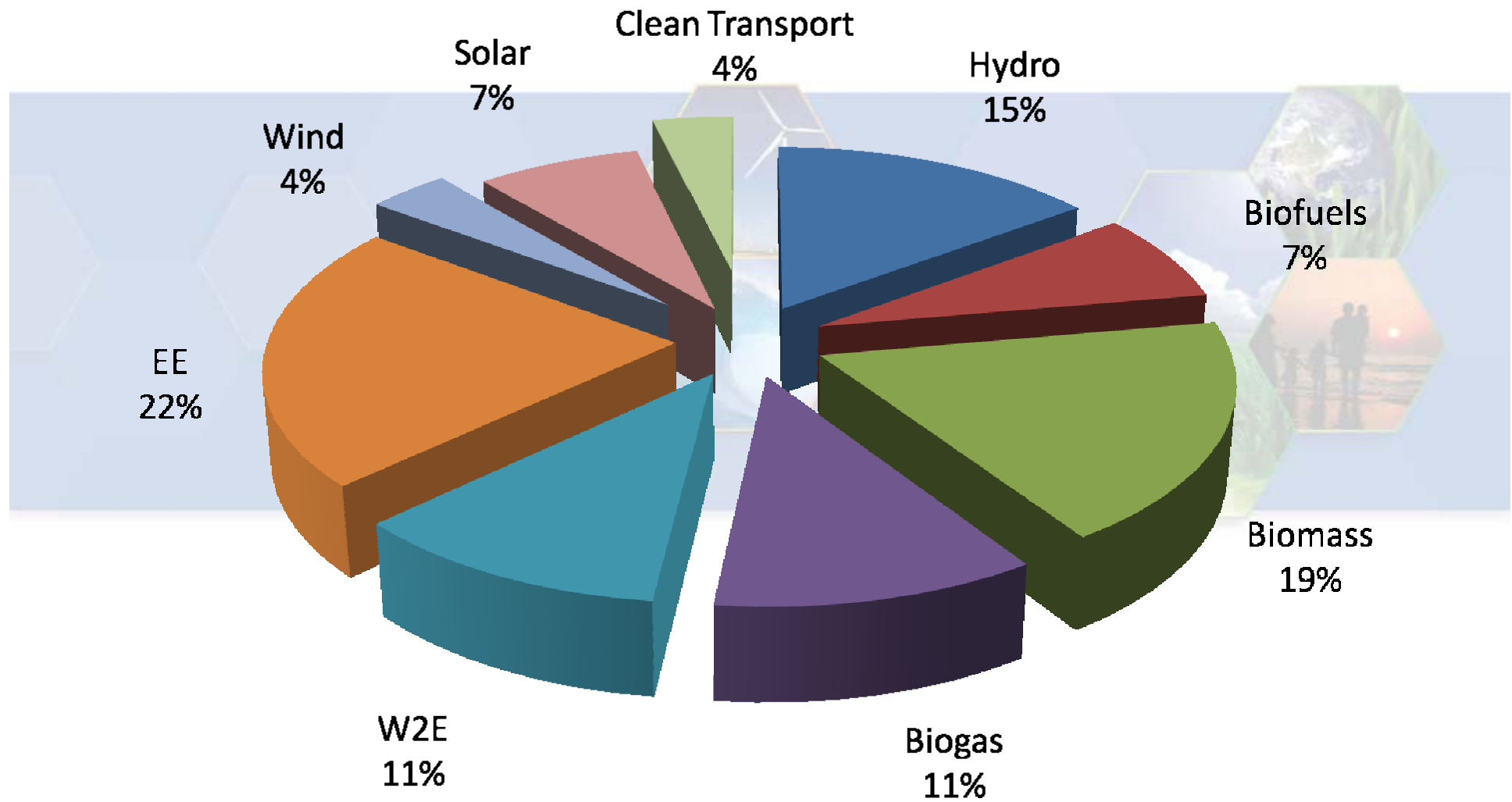
- ❑ 5 Projects currently in Investor Negotiations

Closed Projects by Region



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Closed Projects by Technology



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CE Financing Forum Summary

❑ 7 CE Fora in 2010

- AFCEF 2 / Philippines 2 / Indonesia 2 / China 2 / AFRICEF / India
- Mini-Forum in Brazil

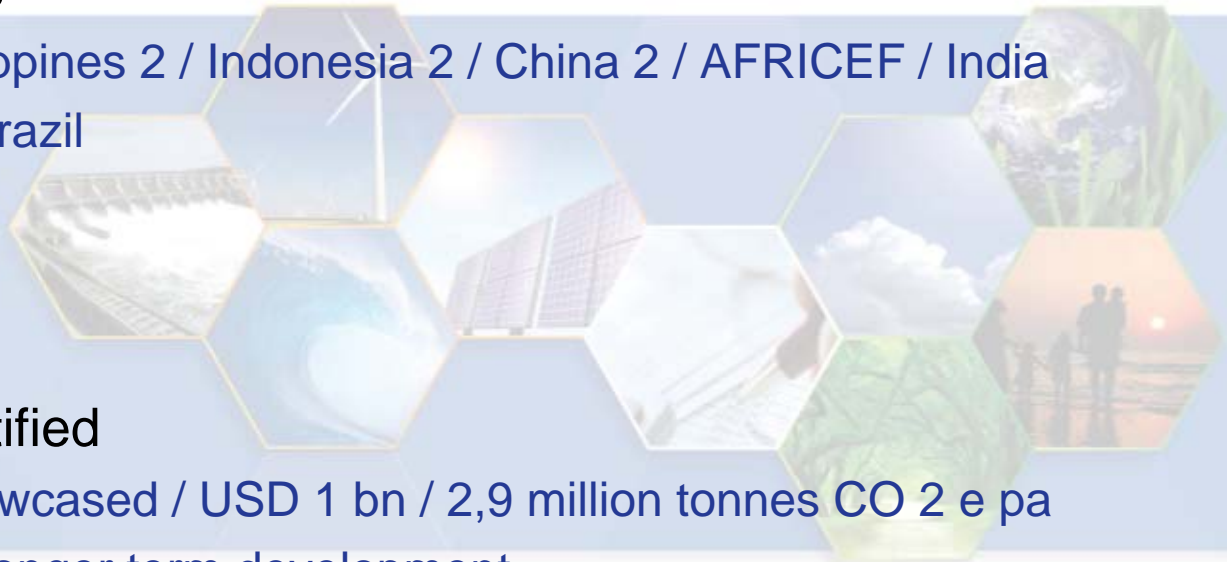
❑ 1100 Participants

❑ 264 Projects Identified

- 56 Projects Showcased / USD 1 bn / 2,9 million tonnes CO₂ e pa
- 42 Projects for longer term development

❑ 13 Projects Closed

- USD 168 Million Investment raised



African Success Stories

❑ Barefoot Power / USD 1,3 Million raised for Expansion in Africa

- Further USD 2 – 3 million under negotiation
- Finalist & Award Winner at AFRICEF in September 2010
- CTI PFAN helped develop the BP & Financing Structure
- Innovative distribution model for solar powered LED & electrification products for BoP markets in Africa & Asia

❑ Ouro Verde / USD 1,35 million raised for bio-ethanol production in Northern Mozambique

- 1st Phase (of 3 Phases) for plantation establishment
- 1. 000 tpa organic sugar / 2,6 million lpa of bio-ethanol
- 1 – 1,5 MW of co-generation capacity from Bagasse
- CTI PFAN now supporting Phase 2 & 3

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Project Samples

❑ Productive Energy in Northern Mozambique

- Establishment of Cold & Logistics Chain to get fish to cash markets
- Gasification of Coconut Husks / Containerised Solution / Mini-grids
- 6 Village Pilot (USD 1 million)
- 200 village target / 800 village potential @ 12.000 kg / village pa

❑ Kakaka – 8MW Small Hydro in Uganda

- USD 17,5 million / Ask USD 6 million
- Pre-Feasibility Complete / IRR 25 %
- Negotiations with Carbon Investors

❑ Solar Powered Hydroponic Farming in Mozambique

- Transfer of successful small scale project model from Brazil
- Produce of piri piri peppers and lettuce
- Payback in 10 months for peppers (2.5 120-day crops @ USD 2,304 / 18 months for lettuce (11 45-day crops @ USD 510)
- Replication

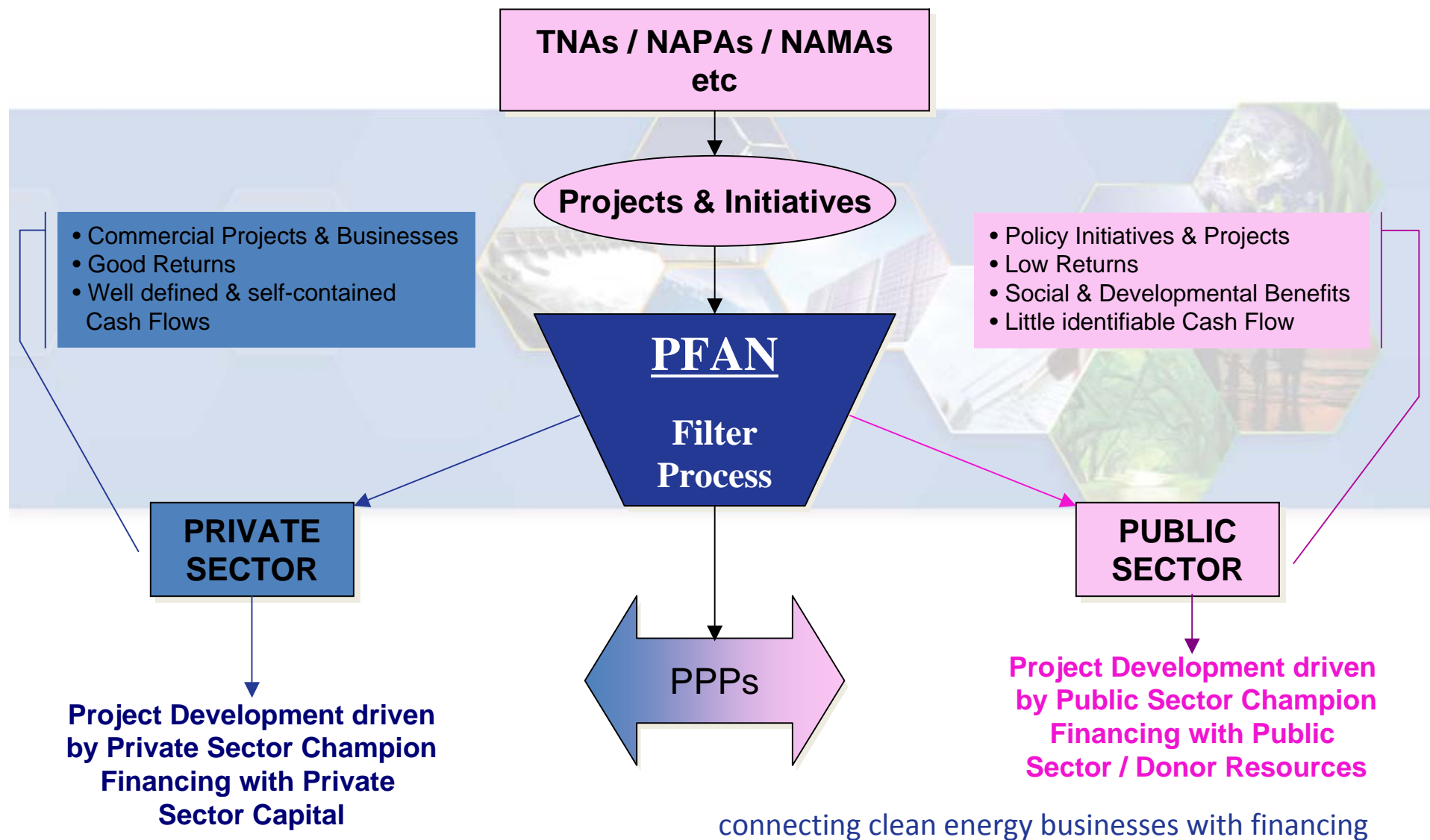
Learning Points from Proposals Seen

- ☐ Too much Technology
- ☐ Data overload: poor organisation of available data
- ☐ No Ask
- ☐ Not enough financial information (and too late)
- ☐ Key Strengths: what makes the project unique
- ☐ Critical Success Factors
- ☐ Risk Analysis & Mitigation
- ☐ Regulatory Environment is Key

Added Value of CTI PFAN

- ❑ Early stage development tools like PFAN are important
- ❑ Resource Optimisation
- ❑ Access to Deal Pipeline for Investors
- ❑ Direct Access to Investors for Developers
- ❑ Symbiotic Network Effect
- ❑ Risk Reduction through targeting of key risk points
- ❑ Reduction of Transaction Costs for all parties
- ❑ Accelerated Development Progress

Filter Role



Future Activities

- ❑ Launch of Adaptation & Financing Activity
- ❑ Launch of a dedicated regional network in CIS & Central Asia
- ❑ AFRICEF 2
 - RFP in July
 - Forum in Feb 2012
- ❑ AFCEF 3 (mid 2012)
 - Mini-Forum in Singapore in November 2011
- ❑ Launch of dedicated regional network in Central America & Caribbean from late 2011
- ❑ Launch of further country Networks in Africa from H2 2011
- ❑ Work with projects emerging from the TNAs of selected countries from the Poznan Process (CTI / UNEP)

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Summary

- ❑ Strong Development Pipeline Growth & Activity levels
 - Dedicated Regional & Country Coverage is growing
- ❑ CTI PFAN is open for business in connection with Adaptation & TNAs
- ❑ Facilitating Technology Transfer Inside & Outside the Mechanism
 - Potential for further Scale-Up and Positioning post 2012
- ❑ New Cycle of CE Forum Activity Commencing
- ❑ Value Provided to Investors & Developers
 - Good Success Rates / Getting More Projects to Financial Close
- ❑ High Financial Leverage
 - 100 : 1

CONTACTS

❑ General Enquiries / Membership etc

- Elmer Holt, CTI PFAN Manager (elmer.holt@doe.hq.gov)
- Peter Storey, Global Co-ordinator (peter.storey@ppl-int.com)
- Taiki Kuroda, Head of Secretariat (kuroda@icett.or.jp)

❑ Submission of Project Proposals

- Peter Storey, Global Co-ordinator (peter.storey@ppl-int.com)
- Taiki Kuroda – Head of Secretariat (kuroda@icett.or.jp)

❑ www.cti-pfan.net

❑ www.climatetech.net