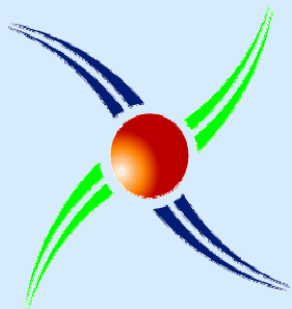


*Implementing and Accelerating Low Carbon
Technology Deployment
(CTI Side Event at UNFCCC SB28)*

*CTI's Private Financing Advisory Network
(PFAN)*

*Progress Report on Innovative Financing Initiative
September 2007 – June 2008*



PPL
INTERNATIONAL

CTI CLIMATE
TECHNOLOGY
INITIATIVE

Peter Storey

Bonn, 06 June 2008

CONTENTS



Background & Introduction

- Presentation of PPL
- Brief Overview of PFAN
- What it does / How it works

Review of Progress from September 2007 – June 2008

- Activity Highlights
- Project Development Progress
- Learning Points from the Pilot Phase
- Funding Status
- Plans for Expansion Roll-Out
- New Initiatives

PFAN's Added Value

- To the Investor Community
- To the Project Developer Community

INTRODUCTION TO PPL



Financing Arranger / Advisor

- **Structured Finance / Project Finance**
- **Structured Trade Finance**
- **Fund Management (dedicated closed-end investment funds)**

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**
- **Companies / Offices in Vienna, Kiev, Johannesburg**

Involvement with CTI since 2004

- **Founder Member & Global Coordinator of PFAN**

HOW DID PFAN COME ABOUT?



Recurring Findings of CTI Work & Experience

- Absence of sufficient public monies to make a meaningful impact on technology needs of developing countries
- Importance of Partnerships
- Need for targeted capacity building to create enabling environment
- Essential role of Private Sector

Workshops on Innovative Financing of Technology Transfer in Montreal (2004) and Bonn (2005)

- Finance is available: there is not a shortage of money
- The Question is then: HOW TO ACCESS IT?
- Shortage of good project / financing proposals that meet the standards & criteria of private sector financing communities

A tool was needed to help project developers create bankable financing proposals and bridge the development gap to the money

- PFAN

WHAT IS PFAN? / WHAT SERVICES DOES IT OFFER?



Informal Network of Private Sector Companies / Individuals

- Common interest in providing finance & financing services to climate friendly projects to support technology transfer

Offers a **free** consulting service to project sponsors & developers to help them raise private sector finance

Technical Assistance (limited)

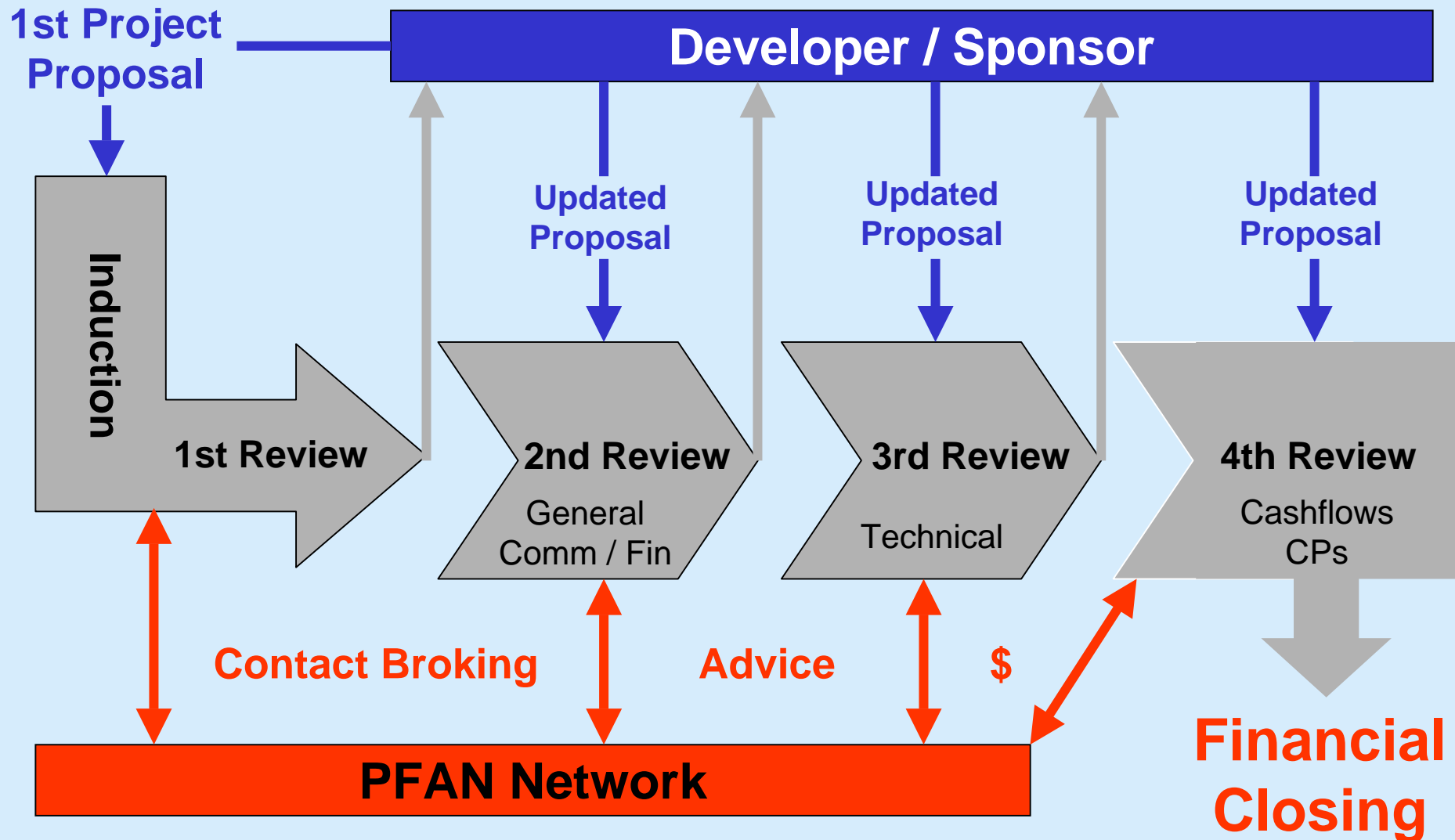
Matchmaking Service: Contact Broking & Introductions

Money / Financing – directly from PFAN Members & their Networks

Aims:

- To support UNFCCC objectives on Technology Transfer
- Capacity Building: financing knowledge & know how transfer
- Get more renewable energy / climate friendly projects to financial close

PFAN REVIEW PROCESS



SELECTION CRITERIA



Must be commercially viable (based on available information) and have (some) private sector involvement

- Required investment needs to generate an *adequate* return
- Financing needs to be capable of repayment
- Initial Feasibility (technical & financial)

Target Project Size: USD 1 – 30 Mio total investment volume

- Smaller & larger projects possible
- Typically Mitigation Type Projects (Adaptation & EE!)

PFAN targets developers / sponsors that do not have the resources to pay for professional project development & financing advice

- Commitment of Developer is key

Project needs to be in proposal form

- Answers to the Who? What? Where? Why? & How?

PFAN STATUS

Review of Activities 09/07 – 06/08



Pilot Phase successfully completed 31.12.2007

Signature of MoU between CTI Chair and USAID regarding USAID Funding (USD 500.000)

Endorsement in Bali COP 13 Decisions (4/CP.13)

Preparations for Scaling-Up / Expansion ready for roll-out pending Final confirmation and disbursement of USAID funding

- **Latin American Regional Network**
- **Identification of New Members & Projects**

Ongoing support of UNFCCC, EGTT & CTI Capacity Building activities

- **CTI JI Seminar in Beijing in February 08**
- **WIREC in Washington in March 08**
- **INECE in Cape Town in April 08**

PROJECT DEVELOPMENT PROGRESS



8 Projects currently in the Programme

- some 68 projects reviewed
- 10 projects formally inducted
- 2 new projects recently inducted; 1st Project in CIS
- 10 – 15 of the rejections would have been suitable for PFAN support
- 13 Projects currently undergoing initial review including first projects in Asia (011P – 023P)

1st Project reached financial close in July 07

- Small Hydroelectric Power Station in Mexico (8,5 MW / USD 17 mio)

2nd Project closing is imminent

- Bio-Diesel Refinery in Brazil (66.000 tpa / USD 18 mio)

2 Projects for which PFAN support has been discontinued

- Photovoltaic Power Station, South Africa (10 – 20 MW)
- Clean Coal Powerstation, Botswana (400 MW / USD 600 mio)

LEARNING POINTS FROM THE PILOT PHASE



There is a lack of early stage development assistance & financing in both public & private sectors

- PFAN fills crucial development gap
- There are a lot more good projects out there that could access private sector financing (if they had early stage support)

PFAN can be a useful gateway to private sector finance especially for smaller / medium sized mitigation type projects

- Trying to generate applications from Adaptation & Energy Efficiency Projects

Project Development / Progression is slower than anticipated

- 2nd & 3rd Development Phases especially time consuming
- Need for more local / on-the-ground Network coverage

Considerable scope / potential to expand the Programme

- Greater Impact / Efficiency & Economies of Scale

FUNDING STATUS



■ USAID GCC (USD 300.000) / APP (USD 200.000)

- MoU signed in November 07
- Audit in January 08 (positive)
- Documentation: Ongoing (as of June 08)
- First disbursements: July 08?

■ GEF (participation in USD 5 million programme)

- Ongoing discussions with UNEP / UNDP
- Expected timing: End 2008

■ Others

- REEEP (participation in upcoming RFPs)
- Development Agencies of CTI Countries & other country donors in respect of specific development priorities and / or regions?

NEW INITIATIVES



Deepening of Cooperation with UNFCCC / EGTT

- Support in TNA process: early stage filter & vetting
- Provision of permanent Technology Transfer / Financing Help Desk
- Key role in implementing the Training of Trainers initiative to propagate use of users guide book

Cooperation with the GEF

- Provision of support to the GEF in the performance of its Mandate from Subsidiary Bodies of COP 13 to investigate further ways of accelerating the (financing) of Technology Transfer

EXPANSION PLANS

(Implementation thru 2008)



Expand PFAN Network & Processing Capacity

- Increase Project Capacity to 100 – 125 projects
- Ability to leverage ca USD 515 – 714 million of Financing
- Bring in new members – Investors & Advisors
- Increase resource allocation per project
- Focus on smaller Projects in the (USD 1 mio – 30 mio (50) range)
- Some Micro Projects

Establish Regional Networks

- Latin America / Africa / Eastern Europe & CIS / Asia (China & India)
- Formalise organisation & administrative procedures

Expand & formalise project identification & selection processes

- Call for projects (regional / global)
- Participate in & support TNA process

Examine & test mechanisms to make programme self-sustaining

- Success Fees

CURRENT NETWORK

Including New Members



New Members (since Sep 2007)

- ReEx Capital Asia (Singapore: South East Asia)
- Banco Santander (Madrid: Latin America)
- Herve Collin, Independent Consultant (Chile)
- Luis Prado, Independent Consultant (Brazil)
- Small Scale Sustainable Infrastructure Development Fund (India)

Existing Members

- FE Clean Energy (US: Latin America / Asia / CIS & Eastern Europe)
- LaGuardia Foundation (US: Latin America)
- PPL International (Johannesburg & Kiev: Africa & CIS)
- Wolfgang Mostert Associates (Copenhagen: Asia / Central America)
- MSW Wirtschaftspruefung (Berlin: CIS & Eastern Europe)
- New Energy Capital (US: Latin America)
- E+Co (US / NL: Latin America / Africa / Asia)

Discussions with other potential partners in progress

- Asia
- CIS & Eastern Europe

Value of PFAN to the Investor



Early stage development funds / tools like PFAN are scarce and vitally important

Filter Role

- Sorts the good from the bad, enabling investors to concentrate on projects with investment potential
- Resource Optimisation

Access to Deal Pipeline

Symbiotic Network Effect

- Promotion of alliances & relationships between developers / investors / advisors in the Network
- Exchange of Projects & Project Development Ideas - sounding board

Risk Reduction through targeting key risk points in Development Process

Value of PFAN to the Developer



Early stage development funds / tools like PFAN are scarce and vitally important

Filter Role

- Sorts the good from the bad, enabling developers to concentrate on projects with investment potential
- Resource Optimisation

Direct Access to Investors & Financing Sources

Knowledge Base & Experience

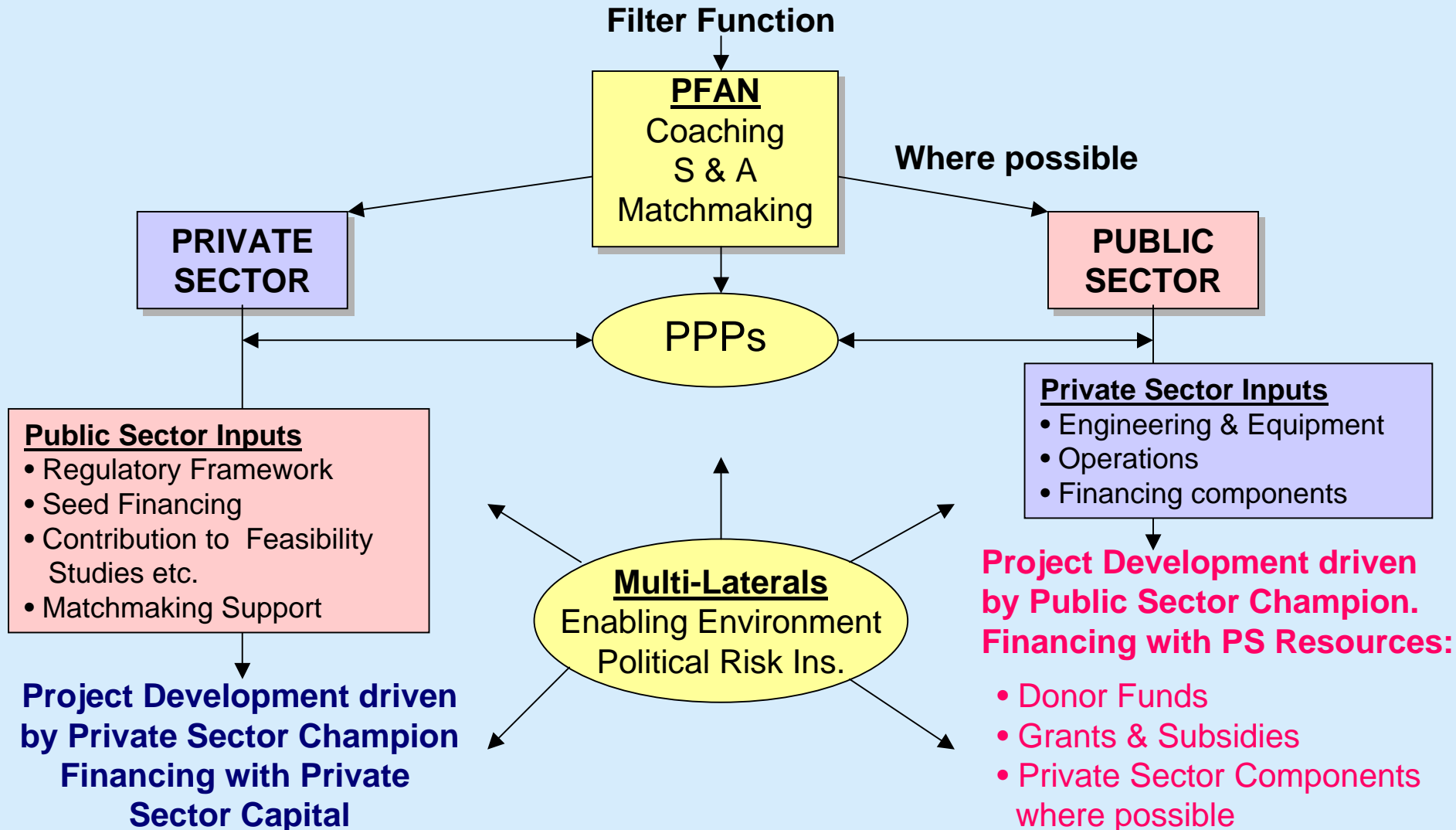
- PFAN Members know what works (technically & commercially)

Reduces Risk through early identification of key strengths & weaknesses

Accelerates Development Process

PFAN's ADDED VALUE:

Bridging the Development Gap & Interface between Public & Private Sectors



CLOSING SUMMARY



Overview / Review:

- **1st Project Closure: further closures imminent**
- **Funds available to secure expanded activities 2008 – 2011**
- **Scaling-Up plans ready for implementation**
- **New Projects; New Members; New Regions**

PFAN is proving to be a worthwhile / valuable instrument

- **Recognised as effective in achieving Technology Transfer**
- **Considerable Financial Leverage: small input ⇒ big result**

Need to scale up / move from micro to macro

- **Generate bigger / more meaningful impact**

PFAN looks forward to continuing its work with UNFCCC Parties in support of their development goals & priorities for implementation of Technology Transfer & Mitigation / Adaptation of Climate Change