



PFAN Global

Introduction and Background to CTI PFAN

The Private Financing Advisory Network (CTI PFAN) is a multilateral public-private partnership that nurtures promising, innovative clean and renewable energy projects by bridging the gap between investors and clean energy entrepreneurs and project developers.

CTI PFAN brings together private sector companies with experience in financing climate-friendly projects and technologies to screen business plans and select the most economically viable and environmentally beneficial projects. For those entrepreneurs and businesses selected, CTI PFAN provides guidance on feasibility, project structure, investment and financing, preparation of the business plan and introductions to investors.

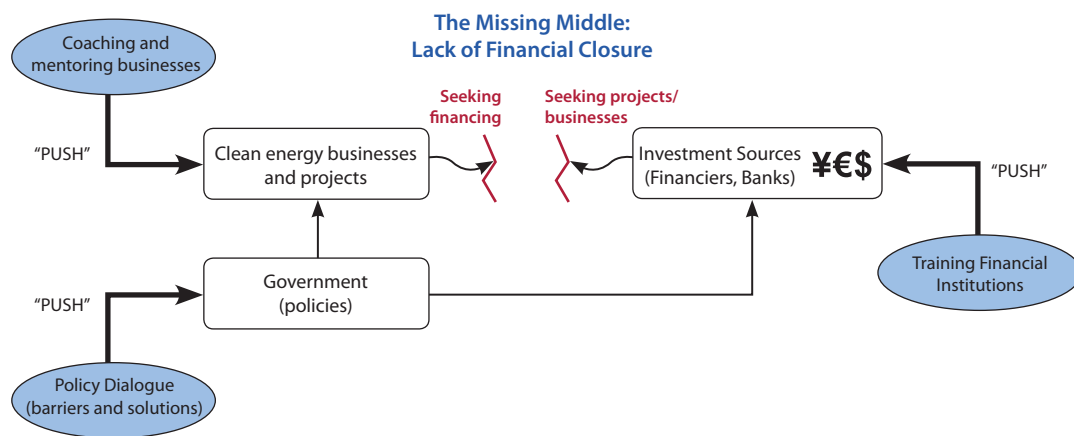
In order to expand access to private capital markets to supplement the increasingly short supply of public resources, CTI PFAN was initiated by the Climate Technology Initiative (CTI) in cooperation with the Expert Group on Technology Transfer (EGTT) of the UN Framework Convention on Climate Change (UNFCCC). CTI PFAN is designed to be an “open source” network to fit seamlessly with existing global and regional initiatives and to be inclusive of all stakeholders with an interest in clean energy financing.

CTI PFAN's goals are to accelerate technology transfer and diffusion under the UNFCCC, reduce greenhouse gas emissions, promote low-carbon, sustainable economic development, and help facilitate the transition to a low-carbon economy by increasing financing opportunities for promising clean energy projects. CTI PFAN accomplishes this by building a network of investors, entrepreneurs, technical experts and government representatives with a common goal of increasing the viability of clean and renewable energy.

The Missing Middle

Efforts to scale up investment in clean energy technology and businesses are often unsuccessful due to the problem of the “missing middle”: many clean energy entrepreneurs have good ideas but cannot find financing; while many investors in the clean energy sector have difficulties identifying and vetting attractive investment opportunities.

CTI PFAN seeks to bridge the gap – by coaching and mentoring emerging clean energy businesses; by developing a network of investors and financial institutions who are interested in and informed about the clean energy markets; and by presenting these investors with projects that have been screened for viability, sustainability and environmental and social benefits.



The CTI PFAN Network and its Services



CTI PFAN is an alliance of private sector companies, gathered under the umbrella of the CTI, all experienced in providing financing and financing services to climate-friendly projects. Participants include specialist investment funds, institutional investors, philanthropic and developmental investors, strategic and industrial investors, banks as well as financing advisory consultants, all of whom are interested in triple bottom line investments that account for social and environmental values along with financial returns.

CTI PFAN identifies promising clean energy businesses and projects at an early stage and provides mentoring for development of a business plan, preparation of an investment pitch, sourcing investment and growth strategy, significantly enhancing the possibility of financial closure.

Projects are selected based on seven key criteria – that they are competently managed, technically viable, economically viable, sustainable, environmentally beneficial, socially responsible and contribute to a reduction in green house gas emissions.

For those clean energy businesses that are selected, CTI PFAN offers a number of specific services, all of which are provided without charge:

- **Advice and Guidance** on overall project structure, financial structuring, sourcing of equity and debt financing, technical project aspects, business growth strategy, preparation and presentation of business plans.
- **Technical Assistance.** Limited funding may be available to selected projects for feasibility and technical studies.
- **Matching Projects with Investors.** Selected projects are introduced to investors via showcasing at Clean Energy Financing Forums organized by CTI PFAN and by direct introduction to network investors and other potential investment sources.

The CTI PFAN Review and Development Process

In order to qualify for CTI PFAN support, a project first undergoes a rigorous review process based on an initial application that includes a detailed project description, underlying project economics and other readily available relevant information. Once accepted into the programme, a project is assigned a CTI PFAN advisor or “coach” from the Network who steers the project through further review stages that are designed to guide the project sponsors through the financing process to financial closure. The exact structure of the review stages is tailored to the individual project, but the second stage concentrates on the project economics and underlying viability, while the third stage focuses more on technical and engineering aspects. The final two stages are aimed at problem solving, fine-tuning of the cash flows and fulfilling the necessary conditions required by the potential investor for converting offers into committed deals.

Experience and Track Record

CTI PFAN activities commenced in early 2006 and were conducted as a pilot programme up to September 2008. During this period 65 projects underwent initial review, with ten of these projects being formally accepted for receiving CTI PFAN support and inducted into the development pipeline.

During the pilot phase, three projects were guided to financial closure (a small run-of-river hydro-electric power station in Mexico, a bio-diesel refinery in Brazil and biomass pelletization in South Africa), raising a total of US\$ 40 million. The development pipeline is currently being expanded aggressively (see below) and further financial closures are anticipated in the near future.

At the end of 2008 CTI PFAN embarked on a major scale-up programme, which will run until the end of 2012, enabling a rapid expansion of the development pipeline and establishment of regional and in-country Networks and project development operations. Based on the proven track record and current leverage rate CTI PFAN aims to raise between US\$ 500-700 million of investment and financing for clean energy projects in economies in transition and developing countries over the next 3 years.

CTI PFAN Networks and Operations

CTI PFAN has global coverage through four regional networks which also include dedicated in-country networks in selected countries. As at December 2009 CTI PFAN works in the following regions / countries:

- **Latin America & Caribbean**
- **Asia** (including dedicated in-country networks in China, India, Indonesia and Philippines)
- **Africa** (including dedicated in-country networks in Mozambique & Uganda)
- **CIS & Eastern Europe**



Who Can Participate?

CTI PFAN generally targets projects that require total investment in the range of US\$ 1-50 million, though projects outside that range may be considered. All businesses must be able to demonstrate that the investments they seek will result in greenhouse gas (GHG) reductions and social and environmental benefits. CTI PFAN is technology-neutral, and works in a range of sectors, including but not limited to biomass, wind, waste-to-energy, geothermal, hydropower, tidal, solar, clean transport, and distributed generation. Energy-efficiency programs for the industrial or commercial sectors are also eligible. Outside the Clean Energy Financing Forums, free-form project proposals may be submitted to CTI PFAN at any time. Further information on submitting proposals is available at www.cti-pfan.net.

Clean Energy Financing Forums

In addition to the standard entry and development track CTI PFAN periodically organizes Clean Energy Financing Forums in various regions and locations (including regional forums in Asia, and Africa and national forums in Brazil, China, Indonesia & Philippines) to showcase selected projects to specially convened investors. Projects for the Forums are selected via calls for proposals. For information on upcoming Clean Energy Financing Forums and calls for proposals please go to www.cti-pfan.net.

CTI PFAN Benefits

For investment funds, institutional and industry investors and financial advisors, CTI PFAN provides a host of benefits. CTI PFAN Members have access to the CTI PFAN deal flow pipeline — a database of promising projects that have been pre-screened and mentored by investment and energy experts.



The businesses mentored by CTI PFAN partners implement projects that will yield significant reductions in fossil fuel use and associated greenhouse gas emissions along with a range of development benefits. By becoming involved, CTI PFAN's private-sector members work towards fulfilling their own companies' corporate social responsibility (CSR) goals and environmental mandates. For more information on CTI PFAN Membership, please go to www.cti-pfan.net.

CTI PFAN Funding Partners



CTI PFAN activities are funded by the CTI and other funding partners including the United States Agency for International Development (USAID), the Asia Pacific Partnership on Clean Development and Climate (APP), the Renewable Energy & Energy Efficiency Partnership (REEEP) and the International Center for Environmental Technology Transfer (ICETT).

The **Climate Technology Initiative (CTI)** is a multilateral initiative, currently functioning as an implementing agreement under the International Energy Agency, bringing together Australia, Austria, Canada, Finland, Germany, Japan, Norway, the Republic of Korea, Sweden, the United Kingdom and the United States. CTI fosters international cooperation in the accelerated

development and diffusion of climate-friendly and environmentally sound technologies and practices. More information is available at www.climatech.net.

The **United States Agency for International Development (USAID)** promotes long-term and equitable economic growth by supporting economic growth, agriculture and trade, including sustainable energy initiatives; global health; and democracy, conflict prevention and humanitarian assistance. USAID supports CTI PFAN through its Bureau for Economic Growth Agriculture and Trade (EGAT) in Washington, DC, as well as its Regional Development Mission for Asia (RDMA) based in Bangkok, Thailand. RDMA's ECO-Asia Clean Development and Climate Program (ECO-Asia) acts as the Regional Coordinator for CTI PFAN in Asia, and has initiated CTI PFAN country networks in China, Indonesia, and the Philippines. More information is available at www.usaid.gov.

The **Asia-Pacific Partnership on Clean Development and Climate (APP)** is an innovative effort to accelerate the development and deployment of clean energy technologies. APP partners Australia, Canada, China, India, Japan, Korea, and the United States work together with private sector partners to meet goals for energy security, national air pollution reduction, and climate change in ways that promote sustainable economic growth and poverty reduction. The Partnership focuses on expanding investment and trade in cleaner energy technologies, goods and services in key market sectors. Through the U.S. Department of State, the APP provides funding support for CTI PFAN activities in China and India. More information is available at www.asiapacificpartnership.org.

The **Renewable Energy and Energy Efficiency Partnership (REEEP)** is an international multi-stakeholder partnership which aims to accelerate the market for renewable energy and energy efficiency. REEEP is a non-profit, specialist change agent, with a primary focus on emerging markets and developing countries. REEEP initiates and funds projects with targeted interventions in two specific areas that offer the greatest potential for developing the market for sustainable energy: assisting governments in creating favourable regulatory and policy frameworks and promoting innovative finance and business models to activate the private sector. REEEP provides funding support for CTI PFAN activities in Mozambique and Uganda. More information can be found at www.reeep.org and www.reeegle.org.

The **International Center for Environmental Technology Transfer (ICETT)**, established in 1990 by Mie prefecture and Yokkaichi City with the active support of the Japanese national government, industries and academic circles, is contributing to international environmental conservation efforts by transferring Japan's accumulated technological and administrative know-how and experiences to developing countries, with an emphasis on meeting specific needs in each country. ICETT is the CTI secretariat and provides administrative and logistical support to CTI PFAN globally. More information can be found at www.icett.or.jp.

PFAN funding partners:



renewable
energy
& energy
efficiency
partnership

