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Unlocking Credit to Spur Clean Energy Investments: The Development Credit Authority

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Asia-Pacific Partnership on Clean Development & Climate

U.S. State Department

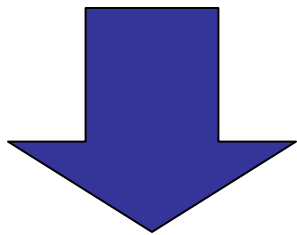
Asia Clean Energy Forum

June 27, 2007

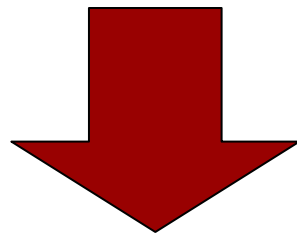


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Impact of Credit Guarantees



Risk Perception



Collateral Requirements

Longer-term Financing

Development Credit Authority (DCA)

- **True private sector risk-sharing**
- **Leverages local capital and financial resources**
- **50% guarantees reduce Moral Hazard**
- **Sustainability**

Development Credit Authority (DCA)

- **Additionality; Guarantor of Last Resort**
- **Demonstration Effect**
- **DCA most effective when linked to TA or Policy Reform**



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Four Tools

- Loan Guarantee (LG)
- Portable Guarantee (PG)
- Loan Portfolio Guarantee (LPG)
- Bond Guarantee (BG)

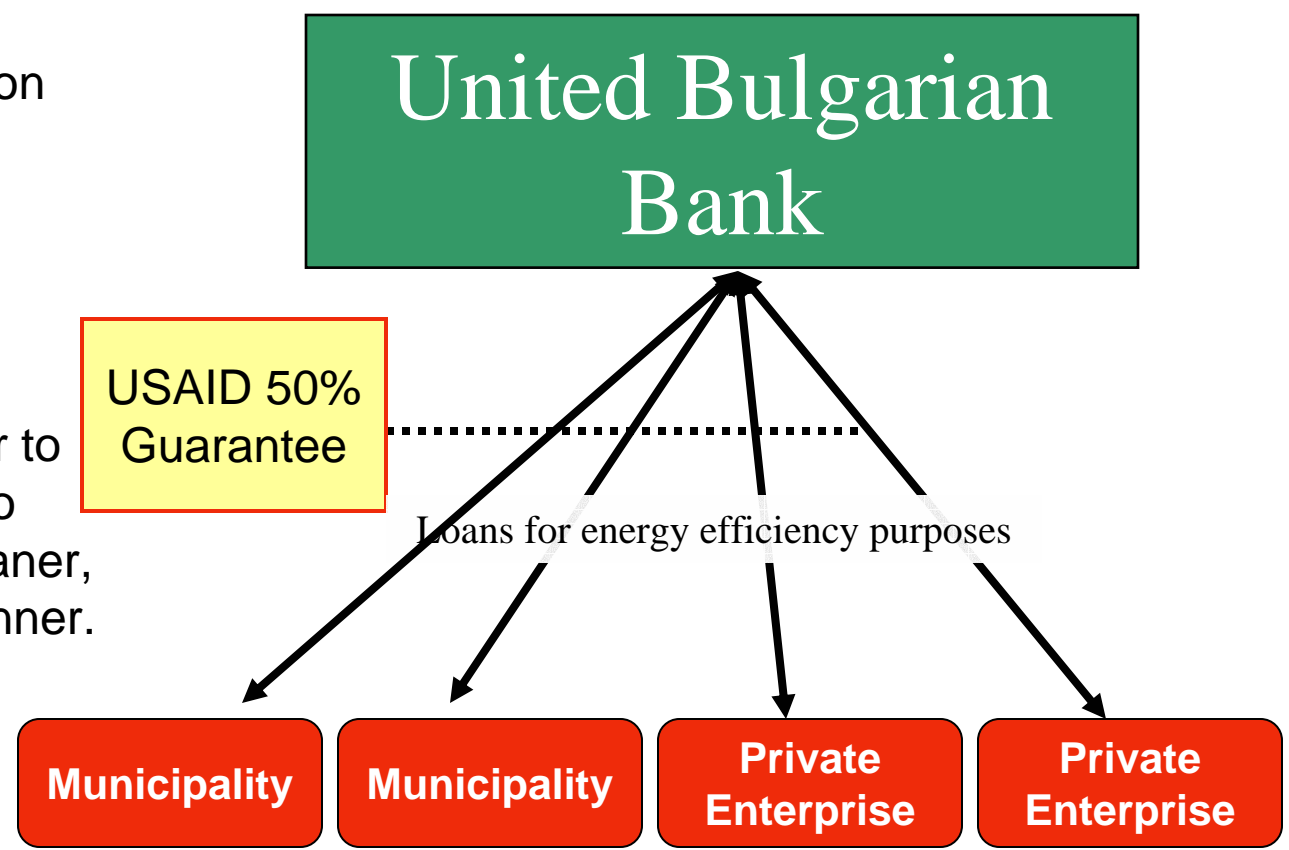
Bulgaria – Energy Efficiency Loan Portfolio Guarantee

Facility Size: US\$10 million

Term: 10 years

Development Goal: To promote investment in energy efficient technologies at the municipal level in order to enable municipalities to deliver energy in a cleaner, more cost efficient manner.

Purpose of Guarantee: To encourage private investment in the energy sector.



Cleaner Production and Energy Efficiency LPG

Summary –

Facility Size:

US\$10 million

- Term: 7 years with sub-loan tenors of 2 years.
- Qualifying Projects: Investments designed to encourage the adoption or expansion of cleaner production practices or environmental management plans while generating sufficient revenue to meet operating and debt service costs

Five Different Banks in Central America

BAMER

Banco Cuscatlan

Bancentro

Banco Cuscatlan de Panama

Lafise

USAID 50%
Guarantee

Loans for energy
efficiency purposes

Loans for cleaner
production purposes

**Forestry
enterprises**

**Tourism
enterprises**

**Agri-
businesses**



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Co-Guarantee Facility – Double the Leverage

