

Overview of PFAN – Private Financing Advisory Network
Outline presentation for Asia Clean Energy Forum
Manila 27.06.2007

PFAN was established as a PPP in support of UNFCCC objectives in 2006 by CTI, EGTT, UNFCCC and a number of private sector companies involved in Financing CE / RE Projects. PFAN is a new financing tool for facilitating access to financing for developers of climate friendly and technology transfer projects in developing countries. It currently operates as a pilot programme which we hope to expand and formalise going forward.

BACKGROUND TO ESTABLISHMENT OF PFAN (recurring findings of CTI work)

- Absence of sufficient public monies to make a meaningful impact on technology needs of developing countries
- Need for Targeted Capacity Building
- Essential role of Private Sector
- UNFCCC, EGTT & CTI Workshops in Montreal (Sep 2004) & Bonn (Oct 2005) (Participants from Developing Countries & Private Financing Sector)
- 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

WHAT IS PFAN?

- Informal Network of Private Sector Companies / Individuals under CTI Umbrella in support of UNFCCC. Common interest / involvement in providing finance & financing services to climate friendly projects:
 - ⇒ Specialist Investment Funds / Institutional Investors (FE Clean Energy Group / La Guardia Foundation)
 - ⇒ Consultants / Advisors (PPL International / E & Co / Private Consultants)
- Looking for other Private Sector Companies to expand the network all the time (Investors / Developers / Manufacturers / Operators etc)
- Offers a **free** consulting service to project sponsors & developers to help prepare bankable project and financing proposals meeting the standards of private sector financing communities.

- **Aims:**
 - ⇒ Knowledge & know how transfer
 - ⇒ Technical Assistance
 - ⇒ Interface between Public & Private Sectors
 - ⇒ Increase the number of bankable renewable energy / climate friendly projects and help get them to financial close.
- **WHAT SERVICES DOES PFAN OFFER?**
- Advice & Guidance
 - ⇒ Overall Project Commercial Structure & Design / Financing Structure. Sourcing & Procurement of Financing.
 - ⇒ Technical & Engineering Advice
 - ⇒ Achievement of Conditions Precedent / Trouble Shooting
- Technical Assistance
 - ⇒ Contribution to costs of technical studies etc
- Contact Broking & Introductions
- **Money / Financing** – directly from PFAN Members
- PFAN Services are provided *free* to the project developer / sponsor (subject to acceptance into pipeline & agreement of the conditions). Cost of providing the PFAN Services is absorbed by CTI & the Network members.

CURRENT ACTIVITIES / SAMPLE PROJECTS OF THE PILOT PHASE

- 8 Projects currently in the Programme (some 50 projects reviewed; 10 – 15 of these could have been suitable for support)
- 1st Project about to reach Financial Close in June-July 2007
- Sample Projects
 - ⇒ Small Hydroelectric Power Station in Mexico (8,5 MW / USD 17 mio)
 - ⇒ Bio Diesel Refinery in Brazil (66.000 tpa / USD 18 mio)
 - ⇒ Small Hydro in Chile (5,6 MW / USD 5 mio)
 - ⇒ Biomass in Chile (8 MW / USD 14 mio)
 - ⇒ Wind Farm in Chile (20 MW / USD 30 mio)
 - ⇒ Small Hydro in Chile (6,3 MW / USD 10 mio)
 - ⇒ Photovoltaic in South Africa (10 - 20 MW)
 - ⇒ Clean Coal in Botswana (400 MW / USD 600 mio)

- Completion of Pilot Phase during 2007
 - ⇒ 2 – 3 more financial closures during 2007
 - ⇒ 4 – 8 new projects (assuming existing resources & capacity)
- Fund raising to secure future of PFAN beyond 2007 and expand activities
 - ⇒ Expand programme resources and processing capacity

PLANS FOR THE FUTURE (If new funding is available)

- Expand PFAN Network & Processing Capacity
- Bring in new members – Investors & Advisors
- Formalise Network organisation & coordination / administration
 - ⇒ Set up regional organisation / networks
 - ⇒ Latin America / Africa / Asia / Eastern Europe & CIS
- Expand & formalise project identification & selection processes
 - ⇒ Call for projects (regional / global)
- Examine / test mechanisms to make programme self-sustaining
 - ⇒ Success fees
 - ⇒ Others

SOME CONCLUSIONS

- PFAN is proving to be a useful instrument particularly for smaller to mid size projects (USD 5 – 50 mio).
- Financing is not a bolt on extra (needs to be developed as an integral part of the project).
- There are a lot of good projects out there that could access private sector financing if they were presented appropriately. PFAN seeks to address that challenge and fill that market gap.
- PFAN will be pleased to receive new project proposals resulting from Asia Clean Energy Forum and / or to expand its network with market participants in the Asian region.



A full presentation on PFAN is available on the Asia CE Forum website. Fact sheets summarising the PFAN Programme will be available at Session 10 of the Forum. Further information on PFAN is available at www.climatetech.net or please contact peter.storey@ppl-int.com (PFAN Coordinator).