

ECAs and Exim Banks role in supporting Clean Energy in Asia

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Background

- ⚠ **Exim Banks should be prepared for a significant increase in investment in the RE/EE[†] sector in Asia**
 - ⚠ **Asian corporates increasingly active players**
 - ⇒ **Equipment suppliers**
 - ⇒ **Civil contractors**
 - ⇒ **EPC Contractors**
 - ⇒ **Investors (i.e. outward investment)**
 - ⚠ **An important role for ECAs and EXIM Banks in supporting imports, exports and investments relating to the RE/EE sector**
 - ⚠ **ECAs / EXIM Banks act as a bridge between DFIs and private sector finance**
 - ⚠ **Exporters increasingly required to meet buyer energy efficiency and emissions requirements**
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Issues for ECAs / EXIM Banks

- ❖ **An increasing role for the private sector (corporates and project finance structures)**
 - ❖ **ECAs / EXIM Banks need to understand project risks – two important areas**
 - ⇒ Technology issues
 - ⇒ Sector reliance on policy and incentives
 - ❖ **Need for ECAs / EXIM Banks to develop risk analysis tools**
 - ❖ **‘Carbon’ introduces a new dimension to projects**
 - ⇒ Fundamentally this is a project cashflow
 - ⇒ Greater confidence in this income stream will allow its inclusion in project economic analysis
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The ECA / EXIM Bank Toolkit

- ❖ **A scale up in the application of traditional products to RE/EE sector and potential expansion of role**
(noting that there are some constraints due to constitutional mandate)
 - ⇒ **Traditional bonding facilities – bid, performance, advance payment etc.**
 - ⇒ **Products that help prepare exporters – working capital facilities and ‘export development financing’**
 - ⇒ **Import financing**
 - ⇒ **Export financing and insurance**
 - ⇒ **Investment loans and guarantee products**
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Innovate and Cooperate

- ▣ **Potential for innovation / evolution of products to match market needs**
 - ⇒ 'Carbon bonding' products – e.g. performance bond on delivery of CERs
 - ⇒ Insurance of policy / host country approval for CERs
 - ⇒ Longer term maturities – now available under OECD Arrangement
 - ▣ **Opportunities for EXIM Bank / ECA Cooperation**
 - ⇒ Cooperation opportunities among EXIM Banks, DFIs and private finance
 - ⇒ EXIM Banks natural facilitators / 'fronter' for local currency financing e.g. provision of local currency finance for a third country EXIM Bank / ECA
 - ⇒ Regional / international cooperation agreements / frameworks
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