



**APEC – EVO Development of  
“IEEFP” in Thailand & Mexico**



**The EVO International Energy Efficiency  
Financing Protocol (“IEEFP”)**

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*One of the most significant barriers to widespread implementation of clean and proven energy efficient technologies around the world is the lack of reliable and commercially-viable financing to:*

- End Users
- Developers (includes “ESCOs”)
- Contractors
- Manufacturers and Vendors



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### **Reason for Financing Barrier**

- **Problem is NOT a lack of available funds!**
- **Problem is getting access to available funds at Local Financial Institutions (“LFIs”)**
- **Caused by a Disconnect with LFIs’ current “asset-based” lending practices**



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### “Disconnect” is that LFIs typically:

- Are accustomed to providing “asset-based” lending at 70%-80% of the market value of assets being financed, or other collateral.
- Do not recognize the Cash Flow generated by EE projects as a new asset to be valued in the financing structure (credit enhancement).
- Are not familiar with the intricacies of financing EE - creating a perceived high-risk lending profile for EE projects.



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### **“Disconnect” is that LFIIs frequently:**

- **Do not have the internal capacity to properly evaluate EE risks/benefits nor to structure their financing in market-acceptable ways.**
- **Are unwilling to invest the time and resources needed to develop the internal capacity due to relatively small dollar size of each project.**
- **Experience market conditions that preclude commercially-viable financing to EE (high interest rates and short repayment terms).**



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### No immediate solution!

- **Most energy efficiency markets are not developed/organized enough to motivate LFIs to invest in a new EE product line.**



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### *Proposed EVO Solution:*

**Develop an International Energy Efficiency  
Project Financing Protocol (“IEEFP”) that:**

- becomes “blue print” for LFIs to finance EE projects in international markets
- leverages current “IEEFP” framework



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# What is in the “IEEFP”?

## NOT BORROWER FOCUSED!

- Focuses on the “Savings Value” of EEPs for loan repayment and credit capacity review
- Trains LFIs on the intricacies of financing EEPs
- Creates procedures/guidelines for evaluating and assessing benefits/risks of financing EEPs
- Creates sustainable lending infrastructure at a “grassroots” level within local Economies.



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### ***“IEEFP” - Standardization***

- **Provides Minimum Criteria for EEP lending ratios/terms and use of “proven” technologies**
- **Develops generic terms and conditions to be included in various financing agreements (Savings M&V, Commissioning, Warranties)**
- **Develops and mandates use of standardized savings protocols based on “IPMVP”**
- **Creates training manuals, workshop materials and case studies for LFIs**



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### *Benefits of IEEFP*

- **Creates a Commercial Lending Sector for financing EEPs that will be sustained!**
- **Trains Local/Regional Staff of LFIs to finance EEPs - “Capacity Building”**
- **Eliminates Currency Devaluation Risk barrier**
- **Permits Aggregated Financing of EEPs**
- **Delivers long term Energy & GHG reductions**



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### *IEEFP Development for APEC*

- **Develop an IEEFP in two APEC Economies to standardize and accelerate financing of Energy Efficiency Projects – “Mexico and Thailand”**
- **IEEFP becomes the “blue print” for training Local Financial Institutions to finance EE Projects throughout APEC Economies.**