



UNEP Energy Finance Initiatives: Mobilizing Clean Energy Investment

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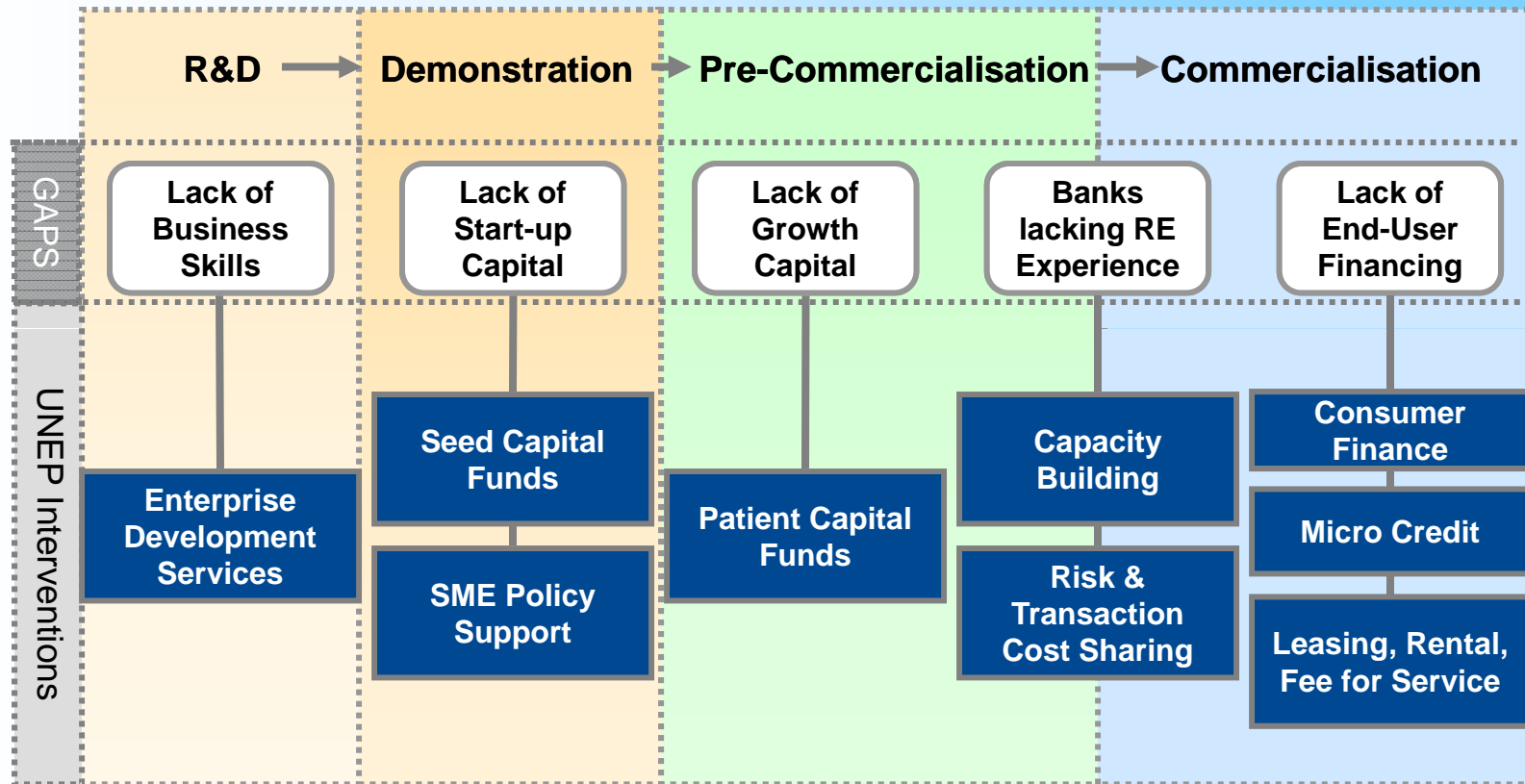
UNEP Energy Finance Unit – Intervention Approach

- ✓ Remain technology neutral, opportunistic and focused on innovation
- ✓ Target decision makers in government and industry
- ✓ Work with and through local partners, strengthening capacities in the process
- ✓ “Test-run” innovative approaches for larger adoption by others

UNEP’s “Idea Lab” for Clean Energy Finance...



UNEP Clean Energy Finance – Gaps and Interventions



Working to build a continuum of financial services to foster clean energy technologies and business models.



UNEP Clean Energy Finance – 5 Key Activity Areas

- 1) Enterprise Development and Seed Capital**
 - Enterprise Development Services for Clean Energy SMEs
 - Scaling up access to Early Stage/Seed Capital for RE projects
- 2) End-User Finance for Small Scale Clean Energy**
 - Helping local banks/microfinance institutions develop new lending products
 - Leveraging existing networks, building new market linkages
- 3) Risk Management and Transaction Support**
 - Building project evaluation/due diligence skills of FIs and investors
 - Triggering innovative financial risk management approaches
- 4) Scaling up Access to Carbon Markets**
 - Carbon Finance capacity building
 - Sharing the cost of project development
- 5) Industry Engagement**
 - Capacity Building through E-Learning Courses
 - Developing the agenda of FIs through yearly research projects

Maximising “private leverage” of public funding.



#1: Enterprise Devmt / Seed Capital – Rural Energy Enterprise Development (REED)

- Enterprise development and seed financing to clean energy entrepreneurs in developing countries
- Operating in five countries of West and Southern Africa (**AREED**), Northeast Brazil (**B-REED**) and China's Yunnan Province (**CREED**)
- Training, hands-on **business development assistance and early-stage investment** for energy enterprises
- **Helping** young enterprises **attract commercial capital**

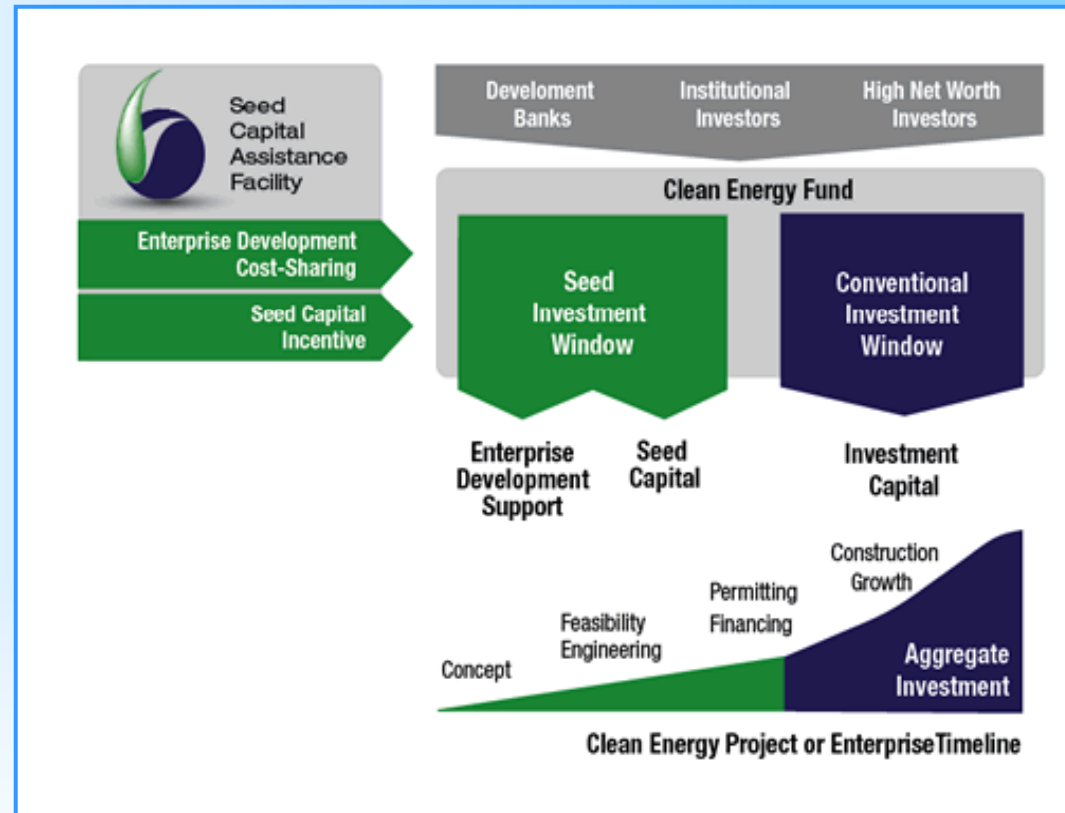


Addressing the “risk capital gap” through enterprise development services and seed capital support.



#1: Enterprise Devmt / Seed Capital – Seed Capital Access Facility (SCAF)

- Helping commercial investors play a more proactive role in clean energy technology development
- Partnership with Asian Development Bank (ADB) and African Development Bank (AfDB)
- Working with Private Equity Funds in East Asia, South East Asia and Africa

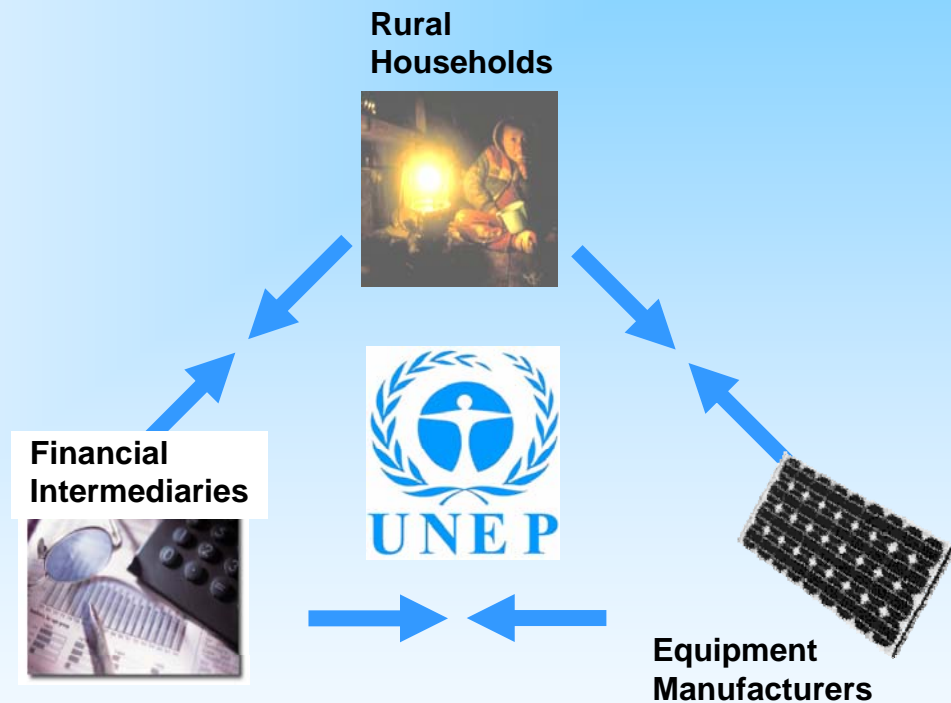


Changing investment attitudes by supporting the creation of seed investment windows.



#2: End-User Finance – India Solar Loan Programme

- Partnership with 2 of India's largest banks
- Working with over 2,000 local bank branches
- More than 20,000 solar PV systems financed
- More than 100,000 people provided with solar lighting
- Replicated by more than 20 banks
- Awarded 2008 Energy Globe



Leverage existing networks, build new market linkages.



#2: End-User Finance – PROSOL - Bank Partnership Tunisia

- Goal: create a long-term market for solar thermal
- Components: loan mechanism, carbon finance, capacity building, awareness raising
- Helped 35,000 families finance Solar Water Heaters
- Increased size of Tunisian SWH market x 8
- Currently being replicated in 7 countries world wide



Market development with a business face.



#3: Risk Mgmt / Transaction Support - Project Examples

Wind Reinsurance Facility for China and South East Asia

- Partnership with Marsh, Ascot Renewco
- Feasibility study on of Reinsurance Facility for large and medium scale wind farms

Insurance Products for Credit risks in Biomass Projects

- Partnership with IFFCO-Tokio, NIC and ICICI
- Assessment of risk management products to address the credit and crop price fluctuation risk

Investment Advisory Facility

- Targeted evaluation and due diligence support for proposals in the sustainable energy sector
- Helping FIs develop skills to evaluate RE projects independently

Triggering innovative risk management approaches.



#4: Scaling up Access to Carbon Markets Project Examples

- **“Capacity Development for CDM” (CD4CDM):**
 - Multi-stage, Dutch funded project
 - Inception: mid 2002. Phase I: 12 countries, Phase II (completion Dec. 2008): 9 countries
- **“Carbon Finance for Sustainable Energy in Africa” (CF-SEA):**
 - Funding by UNF/World Bank
 - Five SSA countries
 - Completion Oct. 2008
- **Energy-Sector CDM Capacity Building:**
 - GTZ/BMZ funding. Five SSA francophone countries
 - Inception Sept. 2007
- **“Carbon finance for Agriculture, Silviculture, Conservation, and Action against Deforestation” (CASCADe):**
 - Inception March 2007
 - Focus on Forestry/Bioenergy projects
 - Seven SS African francophone countries

Helping 30+ LDCs access carbon finance.



#5: Industry Engagement The SEF Alliance



- **Specialised research**
 - 2008: Venture capital study, Impact assessment report
 - 2009: Public loan guarantee / credit enhancement study, research on the economic and job creation impacts public finance programmes
- **Exchange and communications**
 - Call seminars with leading authorities
 - Facilitated member exchanges on topics of mutual interest and expertise
- **Collaborative Platform**
 - Global peer mapping
 - Outreach to developing country FIs
 - New programme development assistance
- **Contributions to climate negotiation process**
 - Cited in multiple documents used in Poznan COP 14
 - Expert perspectives on Post-2012 public finance for sustainable energy

Annual meeting: October 15-17, 2009 in Salzburg, Austria.



Thank You!

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