



IFC and Sustainable Energy Finance Advisory Services

IN PARTNERSHIP WITH



WHAT WE DO

IFC, a member of the World Bank Group, focuses on the private sector to promote growth, reduce poverty, and improve people's lives in developing countries. IFC is the world's largest multilateral financier for companies that do business in emerging markets. We finance and advise clients to support profitable and sustainable business development in these markets.

IFC's Access to Finance Advisory Services (A2F) help increase the availability and affordability of financial services for individuals and micro, small, and medium enterprises.

SUSTAINABLE ENERGY FINANCE



Sustainable Energy Finance (SEF) is a joint product of Access to Finance Advisory Services (A2F) and Financial Markets (FM) to support financial intermediary lending to clean and resource-efficient projects as well as renewable energy investments in emerging markets. This lending helps corporations, small and medium enterprises (SMEs), and households to reduce use of fossil fuels, improve efficiency in energy and water use, enhance productivity in business operations, and increase access to clean energy sources (solar, wind, hydro, and biomass). The goal is to promote sustainable and low-carbon growth in developing countries and reduce green house gas (GHG) emissions-- the cause of climate change and global warming effects.

The SEF product addresses the following key barriers in emerging markets:

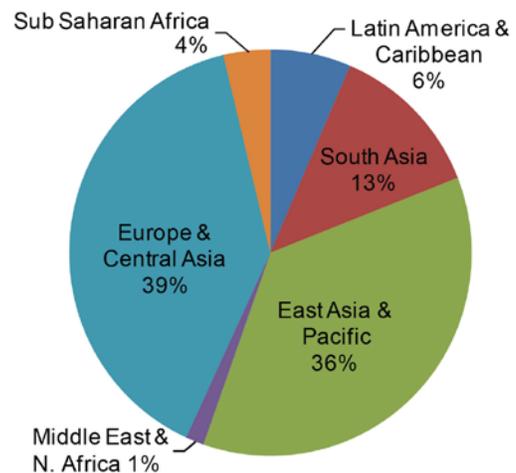
- Weak policy environment to encourage low-carbon growth and green investments by the private sector;
- Limited information of clean and efficient technology options and associated benefits of SEF investments by companies and end-users;
- Limited access to long-term finance by corporations and SMEs;
- Unfamiliarity of financial intermediaries (FIs) with green growth and climate change financing business, combined with limited technical capacity to test and develop a new business line and products

OUR PORTFOLIO

To date, IFC has provided SEF Advisory Services to 47 FIs. As of June 2012, the active SEF advisory portfolio has facilitated partner banks to disburse 1,270 SEF loans totaling nearly \$2.5 billion. Projects range from building retrofits, modernization of manufacturing equipment, co-gen and waste heat recovery, to renewable energy technologies such as solar-assisted air conditioners, solar heaters, biogas digesters, and small hydro, among others.

By the end of fiscal year (FY) 2012, SEF Advisory includes 31 active projects in various regions with a total multi-year budget of \$68 million. IFC's largest SEF interventions are in Europe & Central Asia (Russia, Ukraine, the Balkan countries (Albania, Bosnia and Herzegovina, Croatia, Kosovo, FYR Macedonia, Montenegro and Serbia) and East Asia and the Pacific (China, Philippines, Indonesia, Vietnam). The program is expanding in South Asia (Bangladesh, Nepal, Sri-Lanka, India), Latin America (Mexico, Brazil), and Africa (Kenya, South Africa).

Regional Composition of SEF Advisory Portfolio, FY12



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IFC ADVISORY SERVICES

HOW WE HELP

IFC's Sustainable Energy Finance Advisory enables market transformation through:

- Supporting regulatory improvements for energy efficiency and renewable investments;
- Building partnerships with technology suppliers, auditors, vendors, Energy Service Companies (ESCO) networks;
- Developing internal capacity for FIs and supporting their pipeline development for SEF lending.

The core part of SEF Advisory in A2F is to help FIs understand SEF market opportunities and develop their strategy and products for each SEF market segment, such micro, retail, corporate, SME segments, industrial, residential, commercial retrofits, grid and off-grid clean energy supply, and others. SEF Advisory also provides FIs with tools and training on SEF business development, project screening, working with market players, and SEF impact reporting. Sector studies and technical guidelines on SEF investment opportunities are also produced and disseminated to both bankers and firms.

Wherever FIs need financial support, SEF advisory services are combined with investment from Financial Markets. IFC investments in SEF are often designed to address liquidity constraints or risk perceptions of FIs in emerging markets through credit lines or unfunded risk sharing facilities.

- **The China Utility Energy Efficiency Project** supported three local banks in building their SEF business at scale. As of June 2012, 175 SEF loans were disbursed with a total volume of \$763 million, facilitating total investment of \$1.7 billion by private sector firms and achieving a saving of 16,400 GWh per year and annual GHG emission reduction of nearly 19 million tons CO₂e.
- **The Russia Sustainable Energy Finance** project has worked with 12 commercial banks over the last six years. The partner FIs extended loans to 272 projects of SMEs with \$242 million worth of loans, resulting in electricity savings of 1,805GWh per year. IFC is also working in the Balkan countries (Albania, Bosnia and Herzegovina, Croatia, Kosovo, FYR Macedonia, Montenegro and Serbia) to improve business environment for small renewable investments, such as tariff incentives, power purchase agreements, sector standards, etc. and help the local banks to overcome both technical and financial barriers in building their renewable business.
- **The Philippines Sustainable Energy Finance** project has supported two commercial banks in energy efficiency and renewable lending. As of the end of June 2012, 48 loans were disbursed with a total value of \$190 million and achieved annual reduction of 640,000 tons of CO₂e.

Our Partners support IFC's Access to Finance Advisory work globally:



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