

Facilitating Access to Finance for Energy Efficiency and Renewable Energy Investments in the MENA Region

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IFC at a Glance



IFC FY14 Highlights*

IFC Financing: US\$ 22.4 bn

Investments: 599 new projects in 98 countries

* FY end June 30.

IFC's Three Businesses

Investment Services

Advisory Services

IFC Asset Management Company

Member of the World Bank Group

- Largest multilateral source of financing for Emerging Markets' private sector
- Founded in 1956, currently with 184 member countries
- AAA rated by S&P and Moody's
- 3 Main Businesses: Investment Services, Advisory Services and Asset Management Company (AMC)
- Takes market risk with no sovereign guarantees
- Promoter of environmental, social, and corporate governance standards
- Resources and know-how of a global development bank + flexibility of investment bank
- Holds equity in over 800+ companies worldwide
- More than 104 offices worldwide in 95 countries

- I. Where is the Opportunity for Financial Institutions
- II. IFC Experience Proposal for Partners

What IFC means by Support of Clean Energy Finance?

Providing financial products and/or advisory for FIs in following areas:

Energy Efficiency (EE)

- Investing into fixed asset to reduce energy bill of end-users through increased efficiency of energy use (15% minimal threshold)
 - *Home EE renovation loans, SME loans, Corporate EE finance etc.*

Renewable Energy (RE)

- Investing into technologies generating power or heat from renewable resources
 - *Project finance: Hydro power plants, wind, solar etc.*

Cleaner Production (CP)

- Investing into technologies minimizing waste and emissions from industrial processes and maximizing product output, including water efficiency
 - *Improved industrial processes, waste water treatment, water efficiency*

Other, Cross-Cutting Areas

- *Transport - supporting close-to-zero emissions vehicles*
- *Green Buildings, ESCOs, Supply-chains, general sustainability, etc*

The Business Opportunity - Market Driven

- Response to energy scarcity and increasing energy prices, energy supply security
- Regulatory/Tariff support for EE/RE technologies
- New technologies available to save energy costs and to produce clean, renewable energy
- Gradual need for retrofits/upgrade of essential systems including buildings and SME/corporate premises

What Opportunities are there for your FI?

Expanded market share through new business line:

- Innovative product/first mover advantage
- Sell to customer on value, not only pricing
- Monetize existing client base, attract new clients
- New marketing channels, vendor partnerships

Improved risk profile of portfolio:

- Energy cost savings as a part of cash-flow
- Project finance with prudent risk evaluation (RE)

Positive social and environmental impacts:

- Enhanced brand reputation, PR opportunities

SEF opportunities can be found across many economic sectors and all banking segments

Sector	Potential Borrower	Energy Efficient / Renewable Energy Equipment	Typical Banking Segment Interface
Agriculture	Farmers, Cooperatives, Supply chains	Biomass/biogas digesters, Drip irrigation systems, efficient and/or solar/biogas powered pumps, Efficient agro-machineries, storage facilities	MF and Retail for Farmers, SME and Corporate depending on company size. Leasing
Residential/ Retail	Builders, home owners, home owner associations, individual households	Solar water heaters, wall/roof insulation, Water-saving shower heads, Solar lighting, CFL, improved cook stoves, water purifiers, efficient refrigerators, efficient HVAC units, double glazing	Mainly MF and Retail for households, SME and Corporate depending on size. Real estate leasing
Commercial	Housing complexes operators, maintenance companies; Housing developers, Property Operators	Heating and ventilation equipment, Control and metering systems, Electricity peak-load control systems, Air-conditioners, Heat pumps, solar water heaters	Corporate and SME. Leasing for major equipment.
Municipal	Municipalities, district heating companies, street lighting operators, public buildings operators	Boilers for district heating as well as for public/municipal buildings, Heat exchangers, pipes for infrastructure projects, Cogeneration units, Complex EE projects	Mainly SME and Corporate, Public Finance
Industrial	Industrial companies, SMEs and MSMEs	Energy efficient production lines, Waste heat recovery devices, Heating systems upgrades, Efficient boilers and heaters, Fuel switching (from coal to gas or biomass), Electricity peak-load control systems, Cogeneration units	SME and Corporate. Leasing for major equipment
Renewable generation	Project developers, Corporates/SMEs	Wastes to energy (wood waste etc.), production of fuel, biogas, biodiesel, solar (PV and thermal), hydro and wind power, geothermal	Corporate and SME lending on captive generation. Project Finance for grid attached RE plants. Specialized insurance product for solar PV

EMENA SEF program: Over \$50m annual energy savings

 TCB Bank 2011	 LOCKO-Bank 2010	 Credit Bank of Moscow 2010	 Center-Invest Bank 2010 2008	 NBD Bank 2008	 MDM Bank 2008 2007	 URSA Bank 2008
 SME Bank 2011	 Prime Finance Bank 2009	 Agropromcredit Bank 2009	 Tatfondbank 2007			
Ukraine  Erste Bank 2010	Belarus  MTBank 2011	Armenia  Ameriabank 2010	Jordan  Tamweelcom 2011	Lebanon  Banque Libano-Francaise 2012	Jordan  Ejara Leasing 2013	Lebanon  Fransabank 2014

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IFC Value Proposition for Climate: Combination of



Investment Products & ... tailored to the needs of diverse markets

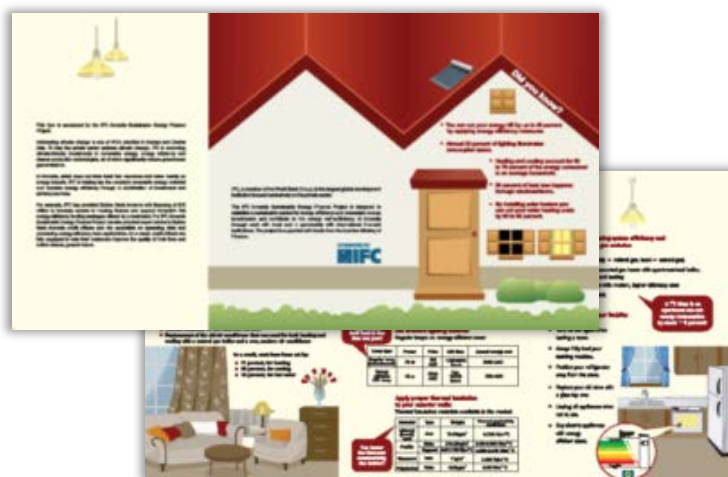


.... & Advisory Services

designed for help to build a profitable climate business



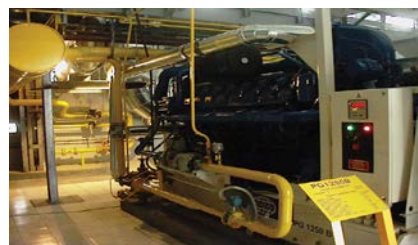
Residential Energy Efficiency Offering



As Residential EE transactions are normally small in size, they are normally best suited for the Retail and Microfinance segments

- Due to high replicability of these transactions, the first option is usually the production of financial products with marketing/information material available in branch, although the marketing channels can vary considerably depending on local context
- Use of aggregators - ESCOs/consultants, equipment suppliers, Municipalities, larger retail chains - with different partnership models available
- Typical EE measures to include solar water heaters, efficient lighting/heating/cooling equipment, domestic equipment, wall/roof insulation, double glazing and smaller solar PV installations

EE Credit Lines in the SME/Corporate Segments



Typical equipment financed by Banks in the MENA region include:

- Energy efficient production lines
- Waste heat recovery devices
- Heating/cooling systems upgrades
- Efficient boilers and heaters
- Electricity peak-load control systems
- Cogeneration units

These opportunities are present in all industrial and commercial sectors of MENA's economy

These are familiar sectors for Commercial Banks already, best fitting Corporate, SME, Leasing and Islamic Banking operations

RE Financing



Main renewable energy equipment to be financed:

- Solar water heaters (“SWHs”)
- Biogas/Landfill gas (cogeneration) units
- Solar photovoltaic (“PV”) units
- Concentrated solar power (“CSP”) plants
- Wind farms
- Hydro power plants

Best fitting SME, Corporate and Leasing operations, depending on type and size of projects



Sustainable Energy Finance for Rural Banking



Borrowers in the Rural sector include farmers, cooperatives, supply chains operators

Potential projects include installation / replacement of the following equipment:

- Biomass/biogas digesters
- Irrigation systems
- Efficient and/or solar/biogas powered pumping
- Efficient agro-machineries
- Cold storage facilities
- Rural (off-grid) power solutions

Financial products cutting through Microfinance, SME, Corporate, Rural and Islamic Banking operations



Energy Performance Insurance

An EPI is an instrument that a service provider (equipment supplier/ESCO etc.) or end-beneficiary can procure to hedge against underperformance of EE/RE installations

- The insurance premium is priced based on the expected energy savings/energy generation
- If the guaranteed EE savings/RE generation are not met, the insurer compensates the end beneficiary for the shortfall

With the technology risk mitigated, financial institutions “only” need to evaluate the payment/credit risk of the client, which is their core business

An EPI is a good fit for both ESCO’s and vendor’s EE implementation needs:

- Currently, ESCOs are using their own equity to absorb any EE implementation risk, which is limited and finite. EPI will help to secure external debt and allow them to upscale
- Equipment vendors are looking to expand their offering to clients but are reluctant to guarantee their sub-contractors. With an EPI, vendors can offer service as well as performance contracts without taking on additional risks

The IFC Team is Ready to Meet your Needs

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