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# How IFC mobilizes long-term finance for climate change mitigation projects in Southeast Asia

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# Climate Investment Funds (CIF)

	Clean Technology Fund (CTF)	Pilot Program for Climate Resilience (PPCR)	Forest Investment Program (FIP)	Scale-up Renewable Energy Program (SREP)
<b>Objective</b>	Scale-up deployment of clean technologies to “transform” markets towards low carbon growth	Climate Adaptation: integration of climate risk and resilience into development policies and planning	Forestry projects: reduce emissions from deforestation and forest degradation (REDD)	Small scale RE in low income countries
<b>Total Funds*</b>	\$4.1 BN	\$927 M	\$529 M	\$294 M
<b>Donors</b>	Australia France Japan Germany Sweden Spain US UK	Australia Canada Denmark Germany Japan Norway US UK	Australia Denmark Japan Norway US UK	Japan Netherlands Norway Switzerland US UK
<b>Target Countries</b>	Mexico Turkey Morocco Ukraine South Africa Kazakhstan Philippines Regional : MENA CSP	Bangladesh Bolivia Cambodia Mozambique Nepal Niger Regional programs: Caribbean, South Pacific	Burkina Faso Ghana Indonesia Laos Peru DRC Mexico Brazil	Ethiopia Honduras Kenya Maldives Mali Nepal Reserve: Tanzania Armenia Liberia Mongolia Yemen Pacific Region

\* Dollar equivalent as of June 2010. Some contributions in Euros or other currency.

# Climate Investment Funds: IFC Allocation (in US\$ million) for East Asia (Investment and Advisory)

	Country	Total IFC Allocation	IFC – IS Allocation	IFC – AS Allocation
CTF (Mitigation)	Indonesia <sup>2</sup>	74.5	TBD	TBD
	Philippines RE	19.5	19.0	0.5
	Philippines SEF	9.6	8.75	0.8
	Thailand RE	39.5	39.0	0.5
	Thailand SEF	29.5	28.5	1.0
	Vietnam RE <sup>2</sup>	39.5	TBD	TBD
	Vietnam SEF	29.4	28.0	1.4
FIP (Forestry)	Lao PDR	3.3	0	3.3
	Indonesia <sup>3</sup>	TBD	TBD	TBD

<sup>2</sup>Allocation split between IS and AS is yet to be determined by regional teams.

<sup>3</sup>Country plan under development.

# IFC's Principles for Deploying Blended Finance

## Moves beyond IFC additionality

- Should be projects that both client and IFC could not do without support
- Used to “de-risk” projects for the market
- Targeted to risks that are appropriate for private sector to bear (not risks that ought to be assumed by public sector)

## Avoids market distortion

- Provide minimum “subsidy element” in financing to enable greater probability for sustainability & market transformation
- Maximize leverage of private sector; ensure private risks born by private sector

## Leads to sustainability

- Limited in time (e.g.: 5-8 years) but offered until market/track record is established
- Targeted approach for specific barriers (risk and cost) inhibiting investment
- Link with Advisory Services: Broaden impact and achieve market transformation

## Upholds transparency

- Cost effectiveness to achieve development impact
- Governance: governance structure which manages inherent conflicts of interest in funding structuring and decision making

# Climate Finance-Related Programs in ASEAN\*

## Energy - Resources - Food Security Nexus

- Clean Energy/Renewable Energy\*\*
- Sustainable Energy Finance\*\*
- Green Building
- Resource Efficiency
- Water
- Agriculture (commodity supply chain, post-harvest, warehousing)

\* Indonesia, Philippines, Vietnam

\*\* Clean energy and SEF only in Thailand

# Sustainable Energy Finance Program

## Barriers:

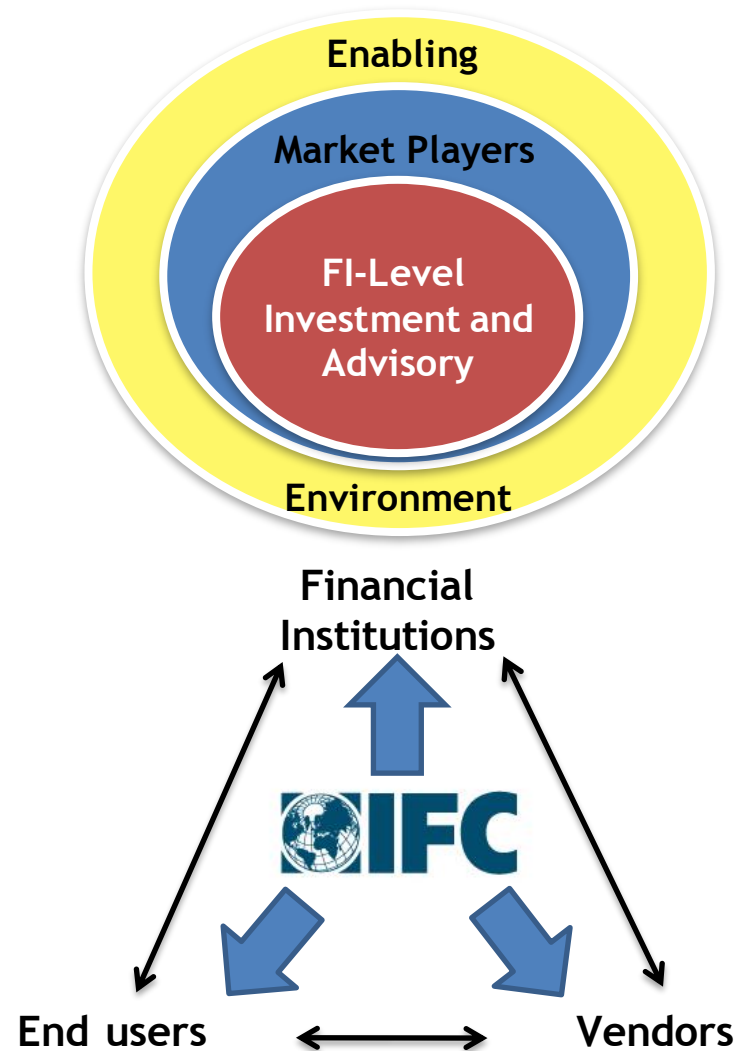
Lack of or limited financing and capability of FIs to process SE deals.

Lack of awareness and technical capacity to take advantage of EE measures.

Inaccurate risk perceptions from asset owners, users, and lenders.

## Objective:

To increase access to local sources of financing for sustainable energy (SE) projects in order to stimulate private sector investment and reduce greenhouse gas emissions



# Vietnam EECF Financing Program

Prime Minister's Decision Number 1427/QD-TTg

National Target Program on Energy Efficiency and Conservation (EE&C) (2012-2015)

Sector	Energy use expected to be avoided oil equivalent/Year	(t Energy use expected to be avoided (MWh/Year)	Annual GHG avoided (tCO2e/Year)	GHG avoided for the whole life time 10 years (million tCO2e)
Steel	171,000	1,108,231	525,925.37	5,259,253.66
Cement	584,000	3,784,835	1,796,142.77	17,961,427.69
Textile	53,040	343,746	163,129.13	1,631,291.31
Total	808,040	5,236,811	2,485,197	24,851,973

# SEF in SEA: Results to Date

	Target	Results
Value of financing facilitated (US\$ million)*	683	497
GHG emissions expected to be avoided (metric tons/year)	1,510,000	792,090
* leverage: 1:10		

**Philippines: BPI (RSF), BDO (RSF), ChinaBank, BanKo**

**Thailand: Thai BMUL (RSF)**

**Vietnam: TechcomBank (Credit Line), VietinBank (Credit Line)\*\***

**\*\* VietinBank uses DeutscheBank and EIB Climate Funds**

**Other FIs using GEF, Earth Fund, CTF**





# Thank you !

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