



**Introduction to  
The Climate Technology Initiative's  
Private Financing Advisory Network  
- CTI PFAN -**

**UNFCCC  
Latin America & Caribbean Regional Workshop  
Preparing TT Projects for Financing**

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Belize, 7<sup>th</sup> May 2010

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# INTRODUCTION TO PPL



- ❑ Financing Arranger / Advisor
  - Structured Finance / Project Finance
- ❑ Exclusively for Developing Countries & Transition Economies
- ❑ Special Focus on Clean / Renewable Energy Projects
  - other areas of know how (Infrastructure)
- ❑ Privately Owned / Independent
  - Holding Co & Headquarters in Cyprus / Offices in Johannesburg & Kiev
  - Activities: Africa, Asia, CIS
- ❑ Involvement with CTI / UNFCCC since 2004
  - Founder Member & Global Coordinator of CTI PFAN
- ❑ More Info @ [www.ppl-int.com](http://www.ppl-int.com)

# INTRODUCTION TO CTI

## ❑ Implementing Agreement under the IEA in support of UNFCCC

Objectives. Currently 11 Member Countries:

- Austria, Australia, Canada, Finland, Germany, Japan, Norway, South Korea, Sweden, UK & US (Chair)

## ❑ To promote more rapid development and diffusion of climate friendly and environmentally sound technologies through multilateral and international cooperation between the public and private sectors and between OECD Countries and Non-OECD Countries

## ❑ CTI works with

- Governments
- IEA & UNFCCC Secretariats
- Export Group on Technology Transfer (EGTT / UNFCCC)
- International Organisations ( WB / UNDP / UNEP / UNIDO)
- Business & Financial Sectors

# RATIONALE FOR CTI PFAN

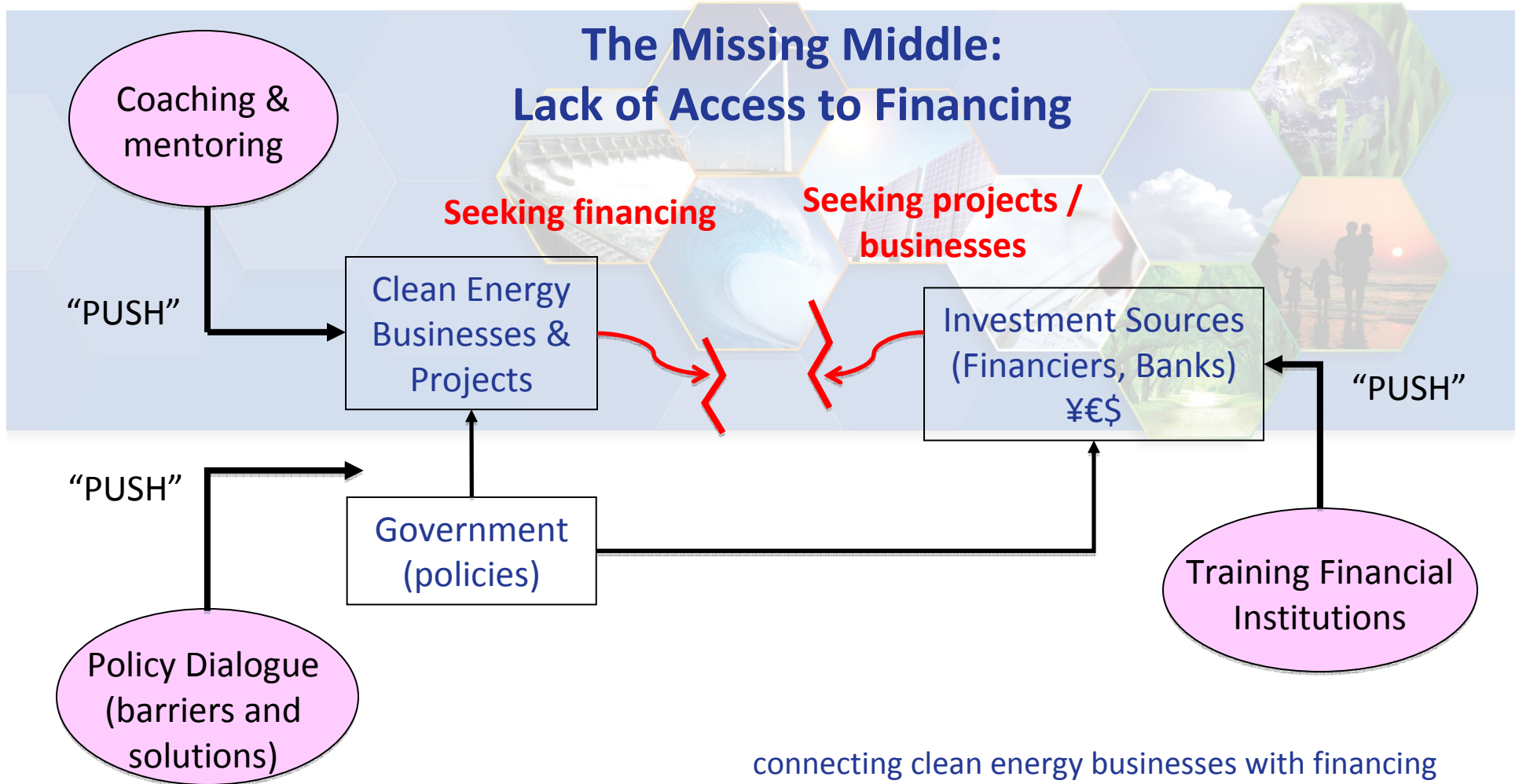
- ❑ Lack of sufficient Public Funds to make an impact on Technology Transfer for Climate Change
  - Need for the Private Sector
- ❑ Workshops in Montreal (2004) & Bonn (2005)
  - To develop an innovative solution to finance TT
  - Inclusion of Private Sector
- ❑ Missing Middle
  - Lots of Projects / Lots of Investment
  - Little & insufficient interaction & communication between the 2 sides
- ❑ PFAN seeks to bridge that Investment Gap
  - Acts as a broker between the money and the projects
  - Strengthens the capacity of the project developers to present their projects in a way that investors and financiers can readily understand

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# CTI PFAN – Integrated Programme Design

*How a multi-pronged approach can scale up clean energy deployment*



# WHAT IS CTI PFAN?

- ❑ CTI PFAN is a Multi-Lateral Initiative:
  - CTI Countries / APP / ICETT / REEEP / USAID
- ❑ CTI PFAN goals:
  - to accelerate technology transfer and diffusion under the UNFCCC
  - to reduce GHG
  - to promote low-carbon, sustainable economic development
  - to increase financing opportunities for promising clean energy projects.
- ❑ Connects CE projects with Investors / Financing
  - Real projects on the ground making a real impact
- ❑ Network of Private Sector Professionals
  - Investors / Consultants
  - Developing Country experience & appetite
  - Over 40 full members & growing fast
  - Large database of investors > 100
- ❑ Triple bottom line approach

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# CTI PFAN'S FUNDING PARTNERS

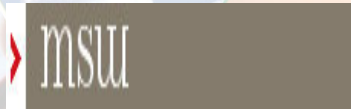


**USAID**  
FROM THE AMERICAN PEOPLE



renewable energy & energy efficiency partnership

# CTI PFAN NETWORK MEMBERS





# WHAT SERVICES DOES CTI PFAN OFFER?

- ❑ CTI PFAN provides support & advice to selected projects to help them meet the criteria of the Investment Community
- ❑ **Free** coaching service to project sponsors & developers to help them raise private sector finance
  - Project Development / Commercial & Financing Structure
  - Marketing / Technical Issues / Growth Strategy
  - Preparation of Business Plans, Investment & Financing Proposals
  - Sourcing Equity & Debt
- ❑ Technical Assistance
  - Contributions to the cost of technical studies etc
- ❑ Matchmaking Service: Contact Broking & Introductions
- ❑ Investment / Financing – directly from PFAN Members & their Networks

# HOW DOES IT WORK?

## ❑ 2 Entry Points

### ❑ Unsolicited Proposal Submission for Development Pipeline

- From any source
- Induction Review: rigorous but non-bureaucratic
- PFAN Member assigned to project as dedicated Coach
- 3 Phase Development Framework
  - Preparation of the BP
  - Introduction to Investors
  - Guidance to Investability & Financial Closing

### ❑ Regional & Country based CE Financing Forums

- RFP – project selection
- Intensive Coaching on Business Plan & Investor Pitch
- Showcasing in front of Investors at Forum
- Projects inducted into Development Pipeline

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# COSTS

- ❑ PFAN Services are provided **free** to the project developer / sponsor
  - Subject to selection
- ❑ Cost of providing the PFAN Services is absorbed by the Funding Partners (CTI / USAID / APP / ICETT / REEEP etc).
- ❑ Provision of services subsidised by the PFAN Members
  - Trade-off: access to the project pipeline for business development
  - Right of First Offer to provide services / financing (non-binding & fully competitive terms)
- ❑ Success Fee on Financial Closing
  - Shared between PFAN and the involved PFAN Consultant according to an agreed schedule

# PROJECT CRITERIA

- ❑ Target Project Size: USD 1 – 50 million total investment volume
  - Smaller & larger projects possible
  - Ca 15% of portfolio for Micro-Projects (< USD 1 million)
- ❑ Typical Project Type: CE / RE mitigation projects for generation of power or production of biofuels
  - Wind, Solar, Geothermal, Biomass, Biofuels, Small Hydro
  - PFAN is technology neutral
  - EE / Adaptation / Forestry / Upstream Technology Dvpt Projects
- ❑ Commercial & Technical Viability
  - Adequate return on investment
- ❑ GHG reduction / abatement potential
- ❑ Other developmental benefits
  - MDGs: agricultural development, poverty reduction, health, education, female economic participation etc

# EVOLUTION OF CTI PFAN

- ❑ Apr 2006 – Sep 2008: Small Scale Pilot Program
  - 3 Financial Closings raising USD 40 million
- ❑ Dec 2007: recognition / endorsement by COP 13 decisions
  - (4 / CP.13)
- ❑ Oct 2008: Start of Major Scale-Up Programme
  - Funding from CTI / USAID / APP / REEEP / ICETT
  - Multi-year programme to end of 2012.
  
- ❑ Global Coverage
  - 4 regional networks: Latin America, Africa, Asia, CIS

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# ACTIVITY HIGHLIGHTS

## ❑ Asia Regional Network

- Dedicated Country Networks in China, India, Indonesia & Philippines
- 36 Projects in Development Pipeline / ca. 20 pending: > USD 2 billion
- 2<sup>nd</sup> year of CE Financing Fora in Manila, Jakarta, Beijing, Delhi & Asia Regional Forum
- USD 36 million of financing raised (commitment up to \$ 230 m)
- USD 76 million / 3 projects under active negotiation

## ❑ Africa Regional Network

- Dedicated Country Networks in Mozambique, Uganda and South Africa
- Transfer Project from Brazil to Mozambique: solar hydroponics
- 5 Projects in the Development Pipeline – \$ 21 million
- USD 5 million investment raised
- Africa Regional CE Financing Forum:
  - 65 applications from 13 countries / ca \$ 270 million investment
  - Shortlist 15 / 10 projects for long term development pipeline
  - Forum in July in Johannesburg

# ACTIVITY HIGHLIGHTS

## - Latin America & Caribbean

### □ Latin America & Caribbean Regional Network

- On the ground coverage in Brazil, Chile, Columbia & Mexico.
- All other countries eligible
- Targeting Caribbean SIDs during 2010 / 11

### □ Development Pipeline Highlights

- 8 projects in Pipeline / USD 132 million of investment
- USD 35 million of investment raised: small hydro in Mexico / biofuels in Brazil
- Target Handling Capacity: 30 – 40 projects over 3 yrs
- Target leverage: USD 100 – 150 million

### □ Brazil Clean Energy Financing Forum in July 2010

# PROJECT SAMPLES

## ❑ Productive Energy in Northern Mozambique

- Establishment of Cold & Logistics Chain to get fish to cash markets
- Gasification of Coconut Husks / Containerised Solution / Mini-grids
- 6 Village Pilot (USD 1 million)
- 200 village target / 800 village potential @ 12.000 kg / village pa

## ❑ Brazilian – Mozambique Transfer Project

- Solar Powered Hydroponic Farming for small holders
- High Value Cash Crop to produce economic uplift based on RE inputs

## ❑ Chile: 15 MW Biomass Co-Generation Plant (USD 27 Million)

- Captive plant for a forestry company and paper manufacturer based on forest & wood waste feedstock.

# Project Samples

## ❑ 12 MW Biomass Powerplant in the Philippines (USD 30 Million)

- Phase 1 of a 4 phase 246 MW total project
- Annual GHG Reduction of Phase 1 = 40.000 t CO<sub>2</sub>e
- Innovative Project Structure
- CTI PFAN helped ASEA One develop its business plan, introduced the investor and facilitated deal negotiations. Forum Finalist

## ❑ Rural Electrification Projects in Africa (Solar)

- Innovative Logistics
- Innovative Delivery Systems
- Payments: microfinance & market exchanges

# Learning Points from Proposals Seen

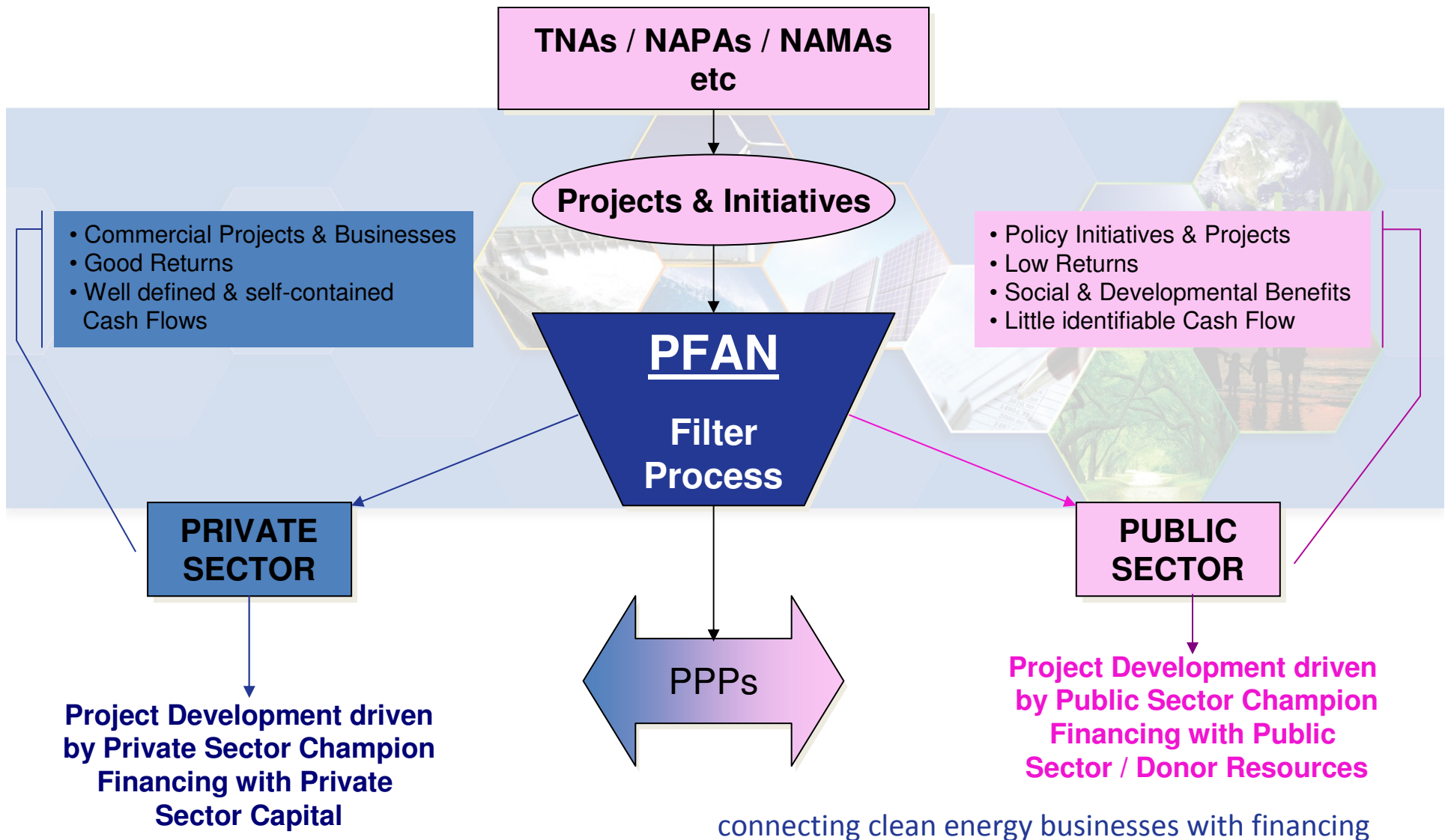
- Too much Technology
- Data overload: poor organisation of available data
- No Ask
- Not enough financial information (and too late)
- Key Strengths: what makes the project unique
- Critical Success Factors
- Risk Analysis & Mitigation



# Added Value of CTI PFAN

- ❑ Early stage development tools like PFAN are important
- ❑ Resource Optimisation
  - Sorts the good from the bad, enabling developers & investors to concentrate on projects with investment potential
- ❑ Access to Deal Pipeline for Investors
- ❑ Direct Access to Investors for Developers
- ❑ Symbiotic Network Effect
  - Promotion of alliances & relationships
- ❑ Risk Reduction through targeting of key risk points
- ❑ Accelerated Development Progress

# Filter Role



# Closing Summary

- ❑ CTI PFAN is proving to be a succesful & worthwhile / valuable tool
  - Considerable Financial Leverage: small input ⇔ big result
- ❑ CTI PFAN is open for business in Latin America & Caribbean
  - Continued expansion through 2010 / 2011
  - Actively seeking new Projects
  - Especially in the Caribbean
- ❑ CTI PFAN would be pleased to help workshop participants develop and structure their projects

# CONTACTS

## □ General Enquiries / Membership etc

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□ [www.cti-pfan.net](http://www.cti-pfan.net)