



Developing Financial Intermediation Mechanisms for Energy Efficiency Brief Introduction of The Three Country Energy Efficiency Project

Final International Cross Exchange

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Project Objective

- ◆ Achieve major increases in energy efficiency investments by domestic financial institutions in China, India and Brazil
- ◆ Build Energy Efficiency investment project packaging capacity and support knowledge exchange
 - domestically through country core groups
 - internationally through cross exchanges





Project Partners

- ◆ Financing provided by United Nations Foundation (UNF) and World Bank Energy Sector Management Assistance Programme (ESMAP)
 - Cofinancing through UK DFID
- ◆ Jointly implemented by World Bank, United Nations Environment Program (UNEP) and UNEP Risoe Center on Energy, Climate and Sustainable Development (URC)





Project Scope: Five Major Components

- ◆ Development of EE “loan windows” at domestic banks
- ◆ Development and strengthening of local ESCO industry
- ◆ Examination of issues and options for guarantee fund operations
- ◆ Examination of issues and options to increase equity investment in EE
- ◆ Outreach and information dissemination





Activity 1: Loan Windows at Banks

- ◆ Awareness and outreach activities to local Banks
- ◆ Activities on Appraisal methods for EE projects
 - development and adaptation of technical and financial tools to modify existing appraisal process for energy efficiency loans
- ◆ Development of Financial Products
 - support and dissemination of innovative ideas on alternative products to reduce transaction costs and manage risk
 - Financial structuring options, guarantee mechanisms
- ◆ Pilot Projects
 - TA support for project development and enterprise handholding to access financing through existing mechanisms





Other In-Country Project Activities

◆ ESCO

- ESCO training and capacity building activities, business plan support, support/initial funding for ESCO associations

◆ Equity Investments

- Three country reports on current market & issues/options for scale up

◆ Guarantee Funds

- Products differed depending on local circumstances
 - China: Initial implementation support through UKDFID & preliminary assessment
 - Brazil: Analytic support for potential new funds (PROESCO and potential private fund)
 - India: Needs Assessment, risk analysis and examination of requirements and key features of this mechanism for India.





Progress Made in Achieving Objectives

◆ Implementation Results Were Good

- Common approach, but vastly different paths in each country
 - India: High initial enthusiasm/participation by local banks led to launch of new lending schemes for EE and associated activities
 - China: Initial program focused on support of WB Guarantee mechanism, subsequent interest in dedicated line of credit for large efficiency projects
 - Brazil: Initial focus on ESCO development and wirecharge program, analytic work in support of guarantee mechanism leading to PROESCO proposal
- Information will be presented on detailed in-country activities and results by each country team on Day 2

