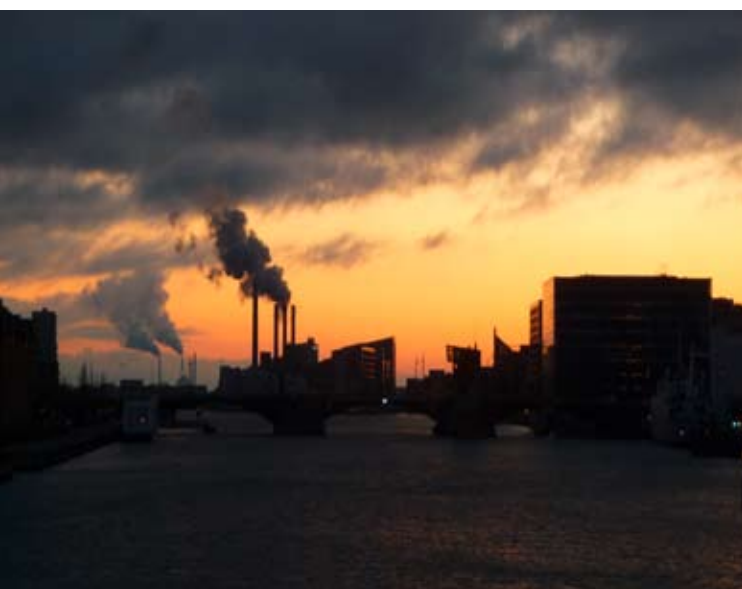


# Sustainable Energy Finance

## Challenges

Economies in developing and transition countries are highly energy intensive due to the prevalence of outdated and inefficient equipment and a lack of monitoring and control devices. At the same time, investments in energy savings mostly provide favorable rates of return. Companies recognizing the importance of efficient production today will have a competitive advantage over their competitors tomorrow as economies around the world persistently get leaner, fitter and more competitive.



But investments in energy efficiency and renewable energy (EE & RE) projects are often hampered so that the best available solutions are not put to practise. Potential investors tend to focus on core business activities and may not have required in-house resources to identify investment opportunities and to prepare loan applications. Local banks are typically unfamiliar with appraising the technical and commercial benefits or the perceived high risk of EE & RE projects.

Sustainable Energy Financing Facilities (SEFFs) combine donor financing in terms of dedicated credit lines to local financial institutions for on-lending to private sector companies. The latter disburse loans for investments in sustainable energy projects that are accompanied by consulting support to mitigate and overcome the barriers to such ventures.

## GFA Concept and Services

GFA's Financial Systems Development department supports partner banks to develop, implement and handle suitable instruments and to utilize innovative loan products and lending technologies for the assessment of loans related to sustainable energy finance. The company's EE & RE experts offer field-proven products featuring standardized elements, ensuring the application of best practices and flexible mechanisms, and allowing the incorporation of national peculiarities. GFA's services in the implementation of SEFFs cover key tasks as indicated below.

**Marketing, project identification and portfolio development** – GFA safeguards a timely launch of the facility and prepares marketing campaigns and appropriate instruments in order to raise awareness and to stimulate the project pipeline. In addition, GFA experts together with the partner bank's customer relationship managers screen the bank's client portfolio to identify potential borrowers.

**Capacity building** – GFA offers and organizes capacity building which incorporates training and skills transfer to relevant stakeholders as well as standardized training modules for loan officers and technical staff.

**Project management** – GFA mobilizes expert teams that are appropriately qualified according to the project's specific needs. Susequently, close monitoring and coordination of project activities and knowledge transfer from similar projects are key tasks of the GFA consultants deployed.



## GFA at Work

### Sustainable Energy Financing Facilities

SEFFs of the European Bank for Reconstruction and Development (EBRD) combine credit lines with technical assistance to help local banks support sustainable energy projects.



Financing is based on extending credit lines to local banks that participate in the facilities. Each credit line is specifically dedicated for on-lending related to energy efficiency and renewable energy investment opportunities. The local banks use the credit lines to provide commercial loans. Every credit line is supported by a technical assistance package. Project implementation teams such as the ones staffed by GFA work together with the local banks to assess the technical eligibility of loan applications, safeguarding the economic and environmental benefits of the investments. Local bank staff and prospective borrowers learn why sustainable energy projects make good business sense.

### SEFF in Russia EBRD, 2009-2012

In response to the transition need in the energy sector, the Russian SEFF ([www.ruseff.com](http://www.ruseff.com)) aims at supporting private enterprises to improve energy efficiency and to develop renewable energy sources. A 300 million US Dollar financing facility has been made available for on-lending to industrial enterprises through local partner banks. GFA supports these banks in marketing the facility and in assisting enterprises to identify energy loss areas and technical solutions for lowering energy consumption, and to prepare bankable projects.

**Contract Value: €3,500,000**

### SEFF in Kazakhstan EBRD, 2008 – 2011

KAZSEFF aims at supporting private enterprises to improve energy efficiency and to develop renewable energy sources ([www.kazseff.kz](http://www.kazseff.kz)). The facility comprises a USD 75 million financing facility for on-lending to industrial enterprises through partner banks, and a technical assistance facility to support these banks. The project team staffed by GFA and an engineering partner provides assistance in awareness raising and marketing, assists enterprises with technical solutions for lowering energy consumption, and prepares energy audits as well as bankable projects.

**Contract Value: €3,350,000**

### SEFF in Turkey EBRD, 2010 – 2012

A USD 200 million credit facility ([www.turseff.org](http://www.turseff.org)) is available for Turkish businesses and households, helping them to save energy, reduce their costs and cut their carbon footprint. The industrial sector, commercial services sector, agribusiness, SMEs and residential buildings are eligible for financing. GFA and consortium partners support these banks in marketing the facility, assisting potential borrowers to identify most viable technical and financial solutions for their investment needs, and preparing loan applications.

**Contract Value: €5,835,000**



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