Innovative Finance for Industry Energy Efficiency

- The GEF experiences -

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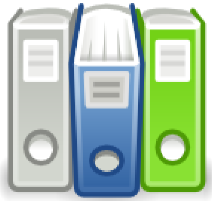
The GEF uses five intervention models

1. Transforming policy and regulatory environments



2. Deploying innovative financial instruments

3. Convening multi-stakeholder alliances

4. Strengthening institutional capacity and decision-making

5. Demonstrating innovative approaches

Deploying innovative financial instruments

Blended finance

- ✓ structured transactions of development finance and private capital: climate impact (or other environmental impacts) & adequate risk-adjusted financial returns for the private investor.
- ✓ catalyzes the required redirection of finance: guarantees, subordinated or concessional debt (or both), junior equity

Deploying innovative financial instruments

Example: Partial Risk Sharing Facility in Energy Efficiency (India, World Bank)

- ✓ Financing: Partial Risk Sharing Facility (GEF $12 million + CTF guarantee $27 million) & technical assistance and capacity building (GEF $6 million) mobilizing $127 million of private sector financing
- ✓ Component:

- Provide risk coverage to reduce the risks perceived by financial institutions in financing EE projects implemented by ESCOs.
- Build capacity of participating financial institutions (PFI) and ESCOs.
- Standardize energy savings performance contract, support measurement and verification protocols, and appraisal.

Thank you!

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