

## PFAN Outreach Breakfast

Tuesday, 15 November 2016 / 7:00-9:00

Venue: Kech Boutique Hotel

### Preamble:

This breakfast outreach event was convened to update key stakeholders on recent governance and institutional changes related to Private Financing Advisory Network (PFAN), and in particular the new hosting arrangement at United Nations Industrial Development Organization (UNIDO) in collaboration with the Renewable Energy and Energy Efficiency Partnership (REEEP). It was also an opportunity to share perspectives on a vision for PFAN in the medium-term. The event was convened by PFAN and conducted in the form of a moderated discussion following introductory remarks.

PFAN is most grateful for the commitment, engagement and contribution of the participants.

### Summary of the discussions:

Scholars have estimated the current flow of global climate finance, from both private and public sources, to the tune of USD 400 billion in 2014<sup>1</sup>. This is largely insufficient to reach the target set forth by the international community in terms of climate mitigation. PFAN is one instrument available to foster additional investment in low carbon, climate resilient projects.

The underlying idea behind PFAN is to “push money to projects and projects to money”. At the heart of PFAN is the generation of a pipeline of projects that are investment-ready. The methodology to source and develop projects, and to introduce those to investors, is well proven. It relies on a network of financing experts in the region and countries where PFAN operates. This lean and flexible structure is what allows PFAN to thrive. The track record attests to the success achieved, notably in terms of the leveraging ratio (i.e. private over public funds) which is 1 / 80. Noteworthy is also that PFAN operates in frontier markets, and integrates development benefits in its appraisal process.

PFAN aspires to significantly scale up operations. Avenues to do so include doing more of the same, as well as exploring new opportunities, such as tapping into the wholesales investment market by bundling projects. PFAN is looking into ways to position itself in that space, but will surely require support and collaboration, notably to provide credit enhancements. The participants have shown keen interest in the portfolio approach.

Existing donors of PFAN acknowledged the progress made over the years, and recognized PFAN has a valuable mechanism to implement strategies to support the uptake of climate

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<sup>1</sup> Climate Policy Initiative (October 2016), Global Climate Finance: An Updated View on 2013 & 2014 Flows, <http://climatepolicyinitiative.org/wp-content/uploads/2016/10/Global-Climate-Finance-An-Updated-View-on-2013-and-2014-Flows.pdf>

technologies in developing countries with the view of achieving sustainable development goals. In that context, the contribution of the private sector is perceived as essential, and the ability of PFAN to access its expertise and resources was deemed as commendable. Existing donors are encouraging new donors and partners to engage in PFAN.

Amongst the suggestions for PFAN to consider in future operations, the following were mentioned notably: to take into account the expansion of variable renewable energy; to combine clean energy with low carbon development strategies; to provide practical input to inform policy formulation; and to consider gender equality and entrepreneurship.

It was also noted that other initiatives exist in the area of investment facilitation for clean energy, and that careful coordination is required to avoid overlaps and promote cross-fertilization.

#### List of participants:

##### *Australia*

**Steven Turnbull**, Department of Foreign Affairs and Trade, International Energy and Resources

##### *Canada*

**Sonja Djukic**, Senior Policy Analyst, Natural Resources Canada

##### *European Commission*

**Roberto Ridolfi**, Director, European Commission for Sustainable Growth and Development, DG DEVCO

##### *Japan*

**Toshiaki Nagata**, Global Environment Partnership Office, Ministry of Economy, Trade and Industry (METI)

##### *Norway*

**Tale Kvalvaag**, Deputy Director, Department for Climate, Energy and Environment, Norwegian Agency for Development Cooperation (Norad)

##### *United States of America*

**Carrie Thompson**, Deputy Assistant Administrator, Bureau of Economic Growth, Education, and Environment, USAID

**Collin Green**, Global Climate Change Office

##### *Switzerland*

**Philipp Ischer**, State Secretariat for Economic Affairs SECO

##### *Germany*

**Antonio Pflueger**, Head, Unit for climate change, Federal Ministry for the Economy and Technology (BMWi)

*International Finance Corporation*

**Shari Friedman**, Senior Strategy Officer Climate Change

*International Renewable Energy Agency (IRENA)*

**Henning Wuester**, Director, Knowledge, Policy and Finance Centre

*National Renewable Energy Laboratory (NREL)*

**Ron Benioff**, Director, Multilateral Programs at the National Renewable Energy Laboratory

*Climate Policy Initiative*

**Barbara Buchner**, Executive Director, Climate Finance

**Jane Wilkinson**, Director

*Renewable Energy Policy Network for the 21st Century (REN21)*

**Laura Williamson**, Communication and Outreach Manager

*Practical Action*

**Aaron Leopold**, Board of Directors, Alliance for Rural Electrification; Member, Private Sector Advisory Group, Green Climate Fund; Deputy Director, Power for All

*Private Financing Advisory Network (PFAN)*

**Peter Storey**, Global Coordinator

*Renewable Energy and Energy Efficiency Partnership (REEEP)*

**Martin Hiller**, Director General

**Katrin Harvey**, Senior Manager, Business Development

*United Nations Industrial Development Organization (UNIDO)*

**Pradeep Monga**, Director, Department of Energy

**Takeshi Nagasawa**, Senior Programme Management Expert, Department of Energy

**Patrick Nussbaumer**, PFAN Programme Manager, Department of Energy

**Agenda:**

*Opening by Moderator*

**Barbara Buchner**, Executive Director, Climate Policy Initiative

*Introductory Remarks*

**Peter Storey**, PFAN Global Coordinator

**Pradeep Monga**, Director, Department of Energy, UNIDO

**Martin Hiller**, Director General, REEEP

**Carrie Thompson**, Deputy Assistant Administrator, USAID

*Open discussion*

### **Background:**

The primary obstacles to large-scale deployment of low carbon, climate resilient technologies are access to finance and a limited pipeline of bankable projects. PFAN aims to bridge the gap between investors and entrepreneurs. PFAN is one of few actors in the climate finance space addressing the barriers for small and medium enterprises (SME) in developing countries and emerging economies - shortage of bankable projects on the demand side and ability to assess risk and conservative lending culture on the supply side.

PFAN originates projects and funding from the private sector; screens business plans for investment readiness and financeability; selects projects that are economically viable, as well as environmentally and socially beneficial; provides technical assistance to support project development and facilitate finance; builds the capacity of project developers and financiers; and provides access to clean energy businesses and financial institutions through the PFAN network. PFAN also provides feedback to policy makers on constraints encountered and opportunities with respect to the enabling environment.

PFAN has raised USD 1.2 billion for 87 closed projects, representing an annual reduction of 2.7 million tons of CO<sub>2</sub> equivalent, 701 MW of clean energy capacity and 140.7 GWh of energy savings for energy efficiency projects per year (status as of September 2016). Closed projects represent a diversity of technologies - solar, biogas, waste to energy, hydro, wind, biomass, energy efficiency, rural electrification, clean transport and sustainable energy for agriculture. PFAN works in 35 countries in all world regions. Asia and Africa currently dominate, with growth expected in Latin American and West Africa.

PFAN addresses the barriers to finance for SMEs and builds capacity of local financial institutions on low carbon, climate resilient technology sectors, all by leveraging private sector investment with a small amount of public (leverage rate of USD 80-100 for every USD 1 of donor funds).

To provide a full pipeline origination service, PFAN coordinates its project development and finance match- making with the complementary activities, networks and capacity of strategic partners that address the enabling and policy environment; promote innovation; fund technical, impact and feasibility studies; and can offer PFAN implementation platforms in countries and regions. PFAN's screening and identification of bankable projects create a high quality financeable pipeline for investment by private investors, multilateral climate and environment funds, and development banks. Its technical assistance for project development helps ensure this funding leads to successful investments that support climate change mitigation and adaptation and achieve other development benefits.

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