

## **Innovative Energy Financing in Developing Countries**

The course was presented by six instructors: Mr. Edward Roche and Mr. Jas Singh from USAID, Ms. Larisa Dobriansky from the US Department of Energy, Mr. Jonathan Hoffman, from InfraCo Ltd., Mr. Steven Howlett from GE Capital Markets Corporate and Ms. Christine Eibs Singer from E+Co.

Mr. Edward Roche focused on the importance of mobilizing private sector capital for energy and infrastructure projects, and provided an overview of key project development challenges and impediments to financing including legal, policy and regulatory constraints. He underscored the fact that there are untapped opportunities for bankable projects in developing countries that lack funding and outlined various barriers to credit that exist. Unlocking that capital, in his view, particularly through lending to the private sector, could spur the economic growth needed to help some countries out of stagnation. The challenge is to facilitate the flow of the needed capital.

Mr. Jonathan Hoffman highlighted, with some country examples, the importance of breaking barriers when mobilizing private sector financing for energy projects. InfraCo plays the role of a barrier breaker by funding high risk development capital from project origination; bringing experience from numerous projects, markets and economic cycles; getting local; and accessing ministries, SOEs and market drivers. InfraCo serves as a catalyst in the development of projects.

Ms. Dobriansky referred to the overall mandate of the US Department of Energy to develop financial products and structures to commercialize and build self-sustaining financing for energy efficiency and renewable energy projects. Such projects are smaller in scale, have different risk profiles and higher investment hurdles than conventional energy projects. Ms. Dobriansky further highlighted the special features of public-private partnerships including: addressing unique risk profiles and investment difficulties of these projects; focus ing on building local financial and commercial infrastructure to link private capital with project development.

Mr. Howlett described GE's experience and shared some solutions to emerging market risks, such as private-public collaboration which can lead to policy support; energy efficiency promotion; feasibility studies; and government training grants as well as additional mitigants and structures such as government guarantee programmes, political risk insurance, partnering with local banks and/or investors.

Mr. Singh stressed the importance of commercial finance for clean energy and emphasized the importance of conducting market analysis to develop programmes that address barriers, are flexible to respond to changing market conditions, encourage competition and are commercially-oriented and demand-driven. Among the challenges clean energy projects face are: bias towards conventional energy production and supply, promotion of sustainable energy, policies, regulations, markets and enabling environments.

Ms. Christine Eibs Singer gave an overview of E+Co, a US non-profit organization investing in clean energy enterprises. She highlighted the Triple Bottom Line Returns by which investors were paid back in social and environmental returns.