

## Special Event

### The Private Financing Advisory Network (PFAN)

### Clean Energy and Climate Investment Forum

### & Official Launch

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#### Timing and Venue

**Date:** 10 May 2017

**Time:** 08:00-15:15

**Venue:** Palais Auersperg, Vienna, Austria

#### 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. The Private Financing Advisory Network (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 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 engages with local financial institutions on financing of 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).

## Key Questions

N/A

## Key Messages

- The Paris Agreement, which entered into force on 4 November 2016, provides the policy signals the private sector has asked for to help accelerate the low-carbon transformation of the global economy. More than US\$10 billion of funding for developing countries has been pledged so far for the Green Climate Fund, but there is no plan as yet as to how to come up with the US\$100 billion annually that industrial nations pledged by 2020. As the state budgets of developed countries are limited, private finance is expected to play a major role.
- Despite the sufficient supply of both projects and capital, project developers and investors do not communicate well, causing them to experience a lack of funding and a lack of investment opportunity respectively. Clean energy businesses in developing countries face many constraints in such areas as access to finance and the investment climate. Addressing these issues and mobilizing larger and lower-cost capital flows through private funding sources and public-private partnerships is the main objective of the PFAN Programme.
- The PFAN Programme can contribute to mobilizing USD 100 billion of private and public financing per year by 2020, as pledged by industrial nations under the Copenhagen Accord. The goals of the Programme are to accelerate technology transfer and diffusion, reduce greenhouse gas emissions, promote low-carbon, sustainable economic development, and help facilitate the transition to a low-carbon economy by increasing financing opportunities for promising clean energy projects. The PFAN Programme will thereby facilitate the implementation of the 2016 Paris Agreement on climate change, as well as the 2030 Agenda and Sustainable Development Goals – in particular, Goals 7 (energy), 9 (industry), 13 (climate action), and 17 (partnership).
- The PFAN Programme covers many areas that are crucial to UNIDO. UNIDO has the mandate to promote inclusive and sustainable industrial development (ISID). UNIDO's programmatic approach is guided by three interrelated priorities, each of which represents a different dimension of ISID: creating shared prosperity, advancing economic competitiveness, and safeguarding the environment. The PFAN Programme is particularly relevant for the latter dimension, but also for the fulfillment of Sustainable Development Goal 9 – Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation.
- PFAN's scale up strategy is articulated around three pillars i.e. to reinforce and enhance the institutional setup and internal organization (streamlined procedures; systematized Knowledge Management; expanded managerial and administrative capacity); to expand the Network and its activities (specialized network support services; investor liaison and financing facilitation) and to develop bundling and securitization approaches (access to wholesale capital markets; secondary markets and liquidity).



- The PFAN steering committee has made sure that the PFAN Programme activities will be gender mainstreamed. It adopted a gender resolution at its last steering committee meeting last year and recently appointed a gender ambassador. It is envisaged that the PFAN Programme will invest in projects with a gender component.

### **Moderator**

Ms Sabera Khan, National Coordinator – Zambia, PFAN

Mr Martin Hiller, Director General, REEEP

### **Panelists**

Mr. LI Yong, Director General, UNIDO

Ms. Mette Møglestue, Chair of PFAN Steering Committee

Mr. Peter Storey, Global Coordinator, PFAN

### **Coordinator**

N/A