



Broadening the Base of Financing for Technology Transfer - A Progress Report on the Private Financing Advisory Network (PFAN)

**Side Event – Twelfth Conference of the Parties
Nairobi, Kenya, 9 November 2006**

**Elmer Holt, US Department of Energy and
Chair, CTI Executive Committee**



CTI Supports the UNFCCC through a Multilateral Approach

By allowing OECD Member countries and OECD non-Member countries to work together to foster international cooperation for the accelerated development and diffusion of climate-friendly and environmentally sound technologies and practices

Who are the CTI Countries?

- *Austria*
- *Finland*
- *Japan – Vice Chair*
- *Republic of Korea*
- *United States – Chair*
- *Canada*
- *Germany*
- *Norway*
- *United Kingdom – Vice Chair*

Supported by a highly motivated Programme Secretariat under the direction of an experienced Programme Manager

Besides governments, CTI works closely with:

- IEA and UNFCCC Secretariats
- the Expert Group on Technology Transfer(EGTT)/UNFCCC
- **Business and Financial Sectors**
- relevant IEA Implementing Agreements
- other international organizations or initiatives (WB, UNDP, UNEP, UNIDO, etc.)
- Academia and Research Communities

Searching for solution, organized workshops on Innovative Options to Finance Tech Transfer

- *Held workshops in Montreal Sept. 2004 & Bonn Oct 2005 (Chile participation)*
- *Trying to solve the very real problem of financing technology needs.*
- **Heavy Participation from the Private Finance Community**
- *Looking for practical ways to leverage scarce resources*
- *Experimented with financing proposal coaching*



Messages from financing workshops

- There was not a shortage of financing .
- There was not a shortage of good projects.
- But, there was a shortage of good financing proposals meeting the standards of the international finance community.

CTI and private international finance community responded...

- **Perceived** the need for private financing to overcome absence of public funds not as a barrier, but as an opportunity.
- **Recognized** that through technical assistance and coaching, project developers could prepare financing proposals of the necessary quality to secure private financing.
- **Established** Private Financing Advisory Network (PFAN) in early 2006 to provide such assistance.

What is this PFAN?

- Informal Network of Private Sector Companies/Individuals under CTI umbrella in support of UNFCCC
- Offers a “free” consulting service to project sponsors and developers to help them access international private finance.
- Goals include:
 - Knowledge and know-how transfer
 - Provide interface between public sector policy goals and private sector commercial reality
 - Increase the number of bankable environmentally sound projects and help them to financial closure.

Opportunities for Synergy with other International Activities

- CORFO, the Chilean economic development agency has developed an innovative approach to increase the number of environmentally sound projects in support of policy objectives.
- Established program to showcase Chilean projects to the international finance community



CORFO in Chile has demonstrated leadership by taking practical steps to accelerate clean energy

- Provide guidance on structuring projects and limited funding to conduct pre-feasibility studies on potential clean energy projects
- Facilitating investment opportunities by raising the profile of these projects through interaction with domestic and international finance sources.
- Promote a stable socio-economic environment that encourages long-term commitment by foreign and domestic business and finance communities.

Chile has taken decisive step forward, sending the right messages...

- Clean energy is a priority
- Favorable investment environment
- Facilitating investment opportunities through public/private partnerships that provide a variety of incentives and services
- Matchmaking events such as was held in Santiago during October reduce transaction costs for both project developers and potential investors.