



Enhancing Energy Efficiency for Industrial Enterprises using Concessional and Climate Funds

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Outline of Presentation

1. Company profile: World Bank activities in the ASEAN region
2. Benefits of using World Bank and Green Climate Fund financing for energy efficiency in Vietnam
3. Designing risk sharing facility to maximize leveraging
4. World Bank's experience in using GCF financing for energy efficiency
5. Next steps in replicating the mechanism to other ASEAN Member States



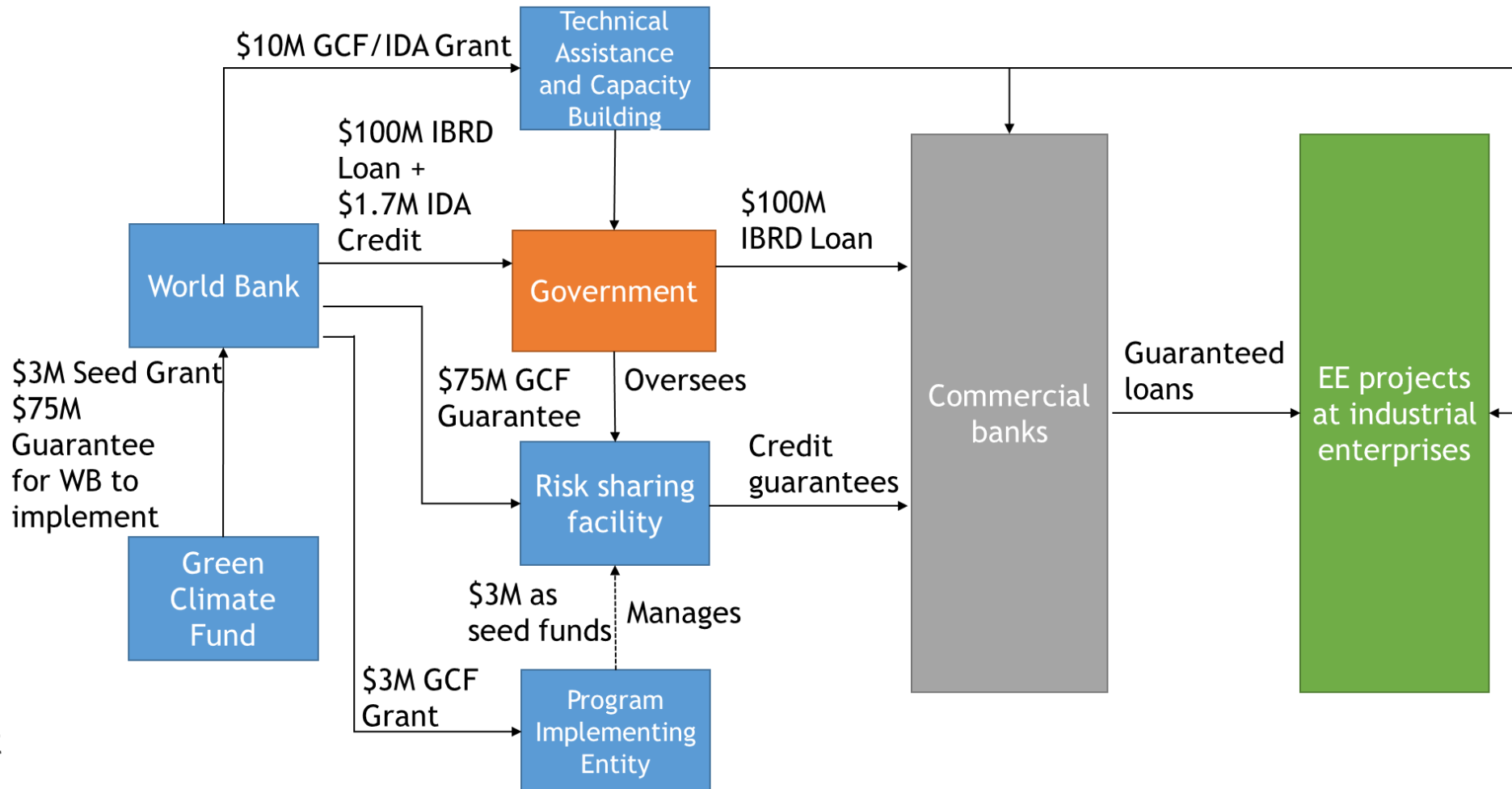
World Bank activities in the ASEAN region

- The World Bank provides **comprehensive development assistance** in the ASEAN region, ranging from investment project financing and budget support to capacity building and technical assistance
- In the energy sector, the Bank provides financial and technical assistance for sector reform activities, helps SOEs/utilities to improve their financial and operational performance and supports investments through traditional and innovative financing models
- Sample engagements in the energy sector in ASEA:
 - LAO PDR: power grid improvement, GMS regional power trade
 - Myanmar: grid and off-grid electrification
 - Indonesia: geothermal resource risk mitigation
 - Vietnam: EVN credit rating, solar auction



2. Benefits of using World Bank and Green Climate Fund (GCF) financing for energy efficiency in Vietnam

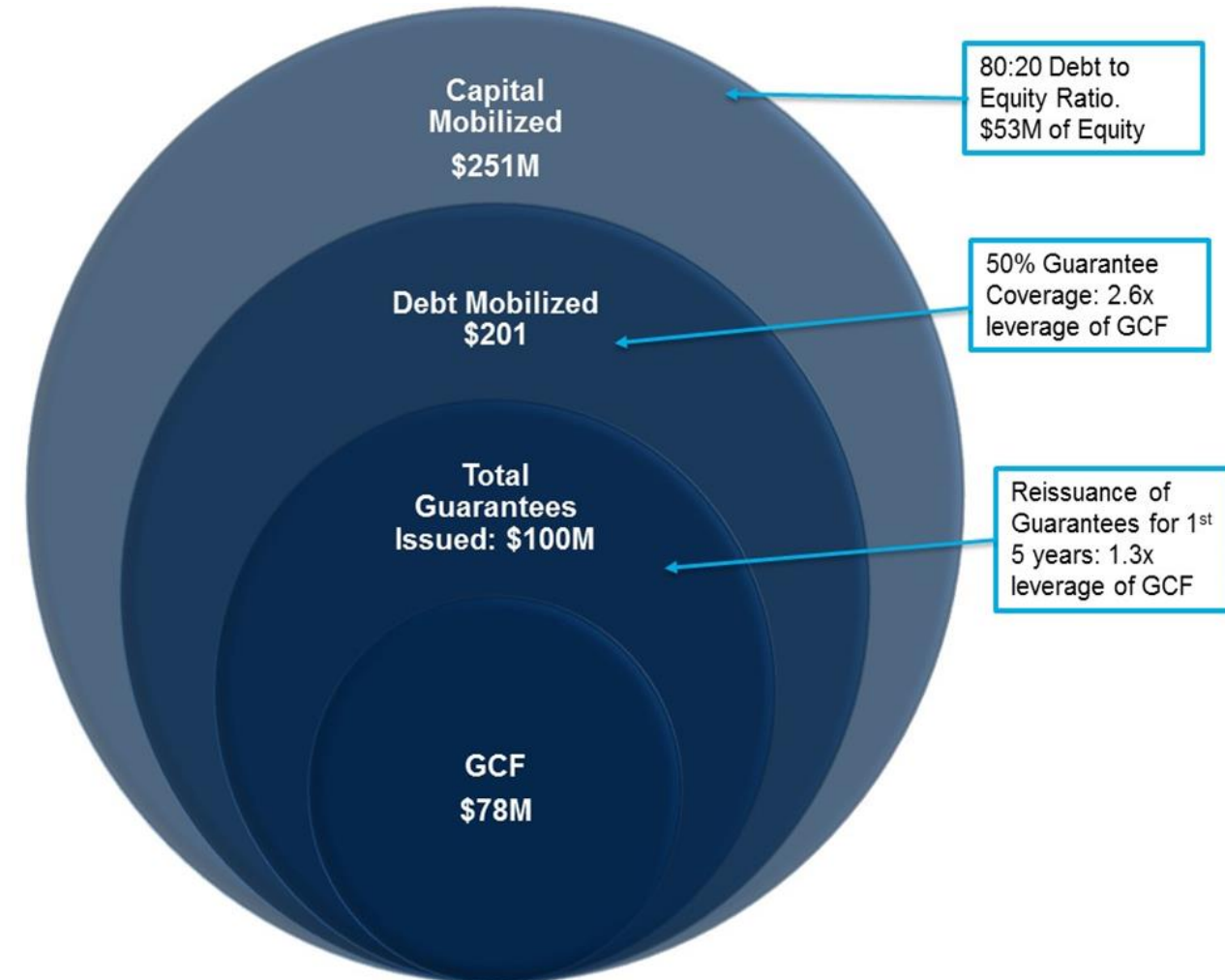
- WB resources complemented by GCF (a new climate fund)
- Shared implementation arrangements and eligibility criteria
- EE investment selection through participating banks
- Choice of financing and risk mitigation options
- Mobilization of commercial financing
- Targeting transformational impact





3. Designing risk sharing facility to maximize leveraging of financing

- GCF capital leveraged 3x through risk sharing with the private sector
- Creating a commercial financing market for energy efficiency
- Preserving core GCF capital through cost recovery guarantee fees
- Appointing a commercial bank to review and approve guarantee applications from other commercial banks





4. World Bank's experience in using GCF financing for energy efficiency

- Dedicate time to explain innovative financing structure to a new organization
- Perform **detailed analysis** (technical, economic, financial and market) to support funding application
- Be ready to **discuss modifications** to project design
- Focus on **transformational impact**
- Highlight **mobilization** of other financing sources (including donors, MDBs, private sector)
- Dedicate time and resources to **legal negotiations**



5. Next steps in replicating the mechanism to other ASEAN member states

- Identify a market failure in energy efficiency, which could benefit from risk mitigation support
- Convince government counterparts on the need for an intervention
- Establish risk mitigation need through feasibility and market studies
- Find suitable implementation partners on the ground
- Aim to maximize leveraging when designing risk mitigation facility
- Identify suitable funding sources (GCF, other climate funds, concessional sources)



Thank You

For more information

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