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IFC-EARTH FUND PLATFORM 2010 ANNUAL REPORT

(Prepared by IFC)

IFC-Earth Fund Platform

2010 Annual Report

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Foreword

The participation of the private sector is vital to mitigate and adapt to climate change. According to the UN Framework Convention on Climate Change, more than 80 percent of the additional investment needed for climate change mitigation and adaptation by 2030 will come from private sources. The private sector will make most of the investments in the development, adoption, and dissemination of cost-effective climate-friendly technologies—whether they are renewable energy power plants, energy efficient manufacturing processes, or cleaner fuels and technologies. IFC is supporting these efforts by reducing business risks associated with climate change and enabling the private sector to exploit business opportunities. In the fiscal year 2010, IFC committed around \$1.6 billion to renewable energy and energy efficiency projects through investments and technical assistance¹.

The partnership between IFC and the GEF is a natural outcome of the GEF's strategy and policies for engaging with the private sector² and IFC's objective to support the private sector mitigation and adaptation to climate change. With the establishment of the Earth Fund, the GEF Council approved IFC's role as the host administrative agent for implementation of the Earth Fund.³ Moreover, in September 2008, the IFC-Earth Fund platform was one of the first to be approved and endorsed by the GEF, for projects in climate change and biodiversity. The platform was capitalized at \$40 million with \$30 million from GEF and \$10 million from IFC. It supports market transformative initiatives—efforts targeted at removing barriers that impede wide private sector adoption or participation, such as reluctance to accept a new technology or business model.

IFC is proud to be a partner of the GEF and believes that innovative instruments such as the Earth Fund have the capacity to make a real difference in mobilizing the private sector to address global challenges such as climate change and biodiversity loss.

Sincerely,



Monika Weber Fahr
Global Business Line Leader
Sustainable Business Advisory

¹ Source: IFC Annual Report 2010.

² Private sector GEF/C.28/Inf 4 May 2006, and non-grant instruments GEF/C.32/7 November 2007, and GEF/C.33/ June 2007.

³ IFC has multiple roles in the GEF Earth Fund operational arrangements: Its is the trustee and manager of the fund, the executing agency for the GEF Earth Fund, the platform manager for the IFC Earth Fund.

The IFC Earth Fund Platform

Introduction

This paper outlines the activities to date under the IFC Earth Fund Platform and IFC's activities as "trustee" of the GEF Earth Fund, and serves as IFC's contribution to the GEF Earth Fund annual reporting requirements. The GEF Earth Fund was approved by the GEF Council and endorsed by the GEF CEO in May 2008, and the IFC Earth Fund Platform strategy was approved by the GEF Council and endorsed by the GEF CEO in September 2008⁴. In FY09, IFC reported the activities of the IFC Earth Fund Platform within its contribution to the GEF Annual Monitoring Report.

Objective of the IFC Earth Fund Platform

The objective of IFC Earth Fund Platform ("IFC EF") is to deploy GEF funds as concessional finance to support market transformation initiatives through the testing or scaling up of technologies, business models or financial mechanisms in Climate Change and Biodiversity, and to support projects that are aligned with, and eligible for funding from, certain climate change and biodiversity strategic priorities of the Global Environment Facility ("GEF"). IFC deploys donor funded concessional financing through investment instruments to catalyze climate change projects that would not naturally happen in the market as a result of market barriers preventing sponsors or other financiers from making those investments. IFC uses donor funds for investments and technical assistance to address these barriers, and the funds can serve a catalytic role by providing softer financing to enable those projects to move forward. Projects are meant to demonstrate to markets the viability and actual risk level of similar projects that will later be financed on commercial terms. In the case of advisory services, the projects are meant to build local capacity, fill information gaps in the market, and enable countries adopt more favorable regulatory and business environments that encourage the private sector to invest in renewable energy, energy efficiency, and cleaner technologies. IFC uses donor funds from facilities such as the IFC EF to provide concessional financing alongside IFC financing to enable climate change investments, or to provide funding for technical assistance in advisory services. IFC's use of donor funds is meant to have a catalytic effect by enabling projects to move forward, that are otherwise not being financed by the market.

The IFC EF is a programmatic effort, allowing for greater efficiency deployment of funds into projects, while balancing eligibility and accountability through IFC's management of the activities under the Platform. The IFC EF had an initial contribution from the GEF Earth Fund of \$30 million, and an additional contribution from IFC of \$10 million supporting both investments and advisory activities. The IFC EF facility is flexible and able to take contributions from additional donors/funders, but is limited to supporting only GEF-eligible activities, and to date has contributions at the Platform level (not project level) from only GEF Earth Fund and IFC FMTAAS.

Governance of the IFC Earth Fund Platform

IFC's Financial Mechanisms for Sustainability unit ("FinMech") manages the IFC Earth Fund, and the deployment of funding into IFC investment and advisory projects. Investing donor funds together with IFC's own funds can in some cases result in conflicts of interest situations. IFC's management structure through FinMech addresses these concerns by virtue of the fact that FinMech is separate and independent from IFC's mainstream investment arm. IFC has a policy for donor-funded investments to address conflicts and ensure that donor funds are invested with the same standard of care as if they were made with IFC's own funds, and that donor funds are processed in accordance with IFC's investment practices. Conflicts of interest vary by project depending on the function of the financing and its structure vis-à-vis the IFC financing. In some donor-funded investments where the donor funding is *pari passu* to IFC in all or most respects, conflicts may be minimal (although the ability to provide concessionality may also be minimal); but in instances where donor funding is significantly different in structure, conflicts are likely to be

⁴ Source: Council Approval Document (May 7, 2008) and CEO Endorsement Letter (September 2, 2008)

present, and the obligation to manage these is higher. In order to mitigate conflicts of interest, the processing and supervision of donor-funded investments are done by a separate team (FinMech) operating at arms' length from the staff responsible for processing and supervising any related investment for IFC's own account. Investment decisions involving donor resources are approved by a designated Investment Review Committee (IRC) comprised of IFC Senior Management who are also free from conflicts related to the investments they approve. The IFC Earth Fund also requires that a representative from the GEF Secretariat participate in all decision meetings for the commitment of funds within the IFC EF Platform.

Generating Pipeline for the IFC Earth Fund Platform

The pipeline of projects eligible for funding from the IFC EF is generated from IFC Investment and Advisory staff, and are from IFCs own pipeline of regional and global programs with most implemented by regional staff . To solicit proposals from task team leaders, the FinMech team engages in a continual outreach and communication with regional, industry and advisory services departments to inform them about the availability for funding, the eligibility criteria, and the project approval process

The process for approval of funding within the IFC EF is designed to be aligned as closely as possible with the IFC project approval process to eliminate unnecessary delays for IFC clients. In parallel with IFC project appraisal, the FinMech team reviews eligibility, and helps structure the financing of the project. Approval of IFC EF allocations are obtained after the IFC-funded portion of the project is approved, and can happen as quickly as 7 days after IFC's approval of its funding into the project. This has resulted in significantly higher efficiency in deployment of GEF funds to IFC's private sector projects and represents a dramatic improvement in approval of GEF eligible projects for IFC. Within the IFC EF the median average time lapse between IFC's approval of its own funds and approval of GEF funds from the IFC-Earth Fund platform is approximately 1 month following IFC's own project approval⁵. This is compared to project approval (equivalent of Council and GEF CEO endorsement) of approximately 24months⁶ for the Portfolio Approach to Distributed Generation Opportunity (PADGO), the most recent IFC GEF program prior to the IFC Earth Fund. For IFC, it seems clear that having a dedicated window has led to GEF funds to be allocated to project more quickly and greater alignment with IFC's project cycle. For the most part, IFC is unable to fully engage with private sector clients until the funding for their projects are assured and having a dedicated window provides the ability to be aligned with timing needs of project sponsors, as IFC staff are able to invest in the necessary upfront project development work with clients with some assurance that funding will be available within the timeframe that the project is developed. In short, the IFC-Earth Fund platform has allowed IFC to more quickly deploy funds to GEF-eligible activities in the private sector actively, efficiently, and in response to changing market needs.

⁵ Median is 24 business days; average is 30 business days

⁶ Project was submitted to Council on January 17, 2006 and obtained CEO endorsement on February 12, 2008. Source: GEF web page

IFC Earth Fund Portfolio

Projects Reviewed and Approved

Generating a pipeline of projects requires the FinMech engage in continual outreach to IFC investment and advisory staff. Since the IFC EF began, FinMech has conducted 29 outreach activities reaching 340 staff and consultants within IFC globally.

Eligibility of projects for inclusion into the pipeline depends on projected meeting minimum criteria. Projects are placed into the pipeline only if they meet the following:

- i. The project is a GEF eligible activity (eligible within the strategic programs under the IFC EF),
- ii. GEF funds are proposed to be structured to address identified market barriers,
- iii. The project is aligned with the strategy of the IFC-EF platform (scaling up or testing business models, financial mechanisms or technologies), and
- iv. The project is consistent with IFC's corporate strategy and part of its IS/AS activities.

Between October 2008 and June 30, 2010, the FinMech team reviewed 56 projects eligible for funding under the IFC Earth Fund platform, requesting \$226.5 million in funding and leveraging approximately \$1,988 million

An analysis of the 56 projects reviewed against both the GEF strategic priorities eligible under the IFC EF platform, and funding is presented in Annex 1.

Of the reviewed projects, 12 projects were presented to the Investment Review Committee (IRC) and 11 of the presented projects were approved. Three approved projects were cancelled (details below) and there are eight active projects in the portfolio summarized in Table 1. Of the 56 reviewed projects, 44 have not been presented due to a variety of reasons, among which include (i) some were dropped from the pipeline because IFC chose not to pursue the investment/advisory activity, (ii) after discussions with IFC teams it became clear that the project did not need concessional funding, or (iii) the project is still under development.

The total amount of IFC-Earth Fund platform funds approved to date is \$38 million, of which \$32.4 million was approved for concessional investments and \$5.6 million was approved for advisory projects. The current active portfolio of projects is \$25 million. Co-financing for the current portfolio is \$144.6 million; resulting in a leverage ratio of 5.8⁷ for the EF Platform. Leverage ratio for the GEF funds is 7.6⁸.

Table 1: Summary of IFC-EF approved projects:

Projects	Approved		Cancelled after approval		Portfolio	
	#	\$M	#	\$M	#	\$M
Investment Services	6	32.4	3	13	3	19.4
Advisory Services	5	5.6	0	0	5	5.6
Total	11	38.0	3	13	8	25
- GEF contribution						19.7
- IFC contribution						5.3
Leverage of the EF Platform (IFC EF\$: Other \$M)	225.4 (5.9x)				144.6 (5.8x)	
Leverage of the GEF funds (GEF \$: Other \$M)	230.7 (7.1x)				149.8 (7.6x)	

⁷ 5.8= 144.6 / 25

⁸ 7.6 = 149.8 / 19.7

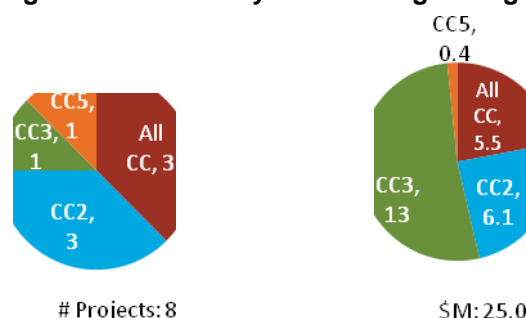
The distribution of the current portfolio by GEF Strategic Program and funding allocated to those programs is illustrated in Figure 1. Summaries of each project in the current portfolio can be found in Annex 2.

The active investment projects include a senior loan to a financial institution in Vietnam to encourage energy efficiency lending, a subordinated loan to develop a solar farm in Bulgaria, and a Cleantech Venture Capital fund managed by IFC.

Advisory projects in the portfolio include: a global cleaner production facility to deliver resource use assessments; a cleaner production and energy efficiency program in Indonesia; the development of a carbon efficiency index; the development of information tools for institutional investors invest in climate change private equity funds; and the design and implementation of a light rail system public-private partnership in Jordan.

Three of the approved projects have been cancelled after approval but before finalizing legal documents with sponsors. Each of these projects was an investment project, and each project's cancellation was for reasons that were unforeseen during review, appraisal and approval. The three projects that were cancelled and a description of why they were cancelled is outlined in the table below.

Figure 1: Portfolio by GEF Strategic Program



CC1: Promoting energy efficiency in residential and commercial buildings.
 CC2: Promoting energy efficiency in the industrial sector.
 CC3: Promoting market approaches for renewable energy.
 CC5: Promoting sustainable innovative systems for urban transport.
 All CC: Projects that fall under more than one program.

Table 2: Summary of cancelled projects after approval

Project Description	Amount Requested	Expected Leverage	Reason for Cancellation
Equity investment in a fuel cell company	\$2 million	5.94	Failure to reach agreement on pricing for the GEF/IFC investment with existing shareholders who had purchased at a significantly higher valuation prior to the financial crisis
Subordinated loan to develop a geothermal plant in Djibouti	\$6 million	4	Sponsors could not obtain sufficient risk coverage for exploration stage and negotiations with the government were unsuccessful
Sub-Saharan climate change fund managed by a South African financial institution	\$5 million	9	Sponsor added afforestation to the portfolio targets and after verification with the GEFSEC the afforestation activities were not eligible. The Fund still had some portion of its portfolio in RE/EE activities but decided that it was too cumbersome to manage deploying IFC EF/GEF funds to only parts of the portfolio. IFC moved ahead with its investment, but the overall risk profile changed.
Total		\$13 million	

Market Barriers Addressed by Portfolio

The IFC Earth Fund platform addresses market barriers and encourages market transformation, through two types of interventions (i) the testing and piloting of innovative financial structures / business models, and (ii) the scale-up of successfully tested interventions.

The current Earth Fund platform portfolio includes projects that test and scale up interventions such as: high risk perception on the part of investors (banks and private equity) for cleaner production, energy efficiency and cleantech projects; lack of expertise/skills in commercial banks, companies, and service providers' in cleaner production and energy efficiency; limited access to long term financing for cleaner production and energy efficiency; regulatory risks to develop solar plants; lack of incentives for listed companies to disclose and reduce carbon emissions; lack of information on the part of institutional investors about risk-return profile of climate change investments; and lack of government capacity to develop and execute light rail system in a public-private partnership.

Table 3: Approved projects by market barrier

Market Barrier	Investment Services			Advisory Services				
	Clean Tech Pilot	Techno-bank	Solar PV Farm	Cleaner Production Facility	Indonesia Energy Efficiency	Carbon Efficiency Index	Climate Change & Private Equity	Amman-Zarqa - (LRS)
High perceived risks	√	√	√	√	√			
High upfront costs		√		√	√		√	
Lack of capacity				√	√			√
Lack of information				√	√	√	√	
High technology cost due to lack of scale	√							

Alignment with IFC Earth Fund Strategy

As described above, one of the main criteria for inclusion into the IFC EF pipeline is that the project is aligned with the IFC EF Strategy document approved by Council and endorsed by the GEF CEO in September 2008. Table 3 illustrates the current portfolio of projects within the IFC EF platform, and where they fall within the strategic framework of the IFC EF program as approved.

Table 4: Approved Projects by type of intervention

	Testing	Scaling-Up
Innovative Financial Structures/Business Models	<ul style="list-style-type: none"> ➤ Emerging Markets Carbon Efficiency Index ➤ Research and Engagement on Climate Change Investment in Private Equity ➤ Amman-Zarqa Light Rail System (LRS) 	<ul style="list-style-type: none"> ➤ Techcombank Energy Efficiency (EE) Senior Loan ➤ Indonesia Sustainable Energy Finance Program
Technology Commercialization	<ul style="list-style-type: none"> ➤ Cleantech Pilot 	<ul style="list-style-type: none"> ➤ Solar PV Farm Subordinated Loan ➤ Global Cleaner Production Facility

IFC's Role as "trustee" of the GEF Earth Fund: Activities to Date

As part of the larger GEF Earth Fund, IFC was tasked to act as "trustee" of the remaining balance of funds to be allocated to GEF-eligible Agencies that have Platforms approved within the GEF Earth Fund. In its role of trustee, IFC manages the balance \$20 million according to the principles and procedures indicated in the "The GEF Earth Fund" approved by the GEF Council and endorsed by the GEF CEO in May 2008 and the Memorandum of James D. Wolfensohn to the Executive Directors of the International Bank of Reconstruction and Development regarding The World Bank's Accountability to the GEF Council under the GEF "Expanded Opportunities for Executing Agencies" Policy dated October 2000.

As trustee, IFC disburses funds to Platforms that have GEF Council approval and GEF CEO Endorsement. In addition, condition of disbursement for all Platforms are (a) confirmation by the GEF Secretariat or the GEF Trustee that the Agency complies with GEF Earth Fund fiduciary standards and (b) confirmation that the Platform Implementing Agency agrees to assume the same audit/financial and operational obligations to GEF as under its normal practices for its GEF portfolio.

To date, the following four platforms have been approved and endorsed by the GEF Secretariat:

- UNEP Global Market Transformation for Efficient Lighting
- World Bank-Conservation International Conservation Agreements
- UNEP Rainforest Alliance Greening the Cocoa Industry
- Inter-American Development Bank-The Nature Conservancy

As trustee, IFC has disbursed funding to date to UNEP and the World Bank. Disbursement to the Inter-American Development Bank is pending Board approval of its GEF Earth Fund Platform.

Conclusion

The demand for funding from the IFC EF is strong and continues to grow, especially in countries where other funds are not available or applicable. In terms of strategic focus, anticipated projects are more likely to be on climate change relative to biodiversity. IFC has the policies/procedures to balance efficiency in donor fund deployment with the necessary fiduciary responsibility and accountability, including a policy for donor-funded investments to address conflicts and ensure that donor funds are invested with the same standard of care as if they were made with IFC's own funds, and that donor funds are processed in accordance with IFC's investment practices. As mentioned earlier, the delegated platform model has been extremely effective in deploying GEF funding faster and more efficiently. This quicker, more agile, project approval process has been a better fit with IFC's business processes and project cycle, and considerably improved our ability to engage and support private sector projects for financing and technical assistance in the Climate Change and Biodiversity focal areas. The IFC EF has been an important part of IFC's response to helping the private sector address the challenges and opportunities posed by a changing climate, and will continue to realize substantial impact in the years ahead.

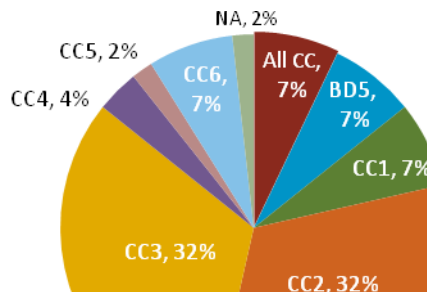
Annex 1: Distribution of Reviewed Projects

Timeline: October 2008- June 2010

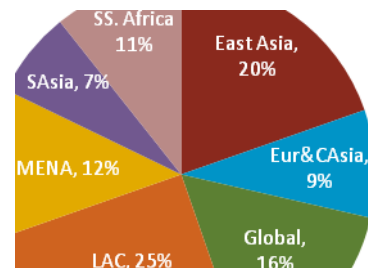
Number: 56 projects

Total Funding request from the GEF: \$226.5 million

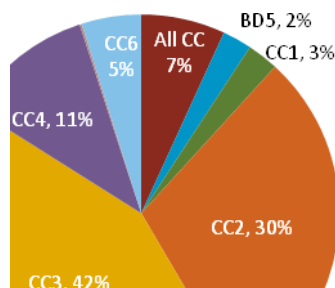
By GEF Strategic Program (# of Projects)



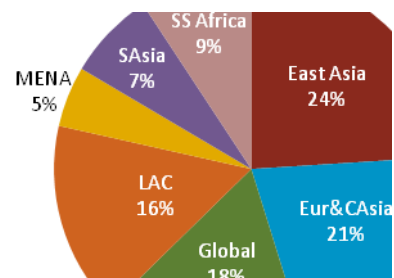
By Region (# of Projects)



By GEF Strategic Program (\$ M)



By Region (\$ M)



CC1: Promoting energy efficiency in residential and commercial buildings.

CC2: Promoting energy efficiency in the industrial sector.

CC3: Promoting market approaches for renewable energy.

CC4: Promoting sustainable energy production from biomass

CC5: Promoting sustainable innovative systems for urban transport.

CC6: Management of Land use, Land use change and Forestry (LULUCF)

All CC: Projects that fall under more than one program.

BD5: Fostering markets for biodiversity goods and services

Annex 2: Portfolio of Active Projects

Below is a summary of the current portfolio of projects within the IFC EF Platform. Each of these project supervision reports (PSRs) have been delivered to the GEF through IBRD as part of IFC's annual monitoring reporting for IFC's GEF portfolio.

Advisory Services

Global Cleaner Production Facility			
Start Date	September 2009	Funds Approved	\$4.96 million
Geographic Focus	Global	Leverage of Earth Fund	1:1.2
Project Cost	\$11.01 million	Leverage of GEF funding	1:73
Description	The IFC Earth Fund has committed \$4.96 million to a Global Cleaner Production (CP) Facility that will deliver and co-finance CP audits, and will disseminate best practices and industry benchmarks. The objective is to encourage companies in developing countries to adopt CP technologies and processes that conserve resources and reduce waste, pollution, and greenhouse gas emissions. Companies will learn about CP technologies and their benefits, along with the necessary technical expertise to identify CP investments.		
Market Barrier Addressed	(i) Lack of understanding by companies about the financial impact of CP investments on operating costs;(ii) Limited in-house technical expertise within companies to identify and implement CP projects; (iii) Lack of knowledge about appropriate CP technologies and related potential cost savings; and (iv) Lack of access to appropriate financing.		

Amman-Zarqa Light Rail System (LRS)			
Start Date	February 2010	Funds Approved	\$359,000
Geographic Focus	Jordan	Leverage of Earth Fund	1: 3
Project Cost	\$1,437,000	Leverage of GEF funding	NA ⁹
Description	\$359,000 has been committed to support the government of Jordan in the design and implementation of a Public- Private Partnership (PPP) to develop a LRS between the cities of Amman and Zarqa. This LRS would facilitate transportation between the two cities and would reduce overall traffic congestion and greenhouse gas emission. The project aims to establish a viable urban transport PPP model to encourage similar projects in Jordan and the region.		
Market Barrier Addressed	Lack of government capacity to develop and execute this type of PPPs; as well as the poor track record of PPPs on urban transportation.		

Emerging Markets Carbon Efficiency Index			
Start Date	April 2009	Funds Approved	\$272,257
Geographic Focus	Global	Leverage of Earth Fund	1: 3.57
Project Cost	\$1,245,125	Leverage of GEF funding	1: 3.57
Description	The IFC Earth Fund has committed \$272,257 for the development of an emerging markets carbon efficiency index to incentivize listed companies in emerging markets to disclose and improve their carbon efficiency. The project also supports the Carbon Disclosure Project to encourage the disclosure of carbon emissions.. This first global emerging markets carbon efficiency index is expected to be powerful in providing a market signal to listed companies regarding their carbon emissions. The index was launched by IFC and Standard & Poor's in December 2009 at the UN Climate Change Conference in Copenhagen.		

⁹ 100% funded by IFC FMFTAAS contribution to the IFC Earth Fund Platform

Market Barrier Addressed	Lack of incentives for companies to disclose and improve their carbon emissions.
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Indonesia Sustainable Energy Finance Program			
Start Date	July 2009	Funds Approved	\$202,600
Geographic Focus	Indonesia	Leverage of Earth Fund	1: 4.1
Project Cost	\$2,071,000	Leverage of GEF funding	1:4.1
Description	The IFC Earth Fund has committed \$202,600 to support a program that has the objective of encouraging cleaner production (CP) and energy efficiency (EE) projects in Indonesia. This Program will implement three types of interventions to advance the adoption of CPEE practices: (i) technical assistance to local banks to strengthen their capacity to identify, assess the risks, structure, and lend to cleaner production, energy efficiency products, and renewable energy projects; (ii) technical assistance to technical service providers to develop the consultancy market; and (iii) market education programs for local banks, companies, government agencies, and the general public to increase general awareness of cleaner production and energy efficiency.		
Market Barrier Addressed	Lack of suitable financing due to lack of Indonesian banks' in-house technical capacity; lack expertise of local service providers; and information about available technologies.		

Research and Engagement on Climate Change Investment in Private Equity			
Start Date	November 2009	Funds Approved	\$200,000
Geographic Focus	Global	Leverage of Earth Fund	1: 4.8
Project Cost	\$1,160,000	Leverage of GEF funding	1: 10.6
Description	The IFC Earth Fund has committed \$200,000 to develop a commercially sustainable information tool to enable institutional investors to increase their capital allocations to emerging markets in private equity and venture capital funds, particularly in climate change related sectors (such as clean-tech, renewable energy, energy efficiency). The information tool will establish industry standards and benchmarks, creating a common framework for climate change investments and is expected to become commercially self sustainable and periodically updated.		
Market Barrier Addressed	Inconsistent information flows on the risk-return profiles of climate change sectors that limit asset allocations from institutional investors.		

Investment Services

Solar PV Farm Subordinated Loan

Start Date	September 2010	Funds Approved	€10 million
Geographic Focus	Bulgaria	Leverage of Earth Fund	1: 7.4
Project Cost	€83.6 million	Leverage of GEF funding	1: 7.4
Description	The IFC Earth Fund approved a €10 million subordinated loan to support the development of a 21.4 MWp solar farm in Bulgaria. The solar farm is expected to produce about 29 GWh of electricity annually and will operate for 25 years. The plant will be the first significant PV investment in Bulgaria, and among the largest PV installations in Europe. It will also be among the first commercially financed thin-film solar farm projects of this scale. The project's ultimate goal is to accelerate the adoption of private-sector driven PV technology in Bulgaria by establishing a track record which would improve the risk/reward profile for future market entrants and financiers.		
Market Barrier Addressed	(i) The existing regulatory regime's feed-in tariff uncertainty throughout the life of the project, which has prevented development of large-scale solar farms in the country to date; and (ii) the perceived risk related to large-scale solar PV farms employing thin-film panels, a relatively new but lower cost technology, which due to the panels' short track record are not yet widely commercially financed.		

Cleantech Pilot

Start Date	September 2010	Funds Approved	\$5 million
Geographic Focus	Global	Leverage of Earth Fund	1: 3
Project Cost	\$ 65 million	Leverage of GEF funding	1:3
Description	The IFC Earth Fund approved the commitment of \$5 million (1 st tranche of a \$15 million Earth fund investment) into an IFC-managed facility to invest in cleantech venture-stage companies operating in challenging markets and geographies. The Earth Fund contribution will provide IFC with a risk cushion by subordinating its rights to reflows, therefore encouraging IFC to invest in riskier markets.		
Market Barrier Addressed	Lack of access to finance because of very little or no track record and high risks perceived by investors		

Techcombank Energy Efficiency (EE) Senior Loan

Start Date	April 2010	Funds Approved	\$1 million
Geographic Focus	Vietnam	Leverage of Earth Fund	1: 24
Project Cost	\$25 million	Leverage of GEF funding	1:24
Description	The IFC Earth Fund approved a \$1million loan convertible into a grant ("performance bonus") to Techcombank, a leading financial institution in Vietnam. The Earth Fund loan will complement a \$ 24 million IFC loan to Techcombank to be on-lent to cleaner production ("CP") & energy efficiency ("EE") projects in Vietnam. The objective of the loan is to support Techcombank develop a new business of CP/EE lending portfolio of up to \$50M. To encourage faster integration of the new line of business, and deployment of the funds, the Earth Fund loan will be convertible into a performance bonus equivalent to 2% of Techcombank's CPEE portfolio, with a maximum of \$1 million. Techcombank will be required to (i) build a minimum portfolio of \$ 25 million; and (ii) lend at least 50% of the funds to SMEs. The conversion of the donor funds to grant is complete only upon achieving a \$50M portfolio.		
Market Barrier	Lack of appropriate financing to provide a solution for perceived risks by private sector		

Addressed	
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