

Renewable Energy and Energy Efficiency Financing and Policy Network (FPN)

Report on Financing and Policy Network Scoping Study and Forum

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Table of Contents

Acknowledgements 3

List of Acronyms 4

Executive Summary 5

1 Introduction 9

2 Financing and Policy Network Scoping Study 11

**3 Renewable Energy and Energy Efficiency Financing and Policy
Network Forum 19**

4 Conclusions 27

List of Exhibits

Exhibit 1: FPN Scoping Study 12

Exhibit 2: Ranking of Key Financial Tactical Issues for RE/EE 14

Exhibit 3: Ranking of Key Policy and Institutional Tactical Issues for RE/EE ..14

Exhibit 4: Partnerships and Organizations Mapped for the Financing and
Policy Network 15

Exhibit 5: Partnership Capabilities in Finance 16

Exhibit 6: Partnership Capabilities in Policy 17

Annexes Provided on Attached CD Rom

- 1 Inception Report: Financing and Policy Network for Scaling-up Renewable Energy and Energy Efficiency in Developing Countries, September 15, 2004
- 2 Minutes of the FPN Core Steering Committee Consultation, October 19, 2004, Berlin Germany and List of Attendees
- 3 Consultation Outreach Instrument for the Needs Assessment and Options Study: Finance and Policy Network on Renewable Energy and Energy Efficiency for Developing Countries
- 4 Final Report: Financing and Policy Network for Scaling-up Renewable Energy and Energy Efficiency Investment in Developing Countries: Final Report and Detailed Appendices
- 5 Renewable Energy and Energy Efficiency Financing and Policy Network Forum – Meeting Agenda, List of Attendees and Opening Session Presentations

Acknowledgements

This report documents the proceedings of a scoping study conducted by the World Bank on the needs and options for a Financing and Policy Network for Scaling-Up Renewable Energy and Energy Efficiency in Developing Countries. The study was a direct outcome of a commitment made by the World Bank Group at the Bonn International Conference on Renewable Energies held in June 2004. The study was supported by the United Nations Development Program (UNDP)/World Bank Energy Sector Management Assistance Programme (ESMAP) as an integral part of its renewable energy and energy efficiency program, the World Bank Energy and Water Department, and the World Bank President's Contingency Fund. Mr. Jamal Saghir, Director Energy and Water, The World Bank and Ms. Dominique Lallement, ESMAP Manager and Energy Advisor to the Energy and Water Department of the World Bank provided strategic vision and guidance for this effort.

The scoping study is based on extensive consultations with developing and developing country governments, private firms, financial institutions, multilateral and bilateral agencies, and non-government organizations (NGOs). Their time and effort in discussing the issues and providing constructive suggestions is deeply appreciated.

The study was conducted under the leadership of Mr. Anil Cabraal, Lead Energy Specialist, Energy and Water Department of the World Bank, with support from a consultant team and Ms. Elizabeth Kelley of the Energy and Water Department. The study culminated in a forum held in Washington DC on March 11, 2004. Key contributors to this forum were Ms. Elizabeth Kelley, Ms. Chunxiang Zhang, and Mr. John Prakesh from the World Bank Energy and Water Department. Ms. Judy Siegel of the Energy and Security Group compiled this report. Special thanks are also due to Ms. Marjorie K. Araya for coordinating the publication of the document.

List of Acronyms

ACORE – American Council for Renewable Energy
ASE – Alliance to Save Energy
BASE – Basel Agency for Sustainable Energy
CSD – Commission on Sustainable Development
CURES - Citizens United for Renewable Energy and Sustainability
EE – Energy Efficiency
ESCO – Energy Service Company
ESMAP – Energy Sector Management Assistance Program
EUEI – European Union Energy Initiative
FDI – Foreign Direct Investment
FPN – Finance and Policy Network
GAPFUND – GVEP Action Program Fund
GEF – Global Environment Facility
G8 – The Group of Eight Countries
GFSE – Global Forum on Sustainable Development
GNESD – Global Network for Energy for Sustainable Development
GTZ – Gesellschaft für Technische Zusammenarbeit / German Technical Cooperation Agency
GVEP – Global Village Energy Partnership
IAP – International Action Plan
IEA – International Energy Agency
IIE - Instituto de Investigaciones Electricas
IIEC – International Institute for Energy Conservation
JREC – Johannesburg Renewable Energy Coalition
MDGs – Millennium Development Goals
NGO – Non Government Organization
OECD – Organization of Economic Cooperation and Development
ODA – Official Development Assistance
OLADE - Organizacion Latinoamericana de Energia
PROINFA – Program of Incentives for Alternative Electricity Sources
RE – Renewable Energy
REEEP – Renewable Energy and Energy Efficiency Partnership
REN21 – Renewable Energy Network for the 21st Century
SERN - Sustainable Energy Regulatory Network
SEFI – Sustainable Energy Finance Initiative
UNDP – United Nations Development Programme
UNEP – United Nations Environment Programme
WCRE – World Commission on Renewable Energy
WEA – World Energy Assessment
WEC – World Energy Council
WEEA – World Energy Efficiency Association
WEEO – World Energy Efficiency Organization
WEO-World Energy Outlook
WSSD – World Summit on Sustainable Development

Executive Summary

Background

1 At the Bonn International Conference on Renewable Energies in June 2004, global leaders from governments, industry, financial institutions, non-governmental organizations, and multilateral organizations paved the way for a new energy future that will transform the energy structures of today and increase the global use of renewable energy. The conference confirmed the importance of renewable energy and energy efficiency in helping to eradicate poverty, protect the environment, and enhance energy security around the world. It also highlighted the significant financial resources needed to scale-up renewable energy and energy efficiency, particularly in the developing world.

2 To continue in this vein and to build upon the success of the Bonn Conference, the idea of a “global policy network” was proposed. The network would bring together a range of stakeholders to address the scaling-up of renewable energy and energy efficiency by focusing on such key issues as policies, capacity building, technology transfer, research and development, and financing. The Government of Germany is supporting the development of the policy network - Renewable Energy Network for the 21st Century (REN21), through its technical cooperation agency, Gesellschaft für Technische Zusammenarbeit (GTZ), and the Worldwatch Institute. .

3 Within the REN21 framework, the German Government requested that the World Bank Group lead a scoping study for a Financing and Policy Network (FPN) relating to the scale-up of renewable energy and energy efficiency in developing countries. The World Bank Group, with commitments of \$8.3 billion in renewable energy and energy efficiency since 1990, agreed to lead the investigation as part of the commitments it made at the Bonn conference. These commitments included: (1) to achieve 20% average annual growth in renewable energy and energy efficiency investments over the next five years; and (2) to work in cooperation with the international community to help frame the broader agenda for scaling-up renewable energy and energy efficiency in developing countries.

4 The scoping study was intended to determine if a rationale exists for a new FPN to support scale-up efforts. A consultant was engaged by the World Bank to conduct the study. The objectives of the scoping study were twofold: (1) to identify the prospective need for and value-added of a renewable energy and energy efficiency financing and policy network; and 2) to propose possible network configuration options, as appropriate.

5 The scoping study involved a number of tasks which included initial desk research and literature review, pre-consultations with World Bank technical staff and other stakeholders, participation in an FPN steering group meeting in Berlin, wide stakeholder consultations (50 structured interviews, 75 electronic Consultative Outreach Instrument responses), and mapping of financing and policy activities of 11 key partnerships/organizations. This highly consultative process yielded significant inputs for the FPN needs assessment, options analysis, and recommendations.

6 The study results were presented at a *Renewable Energy and Energy Efficiency Financing and Policy Network Forum* held in Washington, DC, on March 11, 2005. Forum objectives were to

review the findings, conclusions, and recommendations of the scoping study and to reach consensus on practical actions to accelerate financing and uptake of renewable energy and energy efficiency policy measures in developing countries. Forum participants included about 70 individuals from government, the private sector, financial institutions, the multilateral community, and nongovernmental organizations active in issues related to the scale-up of renewable energy and energy efficiency in developing countries.

Purpose of this Report

7 The purpose of this report is to present the findings of the FPN scoping study and the Renewable Energy and Energy Efficiency Financing and Policy Network Forum.

Key Findings

8 Both the scoping study and Forum yielded a number of key findings with regard to the scale-up of renewable energy and energy efficiency and the value added of a new Network to accelerate scale-up. These are outlined below:

- It was clear that there is *no need for establishing a new FPN institutional network*. There are a number of activities to be undertaken to fill financing and policy gaps, but this does not warrant creation of an additional network or layer.
- *Existing World Summit on Sustainable Development (WSSD) partnerships and organizations can assist in addressing these gaps*, however there is a need for greater cooperation and leveraging among these entities in the areas of financing and policy, building upon the work that has already begun in this area.
- *With regard to renewable energy and energy efficiency, the key issue is scale-up and the major market drivers include policy and finance*. The scoping study and forum highlighted the importance of political commitment and putting in place the appropriate policy and regulatory frameworks to spur investments in these technologies.
- There are a *variety of approaches towards the scale-up of renewable energy and energy efficiency*, with consensus on financing and policy priorities as outlined in Chapter 2 of this report.
- Though they have different needs, characteristics and business models, *both renewable energy and energy efficiency must be addressed – though not necessarily through the same partnerships, networks or mechanisms*.
- Tensions continue to exist *between energy access, sustainable development, and environment agendas*, however, renewable energy and energy efficiency should form “part” of the solution in each of these areas and help to enhance their complementarity.

- Renewable energy and energy efficiency products and services need to reflect local needs and conditions. *The transition from technology push to market pull should continue and country-level solutions and buy-in are essential.*
- Continued efforts are required to further reduce the costs and increase the applications for renewable energy technologies, particularly in the developing world. This includes *emphasis not only on technology commercialization, but continued focus on research, development, and demonstration.*
- There is a *need to look beyond electricity*. The issues are broader and need to include transportation and household fuels that are currently under-represented in program and project initiatives in place today.

Next Steps

9 Regarding next steps and how to move forward, several of the forum participants volunteered to follow up on priority areas.

10 REN21 offered to serve as a platform for enhancing collaboration and cooperation among the various partnerships.

11 The Global Village Energy Partnership (GVEP) agreed to better address the financing gaps noted in the scoping study in its activities at the country level, particularly in mobilizing local capital and in risk mitigation.

12 The United Nations Environment Program's Sustainable Energy Financing Initiative (UNEP/SEFI) and the Basel Agency for Sustainable Energy (BASE) agreed to serve as brokers between developing country renewable energy developers and sources of financing at the local level. GVEP agrees to support this activity as well.

13 The Energy Sector Management Assistance Programme (ESMAP) and the World Bank Energy and Water Department are preparing and will share a Renewable Energy Toolkit (REToolkit), which provides information on best practices, standardized documentation, resource data, etc., in order to reduce transaction costs and increase deal flow. The toolkit will assist project development and implementation teams as well as investors in developing countries. ESMAP and the Global Environment Facility (GEF) have also agreed to organize a renewable energy policy workshop later in the year.

14 The International Energy Agency (IEA) is creating a database of renewable energy policies, including an assessment of their effectiveness; this will be made available to REN21 and other partnerships to utilize in their activities.

15 The Renewable Energy and Energy Efficiency Partnership (REEEP) has agreed to push forward on policy and finance issues related to both renewable energy and energy efficiency.

16 The World Bank offered to contribute intellectual and financial resources to help in filling the gaps and increasing investment in renewable energy and energy efficiency, particularly as linked to productive uses and poverty reduction. The Bank agreed to better engage client countries in a dialogue on the role for renewable energy and energy efficiency in their investment portfolios, including as a means to enhance energy access, reduce poverty, and achieve the Millennium Development Goals (MDGs).

1

Introduction

1.1 The World Energy Outlook (WEO) 2004 projects a 60% increase in electricity demand between now and 2030, at a cost of about \$10 trillion, with most of this growth occurring in developing countries. The WEO report noted that fossil fuel will continue to be the dominant supply source in this timeframe.¹

1.2 Without the introduction of additional energy efficiency efforts to reduce demand, and alternate supply options such as renewable energy – as outlined in the WEO Alternative Scenario -- both world energy demand and carbon dioxide emissions are projected to increase by around 60% by 2030. The report quoted the International Energy Agency (IEA) as saying that “policies to address environmental and energy-security concerns that countries are already considering, together with faster deployment of technology, would substantially reduce energy demand and carbon-dioxide emissions.”

1.3 A Business-as-Usual approach to renewable energy and energy efficiency will not yield significant impacts. For example, in the base case scenario of the WEO report for the period 2003 to 2030, “non-hydro and biomass renewables, including geothermal, solar, wind, tidal, and wave energy” grow from only 1% to 2% of world primary energy demand. Under this scenario renewable energy and energy efficiency will continue to be considered niche-solutions that are project driven and incremental.

1.4 At the Bonn International Renewable Energies Conference in 2004, ministers and government representatives from 154 countries issued a *Political Declaration* acknowledging that renewable energies combined with enhanced energy efficiency can significantly contribute to: sustainable development; providing energy access to the 1.6 billion people currently unserved, especially for the poor; mitigating greenhouse gas emissions; reducing harmful air pollutants, thereby creating new economic opportunities; and enhancing energy security through cooperation and collaboration. They reaffirmed their World Summit on Sustainable Development (WSSD) commitment to substantially increase *with a sense of urgency* the global share of renewable energy in the total energy supply. And they shared a common vision that renewable energies, combined with increased energy efficiency, will become a most important and widely available source of energy, offering new opportunities for cooperation among all countries.

¹ International Energy Agency, *World Energy Outlook 2004*, Paris, France.

1.5 The ministers acknowledged that expanded energy access is key to achieving the MDGs and that renewable energy can make a major contribution if market development, policy, and financing arrangements can be enhanced. They contributed to an *International Action Plan* (IAP) whereby governments, international organizations, and stakeholders proposed over 200 voluntary actions to advance uptake and development of renewable energy. Further, they agreed to work within a “global policy network” (since labeled REN21), that will build on the momentum of the Bonn Conference and track IAP implementation. REN21 will take into account the work already being undertaken by existing partnerships and will promote a comprehensive and open exchange of diverse perspectives, lessons learned, and experiences in the development and application of renewable energy. The Government of Germany is supporting GTZ and Worldwatch Institute to develop REN21.

1.6 In addition to government pledges in Bonn, the World Bank Group committed to: (1) achieving a target of at least 20 percent average annual growth in renewable energy and energy efficiency commitments over the next five years; and (2) working with the international community to help frame the broader agenda for scaling-up renewable energy and energy efficiency in developing countries.

1.7 Given this leadership, and within the framework of the REN21 network, the World Bank was invited by the German authorities to lead a concept development and scoping study for a financing and policy network to assist in scaling-up renewable energy and energy efficiency in developing countries and to contribute to meeting development goals. The study findings were presented at a Renewable Energy and Energy Efficiency Financing and Policy Network Forum sponsored by the World Bank on March 11, 2005.

1.8 This report presents the findings of the Financing and Policy Network scoping study and the conclusions and recommendations of the Renewable Energy and Energy Efficiency Financing and Policy Network Forum.

Financing and Policy Network Scoping Study

Financing and Policy Network Study Goals, Objectives, and Approach

2.1 The purpose of the scoping study was to determine the need for a Financing and Policy Network and to assess the various network options in terms of effectiveness and value added in addressing the scaling up of renewable energy and energy efficiency in developing countries.

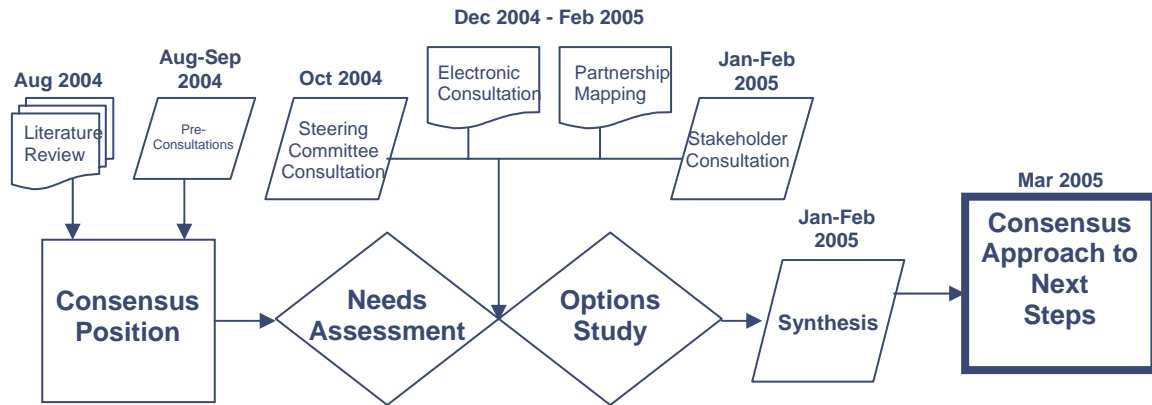
2.2 The study focus was to determine whether a rationale exists for a new FPN to support scale-up of these technologies in developing countries, by creating an enabling policy environment and facilitating finance mobilization. It did not focus on particular renewable energy or energy efficiency solutions. Establishment of a new FPN network was not a foregone conclusion; if no network was recommended, then alternatives were to be identified. A range of stakeholders were consulted in the study process.

2.3 The study included development of an inception report (Annex 1)²; initial desk research and a literature review; pre-consultations with World Bank technical staff and other interested stakeholders; a steering group meeting in Berlin at which the inception report was discussed (Annex 2, Meeting Minutes); and wide stakeholder consultations that provided feedback on the needs assessment, options analysis, and recommendations. Consultations included structured interviews with 50 partnerships and organizations involved in scaling-up renewable energy and energy efficiency, development of a Consultative Outreach Instrument that yielded responses from 75 individuals (Annex 3), and mapping of financial and policy themes of eleven key partnerships and organizations to needs identified by stakeholders. The results were presented as part of an FPN Forum in Washington, DC, on March 11, 2005. (Annex 4 presents the final report and detailed appendices).

2.4 Exhibit 1 graphically depicts the activities and schedule of associated with conduct of this study.

² Annexes are provided on attached CD-Rom

Exhibit 1 FPN Scoping Study Approach



Study Findings

2.5 While the scoping study involved widespread stakeholder consultations, it is important to note that the respondents and participants represented a snapshot of opinions from a group of stakeholders who were available and interested enough to answer questions and provide feedback. Other stakeholders might provide different perspectives.

2.6 This section presents the quantitative findings of the Consultative Outreach Instrument. These findings are organized into three areas: needs assessment, partnership mapping, and network value-added and options assessment. In addition, qualitative comments made from stakeholders in the consultative process, including on the survey instrument and in the structured interview process, are provided in Annex 4.

2.7 As noted previously, 75 individuals completed the extensive survey form. Many indicated that the responses went beyond their own individual inputs to include feedback from multiple respondents affiliated with the organization. Of the 14 categories of respondents, the most common were multilateral/bilateral development agencies (18%), non-government organizations (15%), and governments (14%). About 65% of the respondents work globally or internationally, 19% operate regionally, and 16% operate principally at the national level.

Needs Assessment

2.8 The FPN needs assessment focused on obtaining a better understanding of the market for renewable energy and energy efficiency, key drivers for scaling-up investment in these technologies, and financing and policy issues and priorities.

2.9 Regarding priorities, both renewable energy and energy efficiency stakeholders identified the same four *strategic issues*. These are: creating an enabling policy environment; enhancing local capacity to design, develop and implement renewable energy and/or energy efficiency projects and programs; gaining political commitment; and enforcing regulatory and legal requirements.

2.10 On *tactical issues*, however, financing and policy priorities differed for renewable energy and energy efficiency. Exhibits 2 and 3 present summary findings of the key financing, policy, and institutional priorities for renewable energy and energy efficiency as identified through the consultative outreach instrument.

2.11 In terms of *market focus*, respondents considered both developed and developing countries to be key markets for renewable energy, whereas the major market for energy efficiency is the developing world.

2.12 With respect to *key players*, there were differences between renewable energy and energy efficiency markets. In the case of renewables, the main emphasis is on commercial banks and financial institutions, government organizations, multilateral and bilateral agencies and project developers. For energy efficiency, the main emphasis was on utilities and energy service companies; technology/manufacturing corporations, then commercial banks and financial institutions.

2.13 On *scale-up*, responses were generally the same for renewable energy and energy efficiency: build the experience and expertise of local financial institutions, including a variety of risk mitigation, credit enhancements, and financial products; engage the private sector and enhance their capacity for local delivery; and in parallel, put in place policy and regulatory frameworks to promote renewable energy and energy efficiency investments and local implementation and link these activities to the broader national energy policy. Overall, scale up requires more innovation in financial products, with use of multiple channels to connect policies and implementation at the local level.

2.14 *Additional survey comments particular to scaling up renewable energy* were: energy security and fossil fuel cost increases were seen as useful motivations but not transformational; renewable energy market constraints remain diverse and interdependent, but not easily simplified; renewable energy is not sufficiently linked to resources to engage fully in current MDG activities; transaction costs need to be reduced and/or offset; there is a sense of continuing to advance renewables on an incremental basis than a step change which is needed; income and employment potential of renewables have not been maximized; and market approaches require more end-user focus.

2.15 *Other survey comments emphasizing the scale up of energy efficiency* included: need to build market driven clusters of local and international businesses to implement practical and increasingly standardized projects; energy service companies (ESCOs) and other decentralized options must be systematically supported in terms of business development and capitalization; and there is a need for increased attention to public/private partnerships, particularly in the area of financing.

Exhibit 2. Ranking of Key Financing Tactical Issues for RE/EE

Renewable Energy	Energy Efficiency
<ul style="list-style-type: none"> • Enhance blending of public/private financing • Develop innovative RE financial products • Strengthen RE financing schemes where they exist; create them where they do not • Develop in-country business models • Increase foreign direct investment in RE • Link to carbon financing mechanisms 	<ul style="list-style-type: none"> • Develop innovative EE financial products • Enhance blending of public/private financing • Develop in-country business models • Link to carbon financing mechanisms • Strengthen EE financing schemes where they exist; create them where they do not • Create new EE funding facilities • Increase foreign direct investment in EE

Exhibit 3. Ranking of Key Policy and Institutional Tactical Issues for RE/EE

Renewable Energy	Energy Efficiency
<ul style="list-style-type: none"> • Increase involvement of private sector • Increase programs to purchase energy from RE • Establish national or regional targets to increase RE • Conduct knowledge-sharing and capacity-building in financial institutions and capital markets • Create models to deliver RE technology to meet individual consumer-sized demand • Increase donor/government coordination • Create new RE mandates 	<ul style="list-style-type: none"> • Increase involvement of private sector • Conduct knowledge sharing and capacity building in financial institutions and capital markets • Establish national or regional targets to increase EE • Create new EE mandates • Increase donor/government coordination • Create a clearinghouse for information on innovative EE technology • Develop a code of conduct for EE project donors

Partnership Mapping

2.16 As part of the scoping study, a partnership mapping was conducted to better understand the goals, objectives, and activities of key partnerships and organizations active in the promotion of renewable energy and energy efficiency in developing countries in order to identify critical gaps to scale-up. In total, 11 organizations were assessed as specified in Exhibit 4. A comprehensive data collection instrument was used to obtain data on each of these partnerships and document work completed, on-going, and in planning.

2.17 Following guidance provided at the FPN Berlin Meeting in October, 2004, the partnership/organization mapping exercise focused on inventorying seven financial themes and an additional seven policy and institutional themes.

2.18 For *financing*, the key thematic priorities mapped were: leveraging local capital markets; reducing transaction costs; helping to reposition and mainstream renewable energy and energy efficiency; managing risk; linking renewable energy and energy efficiency investments and markets; disseminating data, preparing case studies and lessons learned; and conducting independent performance evaluations.

Exhibit 4. Partnerships and Organizations Mapped for the Financing and Policy Network

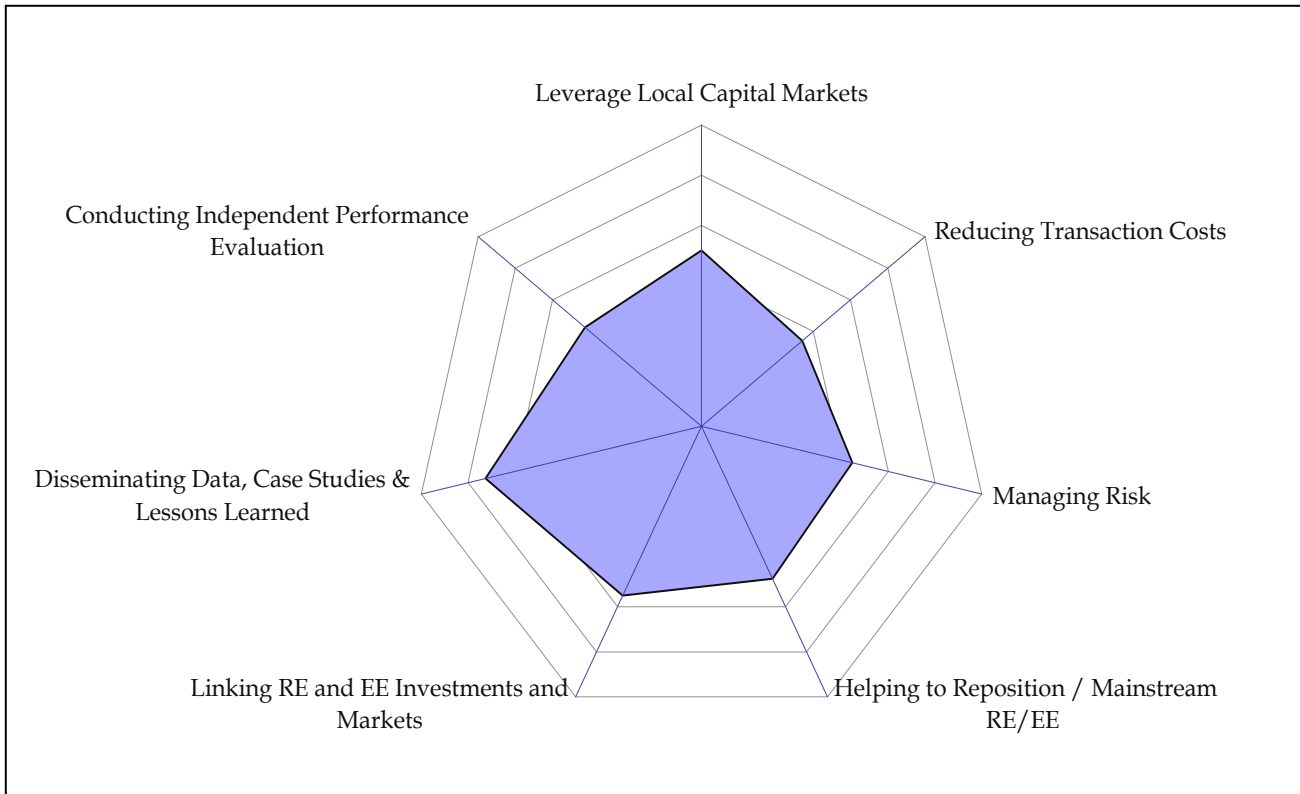
American Council for Renewable Energy (ACORE)	International Institute for Energy Conservation (IIEC)
Alliance to Save Energy (ASE)	Johannesburg Renewable Energy Coalition (JREC)
Citizens United for Renewable Energy and Sustainability (CURES)	Renewable Energy and Energy Efficiency Partnership (REEEP)
European Union Energy Initiative (EUEI)	Sustainable Energy Finance Initiative (SEFI)
Global Network on Energy for Sustainable Development (GNESD)	World Energy Efficiency Association (WEEA)
Global Village Energy Partnership (GVEP)	

2.19 The study found that the 11 partnerships an organizations reviewed focus more of their financing activities on disseminating data, case studies, and lessons learned than on leveraging local capital markets, reducing transaction costs, managing risk, helping to reposition/mainstream renewable energy and energy efficiency, and conducting independent performance evaluation. The study noted, however, that other partnerships and organizations not addressed in this analysis may undertake some of these activities. Exhibit 5 shows graphically depicts the partnership mapping for the key financing issues.

2.20 In the financing area, the partnership mapping also went one level deeper, looking at sub-themes for each of the seven financing themes and identifying specific areas that could be strengthened. Priority areas requiring increased attention include:

- **Reducing transaction costs** via simplifying project application and licensing procedures and reducing project development cycles
- Helping to **reposition and mainstream renewable energy and energy efficiency** via identifying opportunities to optimize existing infrastructure (e.g. refurbishment of hydropower plants)
- **Managing risk** via developing information on renewable energy and energy efficiency project operations and maintenance
- **Conducting independent performance evaluation** via standardizing project performance disclosure requirements.

Exhibit 5: Partnership Capabilities in Finance

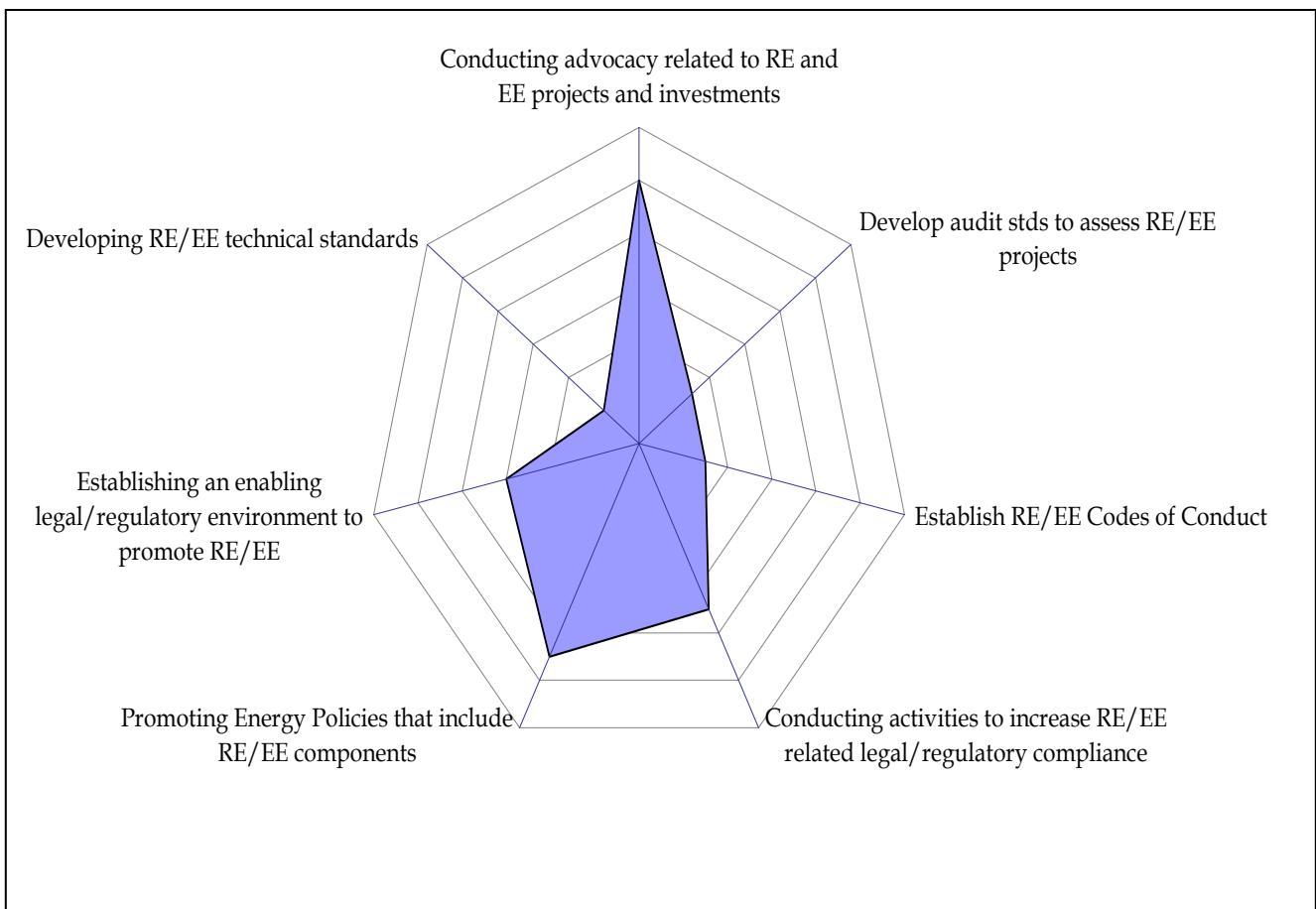


2.21 For *policy*, thematic areas included: conducting advocacy related to renewable energy and/or energy efficiency projects and investments; developing audit standards to assess these projects; establishing renewable energy and energy efficiency codes of conduct; conducting activities to increase legal and regulatory compliance; promoting energy policies that include renewable energy and energy efficiency components; establishing an enabling legal and regulatory framework to promote these technologies, and developing technical standards.

2.22 The study found that the 11 mapped partnerships and organizations have many policy activities focused on conducting advocacy related to renewable energy and energy efficiency projects and investments and promoting energy policies that include these technologies. Areas where there is less coverage include: establishing codes of conduct, technical standards, and audit standards to assess renewable energy and energy efficiency projects, and establishing an enabling legal and regulatory environment to promote the technologies. However, other partnerships and organizations not addressed in the scoping study may perform some of these activities (e.g., the International Electrotechnical Committee focuses on establishing technical standards). Exhibit 6 shows the partnership mapping for policy-related issues.

2.23 Further, in both the policy and financing areas it was highlighted that the focus to date has been on electricity. This scope needs to be broadened to address “under-championed” transport and heating/cooking applications.

Exhibit 6: Partnership Capabilities in Policy



Network Value-Added and Options Study

2.24 Respondents indicated that while networking activities are useful, *there is no need for a new Financing and Policy Network.*

2.25 Although the scoping study identified financing and policy gaps in the scaling-up of renewable energy and energy efficiency, these could be addressed by existing partnerships and organizations.

2.26 The study also acknowledged the need for strengthening and consolidating activities of the existing partnerships and organizations and increasing cooperation and leveraging between these entities. In many cases this cooperation has already begun and should be further encouraged.

3

Renewable Energy and Energy Efficiency Financing and Policy Network Forum

Purpose

3.1 On Friday, March 11, 2005, the World Bank hosted a forum to review the findings, conclusions, and recommendations of the scoping study and to determine next steps. The goal of the forum was to seek consensus on practical actions that can be taken to accelerate financing for renewable energy and energy efficiency in developing countries and provide a favorable policy environment. Annex 5 provides the meeting agenda and a listing of meeting participants.

Meeting Overview

3.2 The forum was a highly participatory event that was organized into six sessions.

3.3 Session 1 was a ministerial level keynote panel that framed the issues and opportunities related to the scale-up of renewable energy and energy efficiency in developing countries, particularly from a finance, policy, and institutional perspective. (Annex 6 provides ministerial presentations.)

3.4 Session 2 presented the findings of the scoping study described in the previous Chapter.

3.5 During lunch, Mr. Len Good, CEO of the Global Environment Facility, presented a keynote address.

3.6 Sessions 3 and 4 provided perspectives of the stakeholder and partnership communities, respectively, on the merits of financing and policy network.

3.7 In Session 5, the participants were organized into three breakout groups to review the results of the scoping study and to provide inputs on the findings, recommendations, and next steps.

3.8 Session 6 served as the wrap-up session.

Meeting Summary

Session 1: Opening Session and Keynote Panel

3.9 *Ms. Kathy Sierra, Vice President for Infrastructure, The World Bank*, opened the forum and welcomed the participants. She noted the importance of the meeting and the fact that it kicked off a week of several important energy events including the African Energy Ministers' Consultation, Energy Week 2005, and the Consultative Group meetings of energy trust fund donors. Ms. Sierra set the stage for the day by highlighting the difficulties faced by developing countries in meeting their growing energy needs in cost-efficient ways. She emphasized climate change concerns resulting from continued reliance on fossil fuels, and the role for renewable energy and energy efficiency. Ms. Sierra indicated that the scale-up challenge requires mutual attention and cooperation as the problems are beyond the scope and capabilities of any one group, region, or institution. Ms. Sierra pledged the support of the World Bank and the commitment made in Bonn to increase support for renewable energy and energy efficiency by 20 percent per year for the next five years.

3.10 *Minister Syda Bbumba, Uganda Minister of Energy and Mineral Development*, reported on the lack of energy access in Africa, where less than 8% of the population has electricity. She explained that Africa is rich in renewable energy resources and that these technologies can make a major contribution to advancing sustainable development on the continent. Minister Bbumba described the barriers to renewables, including the high upfront capital costs, lack of consumer awareness, and the paucity of private sector investors. She also recognized the need for appropriate policies to leverage capital, financial innovation, and public-private partnerships. The Minister demonstrated how Uganda has put in place an excellent program with the World Bank -- the Energy for Rural Transformation Program -- to tie renewable energy across a number of sectors and to transform the way that energy services are delivered in the country. Continued emphasis is needed to mobilize the private sector, advance renewables and energy efficiency, achieve political commitment, engage consumers, transfer appropriate technologies, and reach out to the broader public. All this must be done to address the energy challenge and meet the needs of those unserved.

3.11 *Mr. Ian Johnson, Vice President, Environmentally and Socially Sustainable Development, The World Bank*, stressed the need for a long term vision for development at the global and country level through 2050. He underscored the need for clarity in the objectives to scale-up renewable energy and energy efficiency and collaboration to achieve these objectives. Mr. Johnson indicated the need for a uniform message and a shared common vision on renewable energy. He also highlighted the importance of keeping research and development on the agenda, establishing targets and timetables, doing a better job in engaging the private sector, and becoming more creative about financing renewables, including more effective use of Official Development Assistance (ODA), GEF, and carbon financing. He suggested that the renewable energy and energy efficiency community can learn from the Montreal Protocol and that the Group of Eight (G8) countries should take responsibility in advancing the use of renewables and energy efficiency. He emphasized the importance of technological advancement and change and the need to realign infrastructure activities undertaken by the Bank and client countries. He also cautioned against becoming a solution in search of a problem, particularly when the problem is not clearly defined.

3.12 *Mr. Jamal Saghir, Director Energy and Water, The World Bank*, provided perspective on the potential role of renewable energy and energy efficiency in the global marketplace. He estimated that up to 1 billion people could be given access to energy services from renewable sources *if* market development, policy frameworks, and financing arrangements can be enhanced. Mr. Saghir acknowledged that the financing needs to implement the International Action Plan resulting from the Bonn Conference would require an estimated \$90-120 billion over the next decade, or about \$10 billion per year. He stressed the financing challenges that developing countries are confronting and acknowledged the role that the World Bank Group is playing to leverage public and private sources, including investments to date of nearly \$8.3 billion in renewable energy and energy efficiency -- which have leveraged 3 times this amount.

3.13 Mr. Saghir closed by setting forth the goals and objectives of the forum. The purpose of the meeting was to identify tactical and practical recommendations to support the scale-up of renewable energy and energy efficiency investments in developing countries and to increase the coordination and efficiency of existing activities and organizations towards achieving this goal. The forum objectives were to reach consensus on the following issues:

- Whether the need exists for a new FPN network.
- Mapping of the roles, responsibilities, and activities of organizations and partnerships involved in providing policy and financing support for renewable energy and efficiency.
- For gaps recognized during the mapping process, identification of those organizations interested in addressing the gaps.
- For overlap in partnership activities identified in the mapping process, promotion of a common understanding of what various organizations are doing and identification of methods for leveraging their activities.
- If an FPN is warranted, clarification of the linkages with REN21 and other networks and partnerships and the identification of possible network configurations and operating modalities.

3.14 *Mr. Norbert Gorissen, German Ministry for Environment, Nature Conservation and Nuclear Safety*, reminded the participants of the outcomes of the Bonn Conference, including the International Action Plan that contained renewable energy and energy efficiency commitments from 165 governments. He indicated that the German government has provided support for REN21, the mission of which is to continue the Bonn momentum and keep the community engaged, including stakeholders from energy, development, and the environment. Mr. Gorissen described REN21 as a voluntary network of capable and committed institutions that will support follow-up on the 200 actions set forth in the Bonn International Action Plan. He noted that meetings of the REN21 International Steering Committee held in October in Berlin and February in Casablanca discussed a range of issues relating to the mission, goals, objectives, structure, and work plan of the Network. In particular, REN21 seeks to create relationships; promote improved understanding of renewable energy and the value of these technologies; encourage collection, analysis and dissemination of information related to the advancement of renewables; strengthen the policy and regulatory frameworks for these technologies; help in framing RE priority issues for upcoming global meetings and venues such as the Commission on Sustainable Development's upcoming sessions (CSD 14 and 15), the G8, and the Millennium Development conference; and periodically host a high-profile international event demonstrating the impact of renewable energy technologies. Mr. Gorissen

identified three papers that the network will focus on: (1) a renewable energy 2005 global status report; (2) the role of renewable energy in meeting the Millennium Development Goals; and (3) renewable energy and climate change. He indicated that REN21 would collaborate with and not duplicate activities of other networks and organizations, and that GTZ would continue to host the network. Finally, he announced that the network's website is now operational (<http://www.ren21.org>).

3.15 *Minister Radomir Naumov, Serbian Minister of Mining and Energy*, highlighted the importance of putting in place an effective enabling framework to make the critical links of hydropower, energy access, and poverty reduction. He described the energy reforms that have been put in place in Serbia from a legal, institutional, economic, structural, market, and ownership perspective and specific mechanisms and instruments that have been adopted to foster wider use of renewable energy and efficiency. These have included a new renewable energy sources regulation, development of programs for promotion of renewable energy system use, and financial incentives for renewable energy and energy efficiency. He outlined the new energy law that went into effect in August 2004 (and includes privileged status for renewable energy producers); the new institutions that have been put in place, including the Energy Regulatory Agency, the Energy Efficiency Agency, and the Transmission and Market System Operation; and the legal separation of the Serbian electric power industry. Finally, he described the strong renewable energy resource potential in the country, including biomass, small hydro, geothermal, solar and wind energy, and delineated further actions that need to be undertaken to advance these technologies including resource assessments, establishment of targets and timetables, development of enhancement mechanisms, and creation of rules for network systems and markets.

3.16 *Minister Dilma Rousseff, Brazil Minister of Energy and Mines*, provided a comprehensive overview of Brazil's energy situation, the role of renewable energy and energy efficiency, and programs that have been put in place to encourage the use of these technologies. These have included: an ambitious hydropower program to yield over 2800 MW by 2009; a biodiesel program targeting 2% of all diesel by 2008 -- which may increase to 5% by 2013; PROINFA (Program of Incentives for Alternative Electricity Sources) which will lead to 3,300 MW for wind, biomass, and small hydro; the Light for Everyone program that will add 2.5 million new connections by 2008; and the ethanol program to promote flex fuel vehicles and exports of 6 billion liters per year through 2005. Minister Rousseff noted that renewables account for 43% of the country's energy matrix in 2004, primarily from hydropower and biomass. She stressed that other countries could learn from Brazil's non-polluting approach to energy delivery and the importance of environment and social considerations in power development. She also demonstrated the impacts of effective policy in advancing renewable energy and energy efficiency in Brazil for both electricity generation and the transport sector, including the vital role of ethanol and biodiesel and the need to consider both large and small scale hydro. Minister Rousseff acknowledged the importance of local, international, and innovative financing sources in the advancement of these technologies, including carbon finance.

3.17 Following the Keynote Panel, a question-and-answer session was conducted. Participants commented on the scale of renewable energy and energy efficiency occurring in Uganda, Serbia, and Brazil; the need to continue to think beyond electricity to heating and cooking; and the requirement for rational pricing of energy and continued emphasis on "smart" subsidies.

Session 2: Financing and Policy Network Needs Assessment

3.18 Mr. Anil Cabraal, Lead Energy Specialist for the World Bank, chaired this session. The consultants presented the objectives, findings, and conclusions of the FPN needs assessment provided in Chapter 3 and in the annexes.

Luncheon Presentation by Mr. Len Good, CEO, Global Environmental Facility

3.19 Mr. Good described the GEF program and indicated that renewable energy and energy efficiency accounted for about one-third of the total GEF budget or about \$2 billion (approximately \$1 billion for renewables and \$1 billion for efficiency). To date, the GEF has supported over 150 renewable energy and energy efficiency projects in 140 countries, with the bulk of this in Brazil, China, India, Mexico, and Poland. The GEF seeks to remove barriers to energy efficiency and energy conservation and promote the adoption of renewable energy by removing barriers and reducing implementation costs. He indicated that GEF-supported activities have been transforming markets in developing countries. On renewables, efforts have focused on the supply side and removing policy, regulatory, business, and technology barriers. There is a strong portfolio of implementation and learning base. For energy efficiency, on the appliance side there is a straightforward approach to the market that engages the public sector and private manufacturers. The GEF has had good experience with Energy Service Companies (ESCOs) and third party financial models and is building up activities on energy-efficient construction, including developing appropriate policy frameworks and enforced building codes. Mr. Good stressed the importance of putting the right market conditions in place to stimulate financing and he noted that governments cannot bear all the costs of new renewable energy investments; better leveraging of private capital is needed. He indicated that an FPN network could help in communicating best practices, disseminating information on successful projects and approaches, and encouraging better coordination among existing partnerships.

Session 3: Stakeholder Perspectives on the Merits of a Financing and Policy Network

3.20 Session 3, chaired by Mr. V. Raghuraman, Senior Energy Advisor, Confederation of Indian Industries, provided the perspectives of industry, government, and private sector stakeholders on the merits of a Financing and Policy Network. Speakers included Mr. Jeremy Cohen, Vice President, External Affairs Shell International Renewables; Mr. Byron Chiliquinga, Organizacion Latinoamericana de Energia (OLADE); and Mr. Nelson Stevens, Wireless Energy, Chile. Each of the speakers briefly described their activities in the areas of renewable energy and energy efficiency, identified barriers to the scale-up of these technologies, and provided their views on the value-added of the network. All agreed to participate in an FPN as appropriate if the forum agreed that this was needed.

Session 4: Partnership Perspectives on the Merits of a Financing and Policy Network

3.21 Session 4, which was chaired by Mr. Jorge Huacuz, Instituto de Investigaciones Electricas (IIE) of Mexico, presented inputs from three of the key WSSD partnerships on their views of an FPN network.

- Dr. Abeeku Brew-Hammond of the Global Village Energy Partnership outlined activities of the partnership related to the financing and policy network, including efforts at the country level to leverage funding for energy-poverty reduction programs, stimulate investment by local financial institutions for energy access, put in place pro-poor policy reforms at the national and sub-national level, and launch a new \$3 million GVEP Action Program Fund (GAP Fund) that is targeted to reach 400 new communities and 400,000 people in the next two years. Dr. Brew-Hammond also noted GVEP's interest in building on collaboration with other WSSD partnerships in these areas.
- Mr. Mike Allen of the Renewable Energy and Energy Efficiency Partnership specified that policy and finance are two core areas for the partnership and that REEEP has established a Sustainable Energy Regulatory Network (SERN). Mr. Allen indicated that REEEP is a bottom-up organization that is interested in finding solutions to financing and policy barriers. He offered the services of REEEP in the financing and policy area, adding that any activities undertaken by an FPN network should build upon the strengths of existing partnerships and should be realistic regarding potential outcomes given limited resources.
- Mr. Eric Usher of the United Nations Environment Program indicated that the Bonn conference was successful because of the proactive role of the German government, and that he was pleased about the follow-up on the commitments made there. He indicated that there is a lack of information on operating efficient markets in developing countries and that this knowledge gap can be filled in a cost-effective manner. Mr. Usher also noted that it is important to look at successful activities as a way of attracting new and different stakeholders. Mr. Usher offered UNEP support in follow-up activities to the forum, as appropriate.

Session 5: Breakout Groups

3.22 In Session 5, forum participants were organized into three breakout groups that reviewed the results of the scoping study and provided inputs on the findings, recommendations, and next steps. Mr. Romesh Dias Bandaranaike, Ecopower Ltd., Sri Lanka, served as Chairperson for the Breakout Groups.

3.23 Breakout Group I, which focused on Finance, was asked to recommend the top 3-5 finance issues that should be addressed to accelerate scale-up of renewable energy and energy efficiency; identify specific actions that the global community can take to resolve these issues; identify which networks, partnerships, or other entities are best positioned and able to take a lead in this matter; and recommend next steps. Breakout Group I was facilitated by Ms. Helianti Hilman, Executive Director, YBUL Indonesia. Dr. Harish Hande, Managing Director SELCO India, served as Rapporteur.

3.24 Breakout Group I determined the following:

- Financing priorities differ depending on whether viable financial institutions exist in the country. If financial institutions are in place, then key financing issues to address are to increase awareness among credit officers and managers about renewable energy and energy efficiency investments and service providers, strengthen their capacity to make investments,

put in place long financing terms and power purchase arrangements, and mitigate risks to the investor. If adequate financial institutions are not in place, there is a need to create them, which may involve public sector support for pilot activities to encourage participation of the private sector and to expand energy access, particularly to the rural poor.

- Proposed actions fall into three areas. First, policy advocacy is needed to improve the investment climate for renewable energy and energy efficiency. Policies should be aimed at leveling the playing field for these technologies, reducing or eliminating subsidies for fossil fuels, and reducing or eliminating import duties for renewable energy and energy efficiency equipment. Second, an information clearinghouse would be beneficial. It would provide credible information that stimulates business players and would document successful financing schemes and business models that have led to investment. Third, it is important to empower local financial institutions, including through more effective leveraging of local capital liquidities on local terms and in local currencies.
- Interventions by the global community could include co-financing of projects or service providers; providing access to project financing and financing sources (e.g., Sustainable Energy Financing directory); providing information and knowledge sharing with REN21; and coordinating this activity in conjunction with REEEP, ESMAP and GVEP; and advocacy (via REN21).
- Regarding how to move forward, the group determined that there is a need to first gain a better understanding of what financing resources, services, and capabilities currently exist, and based on this, convene a meeting to identify gaps and next steps. The scoping study is a good first step on mobilizing this information.

3.25 Breakout Group II, which focused on Policy, was asked to recommend the top 3-5 policy issues that should be addressed to scale-up renewable energy and energy efficiency; identify specific actions that the global community can take to resolve these issues; identify which networks, partnerships, or other entities are best positioned and able to take a lead in this matter; and recommend next steps. Breakout Group II was facilitated by Ms. Dominique Lallement, ESMAP Program Manager. Mr. Chris Flavin, President of Worldwatch Institute, served as rapporteur.

3.26 Breakout Group II determined the following:

- Key policy priorities are: local ownership on policy issues by developing country governments and effective engagement with the private sector; demystification of renewable energy policies, particularly what works and what does not; and recognition that policy options supporting renewable energy vary widely by country, region, and sector -- relying on a singular approach would be a mistake.
- Key policy interventions include: developing an inventory and analysis of existing policies, including a database; arranging meetings between policymakers to allow for targeted dialogue on specific policy options; and developing how-to packages to operationalize policies that will lead to scale-up of renewable energy.

3.27 Breakout Group III, which focused on Organizational Issues, was asked to recommend a process for achieving more effective collaboration and coordination between existing partnerships; identify which networks, partnerships, or other entities are best positioned and able to take a lead in this matter; and recommend next steps. Mr. Griffin Thompson, Office of Policy Coordination Initiatives, U.S. Department of State, chaired this Breakout Group and Ms. Sheila Oparaocha, Deputy Executive Director of Energia, served as rapporteur.

3.28 Breakout Group III determined the following with regard to improved coordination and cooperation between partnerships, networks, and others:

- Request that REN 21, the Global Forum on Sustainable Energy (GFSE), and REEEP create an interactive, dynamic catalogue of partnerships based on the mapping exercise. This mapping should be expanded to include other partnerships and organizations that were not originally addressed in the scoping study and could provide a platform for an enhanced dialogue among the partnerships.
- Determine the value of conducting a performance assessment of the various partnerships with regard to scaling-up renewable energy and energy efficiency.
- Establish a Financing Working Group under REN21 comprised of local and international financiers with the goal of scaling-up public-private sector investment in renewable energy and energy efficiency.
- Have REN21 provide a forum for continued discussion on the gaps that were identified in the scoping study and how to address these gaps.
- Make use of Commission on Sustainable Development (CSD) 14 and 15, which will focus on energy for sustainable development, to highlight progress on the above activities.
- Post the results of the scoping study final report, appendices, and detailed partnership write-ups on the World Bank, REN21, and other appropriate websites.

4

Conclusions

Key Findings

4.1 The scoping study and the Renewable Energy and Energy Efficiency Financing and Policy Network Forum yielded a number of key findings with regard to the scale-up of renewable energy and energy efficiency and the value-added of a new network to accelerate this.

4.2 It was clear that there is *no need for establishing a new FPN institutional network*. There is a need for greater cooperation and networking between the key stakeholders and gap-filling to be done, but this does not warrant creation of an additional network or layer.

4.3 With regard to renewable energy and energy efficiency *the key issue is scale-up and the major market drivers are policy and finance*. The scoping study and forum highlighted the *strategic* importance of political commitment and putting in place the appropriate policy and regulatory frameworks to induce investments in these technologies.

4.4 There are a variety of approaches towards the scale-up of renewable energy and energy efficiency, with consensus on financing and policy. *Key tactical priorities* identified in the financing and policy areas for renewable energy and energy efficiency included:

- For *renewable energy, financing priorities* in order of importance are enhance blending of public and private financing, develop innovative financial products, strengthen financing schemes where they exist and create them where they do not, develop in-country business models, increase foreign direct investment (FDI) in renewable energy, and link to carbon financing mechanisms.
- For *energy efficiency, financing priorities* in order of importance are develop innovative financial products, enhance blending of public and private financing, develop in-country business models, link to carbon financing mechanisms, strengthen financing schemes where they exist and create them where they do not, create new energy efficiency funding facilities, and increase foreign direct investment (FDI) in energy efficiency.
- For *renewable energy, policy and institutional priorities* in order of importance are increase involvement of the private sector, increase programs to purchase energy from renewable energy sources, establish national or regional targets to increase reliance on renewables, conduct knowledge-sharing and capacity-building in financial institutions and capital markets, create models to deliver renewable energy technologies to meet individual consumer-sized demand, increase donor/government coordination, and create new renewable energy mandates.

- For *energy efficiency, policy and institutional priorities* in order of importance are increase involvement of the private sector, conduct knowledge-sharing and capacity-building in financial institutions and capital markets, establish national/regional targets to increase energy efficiency, create new energy efficiency mandates, increase donor/government coordination, create a clearinghouse for information on innovative energy efficiency technologies, and develop code of conduct for energy efficiency project donors.

4.5 *There are a range of activities already on-going through WSSD partnerships and other organizations that can support the scale of up of renewable energy and energy efficiency technologies.* The mapping exercise clarified where these entities are putting their emphasis with regard to renewable energy and energy efficiency, and highlighted where the gaps continue to exist. The need for greater cooperation and leveraging of existing partnerships and organizations in the area of financing and policy was identified, building upon the work that has already begun in this area. For example, REEEP and GVEP have signed a Memorandum of Cooperation and are collaborating on a number of activities at the regional level. GVEP and EUEI are working at the country level, particularly in Africa, to develop and implement energy-poverty reduction programs. GNESD is working with a number of the WSSD partnerships to promote effective policy approaches to energy delivery.

4.6 Though they have different markets, needs, characteristics and business models, *both renewable energy and energy efficiency must be addressed – though not necessarily through the same partnerships, networks or mechanisms.* This is due to the fact that the partnerships and organizations mapped in this process have varying objectives, capabilities, scope and reach with no one entity covering the breadth of financing and policy issues identified in the scoping study. For example, some of the partnerships/organizations have a limited technology emphasis, with ACORE focusing on renewable energy and IIEC on energy efficiency, and others specializing on a particular issue area, with GNESD focusing on policy and SEFI on financing. It was highlighted in the study that each partnership/organization should pursue its competitive advantage.

4.7 Tensions continue to exist *between the energy access, sustainable development, and environment agendas.* For example, some claim that energy access is the priority and this should be done with the cheapest technology solutions available regardless of the environmental implications. Others claim that development is the priority, and that energy should be viewed as a means of achieving the MDGs. Still others in the international community believe that these issues are complementary and solutions can be found to address all three. In particular, it was noted that renewable energy and energy efficiency technologies are “part” of the solution in each of these areas. They can contribute to achieving the Millennium Development Goals, particularly when linked to productive and social uses, and offer environmentally beneficial solutions that are cost effective today in a variety of applications.

4.8 Renewable energy products and services need to reflect local needs and conditions and the community should *continue the transition from technology push -- to market pull.* Country-driven solutions are essential in this effort. Scale-up cannot succeed without the full buy-in and support of those who will be implementing it.

4.9 Continued efforts are required to further reduce the costs and increase the applications for renewable energy technologies, particularly in the developing world. This includes *emphasis not only on technology commercialization, but continued focus on research, development, and demonstration.*

4.10 Finally, there is a *need to look beyond electricity.* The issues go beyond the power sector and need to include transportation and household fuels that are currently under-represented in program and project initiatives in place today. Transport will represent the fastest growing sector over the next 20 years as the demand for mobility increases, particularly in the developing world. Given that the bulk of this demand will be met from petroleum under a business as usual scenario and given the volatility in petroleum prices that have doubled in the last two years and are projected to double again in this decade, this is a serious concern. In the case of household fuels, over 3 billion people continue to rely on traditional cook stoves, powered by fuel wood and dung, for their heating and cooking needs. Indoor air pollution resulting from these stoves is contributing to more deaths in women and children than malaria and tuberculosis combined. Renewable energy and energy efficiency can provide alternatives in both the transport and household sectors.

Next Steps

4.11 Regarding next steps and how to move forward, several of the forum participants volunteered to follow up on priority areas identified.

4.12 REN21 offered to serve as a platform for enhancing collaboration and cooperation among the various partnerships. In this capacity, several follow on activities were identified:

- Expand the cataloguing of partnerships in the mapping exercise to include other Type 2 partnerships and organizations that were not included, to assess the value of these partnerships and to do this in conjunction with the GFSE and REEEP.
- Establish a Financing Working Group comprised of local and international financiers that can contribute to more effective leveraging of public-private sector investments in renewables.
- Mobilize partners to determine the information requirements of local financial institutions in order to increase their confidence and investment in renewables. Also, serve as a forum for the various partners to develop, disseminate, and transfer this information to local financial institutions.
- Provide a forum for continued discussion on the gaps identified in the scoping study and for groups to take leadership in addressing these gaps. In the financing area gaps included leveraging local capital markets, reducing transaction costs, managing risk, helping to reposition/mainstream renewable energy and energy efficiency, and conducting independent performance evaluations. In the area of policy, gaps include establishing codes of conduct, technical/audit standards and establishing an enabling legal and regulatory environment to promote the technologies.

- Develop and circulate report that more clearly defines the links between renewable energy and the MDGs.

4.13 GVEP agreed to better address the financing gaps noted in the scoping study in its activities at the country level, particularly mobilizing local capital and risk mitigation. GVEP will work with local financial institutions to identify their concerns with regard to renewable energy and efficiency investment and support the design of risk mitigation and credit enhancements to address these issues.

4.14 UNEP/SEFI and BASE agreed to serve as a broker between developing country renewable energy developers and sources of financing at the local level; GVEP agrees to support this activity as well. For example, UNEP is establishing a Seed Capital Access Facility (SCAF) to help early stage sustainable energy enterprises access start-up seed capital from mainstream energy investors.

4.15 ESMAP is preparing and will share its Renewable Energy Toolkit which provides information on best practices, standardized documentation, resource data, etc in order to reduce transaction costs and increase deal flow. The toolkit will assist project development and implementation teams as well as investors in developing countries. ESMAP and the Global Environment Facility (GEF) have also agreed to organize a renewable energy policy workshop later in the year.

4.16 IEA is creating a database of renewable energy policies, including their effectiveness that will be made available to REN21 and the partnerships to utilize in their activities. This will expand the renewable energy policy document IEA prepared for Organization of Economic Development (OECD) countries that was issued in June 2004 during the Bonn Conference.

4.17 REEEP has agreed to push forward on policy and finance issues related to both renewable energy and energy efficiency. In particular, policy and finance were key themes of the recent REEEP solicitation conducted in spring 2005; final decisions on grant awardees, including those focusing on the areas of financing and policy will be announced in May 2005.

4.18 The World Bank offered to contribute knowledge management and resource support to help in filling the gaps and increasing investment in renewable energy and energy efficiency, particularly as they are linked to productive uses and poverty reduction. The Bank agreed to better engage client countries on the role for renewable energy and energy efficiency in their investment portfolios, including as a means to enhance energy access, reduce poverty, and achieve the MDGs.