

## PROJECT ABSTRACT

Country: Regional

Sector: Energy Efficiency

Project Name: Energy Efficiency Finance Facility

Project Number: RG-X1136

Project Name: NDF Energy Efficiency Guarantee Fund and Technical Assistance Fund

Project Number: RG-X1173 and RG-X1175

Borrower/Company: NSG Clients

Proposed Uncommitted Facility Size: US\$50 million

The purpose of the “Energy Efficiency Finance Facility” (Facility) is to support Latin American and Caribbean companies to make investments in energy efficiency and small-scale, self-supply renewable energy projects that will reduce energy costs and greenhouse gas emissions. Even for large companies, these investments tend to be small, and the high costs of project identification, engineering design and financing are well established barriers to their implementation. This proposed Energy Efficiency Finance Facility is designed to address the financial barriers, by providing loans to finance project implementation with reduced transaction costs and long tenors, as well as concessional pricing as necessary.

Most energy efficiency and self-supply renewable energy projects are too small for the IDB to finance on a stand-alone basis. Therefore SCF’s clients often postpone these investments until they undertake a larger capital investment program or have sufficient equity available, resulting in wasted energy and avoidable greenhouse gas emissions. In order to address this barrier, the Facility will offer small scale loans ranging in size from US\$500,000 to US\$5,000,000 for investments in these climate-friendly projects.

The Facility will benefit from the Bank’s continued collaboration with the Nordic Development Fund (NDF). NDF has agreed to make a contribution to the Bank in the amount of €8 million in support of the Facility. The NDF contribution will be used as reimbursable funding to provide first-loss guarantees issued to select IDB loans under the Facility, allowing the IDB to enhance the credit profile of transactions in NDF eligible countries. As part of its contribution, NDF will allow €1 million in grant financing to help reduce transaction costs by providing non-reimbursable project identification, feasibility analysis and engineering services to its existing and potential IDB clients to be channeled through the TA fund. Through the Facility, the Bank expects to significantly reduce transaction costs and facilitate access to finance for a \$100 million in climate friendly investment.