

PFAN-Asia Quarterly

Volume 003

March 31, 2015

Recent Successes

3 projects representing \$6M USD of investment have successfully achieved financial closure in Q1

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5th Annual AFCEF

PFAN showcases 9 projects at its Investor Forum, featuring a total investment of \$164M

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Wind in Vietnam

Unlocking 25,000 MW of Wind Power in Vietnam will both benefit the country and the economy in the region

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Dear Stakeholders,

Welcome to the third issue of our Quarterly Newsletter!

It is with great pleasure we present the third issue of the PFAN-Asia Quarterly Newsletter to you-our important stakeholders. This newsletter covers PFAN-Asia's recent activities, as well as other industry news.

In the first quarter of 2015, PFAN successfully co-hosted the Fifth Asia Forum for Clean Energy Financing (AFCEF-5) business plan competition in Singapore, bringing together hundreds of leading clean energy entrepreneurs and investors from across the region. PFAN also collaborated with local partners to promote clean energy investment and energy efficiency at events in Thailand and Cambodia.

We hope that you will find the newsletter useful and informative. Please contact us if you have questions, need more information, or have suggestions for improvements. We thank you for your support, and look forward to reconnecting with you in the near future.

Yours truly,
The PFAN-Asia Team
asia@cti-pfan.net



Connect with us at upcoming events

May 14, 2015
Hanoi, Vietnam
Commercial Wind Workshop

May 26, 2015
Bangkok, Thailand
Lower Mekong Initiative's Professional Communication Skills for Leaders

June 12, 2015
Jaipur/Udaipur, India
PFAN India Roadshow

June 15-19, 2015
Manila, Philippines
Asia Clean Energy Forum 2015

June 23, 2015
Pune/Mumbai, India
PFAN India Roadshow

June 26, 2015
Vijayawada, India
PFAN India Roadshow

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Recent Success

	Added in FY15 Q2	Program Totals
Investment Mobilized		
#s of Projects	4	16
Total Investment (USD)	\$6,025,899	\$37,832,889
Pipeline Status		
#s of Projects	(5)	69
Total Investment (USD)	(\$297,079,859)	\$1,145,567,185

ONergy (Punam Energy Pvt. Ltd.) is an ISO certified for-profit social enterprise (established in 2009) providing decentralized energy solutions to rural households and institutions in East India. It provides customized, reliable and affordable clean energy products for lighting, cooking and electrification. By the end of 2013, ONergy has impacted over 120,000 people and operated a network of 10 Renewable Energy Centre in East India. With support from PFAN, ONergy has recently secured an additional \$100,000 equity investment from Rianta Capital, an impact investment firm.



Image: ONergy's Solar Panel



Image: A prototype micro-CHP system

Emergence Bio Energy Inc. (EBI) has recently received a grant of \$ 650,000 to develop a small-scale power generation product based on micro-CHP technology, in Bangladesh. This product enables continuous power generation from multiple fuel sources including biogas, a methane-rich fuel that can be recovered from organic waste such as manure or agricultural residues. The system is sized at 3 kilowatts of electric power, big enough to power irrigation pumps, household devices and lights . The project was admitted to PFAN through the AFCEF-3 (Business Plan Competition), which provided mentoring and deal facilitation services. PFAN had referred Emergence Bio Energy (EBI) to many investors including New Ventures India and DOEN Foundation, which provided further support to the project.

S & B Power Corp. is a newly registered company established to implement the 2.6 MW Bongabong River Minihydro Project, located in Barangay Mapang, municipality of Bongabong, Oriental Mindoro, the Philippines. This project is the first venture of the company in the energy sector. The project is a run-of-river type using a high flow and low head. Water from the Bongabong River will be diverted via a 1.8 km open concrete-lined canal and will flow back to the Bongabong River at the same quality and quantity. The southern towns of Oriental Mindoro will benefit from this project since the present power generating plants are concentrated near the capital town of Calapan City and this project will act as voltage stabilizer. Bongabong Municipality will no longer suffer from brownouts and voltage fluctuations once the project is completed. S & B will sell the hydro power it generates to the local electric cooperative through a bilateral power sales agreement at PHP5.85/kWh (USD 0.136), displacing highly-subsidized power provided through diesel gensets with a generation cost of PHP14-21/kWh. PFAN helps the company to seal the equity investment of \$2.33 million.

Nepalese Solar Firm Shines at AFCEF-5

On February 6, 2015, PFAN co-hosted the Fifth Asia Forum for Clean Energy Financing (AFCEF-5) business plan competition in Singapore, bringing together leading clean energy entrepreneurs and investors from across the region. AFCEF-5 followed the success of the last four Regional Forums in Asia. Nine project finalists, representing five countries (Bangladesh, India, Mongolia, Nepal, and the Philippines), pitched their

businesses to a panel of distinguished judges and an audience of over 100 that included investors, entrepreneurs, and government representatives. In aggregate, the projects featured a total investment in excess of \$164 million, spanning technologies such as biomass, hydro, solar, wind, biogas and energy efficiency.

These finalists have been selected for their commercial viability, as

well as their social and environmental impact. All received intensive coaching from PFAN advisors, who assisted them with refining their business plans and other investment-related documents. A panel of independent judges selected the “Solar Project Fund for Commercial Offgrid Solar and Rural Microgrids” project by Gham Power Nepal as the winner, while runner-ups included 5 Star Stoves, a clean cookstove project from Bangladesh, as well as Water and Energy Nepal, a small Nepalese hydropower project.

Overall, the Forum provided significant opportunities for networking and capacity building for clean energy entrepreneurs and investors.

“PFAN mentors are valuable resources that helped ready our project for investor outreach”

-Mr. Sandeep Giri, Gham Power Nepal Private Limited, first prize winner at AFCEF-5



Image: Clean Energy Entrepreneurs and PFAN Mentors at AFCEF-5

Supporting Events throughout SE Asia

Leveraging ESCO Business Model Best Practices in Thailand

PFAN-Asia, in collaboration with the Thailand Energy Service Companies (Thai ESCO) Association, Department of Alternative Energy Development and Efficiency, and the Institute of Industrial Energy of the Federation of Thai Industries, co-organized a workshop titled “*ESCO Business Model-Experiences from USA, China and Indonesia*” which took place on March 5, 2015 in Bangkok.

The event brought together over 60 participants from Thai ESCO Association, energy audit companies, and the executive energy committee of the Federation of Thai Industries to learn more about how the ESCO model operates in thriving markets such as the USA, China, Indonesia, and Australia.

Presenters and seminar participants discussed ways of addressing existing barriers on the procurement of energy saving technologies, as well as how lessons learned in the development of the ESCO model in other markets could be applied in the context of Thailand.

Following the event, Thai ESCO and PFAN-Asia agreed to continue closely collaborating on ways to mobilize financing for commercial energy efficiency projects.



Promoting Clean Energy Investment in Thailand

PFAN-Asia exhibited at *The Investment Policies and Techniques for Renewable Energy Projects 2015* conference on March 23rd in Bangkok, Thailand. The conference attracted nearly 1,000 participants, including senior-level industry executives, engineers, investors, as well as government officials. The event was co-organized by the Green Network Forum by the Technology Media Co. Ltd along with The Federation of Thai Industries and the Thai Photovoltaic Industries Association.

During the conference proceedings, speakers addressed various challenges and lessons learned on investing in various renewable energy sectors, with a particular focus on solar, waste-to-energy, and biomass technologies. PFAN-Asia used the event to promote its services to attendees, and entered preliminary discussions with Kasikorn Bank and solar rooftop companies on further supporting the residential solar market in Thailand.

As a first step, PFAN-Asia plans to organize a solar rooftop leasing workshop in May 2015, gathering relevant parties to exchange ideas on the development of a leasing program for this sector – the total value of which is estimated around \$250-300 million.

Making the Business Case for Environmental, Social and Governance Principles

On March 24th and 25th, PFAN-Asia and the USAID Mekong Partnership for the Environment brought together over 40 non-government organization, civil society and private sector representatives in the Mekong region to learn about emerging trends in sustainable investment and environmental, social and governance integration. The event focused on making investments more sustainable, which reduces risk, saves money, and also improves corporate reputations. The event also included networking opportunities with industry leaders to share experiences in integrating ESG into their core business strategies. The first day consisted of a forum on ESG principles and experiences, while the second day involved training exercises and explorations on effective stakeholder engagement.

The event is among PFAN-Asia’s broader efforts to support development of sustainable and responsible clean energy project developments, such as community solar micro-grids, clean energy solutions for agriculture and transport, and small and medium-sized hydropower projects in the region.



Assessment Emphasizes Capacity Building Needs for Financial Institutions in Laos

Lao PDR is rich in clean energy resources that the government aims to develop to contribute to its total energy mix. Hydro is the most abundant of Lao’s clean energy resources but its development, sale and financing are, in most cases, performed by international firms. In addition, financing of small hydro projects is often done by foreign banks which are dominant players in Lao PDR’s banking sector, accounting for 50% of total number of banks operating in the country.

A brief survey on clean energy financing capacity of banks in Lao PDR indicated that 80% of banks queried do not lend to clean energy projects. In addition, 70% do not have a dedicated clean energy finance team and/or training on clean energy project risk management and business development.

Clearly, there is a need to build the clean energy financing capacity of Laotian banks

As next steps, PFAN-Asia will collaborate with Lao Bankers Association, Institute of Renewable Energy and Promotion, and Department of Energy Business to collect further information on capacity building needs. With this data, PFAN-Asia intends to design a more specific capacity building program for financial institutions in Laos.

Lao Commercial Banks' Total Loans SECTOR	LOANS (USD MILLIONS)		% CHANGE
	2012	2013	
Industry and handcraft	505.0	796.3	57.7
Construction	568.1	898.7	58.1
Materials and Technical Supplies	126.2	200.3	58.7
Agriculture	252.5	450.4	78.4
Commerce	757.5	904.3	19.4
Transportation	126.2	126.2	24.8
Services	505.0	512.0	1.4
Others	315.6	453.7	43.7
TOTAL	3,156.3	4373.4	38.6

Financing Commercial-Scale Projects in the Vietnam Wind Power

How much wind power is economically feasible in Vietnam? In 2001, the World Bank estimated that more than 100,000 MW was possible, but a more recent estimate in 2011 by GiZ put the figure more realistically at about 25,000 MW. Economically viable wind power is a clean energy resource that could benefit not only energy-hungry Vietnam, but also serve the broader Lower Mekong region. To unlock Vietnam’s wind power potential, it is clear that there has to be a paradigm shift to overcoming structural barriers to wind power development, which are many and significant.

To enable such a paradigm shift, PFAN-Asia proposes efforts should be made in the following areas: (1)

improving market incentives; (2) creating a better enabling environment for wind power development; (3) encouraging coordination among central government agencies and donors alike; (4) assisting local private developers to improve both their wind resource assessments and also their project documentation to financial community standards; (5) promotion of green banking and Equator Principles among local commercial banks and financial institutions; and (6) improved access to affordable finance via project financing and innovative risk mitigation strategies and instruments. For further details, please see PFAN-Asia publication “The Business Case For: Wind Energy in Vietnam.”

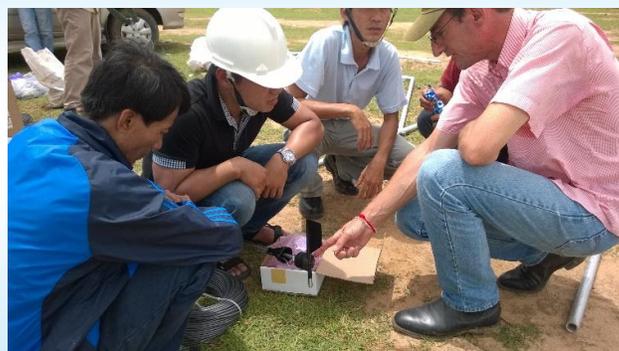


Image: PFAN supports the wind project by the Blue Circle in Vietnam

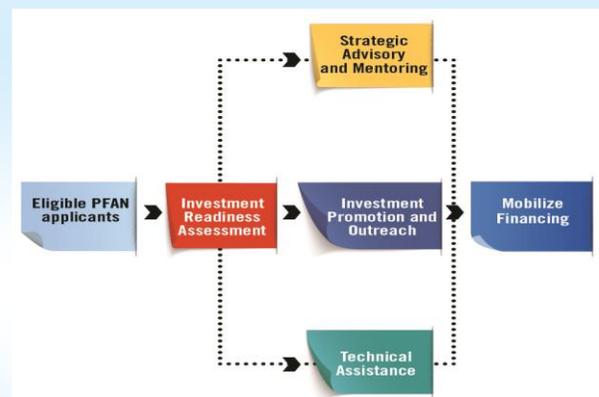
Work with Us

PFAN is actively looking to support clean energy entrepreneurs in raising capital for their projects. Upon admission into the program, each new project to PFAN is provided an **Investment Readiness Assessment**, or IRA. Based on the outcome of IRA, further support may include one of three services below:

1. Strategic Advisory and Mentoring: PFAN-Asia provides strategic advisory and mentoring on the preparation and refinement of the business plan and other related documentation necessary for investor outreach. Mentorship will be conducted by individuals who possess extensive track record of successfully raising capital for clean energy companies.

2. Investment Promotion and Outreach: PFAN-Asia promotes and matches investment ready proposals with suitable investors.

3. Technical Assistance: Tipping point technical assistance refers to late-stage technical assistance that pushes projects up and over the tipping point so that an investor decides to move forward with the investment (e.g., legal opinion, technical review or engineering feasibility report).



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