



IDB Support to Energy Efficiency

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- » Latin American and the Caribbean (LAC) Energy Sector investment requirements
- » IDB Available Support Instruments
- » Recent examples of IDB projects in Energy Efficiency

2 · LAC Energy Sector investment requirements

Investment needed by the Energy Sector in LAC (2005-2030)*

» US\$ 1,380 billion, of which the electrical sub-sector requires US\$ 720 billion.

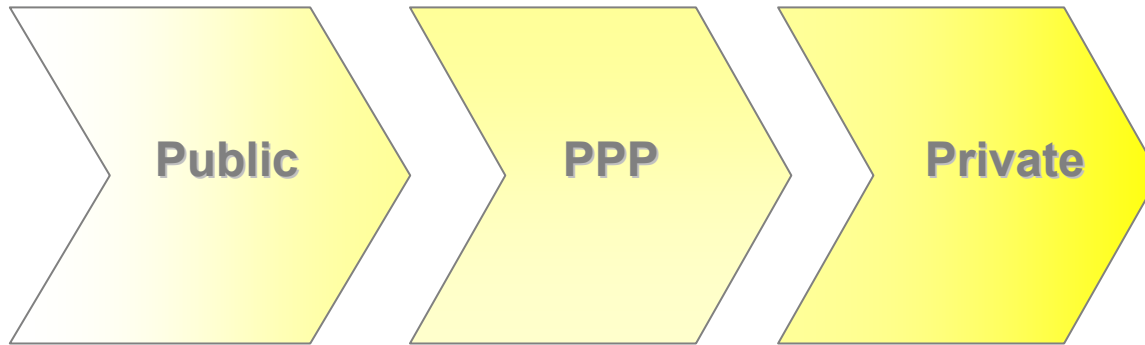
Energy Efficiency worldwide

- » Relevance has been given by climate change, other environmental issues and the rising prices of energy sources. .
- » Expected reduction of 12% by 2030 in worldwide electricity demand due to energy efficiency programs.
- » LAC could do much more. IDB experience confirms the profitability of these types of projects (example Mexico).

* Excluding Mexico (IEA World Energy Outlook 2006)

3 ·IDB Financing in Infrastructure

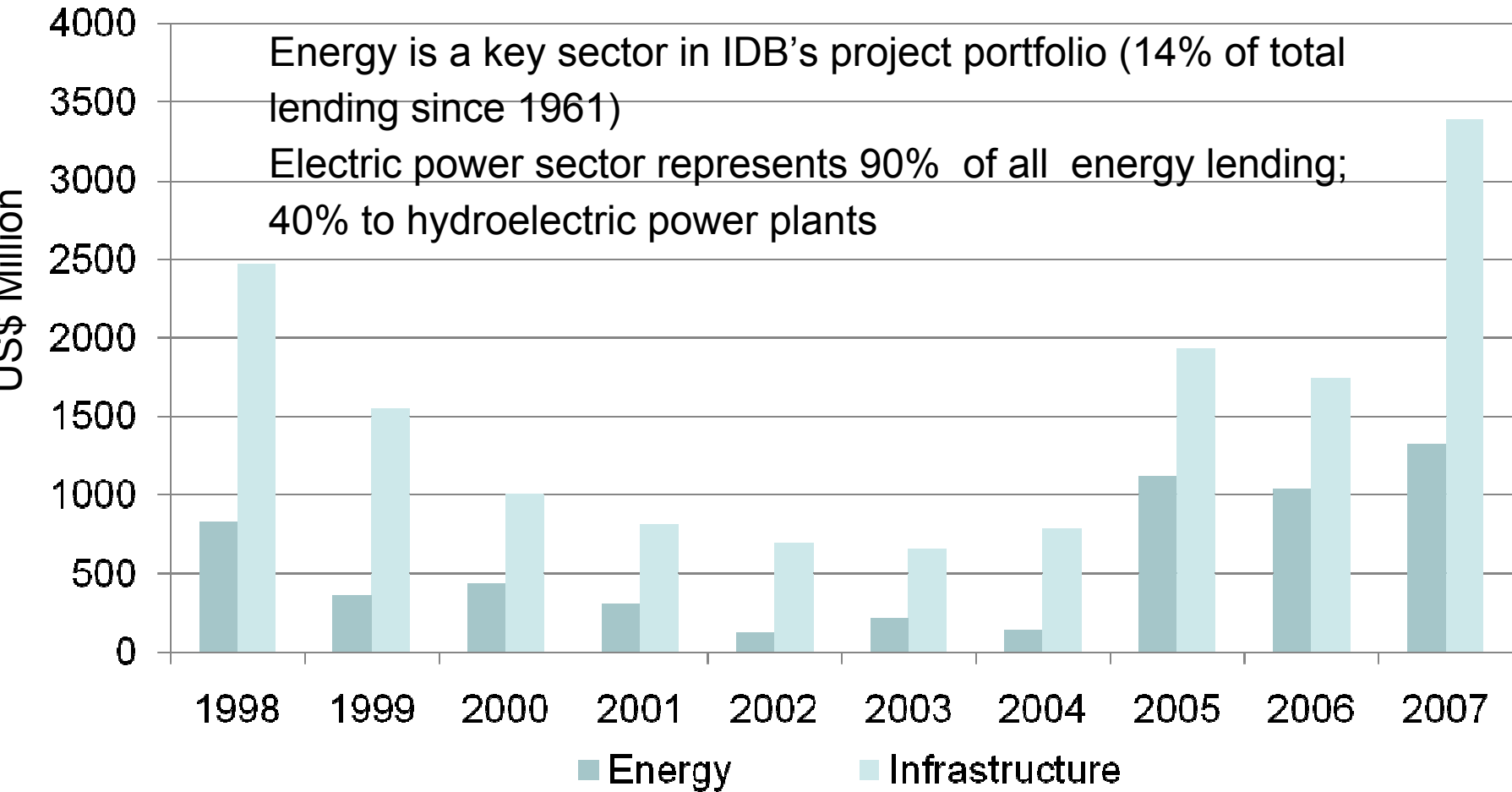
Full Spectrum of instruments for Public-Private Projects



Conditions according to project needs

(interest rate, grace periods, amortization schedule, maturity)

3 · IDB lending to Energy (1998-2007)



5 · IDB Support Instruments

Financial Products

- » Public Sector Loans (with and without sovereign guarantees)
- » Private Sector Loans.
- » Political Risk Guarantee
- » Financial Guarantees in Local Currency
- » Infrastructure Funds ex.: CAMIF

Technical Assistance

- » Infrastructure Fund (InfraFund)
- » Sustainable Energy and Climate Change Initiative (SECCI)
- » Regional Integration Infrastructure Fund (FIRII)
- » Fiduciary Funds (50 funds from 18 non borrowing member countries)

6 · Sustainable Energy and Climate Change Initiative - SECCI

- » Dedicated funds to help the preparation and execution of new operations on renewable energy / energy efficiency / carbon finance / climate change.
- » Composed of two funds: the first one available since December 2007 with US\$20 million of IDB resources, and a multi-donor fund in preparation with another US\$20 million.

Four Strategic Pillars:

- » Renewable Energy & Energy Efficiency
- » Biofuel Development
- » Increasing Access to Carbon Finance
- » Adaptation to Climate Change

7 · Examples of IDB Financing for Energy Efficiency Projects

- » ICE/Costa Rica: energy efficiency actions as part of the credit line of US\$ 500 million for the Instituto Costarricense de Electricidad (ICE) investment program - 2008-2014.
- » FIDE/México: US\$ 23.4 million financing for the Fideicomiso para el Ahorro de Energia Electrica (FIDE), mainly to provide incentives for high efficiency electric motor buyers; 270 MW and 3.8 millions of tons of CO₂ avoided.
- » CELPA/Grupo REDE/Brazil: installation and monitoring of energy efficiency measures for lower income clients; improvements in electrical internal installations and distribution of efficient lighting systems.
- » BDMG/Brazil: mainstreaming of energy efficiency and other clean energy options in BDMG's project pipeline; support to BDMG's clients and to the secretariats of the State of Minas Gerais in the field of energy efficiency and other clean energy projects.

8 · Examples of IDB Financing for Energy Efficiency Projects

Technical cooperation for water distribution company (ANDA) in El Salvador :

- » Identifying and evaluating ways to install efficient pumps
- » Preparing water pump projects for the IDB and other finance institutions
- » Organizing a regional workshop to disseminate and exchange results

9 · Examples of IDB Financing for Energy Efficiency Projects

A 700 kUS\$ to finance energy efficiency measures in Nicaragua for several consumption sectors:

- » Energy audits in Industry, Commerce and Services and support for pilot project implementation
- » Efficient lighting for Residential and General sectors, Street Lighting and support for pilot project
- » Feasibility of a Trust Fund for EE equipment/systems, others
- » Improvement/extension of the on-going Education Campaign Program targeting EE in the residential sector
- » Updating load characterization and end-use analysis applied to EE projects
- » Preparation of EE loan proposals

10 · Examples of IDB Financing for Energy Efficiency Projects

TC funded by the SPA program (IDB-Germany) for SICA (Central America Integration System):

- » Design of a sustainable program for the promotion and implementation of efficient lighting for Residential, Commerce, Services and street lighting sectors, reducing generation expansion needs and greenhouse gases emissions
- » Preparation of a project pipeline on efficient lighting
- » Organization of a regional workshop for sharing results

11 · Examples of IDB Financing for Energy Efficiency Projects

TC funded with IDB funds (INT-FSO) to be implemented by SICA for capacity building and exchange of experience in Central America:

- » Design of codes and standards for efficient equipment
- » Technical visits to specialized institutions in Mexico and other Latin American countries
- » Design of a regional and national institutional framework
- » Information systems
- » Follow up workshops

12 ·Examples of IDB Financing for Energy Efficiency Projects (in preparation)

- » Energy Efficiency in water distribution sector in Nicaragua y Colombia.
- » Technical Assistance in Energy Efficiency Indicators in México.
- » Energy efficiency studies and measures in several consumption sectors in El Salvador and Guatemala.
- » Guarantee Fund to facilitate loans for energy efficiency in Mexico.

13 · Conclusions

LAC requires significant investments in the Energy Sector to match demand growth. Energy efficiency is an effective option to adjust demand growth and reduce supply gaps:

IDB offers support instruments to:

- » Public and private Investments (financing and guarantees)
- » Technical Assistance (e.g., SECCI, InfraFund, FIRII)
- » Emphasis on energy efficiency, diversification of energy sources, social and environmental sustainability

The IDB has always been a main actor in the process and it's well positioned to continue playing a key role in supporting energy efficiency in its member countries