PRESS RELEASE

SE4ALL EXPERT REPORT DETAILS CONCRETE WAYS TO BOOST FINANCE FOR SUSTAINABLE ENERGY

SEES NEAR-TERM POTENTIAL TO RAISE ADDITIONAL $120 BILLION A YEAR BY 2020

Addis Ababa, Ethiopia, July 13 2015 – Innovative financial mechanisms in four key areas have the potential to boost crucial investment in sustainable energy by some $120 billion a year in the near term, an expert report from the Sustainable Energy for All (SE4All) initiative shows.

Investment from both the public and private sectors will need to triple to more than $1 trillion per year to meet SE4All's ambitious goal of sustainable energy for all by 2030, according to latest estimates.

Developing countries face particular challenges in mobilising finance, ranging from investors' risk perceptions and an inadequate pipeline of bankable projects, through to weaknesses in the regulatory framework and other basic conditions needed to set the stage for investment. Even in the developed world, investors can encounter regulatory and policy challenges in financing sustainable energy.

The report by the Finance Committee of SE4All's Advisory Board, 'Scaling Up Finance for Sustainable Energy Investments', identifies four broad 'investment themes' where action could help drive increased investment:

- developing the Green Bond market;
- using Development Finance Institutions' (DFIs') de-risking instruments to mobilize private capital;
- exploring insurance products that focus on removing specific risks; and
- developing aggregation structures that focus on bundling and pooling approaches for small-scale projects.

Action across these four themes, along with mechanisms to speed up project development, could increase investment for sustainable energy in both the developing and the developed world by a total of some $120 billion a year towards SE4All's three target areas of energy access, energy efficiency and renewable energy, the report says. It also calls for the development of a pipeline of bankable energy projects.

"These should not be the only areas of focus for SE4All, and do not address the total funding gaps identified. They do, however, represent near-term, achievable opportunities," it says.

Of that total, the report sees potential to raise $35 billion through further expansion of the Green Bond market to drive fresh capital into new sustainable energy investments, particularly into the project bond market and asset-backed Green Bonds.

Developing tailored structures that allow the private sector to co-lend with DFIs in emerging markets could help raise a further $30 billion.

Encouraging new construction-stage lending, supported by subordinated debt credit enhancement instruments, and enabling later-stage flows from institutional investors could account for $30 billion, while developing structures to aggregate small-scale projects could catalyse $25 billion.

"A trillion-dollar investment need is also a trillion-dollar investment opportunity," **said Kandeh Yumkella, the UN Secretary General's Special Representative for Sustainable Energy for All and CEO of the SE4All initiative.** "This report shows in detail how we can start driving that investment in really practical ways, by mobilising new sources of finance and encouraging investors by helping them to manage their risks."

"We know there is a diverse pool of investors wanting to finance sustainable energy projects across the world, but in many countries needing this investment, enabling environments are weak," **said Anita Marangoly George, Senior Director for Energy and Extractives for the World Bank Group.** "As a global community, we must work hard to support governments with their reform efforts so that investors have the certainty they need. We can do this."

The SE4All Finance Committee's report is a major contribution to the debate on financing the post-2015 development agenda, which is the subject of the UN's Third International Conference on Financing for Development (FfD3) running in Addis Ababa from 13-16 July. It was released at SE4All's high-level side-event at the conference, on Financing Sustainable Energy for All.

The report was prepared for SE4All by Bank of America Merrill Lynch, the Brazilian Development Bank (BNDES) and the World Bank, with inputs from Finance Committee members from a broad range of governments, banks, businesses, inter-governmental agencies and civil society.

The 2015 edition of the SE4All Global Tracking Framework, released in May, estimates that annual investment in energy access will need to rise to $49.4 billion to reach the SE4All target of universal energy access by 2030, compared with current spending of $9 billion.

To double the share of renewable energy in the global energy mix will require investment of $442-650 billion per year, compared to the current baseline of $258 billion, while doubling the rate of improvement in energy efficiency will need $560 billion per year, against a current $130 billion.

BACKGROUND

Launched in September 2011, the Sustainable Energy for All (SE4All) initiative is a multi-stakeholder partnership working with governments, businesses, civil society, banks and international institutions to meet three interlinked goals by 2030:

- ensuring universal access to modern energy services;
- doubling the share of renewable energy in the global energy mix; and
- doubling the rate of improvement in energy efficiency worldwide.

UN Secretary-General Ban Ki-moon and World Bank Group President Jim Yong Kim co-chair the SE4All initiative, which addresses the crucial global challenge of addressing energy poverty while at the same time mitigating climate change.

For more information: www.se4all.org

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