



Session 2A: Access to Finance – Set Industrial Park Transformation in Motion



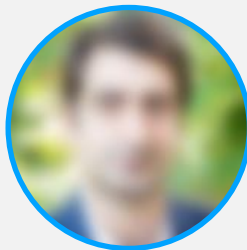
Klaus Tyrkkö

UNIDO GEIPP, Session Moderator



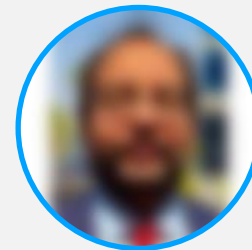
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GLOBAL ECO-INDUSTRIAL PARKS PROGRAMME



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Education and Research EAER
State Secretariat for Economic Affairs SECO



Facilitation of financing and the EIP A2F Tool

Alessandro Flammini – Technical Lead and Project Coordinator

SIA Conference, Cairo, 6 June 2023



Implementation of feasible EIP opportunities

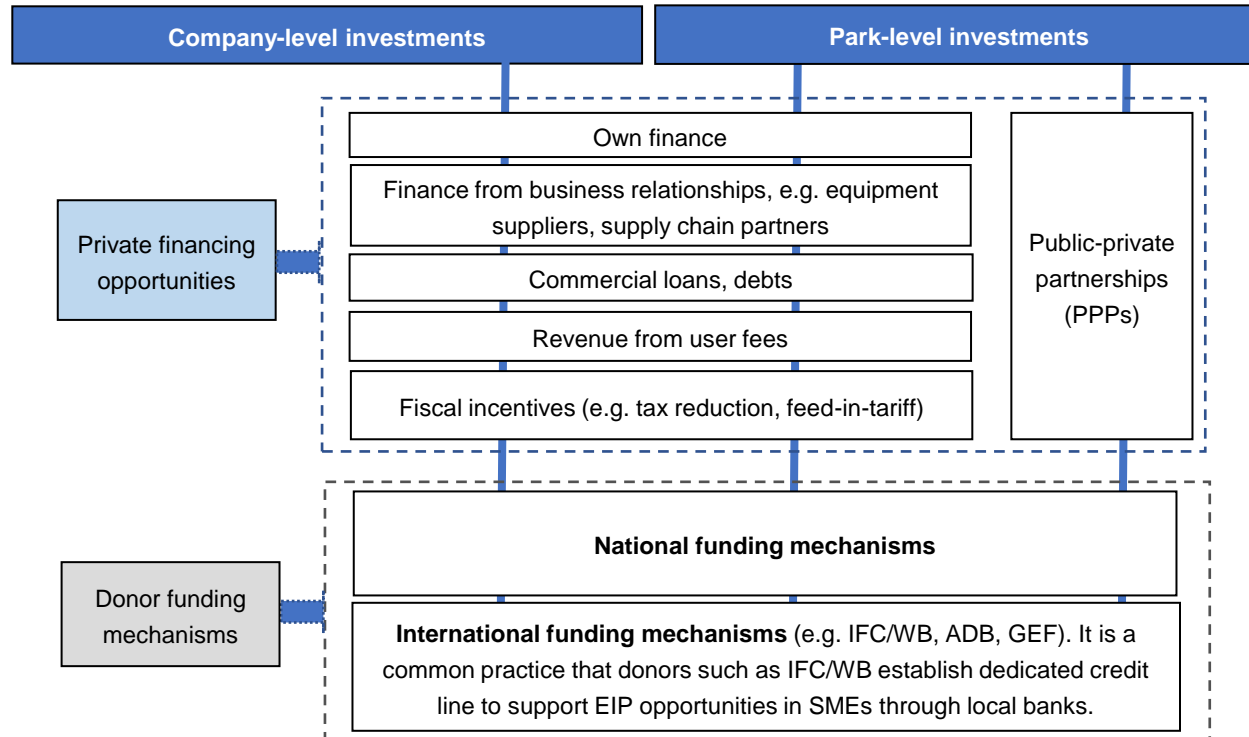
When feasible EIP opportunities have been identified and developed, there are still common challenges to their actual implementation

- Access to finance
- Lack of previous collaboration (trust) to implement solution
- Lack of knowledge on new technology
- Regulatory barriers
- Perceived risks on operational / contractual arrangements
- Uncertainties on OPEX, ROI, operating conditions
- And others.....

*If it was very easy, it
would have been done
already...*



Potential funding structures for EIP development



Source: Vietnam National Cleaner Production Centre and Sofies (2018). Testing of Eco-Industrial Park Guidelines and EIP opportunity assessments for Vietnam.

Examples

Private financing opportunities

Name of mechanism	Support type and amount	Type of EIP opportunity that could be financed
Own finance	<ul style="list-style-type: none"> Ratio of self-financing is usually between 20% to 40% of the total Capital Expenditure required. 	<ul style="list-style-type: none"> Park-level Infrastructure Company equipment Feasibility studies
Equipment supplier	<ul style="list-style-type: none"> Vendor financing 	<ul style="list-style-type: none"> Equipment innovation
Energy service provider (ESCO)	<ul style="list-style-type: none"> Collaborate with a professional energy company that delivers services in exchange of a fee proportional to the energy savings. 	<ul style="list-style-type: none"> Energy efficiency
Commercial loans	<ul style="list-style-type: none"> Commercial debt and equity instruments: debt instruments (loans), equity instruments, leasing, others (factoring/forfeiting) 	<ul style="list-style-type: none"> Park-level Infrastructure Company equipment
Public-private partnerships (PPPs)	<ul style="list-style-type: none"> PPP arrangements between the public and private sectors are viable where shared investments bring mutual benefits 	<ul style="list-style-type: none"> Park level Infrastructure

Examples from Viet Nam

National financial mechanisms

Name of mechanism	Type of EIP opportunity that could be financed	Key benefits of financial mechanisms
Vietnam Environment Protection Fund (VEPF)	<ul style="list-style-type: none"> Park level Infrastructure: wastewater treatment, waste incinerator, hazardous waste treatment,... Company equipment: pollution treatment system 	<ul style="list-style-type: none"> Specifically mentioned in Article 43, Decree No 82/2018/ND-CP Preferential interest rate: 2.6% or 3.6%/year Post-investment interest rate support: 2.4%/year
Dong Nai Environment Protection Fund quybvmtdongnai.org.vn	<ul style="list-style-type: none"> Park level Infrastructure: wastewater treatment, waste incinerator Company equipment: pollution treatment system 	<ul style="list-style-type: none"> Preferential interest rate: 4.28%/year
Vietnam Development Bank (VDB)	<ul style="list-style-type: none"> Park level Infrastructure Company equipment: pollution treatment system, resource efficiency, energy transformation 	<ul style="list-style-type: none"> Specifically mentioned in Article 43, Decree No 82/2018/ND-CP Several types of EIP opportunities Lower interest rate
Dong Nai Development Investment Fund www.dndif.com.vn	<ul style="list-style-type: none"> Park level Infrastructure Company equipment: pollution treatment system, recycling activities 	<ul style="list-style-type: none"> Preferential interest rate: 7% or 7.5% per year
The World Bank, e.g. Vietnam Energy Efficiency for Industrial Enterprises (VEEIE) project	<ul style="list-style-type: none"> Thematic projects, e.g. Energy efficiency practices in the period of 2017-2022 	<ul style="list-style-type: none"> Easy access for SMEs, e.g. VCB and BIDV banks Lower interest rate

Examples from Viet Nam

International funding mechanisms 1/3

International Financial Partner	Financial mechanisms possible	Type of EIP opportunity that could be financed
Development banks		
IFC, IBRD / WORLD BANK GROUP- Multilateral	Concessional loans, grants, loan guarantee, equity, trade and supply-chain finance	Funding for thematic development projects related to EIP development, e.g. energy efficiency, resource efficiency, renewable energy
African Development Bank (ADB)	Concessional loans, grants, loan guarantee	Funding for thematic development projects related to EIP development, e.g. energy efficiency, resource efficiency, renewable energy
Development Bank of Southern Africa (DBSA)	Concessional loans, grants, loan guarantee	Funding for thematic development projects related to EIP development, e.g. energy efficiency, resource efficiency, renewable energy
FMO – Dutch development Bank – Bilateral	Commercial loans, equity (managed government funds of whom Access to Energy Fund)), loan guarantee	Financing long-term projects related to EIP development, e.g. energy efficiency, renewable energy
USAID (U.S. Agency for International Development)-Bilateral	Grants, Concessional loans	Grants and concessional loans for thematic development projects related to EIP development, e.g. renewable energy, energy efficiency, resource efficiency, cleaner production
KfW Group: KfW- Entwicklungsbank (German Development Bank) / DEG (Society and development)-Bilateral	Concessional loans, grants, loan guarantee, equity	Funding for thematic development projects related to EIP development, e.g. renewable energy, energy efficiency, resource efficiency, cleaner production
COPARCO (French Development bank for private sector) – Bilateral	Concessional loans, grants, loan guarantee, equity	Financing development projects related to EIP development, e.g. energy efficiency, renewable energy
SWEDFUND (Sweden owned risk capital company)-Bilateral	Equity, loans, expertise	Financing development projects related to EIP development, e.g. energy efficiency, renewable energy
Finnfund (Finnish development finance company)-Bilateral	Co-investing with Finnish companies, financing of ventures using Finnish technology. Equity, mezzanine, LT loans.	Financing development projects related to EIP development, e.g. energy efficiency, renewable energy

Examples from Viet Nam

International funding mechanisms 2/3

International Financial Partner	Financial mechanisms possible	Type of EIP opportunity that could be financed
Thematic funds		
CLIMATE INVESTMENT FUNDS (CIFs) www.climateinvestmentfunds.org	Grants, concessional funds, loan guarantee	Financing thematic projects related to EIP development, e.g. energy efficiency, renewable energy
Global Environment Facility (GEF) www.thegef.org/	Grants for projects	Financing thematic projects related to EIP development, e.g. energy efficiency, renewable energy, cleaner production
REPIC / An interdepartmental platform of the Swiss Federal Offices SECO, SDC, FOEN and SFOE http://www.repic.ch/repic-en/	Grants for projects	Financing thematic projects related to EIP development, e.g. energy efficiency, renewable energy
SWITCH ASIA (“RECPnet like”) www.switch-asia.eu	Grants, network facility, Policy support	Financing thematic projects related to EIP development, e.g. energy efficiency, renewable energy, cleaner production
Fundsforngos www.fundsforngos.org	NGO Grants – Resources, list of major actors in the world + list of NGO oriented funds WW	Funding for development projects related to EIP development, e.g. environmental protection, resource efficiency, renewable energy



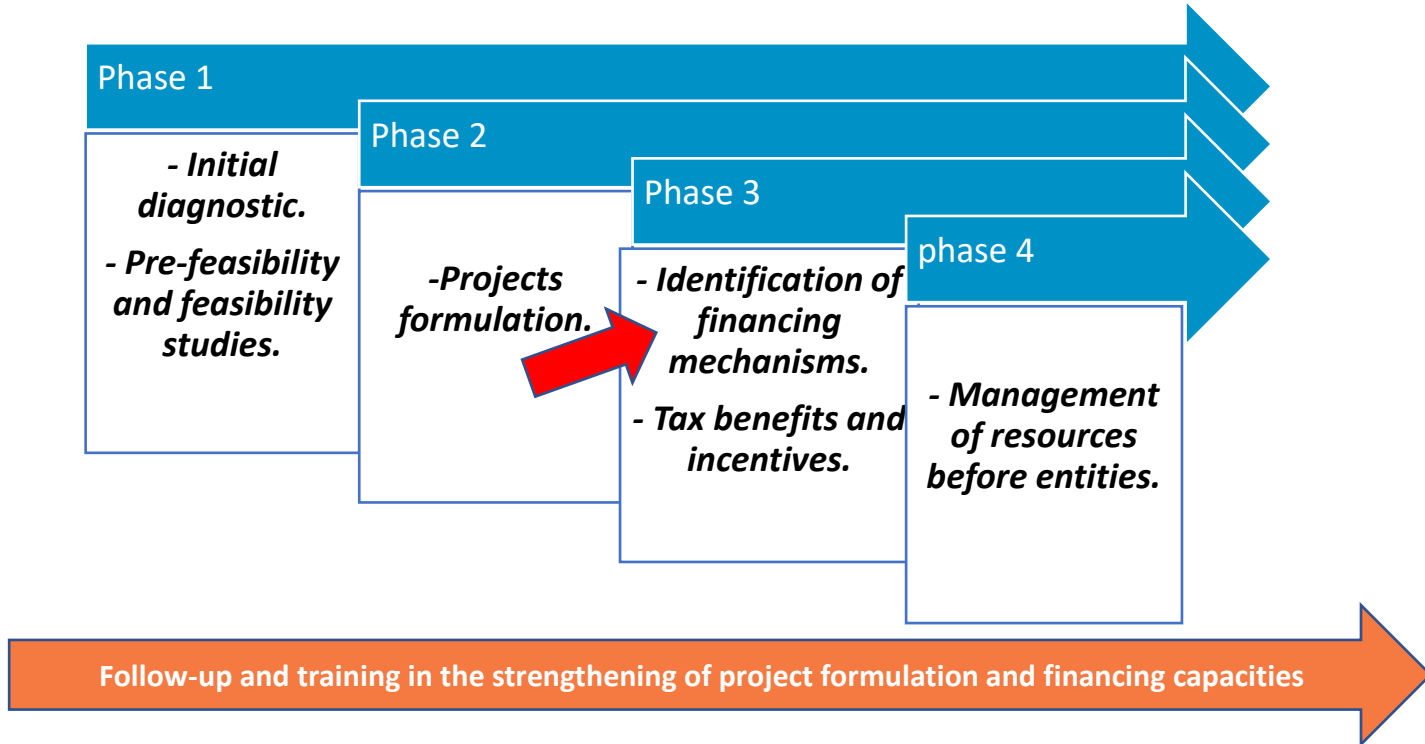
Examples

International funding mechanisms 3/3

International Financial Partner	Financial mechanisms possible	Type of EIP opportunity that could be financed
(Thematic) Private equity funds		
Aloe Private Equity www.aloe-group.com/en/	Private equity financing	Financing environmental projects and businesses related to EIP development, e.g. eco-friendly products, cleaner production
NORFUND (Norwegian Ministry of Foreign Affairs) www.norfund.no	Private equity financing mainly (but also loans) Norfund is mainly an equity investor (typically a share of about 20%)	Financing thematic projects related to EIP development, e.g. clean energy
Bio-Invest (Belgian Investing Company for developing countries) http://www.bio-invest.be/en/	Equity, loans, expertise. Its early stage capital amounts to €5,000,000 and it makes investments using additional equity granted by the Ministry for Development Cooperation.	Financing thematic projects related to EIP development, e.g. clean energy
ROBECOSAM (Asset management, headquarters Zurich & Rotterdam) www.robecosam.com	Equity, asset management, indices	Financing thematic projects related to EIP development, e.g. clean energy, resource efficiency
SEAF (Small Enterprise Assistance Funds) http://seaf.com/	expansion capital to promising SMEs (risk capital: equity, mezzanine, credit term)	Financing thematic projects of SMEs related to EIP development, e.g. clean energy, resource efficiency
LGT Group (Liechtenstein / Princely family) www.lgt.com/en	Equity funds, bond funds, multi-assets funds, grants	Financing thematic projects related to EIP development, e.g. clean energy, resource efficiency

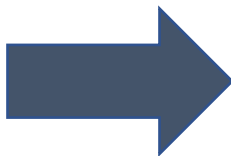
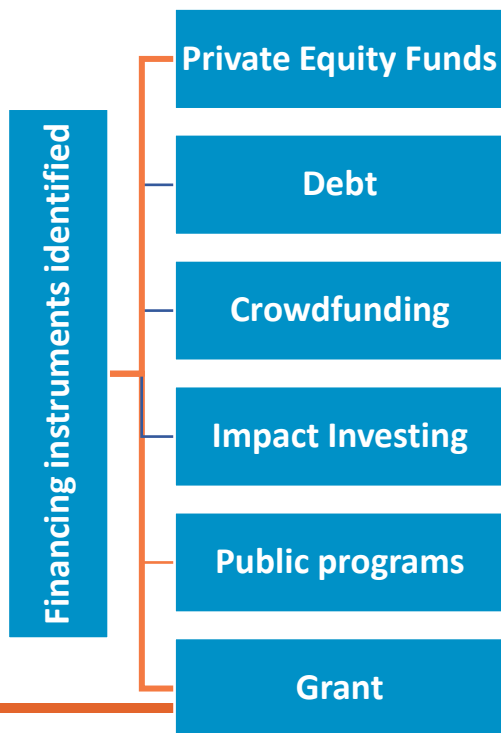


Financial technical assistance to IP/companies



Phase 3

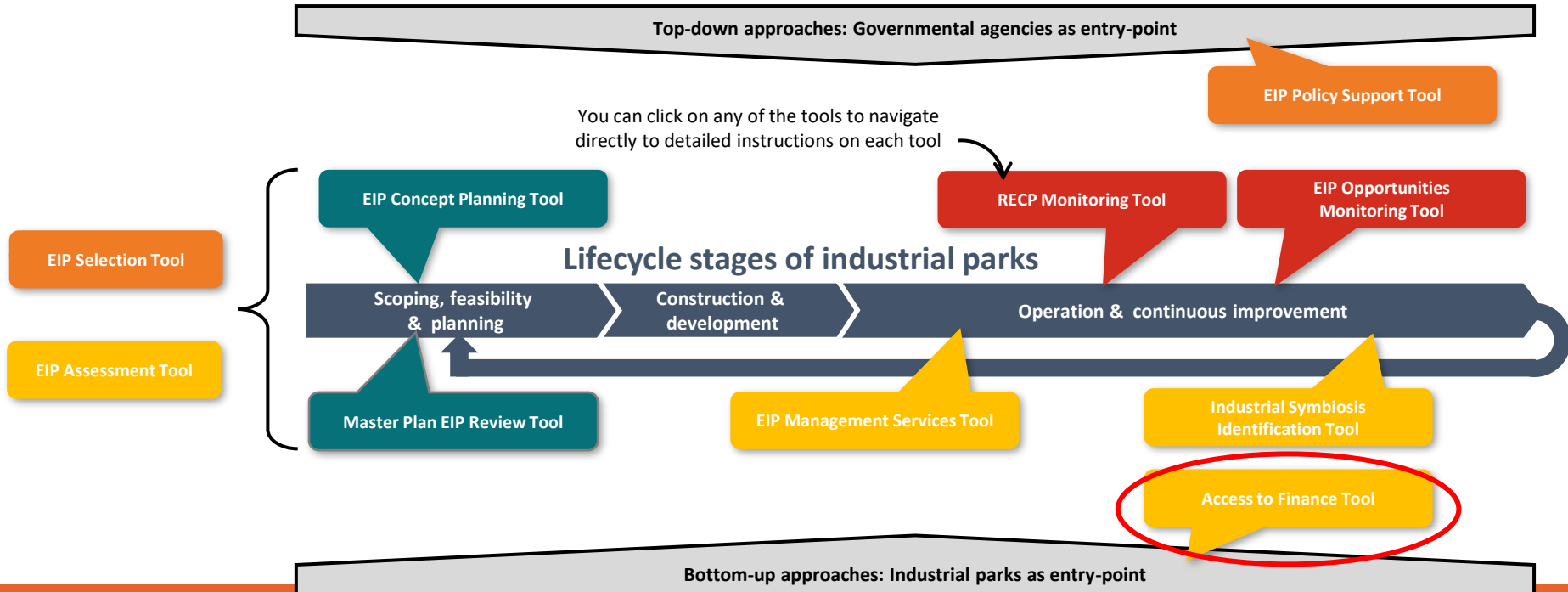
Identification of Financing Mechanisms



Considerations for advising prioritized parks and businesses

- Understanding of the regulations that regulate commercial activities.
- Internal sustainability investment policies.
- Strategic scope of the project.
- Application of tax incentives

UNIDO EIP Toolbox



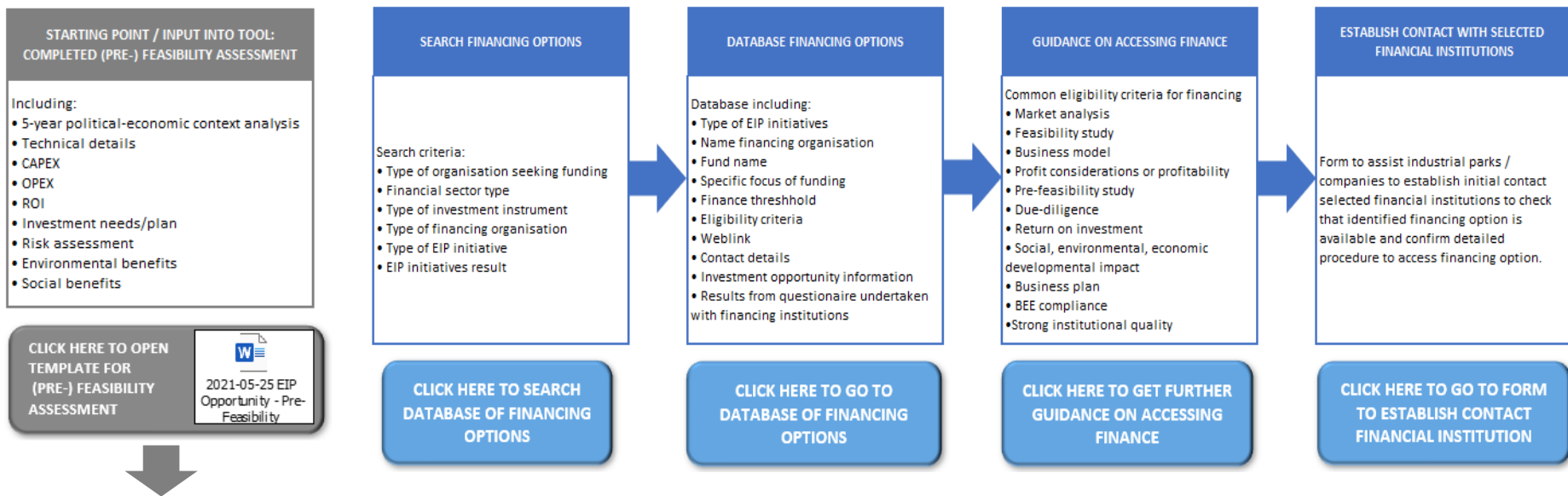
UNIDO EIP Access-to-Finance (A2F) Tool

Tool rationale: Access to finance is often a key challenge to implementing feasible EIP initiatives

Tool objective: Guide park management entities and tenant companies to identify, review and access available financing options for feasible EIP initiatives.



- Provide overview of different types of financing mechanisms and their overall applicability to EIP initiatives
- Provide overall guidance on how to successfully access different types of financing options
- Direct park management and companies to relevant websites and contact details of identified financing options, in order to access detailed information and take next steps

Steps in Access-to-Finance Tool



Company seeking private sector financing for energy efficiency projects

- Select “SMMEs, Medium & Large Companies” from the “Type of organization seeking funding” filter
- Select “Private sector” from the “financial sector type” filter

Type of organisation seeking funding  



All (Individuals, local authorities, companies, foundations or NGOs)

Large Companies

Other (Regional institutions, governments and member states, tertiary institution...)

SMMEs

SMMEs, Medium & Large Companies

financial sector type  

Government sector

International donor funding

Other (Foreign governments, supranational lenders,...)

Private sector

Public, private and community



Company seeking private sector financing for energy efficiency projects

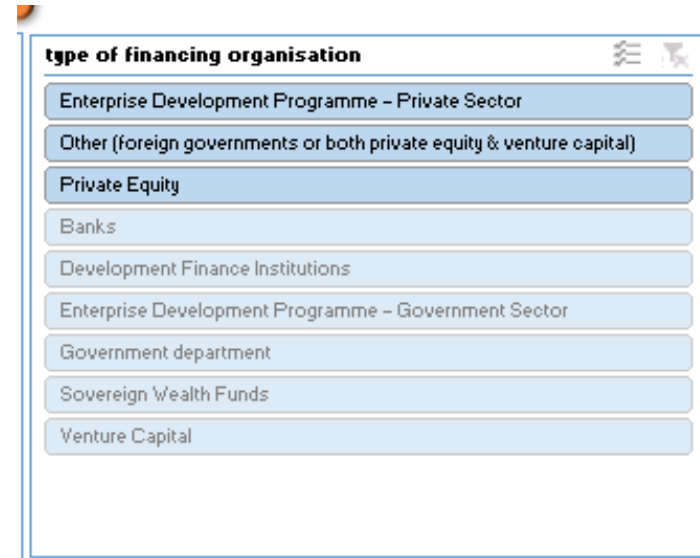
- “Type of Investment Instrument” selection: We are interested in all available=> no selection here

Type of Investment Instrument
Equity
Impact investment
Various instruments (combinations of the instru...
Crowdfunding
Debt Guarantee
Grant
Loan/Debt
Other (Incentives, swaps)
Rebate
Social and developmental impact bonds



Company seeking private sector financing for energy efficiency projects



- “Type of financing organisation” filter. We are interested in all available=> no selection here



type of financing organisation

- Enterprise Development Programme - Private Sector
- Other (foreign governments or both private equity & venture capital)
- Private Equity
- Banks
- Development Finance Institutions
- Enterprise Development Programme - Government Sector
- Government department
- Sovereign Wealth Funds
- Venture Capital

- Select “Energy efficiency” from the “EIP Initiatives Search” filter

EIP Initiatives Search  

Carbon capture and storage
Climate change adaption (flood control channels, dykes, natural cooling)
Community development
Energy efficiency (process changes, cogeneration, smart grid, heating/cooling)
Environmental protection (monitoring (park-level) pollution control, prevention, and treatment)
Green buildings, park infrastructure
Green products and materials
Occupational health, safety, and hygiene
Other (non-sector specific)
Property and utility maintenance
Renewable energy (solar, wind, hydro biomass hydrogen)
Sustainable land management, (sustainable agriculture, forestry, park green areas, water catchment management)
Transport (urban rail/metro, electric, hybrid, roads)
Waste management (reuse/recycling, waste management)
Water (water efficiency, wastewater treatment) water reuse networks at park level

- Click on the “CLICK HERE TO SEE SEARCH RESULTS” button on the “Search Finance Options” sheet to see the search results

UNIDO EIP A2F Tool for South Africa

CRITERIA TO SEARCH FINANCING DATABASE

If you wish to select multiple choices within one search criteria, please press "Control" button and then your second choice

CLICK HERE TO SEE INSTRUCTIONS FOR SEARCHING DATABASE

CLICK HERE TO SEE SEARCH RESULTS

- Result 7 potential financing options from over 200 entries (South Africa)

SEARCH RESULTS								
Name financing organisation	Fund name	Specific focus of funding	EIP initiatives result	Finance threshold	Eligibility criteria	Weblink	Contact details	Investment opportunity information
Actis	Actis Long Life Infrastructure Fund (ALLIF)	Energy, Green buildings, Environment, Infrastructure	Energy efficiency (process changes, cogeneration, smart grid, heating/cooling)	The investment opportunity is assessed based on market analysis, value proposition and due diligence	Company makes investments in growth markets that deliver consistent and competitive returns	https://www.act.is/	0117785900 info@act.is	Actis is a global platform offering a multi-asset strategy through the asset classes of private equity, energy, infrastructure and real estate. The company invests in aggregate energy assets targeting attractive risk-adjusted returns. The company focuses in high growth monopoly distribution platforms where electricity is in scarce supply.
African Infrastructure Investment Managers (AIIM)	African Infrastructure Investment Fund 3 (AIIF3)	Energy, infrastructure, environment, transport	Energy efficiency (process changes, cogeneration, smart grid, heating/cooling)	The investment opportunity is assessed based on market analysis, value proposition and due diligence	Investment opportunities are sourced based on extensive due diligence to meet the company's investment criteria	https://www.aiimafri.ca.com/	0 11 217 1000/021 670 1234 info@aiimafri.com	The company makes equity investments into core and value added infrastructure projects in Africa that provide essential services to communities, have a strategic competitive advantage, require significant capital expenditure and are expected to generate strong risk-adjusted returns for investors. The company aims to provide superior returns to investors while also making a tangible contribution to local economies and communities.

Guidance and examples of pre-finance checklist

UNIDO EIP A2F Tool for South Africa		GO TO INSTRUCTIONS	Purpose of this step is to provide overall practical guidance to park management entities and tenant companies on how to successfully obtain access to finance.		
GUIDANCE ON ACCESSING FINANCE		Please provide your responses. If one or more responses are a "No", you can find information in guidance note. NOTE: In the event that you decide to develop supporting documentation based on specific eligibility criteria for your financing request, please find below a checklist, practical examples and guidance notes for assistance.			
Common eligibility criteria to access financing		Checklist on eligibility criteria		Practical examples	Guidance notes
Topic	Definition	Checklist questions	Response		
Market analysis	This is a quantitative and qualitative assessment of a market to look into the size of the market both in volume and in value, the various customer segments and buying patterns, the competition, and the economic environment in terms of barriers to entry and regulation. The intention is to ascertain if the market is conducive to building a sustainable business/investment	Have you defined the target market?	Please select	CLICK HERE FOR MARKET ANALYSIS	CLICK HERE FOR MARKET ANALYSIS
		Have you researched market demographics?	Please select		
		Have you ascertained the industry characteristics?	Please select		
		Have you done a SWOT Analysis?	Please select		
		Have you collected the required data for product development?	Please select		
Feasibility study	A feasibility study is an analysis that takes all of a project's relevant factors into account—including economic, technical, legal, and scheduling considerations—to ascertain the likelihood of completing the project successfully. Project managers use feasibility studies to discern the pros and cons of undertaking a project before they invest a lot of time and money into it.	Have you done a market opportunity analysis?	Please select	CLICK HERE FOR FEASIBILITY STUDY EXAMPLE	CLICK HERE FOR FEASIBILITY STUDY GUIDANCE NOTE
		Have you considered potential flaws or conducted threat analysis?	Please select		
		Have you checked suppliers availability, credentials & terms?	Please select		
		Have you estimated the costs of the business operations?	Please select		
		Have you considered the major risks associated with your business?	Please select		
		Have you estimated the financial investment and returns?	Please select		
		Have you considered information and data sufficiency?	Please select		
		Have you considered information and data sufficiency?	Please select		
Business model	The business model describes the value an organization offers to its customers. It illustrates the capabilities and resources required to create, market and deliver this value, and to generate profitable, sustainable revenue streams. The business model determines the external relationships with suppliers, customers and partners. However, it is primarily focused on the company's business processes.	Have you ascertained who is the customer?	Please select	N/A	CLICK HERE FOR BUSINESS MODEL EXAMPLE
		Have you determined the value that the business deliver to the customers?	Please select		
		Have you figured out how the business operate?	Please select		
		Have you determined how the business make money?	Please select		
Profit considerations or profitability	the intent to achieve a monetary gain in a project, transaction, or material endeavor which is usually the underlying reason why a company participates in business activities of any kind. The profitability index is an important measure in project finance to decide whether to invest in a project or not. It is calculated as the ratio of present value of a project cash flows and the initial investment.	Have you gone through the project Profitability Checklist?	Please select	CLICK HERE FOR PROFITABILITY CALCULATION EXAMPLE	N/A
		Have you estimated the project costs?	Please select		
		Have you composed the project spending plan?	Please select		
		Have you calculated the ROI, net income and fixed capital costs?	Please select		
		Has a needs analysis been carried out?	Please select	CLICK HERE FOR NEEDS ANALYSIS EXAMPLE	CLICK HERE FOR NEEDS ANALYSIS GUIDANCE NOTE
		Has the project site or options for the site options been identified?	Please select		
		Has the technical scope of the project been defined?	Please select		
		Is the preliminary engineering design complete?	Please select		

Step 4. Establishing contact with source of finance

Purpose of this form is to assist industrial parks / companies to establish initial contact with selected financial institutions

- Check that identified financing option is available
- Confirm detailed procedure to access financing option
- Check if project is within scope of financing option

Form covers:

- Targeted financial institution and funding option
- Details on organisation seeking to apply for funding
- Reason for establishing contact
- Basic information on project which requires financing

UNIDO EIP A2F Tool for South Africa

FORM TO ESTABLISH CONTACT WITH FINANCIAL INSTITUTIONS Please provide your input into yellow cells

Purpose of this form is to assist industrial parks / companies to establish initial contact with selected financial institutions to check that identified financing option is available and confirm detailed procedure to access financing option.

IMPORTANT NOTE: This is generic form. It is understood that some financial institutions have specific procedures to make financing inquiries and establish contact. This procedure should be followed.

TARGETED FINANCIAL INSTITUTION AND FUNDING OPTION

Name financial institution:

Targeted financing option:

Contact person:

Contact details:

ORGANISATION SEEKING TO APPLY FOR FUNDING

Name of organisation:

Type of organisation:

Address of organisation:

Contact person:

Telephone:

Email address:

Date:

REASON FOR ESTABLISHING CONTACT

	Please tick
Check that identified financing option is still available	<input type="checkbox"/>
Confirm detailed procedure to access financing option	<input type="checkbox"/>
Check if project is within scope of financing option	<input type="checkbox"/>

Further questions:

BASIC INFORMATION ON PROJECT WHICH REQUIRES FINANCING

Project name:

Short project description:

In conclusion



A searchable database to assist park management entities and tenant companies to identify, review and access available financing options for feasible EIP investment opportunities



Developed by the UNIDO Global EIP Programme, funded by the Government of Switzerland, and replicated for several country projects



Excel based, so that it can be regularly updated without major efforts



The tools are publicly available on the UNIDO website (hub.unido.org) and a Replication Manual is also publicly available

The EIP A2F Tool is currently available for

- South Africa
- Vietnam

- Ukraine (under development)
- Egypt (planned)

Will you country be next?

FOR FURTHER INFORMATION:

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Confédération suisse
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State Secretariat for Economic Affairs SECO

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