

4 March 2005

PRESS RELEASE

WADE RESEARCH REPORT ON DEVELOPMENT BANKS: DEVELOPMENT BANKS YET TO RECOGNISE BENEFITS OF DECENTRALIZED COGENERATION *ONLY 1.4% OF ENERGY SECTOR FINANCING TARGETS HIGH EFFICIENCY COGENERATION*

According to a new research report from WADE¹, three major International Financial Institutions² (IFIs) have yet to recognise the potential developmental benefits of high efficiency cogeneration.

Only around 1.4% of total IFI energy sector financing has been targeted at cogeneration project development in the world's poorest countries.

This represents a missed opportunity to provide low cost, low emission energy access to the people and businesses of IFI client countries.

WADE has therefore invited the IFIs to develop effective policy and project strategies to:

- More strongly integrate consideration of cogeneration into their international work on power sector reform.
- Increase their financial participation in efficient decentralized generation.

WADE has undertaken in-depth research of IFI project and policy documentation in order to assess their involvement in cogeneration. Its **5 key conclusions** are as follows:

1. Only around 1.4% of total IFI project financing has been provided for cogeneration development. Based on its research methodology, WADE's estimates are conservative – this figure is almost certainly an over-estimate.

¹ *Banking on DE: International Financial Institutions and Cogeneration*. Available for download from www.localpower.org

² The World Bank Group (WBG), Asian Development Bank (ADB) and the Inter-American Development Bank (IADB).

2. IFI missions and goals constantly prioritise social and economic development, sustainable development and the expansion of energy access at minimal economic and environmental cost. The following benefits of decentralized cogeneration are directly relevant to those developmental goals:
 - Decentralized projects require greatly reduced electricity network investment, reducing capital cost requirements and cutting the overall cost of delivered energy for individuals and businesses.
 - High efficiency cogeneration significantly reduces overall fossil fuel use – a critical benefit for the many countries that are import-dependent.
 - Compared to separate generation of heat and electricity, cogeneration projects reduce carbon and other emissions.
3. WADE could find little evidence that IFIs seek to ensure effective consideration of cogeneration is given by client countries as they bring forward power sector reform.
4. WADE's findings strongly suggest that IFI project finance planning in the power sector does not consistently include economic and environmental consideration of cogeneration and other decentralized generation alternatives.
5. IFI departmental structures are not geared to the consideration of industrial and commercial sector cogeneration project financing. Responsibility for cogeneration often appears to fall across departments – in particular industry, environment and energy.

WADE 3 recommendations: WADE invites the world's development banks to therefore consider the following actions:

1. Explore and research the potential of high efficiency cogeneration to meet their core development objectives.
2. Create concrete targets for financing cogeneration.
3. Encourage client country governments to adopt progressive, market-based policies, markets and legal frameworks that are conducive to cogeneration development.

For more information, please contact:

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WADE is a non-profit research and advocacy organisation that was established in June 2002 to accelerate the worldwide deployment of decentralized energy (DE) systems. WADE is now backed by national cogeneration and DE organisations, DE companies and providers, and a range of national governments. In total, WADE's direct and indirect membership support includes over 200 corporations around the world. DE technologies consist of the following forms of power generation systems that *produce electricity at or close to the point of consumption*:

- High efficiency cogeneration/CHP
- On-site renewable energy systems
- Energy recycling systems, including the use of waste gases, waste heat and pressure drops to generate electricity on-site.

Such systems are classified by WADE as DE regardless of project size, fuel or technology, or whether the system is on-grid or off-grid. Since by far the greatest part of the DE market consists of cogeneration schemes (except in a handful of countries), this Survey focuses its coverage on that sector.