



Energy Efficiency Project Finance Program

A joint Program by Indonesia Eximbank and Asian Development Bank

WHO IS LPEI?

Sovereign financial institution established to promote national exports

The History of the Establishment of LPEI (Indonesia Eximbank)



The Forerunner of LPEI
Bank Ekspor Indonesia (“BEI”)
Was established

Officially LPEI started to operate on
September 1, 2009
To support National Export

Assets and liabilities, as well as, legal
rights and obligations.
BEI was changed to LPEI

The Network of Regional Offices



Lex specialist and has the status of Sovereign Quasi

Not subject to banking, state enterprises, financial institutions or finance companies and insurance business laws and regulations

Operates independently under Law No. 2, 2009

Government Ownership

Wholly owned by the Government.

Cannot be privatized.

Rating

Equivalent to State Rating

Baa3 (Stable) by Moody's (April 23, 2013)
BBB- (Stable) by Fitch (April 8, 2013)
BB+ (Positive) by S&P (August 30, 2013)
Id AAA (Stable) by Pefindo (September 2, 2013)

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Asian Development Bank

The objective of Energy Efficiency Project Finance Program (“EEPFP”) is to **reduce existing barriers for energy-consuming export-import industrial facility owners in Indonesia** (“Hosts”) to obtain local debt financing for properly implemented EEPs on commercially attractive terms.

CHARACTERISTICS OF EEPFP



EEPFP is a Joint program by Indonesian Exim Bank and Asian Development Bank to offer a below-market rate loan that has specific features:

1. **Require limited collateral: Energy saving as primary collateral**
2. **Free Technical Assistance: Offers free technical assistance in a form of project concept and Investment Grade Audit**
3. **Positive Cash Flow: Ensures the project saving to be able to pay for the loan installment and to have POSITIVE Cash Flow for the company**

EEPFP Aims to encourage PILOT PROJECT of Energy Efficiency Loan with financial structure that is more attractive to companies compare to conventional loans

OPPORTUNITY VS CHALLENGES



Pilot Project

EEPFP between ADB and LPEI is the first energy efficiency project-finance for industry in indonesia.

Uniqueness of the Facility

EEPFP offering limited collateral requirements, free technical assistance and positive cashflow

Low Interest

Offering competitive interest rate (below the market rate)

Support Government Program

In line with government program to set the 26% emission reduction target

Limited Experience

Industries and Service Providers have limited knowledge and experience in EE

Limited Lending

LFI only provides “asset-based” lending limited to 70% asset with requirement of 100% collateral or guarantees

Low Acknowledgment

LFI does not acknowledge or believe that savings from EEP equals to increased credit capacity for industry hosts

CURRENT STATUS

Project Concept

Approximately 25 industries are being approached and offered project concepts

Investment Grade Audit

One industry is currently committed in the process of detailed Investment Grade Audit and two industries already conducted the IGA.

Loan Process

Internal Process for loan disbursement for two industries.

EEPFP Aims to encourage PILOT PROJECT of Energy Efficiency Loan with financial structure that is more attractive to companies compare to conventional loans in 3 stages

RECOMMENDATIONS

- 1. Adanya pemberian incentive/disincentive melalui peraturan tentang pembiayaan energy efficiency.**
- 2. Sosialisasi yang intensif baik kepada lembaga keuangan maupun pelaku usaha.**
- 3. Sharing informasi tentang potensi project-project energy efficiency secara continue melalui media-media baik tertutup melalui mailing list ataupun terbuka melalui website.**

THANK YOU