



The Inter-American Development Bank

Biomass 2009: Fueling Our Future

March 18, 2009 – National Harbor

IDB initiatives on Biofuels

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Inter-American Development Bank - IDB

- Oldest regional development bank (1959)
- Main source for LAC* regional financing
- Energy Sector



IDB FINANCING

Recent strategic changes

- New products
- Currency
- Limits for non-sovereign guarantee operations
- Targets



Why Should IDB Support Biofuels?

- As a development institution the Bank has a mandate to support investment programs in LAC:
 - ✓ Sustainable social and economical development
 - ✓ Reduce poverty and create jobs
 - ✓ Environmental benefits and climate change
 - ✓ Promotes sustainable rural development
 - ✓ Improve competitiveness
 - ✓ Human and natural resources
 - ✓ Public-private partnerships



Available Instruments at IDB to Support Biofuels projects

- ✓ Loan/guarantees operations
- ✓ Technical cooperations - "TCs"
- ✓ Sustainable energy agreement with the USAID:



- ✓ Strategic partnership agreement (SPA) with Germany:



The New LACFIN Program (LACFIN Regional Sugar & Biofuel Facility)

- ✓Facilitate investment in sugar and ethanol producing project in all LAC
- ✓Amount: US\$150 million



Press Release

July 25 2007

Inter-American Development Bank approves US\$ 120 million for biofuel project in Brazil

Usina Moema Açúcar e Álcool Ltda

July 23 2008

Brazilian ethanol plants to get \$260m loan

Santa Elisa Vale do Rosario: Brazilian company, and US private equity groups



Guarantees for Biofuels Exports Trade Finance Facilitation Program (TFFP)

- TFFP supports economic growth
- US\$300 million



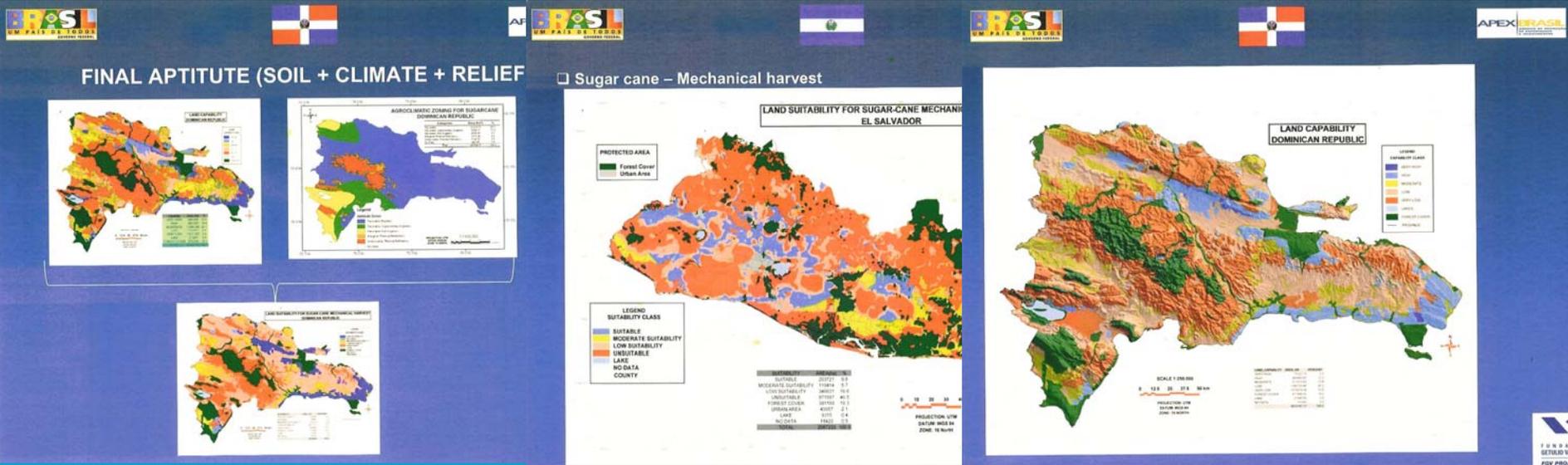
Activities on Biofuels at National Level

- Regional activities
- National Action Plans
- Urgent studies are being conducted
- Efforts with other international collaborative initiatives



Support to US-BR MoU on Biofuels

Technical assistance (US\$750,000 IDB funds) to implement studies and evaluations to support National Biofuels Programs in:



Case of Mexico

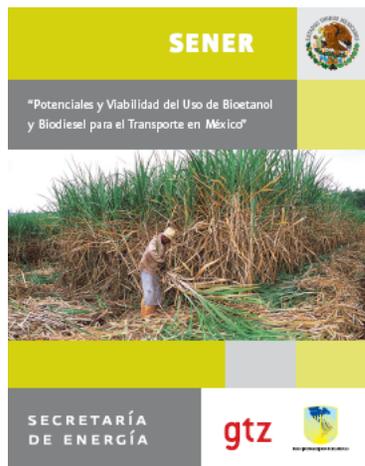
A technical assistance project* to SENER funded to evaluate the feasibility of the production, distribution and utilization of ethanol and biodiesel as fuel for transportation:

- Technical, economical, social and environmental issues
- Several technologies were evaluated

- Some of the results

- Final report available at:

<http://www.energia.gob.mx/webSener/portal/index.jsp?id=167>



Energy & Climate Change: Challenges for the LAC Region

- » LAC countries confront a twin dilemma
- » Approx. 10% of total population does not have electricity.
- » Energy demand in LAC will increase 75% by 2030.
- » Achieve sustainability of energy supply and rational use of energy resources



Expected Impacts of Climate Change in LAC

- » Andean inter-tropical glaciers
- » Precipitation trends
- » Declines in natural land cover
- » Species extinctions
- » Desertification and salinisation in agricultural areas
- » People experiencing water stress
- » Sea-level rise (SLR)



IDB's response: SECCI

- » March 2007
- » Sustainable energy and climate change in LAC
- » IDB contribution to the new international clean energy investment framework
- » Bank wide-initiative complementing the Bank's existing efforts in energy
- » Technical Cooperation and Investment Grant



SECCI's Biofuel objectives

- » Economic viability.
- » Sustainability assessment.
- » “climate friendly” biofuels production.
- » Country-level policy assistance.
- » Finance sustainable biofuel and bioenergy programs.
- » Biofuels score card



Scorecard Process

- » High demand in biofuels
- » Needed a way to screen for the “best” projects
- » Sought internal and external feedback
- » 9th of September at 4th Annual Western Hemisphere Energy Security and Cooperation Forum



Scorecard Scope

- » IDB knowledge product developed for use by financial institutions, investors/developers, and IDB at all stages of project lifecycle
- » Thinking tool for how to address environmental and social sustainability issues
- » Addresses complex issues in an organized and visual way



Scorecard Use

- » Colors used to designate to rate
- » Red
- » Promote discussions
- » Guidance on sustainability
- » Already used
- » Anticipate potential obstacles
- » Complimentary to environmental and social due diligence process





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