



THE PERFECT FIT

The Adonis sewing factory cut per unit energy costs by 43% by modernizing its lighting system and using steam energy

UNTIL recently, the Kazan-based sewing factory Adonis managed to compete fairly well with other suit manufacturers in the Republic of Tatarstan. The company won several awards, including consumers' choice awards, the best of Tatarstan, and was named one of the top 100 goods in Russia. However, as time passed, the competition got tougher and styles began to change. The pressing machines that Adonis had installed several years ago, which finished the suit pieces, were not optimal for working with thinner fabrics. Furthermore, these pressing machines used up too much electricity. The company's annual electricity bill climbed to \$115,385. The energy consumption rate began to undermine Adonis' competitiveness by increasing the company's energy costs and, as a result, its production costs.

ADONIS'S management considered modernizing the pressing machines and even searched for new equipment, but found that this would not solve the energy consumption problems related to generating electric steam energy. Tatfondbank came to the rescue. The bank had recently partnered with IFC's Russia Sustainable Energy Finance Program to provide financing for companies like Adonis. Through this program, experts from IFC and the regional government's Center for Energy Saving Technologies conducted an express energy audit at Adonis.

THE auditors found solutions to Adonis' energy problems that could save the

company \$50,000 a year in energy costs. By transitioning to a centralized and fully automated steam power system based on gas rather than electricity, energy costs for generating steam could be reduced almost 10 times over, down to \$2,770 from \$29,615 per year. The energy audit also revealed that the company would be able to save another \$6,923 by overhauling its lighting system. In total, the company's electricity bills could decrease from \$115,385 to \$65,385 per year – a 43 percent reduction in costs.

"Before the energy audit, we never even thought that replacing energy equipment or the lighting system could save us so much money. But when saw the auditors' calculations, we knew we had to do it!" said Rinat Galeyev, the director at Adonis.

AFTER reviewing the energy audit report and listening to recommendations from IFC experts, Tatfondbank granted Adonis the necessary financing for modernizing both the lighting and steam generating systems. The investments for this energy efficient project amounted to \$57,692, and the return on investment is expected in less than two years.

"The bank's program with IFC was a great way for us to optimize our expenses," Rinat Galeyev said. "We are very satisfied with the results!"

PROGRAM FUNDING

THE Russia Sustainable Energy Finance Program is supported by grants from the Global Environment Facility, Denmark's Environmental Protection Agency, Finland's Ministries of Foreign Affairs and Trade and Industry, and IFC's Sustainable Financial Markets Facility.

ABOUT IFC

IFC, the private sector arm of the World Bank Group, promotes open and competitive markets in developing countries. IFC supports sustainable private sector companies and other partners in generating productive jobs and delivering basic services, so that people have opportunities to escape poverty and improve their lives. Through FY06, IFC Financial Products has committed more than \$56 billion in funding for private sector investments and mobilized an additional \$25 billion in syndications for 3,531 companies in 140 developing countries. IFC Advisory Services and donor partners have provided more than \$1 billion in program support to build small enterprises, to accelerate private participation in infrastructure, to improve the business enabling environment, to increase access to finance, and to strengthen environmental and social sustainability. For more information, please visit www.ifc.org. Russia joined IFC in April 1993.



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RUSSIA SUSTAINABLE ENERGY FINANCE PROGRAM

THE Russia Sustainable Energy Finance Program (RSEFP or 'the Program') is a 5-year donor-funded program launched in November 2005 by the International Finance Corporation to stimulate investment in energy efficiency projects by supporting financial institutions in building an energy efficiency finance business. The Program consists of three parts: advisory services, investment, and activities to improve the investment environment for energy efficiency and renewable energy.

ADVISORY SERVICES

IFC complements its investment activity through the RSEFP, which provides a wide range of advisory services to financial institutions, their clients, and other market players to support investments in energy efficiency. These services are provided on a cost-sharing basis, whereby clients cover a substantial part of the cost of the advisory services provided.

FINANCIAL INSTITUTIONS

IFC provides its FI clients with assistance in developing expertise in energy efficiency based lending through training, joint promotional activities, resource materials, and advice on transactions. This support often includes help in identifying market opportunities, working with energy auditors, building partnerships with vendors, evaluating technical risk, and properly calculating cash flows from energy savings.

ENTERPRISES

ANALYSIS of energy efficiency projects under consideration by the company, assistance in identifying opportunities to save energy, information on a wide range of possible partners to supply equipment and engineering services, advice on business proposals for attracting finance for energy efficiency projects.

VENDORS/PROJECT DEVELOPERS

BUILDING relationships with potential clients in need of products and services, as well as with financial institutions willing to finance your clients' energy efficiency projects, including through vendor finance programs.

INVESTMENT

IFC works with Russian financial institutions that are committed to building an energy efficiency finance business, and are ready to finance such transactions. In addition to IFC assistance in developing and energy efficiency business line, some of these partners receive 5-year credit lines from IFC for financing energy efficiency projects. Enterprises can apply to any of these partner financial institutions for assistance in financing of their energy efficiency project.

WHAT PROJECTS CAN BE FINANCED?

GENERIC energy technologies (motors, CHP, boiler equipment, compressors, lighting, etc.)
Industrial process modernization, resulting in lower energy consumption per unit of output
Renewable energy (where economically feasible)

WHAT ARE THE CRITERIA FOR ELIGIBILITY?

PRIVATE sector companies (<50% state ownership)
Substantial energy efficiency effect
Simple payback period of less than five years
Only projects using tested technologies
Deal size determined by financial institution

