

# National Development Banks' Approaches to Leveraging Private Sector Climate Investment

**>>> Introduction: Jochen Harnisch, Head of Division CC EC, KFW**

## **Keynotes:**

**Andrew Steer, President and CEO, World Resources Institute**

**Tom Heller, Executive Director, Climate Policy Initiative**

**Karsten Löffler, CFO/COO Allianz Climate Solutions**

**Discussion and Q & A**

**21:45 Snacks & light drinks served outside**

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Dr. Jochen Harnisch, KfW Competence Center Environment & Climate

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## »» The International Development Finance Club (IDFC)

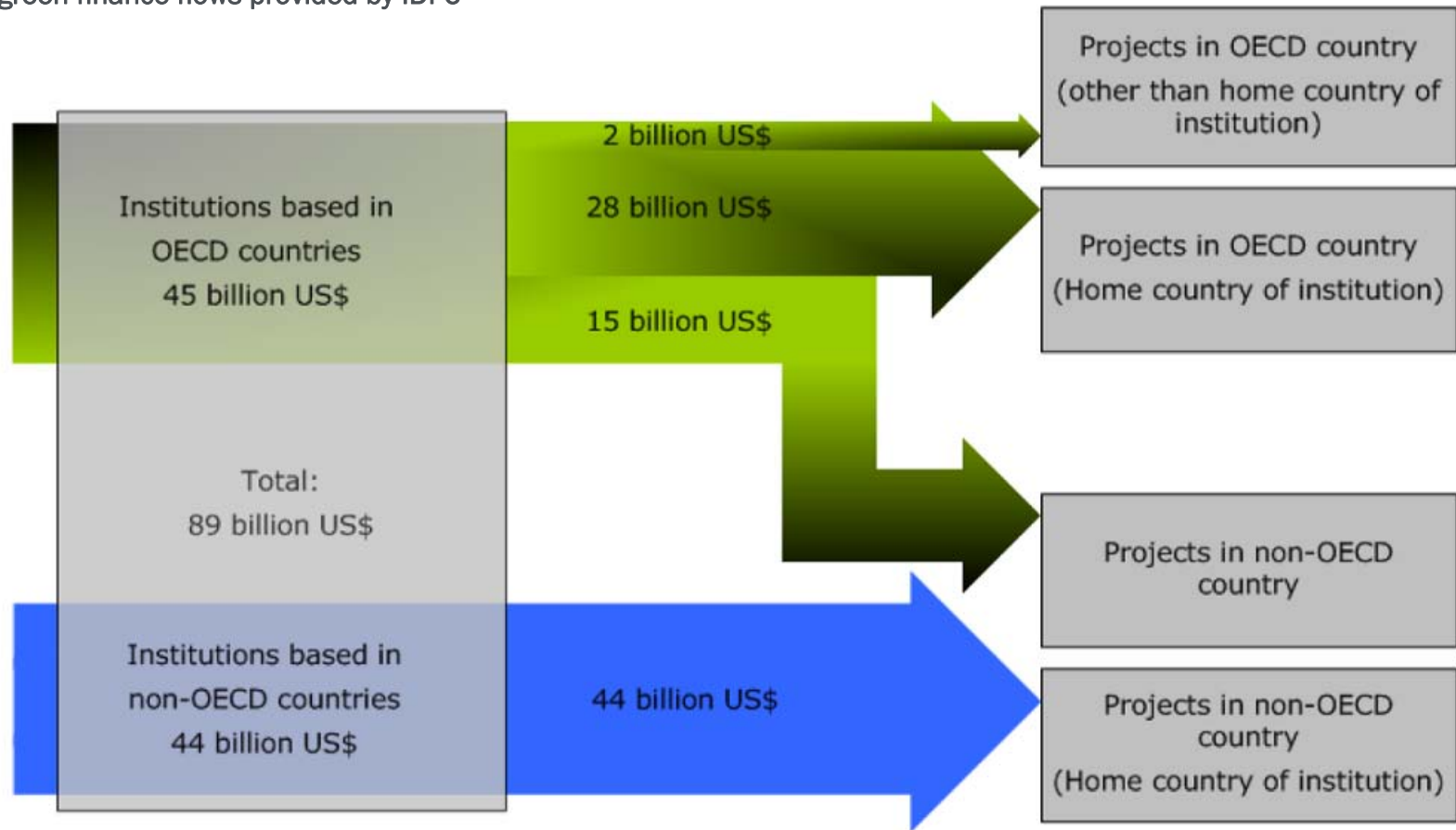
- › Network of 19 leading development finance institutions with mandates for national, sub-regional, regional and international activities around the world.



- › Combined assets of more than USD 2,100 billion (WBG: USD 502.9 billion).
- › New commitments added up to approx. USD 390 billion (WBG: USD 73 billion).
- › Core activities in 2012: green finance mapping, exchange on good practices in private sector mobilization and support of GCF implementation

## »» IDFC Members' Green Finance Mapping 2012

Overview of green finance flows provided by IDFC Members

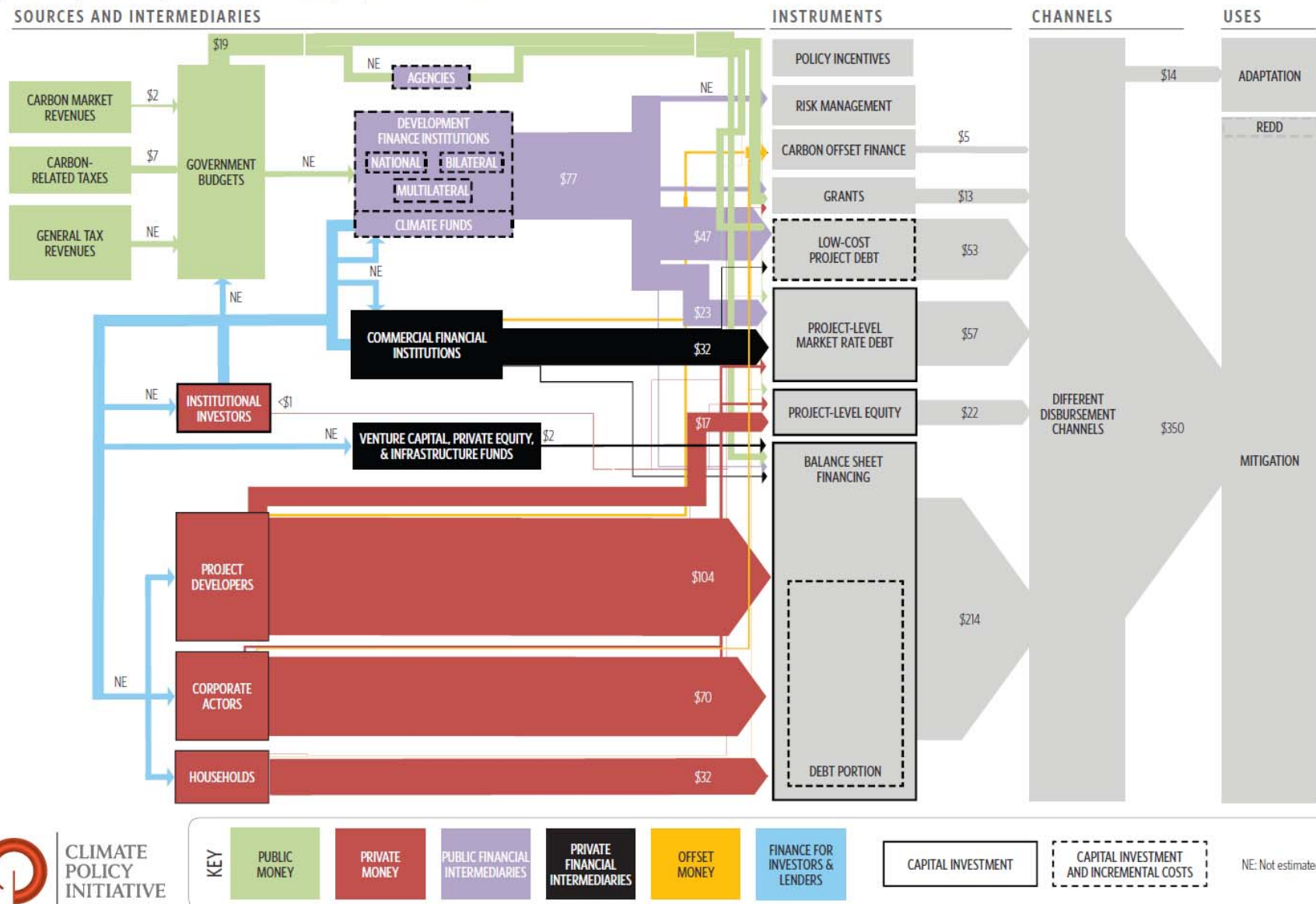




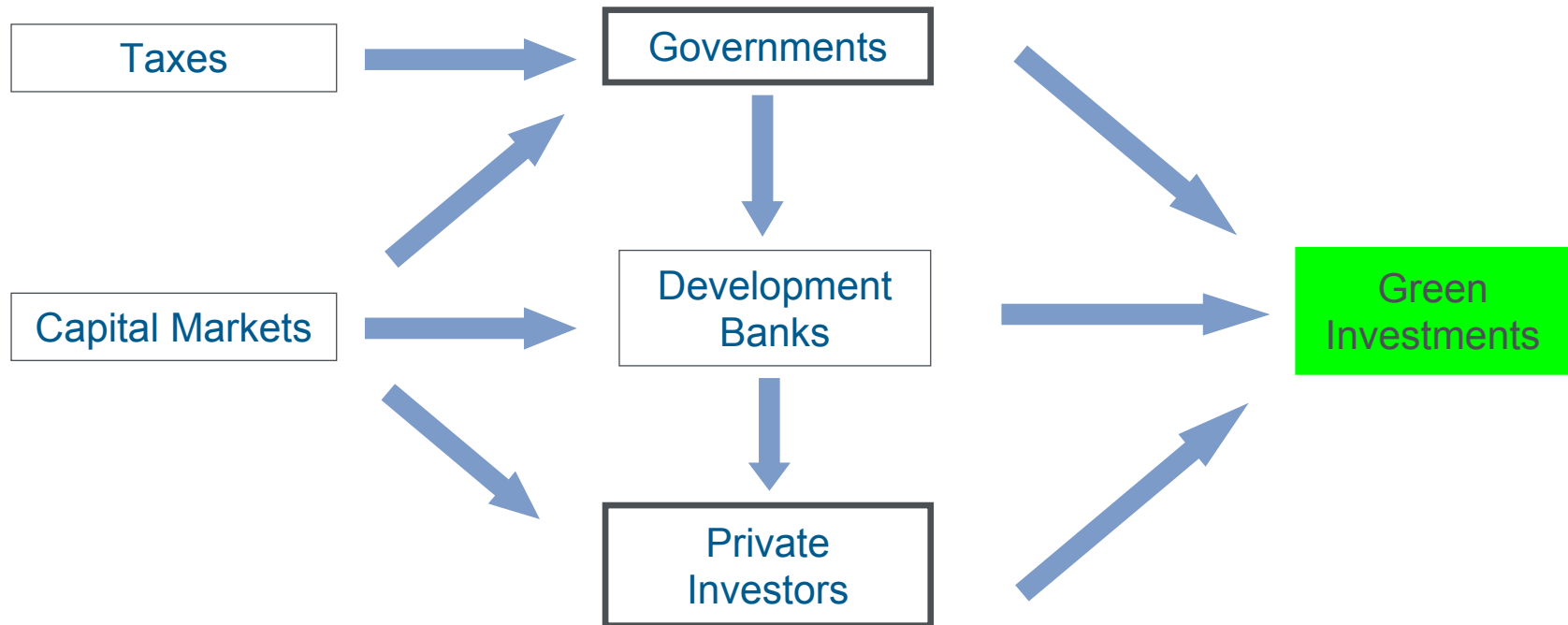
# THE CLIMATE FINANCE FLOWS DIAGRAM 2012

The Climate Finance Flows Diagram 2012, also known as the 'spaghetti' diagram, illustrates the landscape of climate finance flows along their life cycle for the latest year available, mostly 2011. The width of the arrows in the diagram represents the relative size of the flows.

\*Notes: Figures are indicative estimates of annual flows for the latest year available, 2010 or 2011 (variable according to the data source). Flows are expressed in USD billions and rounded to produce whole numbers. Estimates spanning multiple years are adjusted to produce annual-equivalent estimates. Where ranges of estimates are available, the mid-point is presented. The diagram distinguishes between 'incremental costs', that is, financial resources that cover the price difference between a cheaper, more polluting option and costlier, climate-friendly ones and do not need to be paid back – and 'capital investment', which are tangible investments in mitigation or adaptation projects that need to be paid back. Categories not representing capital investment, or a mix of capital investment and incremental costs, are incremental costs only. The group of National Finance Institutions includes Sub-regional entities. Most data presented relates to commitments in a given year due to limited availability of disbursement data.



## »» A Very Simplified Landscape of Climate Finance Flows



# Deep Dive - DBSA and the Renewable Energy Independent Power Producer Program

## REIPP

- Launched by the South African Department of Energy
- To facilitate the production of 3725 MW of renewable energy
- Estimated cost US\$ 15 bn over next three years
- Earmarked technologies: solar, wind, hydro, biomass, biogas and landfill gas (methane)

## DBSA Support

Financing facility supporting:

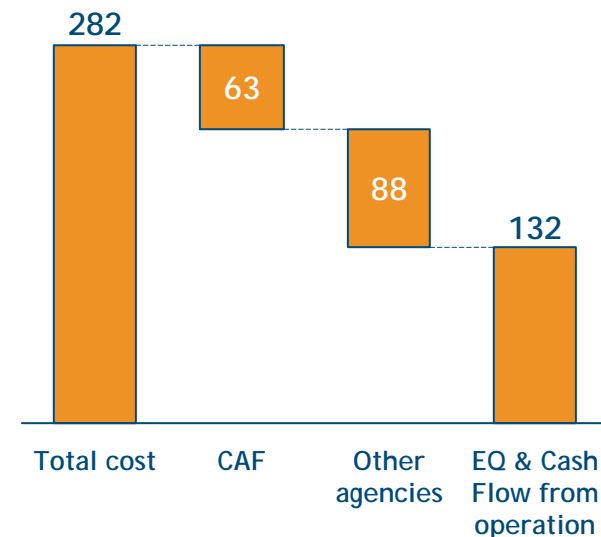
- Black owned enterprises (in accordance with the governmental 40% SA Entity participation)
- Focus on rural areas: program benefits to accrue to the immediate communities by sponsoring the participation of surrounding communities at equity level
- Special financing facility for surrounding communities with up to 100% equity to participate at 2.5-7.5% in these projects and with focus on early revenues

→ DBSA is major contributor to development of IPP market combining climate finance with social development aspects

# Deep Dive - CAF's Syndicated Loan, a Financing Plan for Investment in the Energy Sector

## Energy Efficiency: Conversion of two thermo-electric plants from open cycle natural gas-fires into integrated combined cycle power plants (Colombia)

- CAF structured the financing to prepare the design, development, procurement, construction and insurance for the plants' conversion
- Participation of three international agencies (KfW DEG, IFC and CAF)
- Agencies subscribed to a "Common Term Agreement (CTA)" including the common covenants among the parties and separate loan agreements.





# Deep Dive - BNDES' Involvement in Financing Renewable Energy

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BNDES' differentiates its power generation financing conditions according to the energy source being used, thus currently

- projects based on renewable resources have interest rates 1.4% below those practiced for coal or oil thermal plants
- Maximum financial participation for renewable sources varies between 70% and 90%, while for coal or oil thermoelectric plants, it is 50%
- The loan duration varies according to the generation source: 16-20 years for renewable sources and to 14 years for fossil fuel thermoelectric plants

BNDES has thus helped to

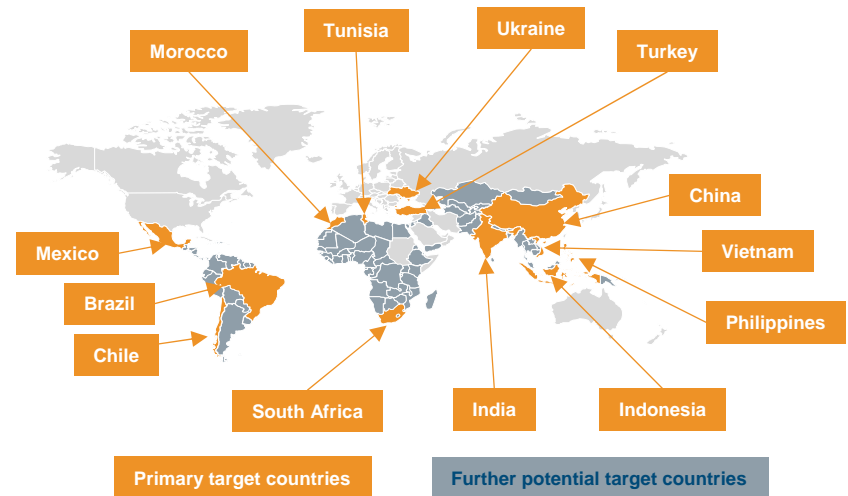
- Raise Brazil's rank as twentieth largest wind energy producer in 2011 to become the tenth largest in 2013
- Finance 186 projects in the electric power generation sector between 2007 and 2011 with the total amount of R\$ 43.2 bn. (Equaling the installed capacity of 17,300 MW)

# Deep Dive – KfW Global Climate Partnership Fund (GCPF)

## Key Facts

- The Global Climate Partnership Fund (GCPF) is a Fund initiated by the German government and KfW
- It constitutes a structured public-private risk sharing arrangement
- It aims to contribute to the reduction of greenhouse gas emissions in emerging markets
- It also contributes to broadening and deepening the financial sector in the respective countries
- For Financial Institutions, the GCPF offers:
  - Commercial financing, tied to on-lending into sustainable energy projects
  - Co-investments into sustainable energy projects
- In addition, it can provide direct financing to sustainable energy projects
- Targeted: households, home owner associations, leasing companies, SMEs and municipal entities
- The Fund is backed by international investors with current commitments of ~ US\$205m

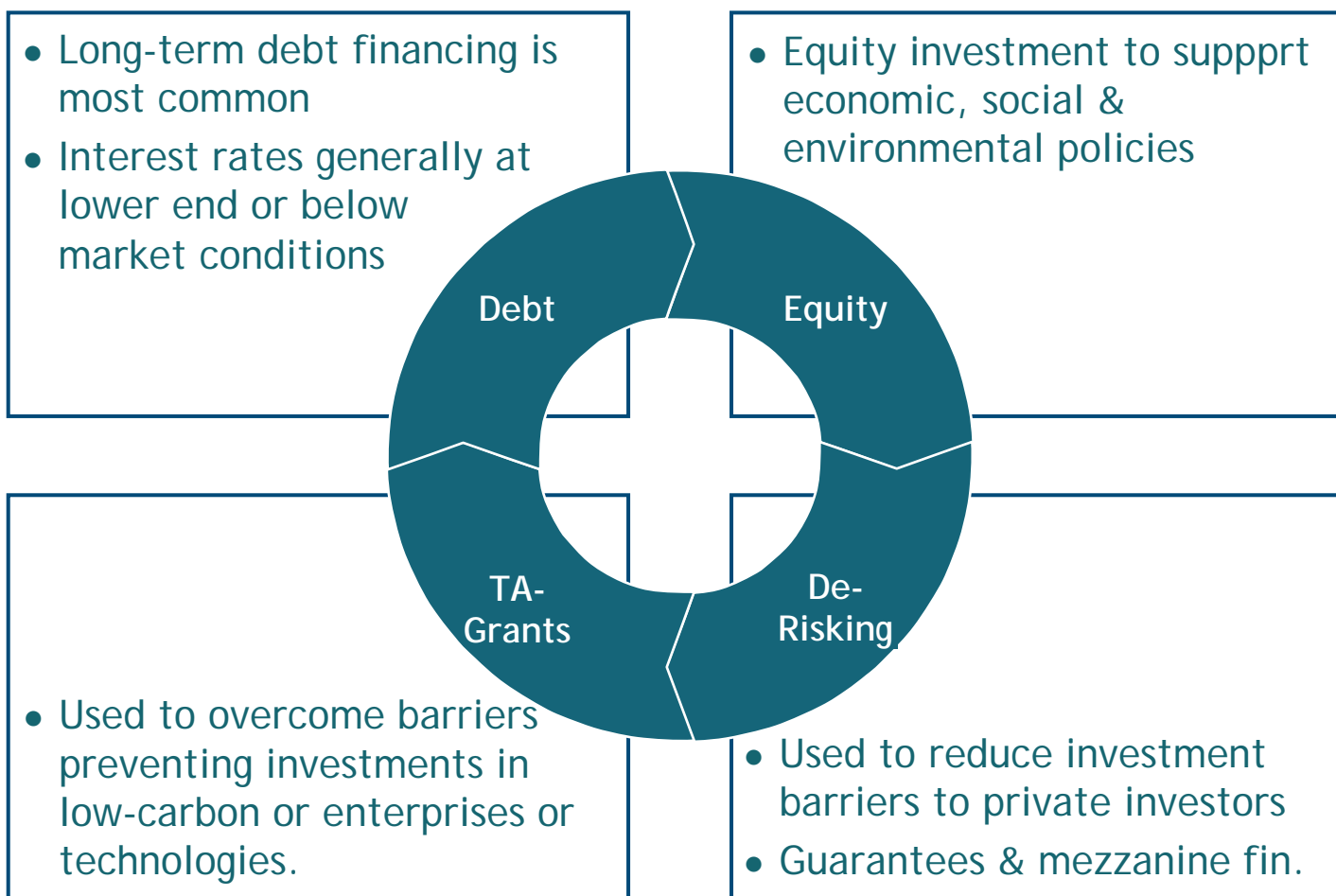
## Target Countries



## Partners



# Development Banks' Key Instruments and Their Function in Leveraging Available Funds



## »» Contact Details

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