

# Effective Green Financing: What have we learned so far?

CPI-EDF Side Event on  
“Global Climate Finance 2012:  
Mobilizing the Private Sector for Effective Financing”

3 December 2012, Doha, Qatar

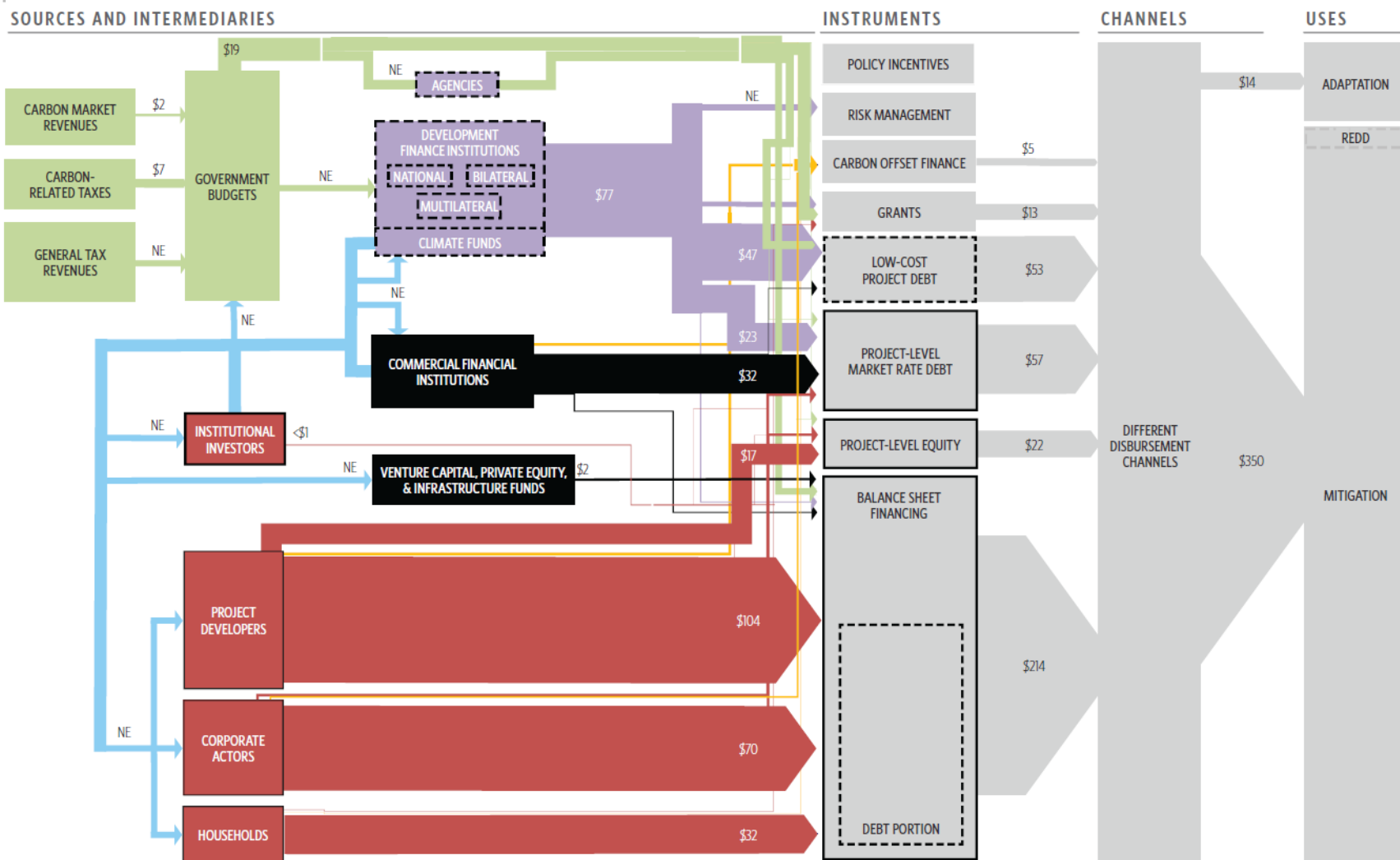
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# The Global Climate Finance Landscape in 2010/2011 (USD billions)



The **San Giorgio Group** assembles financial intermediaries and institutions actively engaged in green, low-emissions finance

- **Core framing inquires**

- What is the **role and reasons** for public finance?
- What are **the best delivery mechanisms** for public monies?
- How can international and national **public investment flows** be **aligned** with each other and **with private investments**?
- How do we **ensure learning**?

⇒ **Effective investment & scaling up**

# Case studies on Technology Continuum



# Prosol Tunisia

## Goal

- To accelerate the **penetration of Solar Water Heaters** in the **residential sector** by engaging local commercial banks

## Challenges

- High up-front cost → Lack of consumer financing
- Distorting subsidies → Perverse policy incentives
- Knowledge gaps → Risk aversion

## Measures

*USD million*      60

**Credit  
Mechanism**

*24.0*

**Investment  
Subsidy**

*0.2*

**Capacity and  
Awareness-  
building**

# Ouarzazate I Morocco

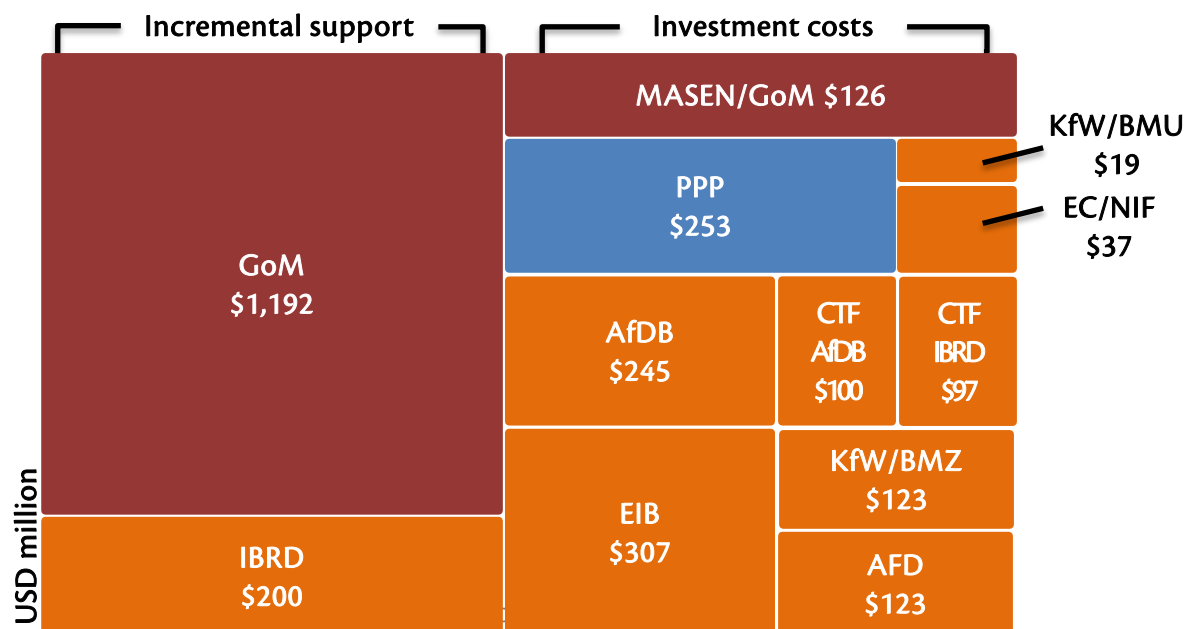
## Goal

- To develop a large scale Concentrated Solar Power plant that can pave the way for a portfolio of CSP in Morocco and the region

## Challenges

- Early development stage tech → viability gap
- High capital cost → lack of commercial finance
- Multiple partners → cooperation & coordination

## Instruments



# Walney Offshore Windfarms

## Goal

- To **attract financial investors** to take minority stakes in the **World's largest offshore windfarms** (GBP 1.3 bn)

## Challenges

- Cost of offshore wind → Technology and project-specific
- Risk of offshore wind → Construction & operations
- Difficulties in financing → Utilities / project finance

## Instruments



## Early lessons

- **Well articulated public policies** are necessary to transition toward low carbon systems of production and **can be delivered through multiple instruments.**
- **Well designed resource injections** can alter investment risks and change private behaviors at acceptable cost.
- **New risks** hamper scale up of green finance and call for a **new suite of risk mitigation instruments.**
- **The need for public resources to leverage private sector funds** is one factor, but **effectiveness needs to be considered across all dimensions**
- **Green investment should focus on emerging economies,** where energy demand is growing and opportunities exist to install green infrastructure.



# CPI's Climate Finance work – next steps

## CPI Climate Finance Project:

- critical role of **private finance**
- need to address **limited understanding of**
  - **the effectiveness of climate finance efforts**
  - **the effective balance of public and private capital**
  - **how to trigger a transformation**

A better picture of  
climate finance &  
tracking the  
effectiveness of  
tracking  
Landscape 2012  
German Landscape

Systematic case study work  
What role for public finance?  
What makes an investment  
successful , replicable and  
scalable?

Methodology:  
What is effective  
climate finance?  
How to measure  
effectiveness?



...helping nations spend their money wisely



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## Further Reading

- SGG case studies may be found at:  
<http://climatepolicyinitiative.org/publication/san-giorgio-group-case-studies/>
- Information about the San Giorgio Group may be found at:  
<http://climatepolicyinitiative.org/venice/san-giorgio-group/>
- *The Landscape of Climate Finance 2012* may be found at:  
<http://climatepolicyinitiative.org/venice/publication/global-landscape-of-climate-finance-2012/>
- *The German Landscape of Climate Finance* may be found at:  
<http://climatepolicyinitiative.org/berlin/publication/german-landscape-of-climate-finance/>