

# Summary of COP22 Side Event

## Filling the Pipeline: Developing Projects that Mobilize Climate Finance

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The Center for Clean Air Policy (CCAP), the Government of Denmark and UNDP organized a COP22 side event, “Filling the Pipeline: Developing Projects that Mobilize Climate Finance,” on Thursday, November 17, 2016. The goal was to highlight a range of initiatives that provide targeted support for expanding the global project pipeline of projects able to attract finance. **Moderated by CCAP CEO Bill Tyndall**, the event was opened with an **introduction by Deputy Permanent Secretary, Kristoffer Böttzauw, from the Danish Ministry of Energy, Utilities, and Climate**, who highlighted the shortage of financeable high-impact climate projects as a major obstacle to involving the private sector. CCAP’s Tyndall noted that, while much of the discussion in the international arena focuses on how to get the policy right, to get more projects to break down there needs to be greater focus on creating financial mechanisms and using resources to help build the project pipeline. The panelists aimed to showcase how their programs are focused on doing just that.

- **Dr. Maria Amparo Martinez Arroyo, General Director of Mexico’s National Institute for Ecology and Climate Change**, shared information on the country’s Sugar Mills NAMA, which aims to bring renewable energy production and energy efficiency to the country’s 51 sugar mills, which employ 450,000 people, and account for 16% of the country’s agricultural GDP.
- **Sean Kidney, of the Green bonds Initiative**, noted that the financing tools needed to move from brown to green infrastructure investment are already available, but have not been taken advantage of with urgency that corresponds to the transformation that is necessary.
- **Paul Horrocks, of the OECD**, discussed the organization’s efforts to develop an evidence base, best practices, and policy guidance and principles for the use of blended finance to deliver development impact. He noted a recent surge in the use of blended finance, and shared the OECD’s work on the Sustainable Development Investment Partnership (SDIP).
- **Peter Storey, of the Private Financing Advisory Network** described how, for the last ten years, they have identified pipeline projects and facilitated financing for small and medium sized mitigation projects. He noted that the challenge is not a lack of money, but insufficient project matchmaking for the capital, which is what PFAN attempts to provide.
- **Amal-Lee Amin of the Inter-American Development Bank** discussed the bank’s NDC Invest initiative. The initiative is comprised of four elements: NDC programmer, which works with public and private sector stakeholders to develop investment plans and programs; NDC pipeline accelerator, which supports activities to ensure project technical and financial feasibility; the NDC Market Booster, which provides grants for innovative business models and financial instruments; and the NDC finance mobilizer, which mobilizes funding from internal and external sources to help countries enhance credit and reduce risks.

- **Torben Huss of IFU, the Danish Development Finance Institution**, discussed the Danish Climate Investment Fund, a public-private partnership that provides equity capital to climate-compatible investments. He highlighted the publicly-funded project development facility, which allows the government to get involved early in the project development process and take an overall ownership share.
- **Anna Lehman, of the Climate Market and Investment Association**, provided a “reality check” from the point of view from a project developer. She critiqued each of the projects presented based on the criteria of deal flow and ambition and speed, noting that substantial acceleration is needed. She noted that, although NAMA development is important, complex engagement processes can slow down deal flow. She also noted the need for greater investment in energy efficiency, and recommended that more initiatives support small and medium-scale projects.
- **Jan Kellett, a special advisor for UNDP**, closed by putting the discussion in the framework of countries’ development goals. He noted that there should be more focus on the vulnerability of countries, and highlighted the lack of access to power in many developing countries. He also noted the importance of getting the mechanics and governance of public climate finance for climate change right and highlighted the challenges associated with corruption and collection of tax revenue.

In response to questions, participants discussed the need to have opportunities deeper engagement with private sector actors in developing countries (they are often the ones that have the best technical capacity), the value of derisking projects for the purposes of getting local capital involved, and the importance of considering the local context in constructing a project pipeline in a developing country.

The discussion highlighted that there is still much further work needed to effectively grow the project pipeline for climate finance, and there is value in bringing together the range of players, including countries, finance institutions, non-governmental organizations, and the private sector in order to coordinate and focus their efforts to construct a strong pipeline of viable, finance-ready low-carbon and resilient projects.

Audio of the full side event, and video of the presentations can be found here:

<https://www.youtube.com/watch?v=NwA6snWi8jQ>

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