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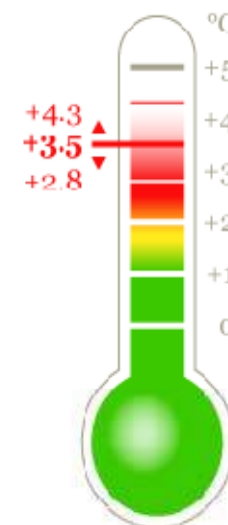
## How to evaluate the effectiveness of finance flows?

*14 October 2010*

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# CLIMATE ACTION TRACKER

DETAILED INFORMATION ON INDIVIDUAL COUNTRY PLEDGES FOR GREENHOUSE GAS EMISSION REDUCTIONS  
DEVELOPED BY ECOFYS AND CLIMATE ANALYTICS / SUPPORTED BY THE EUROPEAN CLIMATE FOUNDATION



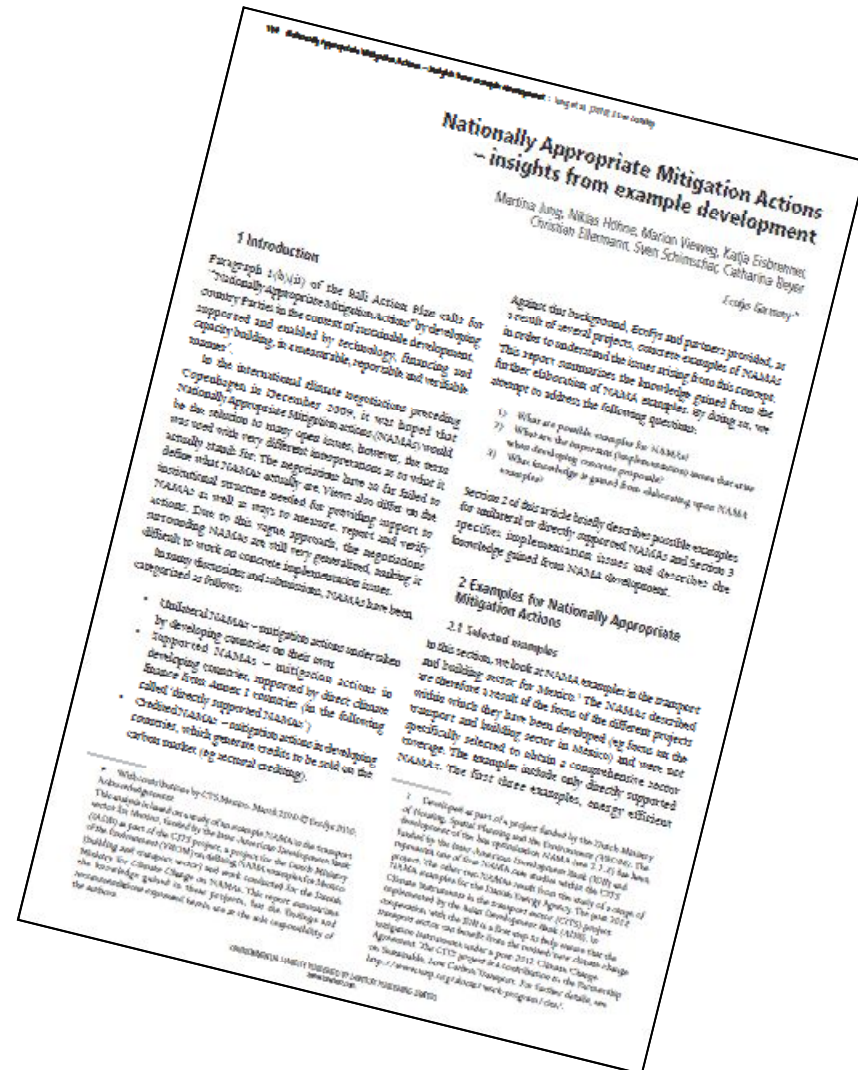
[www.climateactiontracker.org](http://www.climateactiontracker.org)

Bill Hare, Claudine Chen, Katja Eisbrenner, Niklas Höhne, Michiel Schaeffer, Kirsten Macey

# Paper on developing country actions

Jung et al (2010):  
“Nationally Appropriate Mitigation Actions – insights from example development” Env. Liability 3

Available at  
[www.ecofys.com](http://www.ecofys.com)



# Activities to be supported by public funds

**Plans:** Low-emission development strategies and plans

**Policy setup:** Putting a government policy in place, e.g. help to implement an energy efficiency standard

**Policy support:** Supporting the reductions through a government policy, e.g. energy efficiency programme with low interest loans or feed-in tariff

**Project:** Support for a single project, e.g. a wind farm

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Goal:  
Enabling  
environment

Goal:  
Direct reductions

# Criteria for effectiveness of public funds

- Reductions of greenhouse gas emissions (per \$)
- Leveraging private investments
- Innovative character

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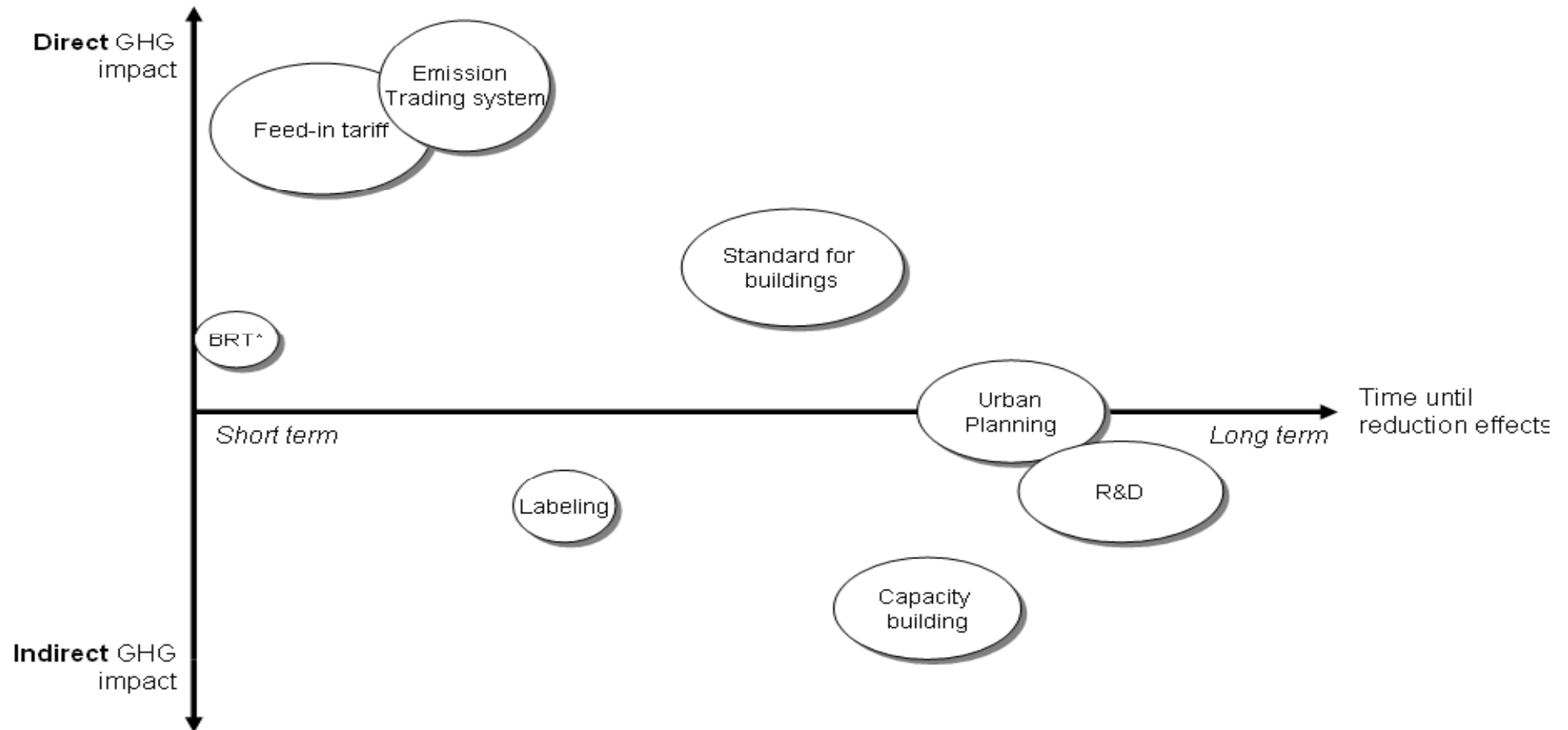
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# Effect on GHG emissions

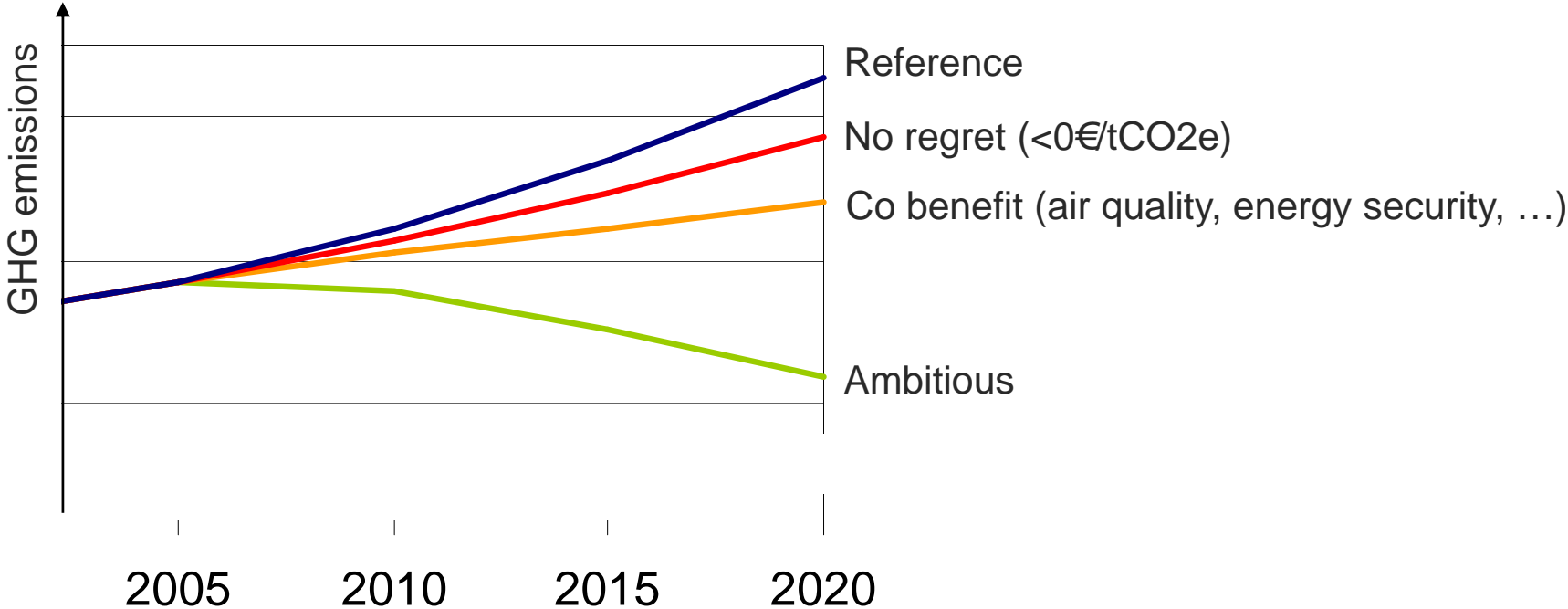
	Effect on emissions
<b>Plans:</b> Low-emission development strategies and plans	Indirect Long-term
<b>Policy setup:</b> Putting a government policy in place, e.g. help to implement an energy efficiency standard	Direct / indirect Short-term / long-term
<b>Policy support:</b> Supporting the reductions through a government policy, e.g. energy efficiency programme with low interest loans or feed-in tariff	Direct
<b>Project:</b> Support for a single project, e.g. a wind farm	Direct



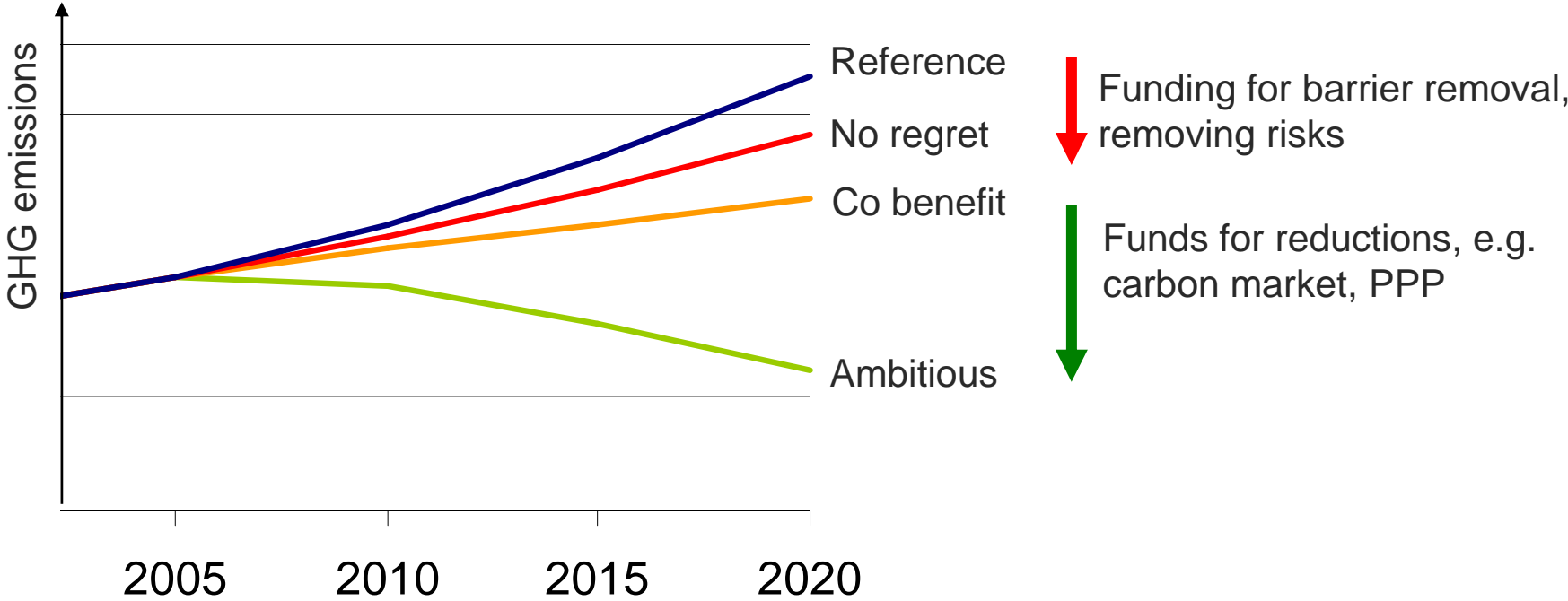
# GHG effects of actions over time



# Emissions under different scenarios



# International financing



# Possible indicators for impact

- GHG emissions (measured, modelled)
- Proxies for GHG emissions
  - Energy used
  - Material produced
- Other indicators on the action level
  - **Technical**: build units, capacity, no. of vehicles
  - **Economical**: funds granted, investment triggered
  - **Process**: number of workshops conducted, study completed
  
- Other benefits: jobs created, economic growth generated

# Criteria for effectiveness of public funds

- Reductions of greenhouse gas emissions (per \$)
- **Leveraging private investments**
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# Public funding leveraging private financing

- Create conducive conditions
  - Capacity, policy framework
- Absorb risk of private activities
  - Guarantees, loans, grants, mezzanine, equity financing, venture capital fund, quality stamping projects
- Incentivising through the carbon market
  - Extended CDM
  - Sectoral crediting
  - Crediting policies

# Criteria for effectiveness of public funds

- Reductions of greenhouse gas emissions (per \$)
- Leveraging private investments
- **Innovative character**

# Innovative character

- First of its kind in the country  
(e.g. loan facility for renewable projects with fixed interest rates, where varying interest rates are usual)
- First of its kind in a country with similar circumstances  
(e.g. does a feed-in tariff need international support if similar countries have one unsupported?)



# Conclusions

- Reductions of greenhouse gas emissions (per \$)
  - Consider short-term *and* long-term / indirect effects
  - Consider barrier removal *and* financing reductions per tCO<sub>2</sub>
- Leveraging private financing
  - Removal of risks for private investments
  - Calculate leverage factor (public to private investment)
- Innovative character
  - First of its kind

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