



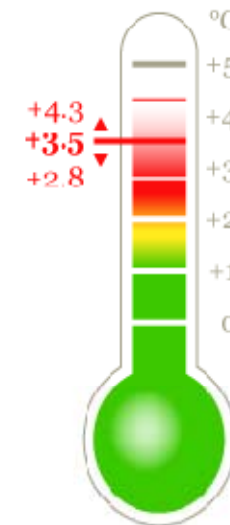
How to evaluate the effectiveness of finance flows?

14 October 2010

Dr. Niklas Höhne, Ecofys Germany, n.hoehne@ecofys.com

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

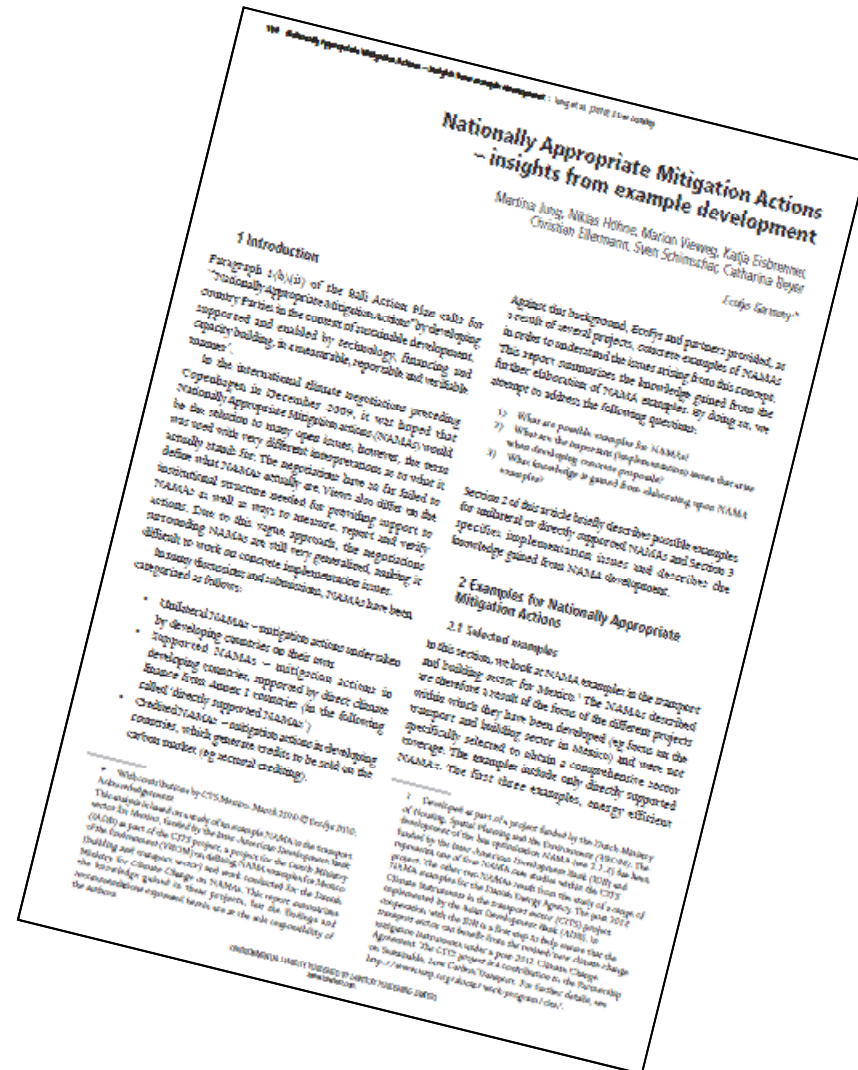


www.climateactiontracker.org

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



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

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

Goal:
Enabling
environment

Goal:
Direct reductions

Criteria for effectiveness of public funds

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

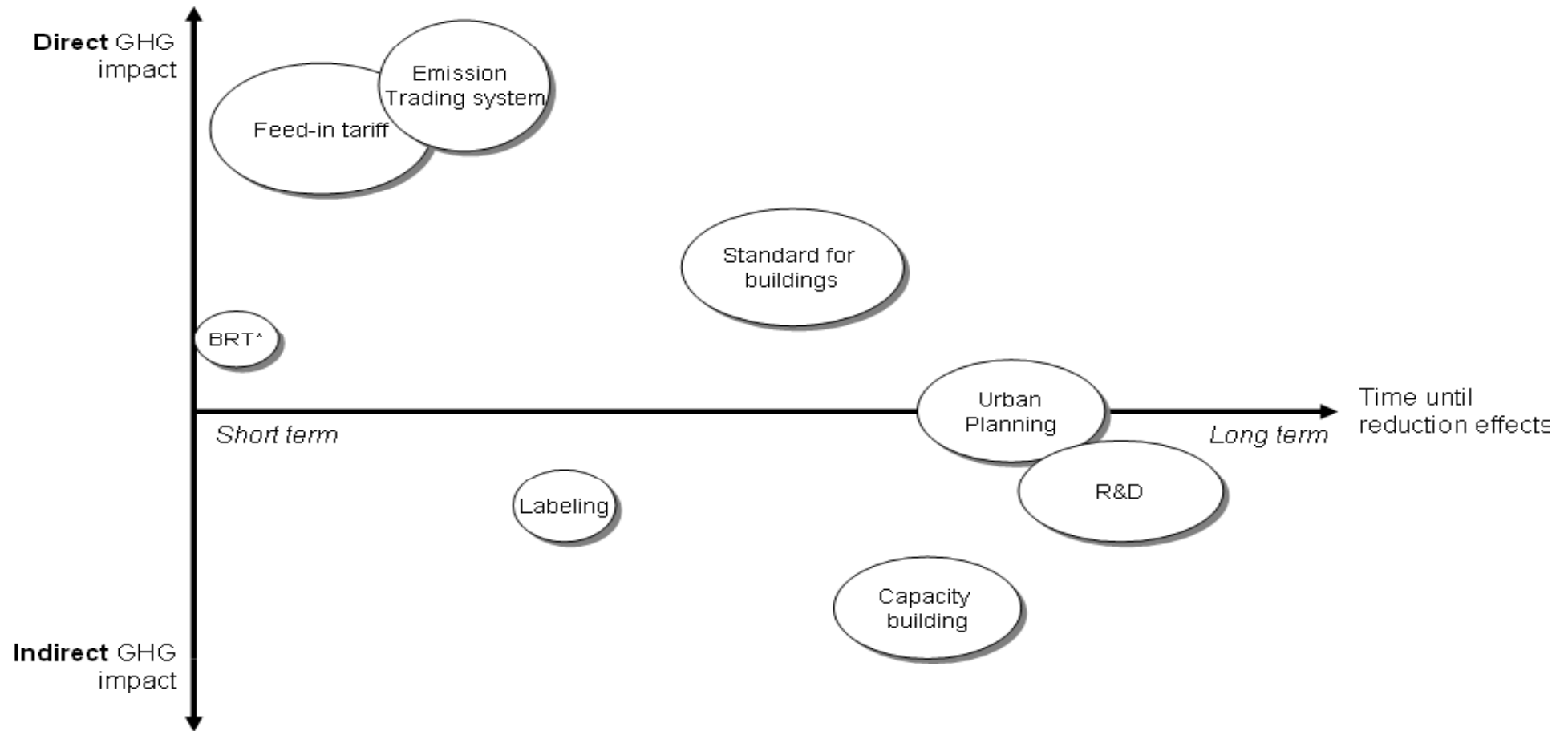
Criteria for effectiveness of public funds

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

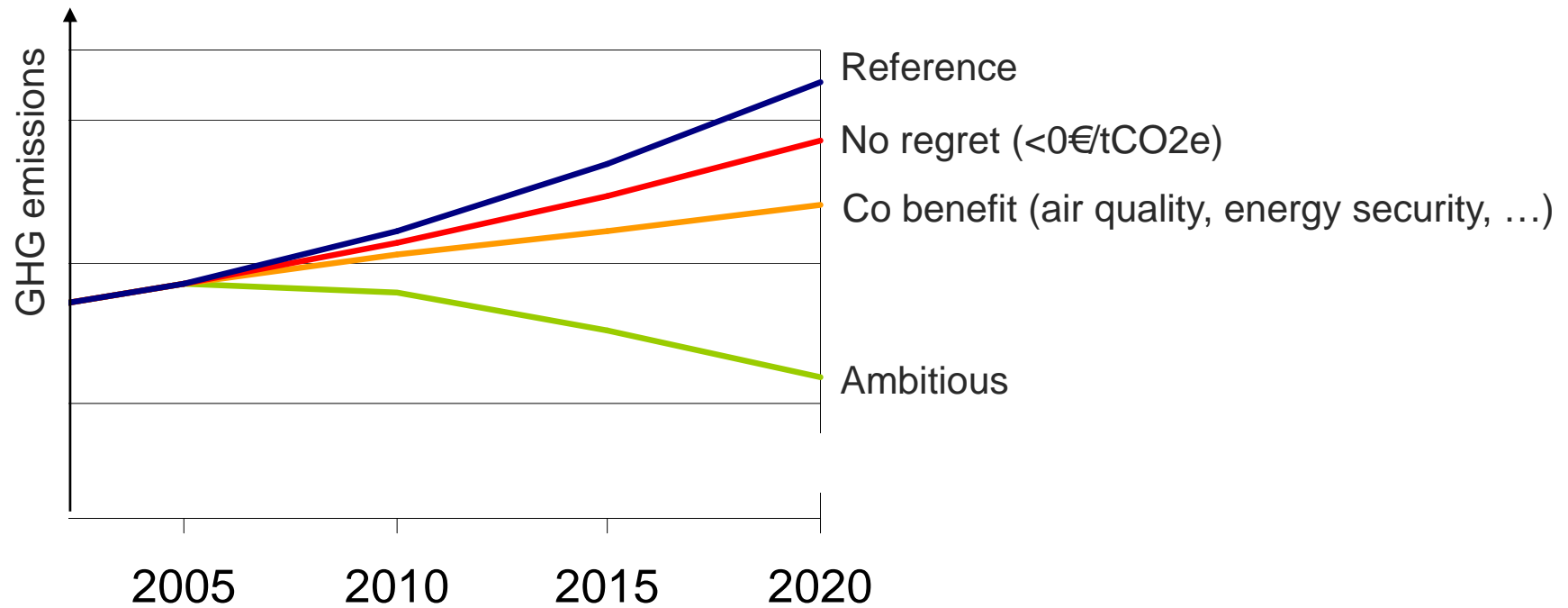
Effect on GHG emissions

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

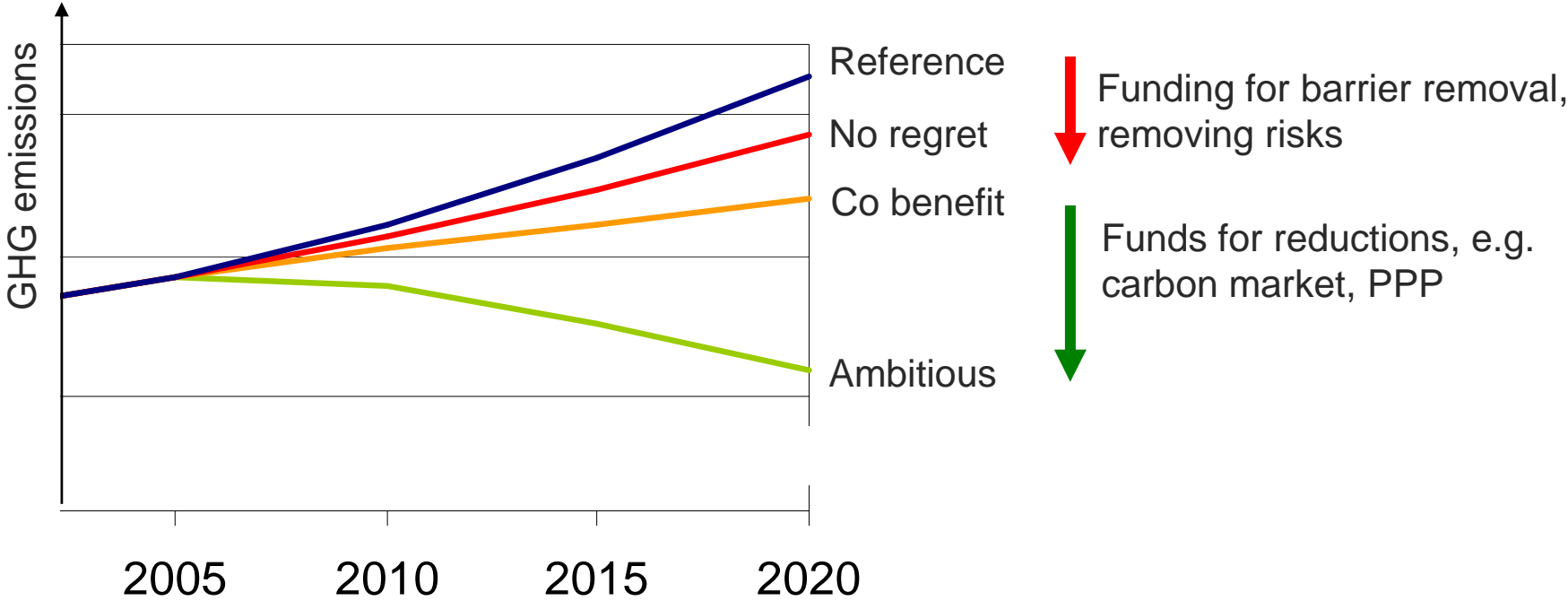
GHG effects of actions over time



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**
- Innovative character

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 tCO₂
- Leveraging private financing
 - Removal of risks for private investments
 - Calculate leverage factor (public to private investment)
- Innovative character
 - First of its kind

Please contact us for more information

Ecofys Germany GmbH

Am Wassermann 36
50829 Cologne
Germany

T: +49 (0) 221 270 70 100

E: info@ecofys.de

W: www.ecofys.de