



CLIMATE FINANCING EVALUATION: AN OPERATIONAL PERSPECTIVE

JOSUÉ TANAKA
CORPORATE DIRECTOR
ENERGY EFFICIENCY AND CLIMATE CHANGE

PRESENTATION FOR WORKSHOP ON STATE OF INTERNATIONAL CLIMATE FINANCE
CLIMATE POLICY INITIATIVE- INTERNATIONAL CENTER FOR CLIMATE GOVERNANCE
VENICE, 14 OCTOBER 2010



CLIMATE FINANCING EVALUATION: AN OPERATIONAL PERSPECTIVE

OPERATIONAL CONTEXT

Current status of EBRD climate financing activity implies evaluation frame should take account of following context factors:

- Initial focus placed on scaling-up climate financing
- Resulting priority placed on mainstreaming climate financing across regional and sectoral business segments
- Attention to replicability and deployment effectiveness
- Private sector emphasis of EBRD financing implies demand driven approach
- Need to reflect country priorities in policy dialogue
- Policy and incentive frameworks weak to negative in most countries of operations with need to operate in second to third best context
- Internal resource constraint and allocation
- Limited sample of completed projects for ex-post evaluation



CLIMATE FINANCING EVALUATION: AN OPERATIONAL PERSPECTIVE

CURRENT EFFECTIVENESS PARAMETERS

Reflecting above context, current measures of effectiveness include:

- Energy saving and carbon reduction impact at project level
- Scaling-up in terms of investment volume
- Range of countries, sectors and technologies covered
- Mobilisation and financing leverage ratios achieved including private sector financing (corporate, co-investment or loan syndication) and sources (domestic vs external)
- Policy dialogue and leverage
- Transition impact
- Project implementation record
- Portfolio carbon balance
- Carbon financing
- Demonstration impact and repeat transaction



CLIMATE FINANCING EVALUATION: AN OPERATIONAL PERSPECTIVE

CURRENT PRACTICES

At entry

- Systematic pipeline screening at entry
- Definition of carbon reduction project components including in many cases upfront energy audit and definition of investment potential and impact energy/cost saving and related carbon reduction
- Embed in studies / feasibility assessment ex-ante impact assessment for specific investment types such as district heating and water network rehabilitation



CLIMATE FINANCING EVALUATION: AN OPERATIONAL PERSPECTIVE

CURRENT PRACTICES

At implementation

- Monitoring process of specific investments
- Carbon credit delivery as part of project ERPA
- Direct involvement in implementation of specific investments in large EE projects
- Repeat projects allow assessment of results under previous phase
- Compliance generated data for example in projects with companies subject to EU ETS or other compliance mechanism

Ex-post

- Ex-post evaluation at both overall programme and selected projects
- Verification consultants by independent team to check assumptions, carbon reduction method and verify actual energy saving including random sampling approach



CLIMATE FINANCING EVALUATION: AN OPERATIONAL PERSPECTIVE

METHODOLOGICAL CHALLENGES

- Baseline definition is a significant methodological challenge
- Sensitivity of analysis and assessment to technical factors such as utilisation rates of plants and systems, product mix, ambient temperature or carbon emission factors
- Innovative financing instruments such as financial intermediation schemes involving bundling of smaller projects
- Additionality question linked to baseline definition



CLIMATE FINANCING EVALUATION: AN OPERATIONAL PERSPECTIVE LOOKING FORWARD

Shifting balance as portfolio and experience grow:

- Collect and process existing project information including definition of procedure to assess impact
- Embed energy savings and carbon reduction assessment in standard monitoring reports
- Develop work on baseline definition
- Increase focus on actual carbon reduction results
- Collaboration across IFIs on carbon footprint
- Build “lessons learned” base derived from growing and maturing project portfolio

Operational considerations for evaluation framework:

- Relevance of evaluation outcomes and recommendations
- Ensure cost effectiveness of evaluation framework

