The Landscape of Climate Finance 2013

Third Annual San Giorgio Group Meeting
3 - 4 October 2013

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Global climate finance flows

Annual global climate finance flows reached approximately USD 353 billion in 2012.

- **USD 225 bn in private investments – 64% of global flows**
  - Close to USD 126 billion (56%) came from developed countries.
  - The domestic private sector is a cornerstone in both developed and developing countries.
  - Familiarity, and stable enabling policy environments, are a key factor.

- **Public resources, actors, and investment modes lie at the heart of the climate finance system**
  - Direct public investments in renewable energy (USD 48.8 billion)
  - Shareholding (USD 42.2 billion)
  - Intermediation (USD 110.5 billion)
  - Provision of public goods (e.g., USD17.9 billion for adaptation)
Early findings

• The majority was invested in mitigation (USD 335 bn)
  – We captured USD 17.9 bn of adaptation finance and USD 52.3 bn of energy efficiency finance

• 49% was invested in developed, 51% in developing countries
  – USD 42 bn of overall investments in developing countries originated in developed countries (ODA makes up 11 bn)
  – Europe (33%), East Asia & Pacific (29%), and North America (9%) were top regional recipients – and largest sources

• Public & private financial institutions play a cornerstone role raising, managing, and distributing global climate finance
  – DFIs committed just under one third, or USD 110.5 bn

• Investors channel money via a range of economic and financial instruments that lower investment costs or close viability gaps
  – USD 15.1 bn of grants. USD 59 bn of low-cost debt
Bottom line

Progress toward scale-up has stagnated - the financing gap remains huge

- Money is flowing – but falls far short of what is needed to finance system transformation
  - Ability to manage risk is pivotal to climate investment decisions
  - Public resources and actors can be game changers
    - Domestic bias points to importance of predictable enabling environments
    - Investment modes and intermediation take off risks and lower costs

- Six groups of actors play, or could play, cornerstone roles in the global finance landscape
  - DFIs, governments & their agents, climate funds
  - Corporates, utilities, independent power producers & project developers, households, institutional investors

- Important information gaps continue to hamper the understanding of climate finance
The San Giorgio Group: Expanding Green, Low-Emissions Finance
The San Giorgio Group assembles financial intermediaries & institutions actively engaged in green, low-emissions finance

- **Effective investment**: systematic analysis of case studies and tracking of existing green investments
  - 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**?

- **Ensuring learning**: distil lessons from evolving financing practices

- **Scaling up**: provide insights on how public resources can be spent wisely to mobilize private finance
Case studies: analytical framework

- Complex interactions between all stakeholders
- Investment, returns and profitability
- Risk allocation arrangements
SGG case studies overview

Renewables
- RD&D
- Deployment & Diffusion
- Commercial maturity

Instrument s
- First-loss Protection Mechanisms
- Risk Mitigation Instruments
- Policy Risk Instruments

Non-renewables
- World Bank Risk Instruments

- EIB
- KFCP
- PPCR
- Nestlé

Projects:
- Montalto di Castro (Italy)
- Walney (UK)
- Jädraås (Sweden)
- Ouarzazate (Morocco)
- Prosol
- SWH
- Tunisian

Technologies:
- Offshore wind
- Onshore wind
- Solar PV
- CSP
- Multiple CSP

Countries:
- Italy
- Tunisia
- Spain
- Egypt
- Switzerland
- France
- Sweden
- UK
- Pakistan
- Bangladesh
- Indonesia
- Sri Lanka
- Tunisia
- Morocco
- Tunisia
- Egypt
- Tunisia
- Spain
- France
- Switzerland
- Egypt
- Bangladesh
- Indonesia
- Sri Lanka
- Tunisia
- Morocco
...helping nations spend their money wisely