

»» The Role of Development Finance Institutions in Facilitating Green Investments

Climate Policy Initiative - San Giorgio Group

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Bank aus Verantwortung

KFW

»» About KfW Group

- Development bank of Germany
- Founded in 1948 for implementation of the Marshall Plan
- Today, over 5500 employees

- Main tasks:
 - Financing investments in Germany & Europe
 - Providing international project & export finance
 - Supporting developing countries

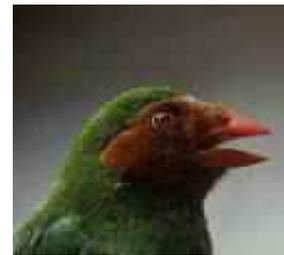
- USD 91 bn. new commitments in 2012
 - thereof USD 37.8 bn for renewables, energy efficiency & environment
 - thereof USD 4.4 bn in developing countries

- Concessional and commercial loans, mezzanine and equity, guarantees, grants



»» Green Finance from KfW Group (incl. DEG and IPEX)

Focus: renewables, energy efficiency in buildings & SMEs, transport, waste sector, water, forests



Fossil fuels part of the energy mix in Germany, EU, many developing countries:
KfW policy & investment criteria based on preference for renewables and efficiency standards

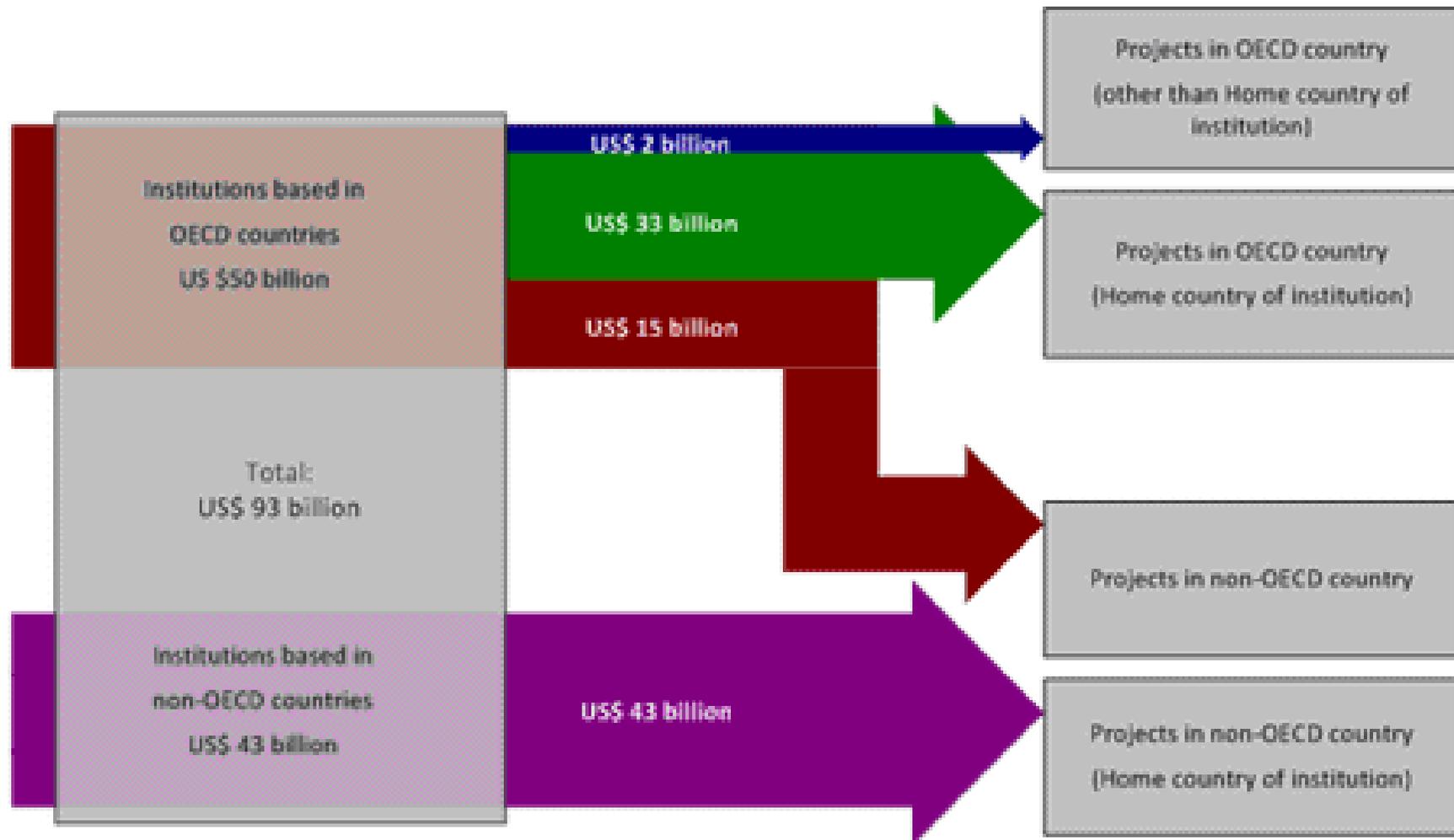
»» The International Development Finance Club (IDFC)

- › Established in Washington in 2011
- › Network of 20 leading development finance institutions (BOAD recently joined) with mandates for national, sub-regional, regional and international activities around the world.



- › Combined assets of more than USD 2,400 billion
- › Activities in 2013: Green finance mapping, green infrastructure finance, exchange on good practices in private sector mobilization and support of GCF implementation

»» IDFC: National and International Flows of Green Finance 2012
from \$ 89 bln. in 2011 to 93 bln. to 2012, strengthening of methodologies



»» Scaling-up the Green Economy; DFI Conference

- › In April 2013 ministers and senior officials from more than a dozen “donor countries” met in Washington to discuss the challenge of scaling up climate investment in developing countries.
- › The meeting launched four parallel initiatives with feedback to ministerial in Copenhagen on October 24th

Initiative 1: Coordination of MDB

- › Support of climate-related aspects in the work of MDB
- › Intensified use of instruments to mobilise private sector-finance
- › Lead coordinating role of US-Treasury

Initiative 3: Coordination of export credit agencies

- › Organisation by EKF (ECA of Denmark)
- › High-Level Meeting on 19 & 20 September in Copenhagen

Initiative 2: Coordination of DFI

- › Organisation by and lead coordinating role of KfW and OPIC
- › High-Level Meeting on 4 September in Frankfurt

Initiative 4: Innovation to mobilise private investment

- › Organisation by UK Department of Energy and Climate Change
- › Create a platform for exchange of public actors with private sector and think-tanks

»» Scaling-up the Green Economy; DFI Conference Frankfurt, 4 September 2013 - Impressions



»» Scaling-up the Green Economy; DFI Conference - Frankfurt

Elements of Discussion

Theme 1	Role of DFI and DB in scaling-up the green economy <ul style="list-style-type: none">› division of labour with private sector,› risks to take, co-financing of large projects,› level of concessionality & technological ambition
Theme 2	Strategies and positions on fossil fuel related emissions <ul style="list-style-type: none">› stakeholder expectations and developing country needs› recent policy changes by participants and implications, response strategies
Theme 3	Increasing demand for green finance <ul style="list-style-type: none">› renewable energy tenders and energy efficiency programmes,› TA, project preparation/development
Theme 4	Disclosure of portfolio and emission data <ul style="list-style-type: none">› international reporting initiatives,› emission reductions vs. carbon footprint,› mobilised private investment

»» Scaling-up the Green Economy; DFI Conference-Frankfurt Agreed Next Steps

Theme 1	› Mapping of the different instruments and focus regions is prepared to create a basis to support a match-making process among DFIs/DBs
Theme 1	› Explore how to set up a coordination mechanism including a referral mechanism
Theme 2	› Preparation of an synopsis of fossil-fuel related policies of relevant DFIs/DBs.
Theme 2	› Explore potential for a statement on common elements of coal policies by a sub-group
Theme 3	› Explore offering providing advice on enhancing the regulatory environment for use of renewable resources in Africa.
Theme 3	› Explore endorsement of OPIC's "Important Features of "Bankable" PPAs" and potential endorsement by interested DFIs/DBs
Theme 4	› Support development of standardized definitions on private sector leverage and exchange of information on mapping approaches

»» What Development Banks Contribute to a Green Economy?

According to project and country needs and shareholders' investment criteria provide

- › grants
- › equity and mezzanine finance
- › concessional loans (reduced interest rates, extended tenor and grace periods)
- › guarantees
- › technical assistance

in order to

- › cover incremental investment needs, costs or risks
- › reduce political and policy risks as anchor investor
- › facilitate projects by structuring financing packages
- › help to create the enabling environment
- › support an efficient and environmentally and socially sound project implementation

»» What Development Banks Need to Scale-up a Green Economy

- › Stable and simple investment criteria, aligned with partner/client demands
- › Stable choice of countries, sectors and technologies
- › Flexibility to deploy instruments and adapt loan and guarantee terms
- › Expanding guarantee framework and/or equity base
- › Funding for technical assistance
- › Standardisation of own products and procedures
- › Harmonisation of products and procedures with other DFIs

»» Thank you very much!

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