

Workshop

Mobilising Long-Term Finance for Green Investments

Moving from Consultations to Implementation

Introduction

Peter Wolff, German Development Institute

08 November 2013

Global political context



UNITED NATIONS
CLIMATE CHANGE CONFERENCE
COP19/CMP9
WARSAW 2013



Simultaneous global processes set the frame for green investments

G20

- inclusive green growth (DWG)
- Long-term finance

UN Post-2015 Financing for Sustainable Development

- Millennium Development Goals (MDG)
- Sustainable Development Goals (SDG)

UNFCCC

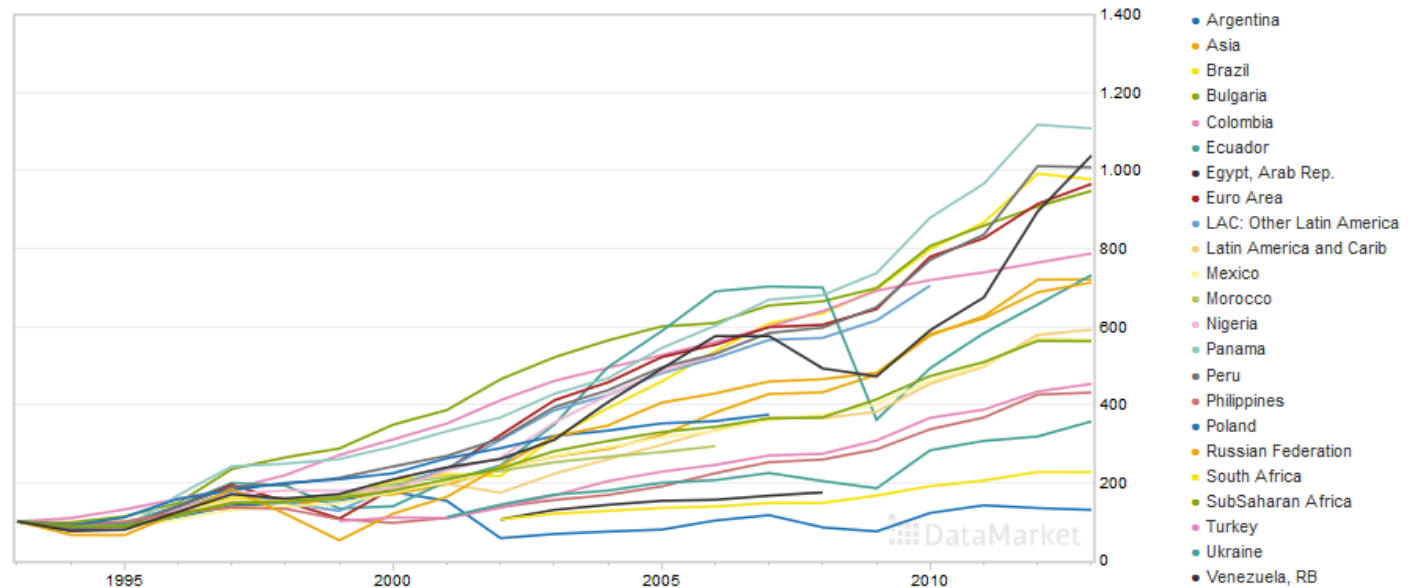
- Kyoto Protocol
- Financial mechanism (GEF, Green Climate Fund, Adaptation Fund, SCCF)

Global economic context



J.P. Morgan Emerging Markets Bond Index (EMBI+)

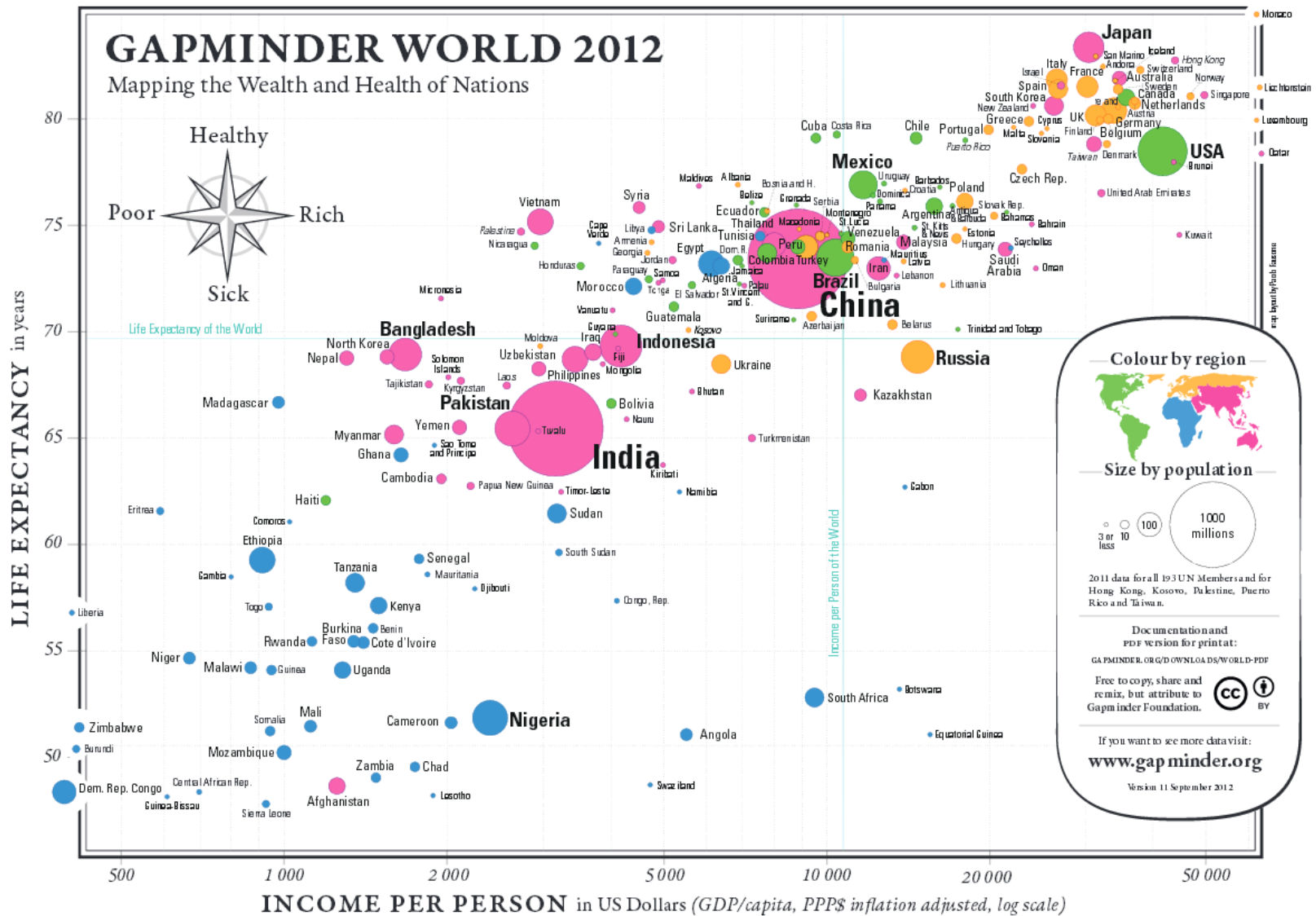
Einheiten: EMBI+





- **Fragile market conditions** in the wake of the financial crisis constrain the availability of the type of long-term finance needed for green investments
- **New initiatives for financial market regulation** (Basel III, Solvency II) limit the provision of long-term finance
- **Global liquidity** is abundant and in search of yield
- **More savings** from developing countries can be invested in developing countries

Policy context in various country groupings





**Long-term finance for green investments
operates in various country settings**

Advanced economies

Emerging markets

Middle- income countries

Low- income countries

Fragile states

Large variations with regard to

- political stability
- country risk
- development of local capital market
- project development capacity
- access to international capital markets
- access to concessional finance
- debt capacity
- stability of regulatory framework
- investment climate
- development priorities
- technological capacities

Coordination and partnerships



O BANCO DO DESENVOLVIMENTO
DE TODOS OS BRASILEIROS





- **Leveraging private capital:** define the scope for combining public and private financing at an early stage of project development
- **Pooling risks:** achieve the necessary scale and risk diversification needed by institutional investors through pooling of funds
- **Cooperation across financing agencies:** combine the segregated funds for biodiversity, climate and development finance with its respective actors, targets, funding and reporting systems to achieve synergies at country level