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Deutsches Institut für
Entwicklungspolitik



German Development
Institute

BMZ



Federal Ministry
for Economic Cooperation
and Development

Workshop

Mobilising Long-Term Finance for Green Investments

Moving from Consultations to Implementation

Friday, November 8, 2013
BMZ, Bonn, Germany

Workshop

MOBILISING LONG-TERM FINANCE FOR GREEN INVESTMENTS

Moving from Consultations to Implementation

<u>Date:</u>	Friday, November 8, 2013
<u>Place:</u>	Federal Ministry for Economic Cooperation and Development (BMZ) Dahlmannstraße 4, 53113 Bonn, Germany Filmsaal, Room 14
<u>Directions:</u>	www.bmz.de/en/service/contact/bonn/anfahrtsskizze/index.html
<u>Organizers:</u>	DIE on behalf of BMZ
<u>Participants:</u>	about 40
<u>International Context:</u>	After G20 Leader Summit (St. Petersburg, Sep. 5-6), Global Green Growth Forum (3GF) (Copenhagen, Oct. 21-22), G20 Development Working Group (DWG) Meeting (St. Petersburg, Oct. 23-24), and before COP19 (Warsaw, Nov. 11-22) and World Economic Forum Annual Meeting (Davos, Jan. 22-25, 2014)

There is international consensus about the necessity of a green transformation, which entails, first of all, huge investments in green infrastructure. Estimations of actual financing needs vary, but in most cases, amount to an annual USD 1 to 2 trillion for the upcoming years. As industrialized countries are confronted with depressing budget constraints, it seems clear that public budgets alone will not meet the challenge. Public interest has therefore concentrated on private investors who might have the capacity to close the financing gap. Institutional investors in particular, like pension funds, insurance companies and sovereign wealth funds, seem to be adequate sources as they have assets of over USD 70 trillion under their management. Unfortunately, the relevance of this group of investors for green projects is remote and private investors are reluctant to engage in green investments.

For this reason, the international community discusses possibilities to mobilize capital for long-term green investments. The 2012 G20 Leader's Declaration mandated the Development Working Group to further explore ways to mobilize private funds for green investments in developing countries and emerging markets, including through the public-private Dialogue Platform for Inclusive Green Investments. The International Finance Corporation (IFC) has been asked to deliver two rounds of stock-takings and various other researchers have contributed mappings of finance flows and case studies in the area of green finance. A number of international discussion/consultation forums¹ have been running in parallel, some of them have focused more on green and sustainable investments, others more on long-term infrastructure investments.²

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- 1 e.g. the G20 Development Working Group and the *Study Group on Financing for Investment* of G20 Finance Ministers and Central Bank Governors; OECD Directorate for Financial and Enterprise Affairs' project on *Institutional investors and long-term investment* and the *Research Collaborative on Tracking Private Climate Finance* initiated by OECD Climate Change Expert Group (CCXG); as well as UNFCCC's work programme on long-term finance (LTF) and GCF's discussions on a *Private Sector Facility*
 - 2 After all, and being pragmatic: green and long-term investments are very much the same. Green investments are in most cases long-term investments, and infrastructure investments have to be environmentally sound in order to avoid lock-in effects. Energy and transport as well as buildings, water, and waste are the most important sectors for long-term green investments.

After several years of stocktaking and consultations it is now time to move forward and implement concrete and focused approaches to mobilise capital for green and long-term investments.

For this reason, this workshop brings together policy makers, regulators, researchers, and investors to initiate result-oriented discussions of relevant stakeholders about concrete proposals to mobilise long-term green finance. There will be a focus on institutional investors and possibilities to overcome their investment barriers, but also a more holistic perspective shall be considered.

Program

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| 09:00 – 09:10 | Welcome Susanne Dorasil (BMZ) |
| 09:10 – 09:30 | Introduction Peter Wolff (DIE) |
| 09:30 – 12:00 | Session 1: Mobilising green finance from a research perspective
<i>What is the baseline? Which are the most important bottlenecks and challenges?</i>
<i>What are the most important research gaps? What kind of support is needed to provide the missing knowledge?</i> |

Panel discussion

- Focus Stocktaking for Dialogue Platform for Inclusive Green Investments
IFC, Aditi Maheshwari
- Focus Mobilisation of Green Finance
CPI, Martin Stadelmann
- Focus Public Climate Finance
OECD, Stephanie Ockenden
- Focus Private Climate Finance
Frankfurt School of Finance, Ulf Moslener
- Focus Institutional Investors
OECD, Robert Youngman (by video)
- Focus Investments in LICs
Columbia University, Stephany Griffith-Jones (by phone)
- Focus Enabling Environment
GIZ, Roland Gross

Moderator: **DIE**, Nannette Lindenberg

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| 12:00 – 13:30 | Lunch |
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13:30 – 15:30

Session 2: Mobilising green finance from the investors' perspective

Which financial incentives, policies, and enabling environments are needed to encourage more engagement for green investments (including investments for adaptation) in developing countries? Which support is needed on a global basis? Are there existing mechanisms in place which could provide it?

Panel discussion

- **BMZ**, Jürgen Zattler
- **Allianz Climate Solutions**, Karsten Löffler
- **G2A2**, Simon Zadek
- **Oppenheim Asset Management Services**, Thomas Albert
- **EKF**, Mariane Sondergaard-Jensen
- **KfW**, Monika Beck

Moderator: **DIE**, Peter Wolff

15:30 – 15:50

Coffee Break

15:50 – 17:30

Session 3: Recommendations: Scaling-up the mobilisation of green finance

How could a solution on a global scale look like? What is the most effective way of organizing a dialogue on the issues at hand? Who should be the participants? What could next steps be?

World CaféTable-Hosts:

- **Frankfurt School of Finance**, Ulf Moslener
- **Mexican Ministry of Environment and Natural Resources**, Enrique Lendo Fuentes
- **GGGI**, Nikolaus Schultze
- **G2A2**, Simon Zadek
- **IFC**, Thomas Michael Kerr

Open discussion

Moderator: **BMZ**, Susanne Dorasil

17:30 – 17:40

Farewell words – Suggestions for follow up