

Low-Carbon Finance & Investment

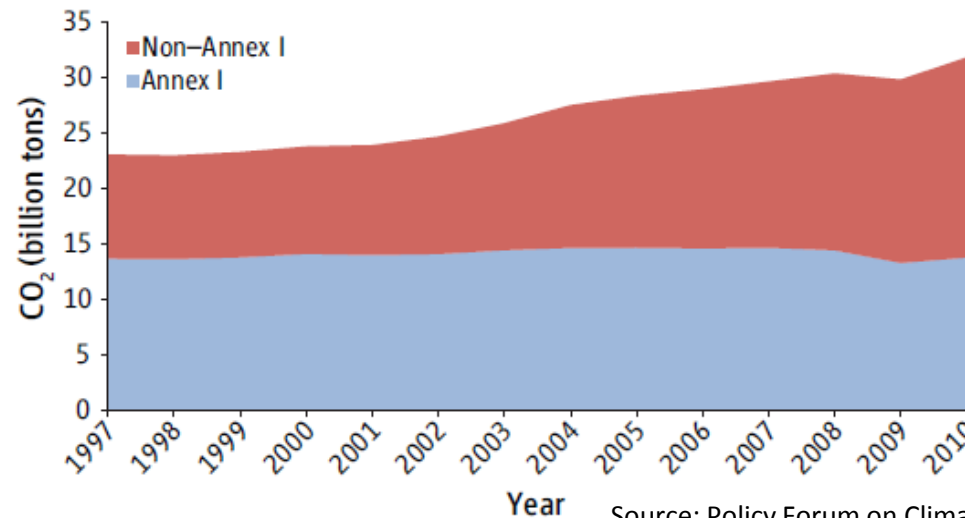
Dr. Robert K. Dixon



October 15, 2012
Paris, France

Climate Change Negotiations and Carbon Finance

- The Durban Platform for Enhanced Action calls for a global climate regime, agreed by 2015, starting by 2020
- Opportune time for governments to solicit new ideas
 - Leverage public and private finance
 - Employ market mechanisms to deepen emission reductions



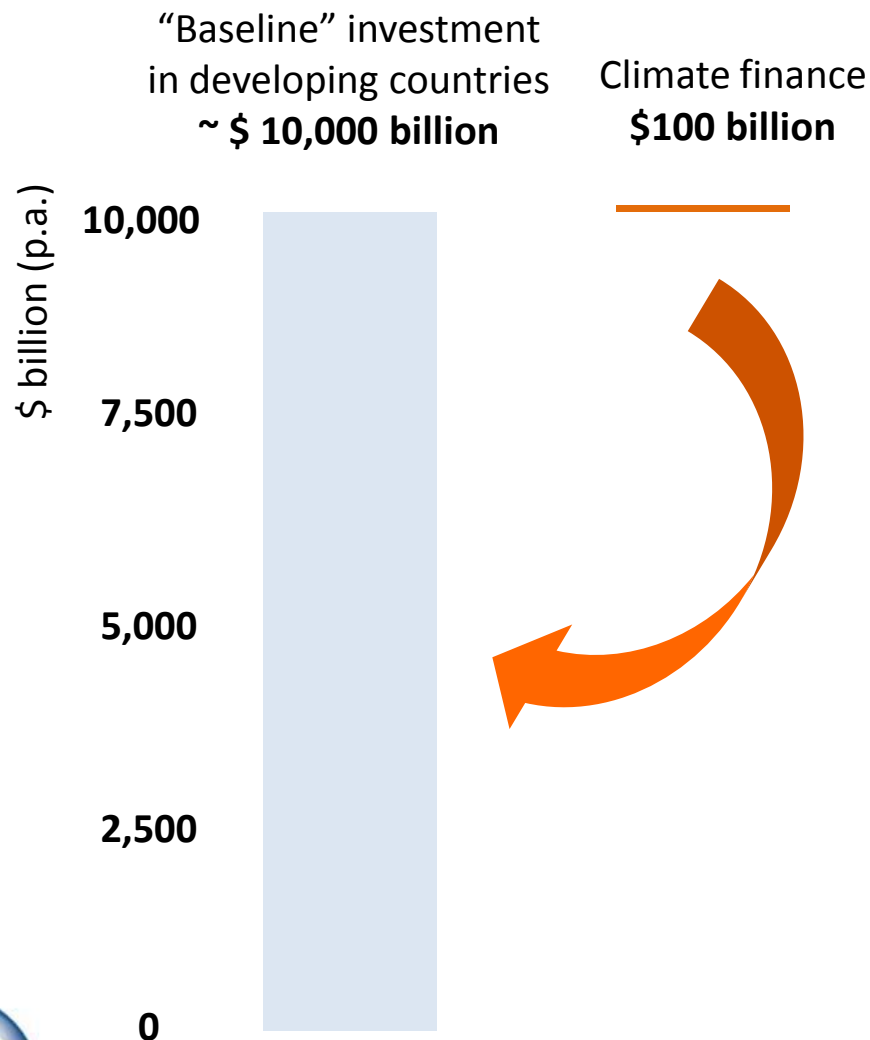
Source: Policy Forum on Climate Change, Vol. 337, August 31, 2012.
Available at www.sciencemag.org



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Carbon Finance Modality (1)



Climate finance covers additional costs and serves as a catalyst to leverage development investments & enhance development policy and finance

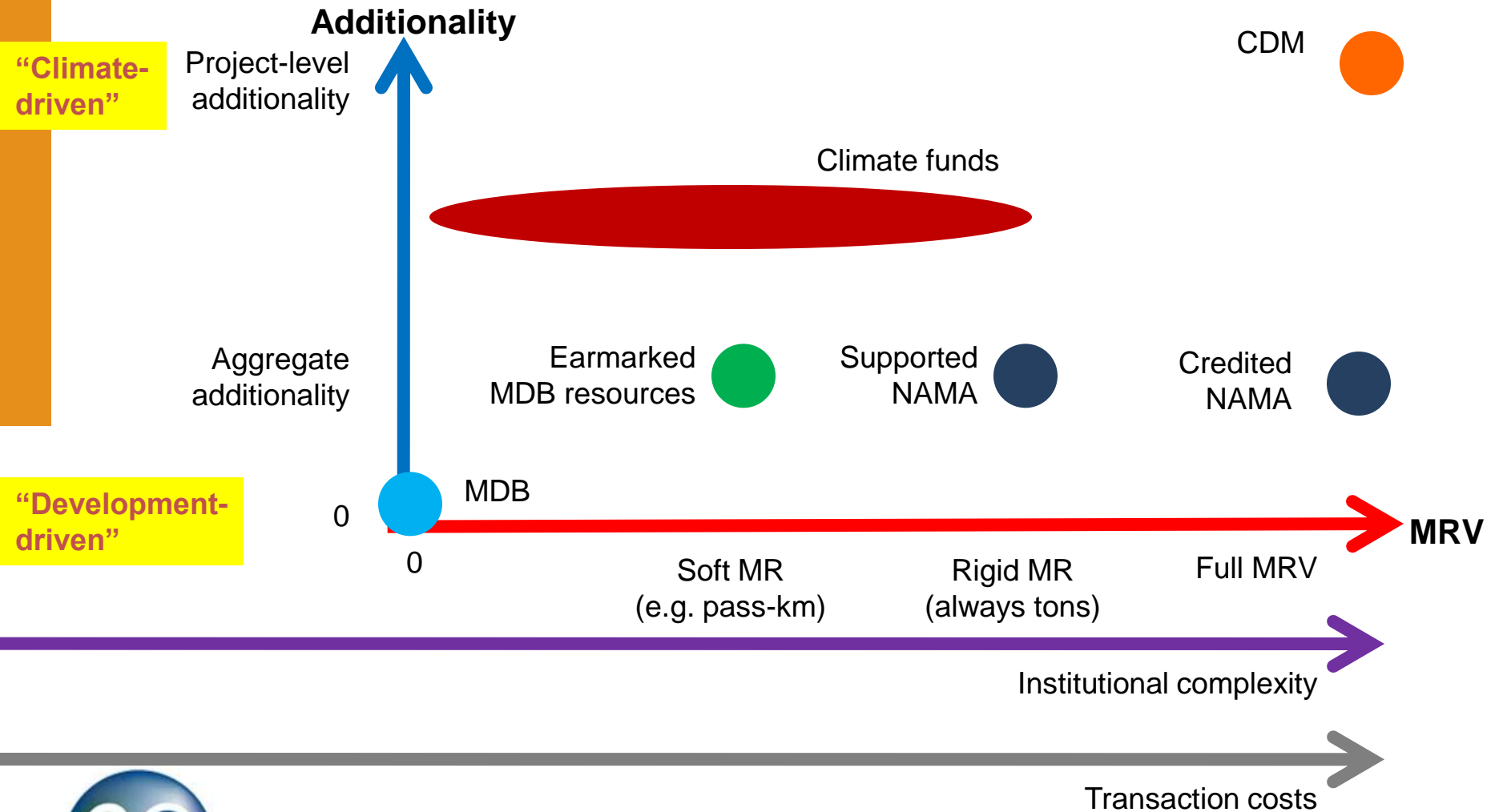
Source: World Bank, 2012



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Carbon Finance Modality (2)



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Source: IDB, 2012

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Global Environment Facility (GEF)

The GEF:

- is an operating entity of the financial mechanism of the United Nations Framework Convention on Climate Change (UNFCCC)
- has dispersed US\$10 billion to developing and transition countries over the last 20 years
- demonstrates, deploys and transfers innovative low-carbon technologies and policies



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Principles for GEF Projects to include Carbon Finance



- GEF resources finance incremental costs
- Address country needs and priorities
- Avoid double-counting of credits generated by GEF investments



Complementary GEF - Carbon Finance Roles

| Option | GEF Role | Carbon Finance Role |
|--------|-------------------------------------------------------------------------------------|------------------------------------------------------|
| 1 | Support enabling legal and regulatory environments | Support specific project |
| 2 | Demonstrate technical and financial viability of environmentally sound technologies | Replicate technologies |
| 3 | Provide partial risk guarantees and contingent financing | Innovative project structures to blend funding types |
| 4 | Co-finance for innovative projects (with credits to countries) | Earn credits from emission reductions and replicate |
| 5 | Innovative programmatic carbon finance activities post 2012 | TBD |

India Chiller Project



- Energy Efficiency Chiller Project in India
 - GEF: \$6.3m (142 chillers)
 - Multilateral Fund: \$1m (18 chillers)
 - Carbon Finance: \$15m (280 chiller owners opted for carbon finance option)
 - Other: \$77m
- Replace 440 chillers in 3 years
- The project is under implementation



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New Tools for GEF-5

- Expand Public-Private Partnership in GEF-5
- Work with multilateral development banks, the GEF can make financial investments (e.g., loans, equity investments)
- GEF resources can provide concessional finance to address risk and complement carbon finance
- Seek innovative PPP approaches, including biodiversity and adaptation – ideas welcome!



GEF's Support for the Green Climate Fund (GCF)

- The GEF Secretariat, in response to guidance from the convention, is supporting the Interim Secretariat of the GCF jointly with the UNFCCC Secretariat
- The first GCF Board meeting was successfully held in Geneva, Switzerland
- The second GCF Board meeting is scheduled in Songdo, Korea



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GEF Now and in the Future



CEO and Chairperson Naoko Ishii vision for the GEF

- The GEF is and must remain an innovator
- The GEF is and must remain a champion of the Global Commons
- The GEF is and must remain the partner of choice for environmental benefits
- The GEF is and must remain a catalyst in the evolving architecture of environmental finance



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Thank You!

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