Input: Session on Finance

Stiftung Entwicklung und Frieden
Bonn Symposium 2014: Lokales Engagement für Entwicklung
Chancen einer Post-2015 Agenda

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Estimated Division of Global Investment (app. USD 15 trillion) in 2013

- Dwellings, commercial and public buildings: 32%
- Machinery & equipment: 17%
- Water, sanitation, communication & transport: 10%
- Energy sector: 7%
- R&D: 6%
- Public and private education: 28%

Source: KfW, 2014
Annual Physical Investment in Selected Sub-Sectors (2012)
Changes of Annual Investment Pattern (2010-2030) for 2°C
Key Levers to Facilitate Green Investment

**Cost**
- Decrease Cost
  - Grants and Rebates
  - Tax Credits/Deductions
  - Soft Loans
  - Government Equity

**Risk Adjusted Return**
- Increase Return
  - Premiums for PPAs
  - Feed-in Tariffs
  - Carbon Price Signal
- Decrease Risk
  - Credit Enhancement
  - Total Credit Insurance
  - Production/Savings Guarantees
  - Local Currency Finance

Source: IPCC WG III AR5 – Chapter 16
Euler Hermes: Political Risk Map – September 2014
Financial Instruments – Overview

Diversity of business models and regional foci and mandates

Source of financing

Market funds

EE- and RE-financing

Concessional funds

Public funds

Performance of partner countries and viability of projects

- Project financing
  - e.g. RE projects
- Structured Funds, e.g. GCPF
- Promotional loans
- Development loans
  - loans at IDA and standard terms
- Grants / Budget support loans

Concessional funds

- e.g. adaptation projects, capacity building, REDD
Personal Outlook: Relevance for the Local Level

1. Municipalities need own revenues or predictable transfers from central governments/donors, unclear prospects for sub-sovereign lending

2. More flexibility on financing instruments: new momentum for decentralisation processes, better consideration of local needs in national strategies & investment plans

3. Additional focus on mobilisation of private sector investment and instrument innovation

4. Combine sustainability and development in project concept: from curse to blessing

5. Avoid readiness frustration: investment should not be an accident, involve your bank early, dedicated project preparation and development needs time and funding
Thank you for your attention!