



Mobilizing private finance to enhance mitigation actions

Africa Carbon Forum

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The Paris Agreement



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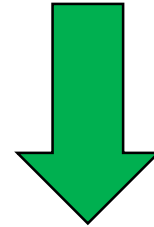
- Blueprint for action
- Needs to be seen in context, especially with the Sustainable Development Goals.
- Country level ownership through Nationally Determined Contributions
- Not an issue only for the ministry of environment, but all ministries need to have ownership.
- Not only an issue for governments but for all sectors of society



From project-by-project to system shifts

Energy sector example: By 2050

- ❑ 95% of electricity to be low carbon
- ❑ 7 of 10 cars electric (1 of 100 today)
- ❑ Entire building stock retrofitted
- ❑ Industry CO2 intensity reduced by 80%
- ❑ \$3.5 trillion in energy-sector investments each year until 2050 (+100% compared to now)



From here to there

- Political will & long-term vision
- Understanding of challenges & opportunities
- Know-how / skilled work force
- Technical access
- Basic infrastructure
- Risk reduction mechanisms
- Transparency & cooperation
- Financial flows instead of only governmental funding



Green finance



- ❑ Smörgasbord of specialist terminology:
Article 6, Green bonds, listed equity, carbon pricing, risk insurance, junior co-financing, stock market capitalization, public debt securities, crowd investing concessionary lending, mezzanine capital, private equity, structural funds, carbon pricing, securitized loans, Green Climate Fund, index tariffs, risk rating, debt capital markets, rate swaps, commodity hedges...
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Translate from macro- to micro economics

- ❑ The scale of investments required for NDC implementation far exceeds public finance.
- ❑ Unlock other (private) sources of finance...
- ❑ ... by building an attractive investment climate for green investments.

Where is the money?

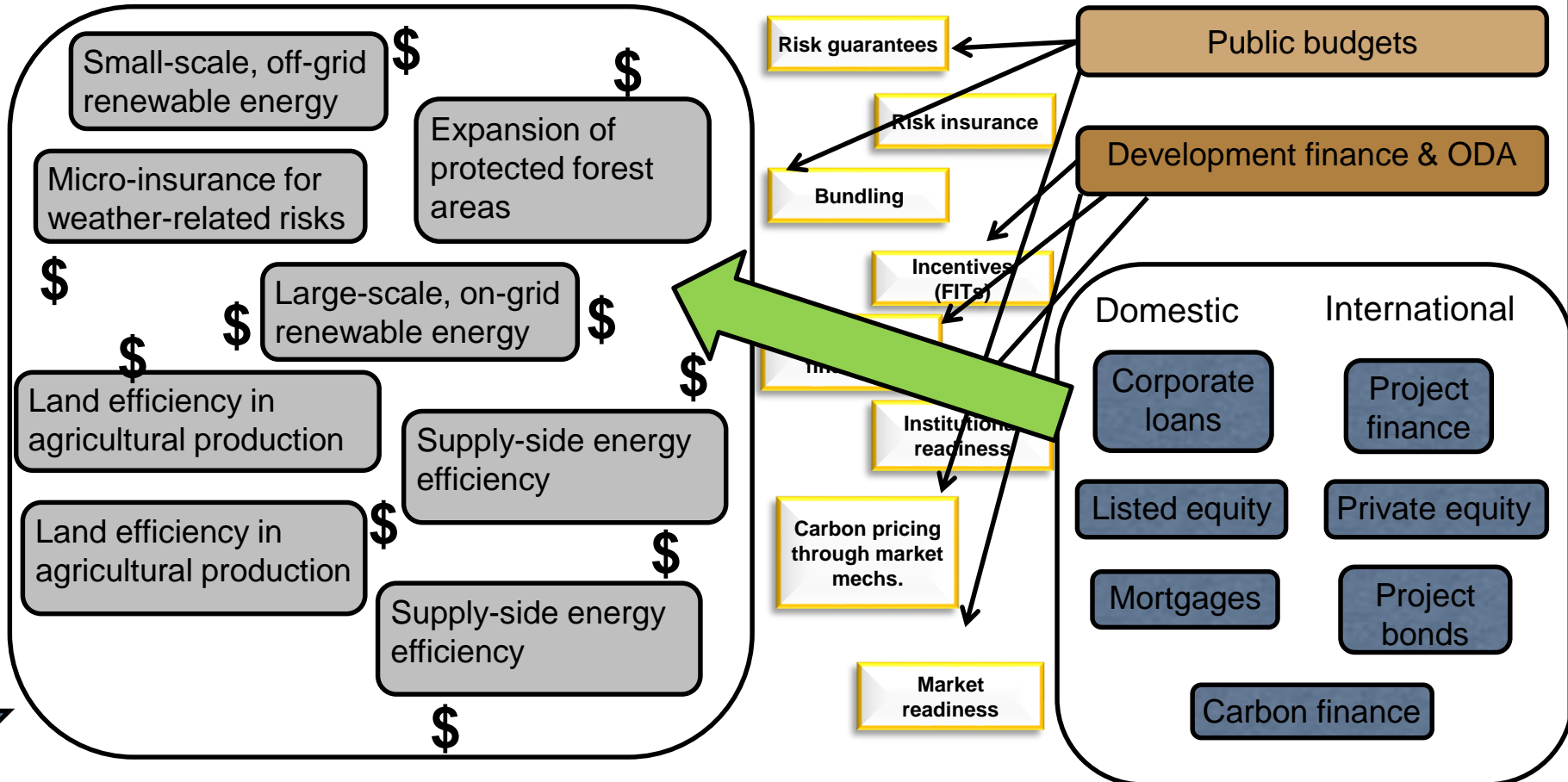
- ❑ Private sector financing outpaces public by a factor XX
- ❑ Real interest rates for risk free` investments = 0
- ❑ Significant investments in economies in transition...
- ❑but little in Africa



Connecting the dots

Financial sources available

NDC or 2 degrees pathway of country X



Unlocking the potential

- ❑ Lead by example
- ❑ Make **sustainability considerations** a part of financial practice (central banks, finance ministries, regulators): build competence and strengthen accountability.
- ❑ Combine public policy with public finance to **reduce risks** and give green investments a leg up for private sector investments.
- ❑ Build **capacity** to identify and verify emission reductions (pre- & post intervention).
- ❑ Actively engage in, and make use of, **emerging climate finance initiatives** and approaches.





Thank You!