

Third Annual Meeting of the San Giorgio Group: Expanding Green, Low-Emissions Finance

3-4 October 2013

Island of San Giorgio Maggiore, Venice

A joint meeting organized by **Climate Policy Initiative**
in collaboration with the **World Bank Group**, **CLP**
and the **Organisation for Economic Co-operation and Development**

Thursday, 3 October 2013

8:30 – 9:00 *Registration and Light Breakfast*

9:00 - 9:30 **Welcome**

- **Thomas C. Heller**, Executive Director, Climate Policy Initiative

9:30 - 11:00 **Introductory Panel: Green, Low-Emissions Finance - The Global State of Play**

This session considers current public and private sector financing of climate-related activities setting the scene for its participants to introduce focal themes and questions to guide our discussions. We look at developments over the past year affecting the current climate finance landscape, including new information about the emerging importance of different actors and instruments, including green bonds. Panelists will present views on the role of public and private finance in scaling up green, low-emissions finance, exploring also how these flows compare to investments in traditional, fossil fuel activities.

Chair: **Stacy Swann**, World Bank Task Force to Catalyze Climate Action, The World Bank

Panelists:

- **Barbara Buchner**, Senior Director, Climate Policy Initiative
- **Ben Caldecott**, Head of Government Advisory, Bloomberg New Energy Finance
- **Helen Mountford**, Deputy Director of the Environment Directorate, Organisation for Economic Co-operation and Development
- **Sean Kidney**, Chief Executive Officer, Climate Bonds Initiative

11:00 - 11:30 *Coffee Break*

11:30 - 12:30 Focus 1: Financing Market Transformation: The Case of Energy Efficiency?

Energy efficiency projects face particular difficulties attracting private capital. This session explores whether public support for energy efficiency has contributed to market transformation and learning. Panelists will share experiences on how effective specific instruments and policies have been at transforming energy efficiency and local financial intermediaries markets across countries as well as identifying potential for learning and replication. Panelists will present views on emerging best practices and explore what frameworks need to be in place to scale up investments in energy efficiency.

Chair: **Eric Usher**, Acting Head, Energy Finance Unit, United Nations Environment Programme

Panelists:

- **Morgan Hervé-Mignucci**, Managing Analyst, Climate Policy Initiative
- **Christopher Knowles**, Associate Director, European Investment Bank
- **Josué Tanaka**, Managing Director, Operational Strategy and Planning, Energy Efficiency and Climate Change, European Bank for Reconstruction and Development
- **Ming Yang**, Senior Climate Change Specialist, the Global Environment Facility

12:30 - 13:30 *Lunch*

13:30 - 14:30 Focus 2: Financing High-Cost Renewable Energy: The Case of CSP

Concentrated Solar Power (CSP) is a promising technology for low-carbon growth, as it not only generates carbon-free electricity, but its storage capabilities also suit base-load requirements. However, the high cost of this technology impedes its deployment at speeds or scales sufficient to meet demand. CSP electricity costs are amongst the highest in renewable energy, and public interventions are needed to make CSP projects financially viable and drive down technology costs. Existing CSP projects may offer insights on viable ways to achieve economies of scale, reduce costs, and close the competitiveness gaps. This session asks what policies have and have not worked in facilitating high-cost investments in CSP technologies to make them a viable option for countries looking to meet growing demand. Panelists will share experiences from existing CSP projects to examine the effectiveness of public interventions for financing CSP and explore what is needed to scale up projects like these, both in terms of project design factors and political support.

Chair: **Patricia Bliss-Guest**, Program Manager, Climate Investment Funds

Panelists:

- **Obaid Amrane**, Board Member, Moroccan Agency for Solar Energy
- **Penny Herbst**, Corporate Specialist Renewables, Eskom
- **Don Purka**, Principal Investment Specialist, Asian Development Bank
- **Martin Stadelmann**, Senior Analyst, Climate Policy Initiative

14:30 - 15:30 Focus 3: Financing the Diffusion of Commercial Renewable Energy: The Case of Onshore Wind

Onshore wind is a commercial renewable energy technology. Despite strong market penetration of wind technology, the question is how to further accelerate investment, to provide a major shift in the global energy infrastructure. To understand the risks and returns related to onshore wind projects, we consider the case of *Jädraås Onshore Windfarm*, the largest onshore windfarm in Scandinavia when commissioned in early 2013, which despite a poor lending environment, managed to attract EUR 360 million in private investment. The session discusses the role of well-articulated state-backed policies and financial instruments in facilitating investment and how these mobilize non-traditional investors. Panelists will explore the role of export guarantees and institutional investors in scaling up investments in onshore windfarms and other nonconventional technologies.

Chair: **Marjolein van Noort**, Manager Public Affairs, IHC Merwede

Presenter:

- **Rodney Boyd**, Analyst, Climate Policy Initiative

Commentators:

- **Andrew Brandler**, Chief Executive Officer, CLP Holdings Limited
- **Lars Molte Jakobsen**, Deputy Director, EKF (Eksport Kredit Fonden) Denmark

15:30 - 16:00 *Coffee Break*

16:00 - 17:00 Focus 4: Financing Climate Resilience

The private sector plays prominent roles in key economic sectors vulnerable to climate change. While private actors are likely to face negative climate change impacts, affecting employment and the overall economic development of the country, they also offer expertise, products and services that can smooth the path to adaptation. However, several barriers to tapping into private sector potential for financing adaptation exist. Within the *Pilot Program for Climate Resilience (PPCR)*, the funding window of the *Climate Investment Funds* supporting highly vulnerable countries to adapt to climate variability and change, we consider the project “promoting climate-resilient agriculture” in Nepal, implemented by the International Finance Corporation. Panelists will explore different ways of engaging the private sector in adaptation, related challenges, and share experiences on replicable and scalable practices.

Chair: **Kruskaia Sierra-Escalante**, Acting Head, Blended Finance for Climate, Climate Business Department, International Finance Corporation, The World Bank Group

Panelists:

- **Chiara Trabacchi**, Analyst, Climate Policy Initiative
- **Jan Corfee-Morlot**, Team Leader for Environment, Climate Change and Development, OECD Development Co-operation Directorate
- **Pieter Pauw**, Researcher, German Development Institute



17:00 - 18:15 Stocktaking Session

This session is focused on what combination of policies and financial instruments is needed to achieve system transformation. It draws together early lessons on how to finance technologies both close to and far from commercial viability. It will also explore the implications of continuing investment in traditional, fossil fuel power generation might have on financing low-carbon, climate-resilient technologies, and new risks that investors in 'traditional' energy generation may face. Panelists will also share insights from Italy's experience of achieving system transformation based on PV. After brief opening remarks by panelists, an open discussion with the audience will follow.

Panelists:

- **Thomas C. Heller**, Executive Director, Climate Policy Initiative
- **Nick Robins**, Head of Climate Change Centre, HSBC Bank
- **Sandro De Poli**, President and CEO, General Electric, Italy and Israel
- **Ugo Govigli**, Vice President, Energy Solutions NEC EMEA / President, NEC ITALIA

Moderated by: **Jane Wilkinson**, Director, Climate Policy Initiative

20:00 *Social Dinner – Osteria Antico Calice.*

Dinner remarks on 'The Global Commission on the Economy and Climate (GCEC)'

- **Tom Heller**, Executive Director, and **Barbara Buchner**, Senior Director, Climate Policy Initiative

Friday, 4 October 2013

8:30 - 9:00 *Light Breakfast*

9:00 - 10:15 Panel: The Role of Development Finance Institutions in Facilitating Green Investments

Development Finance Institutions and Development Banks (DFIs and DBs) are deeply knowledgeable about specific sectors and the local economic and local long-term investment environment in which investments are structured and made. Their long-standing relationships with the local private sector and their access to a range of financial instruments give them a special advantage to tap and pool private capital. This session will share experiences on how the Brazilian Development Bank (BNDES), Inter-American Development Bank, KfW Development Bank and Overseas Private Investment Cooperation, work to 'green' their portfolios and internal practices. Panelists present views on how to leverage the role of DFIs and DBs to help scale up green, low-emissions investment.

Chair: **Karin Kemper**, Director, Climate Policy and Finance Department, The World Bank

Panelists:

- **Elizabeth Littlefield**, President and CEO, Overseas Private Investment Cooperation
- **Jochen Harnisch**, Head of Division, Competence Center Environment & Climate/ Coordinator Climate Change Policy, KfW Development Bank
- **Antonio Tovar**, Head of Alternative Energy Sources Department, Brazilian Development Bank (BNDES)
- **Walter Vergara**, Chief, Climate Change and Sustainability Division, Inter-American Development Bank

10:15 - 10:45 *Coffee*

Break

10:45 - 12:00 Panel: Instruments for Addressing Risks Related to Green Investments

Whether real or perceived, risk is the single most important factor keeping promising projects from finding investors. There are gaps between project developers' and financial investors' demand for risk coverage and the risk coverage instruments that both private and public entities currently supply. This session discusses specific existing and innovative risk coverage instruments. Panelists will discuss the latest developments in policy risk insurance mechanisms and first loss guarantee instruments, and consider whether further improvements are needed to bridge the gap between supply and demand for risk coverage in order to unlock capital for green investments at scale.

Chair: **Silvia Kreibiehl**, Head of Centre, Frankfurt School UNEP Collaborating Centre for Climate & Sustainable Energy Finance

Panelists:

- **Gianleo Frisari**, Analyst, Climate Policy Initiative
- **Antonio Barbalho**, Global Head, Energy & Extractive Industries, Multilateral Investment Guarantee Agency, The World Bank Group
- **Michael Schneider**, Director, Head of Environmental & Social Capital, Deutsche Bank
- **Vikram Widge**, Head, Climate Finance & Policy, Climate Business Department, International Finance Corporation, The World Bank Group

12:00 - 13:30 Concluding Panel: Priorities Ahead

The concluding panel brings together experts from the policy and finance communities to explore a strategy and highlight priorities going forward to scale up green, low-emissions investment. Based on the previous sessions and the San Giorgio Group's emphasis on learning lessons from evolving practices, panelists will highlight key issues that require attention to render green, low-emissions finance effective in order to

- identify the working agenda and main questions for the San Giorgio Group in 2014;
- explore the role of various actors and institutions in strengthening contributions to green, low-emissions finance;
- discuss implications of the San Giorgio Group work for the design of the Green Climate Fund.

Chair: **Thomas C. Heller**, Executive Director, Climate Policy Initiative

Panelists:

- **Matthew Arnold**, Managing Director, Head of the Office of Environmental Affairs, JP Morgan Chase & Co.
- **Donald MacDonald**, Chairman, Institutional Investors Group on Climate Change
- **Abyd Karmali**, Managing Director and Global Head of Carbon Markets, Bank of America Merrill Lynch
- **Tomas Anker Christiansen**, Ambassador, Senior Advisor for Partnerships at United Nations

Closing of the meeting by Thomas C. Heller, Executive Director, Climate Policy Initiative

13:30 - 14:30 Lunch