

A photograph of several white wind turbines against a blue sky with scattered white clouds. The turbines are positioned on the left side of the slide, with the largest one in the foreground and others receding into the distance.

Building Bridges to the Future

Climate Financing for a Low Carbon Tomorrow

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A photograph of several white wind turbines on a grassy hill under a clear blue sky. The turbines are positioned across the horizon, with some in the foreground and others further back.

The future we want : a low carbon tomorrow

- Climate change is happening, and demands a response, a transition to a low carbon tomorrow
- The next 15 years will be an era of great progress and growth, in which we harness technological, financial and human resources
- Emissions need to peak and then reduce dramatically – we need to act quickly to avoid "lock-in"
- Effective adaptation is critical to deal with climate effects (climate resilience) but is not enough, near term mitigation is required
- Climate change therefore offers great risks to our society and economy – but also great opportunity
- Public climate finance has a key role to play

Drivers of change

- Business as usual is not an option as there will be structural changes in the global economy
- The Paris Agreement provides a framework for climate action, but is only a starting point for progressively stronger commitments over time
- Populations across the world are demanding that politicians act decisively, i.a. for environmental, social and health reasons
- Demand for clean technology is growing, risks associated with fossil fuel generation & other stranded assets are increasing
- The financial markets are starting to price-in this risk, Nordic organisations are leading the decarbonisation movement

(Some) Nordic areas of opportunity

- Nordic countries, regions, companies and consumers are already at the forefront of low carbon development
- Working with developing countries to leapfrog directly to a low carbon path, with tech-transfer but also knowhow (innovative climate finance, new business models, policy development etc)
- Using public finance to catalyse, mobilise and scale up private sector investment – directly and through multilateral channels
- Small and medium sized projects (SMPs) as engines of growth, demonstration, dissemination and scaling up
- NEFCO's experience shows significant benefits in terms of policy development, capacity building & technology transfer – to mutual benefit of Nordic and developing countries

Examples of Financial Interventions from NEFCO

Green entrepreneurship in DR Congo



- Bisona Bino SARL is a bottom of the pyramid business which significantly reduces wood fuel consumption of Congolese households by providing them with affordable improved cook stoves to replace low-efficiency units
- Manufacturing of the proprietary stoves at a greenfield site in Kinshasa. The plant was inaugurated in November 2015. Production is almost entirely manual, but the technology is proven and product quality is good
- Supported by Norwegian climate financing through NEFCO Carbon Fund

Energy savings loans in Ukraine



- The Energy Savings Credits Programme is a small loan programme which has been operational in Ukraine since 2011.
- The ESC focuses on energy efficiency measures such as insulation and temperature controls in municipal buildings including schools and hospitals, and offer loans up to EUR 400.000, including local currency.
- The ESC is an example of aggregating small scale, replicable actions

Energy efficiency in China

NEFCO is a substantial shareholder in GreenStream Network Ltd to support new investments in energy-efficiency projects



- GreenStream is a leading Nordic energy management company operating in China, where Nordic tailored cleantech solutions are offered to Chinese companies on the basis of the Energy Service Company (ESCO) business model.
- Eight energy-efficiency projects have been signed in the steel, chemical and paper industries.
- NEFCO provides debt and equity financing from its Investment Fund.

Renewable energy generation in Colombia



- The Doña Juana Landfill is the biggest sanitary landfill in Colombia and one of the biggest in Latin America.
- The project's objective is to capture and utilise fugitive emissions of landfill gas, a potent greenhouse gas which contributes significantly to climate change.
- The project had undergone financial restructuring as a result of financial stress due to a collapse of carbon prices and was at risk of discontinuation.
- A financial intervention by the Norwegian Carbon Procurement Facility (NorCaP) allowed the project to continue, and provided the security for new loans to invest in power generation at the site.



Building Bridges to the Future - Conclusions

Building bridges to the future – Conclusions 1

- Transitioning to a low carbon tomorrow will require the harnessing of markets, with an enhanced role for carbon pricing
- Short lived climate pollutants and the Arctic region will be key policy imperatives for the Nordic countries
 - leadership is already been shown through the CCAC and the Arctic Council PSI
- Public finance can catalyse ever larger flows of private investment through *inter alia*
 - improving the investment climate (e.g targeted technical assistance in areas such as fossil fuel subsidy reform and renewable energy policy);
 - de-risking scaled-up financial interventions; and
 - by encouraging behavioural change such as decarbonisation of portfolios.

Building bridges to the future – Conclusions 2

- In all of these areas, the Nordic governments are leading by example, through their financial and technical support, channelled through both multilateral and bilateral means.
- NEFCO's experience of the past 25 years has also illustrated the benefits of small and medium sized projects
 - achieving favourable and cost effective environmental and climatic outcomes; and
 - as “engines of growth” - driving innovation, investment and job creation
- In the journey to a low carbon tomorrow, there are significant opportunities for replicating these success stories and business models in the developing and industrialising world

Contact

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