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Kick-off Workshop
November 2018

CIC2030 methodology for tracking national energy and climate investment flows

**Case study of German climate finance landscape
2010/2016**



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Introduction

Climate finance landscapes / climate and energy investment maps:

- ▶ comprehensive bottom-up mapping of financing flows dedicated to climate change action and energy transition
- ▶ covering both end-investment and supporting financial flows from public and private stakeholders
- ▶ drawing the picture of how the financial value chain links sources, intermediaries, project managers and the end investment (EEA)

CIC2030:

2019: Germany IKEM
2019: Czechia CVUT
2019: Latvia RTU

Existing studies:

2011 – 2017:	Global	CPI	2014 – 2017:	France	I4CE
2012:	Germany	CPI	2016:	Belgium	Trinomics
2014:	Indonesia	CPI	2017:	Côte d’Ivoire	CPI

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Introduction

Specific research questions are:

- ▶ How much capital was invested climate and energy transition in 2016?
- ▶ Who were the main investors and what made this investment possible?
- ▶ What financing instruments were the most common?
- ▶ What type of measures were invested in?
- ▶ What has changed since 2010?

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Advantages and limitations of the concept

▶ **Advantages:**

- ▶ A visual snapshot of stakeholders, finance flows, and recipient
- ▶ Potential over- and underspending for further investigation
- ▶ Comparing countries' landscapes may help understand how to improve policies

▶ **Limitations:**

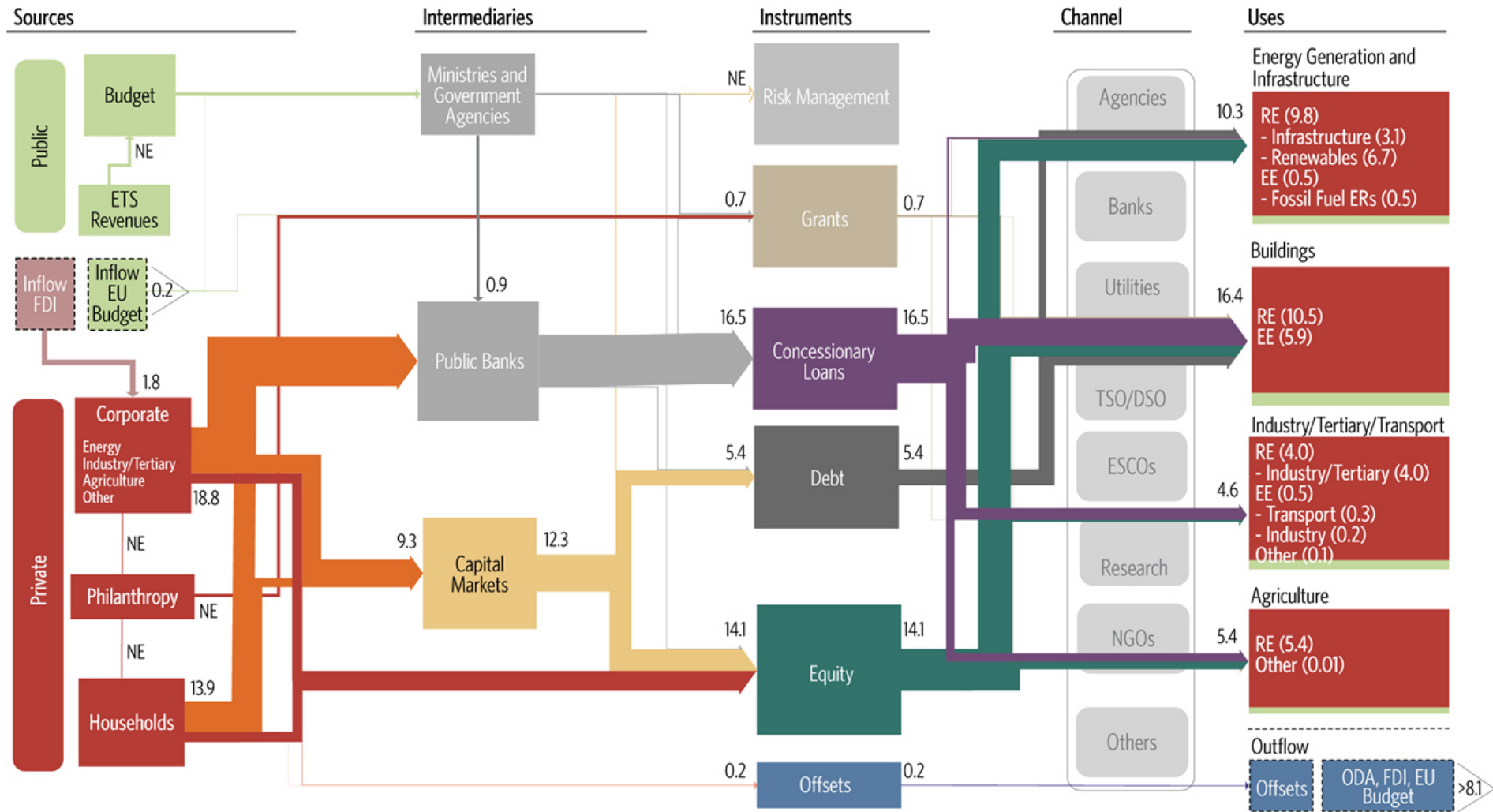
- ▶ A significant amount of input data
- ▶ The results do not permit to assess directly
 - The impact or effectiveness of policies and actions
 - Gaps to reach climate targets
 - Leverage of private money by public finance

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Scope and boundaries

- ▶ Temporal scope:
 - ▶ Year which the latest data is available
- ▶ Sectoral scope – mitigation / adaptation:
 - ▶ Energy generation and grid, industry, buildings, transport, agriculture
- ▶ Measures:
 - ▶ Climate-specific investment vs. climate-related
- ▶ Investment scope:
 - ▶ Tangible vs. intangible investment
- ▶ Cost definition:
 - ▶ Incremental vs. total capital investment

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Scope and boundaries

		CLIMATE-SPECIFIC INVESTMENT		CLIMATE-RELATED INVESTMENT	
		INCREMENTAL COST	TOTAL CAPITAL INVESTMENT	INCREMENTAL COST	TOTAL CAPITAL INVESTMENT
TANGIBLE	Energy efficiency, non-energy related reduction measures		Renewable energy	Measures that deliver co-benefits in terms of emission reduction e.g. agri-environmental measures, investment in transport modal shift, etc.	
INTANGIBLE	R&D, information policies, training, and capacity building				
		Included in the German Climate Finance diagram			Included in discussion

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Source: CPI (2012)

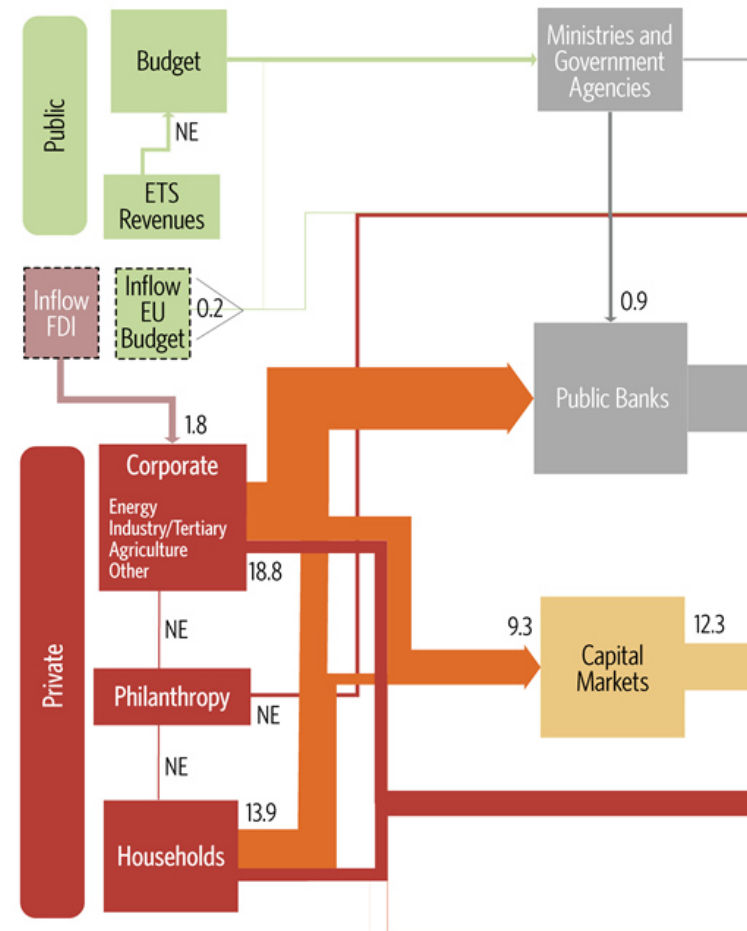
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Sources and Intermediaries

- ▶ **Public :**
 - ▶ EU budget
 - ▶ Federal budget
 - ▶ Sub-national budgets
 - ▶ Public banks, e.g. KfW

- ▶ **Private:**
 - ▶ Companies
 - ▶ Households
 - ▶ Commercial banks / capital markets
 - ▶ Philanthropy



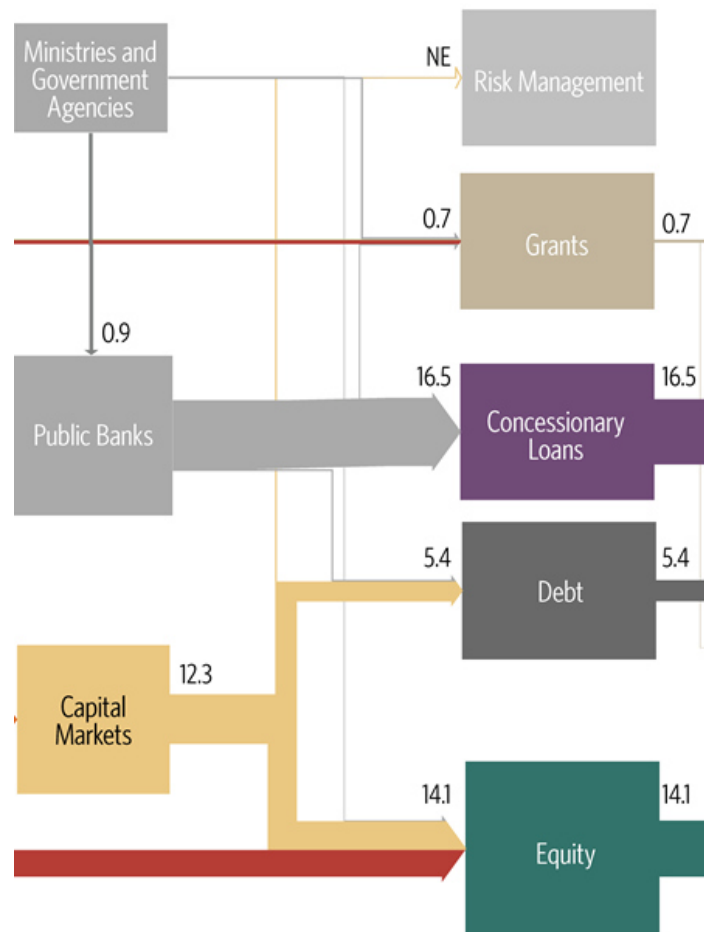
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Instruments

- ▶ Grants
- ▶ Concessional loans
- ▶ Debt
- ▶ Equity
- ▶ Balance sheet finance
- ▶ Risk management



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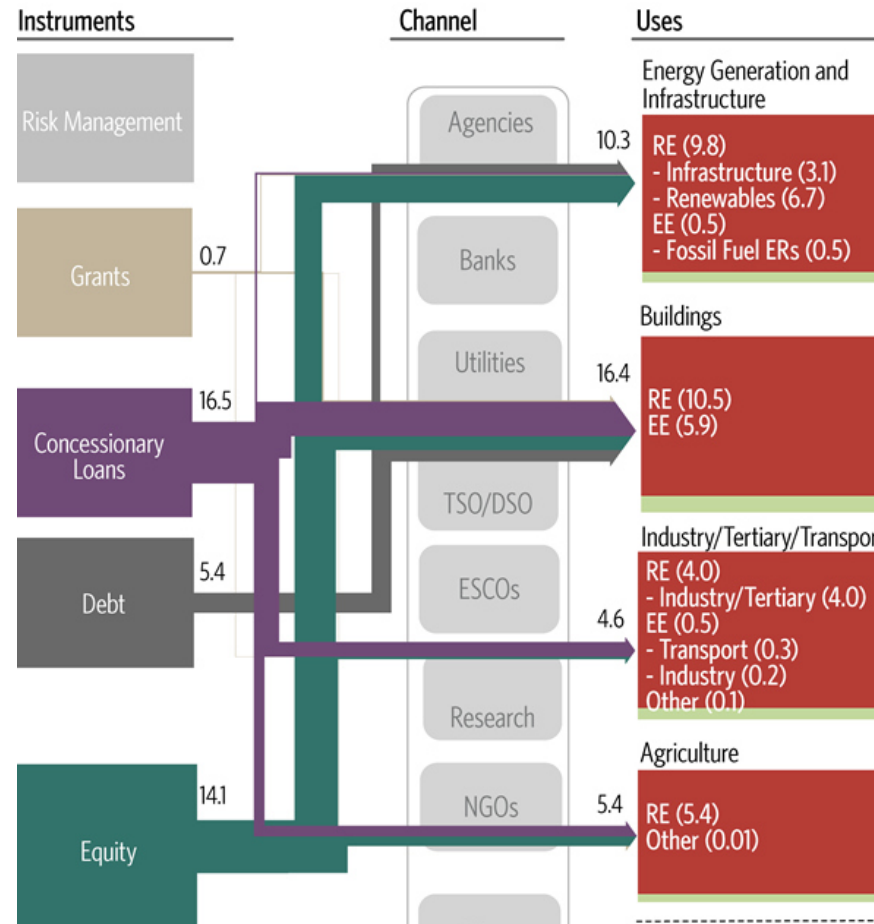


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Uses

- ▶ Energy generation and grid
- ▶ Industry
- ▶ Buildings
- ▶ Transport
- ▶ Agriculture



Source: CPI (2012)

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