WORK PROGRAMME
CONSULTATION WITH PRIVATE SECTOR INVESTORS
ON FINANCE AND INVESTMENT
FLOWS TO ADDRESS CLIMATE CHANGE

21 June 2007
London

18 Lincoln's Inn Fields, London, UK, WC2A 3ED

9:00 – 11:00	**Introduction and Presentation of the Finance and Investment Project** Welcome and introduction of the Finance and Investment Project (Yvo de Boer) **Session 1: Carbon markets** **Facilitator: Kate Hampton, ECIS and Edwin Aalders, IETA** **Panel members: Imtiaz Ahmad (Morgan Stanley), Rainer Durth (KFW), and Sophie Justice (Royal Bank of Canada)** This session should identify how to increase private sector participation in the current and future carbon market and the discussion should focus on some of the following questions: • What are the weaknesses of the current carbon market in delivering emission reductions? • What is the potential for carbon market expansion until 2020 and 2030 to deliver greater scale in emission reductions? Under what conditions can this potential be realized? What are the inherent limitations of such a market approach to address climate change? • Is greater compatibility between domestic and international markets needed? How can this be done? • What new carbon finance instruments and institutions might be needed in the post-2012 period? How might 'learning by doing' be encouraged? • To what extent can the carbon market enhance conventional renewable and energy efficiency incentive schemes? • What should be the role of Climate Change Convention, the Kyoto Protocol and related institutions in regulating and supporting carbon markets?
Break	

11:15-13:15	**Session 2. Accelerating the commercialization of new low carbon technologies** **Facilitators: Richard Burrett, ABN Amro and Adam Kirkman, WBCSD** **Panel members: Jaisingh Dhumal (ICICI), Ben Cotton (Man Financial), and Torsten Merkel (Cleantech)** This session should identify ways to facilitate private sector participation in financing technology R&D, demonstrations projects and initial deployment of technologies in developed and developing countries. The discussion should focus on some of the following questions: • What set of circumstances has significant positive impacts on the level of private financing going into clean technology R&D and on helping technologies to graduate from R&D stage to commercialization ? • Who are the main private sector actors likely to be contributing to the financing of each phase of technology development : 1. Technology R&D 2. Demonstration projects 3. Initial phase of deployment • What are the main barriers and risks associated with private sector involvement in each phase of technology development o Payback period o Return on investment o Size of the market o Lack of risk capital o Insufficient guarantee mechanisms o Others? • What kind of policies, financial instruments and other tools can we use to overcome these barriers and reduce these risks and thus accelerate the cycle from R&D to commercialization? o On the push side ▪ Government incentives ▪ Financing of demonstration projects by IFIs ▪ etc. o On the pull side ▪ Improving enabling environments in developed and developing countries (intellectual property rights, tax regimes, etc.) ▪ Emission reduction programs ▪ etc. • What possibilities exist at the moment and to what extend are they being used? • Where and when will direct public sector involvement be required? • What should be the role of the Climate Change Convention and the Kyoto Protocol in promoting private sector participation in financing technology R&D, demonstration projects and initial phase of deployment?
Lunch	

14:15 - 16:15	**Session 3: Financing clean energy projects in developing countries**
	
	Facilitator: Eric Usher, UNEP SEFI
	Panel members: Geoff Sinclair (Standard Bank), B.K. Batra (IDBI), and Vivek Tandon (Aloe Private Equity)
	
	This session should identify how to increase private sector participation in financing clean energy in developing countries and the discussion should focus on some of the following questions:
	
	• What set of circumstances (past or current) has significant positive impact of investment flows towards clean energy projects in developing countries
	
	• What are the main barriers and risks associated with financing less carbon intensive conventional energy, renewable energy and energy efficiency projects in developing countries?
	    o Lack of reasonably priced risk capital
	    o Return on investment
	    o Size of the market
	    o Lack of credit-worthy counterparties (e.g. power purchasers)
	    o Lack of enabling policy/legal frameworks
	    o Limited know how on specific investment
	    o Others?
	
	• What kind of financial instruments and other tools can be use to overcome the barriers and reduce the risks mentioned above?
	    o On the push side (Promotion of foreign direct investments in projects in developing countries)
	        ▪ Developing guarantee mechanisms
	        ▪ Provision of export credits
	        ▪ Promotion of corporate responsibility
	        ▪ More information on technology and country risks
	        ▪ etc
	    o On the pull side (Creation of enabling environments in developing countries to attract FDI and increase domestic financing)
	        ▪ Regulatory framework
	        ▪ Incentive schemes
	        ▪ Standards and labeling
	        ▪ Capacity building of domestic financial institutions and project developers
	        ▪ etc
	
	    o Where and when will direct public sector involvement be required?
	
	• In developing countries, how much financing in clean energy projects is being done domestically versus internationally? How is this likely to evolve? How is the increasing financing and investing capacity in emerging countries going to affect the current ratio?
	
	• What should be the role of the Climate Change Convention and the Kyoto Protocol in promoting private sector participation in financing access to less carbon intensive conventional energy, renewable energy and energy efficiency in developing countries?

Break	

16:30 - 17:15	**Session 4: Conclusions and recommendations**
	
	Facilitator: Yvo de Boer, UNFCCC
	
	This session should return to the role of the international regime identified in each of the previous sessions, aiming to provide a concrete set of recommendations:
	
	• In the context of negotiation of the post 2012 regime, what recommendations do you have in terms of:
	  o The role of institutions in regulating and supporting carbon markets?
	  o Promoting the acceleration of the commercialization of new low carbon technologies?
	  o Promoting private sector participation in financing access to less carbon intensive conventional energy, renewable energy and energy efficiency in developing countries?
	
	• What are the other related issues that are important to the private sector?