



Case studies and perspectives on financing mitigation in industries



Eighth Global Dialogue and Investment-Focused Event

29 September 2026

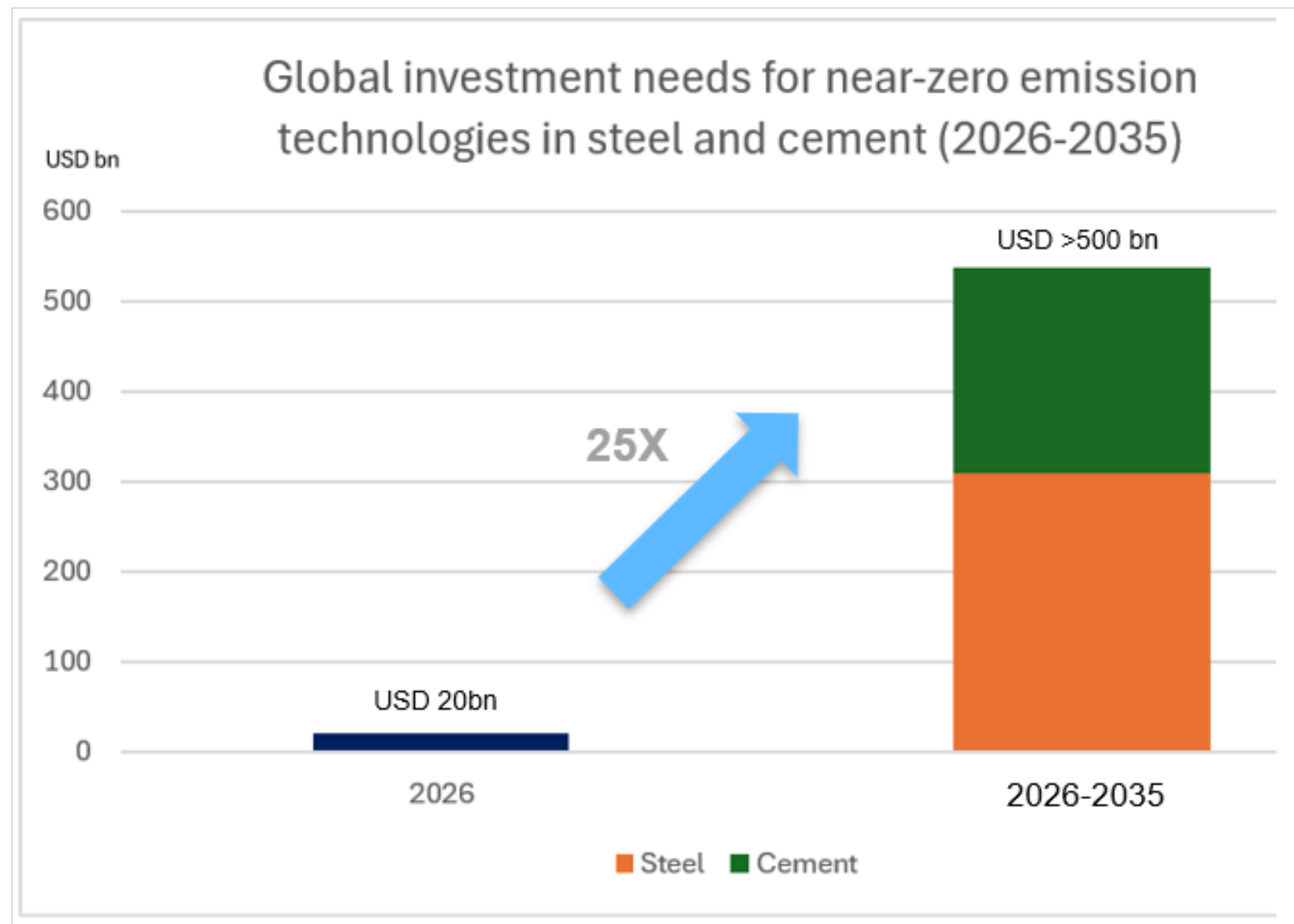
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Investment needs are enormous – and most must come from private capital

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25x

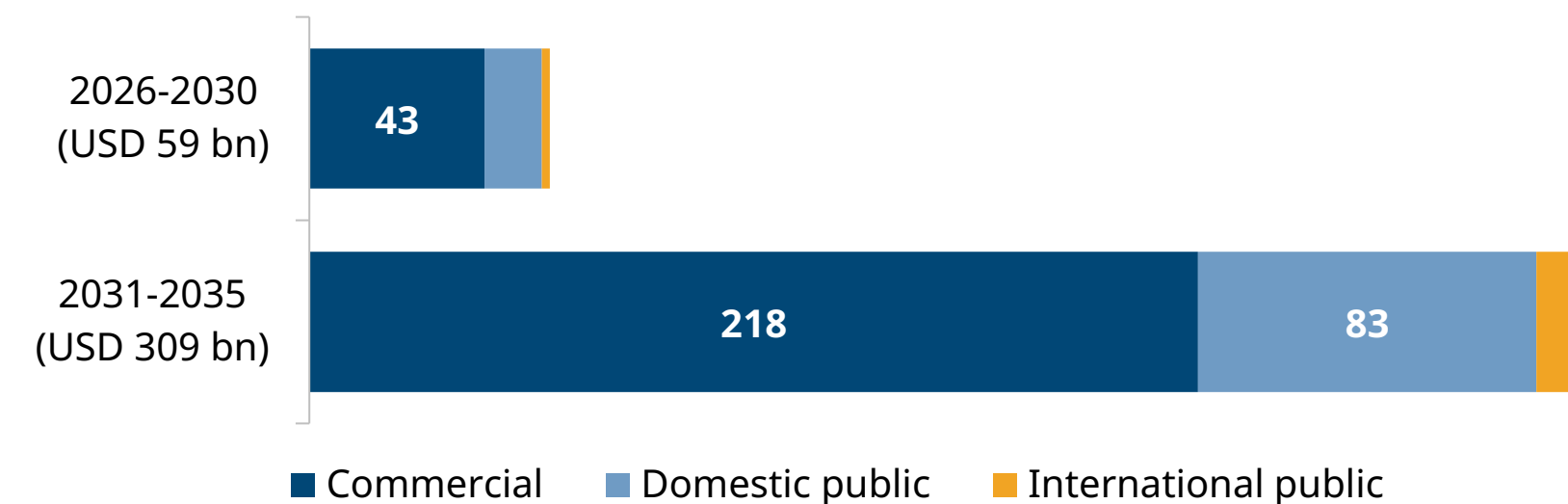
increase over current levels is needed in annual global investment in near-zero emission technologies for the steel and cement sectors between 2026-2035

~70%

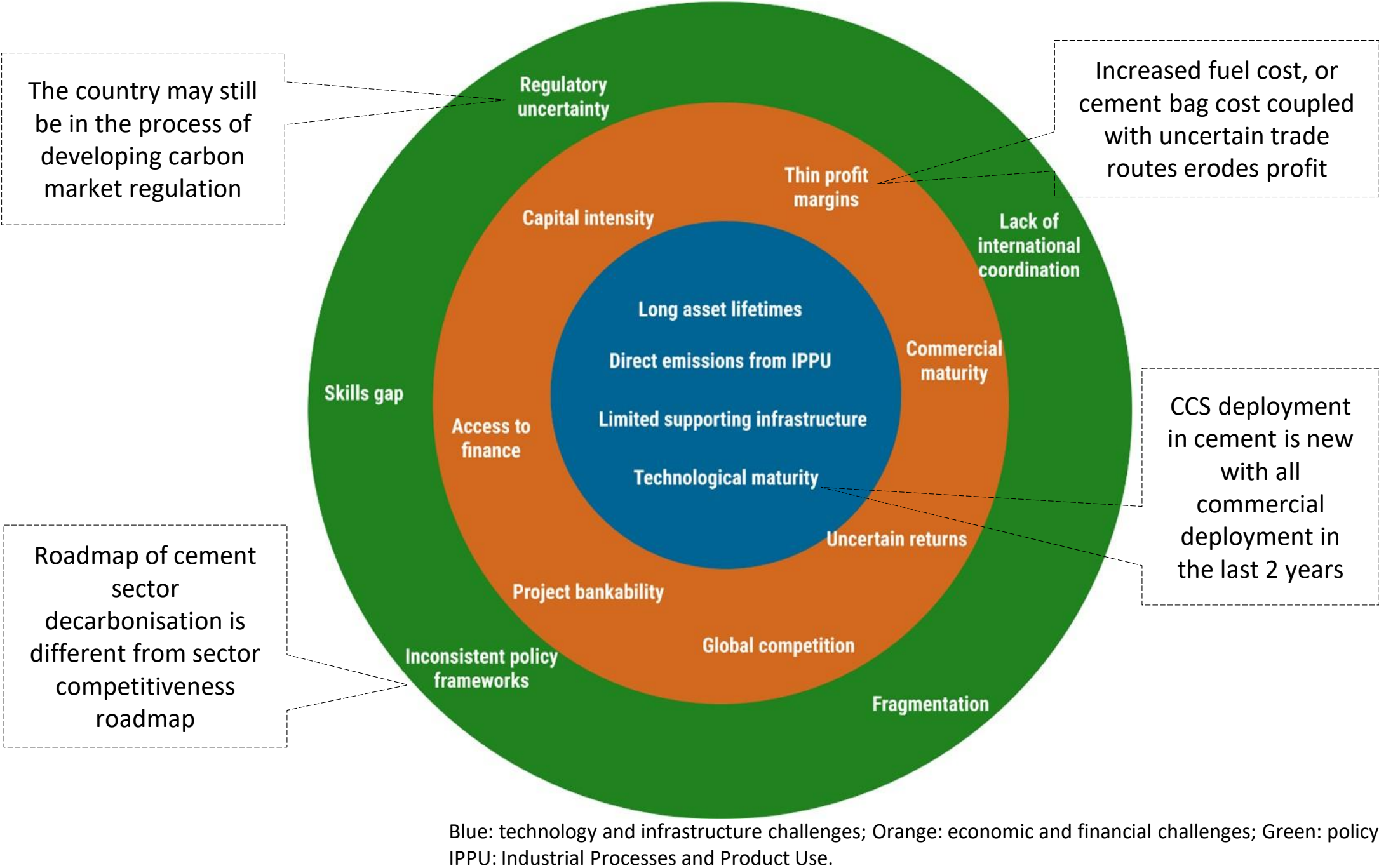
of these investments are focused in Emerging Markets and Developing Economies

The lion's share of investment needs to come from commercial sources

Investment needs in EMDEs by source of finance, USD billion



Yet to finance those investments, barriers from policy, technology and financing still persist



Investment feasibility is the key challenge

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The technologies increasingly exist: what often prevents deployment is reaching final investment decision (FID)

Technologies are increasingly proven

- **Cement:** first industrial-scale CCS at a cement plant opened in Norway in 2025 (Brevik)
- **Steel:** hydrogen-based ironmaking demonstrated at pilot scale (HYBRIT, Sweden)
- **Hydrogen:** more than 200 low-carbon hydrogen projects have reached FID since 2020



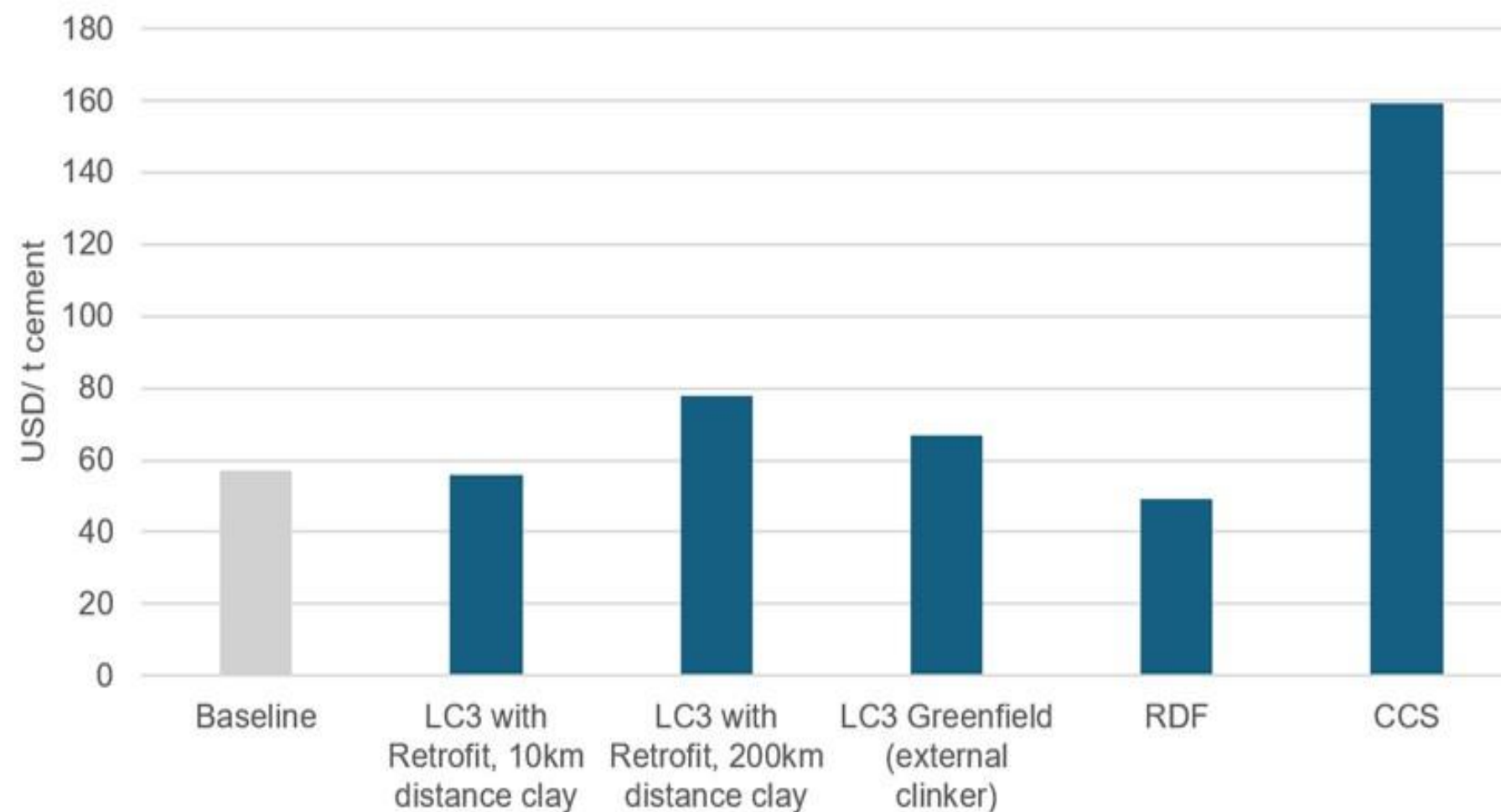
...but many projects stall before FID

- Hydrogen-DRI plans being dropped, citing energy prices, weak demand and policy uncertainty
- Only ~4 Mt of the 37 Mt/yr of low-emission hydrogen announced for 2030 is operating, under construction or at FID (IEA)
- Cost of capital for energy projects in EMDEs is 2–3x higher than in advanced economies

Sources: Heidelberg Materials (2025); HYBRIT (SSAB, LKAB, Vattenfall); IEA (2025), Global Hydrogen Review 2025; IEA (2025), Cost of Capital Observatory.

Indeed certain technologies are comparably less competitive compared to Baseline technology

Levelised Cost of Production (LCOP) of various low-carbon cement technologies compared to baseline



- LC3 and RDF are already very competitive and cement sectors should take advantage of these technologies very soon.
- RDF will require supportive policy framework from the government to reach this level of competitiveness
- Without any support, CCS is more than 2x higher than the baseline

Note: Data represents international average value. A detailed assumptions can be read directly in the forthcoming report cited in the source. Levelised cost approach takes into account capital expenditure, operational expenditure, project duration, and cost of capital.

Cement sector has opportunities to help tackle the barriers of industry transformation financing

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1

Engage the government in building the enabling conditions

- The role of government is crucial in providing the enabling conditions for low-carbon technologies financing in the cement sector.
- Cement companies would need to give input to these regulatory reforms

2

Actively look for financing sources

- Firms may also raise new equity rounds, sustainable linked loans / bonds
- Multilateral development banks and climate funds may also provide concessional financing tied to transformation results

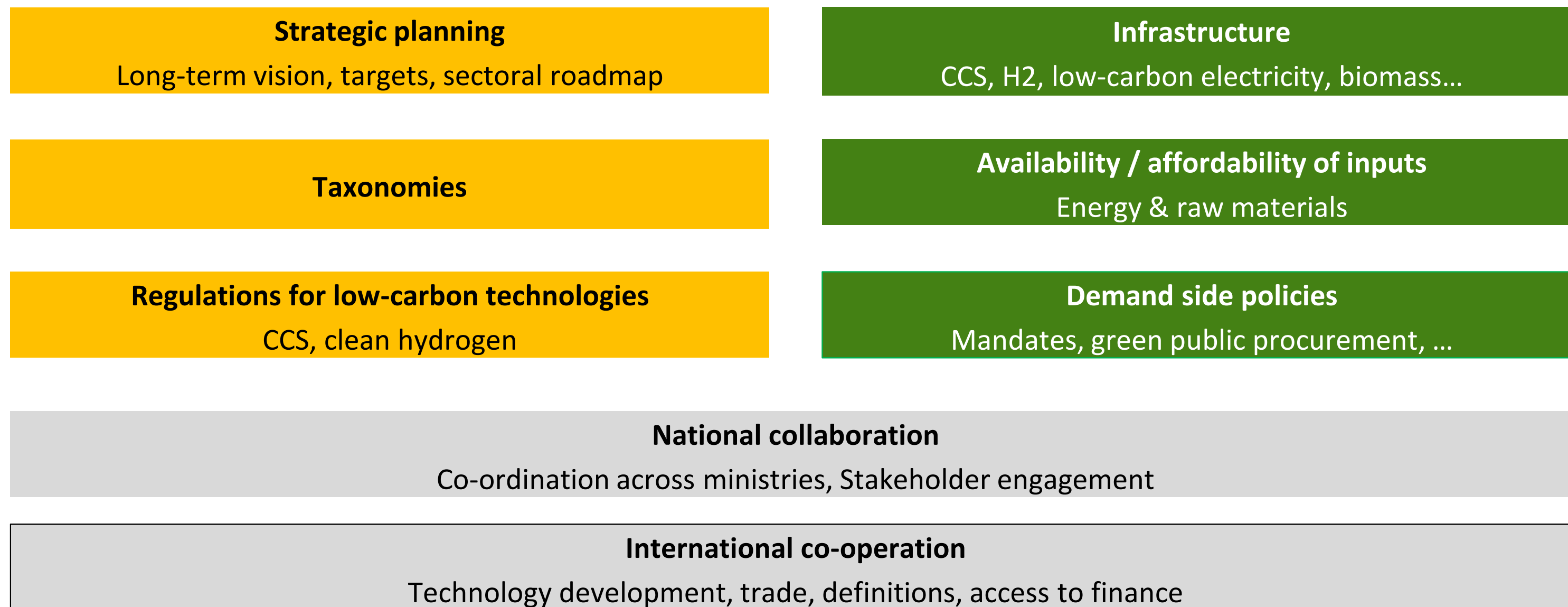
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Learn from deployment of low-carbon technologies financing in the industry sector

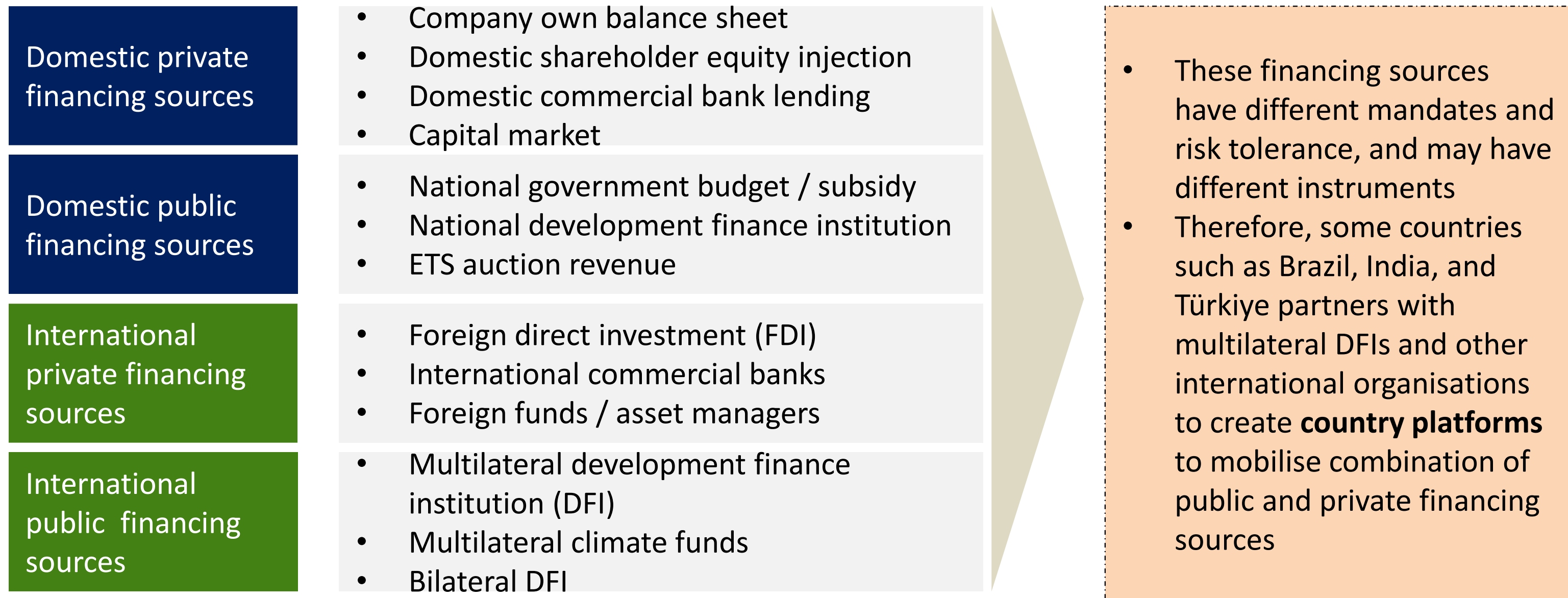
- Financial instruments deployment in the industry sector can be analysed to discern their model and potential of replicability
- OECD forthcoming result the Financial Toolkit update provides 30 case studies on financing industry transformation

Cement sector would need to engage and provide inputs to the government in building the enabling conditions...

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..actively look for financing sources, private and public, domestic and foreign...



...and learn from successful financing models in both cement sectors and broader industry

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Access to finance

- **Concessional finance can provide essential funding for FOAK industrial projects**
- **Targeted risk-sharing instruments can improve the risk profile of projects and attract commercial lenders and investors**
- Local currency financing and foreign exchange risk mitigation shield lenders and borrowers from currency mismatches and make debt service more predictable

Improvement of bankability

- Risk mitigation instruments make projects bankable by reducing lenders' exposure
- New revenue streams and revenue stabilisation mechanisms improve and smooth cash flows
- **Comprehensive technology performance insurance can support FOAK projects to reach final investment decision (FID)**

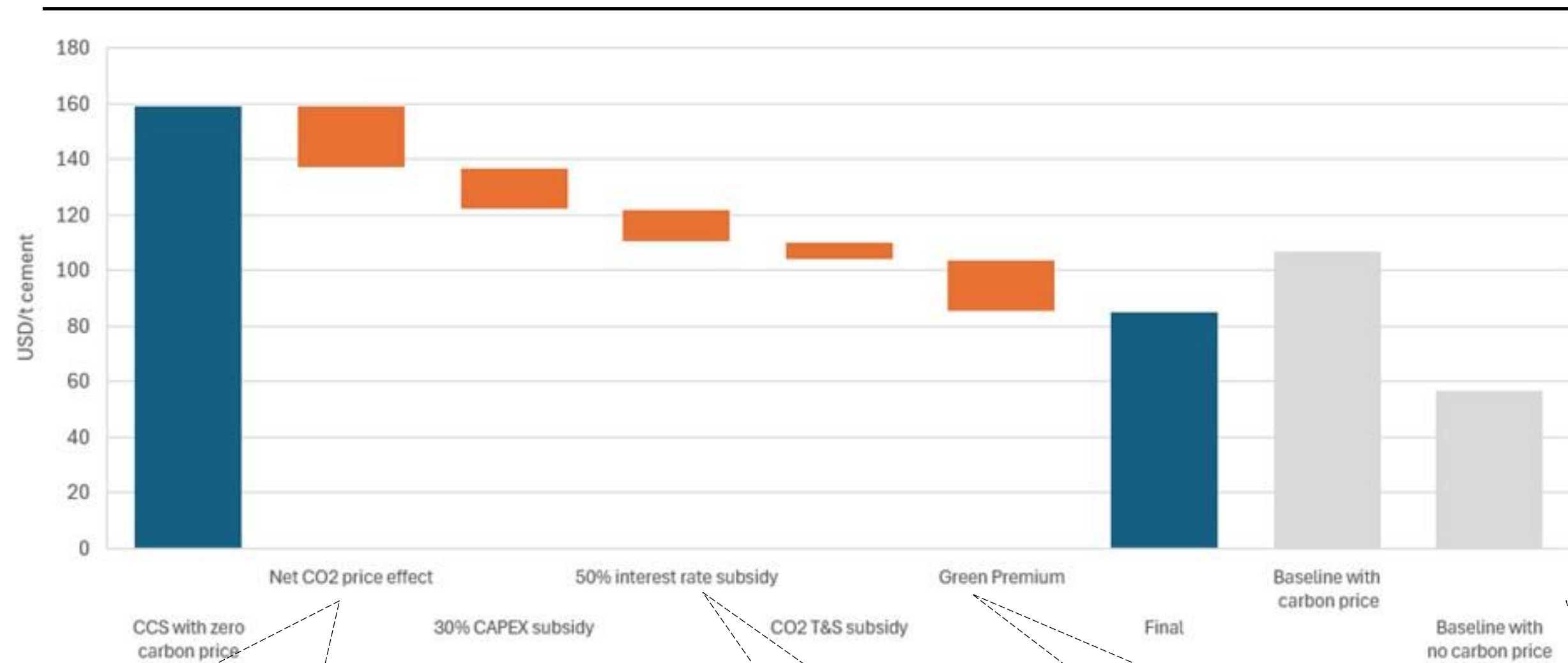
Mobilisation of private capital

- **Blended finance can support the creation of new markets and scale up the mobilisation of private finance**
- Sustainability-linked and transition-labelled instruments can improve financing terms while ensuring environmental integrity
- Export credit agency (ECA) instruments can unlock long tenor loans in EMDEs and accelerate technology diffusion

Scaling and replicability

- Streamlining projects' appraisal processes in industry programmes and country platforms can accelerate and scale up industry transformation
- **Demand-side measures can help create sustained, long-term markets for low-carbon industrial goods**
- Robust policy and regulatory frameworks foster replication
- **Industrial hubs with shared industrial infrastructure and tailored incentives stimulate sustainable industrial development**

Finally, combination of enabling conditions and financing will help increase the competitiveness of low-carbon technologies, such as the example of CCS here



- Rather than the finish line, the competitiveness of low-carbon technology such as CCS in cement sector is a start
- Under the right enabling conditions and financial instruments, pilot projects will move to mature stages, without the loss of competitiveness

CO₂ price increasing from USD 50 per tonne of CO₂ in 2030 to USD 200 per tonne of CO₂ in 2050. Net CO₂ price effect: In the CCS case, the installation remains subject to carbon pricing for residual emissions, while receiving carbon credits for stored CO₂.

Interest rate subsidy: a 5% interest rate subsidy reduces the interest rate from an initial 10% to 5%.

Green premium: For illustrative purposes, the green premium is modelled as a cost reduction. A premium of 30% applied to 50% of total sales volume is assumed.

The final blue chart represents CCS after the deployment of multiple financial instruments, including carbon pricing. It is now more competitive compared to baseline technology.

Financial Toolkit: matching instruments to investment barriers

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Solutions must be combined and tailored to each technology's risk profile



32 instruments

5 barriers

30 case studies

FIVE BARRIERS TO FINANCE AND INVESTMENT



High upfront costs



High cost of capital



Access to financing



Higher operating costs



Volume and revenue uncertainty

THREE FAMILIES OF INSTRUMENTS

Economic instruments

Predictable revenue frameworks strengthen financial viability

e.g. carbon CfDs, carbon pricing, tax credits, green premium financing

Case study: BMW CCfDs (Germany)

De-risking instruments

Targeted guarantees improve credit quality and bankability terms

e.g. credit guarantees, first-loss facilities, political risk insurance

Case study: InfraCredit (Nigeria)

Financing instruments

Concessional, risk-tolerant capital gets first-of-a-kind projects to FID

e.g. concessional and venture debt, transition bonds, equity

Case study: EIB venture debt



Thank you