Catalysing Investment in Low-Carbon, Climate-Resilient Growth

How public policy can trigger private investment in climate protection – cases from Germany

Paris, 7 November 2011

Gudrun Gumb, KfW Bankengruppe
Climate Policy Framework in Germany

- Integrated energy and climate programme
- Climate Initiative (national and international component)
- Integrated energy and climate programme
- Regulatory context housing sector
- Adaption strategy

Energy efficiency

Renewable energy

- Information and Consulting
- Energy Conservation Ordinance
- Promotional Programmes
- Energy Prices

German CO₂ reduction targets

- **2008 – 2012** ⇒ 21% less compared to 1990
- **by 2020** ⇒ 40% less compared to 1990

Housing sector share of KfW’s programmes 28%
KfW Bankengruppe is one of the world's biggest financing institution for energy efficiency and renewable energy.
Promoting Energy Efficiency in Housing

Basic Facts
- Programme started 2001
- 1.8 m housing units
- 630,000 loans with a volume of 40 bn euros
- Sustained CO2 reduction of 7.7 m tons p.a.
- Investments of 70 bn euros
- On average 200,000 jobs per year safeguarded or created
- Accumulated savings in heating costs of 1.5 m euros

Promotional concept
- All groups of investors can apply
- Focus on interest subsidised loans
- KfW-Efficiency House as a brand for energy efficiency
- On-lending principle
Promoting Energy Efficiency and renewables in the SME sector

Basic Facts
- Relaunch of promotional schemes 2009
- more than 160,000 loans so far
- commitment volume of 23 bn euros
- Commitment volume 11 bn euros
- More than 70,000 loans
- sustained CO2 reduction of 5.6 m tons p.a
  (only renewables included so far)

Promotional concept
- Energy efficiency: combination of financing and consulting
- experts platform as an access to consulting know how
- Renewable Energy: subsidized loans provide financial resources
- Investments in production of heat and power with renewable energy
International Climate Initiative (ICI) –
An Innovative Mechanism for Financing Climate Projects

Basic Facts since 2008:
- more than 240 projects; with funding of approx. € 506 million + additional public & private sources = total volume of approx. €1.3 billion
- Germany’s implementing agencies (KfW, GIZ); UN-organizations; “Others” (national & international NGOs, private companies, foundations, etc.)
- Developing countries & newly industrialized countries
- Mitigation, Adaptation, REDD+

ICI also aims at the mobilisation of financial resources from investors:
- Finance instruments (e.g. credit lines; micro-financing systems; climate insurance schemes; innovative mechanisms)
- Public-private partnership models; business/contracting schemes
- Technology cooperation
- Policy advice on framework conditions
- Capacity development (matchmaking TA and FA)

→ Reducing private sector risks and demonstrating options for positive rate of returns
→ Improving regulatory framework conditions
Thank you for your attention!

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