



Green Industry

Expert meeting - LAUNCHING WORK ON ACCESS TO PRIVATE FINANCE FOR GREEN INVESTMENTS IN EU EASTERN PARTNERSHIP COUNTRIES

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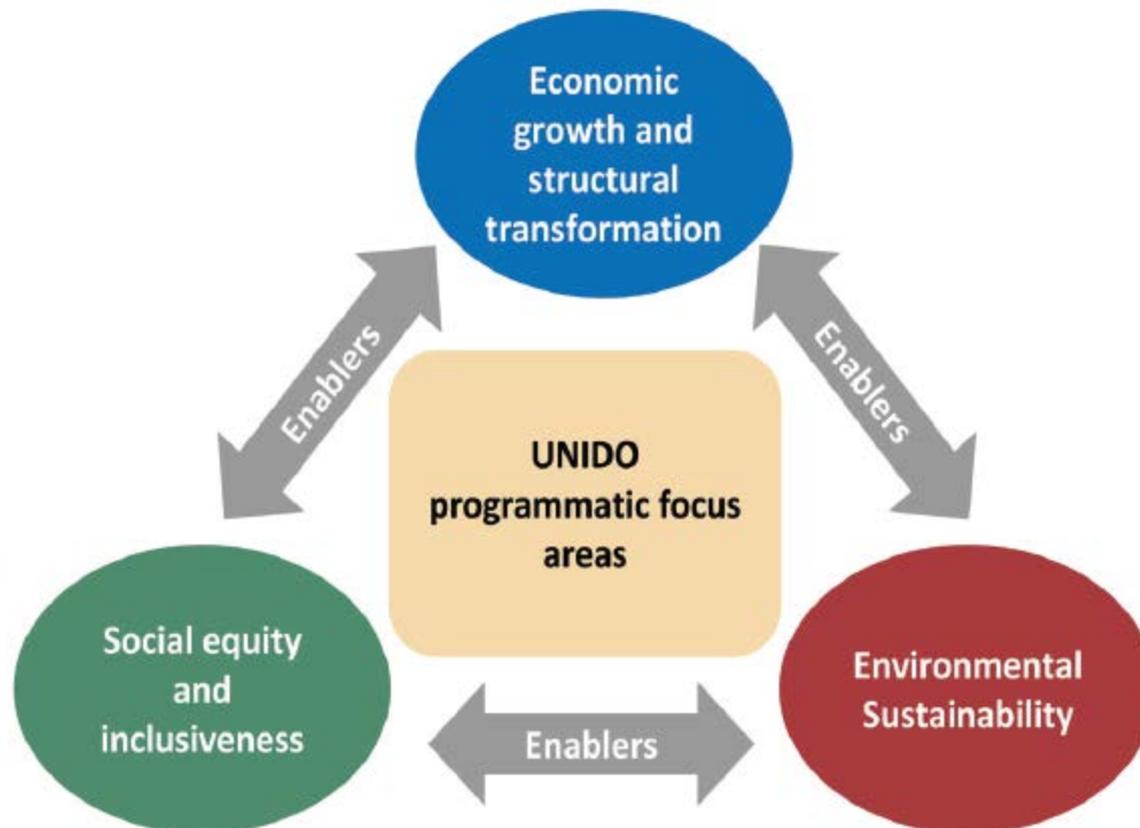


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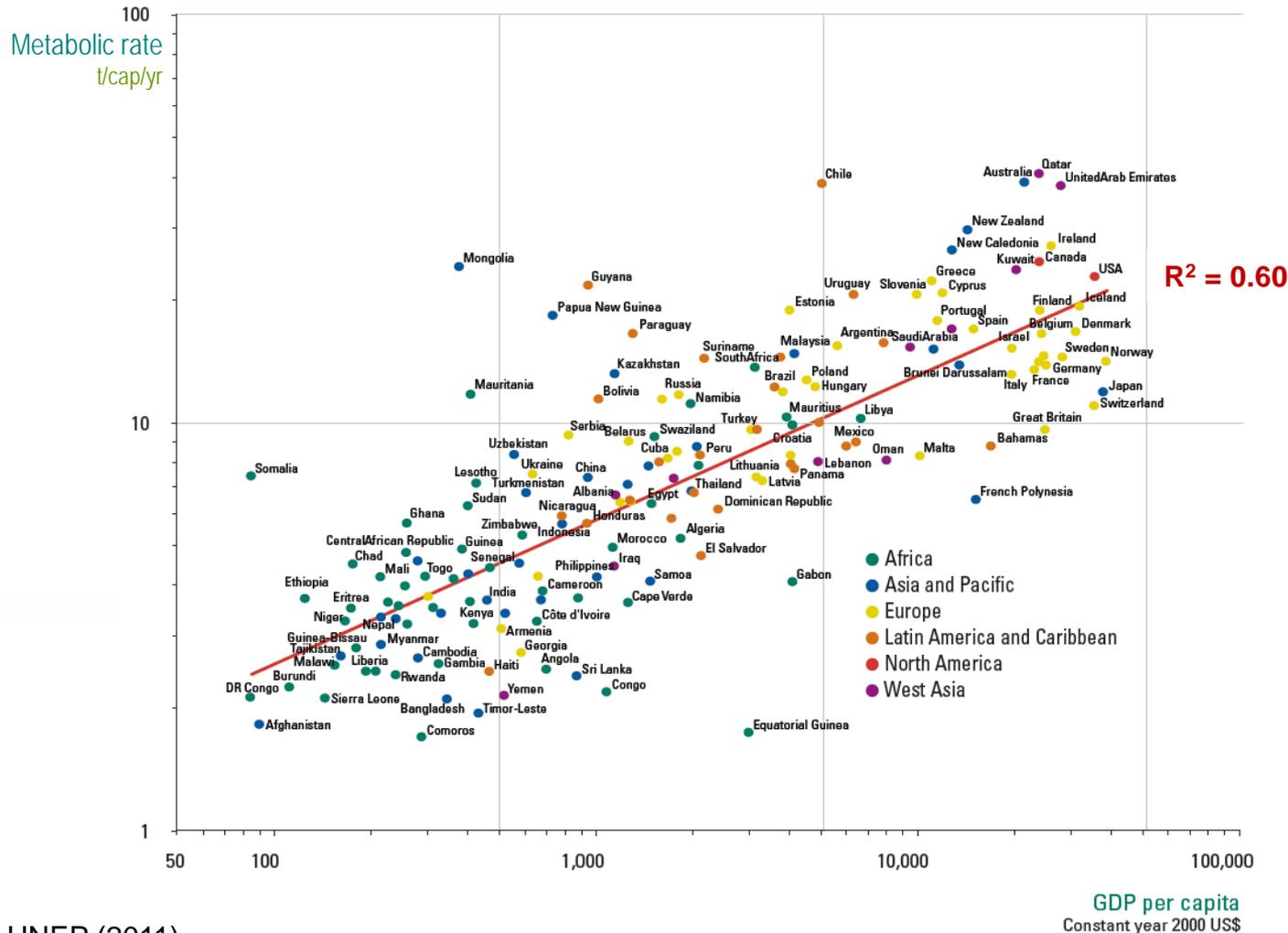


“Inclusive and sustainable industrial development”



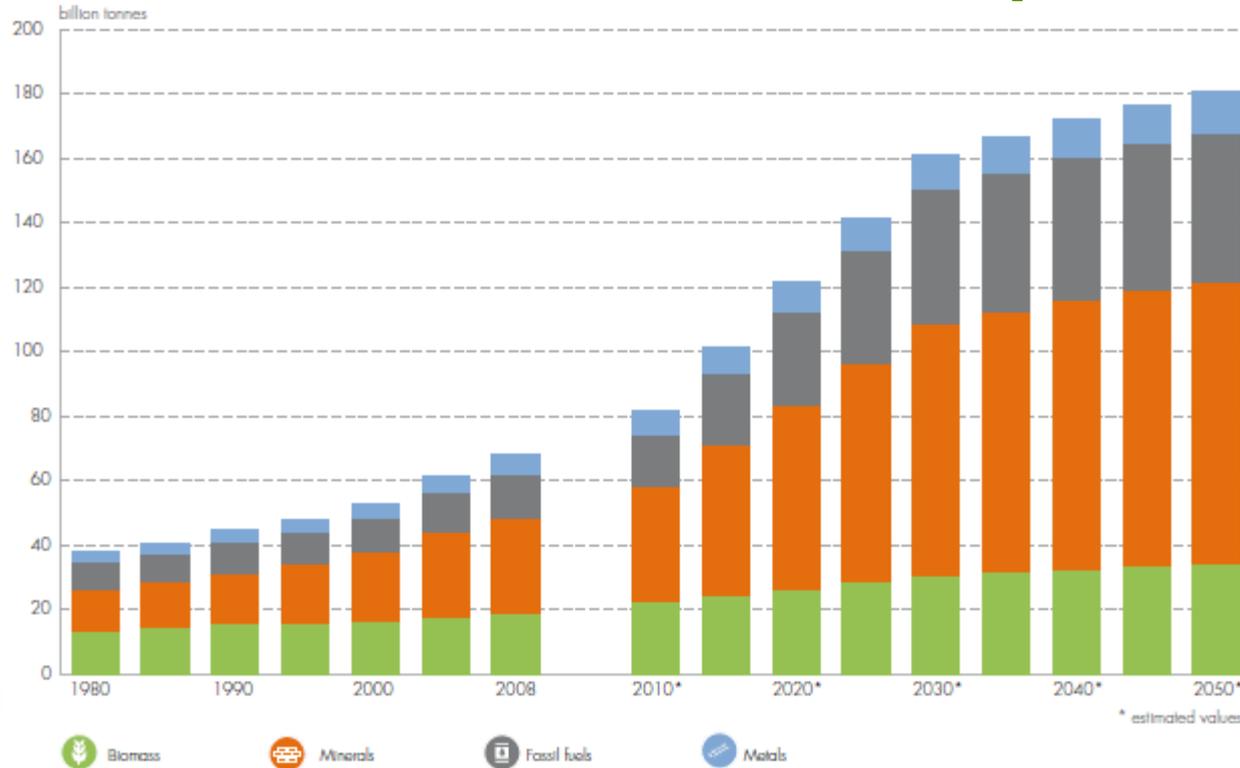


Income vs. resource consumption





Resource use is on course to triple



Global material consumption would nearly triple between 2008 and 2050 to 180 billion ton annually assuming that per capita consumption would globally average current OECD levels from 2030 onward



The Cobb–Douglas production function

$$Y = A * K^{\alpha} * L^{\beta}$$

With total output (Y) as a function of total-factor productivity (A),
capital input (K), labor input (L)

and **technology** and **efficiency** regarded as two main
component of total-factor productivity



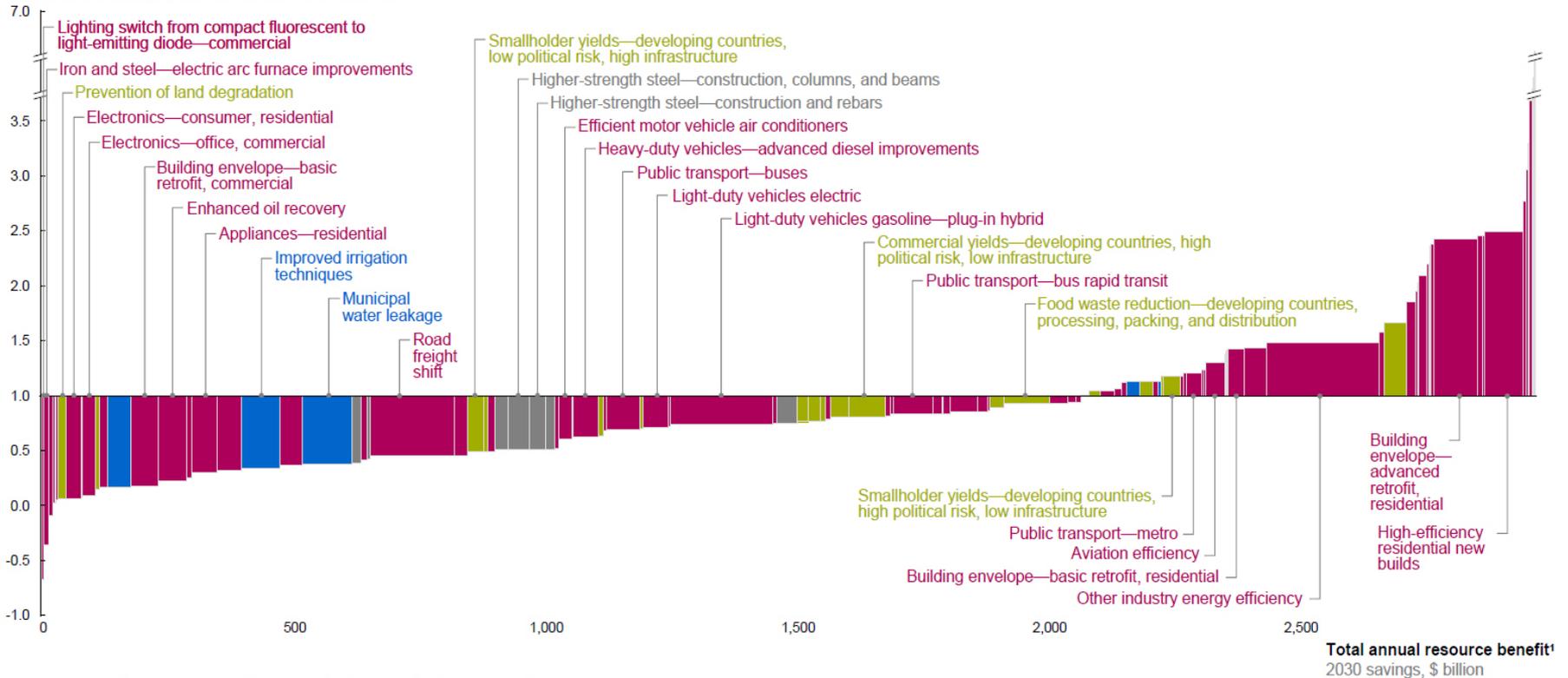
The Business Case

The productivity opportunity totals \$2.9 trillion in 2030 from an investor perspective

Investor perspective, 2030

Cost efficiency of investment

\$ spent for implementation per \$ total resource benefit



1 Based on current prices for energy, steel, and water at a discount rate of 10 percent per annum. All values are expressed in 2010 prices.
SOURCE: McKinsey analysis

Total annual resource benefit¹
2030 savings, \$ billion



Resource Efficient and Cleaner Production (RECP)

RECP is the continuous application of **preventive environmental strategies** to **processes, products** and **services** to **increase efficiency** and **reduce risks** to **humans** and the **environment**.

RECP addresses three sustainability dimensions individually and synergistically :

Production efficiency

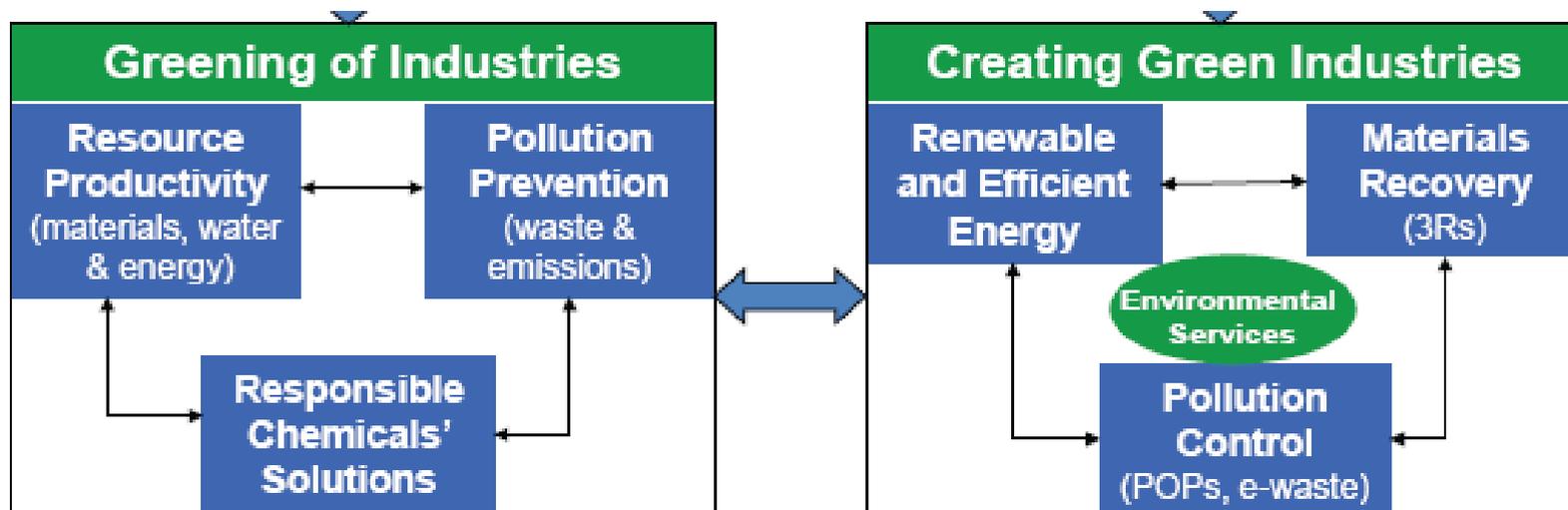
Through improved productive use of natural resources by enterprises

Environmental safeguard

Through minimization of the impact on nature by enterprises

Human development

Through reduction of risks to people and communities from enterprises and supporting their development



Economic

More Innovation and Growth; Increased Resilience...

- Increase resource productivity
- Bring down production costs
- Foster technology development and innovation
- Improve competitiveness
- Open up new markets
- Develop new businesses

Social

More Employment, Rising Incomes and Empowerment...

- Create new jobs and make existing jobs more secure
- Reduce poverty
- Develop new skills and capacity
- Improve occupational health and safety conditions
- Safeguard health and safety of communities
- Lower risks to consumers

Environmental

More Efficient Resource Use; Less Waste and Pollution...

- Reduce environmental pollution
- Counteract resource depletion
- Prevent degradation of ecosystems
- Mitigate climate change
- Combat water scarcity



Joint UNIDO-UNEP RECP Programme

To establish and support National Cleaner Production Centres (NCPs) which foster adaptation and adoption of Resource Efficient and Cleaner Production (RECP)



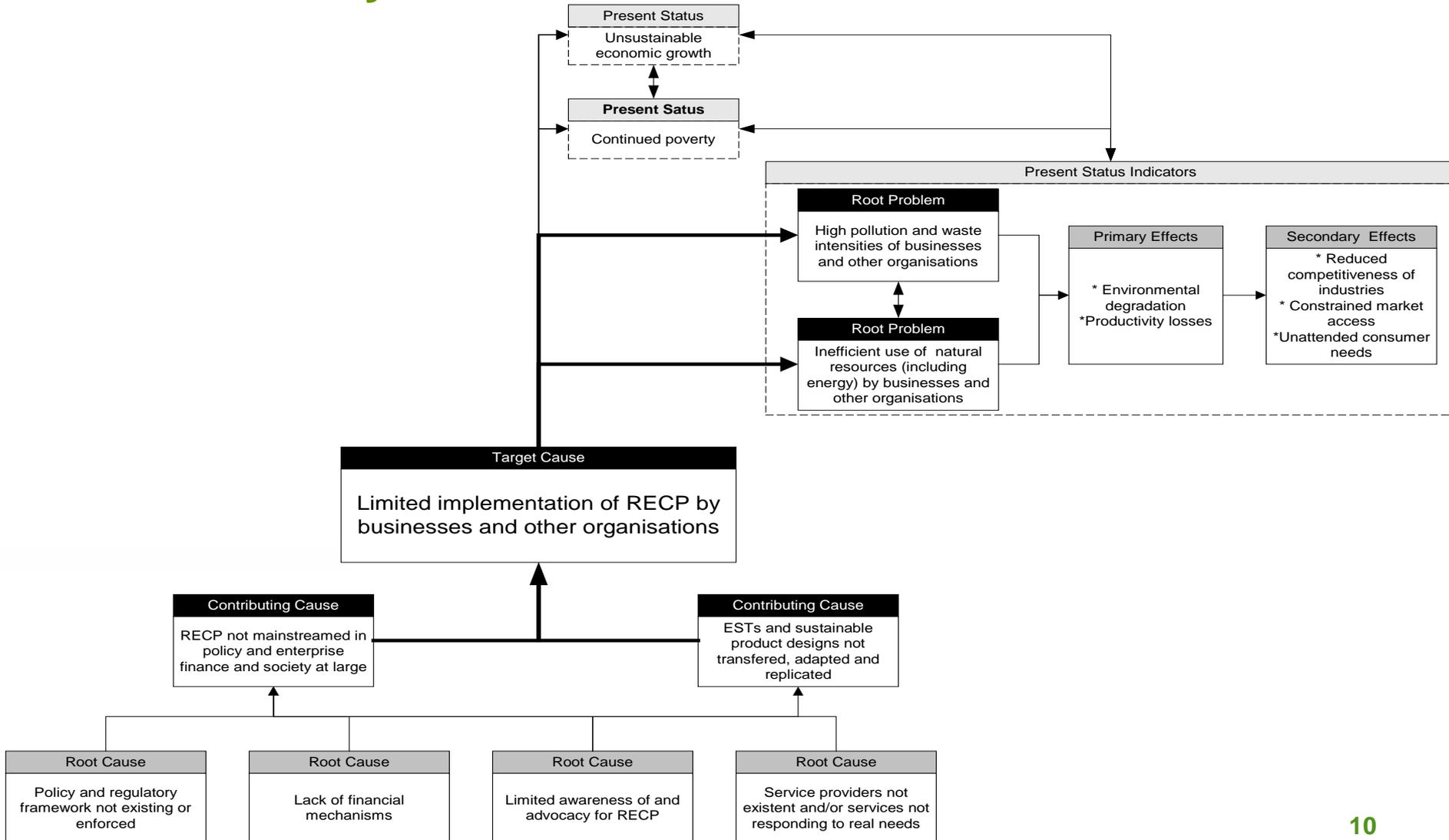
Programme launched in 1994 and expanded to 50+ countries

Clearly demonstrated triple benefits of RECP

Experience needs to be *scaled-up* and *mainstreamed* to contribute to the achievement of decoupling goals



Problem-analysis tree





Mainstreaming and Scaling-Up

Terminology	Description	Principle	Application Areas	Thrust
Mainstreaming	Making it common place, integrated and accepted in daily practice (as compared to specialized side-activity)	Embedding	Procedures, rules, systems and/or institutions of government and businesses, markets, societies and	Doing it <u>regularly</u>
Scaling-Up	Achieving a comparable output with a significantly lower input	Efficiency gains: <i>walk the RECP talk</i>	Methods, tools, techniques and technologies	Making it <u>easier</u>



Global RECP Programme: Workstream on Financing Instruments

Assessing and promoting financing instruments for mainstreaming RECP into enterprise finance

Currently positioning the intervention

- Critical review of existing financing mechanisms
- Identification of concrete strategies and options

Assessing concrete cases to:

- Develop approaches to mainstream RECP into core business strategies of client companies
- Develop approaches to make better use of the range of traditional sources of finance (both development and mainstream)
- Identify and promote innovative RECP financing mechanisms and business models



Seco's Green Credit Trust Fund

Seeks to increase the attraction for investments in cleaner technologies

A reduction of the demand on collaterals (50% guarantee; max 500 kUSD) and a partial reimbursement (up to 25 %) of the invested capital, based on the environmental impact resulting from the investment

Vietnam, Peru, Colombia; expansion?



RECP Programme in Ukraine

Building blocks:

Capacity and Network; Implementation and Replication; Policy and Regulatory Framework; Technology and Innovation; Investment and Finance

Cooperation agreement signed with IFC

Promoting green investments in Ukrainian enterprises

UNIDO to provide technical assistance on RECP

IFC to review assessments and advise on feasibility

Working through commercial banks (market rates, standard guarantee requirements, longer payback and grace periods)

MoU signed with NEFCO

Credit line (soft loans, lower guarantee requirements, longer payback)

Contact established with EBRD



Regional Resource Efficient and Cleaner Production Demonstration Programme / EaP GREEN

OECD:

green growth indicators,
environmental taxation and
subsidy reform, improving
access to finance and greening
of SMEs

UNECE:

strategic environmental
assessment,
environmental impact
assessment

Coordination and visibility

(OECD and EC)

UNEP:

strategic planning, sustainable
public procurement, organic
agriculture

UNIDO:

resource efficient and cleaner
production in the manufacturing
sector



EaP RECP Demonstrations

1. **Human and Institutional Capacity Development**
 - Establish or strengthen a nationally appropriate mechanism for delivering value adding RECP services to enterprises and other organizations in each EaP country
2. **Implementation, Dissemination and Replication**
 - Allow enterprises and other organizations in the EaP countries to implement RECP concepts, methods, practices and techniques and to monitor and verify their environment, resource use and economic benefits
3. **Technology Support**
 - Identify and promote the transfer and widespread deployment of appropriate and affordable RECP techniques and technologies for the target industry sectors



Lessons learnt

Accessing financing for RECP is a recurrent (perceived) challenge for enterprises

Existing sources/mechanisms untapped (information asymmetry / deficient marketing)

Senior management commitment is key

Meagre capacity of RECP service delivery institutions on financing

Financing institutions not familiar with risk profile of RECP investments (beside EE and RE)

Limiting market distortion (for opportunities to scale up); but evidence of market failure



Way forward

Strengthening and uncover RECP business case (return on investment as key selling point)

Financing need to be integrated at onset of RECP intervention (informing choice of sectors/enterprises)

Needs integrated technical assistance to enterprises beyond RECP, (e.g. management, accounting, project development)

Match-making between demand and offer

Partnerships

Policy/regulations as important incentive to induce transition

Innovative approaches (bundling, equipment leasing, ESCO-model, etc.)



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Thank You



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