

Investment Climate for Climate Investment - fostering business dynamics for inclusive low-carbon growth

Report of the
Lead-up event to the International Business Forum series 2010 - 2012

as part of the
"Dialogue with Business about Poverty Reduction and Climate Change"

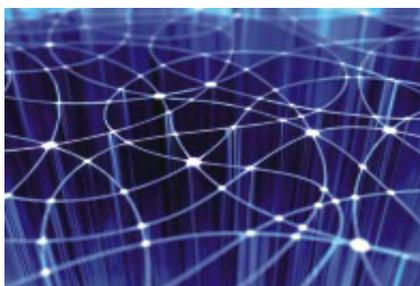
December 1 to 2, 2010, New Delhi, India

Content

Preface	1
Executive Summary	2
1. The International Business Forum - Background	2
2. Dialogue with Business about Poverty Reduction and Climate Change.....	2
3. The Lead-Up Event to the International Business Forum Series in New Delhi	3
4. Main Outcomes and Recommendations of the Event	3
5. The International Business Forum 2011	5
Lead-Up Event to the International Business Forum Series 2010-2012 "Investment Climate for Climate Investment - fostering business dynamics for inclusive low-carbon growth"	6
1. Welcoming Remarks and Keynote Addresses	7
1.1. Welcoming Remarks.....	7
1.2. Keynote Addresses	9
2. Plenary Discussion	13
3. Perspectives on the Topic - The Working Group Sessions	15
4. Feedback Session: Roadmap to Berlin 2011 - Recommendations.....	32
Outlook	
Dialogue with Business about Poverty Reduction and Climate Change	34
1. 14 th International Business Forum in Berlin 2011	34
2. Business Network Competition	34
Annex	35
1. About the Organizers	35
2. Our Partners.....	36
3. Agenda	37
4. Participants	41
5. Bibliography and Endnotes	44

Preface

The Lead-Up Event "Investment Climate for Climate Investment - Fostering business dynamics for inclusive low carbon growth" to the International Business Forum series 2010-2012 was conducted in New Delhi, India, December 1 and 2, 2010. The event took place back-to-back with the 5th Sustainability Summit Asia 2010 of the Confederation of Indian Industry (CII) a long term partner of InWEnt - Capacity Building International, Germany at that time and now Deutsche Gesellschaft für internationale Zusammenarbeit (GIZ).



The conference was the starting point of the dialogue series "Investment Climate for Climate Investments - fostering business dynamics for inclusive low-carbon growth" launched by InWEnt as part of the program "Dialogue with business about poverty reduction and climate change".

Dialogue is one of the three pillars of the InWEnt / GIZ program "Dialogue with Business about Poverty Reduction and Climate Change". In this context, it serves as a mean to engage with actors from the private sector to raise the awareness of the business sector regarding its impact and influence in tackling the challenges of climate change and poverty reduction, to integrate their perspectives and stimulate their capacity to provide solutions to the global challenges climate change and poverty. However, the program aims to go even further and seeks to identify workable business ideas to tackle climate change and poverty. The program initiates and strengthens cooperation and networking between business, governments and civil society, and supports the development and promotion of innovative business models.

The lead-up event in New Delhi laid the ground for the further dialogue series by identifying important challenges and topics in the field of "Investment Climate for Climate Investments" as a basis for discussion for the International Business Fora in Berlin 2011 and in Rio de Janeiro 2012. More than 80 participants from 22 countries presented their viewpoints and contributed to the discussion.

The multitude of ideas and approaches brought to the table by the participants are compiled in this report which will be used as a basis for discussion for the further dialogue process.

The report connects the background analysis on the issues with the opinions and priorities for action expressed in the plenary and working group sessions. It concludes with a look towards the two coming International Business Fora in Berlin 2011 and Rio de Janeiro 2012.

The success of the Lead-Up Event reflected the enthusiastic involvement of participants, the insights of the plenary and working group speakers and the commitment of our partners.

Heike Bürskens,
Senior Project Manager
Project Team IBF 2010-2012

Executive Summary

1. The International Business Forum - Background

In 1995 InWEnt started an ambitious program: convening business people from industrialized, emerging and developing countries to discuss practical steps and develop initiatives for implementing the resolutions of the Rio "Earth Summit". The IBF hereby became one of the first initiatives which actively involved business actors as problem-solvers in the debate.

Its approach of identifying practice-oriented solutions for developmental challenges in cooperation with stakeholders from businesses, academia, international organizations and governments is today more up to date than ever before. Global poverty and climate change can only be overcome if innovative forms of cooperation between business and governments are developed and implemented.

2. Dialogue with Business about Poverty Reduction and Climate Change

The program "Dialogue with Business about Poverty Reduction and Climate Change" aims to contribute to tackling the challenges of climate change and poverty reduction. It promotes dialogue and knowledge transfer between business, governments and civil society. It initiates and strengthens cooperation and networking between these stakeholders and supports the dissemination and development of innovative business solutions and capacity building approaches.

The new International Business Forum Series "Investment Climate for Climate Investment - fostering business dynamics and inclusive low carbon growth 2010 - 2012" consisting of International Business Fora in Berlin (2011) and Rio de Janeiro (2012) is part of this program.

One of the main aims of the program is to develop innovative capacity building initiatives in cooperation with business and for business.

The International Business Forum 2010 - 2012 "Investment Climate for Climate Investment - Fostering business dynamics for inclusive low-carbon growth"

Sustainable reduction of global poverty, combating and adapting to climate change are among the most important global challenges of the 21st century. Through its innovativeness and dynamics, the business sector will play a key role in developing and implementing the new low-carbon business models and technologies necessary for the seminal changes which lie ahead.



The Project fosters dialogue and knowledge transfer between business, governments and civil society as a contribution to fight poverty and climate change. Cooperation and networking between those actors are strengthened, the need for action analyzed, the dissemination of innovative solutions supported and potential synergies identified.

The dialogue series "Investment Climate for Climate Investment - fostering business dynamics and inclusive low carbon growth 2010 - 2012" offers a platform for representatives from business, governments and civil society to raise awareness for the contribution of business to develop sustainable solutions for poverty reduction and building a climate-friendly economy. The dialogue and networking project centers around two major International Business Fora (IBF). It aims at the discussion about and development of new forms of cooperation between the public and the private sector in the field of poverty reduction and climate change.

3. The Lead-Up Event to the International Business Forum Series in New Delhi

In cooperation with the CII-ITC Centre of Excellence for Sustainable Development, the World Bank Institute, the Confederation of German Industry (BDI) and econsense, InWent organized a lead-up event to the International Business Forum series 2010 - 2012 from 1st to 2nd December in New Delhi, India. It took place alongside the 5th Sustainability Summit: Asia 2010 hosted by the CII-ITC Centre of Excellence for Sustainable Development.

The lead-up conference in India aimed at preparing the IBF-series from spring 2011 onwards.

It serves as a preparation both for the upcoming conference in Berlin on "Investment climate for climate investment - fostering business dynamics for inclusive low carbon growth", as well as for the entire dialogue program and conference series. The lead-up event contributed to identifying key issues and stakeholders and further developing the interactive dialogue approach and the networking aspect of the program.

More than 80 participants from 22 countries presented their viewpoints and contributed to the discussion.

4. Main outcomes and recommendations of the event

Contributors and participants stressed the need for dramatic change in the way we live in order to fight and adapt to climate change. A multi-stakeholder partnership is required, including government, business and civil society.

Our cities and our entire economies need to be transformed so they enable sustainable development. These changes will act as strategic drivers for business and innovation and open up new business opportunities. The competition between companies and countries is already on, for example in the solar energy sector.

It is usually sound business rationale which drives the motivation to innovate for sustainable characteristics. One of the key drivers for improving the investment climate is the outlook that the topics of climate change and poverty reduction are critical to markets because they will continue to be of global importance to markets and their constituents.

Governance for Climate Investment - the Business Perspective

There is a need for an increase in clean technology investment and technology transfer. Clean energy investments are, despite their recent growth, too small compared to the hundreds of billions of dollars needed to deal with the challenge of climate change. These sums need to be mobilized by the

private sector. The public sector has to create the necessary enabling environment for this to happen - by introducing policies that directly (e.g. energy efficiency standards) and indirectly (e.g. pollution reduction targets) encourage the purchase of clean energy. The public sector itself can be a consumer through green public procurement processes.



Transparency and accountability in the governance as well as peer learning are crucial for improving the framework conditions for climate investments. Corruption is one of the main obstacles to climate investments.

The climate change agenda must be federalized. It is necessary to develop regional and local solutions to climate change.

Executive Summary

It is not only necessary to consider global framework conditions, but also to include the realities on the ground in developing and emerging countries, it is likely that the frameworks and mechanisms of the next decade will be on regional and bilateral scale.

Financing Climate Investment and technology transfer

The Financing workshop focused on three key questions:

- How can public and private financial resources for combating climate change be effectively combined?
- How can access to finance be improved for SMEs?
- How can we make rural electrification work?

It was discussed that for effectively combining public and private finance a proper legal framework is urgently needed to structure the financing process in a way that allows efficient closure of projects while satisfying the needs of all parties.

The financing must assure that projects are reliable and viable beyond the narrow confines of a single project.



To build investor confidence for investing in climate projects key steps are capacity building of local actors as well as demonstrating the governmental commitment through large-scale public-private partnerships.

For enhanced access of SMEs to climate finance there is need for more capacity building both of SMEs and of the banking sector, financial products tailored to the needs of SMEs, tackling corruption and the lack of market transparency as well as enhancing the role of SMEs in adaptation strategies.



Rural electrification projects require targeted R&D to meet the needs of the poor, supporting programs around electrification projects to actually achieve poverty alleviation as well as capacity building and technology transfer. Also, the legal framework must encourage green investments and discouraging unsustainable technologies.

Innovative Climate Business for and by the poor - BoP models in the field of climate change

The discussion focused on appropriate business models to ensure adaptation and mitigation at the base of the pyramid, the conditions for their development, success and replication and the potential role of larger corporations in business at the BoP. In summary, the following key ideas on how to accelerate the spread and impact of BoP models were mentioned:

- Multi-stakeholder partnerships between businesses, governments and civil society which help topool the knowledge, capacity and financial resources to realize and replicate BoP business models. For example, for large businesses one of the major challenges lies in creating effective and sustainable supply chains to ensure that products from the BoP can actually reach the markets. Support by governmental authorities and NGOs for providing the necessary infrastructure and training is needed to achieve this.
- Skills development for integrating local people into the business model can help sustain the business while at the same time empowering the community.
- It is important to assess and measure the social and environmental benefits as well as ensure that whatever is done does make business sense. All three have to come together to assure sustainability of the BoP business models.

5. 14th International Business Forum Berlin 2011 Investment Climate for Climate Investment - fostering business dynamics for inclusive low-carbon growth

The 14th International Business Forum in Berlin will take place from June 5th to June 7th 2011 at the Berlin Congress Center in Berlin, Germany. Building upon the recommendations of the Lead-Up Event, it will discuss about private sector climate investments from a business perspective. The event will be organized in cooperation with the World Bank Institute and BDI / Econsense.

It will bring together representatives from business and industry in North and South, industrial associations, governments, national and international financial institutions as well as NGOs. Leading experts for climate financing and poverty reduction from the public and the private sector will share their knowledge with the participants.

The following **key issues** will be discussed:

1. Inclusive Climate Financing: A business case for climate investment?
2. Shaping the framework conditions for inclusive Climate Investment - the business perspective
3. Climate Investments and the Bottom of the Pyramid: Innovative Business Models



and business opportunities analyze good practices and initiate joint activities. They prepare recommendations for how business can contribute to poverty reduction and building a low-carbon economy.

Become part of the IBF Network: Register now!

Registration:

March 15, 2011 to April 15, 2011 at www.giz.de/ibf

Please contact ibf2011@giz.de with any questions!!



Aims and expected outcomes

The 14th International Business Forum will focus on the role of the private sector tackling climate change and poverty. The participants get to know practical business approaches

Business Network Competition

In 2011, GIZ with its partners will launch a "Business Network Competition". The objective is to complement the conference by the development of a sustainable dialogue.

Existing and future networks shall submit their ideas and projects for the prototyping of innovative forms of cooperation. They shall be supported by price money in order to:

- Raise awareness within business and donors' community for the challenges and chances related to climate change.
- Motivate Business to take ownership and initiatives.
- Promote the transfer of technology and knowledge

More information about the competition can be found at www.giz.de/bnc

“Investment Climate for Climate Investment - fostering business dynamics for inclusive low-carbon growth”

Introduction

Global poverty and climate change are interrelated and cannot be solved independently. In order to tackle global poverty, sustainable growth of the economies in developing and emerging countries is required. In the past economic growth was directly linked with increasing consumption of fossil fuel and a higher amount of greenhouse gas emissions which fastens the pace of climate change.

At the same time, climate change poses a serious risk to poverty reduction. Although climate change is a global phenomenon, its negative impacts are more severely felt by those living in severe poverty and especially those living in LDCs. They are more vulnerable to climate change due to their high dependence on natural resources, and their limited capacity to cope with climate variability and extremes. Successful reduction of poverty depends to a certain amount on the ability to slow global warming and adapt to changing climate conditions.



In summary, one of the biggest or maybe even most important challenges of the 21st century can be seen in the quest of finding solutions to overcome the trade-off between combating climate change and adaptation to climate change versus poverty reduction. On the one hand economic growth must not be realized at the expense of higher amounts of greenhouse gases. On the other hand the industrialized Western countries can not reject the right to economic growth and development in the developing and emerging countries. New low-carbon growth paths must be developed and implemented globally.

Role of business in tackling Climate Change and Poverty

Efforts from the business sector by establishing sustainable, climate friendly business models are vital for successfully meeting the global challenges of poverty reduction and combating climate change.

New business models, such as so called Base of Pyramid (BoP) / inclusive business models include the people living in poverty in the whole chain of value generation. This way, both business entities and people living in poverty benefit if new markets are established and specific products for marginalized people are manufactured and services provided (e.g. insurances). People at the base of the pyramid are not only considered as new consumers but can also work as business partners and innovators, they can be suppliers, distributors or employees within the value chain of a company.

The business sector directly impacts climate change mitigation and adaptation. First, business activities are in most cases related with energy consumption; production processes are energy intensive and transportation of goods requires fossil fuels. Furthermore, the business sector is also central in indirectly determining the greenhouse-gas emissions of whole societies. The specifications of the services and products offered by the business sector determine the energy consumption and therefore the energy usage and greenhouse-gas emissions of all actors whether public or private.

Business is also a key actor regarding implementation of climate change measures and the innovation of new climate friendly solutions. Due to the unique expertise of the business sector, its dynamics and its capacity to innovate for climate change mitigation and adaptation, efforts from business towards successful adaptation to and mitigation of climate change is crucial. Since combating and adapting to climate change is in need of significant amounts of investments - the World Economic Forum and New Energy Finance estimate the requirement of average annual investments until 2030 of more than \$500 billion in renewable energy and energy efficiency technologies alone - the business sector must bear a substantial fraction of the investment cost of efforts required.

1. Welcoming Remarks and Keynote Addresses

1.1 Welcoming Remarks

"The new IBF series is not only about conferences. We will have different workshops, we will start a business network competition, we will have a lot of networking and dialogue activities and innovative capacity building initiatives which involve businesses and industry federations. [...] In the series we will be focusing on the practical experiences of the participants."

Dr. Luiz Ramalho, Director, Department "Sustainable Business Development in Industrialized and Developing Countries", Deutsche Gesellschaft für internationale Zusammenarbeit (GIZ) GmbH:

After welcoming partners and participants Dr. Ramalho gave some background information about the International Business Forum and its expected outcomes

- In 1992, the Rio Summit started the participation of civil society and business in UN conferences.
- In 1995, CDG (the predecessor organization of InWEnt) decided to start a series of events dealing with chapter 7 of the Agenda 21, the involvement of the private sector in implementing the Rio Agenda.
- In the following years, the IBF involved many different partners like UNDP or WBCSD and discussed current topics in the field of sustainability from a business perspective.
- When the MDGs were established there was no talk about the role of the private sector in the implementation of the MDGs. So InWEnt started a series of International Business Fora called "Business and MDGs" in 2005 five years after the MDGs were agreed on.

The new International Business Forum series "Investment Climate for Climate Investment"

- Even if there will not be a comprehensive post-Kyoto framework agreement in the very near future, there will be progress in the area of funding, of financing and in the area of technology transfer. This is exactly why we are starting the new series of the Business Forum. Business is saying that if there will be funding, if there is technology transfer, if there are new governance mechanisms for climate investments what would be the opportunities for business all over the world to be part of it?



- The idea of the Business Forum is to have a platform for sharing and scaling up experiences and for discussing concepts such as the Bottom of the Pyramid-concept. In this we want really concrete results. This will lead to more business relationships, more South-South commercial relationships dealing with business opportunities for mitigating climate change.
- The challenges of poverty reduction and climate change are interrelated and there is need for further actions in both agendas. An example is the issue of smart cities as discussed during the CII Sustainability Summit. There we are talking about how to include sustainability in urbanization and development processes - so the two go together.
- The Lead-Up Event prepares the larger International Business Forum activities in May 2011 in Berlin. Participants discuss how framework conditions can be improved to enhance the flow of investments and to enable the development and replication of successful business models.
- Another crucial aspect is capacity building. For investing in developing countries there will be a bottleneck in the area of education and training people to implement the projects.

Lead-Up Event



"[...] SMEs also contribute a lot to the GHG emissions - not at the individual level, but when you collectively look at them. There is a huge opportunity there. The question really is: how do we make this change happen for them? And I think when we are going into our workshops and when we are discussing how business can respond to this, a very important challenge would be: how can we include the SME sector in this dialogue?"

There is still a lack of awareness and capacity to take up energy conservation, they do not have the right technology, they do not have the measurement abilities - so I think some dialogue of this kind in the workshops would be very useful."

Seema Arora is Principal Counselor & Head of the CII-ITC Centre of Excellence for Sustainable Development.

She opened the conference in the name of InWent's long-term partner CII and stressed how fruitful the cooperation between the Sustainability Summit Asia 2010 and the International Business Forum is for both sides. As CII is representing the Indian business community, Seema Arora talked about how business is responding to climate change in India.

Context:

In 2007 India ranked fifth in the aggregate GHG emissions worldwide. Most of this GHG emission portfolio, around 60%, comes from electricity generation. Transport also is a major contributor. Eventually we see that with the growth of the country which currently ranges at 9% annually all these emissions are bound to increase. The agenda for India is growth, but not growth at the cost of the environmental and social imperatives. Therefore efficiency has been a major focus. More than 300 million people in India do not have access to energy. Therein lies the opportunity to ensure that India does not use traditional systems, but provides different services through innovative solutions which are sustainable and inclusive.

Examples:

A KPMG survey done in 2008 demonstrates that there is awareness of these issues among Indian businesses. According to the survey 83% of Indian business leaders declare to have a fair to good understanding of the issue of climate change and almost 48% regard this as an important issue which needs to be at the top of the business agenda. They do not view this as a risk, but as an opportunity.

Also the public sector is taking remarkable steps. One example is the National Thermal Power Corporation, the largest state-owned power generation company. In collaboration with USAID it has established the Centre for Power Efficiency and Environment Protection. The Centre's mandate is to reduce GHG emissions per unit of power produced by the coal-fired power stations.

WIPRO, a major IT company in India has launched 23 green initiatives in the last couple of years. This year WIPRO tops the Carbon Disclosure Leadership Index of the Carbon Disclosure Project in India. As an example, WIPRO has launched 23 green initiatives which have resulted in various savings. The company chairman is betting that ecology is the next big business opportunity. He believes that like the information age, the ecological age is the next business opportunity.

Green buildings have really taken off in India. The corporate sector has really responded positively. There are more than 400 green building projects with a footprint of about 300 million ft². These have been facilitated by the Indian Green Business Council under CII and reach all across from commercial to IT spaces, airports, government buildings, hospitals, residential dwellings. All these buildings combined have a potential to save about 3.5 million tons of CO₂ per year. And many more buildings and cities are being positioned on this whole concept of smart cities and green buildings. India has traditionally had a lot of CDM projects and has been a leader - so that basket has already been covered.

India has a progressive domestic agenda on energy efficiency, renewable energy and building efficiency, on vehicles efficiency, transport efficiency, on forestry - and this is the way forward, especially because India is continuing to grow and because of the energy security it really makes business sense.

1.2 Keynote Addresses



Dipankar Ghosh is Partner at the Climate Change & Sustainability Services of Ernst & Young in India.

Background:

The sum of financing which is required to meet the IPCC target of restricting the temperature change from the pre-industrialized era to 2°C is estimated at US\$ 142 billion to 275 billion a year. There is a huge gap. Similarly, on the adaptation side there is a huge gap: the funding is currently at around US\$ 1 billion per year, and the estimated required funding is at US\$ 75 billion in 2030. So there is a huge requirement of private financing.

- A multi-stakeholder partnership is required, including government, business and civil society in order to fight and adapt to climate change. Only if these three sectors work jointly towards implementing the changes is it possible to tackle climate change.
- A shift towards a low carbon economy supported by the private sector and government has the potential to drive the next generation of technological innovation; it can address the environmental and economic challenges that climate change present and contribute to the global development.
- Business has a major role to play here because business generates jobs, economic opportunities, there are revenues through business which can fund public spending on health, education and good governance, business is engaged with governments on policy initiatives which encourage an investment climate that supports private sector led growth. This is why business has a major role to play here. It is the innovative capacity of the business sector which needs to be stimulated.

"Globally, the concerns are on overconsumption of resources and under-contribution of industry to climate change. This is where the business case lies for industry to invest into climate change".

- Capacity building is required and is of particular importance from an LDC perspective. Also, setting the private funding mechanism is of major importance.
- Western countries need to decouple their wealth from carbon emissions, developing countries need to assure that population and economic growth happen in a sustainable manner - business and national efforts will become even more important in the aftermath of the Kyoto protocol.
- A carbon price - not necessarily the carbon trading which is already in place - but the carbon price is going to reflect the true environmental sustainability impact of a business product. This can be a huge and powerful incentive for climate-friendly investment.

Example:

In India we have seen the rating of energy efficiency, of electrical appliances when industry had come forward through innovation into developing efficient products. There has been governmental support to have an effective rating system which guides consumers to decide what they want. India will have the PAT scheme, the Perform, Achieve and Trade scheme in India. Now business has to participate, the respective scheme has to encourage industry to participate in it extensively and effectively. The renewable energy certificate provides incentives for renewable energy generation in the country and provides a market-based mechanism which takes care of the transactions.

Lead-Up Event



Marcel Engel is Managing Director of the Regional Network and Development Focus Area of at the World Business Council for Sustainable Development (WBCSD)

"Vision 2050"

Marcel Engel presented Vision 2050, which is the result of an 18-month effort by a core team of 29 WBCSD member companies including CEO's and experts across 14 industries and dialogues with hundreds of companies and external stakeholders in some 20 countries.

Vision 2050 is a backcasting exercise. WBCSD's members started by depicting what the world will look like in 2050 if we do not address correctly the sustainability challenge. Based on this picture, they developed a vision for 2050 of a world well on-track toward sustainability. A world in which the global population is not just living on the planet, but living well and within the limits of the planet.

A pathway was developed to connect this sustainable future with the present. The goal was to see what a real, global attempt at sustainable development - with all the radical policy and lifestyle changes this would entail - would mean for business and markets in general and for the individual participating sectors.

When it comes to energy and power, the vision is to have secure access to energy, sufficient low-carbon energy sources are available and there are higher levels of energy efficiency so that the global goal of 50% reductions of CO² emissions can be reached by midcentury.

"Meeting the human needs within the ecological limits of the planet will require radical innovation to reduce the ecological footprint of the industrialized economies, while allowing for an improvement of living standards in developing countries without a corresponding increase of their footprint".

- Investments into energy infrastructure tend to be long-term investments. So what business urgently needs is some form of international consensus on reducing carbon emissions.
- An international agreement and some predictability for long-term investments and a price for carbon in order to create an incentive for business to invest are needed. This already exists on a regional basis but not yet on a global basis and will probably not do so in the foreseeable future.
- Cooperation is important because no part of society will be able to do it alone. It is about business working with government and civil society.
- Information and communication technologies (ICT) can make a major contribution to enabling energy and emissions savings in transportation, building, industrial, power and other systems. According to some estimates ICT could deliver up to a 15% reduction of business-as-usual emissions in 2020, representing a value of US\$ 872.3 billion in energy and fuel saved and an additional US\$ 143.5 billion in carbon saved assuming a cost of carbon of Euro 20/tonne, for a total US\$ 1,015 billion savings.

The good news is that there are significant opportunities for business within this transition to do more with less, to create new products and services, and to provide value to both our customers and shareholders. Those companies that understand that global challenges are becoming the key strategic drivers for business and appreciate the need for firm action and new partnerships to address societies problems - are most likely to be the winners.



Mani S. Muthukumara is Senior Environmental Economist at The World Bank in New Delhi.

"Doing Climate Business: Assessing Investment Climate for Climate Friendly Technologies"

There are huge amounts of investments required in clean energy. The most recent estimate of the World Development Report talks about US\$ 142 to 175 billion per year over the next 20 years for mitigation and about US\$ 30-US\$ 100 billion per year for adaptation.

There is a huge gap in meeting the adaptation and the mitigation needs. How are we going to meet this huge financing gap?

- The main challenge therefore has come to the private sector because the public sector resources are limited. The private sector has to be the main driver of clean energy investments, but the public sector has to provide the necessary enabling environment. It has to play an activist role and can do so in three ways. Firstly by introducing policies that indirectly encourage the purchase of clean energy, e.g. taking on pollution reduction targets or introducing cap-and-trade schemes. Secondly by introducing policies that directly encourage the purchase of clean energy, e.g. renewable portfolio standards or energy efficiency standards. And finally the public sector itself can be a consumer e.g. through green public procurement processes.

Looking at technology transfer, development and diffusion of the technology has to be attractive, it has to be competitive, it has to be available, and it has to be affordable in the

"Although the historical responsibility for emissions rests with developed countries in the future most of the emissions are going to come from developing countries. This is where the challenge is in terms of technologies - getting technologies to these countries which are going to grow very fast. This is where the mitigation efforts will be cost-effective and where there will be leapfrogging."

sense that the ultimate consumer should have financing instruments at his disposal to buy into that technology.

- The public sector has to create the necessary incentives in order to stimulate clean energy production, development, deployment and diffusion by for example establishing carbon efficiency standards, regulating the energy mix for utilities, providing tax incentives, strengthening IPR regimes, providing feeding tariffs in order to make the consumption more attractive.

"Climate Change Technology Investment Index"

The World Bank is developing the "Climate Change Technology Investment Index" to assess how climate-friendly investment policies are evolving over time and across countries. It will give an idea of what works and what does not work, what the conditions for this are and how the actual policies and regulatory framework match with the private perception of these policies.

What are the drivers of private sector investment in climate friendly technologies?

- Of course the private sector is looking for the general business indicators like infrastructure, the political economy, the macro-stability or the market size. But there are also certain climate specific drivers that influence climate investments. For example domestic energy policies and regulations, the binding or voluntary commitments to GHG reductions, access to information and transparency on climate investment opportunities, availability of financing on concessional terms, domestic carbon markets, intellectual property rights regimes and so on.

Lead-Up Event



Dr. Ram Sai Yelamanchili is Head of the Eco Commercial Building Center of Excellence India of Bayer Material Science Private Limited.

- Endeavours in the field of climate protection have to be strengthened and attention needs to be paid to innovative solutions to deal with the consequences of climate change. In the field of materials and chemicals, it is usually sound business rationale which drives the motivation to innovate for sustainable characteristics.
- In production, Bayer has been able to steadily increase energy efficiency in recent years through technological innovations. Bayer also has significantly reduced its greenhouse gas emissions.
- Bayer climate program has initiated several lighthouse projects at tackling climate change and supporting climate protection: Bayer EcoCommercial Building, stress-tolerant plants, biofuels, Bayer Climate Check for production processes and investment projects.
- Bayer was able to implement the change of mindset that was necessary to successfully carry out activities focused on sustainability through recruitment of new employees and capacity building as well as cooperation with external experts
- A multi-tiered approach to the topic "investment climate for climate investment" is necessary, assuring the prominence of the topic both within the organisation as well as in its communication with clients, government and stakeholders.

"We intend to intensify our efforts even further. We will use our innovative capabilities and know-how as an inventor company to develop new products and solutions for climate protection and for dealing with climate change."



2. Plenary Discussion

Dr. Sujata Gupta, Head, Private Sector India Resident Mission, Asian Development Bank

Arun Kashyap, Senior Policy Advisor, Private Sector Division, UNDP

Satish Mandhana, Managing Partner, IDFC Private Equity

Prof. Dr. Andreas Rechkemmer, Executive Director, PhD Global Risk Forum Davos, University of Cologne and Beijing Normal University

Stanley Subramoney, Deputy CEO, Price Waterhouse Coopers and Member of the Supervisory Board of the NEPAD Business Foundation

Dr. Felix-Michael Weber, CEO, Elephant Equity GmbH

Speakers discussed the following key questions regarding the Investment Climate for Climate Investment - fostering business dynamics for inclusive low-carbon growth:

- > What are the current hurdles hindering climate mitigation related investment in developing and industrialized economies and how can they be overcome?
- > What are the global and national prerequisites for fostering business dynamics for climate investment and inclusive, low-carbon growth?
- > How can funding from public and private sources be mobilized so that investments for inclusive, low-carbon economies can be made?

Speakers stressed that it is not only necessary to consider global framework conditions, but also to include the realities on the ground in developing and emerging countries. Here, investors often face uncertainty and risks, but also the sheer novelty of investing in innovative technologies in emerging markets can prove to be a barrier for the inflow of capital. Thus it is necessary to increase the confidence of investors in the profitability of these technologies and investments.

Plenary Session Statement

“What is really required is to change the perceived risk-to return ratio of renewable energy technologies such that we are able to catalyze investments in these technologies.”

Sujata Gupta, Asian Development Bank

The public sector can provide the necessary policy and regulatory frameworks to strengthen investor confidence and incentivize investments. While there are efforts on a global scale to improve frameworks, it is likely that the frameworks and mechanisms of the next decade will be on a regional and bilateral scale.

In order to catalyze the investment in climate change combating technologies, the panelists agreed that it is advisable to effectively combine public and private funding streams; for example, public funds can be used to provide partial credit guarantees and thus improve the risk to return ratio of renewable technologies. Another way to support private investments is to carry out large-scale projects in public-private partnerships, demonstrating the commitment of government as well as the viability of new technologies.

Plenary Session Statement

“The next decade investments in renewables will take place in Africa, in Latin America and in Asia. This is why putting together how to fight against poverty and at the same time what we can do against climate change is a great combination.”

Dr. Felix-Michael Weber, CEO, Elephant Equity GmbH

Panelists pointed out that another step in building investor confidence is to build the capacities of local organisations and actors. This can minimise risks and maximise the effectiveness of both private and public financial investments targeted at climate change relevant technologies. To do so effectively, the needs of investors and those invested in need to be assessed and catered to.

Especially for reaching the poor and doing business with the base of the pyramid, a new approach is needed to implement the necessary small-scale projects towards climate change mitigation and adaptation locally. Of course, capacity building is of the essence and is a prerequisite for initiating the technology transfer process.

Lead-Up Event

Plenary Session Statement

“Public-private partnerships are the right way to make climate change investments happen because they require government support, and combine it with the kind of funding on the lending side as well as on the equity side to create the investment climate.”

Satish Mandhana, Managing Partner, IDFC Private Equity

However, technology transfer cannot be limited to transferring the know-how and technology. Often, technologies developed in the industrialised world have to be adapted to a smaller scale or simplified to provide workable solutions for developing countries.

But also identifying the right way to channel the funds available to local projects is difficult. For connecting funding streams of donor agencies and international banks to the local realities, speakers mentioned options like the setting up of targeted equity funds, and the cooperation with local banks who act as intermediaries. These need to take into consideration the special characteristics of climate friendly investments, for example the longer credit running time which is necessary to finance renewable energy and be integrated locally in terms of services provided.

Plenary Session Statement

“Strategies to address climate change must lead to a better quality of life for the poorest. Rather than defining the debate in terms of adaptation and mitigation we look at the options from the perspective of creating sustainable livelihoods - livelihoods where we build resilience, we reduce vulnerability but at the same time we encourage the use of latest technology.”

Arun Kashyap, Senior Policy Advisor, Private Sector Division, UNDP

This is especially relevant if poverty reduction and reducing the vulnerability of people living in poverty towards climate change is to be taken seriously. Their great exposure to climate change risks needs to be integrated into the rationale of private and public investments for mitigating and adapting to climate change. People living in poverty must not only be understood as being at risk, being consumers and beneficia-

ries, but also as producers and entrepreneurs. Because the market of the Base of the Pyramid is so large, corporations increasingly realize this as a market opportunity.

Plenary Session Statement

“We also have to look at attitudes, lifestyle choices, cultures, religious or spiritual attitudes, individual and collective perceptions, etc. That has been omitted so far.”

Prof. Dr. Andreas Rechkemmer, Executive Director, International Human Dimension Programme on Global Environmental Change

This approach leads to a more holistic perspective on the topic of climate change and poverty reduction in general - changing attitudes and lifestyle choices, thus not only tackling modes of production but also patterns of consumption worldwide. This includes the development of local, culturally embedded solutions, including local entrepreneurship. While there are already approaches which take this into consideration, for example the Africa Enterprise Challenge Fund of G20 and Ashoka which specifically focuses on SME business models in Africa, more effort and more funds are needed.

Plenary Session Statement

“What moves boards, what moves corporate is the markets. Markets either reward or punish for their behavior. And perceptions as to what is good or bad are changing.”

Stanley Subramoney, Deputy CEO, Price Waterhouse Coopers and Member of the Supervisory Board of the NEPAD Business Foundation

Clearly, all these endeavours can only succeed in truly contributing to a more sustainable mode of living, eradicating poverty and successfully combating climate change when attitudes and perceptions towards lifestyles, production and consumption change. This is in fact one of the key drivers for improving the investment climate - the outlook that the topics of climate change and poverty reduction are critical to markets because they will continue to be of global importance to markets and their constituents.

3. Perspectives on the topic - The Working Group Sessions



Participants had more in-depth discussions in three working groups: Investment Climate for Climate Investment - Governance, Finance and “Climate and the Base of the Pyramid”.

In the three workshops participants from business, government agencies, NGOs and think tanks shared practical experiences, analyzed common challenges and identified relevant issues and stakeholders for the upcoming dialogue activities.

Investment Climate for Climate Investment - Governance Facing the Growth vs. Climate Change dilemma

Limiting emissions in emerging and developing countries is often criticized as restricting the development that they are entitled to. This is why national and international frameworks are so important for solving the dilemma of unleashing economic opportunities while simultaneously limiting emissions. As international frameworks are currently hotly debated, it is especially national governments that need to provide the framework for climate change mitigation and adaptation measures and investments.

Prerequisites for tackling climate change in emerging and developing countries

Emerging and developing countries need to access and develop technology and human capacity to enable their economies to follow a low-carbon growth path. Oftentimes this necessitates external assistance and promotion of technology transfer. Main challenges for the investment climate in emerging and developing countries remain including technology transfer and investment risk. The countries and companies where innovative approaches were developed first risk intellectual property rights violations when transferring technology. Domestic and foreign investors hesitate in the face of an adverse business environment and heightened risk e.g., by security problems, lack of infrastructure or corruption.



Thus, an important factor in assuring that the investment climate for climate investment is attractive is to assure that adequate policy frameworks are in place and implemented. While this task can only be aptly fulfilled by government, companies in emerging and developing countries can also implement standards and processes to lower risk and attract investment, e.g., by adhering to voluntary international standards with regards to corporate governance and social and environmental impacts. Corporate measures in this regard often pay off in the long term.

The Working Group Session

Moderator: Michael Mowlam, Director, Inspiris

Prof. A. Damodaran

“Predictability of the policy and legal frameworks is the key issue for private finances to flow.”

Prof Damodaran of the Indian Institute of Management in Bangalore is an academic expert in the field of environmental economics and finance as well as international property rights.

For Mr. Damodaran the most important governance issues for making private capital flow for climate investments the following:

- Predictability is the key condition for private capital to flow into climate investments. Governments must give a sound yes or no on their climate commitments internationally and must develop clear and coherent policies at the national levels.
- The climate change agenda must be federalized. It is necessary to develop regional and local solutions to climate change.

Key issues to be tackled in the policy framework for countries like India:

- How to incorporate small enterprises in the informal economy into climate change mitigation and adaptation.
- How to facilitate co-innovation to develop climate friendly technologies adapted to local needs and demands.

Nicholas Gouede

“During this Forum we have heard a lot about North-South development models. But I do not think I have heard that much about South-South cooperation. And I believe that particularly trade and investment have a great role to play here.”

Nicholas Gouede is Programme Specialist of TICAD, the Tokyo International Conference on African Development, in the TICAD/UNDP Regional Bureau for Africa. TICAD is a global framework to facilitate the implementation of initiatives for promoting African development under the dual principle of African "ownership" and international "partnership".

Mr. Gouede considers the following points as key governance issues to facilitate climate investments:

- South-South cooperation in the field of climate change is a promising avenue for investments and technology transfer not yet fully exploited.
- Transparency and accountability in the governance as well as peer learning are crucial for improving the framework conditions for climate investments. Mechanisms at the regional level such as the African Peer Review Mechanism should play a greater role in the governance architecture.
- The access to finance for SMEs.

Ricardo Young

“As we get close to 2020 we will learn that the global governance on climate change is based on wrong principles. We have to rethink the multilateral system in a way that countries are represented and guaranteed but that other players with a genuine global view can have a strong stake. And these players are mainly the business sector and global civil society.”

Ricardo Young is President Emeritus of the Brazilian Instituto Ethos de Empresas e Responsabilidade Social. The Ethos Institute aims at mobilizing, encouraging and assisting companies to manage their business in a socially responsible way.

For Ricardo Young the crucial points for more effective climate governance are:

- A global governance system which involves business and civil society more strongly in decision-making processes. Governments primarily look at their countries' interests while business and civil society promote a truly global view on the challenges and opportunities as well as the regulatory frameworks required to achieve progress with regard to climate change and poverty reduction policies.
- Recent legislative progress on climate change, residual disposals and sustainable production and consumption in Brazil has proven that it is business and civil society, not the governments who recognize global imperatives and push for appropriate policy measures.
- An example at the global level of this kind of new governance approach is the ISO 26000 process. The Global Sustainable Forum planned to be held at the Rio+20 Summit could be another milestone in transforming the governance towards a multi-stakeholder process.

Busso von Alvensleben

“There is a lot of noise being made, a lot of hype about re-newable energies. Everybody is talking about what could be done, what could be improved, how governments should change their mindsets. But no one is really talking about the business environment and the essentials. [...] We need a little bit more of a stick and carrot policy to realize that business potential.”

Busso von Alvensleben is Deputy Director at the KfW Office India. In India he is specialized in energy policy work, energy finance and energy project management.

Framework conditions to shape a favorable investment climate for climate investments:

- Successful framework conditions consist of three elements: carrots to provide incentives, sticks to prohibit undesired behavior and a tambourine to push the agenda.
- In countries like India there is a lot of talk about the need for and opportunities of renewable energy - but the necessary carrots and sticks are not yet in place. A coherent policy framework of incentives and penalties is required to channel investments and existing potentials towards developing a green economy.

Concrete policy initiatives can amongst others regard tax laws, market based mechanisms like renewable energy certificates or initiatives to better integrate SMEs in the transformation towards a green economy.

Prof. Dr. Andreas Rechkemmer

“As we move towards Rio+20 it is important that we do not only talk about the critique of the current governance structures and processes but also that we fix the bugs with regard to the prevailing paradigm on which this is based. The paradigm has to become more complex than the one we used - simple, but truly entailing the issues that have come up in the last 20 years due to globalization.”

Prof. Dr. Andreas Rechkemmer is Senior Advisor at the Global Risk Forum Davos and former Executive Director at the International Human Dimensions Programme on Global Environmental Change.

Prof. Rechkemmer put into question the existing governance system to deal with the challenge of climate change pointing out that:

- In his view we are currently facing a dual crisis, one of the governance structure and processes - a system based on legally binding international treaties - and one of the prevailing paradigm upon which they are based. The old paradigm of sustainable development does not capture the complexity of the sustainability challenge of our time which also includes issues like social justice, global health or the information age.
- The new UN High Level Panel on Global Sustainability might contribute to developing a new, more complex paradigm.
- Regarding governance processes and instruments Mr. Rechkemmer advocates a multi-level approach with a much stronger focus on regional and sub-regional as well as national initiatives which guarantee country- and culture based responses. Also club governance e.g. by the G20 can bring about the necessary progress in governance initiatives.
- All governance systems must become better equipped to facilitate processes of learning to develop adequate solutions for different countries and cultures (“adaptive governance”).



Discussion

Participants remarked that one crucial governance issue regarding climate investments has not yet been mentioned: the issue of corruption. Many agreed that corruption is one of the major obstacles to climate investments. At the same time they underlined the need for leadership from the business community which can refuse to “pay the bribe” and hereby push governments to improve their governance frameworks. Ricardo Young cited the example of a coalition of 400 businesses which had started to take leadership against corruption in Brazil and has put pressure on the government to enhance its policies in the field of corruption. Today the alliance consists of more than 1000 companies, numerous industry associations and organizations from civil society.

Recommendations

Additional topics the series should focus on are

- models for sharing good practices in governance
- the mainstreaming of gender issues
- a sustainable consumption and production action plan at the international, regional, sub-regional and national level

Cross-linkages to be discussed are

- the limitation on the dissemination of information
- the exchange on good governance experiences in a South-South context and
- the issue of corruption

Further stakeholders to be invited are

- additional representatives from SMEs
- representatives from women and youth groups and
- representatives from local government structures.

In the following discussion participants of the workshop underlined the need for a more grounded discussion on the appropriate policies and instruments to liberate the dynamics of the business sector to successfully transform into low-carbon economies. They cited the example of rural electrification in which initiatives are often channelled through one national entity. In the case of South Africa this has led to one big multinational company taking over the business. The adequate policy instruments should liberate the business dynamics more broadly and assure that those ideas offering the least costly and most adapted solutions to issues like green rural electrification can be realized.



The workshop participants underlined how important and interesting it would be to hear more about concrete experiences and best practice examples of governmental policies in developing or emerging countries which could possibly be transferred to other countries of the global South.



Investment Climate for Climate Investment - Finance

For a successful shift towards a low-carbon economy, new technologies, particularly in the renewable energy sector are required. The set-up of renewable energy systems is highly cost-intensive due to the development and implementation cost of these new technologies. Figures illustrate that investments fall far short of the required investments of several hundred billion dollars per annum.

Hence, additional financial efforts to increase climate investments are needed in order to close this investment gap. The need for further funds can especially be observed in emerging and developing countries. Many promising clean energy ideas can be found there. In many cases the lack of finance is the key constraint on actually turning those ideas into reality.

Climate investment gap: A global challenge

These huge needs for investment in climate technology exceed the financial scope of the public sector by far, especially in times of continued economic uncertainty. Thus, private sector engagements and foreign direct investment

(FDI) in financing low carbon technologies are required. In this context, the private sector has to play a role and help to develop climate financing instruments, especially in emerging and developing countries.

Key issues for successful climate finance will be capacity development (including technology transfer) particularly in the areas of transparency and accountability.

Major obstacles that urgently need to be approached to ensure increasing climate investments include the reduction of perceived risk of low carbon investments, special funding streams for low carbon technology development and deployment in developing countries, and applying insurance mechanisms for adaptation.

The Working Group Session

Moderator: Dr. Jürgen Bischoff, Senior Advisor, adelphi

Tahar Achour

“Encouraging results in the field of renewable energies have been achieved through regulatory frameworks, a proactive political force - very important - and the commitment of public and private companies, financial institutes, banks as well as university and vocational training centers.”

Tahar Achour is the president of the National Chamber of Renewable Energies (CSNER) in Tunisia. The association was founded in 2003 to promote renewable energy in Tunisia and represents businesses active in the sector nationally and internationally.

Tahar Achour pointed out that

- Political will is the most important factor for promoting renewable energies.
- Market development in the field of energy efficiency and production is in need of external support and stimuli.
- As an example, he cited the solar plan of Tunisia. In his eyes this is very effective because it fosters the formation of small and medium projects in the local industry and of partnerships with European companies and initiatives. The solar plan of Tunisia contains 40 projects between 2010 and 2016 and its investment is foreseen at US\$250 million.
- The main benefits of the large-scale projects like Desertec lie in the production of green electricity at a good price, export of surplus energy to the countries of the North or the Mediterranean at high prices, improvement of infrastructure, transport, electricity, emergence of the local industry with a high level of integration, research and development in the academic area and creation of jobs for people with professional degrees.

Dr. Sujata Gupta

“If a project is financially viable and sustainable environmentally and socially it is usually replicable. The model will be replicated by other industries, by other projects, by other countries in the region. That is our objective. We want to invest in projects which have development impacts, are compliant with our social and environmental safeguards and at the same time are if you like a first of its kind.”

Dr. Sujata Gupta is the Head of the Private Sector Group for the India Resident Mission of the Asian Development Bank. The department promotes the involvement of the private sector into the ADB's activities.

Dr. Sujata Gupta stated that

- In order for investments in climate-friendly technology, there has to be support of the private sector from the government and international organizations.
- The capacity of all governments across the world to invest in projects is limited. Thus it is necessary to activate private sector investments, and ADB does this by using different approaches.
- Among the approaches used are long-term loan guarantees and capacity building measures for government institutions and banks. ADB hopes that these measures foster the confidence of investors into these novel technologies and lead to self-actuating financing after a while - as an example she pointed to the wind energy sector in India, which is now successfully financed without external support.

Antje Fuchs

“Combating climate change comprises all kinds of projects: large, small, proven and new technologies. Private financiers like medium to large scale projects with a well proven technology. Here, basically all that is needed are smooth interfaces with government authorities. But the majority of projects are different. Here, much more involvement by the public sector is required to attract private financing.”

Antje Fuchs is the Director of Portfolio Management India at DEG - Deutsche Investitions- und Entwicklungsgesellschaft mbH. DEG, member of KfW Bankengruppe, finances investments of private companies in developing and transition countries.

Antje Fuchs underlined that in her view the cooperation between private investors and the public sector is essential for climate investments. She observed that this cooperation often does not run smoothly. She listed assumptions why this may be the case and proposed steps for enhancing the co-operation.

- Projects in this field need not only be commercially viable but need to be just as sustainable with regard to environmental and social aspects. Investors and project developers may benefit from guidelines to be able to calculate and mitigate the risks involved in the two latter aspects. This is where the public sector could come in by providing legal frameworks and platforms for intermediation with the stakeholders.
- As the cooperation between private and public sector is often challenging a toolkit for facilitating this could be developed, increasing the mutual understanding of both sides and thus seizing the opportunities of their cooperation.

Usha Rao

“What we have experienced as KfW is that when we talk about climate finance obviously the focus is on the environment and the greenhouse gas reduction or the mitigation efforts. This means that it really focuses on a lot of accountability and transparency when it comes to reporting on those investments leading to these environmental goods.”

Usha Rao is a Project Manager at the Carbon Finance Fund of the KfW Office India. While KfW is a German federal bank also concerned with development issues, its Carbon Finance Fund is specifically focused on financing climate investments.

Usha Rao stated that there are lots of challenges but also opportunities in the field of climate investment.

- KfW is experimenting with programmatic CDM. Here, the issue of accountability when it comes to monitoring those emissions is the most difficult one to solve.
- Also, assuring access of SMEs to climate finance proves to be difficult. Access to financing in general is often a distant reality for most of the smaller units.
- Capacity building is at the heart of the issue, and according to Ms Rao this is also evidenced by KfW activities.
- One of the most vital issues for the moment is to tackle the fragmentation in terms of the markets, interventions, and financing options. Creating a platform to coordinate and synergize these efforts for all actors involved would be most helpful.

Mareike Hussels

“There are lots of challenges. But we can also look at the glass half full in that the opportunity obviously is tremendous. Demand for energy is not going to go away, it is going to increase substantially. And there is a regulatory drive for low-carbon economies. So if regulation is done well the market will be conducive for renewable energy and energy efficiency combined with strong demand.”

Mareike Hussels works as a Consultant for Triodos Facet. Triodos is a sustainable banking group that finances exclusively sustainable businesses and projects, both within Europe - organic farming, cultural institutions and renewable energy to name a few - and in developing countries, where the focus is on microfinance and trade finance for sustainable agriculture.

Mareike Hussels gave some examples of innovative and flexible financing for renewable energy, including:

- Early-stage/seed funding: at concessional terms or in the form of (convertible) grant support for feasibility studies and early-stage development costs to get projects to the stage where they are bankable.
- A feed-in tariff fund, developed by FMO, which is based on the assumption that renewable energy generation which often has high up-front costs will break even in the longer term, The fund also assumes that fossil fuel prices will continue to rise and that technology advances and economies of scale will further reduce renewable energy generation costs. The fund compensates renewable energy developers for the differences in costs for renewable energy generation in the initial phase, thus helping to get projects off the ground. Once the projects break even and the relation reverses the fund is being refunded.
- Pooling of projects to spread risks. For example it is possible to bundle small hydro-power projects with similar characteristics, resulting in a lower risk for the pool than for each individual project.
- Innovative leasing arrangements to overcome the collateral challenge. For example banks can lease the turbines and generators for hydropower projects to the project developers. Because of having the ownership title the banks can count them as much higher-quality collateral.



Parvathi Belur

“Enterprise financing for social enterprises such as ours is not customized to the geography we operate in, to the ecosystem we operate in and to the type of management and business model that we need to adopt. In 15 years SELCO has taken on a lot of these costs of building the ecosystem. SELCO has spent its first three or four years just convincing financial institutions to lend to solar.”

Parvathi Belur is Manager, Strategic Initiatives, of SELCO Solar Pvt. Ltd. SELCO provides sustainable energy solutions and services to underserved households and businesses.

In her contribution Ms. Belur described some barriers SELCO faced for the provision of decentralized green energy services and gave some recommendations on how to improve these framework conditions.

- Major obstacles for SELCO regarded the lack of a regulatory framework incentivizing investments in renewable energy in India, the lack of human resources able and willing to join a social enterprise like SELCO and the lack of appropriate financial instruments and trust by the banking sector to invest in social business models in general, to invest in renewable energy projects and to provide end user financing.
- For solar businesses bringing energy to the poor a new funding paradigm is needed which includes grants encouraging innovations, grants placing guarantees with financial institutions and grants building HR capacity; debt for working capital needs; and equity for the long-term development of these enterprises.

Felix-Michael Weber

“Especially in rural areas in developing countries it is extremely difficult to sign contracts or to treat with people because of lack of education and professional skills. We as investors cannot accept any handshake deals and contracts which are not really suiting our requirements. Education is the key - and this is particularly the case if we want to fight against poverty.”

Felix-Michael Weber is CEO of Elephant Equity GmbH, a privately funded investment company financing firms and promoting technologies that are entering and growing in the emerging markets. Elephant Equity particularly looks for promising investment opportunities in renewable energy, power machinery and natural resources.

Mr Weber pointed out five crucial areas influencing investment decisions by venture capital firms like Elephant Equity:

- There must be access to attractive finance opportunities for the projects. In India the regulations of the Reserve Bank requires project finance to be done through Indian commercial banks which have very high interest rates.
- Inefficiencies and corruption in the bureaucracy hamper investments. CDM has great chances to facilitate investments but the application process is too cumbersome.
- The regulatory framework, particularly the tax regime must be favorable and coherent. Investments in renewable energy projects should be granted tax holidays.
- Education and professional skills particularly at the local level of implementing projects are the most crucial requirement. Investors must be sure that contracts are understood and respected.

Discussion

Participants underlined the importance of a predictable regulatory framework facilitating investments in green technologies and poverty reduction and of more awareness at the governmental level for the need of green investments. They highlighted the need that financial instruments look at building communities and enabling income generation instead of merely looking at providing basic services to individual households.

The workshop participants then split into smaller groups to discuss more deeply three key questions regarding financing. In summary, the following key issues were mentioned:

How can public and private financial resources for combating climate change be effectively combined?

- Need of a proper legal framework to structure the financing process in a way that allows efficient closure of projects while satisfying the needs of all parties.
- The financing has to create reliability and viability of the projects including sustainability beyond the narrow confines of a single project.
- Making projects successful requires an enlightened and responsible media as well as a platform where all stakeholders can share and discuss their views.

How can access to finance be improved for SMEs?

- Capacity building both of SMEs and of the banking sector
- Financial products tailored towards SMEs
- Tackle cross-cutting governance issues like corruption and lack of market transparency
- Strengthen SMEs' role in adaptation strategies



How can we make rural electrification work?

- Need for supporting programs around electrification projects to actually achieve poverty alleviation
- Improve local knowledge and engineering skills; technology transfer should happen in cooperation with local intermediaries
- Targeted R&D to adapt technologies to the demands of the poor
- A regulatory framework which encourages green investments in rural areas and discourages unsustainable technologies

Road map for integrating the topic into the following IBF events:

- Give more exposure to case studies and successful business models
- Facilitate partnerships and pilot projects between people attending
- Start an initiative similar to the CSR initiative of the IBF Conference in 2000
- Strengthen the IBF's role in policy advocacy regarding climate finance for the poor

Climate and the Base of the Pyramid: Innovative Business Models

“Base of the Pyramid” (BoP) approaches cater to the needs of the billions of people living in poverty across the globe. They focus on the provision of services and products to those living in poverty, and integrate them into the service provision as well as manufacturing and sale of goods. This way, they not only target the BoP as consumers but also as innovators and provide income opportunities and the chance to rise from the dire living conditions at the BoP.



BoP approaches and climate change

BoP business models are also existent in the field of climate change mitigation and adaptation. Due to geographical and climatic conditions, high dependence on natural resources and limited capacity to adapt to a changing climate, people living in poverty are most vulnerable to climate change. They are particularly affected by more frequent and extreme weather events such as heavier and longer-lasting rainfalls causing more severe floods or more enduring and severe droughts. Climate change will further reduce access to drinking water, will aggravate the health conditions and threatens their food security.

BoP business models for climate change mitigation and adaptation are developed by large companies as well as by community-based organizations for solving urgent local problems through an entrepreneurial approach. Key topics they address are access to climate-friendly energy to

the people living in poverty, the development of business models for adaptation and mitigation and access to funding, including micro-finance.

Prerequisites for continued success of BoP

In order for the BoP approach to reach its full potential to cater to and elevate people living in poverty, it is necessary to develop business models that are simultaneously profitable and inclusive. This means that the awareness for the transformative power of these approaches needs to be raised in different sectors, including business, government and civil society.

Recently, the topic of social entrepreneurship and its possible links with climate change adaptation and mitigation has drawn considerable attention. There are numerous international and regional organizations and initiatives working on the topic of social entrepreneurship, some of them also actively integrating environmental aspects. Development agencies and international organizations such as the African Development Bank, the World Bank, DIFID of the UK, the Directorate-General for Development of the European Commission, and the Federal Ministry for Economic Cooperation and Development, Germany and others have recently published a report on the topic of climate adaptation for the poor, including through innovative approaches. Also, the Green Economy Initiative of UNEP is in support of an initiative that profiles and promotes Social and Environmental Entrepreneurs for Development (SEED Initiative). A significant proportion of winners of the initiative's awards can be linked to either climate change mitigation or adaptation.

The Working Group Session

Moderator: Adrian Ristow, Director, Inspiris



Andy Schroeter

“The private sector really has to understand the new way in doing business with poor people in remote areas. It means you need a long-time commitment. You can never just come in, sell your material and run away. And the public sector - and this is really important - they have to understand that they really need the private side. And from our side we also need them. Otherwise our business will never be successful.”

Andy Schroeter is director at [Sunlabob Renewable Energy Ltd.](#), Sunlabob provides the rural poor in Laos with access to energy through renewable energy sources. The company has been active in Laos for more than ten years and provides hardware as well as energy provision services and training.

- Money is the greatest limiting factor for the rural poor to access energy. This is why part of Sunlabob's activities is to develop working models, predominantly by renting out equipment such as Sunlabob's rechargeable solar lanterns so that only the provision of services needs to be paid.
- The approach of Sunlabob is to sell this as self-sustained business but for realizing this they also need support from the public side, be it from the national government or from international organizations. Here it is important to set up an innovative public-private partnership model.
- The setup also requires a lot of capacity building. Sunlabob trains village technicians and village committees and Sunlabob also ensures that the system will be there for a lifetime.
- Overcoming the obstacles will allow rural electrification by means of climate friendly technologies.

Rich Cohen

“I started the business, with a focus on highly consumed products. I come from a country that is all about consumption. I do not agree with that philosophy, but knowing this, I look at the advantage I have as an American and how I can help other communities from my position as being American.”

Rich Cohen founded Distant Village, Inc. in 2000 in Chicago. Distant Village focuses on sustainable packaging hand-made by artisans for chocolate companies, organic clothing and jewelry, even industrial cleaning supplies.

Rich Cohen laid out the approach of Distant Village. They first identify communities which have a unique tradition or set of skills and then develop the business cooperation. Distant Village is an expert in marketing the products and thus the cooperation creates a sustainable and long-term income opportunity for these remote communities.

Scaling up on the supply side means that more artisans need to be identified, so that a global network of supplying communities is established. One of the greatest challenges for the company in the past was just that - building a sustainable supply chain in developing countries.

- In the discussion, participants asked about how the scale-up for both Sunlabob and Distant Village was financed. Increased transaction costs were raised as an important issue for supply chains integrating remote areas. Participants also discussed the role of the public sector for these different BoP business models. For Rich Cohen close cooperation with NGOs and government is not necessary for creating long-term business partnerships with communities, but linking up with them can be beneficial. From the perspective of an energy provider Andy Schroeter pointed out that it is vital to create alliances between the NGOs, the government side and the private sector.
- A participant from Burkina-Faso shared his experiences in developing BoP business models. His company has been involved in various projects in the field of renewable energy, for example developing solar extraction units for shea nut butter or innovating driers for mangos which purely rely on sunlight. The main problem the business has been facing is that of access to finance. The other is to develop the value chain so that the products can actually be sold.

Dr. Arun Kumar

“Not all large companies are willing to invest in the market creation. Because this really means building capacity for last mile delivery - whether it is the local producers, whether it is the local distributors, whether it is the local franchisees, it eventually means investing a huge amount.”

Dr. Arun Kumar is the President, Development Alternatives Group, a non-profit organization established in 1983 which aims at creating large-scale sustainable livelihoods by offering consulting services to companies and government entities.

- Corporations need to actually create the markets where they can sell their products to the BoP. This requires investment and innovation and to create value, people at the base of the pyramid need to be integrated into the production and distribution.
- Also the logistical aspects of linking the products with the market are crucial for larger corporations in this market, including distribution and service delivery. Reliability of products and continued service need to be ensured, as these are key aspects for BoP business success.

Leena Wokeck

“There is a lot of work being done in understanding social and environmental impacts and making them more measurable, more comparable. This builds on the argument that change can only happen if we can manage these impacts, which in turn we can only do if we measure them.”

Leena Wokeck is the Director of the CSR Asia Center at AIT, a joint venture partnership between the Asian Institute of Technology and CSR Asia, a mission driven social enterprise offering information, training and consultancy and doing research in the field of Corporate Social Responsibility and the role for business in sustainable development in Asia.

For Leena Wokeck, big corporations can make a difference in the development of the BoP.

- To do so sustainably, the focus really has to be to integrate the base of the pyramid very much into the core their business models. She raised the question why businesses bring out products and services for the poor that the poor do not need? They would never do that in any other market because essential to business success is actually hitting the market, putting out products and services for which there is a market.

Helen Marquard

“It is tough being a social and environmental entrepreneur. SEED works with start-ups, helping them to become established and scale up. Financing is an obvious need but it is by no means all of the story. Skills building in a wide range of areas is necessary, starting from issues like business planning and accounting through to partnership and benefits management along the value chain.”

Helen Marquard is the Executive Director of the SEED Initiative. SEED was founded by UNEP, UNDP and IUCN at the 2002 World Summit on Sustainable Development in Johannesburg, and supports innovative small-scale and locally driven businesses around the globe which integrate social and environmental benefits into their business model.

Helen Marquard described the aim of the SEED initiative as capturing and promoting business ideas that are at grassroots level and reflect the local situation and local needs.

- As a big difference between social and environmental entrepreneurs and corporate approaches she identified that these entrepreneurs integrate social and environmental considerations into the business model from the outset and completely. Starting from a triple bottom line approach also automatically means that any activity is advantageous as far as climate change is concerned.
- An important aspect for SEED is that the social aspect is not only job creation but empowering communities, community organization, community representation and their role in overall local governance.

Regarding multi-stakeholder partnerships, SEED awardees often - but not always - include an academic partner, an international NGO, a community-based organization and local government.

Lead-Up Event

Nazeeb Arif

“We are talking about creating what is called a trust mark so that companies who do this can earn a rating, a trust mark which can go into your production services. Why? Because civil society then can choose you over the other guy. Civil society will see those trust marks and buy you and that gives the market push.”

Nazeeb Arif is the Vice President of ITC Ltd. ITC has developed several BoP business cases, among the most prominent is “e-Choupal” initiative which provides Indian village farmers with skills and information and increases their crop yield.

Nazeeb Arif described two initiatives of ITC in more detail, e-Choupal and the turnaround for producing paper by way of providing tree seedlings to tribes instead of importing pulp. They both contribute to developing sustainable livelihoods and enabling people at the BoP to better adapt to climate change challenges.

- In the case of e-Choupal ITC gives farmers on-the-ground support to do that and today this is being used by 4 million farmers and 40,000 villages. It includes personalized weather information and training on sustainable agricultural practices which as one aspect prepare farmers for floods, droughts or other climate impacts.
- In the case of the tree production, net impact was that 110,000 actors have allowed 50 million person days of employment. In addition, the tribal people can offset carbon with their plantations. The amount of carbon sequestered is twice the amount of carbon emitted by ITC from all its manufacturing operations.
- Government incentives could help in spreading these integrative approaches more widely - for example by creating trust marks you create differential treatment for them - in taxes, in loans, in various other things - that is when there will be a differentiation.





Discussion

Participants pointed out that not all corporations are suited for developing BoP business models. If a company looks at its core business through a short term lens then sustainability is not interesting. However, there are already some initiatives which can promote this sort of long-term approach, for example the Global Reporting Initiative. Also on the policy level, a tectonic shift is happening; for example, OECD is experimenting with alternatives to the traditional measure of growth, the GDP.

Key ideas on how to accelerate the spread and impact of BoP models:

- Multi-stakeholder partnerships
- Skills development and empowering the BoP through community organization and integration into business models
- The importance of assessments and measurements regarding social and environmental benefits as well as ensuring that whatever is done does make business sense

Road map for integrating the topic into the following IBF series:

- Have a robust discussion that goes deeply into the issue, focusing on existing problems particularly with regard to climate change adaptation and mitigation business models and jointly working on solutions
- More direct visual experience of BoP models through attendees working in BoP business models, a market place etc. Address the topic of creating a sustainable supply chain by a BoP approach
- Go beyond just discussions and facilitate partnerships between people attending as well as encourage the formation of collaborations to pursue new ideas

Lead-Up Event

4. Feedback Session: Roadmap to Berlin 2011 - Recommendations

In the closing session the working groups presented and discussed their recommendations for the IBF event in Berlin in 2011. Working group representatives highlighted the liveliness of discussions that had taken place in the small-groups setting. They stressed that the diversity of stakeholders and the working group format allowed for an exchange at eye level, focusing on practical approaches and experience exchange.

The working group on governance issues presented the following recommendations for the upcoming IBF:

- Governance topics to be discussed: Models for sharing good practices in governance among governments, the exchange on good governance experiences in a South-South context and the development of a sustainable consumption and production action plan at different governance levels: internationally, regionally, sub-regionally and nationally; discussion of dissemination of information on climate investment and its limits; issue of corruption
- Further stakeholders to be invited are representatives from a wider range of SMEs, representatives from women groups to assure that gender issues are also taken into account, as well as from youth groups and representatives from local government structures.



In the ensuing discussion, members of the working group underlined the important role the issue of corruption had played in the working group discussions. The group found that a business-led approach to corruption was needed in which business joins forces with civil society to put pressure on governments to take action on corruption including in

the field of development aid. Apart from corruption, the issue of raising the awareness for sustainable business models among bureaucrats and politicians was considered as a central topic. For this purpose, the working group stated the need for evidence-based research on the conditions of success and failure of such business models.



The finance working group presented the substantial issues discussed by the group with regard to facilitating finance, highlighting the need for innovations in financing products. Also, they discussed the importance of capacity building both for the banking sector and for SMEs and entrepreneurs. The group identified a working legal framework as a vital prerequisite for improving the investment climate for climate investment. This framework should structure and thus increase the efficiency of the financing process and tackle corruption issues. It could furthermore encourage green investments in rural areas and assure that individual private sector projects also take social and environmental impacts into account, as well as tackle more complex issues such as poverty reduction.

The working group raised the following points to be integrated into the IBF in Berlin:

- Give exposure to case studies and successful business models
- Facilitate partnerships and pilot projects between people attending
- Strengthen the IBF's role in policy advocacy regarding climate finance for the poor

In the following discussion participants also recommended to invite explicitly more commercial banks to the next IBF. The working group justified this with the observation that commercial banks are often hesitant to tackle the issues of poverty reduction and also climate change. But their active participation in discussions is needed for developing and implementing innovative financing mechanisms in these areas.

The working group on climate and the base of the pyramid discussed different ways of accelerating BoP business models, including the importance of multi-stakeholder approaches between entrepreneurs, financial institutions, civil society and governments, as well as the need for capacity building for all stakeholders involved. Furthermore, the participants came to the conclusion that BoP projects should focus on empowering the people at the BoP, and increase their resilience towards climate change impacts.

The recommendations from the working group for the next IBF included:

- Focusing on existing problems particularly with regard to climate change adaptation and mitigation business models and jointly developing practical solutions
- Have more direct visual experience of BoP models through attendees working in BoP business models, for example by means of a market place etc.
- Address the topic of creating sustainable supply chains by a BoP approach, and climate-proofing this approach
- Go beyond just discussions and facilitate partnerships between people attending as well as encourage the formation of collaborations to pursue new ideas.

The discussion of the results of the three working groups focused on the interface between public and private sector; all participants stressed how the experiences exchanged and the networks built during the conference were vital for all stakeholders for jointly finding ways to improve the investment climate for climate investments, as well as combating poverty.



1. 14th International Business Forum Berlin 2011 Investment Climate for Climate Investment - fostering business dynamics for inclusive low-carbon growth

The 14th International Business Forum in Berlin will take place from **June 5th to June 7th 2011** at the Berlin Congress Center in Berlin, Germany. Building upon the recommendations of the Lead-Up Event, it will discuss about private sector climate investments from a business perspective. The 14th International Business Forum serves as a platform for businesses that want to bring in their ideas and views to the Rio+20 processes and the global discussion on the role of business for a sustainable development.

The event will be organized in cooperation with the World Bank Institute and BDI / Econsense.

It will bring together representatives from business and industry in North and South, industrial associations, governments, national and international financial institutions as well as NGOs. Leading experts for climate financing and poverty reduction from the public and the private sector will share their knowledge with the participants.

The following **key issues** will be discussed:

1. Inclusive Climate Financing: A business case for climate investment?
2. Shaping the framework conditions for inclusive Climate Investment - the business perspective
3. Climate Investments and the Bottom of the Pyramid: Innovative Business Models

Aims and expected outcomes

The 14th International Business Forum in Berlin will focus on the role of the private sector tackling climate change and poverty. The participants get to know practical business approaches and business opportunities analyze good practices and initiate joint activities. They prepare recommendations for how business can contribute to poverty reduction and building a low-carbon economy. The conference represents a step towards forging more effective public-private collaboration on the rules for governing the framework conditions for inclusive climate investments.

Become part of the IBF Network: Register now!

Registration:

March 15, 2011 to April 15, 2011 at www.giz.de/ibf
Please contact ibf2011@giz.de with any questions!!

2. Business Network Competition

In 2011, GIZ with its partners will launch a "Business Network Competition". The objective is to complement the conference by the development of a sustainable dialogue.

Existing and future networks shall submit their ideas and projects for the prototyping of innovative forms of cooperation. They shall be supported by price money in order to:

- Raise awareness within business and donors' community for the challenges and chances related to climate change.
- Motivate Business to take ownership and initiatives.
- Promote the transfer of technology and knowledge

More information about the competition can be found at www.giz.de/bnc

1. About the Organizers

Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH



The lead-up event to the International Business Forum series 2010-2012 was organised by InWEnt - Capacity Building International, Germany. Since January 1, 2011 InWEnt is part of the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH. The GIZ brings together the long-standing expertise of the Deutscher Entwicklungsdienst (DED) GmbH (German Development Service), the Deut-

sche Gesellschaft für Technische Zusammenarbeit (GTZ) GmbH (German Technical Cooperation) and InWEnt. It supports the German Government in achieving its objectives in the field of international cooperation for sustainable development and is also engaged in international education work around the globe.

The Sustainability Summit: Asia 30 November - 1 December 2010: Remodelling growth

Since the beginning of this century, the world has come to realize that the only meaningful way to grow and develop is one that is inclusive and sustainable. The present path of development is not sustainable in the longer term, even if the enormous potentials of the market and of technological innovation were realized. It is up to us to decide that the 21st century goes to history as the beginning of a new age, with a social and economic model based on "sustainability and inclusivity". In response to this challenge and demand for new growth models, the CII-ITC Centre of Excellence for Sustainable Development organised the 5th Sustainability Summit: Asia 2010 to understand the complex challenges which confront the modern world and to identify specific action points which must be planned to improve the prospects for sustainable and inclusive growth. The Sustainability Summit was supported by InWEnt, Capacity Building International, Germany.

Within the overall conceptual framework of "Remodelling Growth", the Summit focused on certain key areas, such as: Innovation-led Inclusive Growth; Clean Energy Mix Pragmatism; With Accountability Comes Good Growth; Water: Survival & Sustainability; Mainstreaming Responsible Mining and Making Cities Smart.

The Asia Sustainability Summit was jointly inaugurated by Jairam Ramesh, Minister for Environment & Forests and Agatha Sangma, Minister for Rural Development.

The understanding of sustainability has evolved from a philosophical expression into a business proposition in today's context. India is working to redefine the way growth is measured; the ecological and environmental costs also need to be factored in. The year 2015 has been set as a target date by which the Indian GDP will be reported as Green Domestic

Product instead of the conventional way, said Jairam Ramesh, speaking at the opening panel. He stated that the Government of India was setting in place "green bonus" for states through the 13th Finance Commission; for the first time upto Rs. 5,000 crores was to be given for sustainable forest cover over a 5-year period. Also, the formula for disbursement of funds from the Planning Commission to the states was being changed to encourage states to perform better with respect to their environment and forests. He also lauded the businesses for their work under corporate social responsibility.

The other key speakers at the Summit included - Y C Deveshwar, Chairman, ITC Ltd.; Orlando Ayala, Chairman - Emerging Markets, Microsoft; Marcel Engel, Managing Director, WBCSD Regional Network; Leena Wokeck, Director CSR Asia at AIT; Katharina Tomoff, Vice President, GO GREEN, Deutsche Post DHL; Pankaj Sehgal, Managing Director, SUN Group; Dhruv Vijai Singh, Secretary, Ministry of Water Resources; Amitabh Kant, CEO & MD, Delhi Mumbai Industrial Corridor Development Corporation; Runa Khan, Founder & Executive Director, Friendship, Bangladesh; Rajat Gupta, Director, McKinsey & Company; Helen Marquard, Executive Director, SEED Initiative, UNEP; Kris Gopalakrishnan, CEO & Managing Director, Infosys Technologies Limited; Luzi Ramalho, Director InWEnt; Mr. Ravi Singh, CEO & Secretary General, WWF India; Alan Knight, Senior Fellow, AccountAbility; Pronab Sen, Principal Adviser, Planning Commission of India; Pamela Ruppini, Principal Adviser - HSE Strategic Risk, Rio Tinto; Ms. Molly Webb, Head of Smart Technology, The Climate Group; among others.

For more details and participation in ASIA SUSTAINABILITY SUMMIT & EXHIBITION, please write to sustainability@cii.in.

2. Our Partners

World Bank Institute (WBI)



The World Bank Institute (WBI) is a global connector of knowledge, learning and innovation for poverty reduction. It is part of the World Bank Group. We connect practitioners, networks and institutions to help them find solutions to their development challenges. For further information please consult <http://wbi.worldbank.org/wbi/>.

CII-ITC Centre of Excellence for Sustainable Development



The CII-ITC Centre of Excellence for Sustainable Development is an institution that creates a conducive, enabling climate for Indian businesses to pursue sustainability goals. It creates awareness, promotes thought leadership, and builds capacity to achieve sustainability across a broad spectrum of issues. For further information please consult <http://www.sustainabledevelopment.in/>.

econsense - Forum Nachhaltige Entwicklung der Deutschen Wirtschaft e. V.



econsense is the think tank of German business and a platform promoting open dialogue between business, policy makers, science, administration and all stakeholders. The company-based forum therefore provides a framework to strengthen the exchange of experience and ideas on issues of sustainable development and corporate social responsibility, and to expand and enhance competence and expertise. For further information please consult http://www.econsense.de/_ENGLISH/index.asp.

3. Agenda

Moderator: Michael Mowlam, Director, Inspiris Ltd.

December 1, 2010

- | | |
|---------------|---|
| 15:30 - 17:30 | Registration |
| 17:30 - 18:30 | Welcoming Remarks <ul style="list-style-type: none">• Dr. Luiz Ramalho, Director, Sustainable Business Development, InWEnt• Seema Arora, Principal Counsellor & Head CII-ITC Centre of Excellence for Sustainable Development |
| 18:00 - 18:30 | Keynote Address <ul style="list-style-type: none">• Dipankar Ghosh, Partner - Climate Change & Sustainability Services, Advisory Services, Ernst & Young |
| 18:30 - 19:00 | Keynote Address "Vision 2050" <ul style="list-style-type: none">• Marcel Engel, Managing Director, World Business Council for Sustainable Development |
| 19:00 - 19:20 | Keynote Address "Doing Climate Business: Assessing Investment Climate for Climate Friendly Technologies" <ul style="list-style-type: none">• Mani S. Muthukumara, Senior Environmental Economist, The World Bank, New Delhi |
| 19:20 - o.e. | Networking Dinner |

December 2, 2010

- | | |
|---------------|--|
| 09:30 - 10:30 | Opening Remarks and Keynote Address
Opening Remarks <ul style="list-style-type: none">• Michael Mowlam, Director, Inspiris Ltd. Keynote Address <ul style="list-style-type: none">• Dr. Ram Sai Yelamanchili, Head - ECB Center of Excellence India, Bayer Material Science Private Limited Key questions <ul style="list-style-type: none">• Investment climate for climate Investment: status of the international debate• How can the shift towards a low-carbon economy be accelerated?• How can the poor be included into the new green economy? |
| 10:30 - 12:00 | Plenary Session - Investment Climate for Climate Investment
Objective <p>The plenary session laid the ground for the subsequent workshop sessions. It introduced participants to the main topics and identifies the most important issues, interdepend-ences and best practices. The perspectives of different stakeholders were laid out.</p> |

Key questions

- What are the current hurdles hindering climate mitigation related investment in developing and industrialised economies and how can they be overcome?
- What are the global and national prerequisites for fostering business dynamics for climate investment and inclusive, low-carbon growth?
- How can funding from public and private sources be mobilised so that investments for inclusive, low-carbon economies can be made?

Panellists and Commentators

- Dr. Sujata Gupta, Head, Private Sector India Resident Mission, Asian Development Bank
- Prof. Dr. Andreas Rechkemmer, Executive Director, International Human Dimension Programme on Global Environmental Change
- Arun Kashyap, Senior Policy Advisor, Private Sector Division, UNDP
- Stanley Subramoney, Deputy CEO, Price Waterhouse Coopers and Member of the Supervisory Board of the NEPAD Business Foundation
- Dr. Felix-Michael Weber, CEO, Elephant Equity GmbH
- Satish Mandhana, Managing Partner, IDFC Private Equity

12:00 - 13:00

Lunch

13:00 - 16:15

Parallel Working Group Sessions

The following workshops built on the introduction given in the panel discussion. They were participative in nature and sought to identify the most urgent topics regarding Governance, Finance, and BoP/Inclusive business and Climate Change.

- [Workshop I - Investment Climate for Climate Investment: Governance](#)
- [Workshop II - Investment Climate for Climate Investment: Finance](#)
- [Workshop III - Climate and the Base of the Pyramid: Innovative Business Models](#)

Outcomes for all Workshops:

Development of a Road Map for further activities within the dialogue programme including

- Issues to be addressed in upcoming conference series and additional events
- Cross linkages of key topics governance, low-carbon economy and inclusive growth
- Further stakeholders to be included

Workshop results were presented in the Feedback Session.

16:15

Coffee and Tea Break

16:30

[Feedback Session: Pushing the Process forward: A Roadmap to the International Business Fora 2011-2012](#)

17:30

Closing Remarks

- Dr. Luiz Ramalho, Director, Sustainable Business Development, InWEnt
- Seema Arora, Principal Counsellor & Head CII-ITC Centre of Excellence for Sustainable Development

Workshop I Investment Climate for Climate Investment: Governance

Objective

The aim of the workshop "Investment Climate for Climate Investment: Governance" was to foster dialogue between the private sector, government representatives, development experts and stakeholders from the civil society and academia about how institutional frameworks and governance conditions for climate investment can be improved. Obstacles and their solutions shall be jointly defined in areas such as global climate policy, international trade, national frameworks and governance issues and intellectual property rights.

Key questions

- What are the necessary global and national institutional frameworks and governance conditions to optimise the effectiveness of private and public capital flows for climate investment?
- How can national climate and energy policies and frameworks liberate the dynamics of the private sector?
- How can national governance issues influencing the investment climate, including accountability and respect of intellectual property be improved?
- How can the IBF conference series contribute to improving the attractiveness of climate investments?

Moderator

Michael Mowlam, Director, Inspiris

Panellists

- Prof. A. Damodaran, Indian Institute of Management, Bangalore
- Nicholas Guede, Programme Specialist, United Nations Development Programme (UNDP), TICAD/UNDP Regional Bureau for Africa Instituto Ethos, tbc
- Prof. Dr. Andreas Rechkemmer, Executive Director, International Human Dimension Programme on Global Environmental Change
- Ricardo Young, President Emeritus, Instituto Ethos
- Busso von Alvensleben, Deputy Director, KfW Office India

Workshop II Investment Climate for Climate Investment: Finance

Objective

This workshop focused on the financing of climate mitigation and low-carbon investments, especially on the role of the private sector in financing investments such as in renewable energies. Obstacles and bottle necks were identified. The efforts that governments, financial institutions and the private sector need to make were determined. The main issues to be taken up in the further process of the project with its International Business Forums were defined.

Key questions

- How can public financial resources for combating climate change be combined effectively with private sector investments?
- How can be assured that also small-scale projects and SMEs from industrialised and emerging/developing countries have improved access to climate finance?
- How can climate finance be reached out to the poor (e.g. rural electrification)?
- Which skills are lacking at which level to speed up the development of a climate investment market?
- How can the IBF conference series contribute to raising awareness and building capacity on financing climate investments?

Moderator

Dr. Jürgen Bischoff, Senior Advisor, adelphi

Panellists

- Tahar Achour, President, National Chamber of Renewable Energies Tunisia
- Parvathi Belur, Manager, Strategic Initiatives, SELCO India
- Antje Fuchs, Director Portfolio Management India, DEG
- Usha Rao, Project Manager, Carbon Finance Group, KfW Office India
- Dr. Sujata Gupta, Head, Private Sector India Resident Mission, Asian Development Bank
- Mareike Hussels, Consultant, Triodos Facet
- Dr. Felix-Michael Weber, CEO, Elephant Equity GmbH

Workshop III Climate and the Base of the Pyramid: Innovative Business Models

Objective

The workshop addressed climate-friendly business models that integrate the “base of the pyramid”. It sought to identify and analyse business concepts that are beneficial for people living in poverty, understanding this underserved group both as consumers and producers. Based on their diverse experiences best practices and innovative business models were identified and ways to promote these were discussed.

Key questions

- Which business models can be developed to ensure adaptation and mitigation at the bottom of the pyramid, especially with regards to the rural poor?
- How can successful and sustainable BoP business models be replicated and disseminated, both within and between countries?
- What role can large companies play in integrating the BoP into their business models?
- How do grass-roots BoP endeavours, including social entrepreneurship, differ from corporate approaches?
- How to combine new ventures and advances in climate change related technology with BoP business models?
- How can the BoP concept and innovative business models be integrated into the conference series?

Moderator

Adrian Ristow, Director, Inspiris

Panellists

- Nazeeb Arif, Vice President, ITC Ltd
- Dr. Arun Kumar, President, Development Alternatives Group
- Dr. Helen Marquard, Executive Director, SEED Initiative
- Rich Cohen, Distant Village Inc
- Andy Schroeter, Director, Sunlabob Renewable Energy Ltd
- Leena Wokeck, Director, CSR Asia Center at AIT

4. Participants

Acharya, Jagabandhu, Dr, Director, InWEnt gGmbH / Gesellschaft für Internationale Zusammenarbeit (GIZ), GmbH, India

Achour, Tahar, President, National Chamber of Renewable Energies, Tunisia

Agster, Rainer, Senior Project Manager, Adelphi, Germany

Ahluwalia, Tej Paul, Deputy Director, General (Sr. Grade) / Scientist-F & Chief, HSR., Indian Council of Medical Research, India

Aldrian, Lisa, Program Manager, Assist Asia Mumbai, India

Arif, Nazeeb, Vice President, ITC Limited, India

Arora, Seema, Principal Counsellor & Head CII-ITC Centre of Excellence for Sustainable Development, CII-ITC Centre of Excellence for Sustainable Development, India

Baliga, General Manager Tech Services, Indian Oil Corp., India

Belur, Parva thi, Manager - Strategic Initiatives, SELCO, India

Bermanakusumah, Ramdhon, Prof Dr, President, Indonesian Capacity Building Development (INCABIN), Indonesia

Bischoff, Jürgen, Dr, Senior Advisor, Adelphi, Germany

Bürskens, Heike, Senior Project Manager, InWEnt gGmbH / Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH, Germany

Chamarty, Chalapati Rao, Dr, Director grade and Senior most scientist, Air Pollution Control Division, National - Environmental Engineering Research Institute, India

Chundara, Virasack, National Project Coordinator, Cleaner Production Center Lao PDR, Laos

Cohen, Richard, President, Distant Villages Inc, USA

Damodaran, Appukuttan, Prof, Professor, Indian Institute of Management Bangalore, India

Das, S.C., General Manager, Indian Oil Corp., India

Dewan, Arvind

Duyenku, SR, Wennie Vasco, CEO, Regional Engineering and Development Services, Liberia

Edy Imang, Ema Yunida, Program Manager, Pelangi Indonesia, Indonesia

Engel, Marcel, Managing Director World Business Council for Sustainable Development, Switzerland

Engel, Denise, Project Manager, InWEnt gGmbH / Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH, Germany

Fromme, Jörg-W., Dr, CEO, DFIC Consulting, Germany

Fuchs, Antje, Director Portfolio Management India, DEG, India

Ghosh, Dipankar, Partner, Ernst & Young, Climate Change & Sustainability Services, Advisory Services, India

Gouede, Nicholas, Programme Specialist, United Nations Development Programme (UNDP), USA

Gupta, Sujata, Head, Private Sector India Resident Mission, Asian Development Bank (ADB), India

Helming, Stefan, Country Director, Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ) GmbH / Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH, India

Henzler, Mikael P., CEO, Adelphi, Germany

Hoffmann, Berthold, Senior Project Manager, InWEnt gGmbH / Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH, Germany

Hussels, Mareike, Consultant Sustainability, Triodos Facet Bank, The Netherlands

Ilboudo, William, Managing Director, ISOMET Sarl, Burkina Faso

Jain, Vikas, Director, Bhansali Udyog (P) Ltd, India

- Kashyap, Arun, Senior Advisor, Private Sector Development, United Nations Development Programme (UNDP), USA
- Kaul, S, DGM, GM (SHE) Indian Oil Corp., India
- Mohan, KS, Colonel, Assistant Professor, Amity University AIBS, India
- Kultar, Verma, Senior Technical Specialist- FS (MSME), Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ) GmbH / Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH, India
- Kumar, Amit, Senior Technical Specialist BDS, Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ) GmbH / Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH, India
- Kumar, Arun, India
- Lakshmikanth, Subramaniam, Manager- Business Development for Training and Consulting business field, TÜV Rheinland / New Delhi, India
- Lin, Sherin, Director, Training & Consulting, Greater China TUV, TÜV Rheinland Shenzhen, China
- Luntayao, Rosauro, Manager, CSR, Roxas Holdings Inc., Philippines
- Mandhana, Satish, Managing Partner, IDFC Private Equity, India
- Mandizha, Naume, Executive Director, GNK Laboratories T/A Zimlabs, Zimbabwe
- Marquard, Helen, Dr, Executive Director, SEED Initiative, United Kingdom
- Mewes, Heike, Consultant, Adelphi, Germany
- Mowlam, Michael, Moderator, Director, Inspiris Ltd., United Kingdom
- Mulenga, Sixtus, Chief Executive Officer, Tranter Zambia Ltd., Zambia
- Müller-Gerold, Judith, Project Manager, InWEnt gGmbH / Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH, Germany
- Muthukumara, Mani, Senior Environmental Economist, World Bank, India
- Mutz, Dieter, Dr, Programme Manager, GTZ-ASEM / Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH, India
- Natarajan, Hari, S3IDF The Small-Scale Sustainable Infrastructure Development Fund, India
- Neeraj, Khera, Dr, Project Manager, InWEnt gGmbH/ Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH, India
- Osae-Brown, Anthony, Lead Analyst FTI, BusinessDAY/ Financial Transparency Initiative, Nigeria
- Panaka, Petrus, Dr, Consultant, Directorate General Electricity and Energy Utilization, Danina Environmental Support Programme II, Indonesia
- Pandey, Sashi Raj, Chief Executive Officer, SHREE Investment and finance Company Ltd., Nepal
- Phimmasone, Aurelie, Program Director, Lao Institute for Renewable Energy (LIRE), Laos
- Platosen, Samarasam, Executive Director, Assist Asia Chennai, India
- Poudiougou, Abdoulaye, Coordinator (Director), Musars/Gesfinance Mali, Mali
- Prasad, Bhavna, Head - Business and Industry, World Wildlife Fund (WWF), India
- Ram, G.J., India
- Ramalho, Luiz, Dr, Director of Department , InWEnt gGmbH / Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH, Germany
- Ramsubbu, Nidhya, Germany
- Rao, Usha, Project Manager - South Asia, Kreditanstalt für Wiederaufbau (KfW), New Delhi, India
- Rechkemmer, Andreas, Prof. Dr., International Human Dimension Programme on Global Environmental Change (IHDP), Germany

4. Participants

Ristow, Adrian, Director, Inspiris Ltd., South Africa

RV, Anuradha

Schroeter, Andy, CEO, Sunlabob Renewable Energy Ltd., Laos

Shama, Sandeep, Dr, Manager, GM (SHE) Indian Oil Corp., India

Sharma, Ganga, Country Head-CSR & Sustainability at TÜV Rheinland Group, TÜV Rheinland New Delhi, India

Singh, Rahul, Associate Professor & Head - International Affairs, Birla Institute of Management Technology, India

Singh, Gurdeep, Prof, Dr, Professor & Head - Centre of Mining Environment, Department of Environmental Science & Engg., Indian School of Mines, India

Singh, Ishwer, Director (Law), Ministry of Environment & Forests, Government of India , India

Sodhi, Prabhjot, Centre for Environment Education, India

Sreenivas, Naranayan, Group Managing Director, Assist Asia, Philippines

Strasser, Cosima, Project Manager, Adelphi, Germany

Subramoney, Stanley, Deputy Chief Executive Officer, PricewaterhouseCoopers, South Africa

Sugathan, Mahesh, Consultant, World Bank, India

Suri, R.K., Director, Ministry of Environment & Forests, Government of India, India

Terré Blanche, Etienne, Managing Director, Pan African Agri Business Development Institute, South Africa

Trasi, Yeshwant G., Managing Consultant & Communications & Social Marketing Consultant, Management Development Systems Consultants (MDSC), India

Twigg, Caroline, India Coordinator, World Business Council for Sustainable Development (WBCSD), India

Umamaheshwaran, Krishanan, Deputy Team Leader, Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ) GmbH / Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH, India

Divakaran Nair, Unnikrishnan, Project Officer, Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ) GmbH / Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH, India

Va, Chanmakaravuth, Director, National Cleaner Production Center, Cambodia

von Alvensleben, Busso, Deputy Director, Kreditanstalt für Wiederaufbau (KfW), New Delhi, India

Wang, Chuanrong, Country Coordinator China, UNEP/ Wuppertal Institute Collaborating Centre on Sustainable Consumption and Production (CSCP), China

Weber, Felix-Michael, Dr, CEO, Elephant Equity GmbH, Germany

Wenzel, Tina, Intern, Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ) GmbH / Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH, India

Wokeck, Leena, Director CSR Asia Center at AIT, CSR Asia, Thailand

Yelamanchili, Ram Sai, Head - ECB Center of Excellence India, Bayer Material Science Private Limited, India

Young, Ricardo, Director Emeritus, Instituto Ethos de Empresas e Responsabilidade Social, Brazil

Kaysone, Laos

5. Bibliography and Endnotes

Climate Change Investment Governance

IISD: Climate Change and Global Governance. Which Way Ahead?

http://www.iisd.org/pdf/2008/geg_climate_gov.pdf

Climate Change Investment - Finance

UNEP: Investing in a Climate for Change Engaging the Finance Sector

<http://www.unep.fr/shared/publications/pdf/WEBx0140xPA-InvestClimateChange.pdf>

Global Investor Statement on Climate Change: Reducing Risks, Seizing Opportunities & Closing the Climate Investment Gap

http://www.unepfi.org/fileadmin/documents/InvestorStatement_ClimateChange.pdf

UNEP FI: Financing a Global Deal on Climate Change

<http://www.unepfi.org/fileadmin/documents/FinancingGlobalDeal.pdf>

Base of the Pyramid

WBI: Promoting Inclusive Innovation (India)

<http://siteresources.worldbank.org/WBI/Resources/indiainnovationfulldocument.pdf>

UNDP: Poverty and Climate Change - Reducing the Vulnerability of the Poor through Adaptation

http://ec.europa.eu/development/icenter/repository/env_cc_varg_poverty_and_climate_change_en.pdf

UN: The Millennium Development Goals Report

<http://www.un.org/millenniumgoals/pdf/MDG%20Report%202010%20En%20r15%20-low%20res%2020100615%20-.pdf>

Business and Climate Change

Econsense "Climate Protection - on Successful Paths?" (November 2007)

UNDP „Business Innovation to Figh CLimate Change and Poverty“

InWent: Capacity Building to Manage Climate Change - Partnerships for Mitigation and Adaptation.

http://www.inwent.org/imperia/md/content/a-internet2008/portaliz/umweltundernaehrung/klima_folder_einleger_jan__2010_final.pdf

Imprint

Published by
Deutsche Gesellschaft für Internationale
Zusammenarbeit (GIZ) GmbH
Division 4.05 Sustainable Technologies,
Industrial and Urban Development/LeWi
Friedrich-Ebert-Allee 40
53113 Bonn, Germany
T +49 228 4460-0
F +49 228 4460-1766
I www.giz.de

Bonn, April 2011

Responsible:
Heike Bürskens
T +49 228 4460-1106
F +49 228 4460-1480
E heike.buerskens@giz.de

Authors:
Heike Bürskens
Denise Engel

adelphi consult GmbH
Caspar-Theyss-Strasse 14a
14193 Berlin, Germany
Cosima Strasser

DFIC
Zweigertstr. 43
45130 Essen, Germany
Dr. Jörg-W. Fromme

Editors:
Heike Bürskens
Denise Engel

Photo credits:
GIZ GmbH

Layout:
Gudrun Näkel

Printed by:
ZYPRESSE, Aachen
on FSC paper



GIZ - Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH

Broad-based expertise for sustainable development - under one roof

Working efficiently, effectively and in a spirit of partnership, we support people and societies in developing, transition and industrialised countries in shaping their own futures and improving living conditions. This is what the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) is all about. Established on 1 January 2011, it brings together under one roof the long-standing expertise of the Deutscher Entwicklungsdienst (DED) gGmbH (German development service), the Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ) GmbH (German technical cooperation) and InWEnt - Capacity Building International, Germany. As a federally owned enterprise, we support the German Government in achieving its objectives in the field of international cooperation for sustainable development.

GIZ operates in more than 130 countries worldwide. In Germany we maintain a presence in nearly all the federal states. Our registered offices are in Bonn and Eschborn.

Deutsche Gesellschaft für
Internationale Zusammenarbeit (GIZ) GmbH
Friedrich-Ebert-Allee 40
53113 Bonn, Germany
T +49 228 4460-0
F +49 228 4460-1766
I www.giz.de

Our Partners

