CLIMATE INVESTMENT OPPORTUNITIES IN EMERGING MARKETS

UNLOCKING PRIVATE INVESTMENT

May 2017
PARIS AGREEMENT BY THE NUMBERS

Signed in 2015

196 countries

55 representing 55% GHGs needed to ratify

50,000 attendance at COP21
PRIVATE SECTOR PLEDGES WERE ALSO SIGNIFICANT

“Science-based” emission reduction targets - now over 200 companies

Portfolio Decarbonization Coalition: Investors with $600 bn

Commercial banks: $200 Bn+ pledges for clean energy

Over 1,200 global companies support carbon pricing and are pricing CO2 already

Global Alliance on Buildings and Construction launched

Corporate 100% RE commitments from 90 multinationals

$ billions in Cleantech investment
21 rapidly growing emerging markets
Representing 62% percent of the world’s population and
48% of global GHG emissions

$23 TRILLION CLIMATE-SMART INVESTMENT OPPORTUNITY TO 2030

Green buildings in East Asia: $16 trillion potential, mostly concentrated in new green buildings

Energy efficiency and transport in Eastern Europe: $665 billion potential, where energy efficiency is priority sector

Renewables in Middle East and North Africa: $265 billion potential, over one third for RE generation & 55% for urban solutions

Sustainable transport in Latin America: $2.6 trillion potential, almost 60% for transport infrastructure

Accessible clean energy in Africa: $783 billion potential, including $123 billion for RE generation

Climate resilient infrastructure in South Asia: $2.5 trillion potential, for green buildings, transport, and energy efficiency

21 rapidly growing emerging markets
Representing 62% percent of the world’s population and
48% of global GHG emissions
COUNTRY SNAPSHOT: BANGLADESH IN 2020

Renewable energy

- Solar PV: $4B
- Wind: $3B
- Biomass: $0.1B

Bangladesh's climate-smart investment potential in renewables by 2020: $7.1B

Urban infrastructure

- Buildings: $11B
- Transport: $2B
- Waste: $0.2B

Bangladesh's climate-smart investment potential in urban infrastructure by 2020: $13.2B

Priorities for Bangladesh to attract more climate-smart investment

**PROMOTE CLIMATE SMART AGRICULTURE**

Advance agribusiness through supporting seed resilience and climate insurance initiatives.

**EXPAND RESOURCE EFFICIENCY**

Establish energy use benchmarks and compliance mechanisms in energy-intensive sectors to stimulate industrial energy efficiency investments.

**TRANSITION TO A CLEANER POWER GRID**

Introduce robust commercial framework with transparent policies on PPAs, convertibility etc., to facilitate private sector participation in utility-scale projects. Regulations on metering and grid interconnection are needed to capitalize on the large market opportunity in industrial and commercial rooftop solar.

**BANGLADESH INDICATORS (2015)**

- Population: 161 million
- GDP: $195.1 billion
- GDP growth: 6.0%
- Inflation: 6.1%
- Ease of Doing Business rank: 172
- S&P credit rating: BB-
- FDI net inflows: $3.4 billion
- GHG emissions rank: 43 (2012)
- Renewable energy capacity: 250 MW

**LOW CARBON TARGETS**

- 10% renewable energy sources by 2020
- 3.1 GW of renewable capacity by 2021

**IFC CLIMATE BUSINESS (FY2010 – 2016)**

- Total climate finance: $20 million
- Energy efficiency: $29 million
HOW CAN WE UNLOCK THE $23 TRILLION OPPORTUNITY?

**ACHIEVE NDC GOALS**
- Short & long-term goals
- Budget allocations
- Align sector policies
- Get the prices right
- Market-based support
- Performance standards & mandates
- Transition Plan

**STRENGTHEN INVESTMENT CLIMATE**
- Reduce transaction costs
- PPP frameworks
- Investment policies
- Institutional capacity
- Transparent taxation & regulation
- Property rights
- Align financial regulations

**STRATEGIC USE OF PUBLIC FINANCE**
- Concessional blended finance
- Creating risk pools
- Aggregate smaller de-risked assets
- Strengthen capital markets
- Donor financing platforms

Increased government – business cooperation is essential