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Federal Ministry
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European
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based on a decision of the German Bundestag

Kick-off Workshop in the Czech Republic
15 January 2019

CIC2030 methodology for tracking national energy and climate investment flows

Case study of German climate finance landscape 2010/2016

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- *Regulation on the Energy Union Governance requires designing national energy & climate plans (NECPs)*
 - *Annex I: a binding template*
 - *Section 3 “Overview of investment needs”*
 - *Chapter 5 on “Impact assessment of planned policies and measures”*
 - *existing investment flows into decarbonization*

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Introduction

Climate finance landscapes / climate and energy investment maps:

- ▶ comprehensive bottom-up mapping of financing flows dedicated to climate change action and energy transition
- ▶ covering both end-investment and supporting financial flows from public and private stakeholders
- ▶ drawing the picture of how the financial value chain links sources, intermediaries, project managers and the end investment (EEA)

CIC2030:

| | |
|---------------|------|
| 2019: Germany | IKEM |
| 2019: Czechia | CVUT |
| 2019: Latvia | RTU |

Existing studies:

| | | | |
|---------------------|-----|---------------------|-----------|
| 2011 – 2017: Global | CPI | 2014 – 2017: France | I4CE |
| 2012: Germany | CPI | 2016: Belgium | Trinomics |
| 2014: Indonesia | CPI | 2017: Côte d'Ivoire | CPI |

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Introduction

Specific questions are:

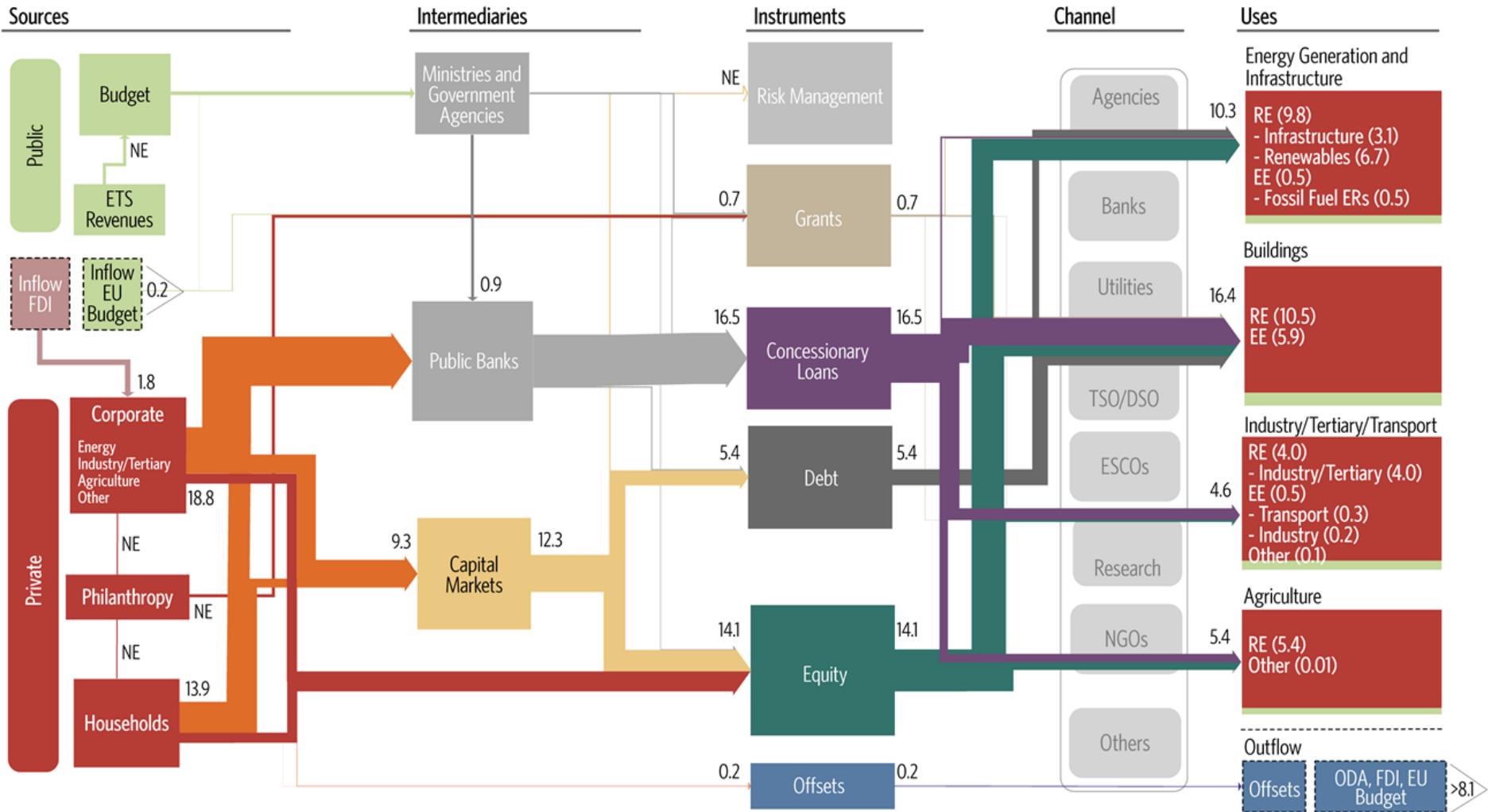
- ▶ How much capital was invested climate and energy transition in 2016?
- ▶ Who were the main investors and what made this investment possible?
- ▶ What financing instruments were the most common?
- ▶ What type of measures were invested in?
- ▶ What has changed since 2010?

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Germany 2010



Advantages and limitations of the concept

▶ Advantages:

- ▶ A visual snapshot of stakeholders, finance flows, and recipient
- ▶ Potential over- and underspending for further investigation
- ▶ Comparing countries' landscapes may help understand how to improve policies

▶ Limitations:

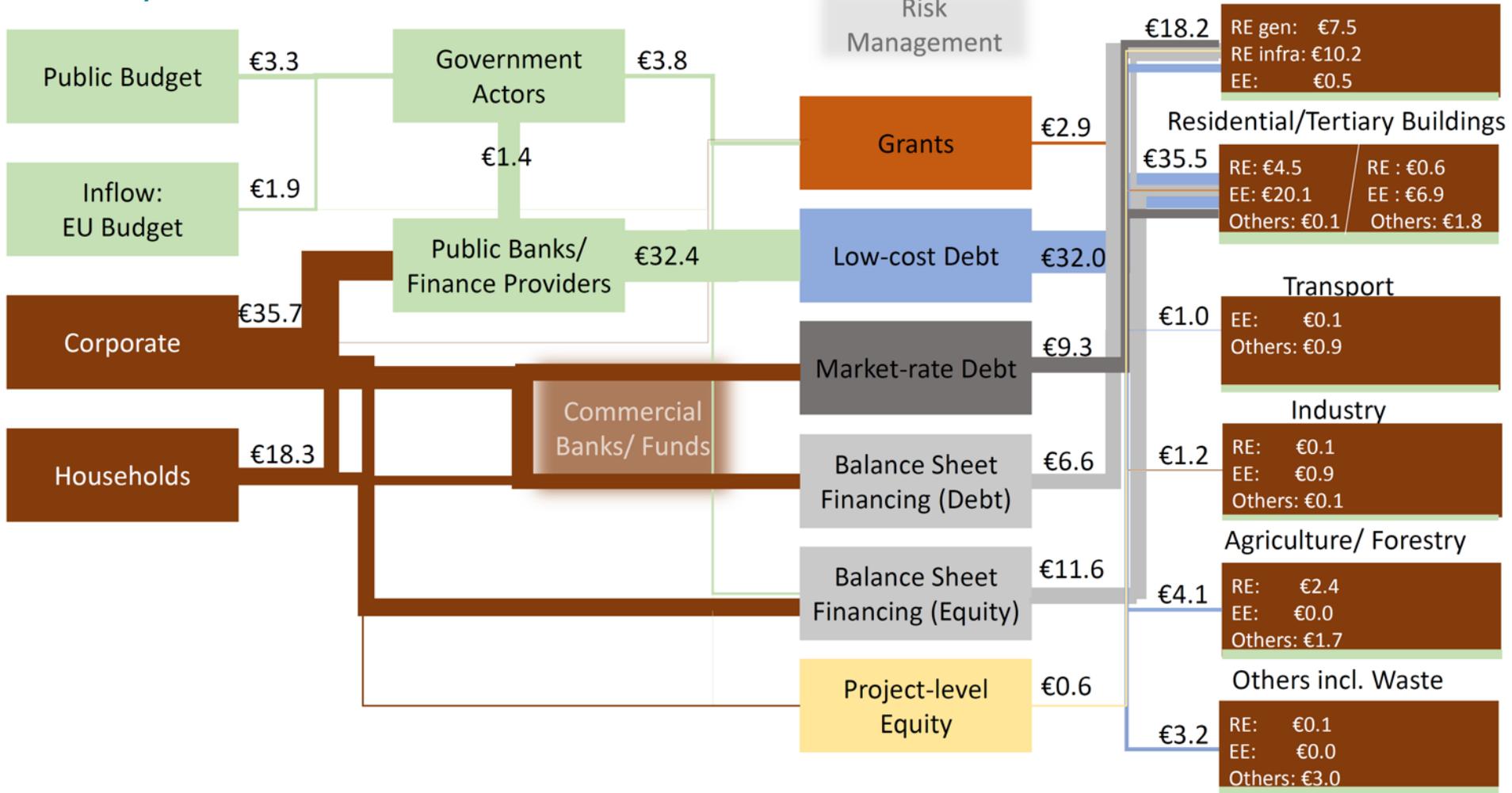
- ▶ A significant amount of input data
- ▶ The results do not permit to assess directly
 - The impact or effectiveness of policies and actions
 - Gaps to reach climate targets
 - Leverage of private money by public finance

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Germany 2016



Scope and boundaries

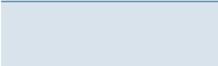
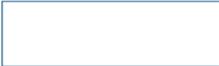
- ▶ Temporal + sectoral scope – mitigation / adaptation when the latest data is available:
 - ▶ Energy generation and grid, industry, buildings, transport, agriculture
- ▶ Measures:
 - ▶ Climate-specific investment vs. climate-related
- ▶ Investment scope:
 - ▶ Tangible vs. intangible investment
- ▶ Financial instruments:
 - ▶ Primary flows (cost of capital, feed-in-tariff etc are not reflected)
- ▶ Cost definition:
 - ▶ Incremental vs. total capital investment

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Scope and boundaries

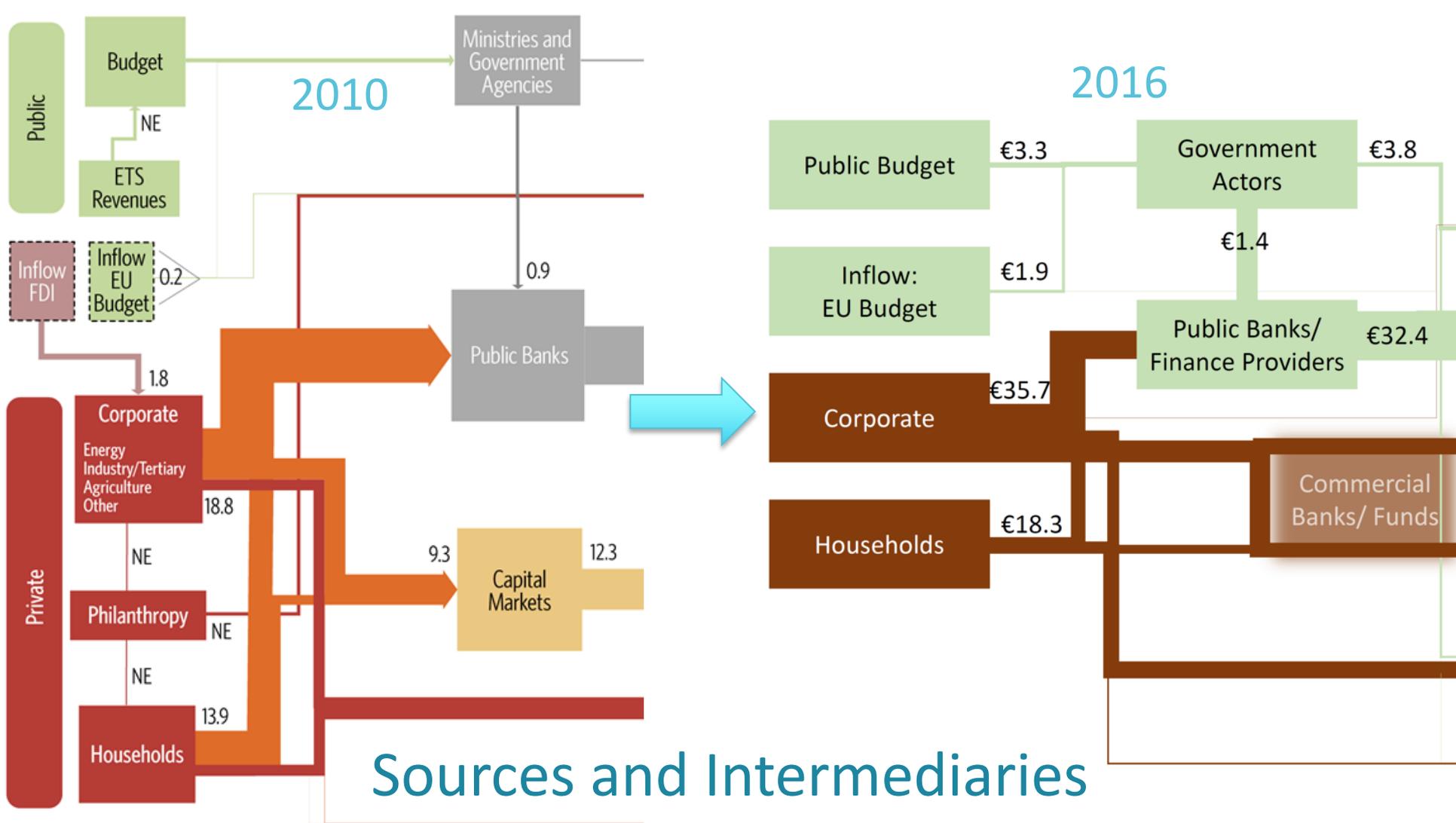
| | CLIMATE-SPECIFIC INVESTMENT | | CLIMATE-RELATED INVESTMENT | |
|-------------------|--|--------------------------|--|--------------------------|
| | INCREMENTAL COST | TOTAL CAPITAL INVESTMENT | INCREMENTAL COST | TOTAL CAPITAL INVESTMENT |
| TANGIBLE | Energy efficiency, non-energy related reduction measures | Renewable energy | Measures that deliver co-benefits in terms of emission reduction e.g. agri-environmental measures, investment in transport modal shift, etc. | |
| INTANGIBLE | R&D, information policies, training, and capacity building | | | |
| |  Included in the German Climate Finance diagram | |  Included in discussion | |

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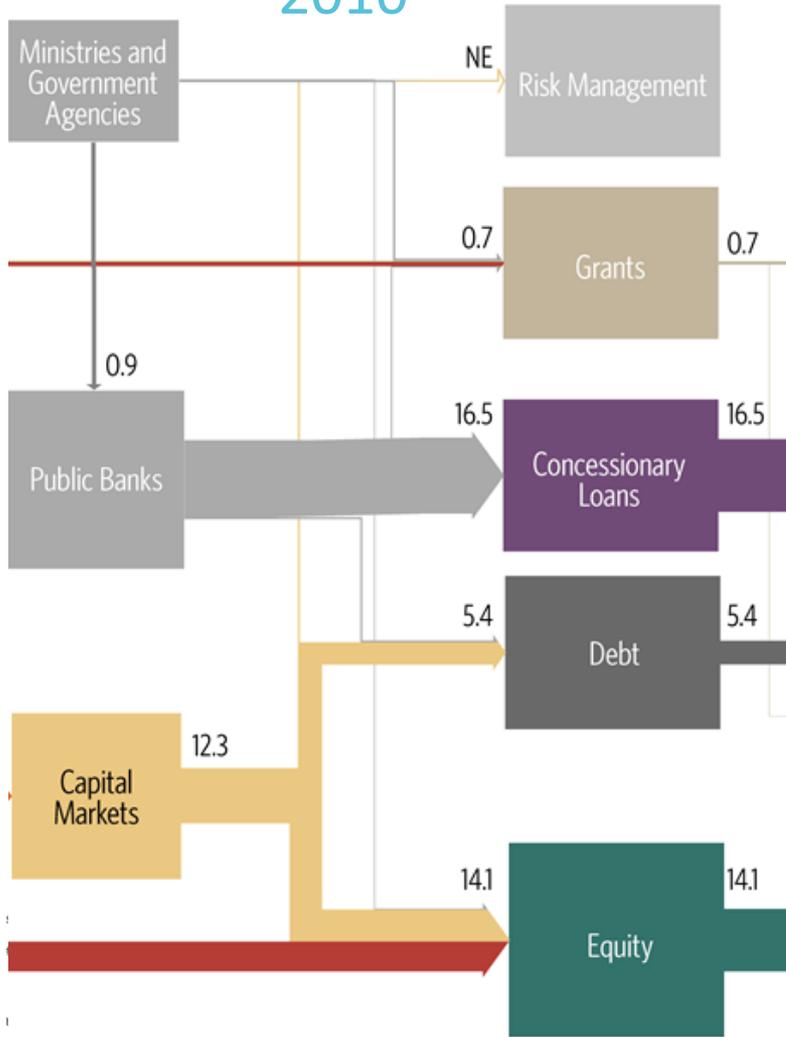


Source: CPI (2012)

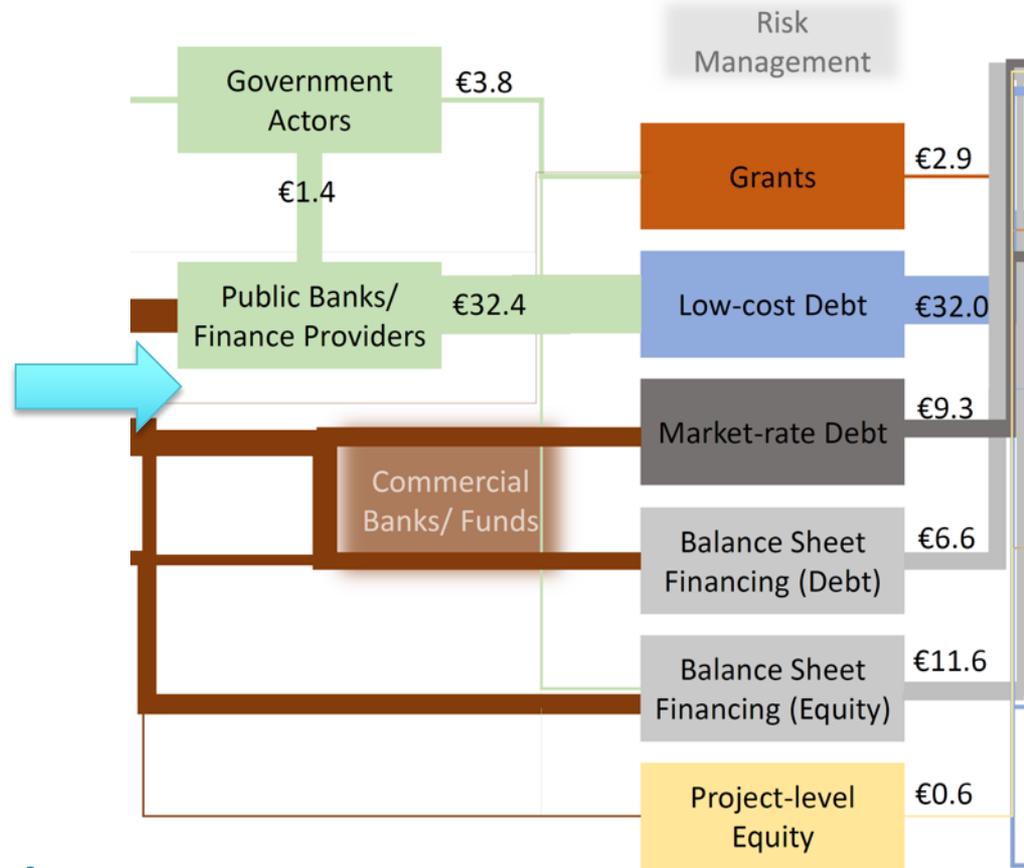
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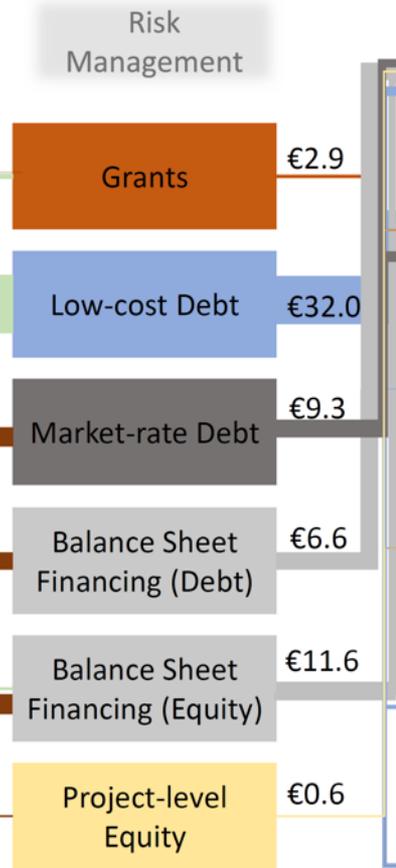
2010



2016



Instruments

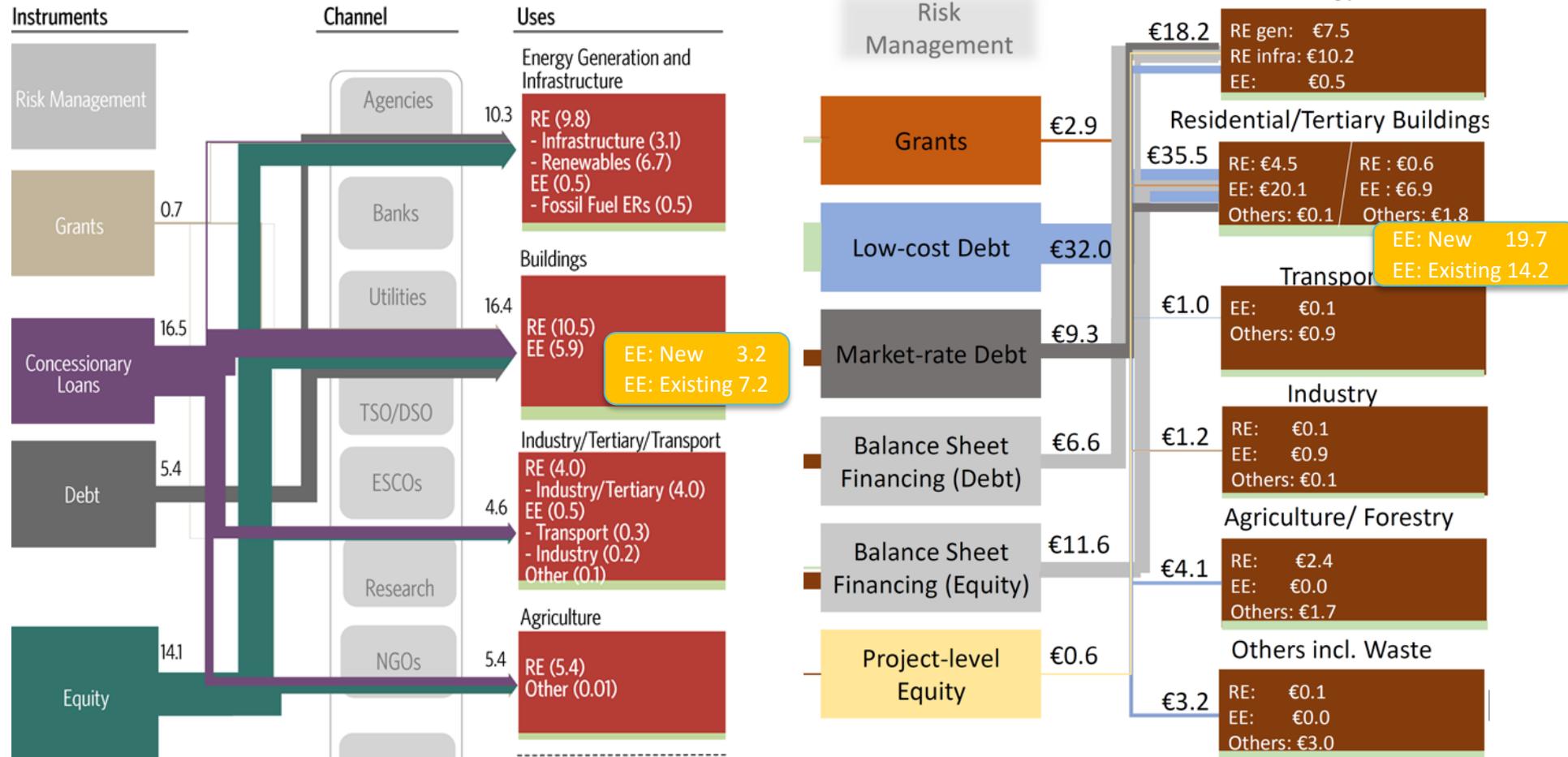


Uses

2010



2016



Discussion points

- ▶ Map concept:
 - ▶ Sources, intermediaries, instruments, sectors and their segments
- ▶ Map elements:
 - ▶ Sources, intermediaries, instruments, sectors and their segments
- ▶ Sectoral scope – mitigation:
 - ▶ Energy generation and grid, industry, buildings, transport, agriculture
- ▶ Measures:
 - ▶ Climate-specific investment vs. climate-related
 - ▶ Tangible vs intangible
- ▶ Cost definition:
 - ▶ Incremental vs. total capital investment

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IKEM – Institut für Klimaschutz,
Energie und Mobilität e. V.
Magazinstraße 15 – 16, 10179 Berlin

www.ikem.de