



SUSTAINABLE
ENERGY
FINANCE
INITIATIVE

Sustainable Energy Finance *Creating the Climate for Change*

Eric Usher

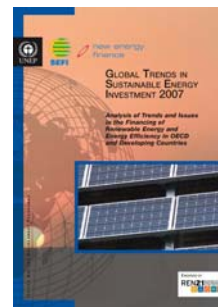
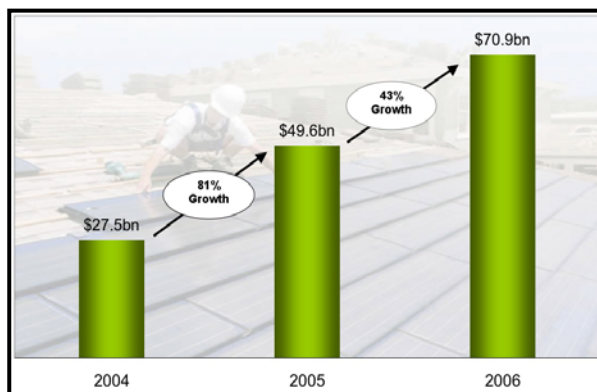
Head, Renewable Energy and Finance Unit
Coordinator, Sustainable Energy Finance Initiative

*Conference: Climate Change and Financial Services,
Frankfurt, August 30th, 2007*

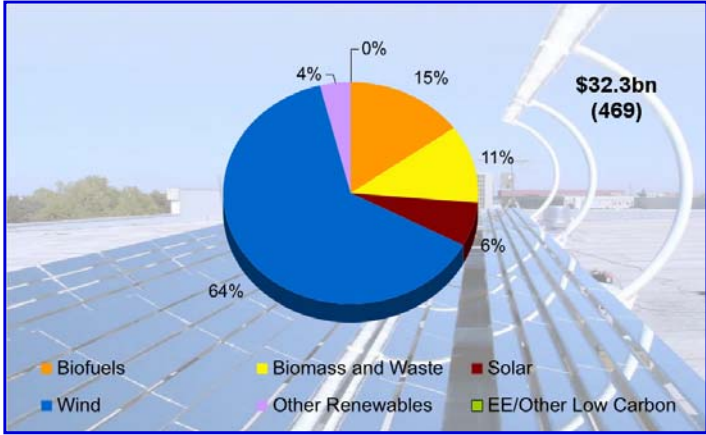
United Nations Environment Programme
Division of Technology, Industry & Economics (DTIE)

Sustainable Energy Investment

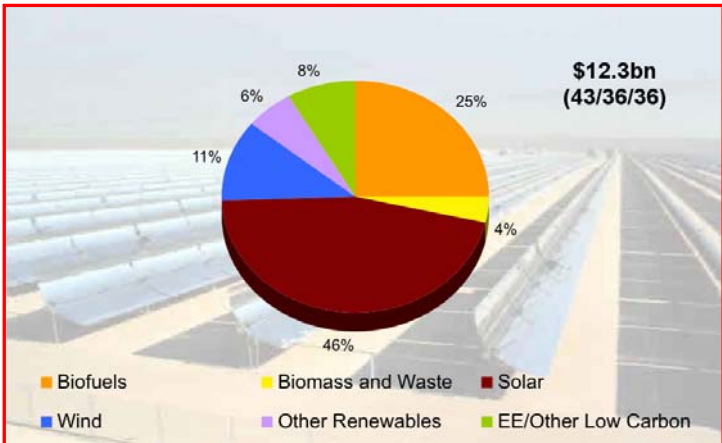
*Disruptive change in the making
or just a fad ?*

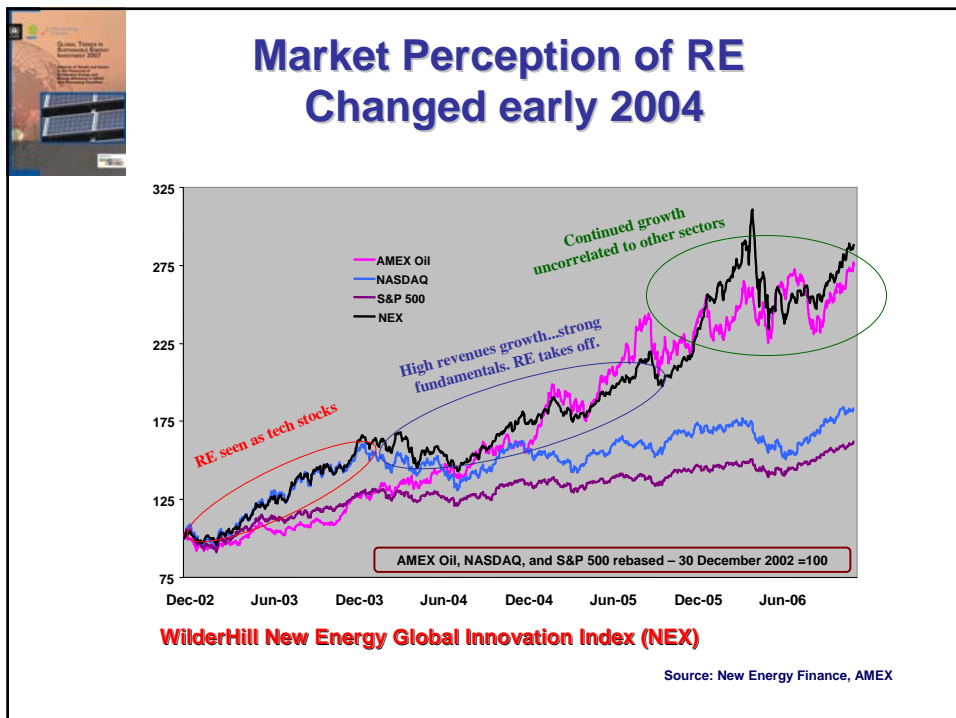


Asset Financing by Technology, 2006

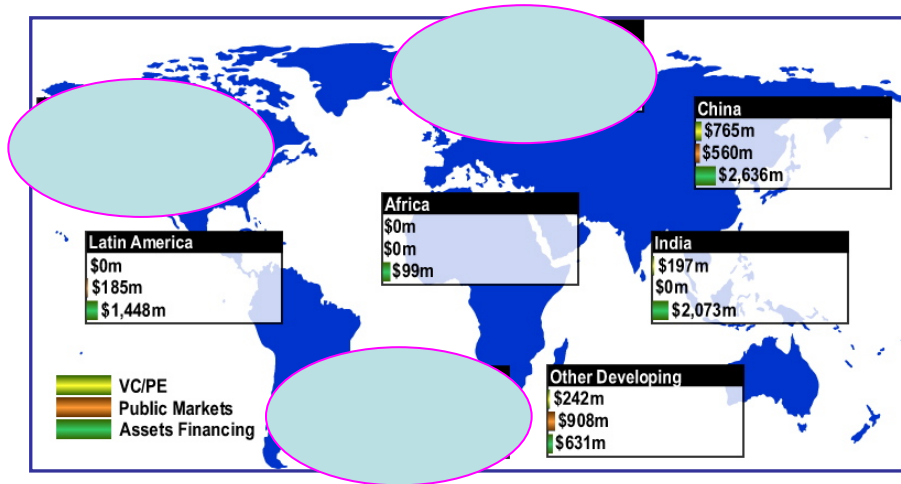


Public Market Investment by Technology, 2006

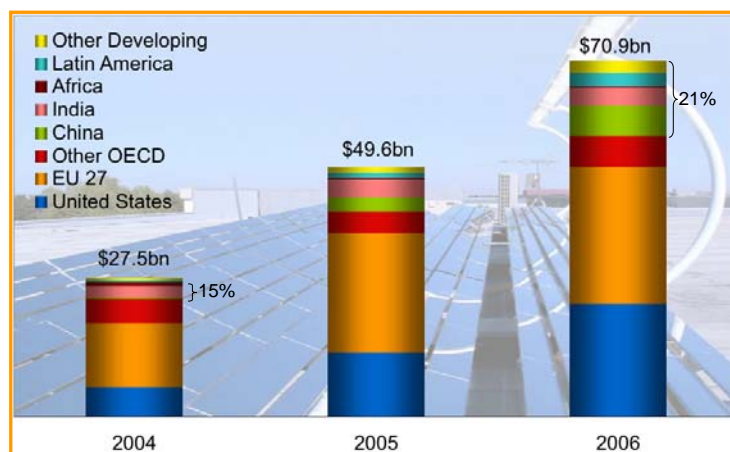




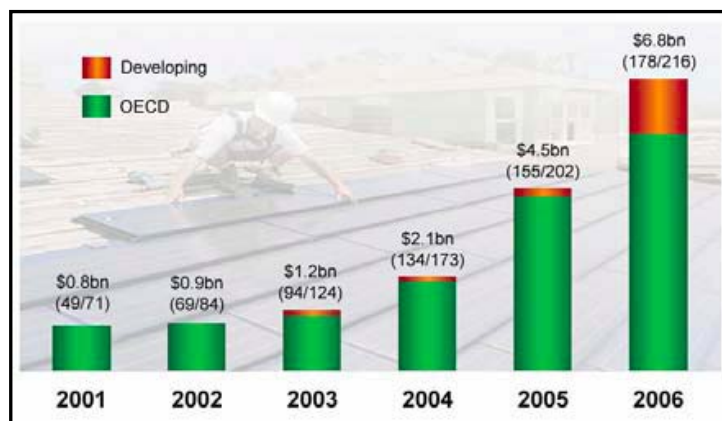
Global Sustainable Energy Investment by type and Region, 2006



Sustainable Energy Investment by Region



Venture Capital & Private Equity Investment by Region 2006



Trends in Developing Countries

- **Capital starting to shift** to developing countries, from 15% of global total in 2004 to 21% in 2006.
- **Stronger flows from outside**, as well as **private capital mobilising** within markets.
- **Fast-growing energy demand** combined with shallow/unstable capital markets
 - Will continue to **skew investment** towards easier to finance fossil generation.



Big challenges remain

- A few markets and project types capturing most of the investment.
- **New coal** generation still going up faster than low-carbon alternatives.
- And the scale of the challenge is massive
 - **E.g. Asia would require \$45 billion/yr** just to match EUs 20% target for RE
 - China has already aimed for 16%

UNEP Engagement with the Finance Sector

1. Help foster low carbon finance community

- Industry Engagement Partnerships and Platforms
 - **Finance Initiative** (Climate Change Working Group)
 - **Sustainable Energy Finance Initiative**

2. Catalyse first movers in developing world

- For Small scale technologies (solar, biogas, EE)
 - Improve access to **innovation capital** for clean energy SMEs
 - Help local banks to set up **consumer credit** portfolios for clean energy products
- For Large scale technologies (wind, hydro, geothermal)
 - New insurance and non-insurance **risk management** instruments
- Carbon finance
 - Build CDM institutional capacity
 - **Forestry and biofuels**



*The UNEP
Sustainable Energy Finance Initiative*



*Foster a sustainable energy finance community
that brings together financiers and catalyses
public-private alliances to share costs
and lower barriers to investment.*

<http://sefi.unep.org>

Eric.Usher@UNEP.fr



THANK YOU!