



Why a discussion on Climate Finance

at the Encuentro EUROCLIMA+?

Horst Pilger
European Commission, EuropeAid G/2

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Some thoughts on climate finance (1)

- According to the World Economic Forum by 2020 annual investment needs in green infrastructure for climate to adapt to and mitigate climate change will be about USD 5.7 trillion
- Of this amount, more than 80% is thought to be needed in the developing world (OECD)
- Public finance will clearly be insufficient to meet this level of spending
- **Conclusion 1:** countries will need to attract private capital and scale up investment in low carbon and resilient infrastructure on *a massive, unprecedented scale*

Some thoughts on climate finance (2)

- Latin America is a region already on the frontlines of climate change, as we have seen in many recent cases (e.g. the floods in Peru in April this year)
- ***Brace yourselves: more is coming your way!!!***
- The NDCs are a crucial starting point, but not sufficient: the NDCs need to be transposed into appropriate national investment policies and action plans for key sectors; Governments will need to take the lead

Conclusion 2: Government leadership will be crucial

- EUROCLIMA+ can offer assistance

Some thoughts on climate finance (3)

- Investment in green infrastructure makes sense also for the private sector investors: there is no point having money in the bank if the planet is going down the drain!
- The question is how to channel significant private savings into climate investments in a way that makes economic sense for the investor

Conclusion 3:

**the objective is clear,
but we need to put it in practice!**



The role of grant programmes such as EUROCLIMA+

- Any amounts that grant-funded initiatives (such as EUROCLIMA or EUROCLIMA+ or the NDC Partnership) can provide are bound to be only drops into an ocean of investment volumes needed
- However, we need to ensure that the limited grant funding available is used in the most strategic way and as a catalyst
 - 1. to pave the way for more investments in key sectors and**
 - 2. to help lowering investment barriers**



Implications of these thoughts for discussions today and tomorrow

- This morning we will hear from practitioners about problems they encounter in preparing bankable projects and thus mobilising climate finance here in Latin America. We will also briefly hear about the EU's blending facility (LAIF).
- In the afternoon we will discuss possible solutions to some of these challenges, and see if there are any challenges where EUROCLIMA+ should focus its assistance
- This should then also feed into the discussions that we will have tomorrow on some key sectors of EUROCLIMA+ activity:
 - (1) energy*
 - (2) urban mobility*
 - (3) resilient food production*
 - (4) urban water*



For this discussion it is worth keeping in mind some of EUROCLIMA+ strengths...

- Through the involvement of five Agencies from EU Member States: easy access to experiences in the EU and elsewhere
- Two of these implementing agencies are themselves involved in providing investments: AFD and AECID
- Good track record among some agencies in mobilising south-south cooperation to help ensuring that experiences gained in one country can be made available to another (FIIAPP)
- Continued cooperation with key partners such as CEPAL and UN Environment who can help providing advice, support and technical assistance



Therefore:

Let's get to work!

Gracias

Horst Pilger