CHALLENGES IN ACCELERATING PRIVATE SECTOR CLEAN ENERGY INVESTMENTS
CURRENT SCENARIO IN EMERGING MARKETS

- Large emitters of greenhouse gases
  - Developing economies account for two-thirds of global greenhouse gas emissions

- Highly vulnerable
  - They are also among the world’s most vulnerable regions with very large and increasing populations exposed to very high and often extreme climate risks

- Large financing gap
  - Significant mismatch between climate financing needs and current investment flows which will require private sector investments

What are the key challenges to mobilizing private sector investments?
MACRO RISKS

- High country risk perception
  - Emerging market countries are generally perceived as high risk: Fiscal deficit / country macro-economics, country credit ratings, etc.

- Challenging environment for foreign investments
  - These include topics such as taxes, laws for flow of capital, ownership restrictions, regulatory requirements

- Need for strong local banking and FX infrastructure to support investments
REGULATORY AND LEGAL ENVIRONMENT

- Regulatory policies
  - Need to be favorable, stable and long-term

- Judicial systems
  - Need fair and reliable judicial procedures and dispute resolution mechanism

- Ease of doing business
  - Availability of Permits, approvals, etc. in a timely and transparent manner

- Environmental, social, and governance compliance
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- Investors are more comfortable with proven technology such as utility scale wind and solar energy power projects

- Limited appetite to fund new technology / business models
  - The new technology is generally perceived as risky due to lack of track record

- Questions over supply chain

- Scalability of the business models
INTERNAL CHALLENGES FOR THE INVESTORS

- Limited exposure to emerging markets
- Lack of clarity on organizational objectives with regards to climate investments
- Limited bandwidth to work on new investment products
WHAT IS REQUIRED?

- Patience and Persistence

- Clear communication of investment thesis

- Innovative / appropriate financing structures
  - Blended finance, pooling of projects, public private partnerships, etc.

- Initiative from local financial institutions, multi-lateral / development finance institutions and private sector climate asset managers / funds

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THANK YOU