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**Global Green Growth Institute**

Fifth session of the Council

Seoul, 19-20 June 2014

### **Discussion paper: Review of the governance structure**

The Agreement on the Establishment of the Global Green Growth Institute (the Establishment Agreement) sets up a series of governance organs, including an Assembly, Council and Advisory Committee, as well as a supporting sub-committees, with the aim of creating a “new kind of interdisciplinary and multi-stakeholder international organization” with an appropriate level of guidance and oversight, as well as fostering collaboration “between developed and developing countries and the public and private sectors.”<sup>1</sup>

To help meet these goals, GGGI developed a governance system and set of decision-making processes that are demanding relative to the present size of the organization. After a year of operations as an international organization, it is clear that if we are to focus on program delivery, we will have to find a way to reduce the burden of time and resources dedicated to planning, conducting and following-up on governance related activities. In addition, if we are to safeguard the financial stability of the organization, ensure that all member countries remain engaged with the organization’s mission, and provide incentives for new members to join GGGI, we may need to revisit GGGI’s governance systems and look for areas for potential improvement.

The recent appraisal by Denmark<sup>2</sup>, for example, “found that establishing a proper division of responsibilities between the Council and GGGI – as secretariat – is a challenge that needs to be addressed in order for the Council to provide the clarity on direction and mandates that GGGI needs to deliver the expected results and develop as an organisation.” The appraisal also noted that it “has not always been easy for GGGI to determine exactly which decisions should be taken by the Council and which would fall under the mandate of the secretariat.”

In order to continue to strengthen the ability of GGGI, and the Secretariat in particular, to fulfill the mission of GGGI, we must find better ways to:

- Communicate more frequently and effectively with member countries the progress of the organization and the results of its strategy, programs and activities;
- Engage member countries, including countries that do not presently have GGGI programs, in the broader green growth policy agenda, including through exchange of policy experiences;

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<sup>1</sup> See preamble to the Establishment Agreement.

<sup>2</sup> See Appraisal of Danish core contribution to Global Green Growth Institute 2014-2016, pages. v and 19, available from:

[http://um.dk/da/~media/UM/Danish-site/Documents/Politik-og-diplomati/Nyheder\\_udenrigspolitik/2013/GGGI%20appraisal%20final%2028%20April%202014.pdf](http://um.dk/da/~media/UM/Danish-site/Documents/Politik-og-diplomati/Nyheder_udenrigspolitik/2013/GGGI%20appraisal%20final%2028%20April%202014.pdf)

- Improve the effectiveness and efficiency of GGGI’s governance organs in serving as platforms for collaboration, guidance, feedback as well as prudential oversight from member countries
- Ensure that there are clear lines of responsibility and accountability between the Assembly, Council and Secretariat, as well as the sub-organs, as necessary.

We believe there is an opportunity to streamline GGGI’s governance organs that will help meet the above objectives within the framework provided by the Establishment Agreement.

With these goals in mind, the Secretariat would request that the Council consider the following key questions:

1. What should be the proper role of the Council and the Assembly in decision-making?
  - a. Should the Assembly – which may reasonably be expected to grow as GGGI attracts new members – be limited to a largely ceremonial function?
  - b. How can the governance structure be improved to enhance the ‘say’ or influence of all members?
  - c. How can the governance structure be improved to increase the diversity of members and increase the sense of full membership and engagement by members?
2. Is the current Council structure meeting the current and future needs of the organization?
  - a. Should the structure of the Council be changed? Should the format and content of the meetings change?
  - b. If the Council remains fixed at 17 members, and if program countries are limited in number, what incentives do prospective members have to join the organization?
  - c. How do members view the possibility of provisional membership for countries that by GDP [or per capita income] would be expected to be contributing members?
  - d. Should the two-year term limit to Council membership be revisited?
  - e. Should the annual contribution<sup>3</sup> level be revisited?
3. Does the Council need the sub-committees – Facilitative Sub-Committee, Audit and Finance Sub-Committee, Program Sub-Committee, Human Resources Sub-Committee (not yet formed), and Advisory Committee – or would fewer such committees be sufficient?

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<sup>3</sup> Article 3(a) of the Establishment Agreement states: “The level and nature of contribution required to qualify as a contributing member shall be kept under review by the Assembly, and may be adjusted by the Assembly by consensus to support the growth of the GGGI over time.”

4. Does the Council see the Advisory Committee (see annex 2) – which, according to the Establishment Agreement, is an organ that was intended to advise the Council – as helpful?
5. Similarly, if an Advisory Committee would be helpful, how often should it convene in person? What incentive would potential public, multilateral or private sector members have to engage as members on such a committee? Would GGGI cover costs of travel for prospective members? Would GGGI provide an honorarium for potential members?

The Secretariat would welcome feedback and guidance from members of the Council on the above questions, with the understanding that it may not be possible to provide a comprehensive position on these matters during the present session.

As follow up to the Council discussion, the Council is requested to mandate the Secretariat to review the current governance structure and explore ways to improve it.

## Discussion paper: Advisory Committee

The purpose of this note is to provide an update to Council members on the status and next steps with regard to the Advisory Committee as proposed under the Agreement on the Establishment of the Global Green Growth Institute (GGGI) (the Establishment Agreement).

### Background

The Establishment Agreement provides for an Advisory Committee under Article 9:

“1. The Advisory Committee, as a consultative and advisory organ of the GGGI, shall have a key role in:

- a. serving as a forum for public-private cooperation on green growth; and
- b. advising the Council on the strategy and activities of the GGGI, including with regard to any synergies and linkages between the GGGI and other actors that may be pursued through Article 16.<sup>4</sup>

2. The Advisory Committee shall be composed of leading, relevant experts and non-state actors. Applications for membership to the Advisory Committee shall be presented to the Director-General in writing, and shall be approved by the Council in accordance with Article 8.5 e.

3. The Advisory Committee shall meet in regular session which shall be held once a year unless it decides otherwise.

4. The Advisory Committee shall adopt its rules of procedure, and may elect a Chair and a Vice Chair.”

### Previous Council session

At the previous session of the Council, the Secretariat proposed the following in Council paper C/4/11, which stated:

“In consideration of the role of the Advisory Committee, the GGGI Secretariat is in the process of establishing and operating a PPC Advisory Committee. The PPC Advisory Committee will strengthen GGGI’s public-private cooperation work stream while actively engaging with the private sector in developing GGGI’s future strategy for 2015-2020. The Secretariat seeks the Council's decision whether the PPC Advisory Committee described in Annex 1 could serve as the Advisory Committee stipulated in Article 9 of the Agreement.

If the Council chooses to consider, in principle, the PPC Advisory Committee as the Advisory Committee described in the Agreement, the Secretariat will draft the rules of procedure for the Advisory Committee and provide relevant follow-up measures for deliberation at the next session of the Council in 2014.”<sup>5</sup>

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<sup>4</sup> Article 16, Cooperative Partnerships: “1. The GGGI may establish cooperative relationships with other organizations, including international, intergovernmental and non-governmental organizations, with a view to further the objectives of the GGGI.; 2. The GGGI may also invite organizations with which it shares similar objectives in green growth, to enter into a strategic partnership for mutual cooperation on a medium or long-term basis.”

<sup>5</sup> See [http://gggi.org/wp-content/uploads/2013/11/18.-C.4.11.-Discussion-paper-Advisory-Committee\\_final.pdf](http://gggi.org/wp-content/uploads/2013/11/18.-C.4.11.-Discussion-paper-Advisory-Committee_final.pdf)

At the previous Council meeting, Council members agreed to the Secretariat's proposal, and therefore the agreed minutes of the session (C/4/MIN/1) state that:

“[Assistant Director-General for Public-Private Cooperation (PPC)] Mr. Schultze informed the Council that a Public-Private Cooperation Advisory Committee had held its first meeting on the morning of 5 December, composed of representatives from the financial, services and technology sectors as well as relevant industry associations and taking into account regional diversity. The Council agreed that this body should become the Advisory Committee as stipulated in Article 9 of the Establishment Agreement.”

#### **Update on activity and next steps**

Notwithstanding the Council's agreement at the previous Council session, the Secretariat has found that the scope of the PPC Advisory Committee, now referred to as the Business Council, and its current and anticipated membership is not easily transformed into the statutory Advisory Committee as conceived under the Establishment Agreement, as the Establishment Agreement Advisory Committee has a broader scope and encompasses the organization as a whole, rather than only PPC. In addition, the membership of the Establishment Agreement Advisory Committee would include members from different sectors rather than only the private sector.

Therefore, the Secretariat now proposes to leave the Business Council as a purely PPC activity.

The formation of the Establishment Agreement Advisory Committee will be considered further by the Secretariat in the context of the review and improvement of the GGGI governance structure.

## **Update on the Business Council, Workshops on “Energy Efficiency Finance” and “Institutional Investors and Low Carbon Technologies/Infrastructure”**

1. The Public-Private Cooperation (PPC) division co-convened with the Green Growth Action Alliance (G2A2), the Global Green Growth Forum (3GF), the German Federal Ministry for Economic Co-operation (BMZ), CDC Climat, the Climate Policy Initiative, Deutsche Bank, the International Chamber of Commerce (ICC), the International Energy Agency (IEA), the Organisation for Economic Co-operation and Development (OECD), SEB and Zurich two workshops on 1 April 2014:
  - “Energy Efficiency Finance”;
  - “Institutional Investors & Low Carbon Technologies/Infrastructure”
2. The 2<sup>nd</sup> Private Sector Advisory Committee meeting was held on 02 April 2014. Both the Workshops and the Business Council meeting were hosted by the ICC at their Paris headquarters.
3. The two workshops addressed key issues raised by the members of the Business Council during its first gathering in December 2013. As “Energy Efficiency Finance” and “Institutional Investors and Low Carbon Infrastructure/Technologies” are also key areas in the program of work of G2A2 – whose Secretariat is held by GGGI – the Alliance is managing these workstreams. More than 60 private and public participants attended each workshop (see attached participants list). Participants shared their experience of existing models and solutions, identified remaining barriers, and discussed options to unlock capital. These workshops constitute a first step in setting up coalitions to jointly devise solutions. Stocktaking will occur prior to the UN Secretary General’s Climate Summit in September 2014 and may lead to a joint proposal. Further reporting will occur at the next 3GF in Copenhagen in October 2014.
4. The 2<sup>nd</sup> Business Council meeting discussed the workshop outcomes. It allowed for comments on the RiskEx model, a risk assessment tool co-developed by the Climate Policy Initiative and GGGI. The Business Council, through its extensive network in developing countries, will allow for the creation of in-country steering committees to provide “reality checks” on domestic green growth plans.

Briefing notes on the outcomes of each workshop as well as on the Business Council are attached.

## Proceedings from the Workshop on Energy Efficiency Finance

01 April, 2014, ICC Hearing Centre, Paris

### 1. BACKGROUND

Improvements in energy efficiency in both residential and commercial/industrial sectors are key drivers of green growth. While long considered a low-hanging fruit, the transformative impact of energy efficiency improvements has been constrained by a number of factors:

- a. Lack of technical expertise and of awareness of opportunities and financial returns on improved energy efficiency
- b. Insufficient regulatory environment, particularly in emerging/developing economies
- c. Inadequate accounting standards
- d. Lack of private capital flow into this sector, which is connected to a. b. and c.

The workshop on Energy Efficiency Finance launched the process to assess existing models, address key financial barriers, and identify feasible models applicable to developing economies through active conversation and exchange among public and private sector players. The workshop is co-convened by ten public and private organizations.<sup>6</sup>

### 2. OBJECTIVE & PARTICIPANTS

This workshop aimed at bringing relevant public and private actors [“the Group”] to:

- a. Present existing models and share their key success factors taking into account that different asset classes (technical assets vs. real estate assets) have different return profiles (mid-term vs. long term);
- b. Characterize the scope for replicability, particularly for developing and frontier markets;
- c. Identify remaining barriers to energy efficiency finance

More than 60 officials and experts from international organizations, government agencies, private sectors, financial institutes, etc. participated the workshop.

### 3. MAJOR OUTCOME

The workshop was an interactive discussion among the participants exchanging on issues, challenges, and innovative business models in energy efficiency finance. The workshop has reached the general consensus in the below areas;

#### 3.1. Role of the “Group”

- a. Overcome the misperception of risks associated with energy efficiency finance
- b. Change the terms of the debate for a more positive and attractive narrative around “energy efficiency”
- c. Create case studies on those business models that work (Strong municipal initiative in district heating and transportation proved successful in NYC)

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<sup>6</sup> G2A2, BMZ, CDC Climat, CPI, Deutsche Bank, 3GF, GGGI, International Chamber of Commerce, IEA, SEB

- d. Test a match making role (Mexico is willing to play a role in such an endeavor)

### 3.2. Need for a Unique Discussion Platform

This workshop and the “Group” to contribute to the Sustainable Energy for All (SE4All) energy efficiency platform with a clear focus on finance, while the number of initiatives dealing with energy efficiency is large.

### 3.3. Address Key Success Factors

Of the five key success factors for effective energy efficiency identified, two\* still needs to be addressed;

- a. Regulatory environment and institutional capacity\*, which is currently insufficient
- b. Risk mitigation tools; most of which already exist
- c. Enabling technology; which is available
- d. Investment capital; which is potentially available;
- e. New business models and creative intermediaries\* are still in need

### 3.4. Document Successful Case Studies

As energy efficiency can make business sense, document best practices and submit to finance ministers for policy consideration.

### 3.5. Stimulate the Market

Aim for:

- a. stock exchange listing requirements that would cover energy efficiency performance
- b. reporting requirements for government departments and publicly owned assets
- c. loan covenants requiring demonstrated best practice

### 3.6. Standardisation of Required Documentation

The standardisation of required documentation were seen necessary as it would; (a) lead to reduced transaction costs and (b) allow for pooling of smaller transaction via a single intermediary and development of tailored insurance policies / performance based contracts

## 4. NEXT STEP

- 4.1. The market will be segmented in municipal, industrial, supply side interventions, housing, as well as in financial intermediaries. Best practices in each of these sub-sectors will be captured and addressed.
- 4.2. Developing and emerging economies where energy efficiency (and its financing) is key to unlocking green growth will be identified and tailored approaches leveraging best practices will be developed. Connections will be established with the Financing for Resilience (FiRe) supported Global Energy Efficiency Funding Facility.



## Workshop on Energy Efficiency Finance

1 April 2014, Paris

### Participants List

Organization	First name	Last name	Title
2 °Investing Initiative	Diane	Strauss	Policy Analyst
Agritech	William	Kwende	Chairman and CEO
Alstom	Gwen	Andrews	Vice President, Environmental Policies and Global Advocacy Asia and Oceania
B Team	Holly	Dublin	Director of Strategies
Bank of America Merrill Lynch	Abyd	Karmali	Managing Director, Climate Finance
Bloomberg New Energy Finance	Angus	McCrone	Editor in Chief
CDC-Climat	Herve	Allegre	Managing Director, Head of Investment and Project
Climate Investment Fund	Martha	Stein-Sochas	Senior Private Sector Specialist
Climate Policy Initiative (CPI)	Barbara	Buchner	Senior Director of Climate Policy Initiative, Head of CPI Europe
Climate Policy Initiative (CPI)	Valerio	Micale	Analyst
Danfoss	Jorgen	Clausen	Chairman of the Board
Deutsche Bank	Murray	Birt	Assistant Vice President
Danish Energy Agency	Assar	Qureshi	Climate Finance Adviser, Low Carbon Transition Unit
Danish Energy Agency	Tanja	Larsen	
Deutsche Bank	Gary	Hattem	Managing Director, Deutsche Bank; President, Deutsche Bank Americas Foundation
Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH	Roland	Gross	Head of Sector Project
Deutsches Institut für Entwicklungspolitik (DIE, German Development Institute)	Nannette	Lindenberg	Researcher, Dpt. World Economy and Development Financing
Eskom	Penny	Herbst	Corporate Specialist
European Bank for Reconstruction and Development (EBRD)	Josue	Tanaka	Managing Director, Operational Strategy and Planning, Energy Efficiency and Climate Change
European Commission, DG ECFIN, Financing of Climate Change, Infrastructure policies and Euratom	Peter	Schulze	Senior policy officer
European Investment Bank (EIB)	Martin	Berg	Investment Officer
French Ministry of Territorial Equality and Housing – Ministry of ecology, sustainable development and energy (METL-MEDDE)	Magali	Marque	Adviser
German Federal Ministry for Economic Cooperation and	Marius	Kahl	Desk Officer Financial Systems Development

<b>Organization</b>	<b>First name</b>	<b>Last name</b>	<b>Title</b>
Development (BMZ)			
Global Green Growth Forum (3GF)	Kaare	Barslev	Deputy Head of Secretariat. 3GF
Global Green Growth Institute (GGGI)	Howard	Bamsey	Director General
Global Green Growth Institute (GGGI)	Nikolaus	Schultze	Assistant Director General, Public Private Cooperation
Global Green Growth Institute (GGGI)	Suh-young	Chung	Council Member
Government of the United Mexican States	Manuel	Medina	Representative of the Secretariat of Environment and Natural Resources to Europe and to the OECD
Inter-American Development Bank (IDB)	Elee	Muslin	Fund Advisor (Canadian Climate Fund at the IDB)
International Chamber of Commerce (ICC)	Carlos	Busquets	Deputy Director, Department of Policy and Business Practices
International Chamber of Commerce (ICC)	Andrea	Bacher	Policy Manager, Executive in charge of energy, environment, green economy
International Energy Agency (IEA)	Robert	Tromop	Head of the Energy Efficiency Unit
International Energy Agency (IEA)	Tyler	Bryant	Energy Policy Analyst
International Energy Agency (IEA)	Fabian	Kesicki	Energy Analyst (Emissions modeling)
International Energy Agency (IEA)	Lorcan	Lyons	Energy efficiency analyst
International Energy Agency (IEA)	Philippe	Benoit	Head, Energy Efficiency and Environment (Climate) Division
International Financial Corporation (IFC)	Thomas	Kerr	Principal Climate Policy Officer
KPMG Korea	Sung Woo	Kim	Asia Pacific Regional Head of Climate Change & Sustainability
Mitsui Global Strategic Studies Institute	Takashi	Hongo	Senior Fellow, Green Innovation Department, New Business Development Division
Munich Re/HSB Engineering Insurance Ltd	Paul	Cullum	Product Development Manager
National Renewable Energy Laboratory (NREL)	Michael	Mendelssohn	Senior Financial Analyst
Organisation for Economic Co-operation and Development (OECD)	Robert	Youngman	Principal Policy Analyst, Climate Finance
Organisation for Economic Co-operation and Development (OECD)	Helen	Mountford	Deputy Director, Environment Directorate
Organisation for Economic Co-operation and Development (OECD)	Geraldine	Ang	Policy Analyst
Organisation for Economic Co-operation and Development (OECD)	Kate	Eklin	Analyst, Climate Finance

**C/5/6**  
**Annex 2**

<b>Organization</b>	<b>First name</b>	<b>Last name</b>	<b>Title</b>
Overseas Private Investment Corporation (OPIC)	John	Morton	Chief of Staff
Schneider Electric	Philippine	de T'Serclaes	Chief Advisor-Executive Thought Leadership Office
Siemens	Jens	Dinkel	Vice President Corporate Sustainability - Stakeholder Engagement
Siemens Energy	Klaus	Willnow	Director, Innovation Cooperations
Societe Generale	Simon	Keeling	Director, Environment and Sustainability
Sustainable Development Capital LLP (SDCL)	David	Maxwell	Analyst
UK Foreign and commonwealth office (FCO)	Harriet	O'Brien	Economist , Climate Change and Energy Department
UN	Tomas	Anker Christensen	Ambassador, Senior Advisor for Partnerships , Climate Change Support Team , Office of the Secretary-General
UNEP	Annie	Degen	Special Advisor, Long Term Finance & UNEP FI Energy Efficiency Coordinator
UNEP Finance Initiative	Charles	Anderson	Director
UNEP Inquiry into the Design of a Sustainable Financial System	Simon	Zadek	Co-Director of the UNEP Inquiry on the Design of a Sustainable Financial System, Senior Fellow of GGGI
Veolia	Patrick	Couzinet	Senior Vice President Business Development
World Bank (WB)	Jane	Olga Ebinger	Manager for the Climate Policy and Finance Team
World Business Council for Sustainable Development (WBCSD)	Carina	Larsf älten	Chief International Relations Officer
World Economic Forum (WEF)	Guy	Hudson	Manager
World Economic Forum (WEF)	Dominic	Waughray	Senior Director, Head of Environmental Initiatives
	Jon	Myer	MBA Graduate, ESADE Business School

## Proceedings from the Workshop on Institutional Investors and Low Carbon Technologies/ Infrastructure

01 April, 2014, ICC Hearing Centre, Paris

### 1. BACKGROUND

Tapping private capital into green growth technologies and infrastructure is essential to leverage limited public finance. As traditional bank loans have become tighter, institutional investors, with their USD 71 trillion in assets,<sup>7</sup> potentially have an important role to play in financing green growth related areas that require long-term investment horizons. In this context, the workshop, based on early works conducted by the Green Growth Action Alliance (G2A2) “Institutional Working Group”, aimed to address the challenges of involving institutional investors more actively in providing capital to green investments in developing countries. This workshop was co-convened by eleven organizations<sup>8</sup> from the public and the private sectors.

### 2. OBJECTIVE & PARTICIPANTS

This workshop aimed at bringing relevant public and private actors [“the Group”] to:

- a. Agree on a framework and critical features to address risks;
- b. Identify existing/proposed solutions to attract institutional investors in the low carbon technology/infrastructure space;
- c. Understand the role of risk mitigation at both the project and financial structure levels (e.g. first-loss absorption, policy risk insurance) and how they interact; how risks diversify across a portfolio of projects in a single or in multiple ‘green’ sector(s).

More than 60 officials and experts ranging from international organizations, government agencies, private sectors, financial institutes, etc. participated the workshop. Additional participation was ensured through video-links with *Zurich Financial Group* in New York and *the Institutional Investors Group on Climate Change* as well as with the *Climate Bond Initiative* in London.

### 3. MAJOR OUTCOME

#### 3.1. Moving Existing Loans Off-balance Sheet

Institutional investors have moved into the refinancing market through the green bonds market.

- a. Accelerating green bonds is one way of freeing the balance sheets of multi-lateral development banks (MDBs) and commercial banks, even though it was felt that pursuing off-balance sheet financing options was not an issue of immediate concern to MDBs.
- b. Asset backed securities issued on aggregated green loans has led to a rapidly growing green / climate bonds issuance by MDBs, commercial banks and corporates attracting ESG/SRI investors to a market already exceeding USD9 billion in the first quarter of 2014.<sup>9</sup> Green bond issuance by municipalities to finance green investment (e.g. retrofitting) can be constrained by their rating.
- c. The impact of green bonds is still limited as their issuance relies on the balance sheet of the issuers and the additionality of finance can be questioned.
- d. Overall green bonds are considered as simple low risk instruments. Further

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<sup>7</sup> OECD, *The Role of Institutional Investors in Financing Clean Energy*, 2012.

<sup>8</sup> G2A2, BMZ, CDC Climat, CPI, Deutsche Bank, 3GF, GGGI, International Chamber of Commerce, OECD, SEB, Zurich Financial Group.

<sup>9</sup> Source: EIB

standardisation will be pursued.

### **3.2. Green Cash Flow Securitisation**

Experience has been gained around the securitisation of solar PV cash flows.

### **3.3. Towards a Structured Vehicle to Put Institutional Investor Capital to Work**

Moving from commercial bank lending to institutional investor participation would require balance sheet commitment from MDBs and other public finance institutions to de-risk investments (e.g. mezzanine, equity capital). Additional points concerned are;

- a. A pooling vehicle (multiple geographies and sectors) would provide access to a diversified portfolio of projects, either via investment vehicles or by building mandates around specific assets, with a well-defined credit risk. Aggregation platforms for emerging/developing markets do not currently exist.
- b. De-risking of investments ought to be a key feature of such a vehicle. Different actors who will be able to cover different risk levels will have to be identified, with public sponsors potentially taking on a first – loss role (e.g. what role for Climate Investment Funds, the Green Climate Fund in providing risk cover?).
- c. Constructing a synthetic portfolio would require further analytical work to obtain actual data from MDBs, public finance institutions, commercial banks, insurance companies and rating agencies.
- d. Further credit enhancement might be required

## **4. NEXT STEPS**

- 4.1.** The co-convenors agreed that an informal multi-stakeholder forum that is able to pursue informal exchanges on how to mobilize institutional investors in the green space was essential. The development of concrete instruments, vehicles that will allow to meet institutional investors' risk reward profiles will be further pursued. The Green Growth Action Alliance will further organize regional workshops in a number of countries on the mobilization of domestic institutional investors. BMZ will support this endeavor.

## Workshop on Institutional Investors & Low Carbon technologies / Infrastructure

1 April 2014, Paris

### Participants List

Organization	First name	Last name	Title
Agritech	William	Kwende	Chairman and CEO
Alstom	Gwen	Andrews	Vice President, Environmental Policies and Global Advocacy Asia and Oceania
B Team	Holly	Dublin	Director of Strategies
Bank of America Merrill Lynch	Abyd	Karmali	Managing Director, Climate Finance
Bloomberg New Energy Finance	Angus	McCrone	Editor in Chief
Cambridge University(CPSL)- Natixis	Carlos	Joly	Fellow
CDC-Climat	Herve	Allegre	Managing Director, Head of Investment and Project
Clean Infra Partners LLP	Alexandre	Chavarot	Managing Partner
Climate Bond Initiative	Sean	Kidney	CEO
Climate Policy Initiative (CPI)	Barbara	Buchner	Senior Director of Climate Policy Initiative, Head of CPI Europe
Climate Policy Initiative (CPI)	Valerio	Micale	Analyst
Danfoss	Jorgen	Clausen	Chairman of the Board
Deutsche Bank	Gary	Hattem	Managing Director, Deutsche Bank; President, Deutsche Bank Americas Foundation
Deutsche Bank	Murray	Birt	Assistant Vice President
Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH	Roland	Gross	Head of Sector Project
Deutsches Institut für Entwicklungspolitik (DIE, German Development Institute)	Nannette	Lindenberg	Researcher, Dpt. World Economy and Development Financing
Eskom	Penny	Herbst	Corporate Specialist
European Investment Bank (EIB)	Martin	Berg	Investment Officer
French Ministry of Territorial Equality and Housing – Ministry of ecology, sustainable development and energy (METL- MEDDE)	Magali	Marque	Adviser

German Federal Ministry for Economic Cooperation and Development (BMZ)	Marius	Kahl	Desk Officer Financial Systems Development
Global Green Growth Institute (GGGI)	Howard	Bamsey	Director General
Global Green Growth Institute (GGGI)	Nikolaus	Schultze	Assistant Director General, Public Private Cooperation
Global Green Growth Institute (GGGI)	Suh-yong	Chung	Council Member
Government of the United Mexican States	Manuel	Medina	Representative of the Secretariat of Environment and Natural Resources to Europe and to the OECD
Green Africa Power/ Private Infrastructure Development Group (PIDG)	Peter	Hutchinson	Executive Director
Inter-American Development Bank (IDB)	Elee	Muslin	Fund Advisor (Canadian Climate Fund at the IDB)
International Chamber of Commerce (ICC)	Carlos	Busquets	Deputy Director, Department of Policy and Business Practices
International Chamber of Commerce (ICC)	Andrea	Bacher	Policy Manager, Executive in charge of energy, environment, green economy
International Financial Corporation (IFC)	Thomas	Kerr	Principal Climate Policy Officer
KfW	Wolfgang	Ryll	Senior Sector Economist
KPMG Korea	Sung Woo	Kim	Asia Pacific Regional Head of Climate Change & Sustainability
Mitsui Global Strategic Studies Institute	Takashi	Hongo	Senior Fellow, Green Innovation Department, New Business Development Division
National Renewable Energy Laboratory (NREL)	Michael	Mendelssohn	Senior Financial Analyst
Organisation for Economic Co-operation and Development (OECD)	Robert	Youngman	Principal Policy Analyst, Climate Finance
Organisation for Economic Co-operation and Development (OECD)	Christopher	Kaminker	Economist/Project Manager – Long Term Investment
Organisation for Economic Co-operation and Development (OECD)	Helen	Mountford	Deputy Director, Environment Directorate
Organisation for Economic Co-operation and Development (OECD)	Geraldine	Ang	Policy Analyst
Organisation for Economic Co-operation and Development (OECD)	Kate	Eklin	Analyst, Climate Finance

Organisation for Economic Co-operation and Development (OECD)	Jan	Corfee-Morlot	Team Leader, Environment and Development, Development Co-operation Directorate
Overseas Private Investment Corporation (OPIC)	John	Morton	Chief of Staff
PensionDanmark	Torben	Morger Pedersen	CEO
PensionDanmark	Susanne	Røge Lund	Head of SRI
SEB	Christopher	Flensborg	Senior Manager (Financial Professional)
Siemens	Jens	Dinkel	Vice President Corporate Sustainability -Stakeholder Engagement
Siemens Energy	Klaus	Willnow	Director, Innovation Cooperations
Societe Generale	Denis	Childs	Head of Emerging Markets, Environment & Sustainable Development
Standard and Poor's	Michael	Wilkins	Managing Director, Infrastructure Finance Ratings group
Standard Bank Group	Geoff	Sinclair	Head of Carbon Finance and Trading
Sustainable Development Capital LLP (SDCL)	David	Maxwell	Analyst
Swiss Re Corporate Solutions	Stuart	Brown	Director
UK Foreign and commonwealth office (FCO)	Harriet	O'Brien	Economist , Climate Change and Energy Department
UN	Tomas	Anker Christensen	Ambassador, Senior Advisor for Partnerships , Climate Change Support Team , Office of the Secretary-General
UNEP	Merlyn	Van Voore	Coordinator for Climate Change Activities
UNEP Finance Initiative	Charles	Anderson	Director
UNEP Inquiry into the Design of a Sustainable Financial System	Simon	Zadek	Co-Director of the UNEP Inquiry on the Design of a Sustainable Financial System, Senior Fellow of GGGI
Veolia	Patrick	Couzinet	Senior Vice President Business Development
Vestas Wind Systems A/S	Morten	Dyrholm	Head of Global Public Affairs
World Bank (WB)	Jane	Olga Ebinger	Manager for the Climate Policy and Finance Team
World Business Council for Sustainable Development (WBCSD)	Carina	Larsfåten	Chief International Relations Officer
World Economic Forum (WEF)	Guy	Hudson	Manager
World Economic Forum (WEF)	Dominic	Waughray	Senior Director, Head of Environmental Initiatives
Zurich Insurance Group	Brian	Olvany	Executive Director, Private Debt
	Jon	Myer	MBA Graduate, ESADE Business School



## Proceedings of the 2<sup>nd</sup> Business Council Meeting

02 April, 2014, ICC Hearing Centre, Paris

### 1. BACKGROUND

During the 1<sup>st</sup> Business Council meeting held in December 2013, the Committee had identified follow-up areas in which the Committee wanted to address. These include:

- a. Technology (risk, sharing, commercial viability)
- b. Global value chains and resource / land use efficiency and deforestation
- c. Institutional investors
- d. Energy efficiency finance

As a follow-up to the first meeting, themes on “*Institutional Investors*” and “*Energy Efficiency Finance*” led to the organization of relevant workshops/processes. Both workshops, which preceded the 2<sup>nd</sup> Business Council Meeting and were attended by its members, were co-convened by GGGI, G2A2 and the 3GF as well as other prominent public and private co-convenors. The 2<sup>nd</sup> Business Council meeting touched extensively on the workshop feedbacks and other issues concerned.

### 2. KEY DISCUSSION OUTCOMES

#### 2.1 Feedback from the “Institutional Investors” and “Energy Efficiency Finance” Workshops:

The Business Council agreed that the workshops/processes:

- a. Positioned GGGI as an institution that was able to convene important issues related to green growth and its potential in emerging/developing economies;
- b. Brought together the most relevant players for an open and informal discussion on the key issues affecting the mobilization of institutional investors towards green growth areas, as well as addressing barriers to energy efficiency finance;
- c. Launched valuable processes that would need to be further sustained and nurtured.

#### 2.2 The RiskEx Model – Presentation by the Climate Policy Initiative (CPI)

The Climate Policy Initiative (CPI) presented the model for RiskEx, an innovative tool to address all risk categories faced by (green growth relevant) project developers and their potential mitigants. The Business Council members concluded that risks and the lack of information on potential mitigants constituted a major obstacle to scaling investments in this space. CPI will further refine the tool in order to take into account all public and private risk mitigants that are available in the market space including their terms and conditions.

#### 2.3 General Discussion: How the Business Council Can Provide More Value to GGGI

The conclusions from members of the Business Council are as follows:

##### 2.3.1 Global/Thematic Level

- GGGI acts as an independent “outsourced policy advice provider” and a key strength is its ability to tap private sector perspectives, experience and skills;
- It had the potential to set the conditions for investment to take place and;
- The Business Council can provide tangible advice on a number of issues that are of relevance to private sector engagement in green growth related areas. Tangible

examples include: consultations on risk reducing financial instruments with CDC-Climat, Deutsche Bank and OPIC; mobilizing the Japanese Joint Crediting Mechanism with Mitsui; project development facilities with Alstom; energy project finance with ESKOM; sustainable agriculture with BASF; climate finance with KPMG; global value chains with the WBCSD and; the B-team, experience sharing on innovative business models with Vestas, etc.

### 2.3.2 Country Level

- The Business Council members such as ICC and WBCSD have provided key access to domestic business associations in those countries where we requested support. It was felt that a more formal setting might be useful in order to provide the reality checks that are necessary to ensure the green growth plans, in which GGGI develops take into account private sector investment realities.
- The establishment of in-country private sector Steering Committees to provide feedback was strongly advocated. It was particularly felt that greening investment plans required formally channeling private sector operator views into Government circles and that it was essential to get this established through adequate processes such as the Business Council or domestic Steering Committees, whose composition would result from consultations with the Business Council.

## 3. NEXT STEPS

- 3.1 Areas of “*Technology (risk, sharing, and commercial viability)*” and “*Global value chains and resource/land use efficiency and deforestation*” have not yet been addressed through the Business Council and will be further looked into over the next couple of months.

## The 2nd Business Council Meeting

02 April 2014, Paris

### Participants List

Organization	First name	Last name	Title
Agritech	William	Kwende	Chairman and CEO
B Team	Holly	Dublin	Director of Strategies
Alstom	Gwen	Andrews	Vice President, Environmental Policies and Global Advocacy Asia and Oceania
CDC-Climat	Herve	Allegre	Managing Director, Head of Investment and Project
CPI	Barbara	Buchner	Senior Director of Climate Policy Initiative, Head of CPI Europe
CPI	Valerio	Micale	Analyst
Danfoss	Jorgen	Clausen	Chairman of the Board
Deutsche Bank	Gary	Hattem	Managing Director, Deutsche Bank; President, Deutsche Bank Americas Foundation
Eskom	Penny	Herbst	Corporate Specialist
Global Green Growth Institute (GGGI)	Howard	Bamsey	Director General
Global Green Growth Institute (GGGI)	Nikolaus	Schultze	Assistant Director General, Public Private Cooperation
Global Green Growth Institute (GGGI)	Suh-yong	Chung	Council Member
Green Africa Power/ Private Infrastructure Development Group (PIDG)	Peter	Hutchinson	Executive Director
International Chamber of Commerce (ICC)	Carlos	Busquets	Deputy Director, Department of Policy and Business Practices
International Chamber of Commerce (ICC)	Andrea	Bacher	Policy Manager, Executive in charge of energy, environment, green economy
KPMG Korea	Sung Woo	Kim	Asia Pacific Regional Head of Climate Change & Sustainability
Mitsui Global Strategic Studies Institute	Takashi	Hongo	Senior Fellow, Green Innovation Department, New Business Development Division
Overseas Private Investment Corporation (OPIC)	John	Morton	Chief of Staff
Siemens	Jens	Dinkel	Vice President Corporate Sustainability -Stakeholder Engagement
Standard Bank Group	Geoff	Sinclair	Head of Carbon Finance and Trading
Veolia	Patrick	Couzinet	Senior Vice President Business Development
Vestas Wind Systems A/S	Morten	Dyrholm	Head of Global Public Affairs
WBCSD	Carina	Larsfältén	Chief International Relations Officer