Investment Approaches to Climate Services:

In the Context of Private Sector Engagement and the Development of Services to Communicate Climate Information

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Outline of the Presentation

1. **The Goal of the Presentation**
2. **Some Examples**
3. **Challenges**
4. **Recommendations**

The Goal of the Presentation

The Goal of this presentation is to enhance our understanding of Investment Approaches to Climate Services and be able to know what role the Private Sector can play in the Development of Services to Communicate Climate Information.

A Quote from International Climate Adaptation Business Challenge March 2014

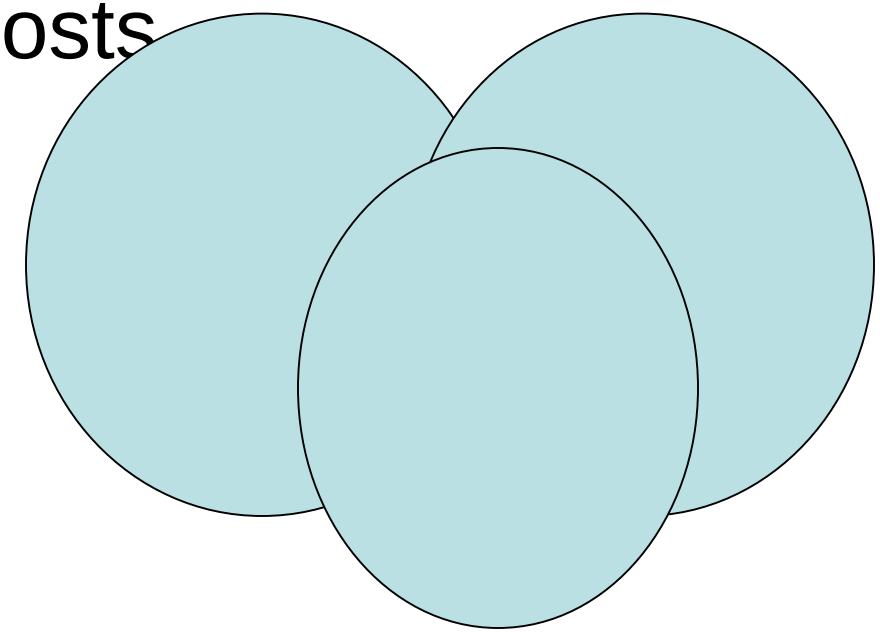
"Knowledge is developed within the ***research programme*** *that is necessary to be able to assess* ***investments*** *to be made in* ***spatial planning*** *and* ***infrastructure*** *over the coming 20-50 years in terms of their resistance to climate change, and for making changes where necessary"* to resist and or adapt to effects of climate change.

The Question is, Why Investments in Climate Services?

- Dissemination of Climate Information used by policy makers, business entities, public
- Identification of risks, assessment of risks, management of risks, mitigation and avoidance of risks
- Development of investment plans and strategies for economic development
- Monitoring, Evaluation, Reporting and Impact of Investments

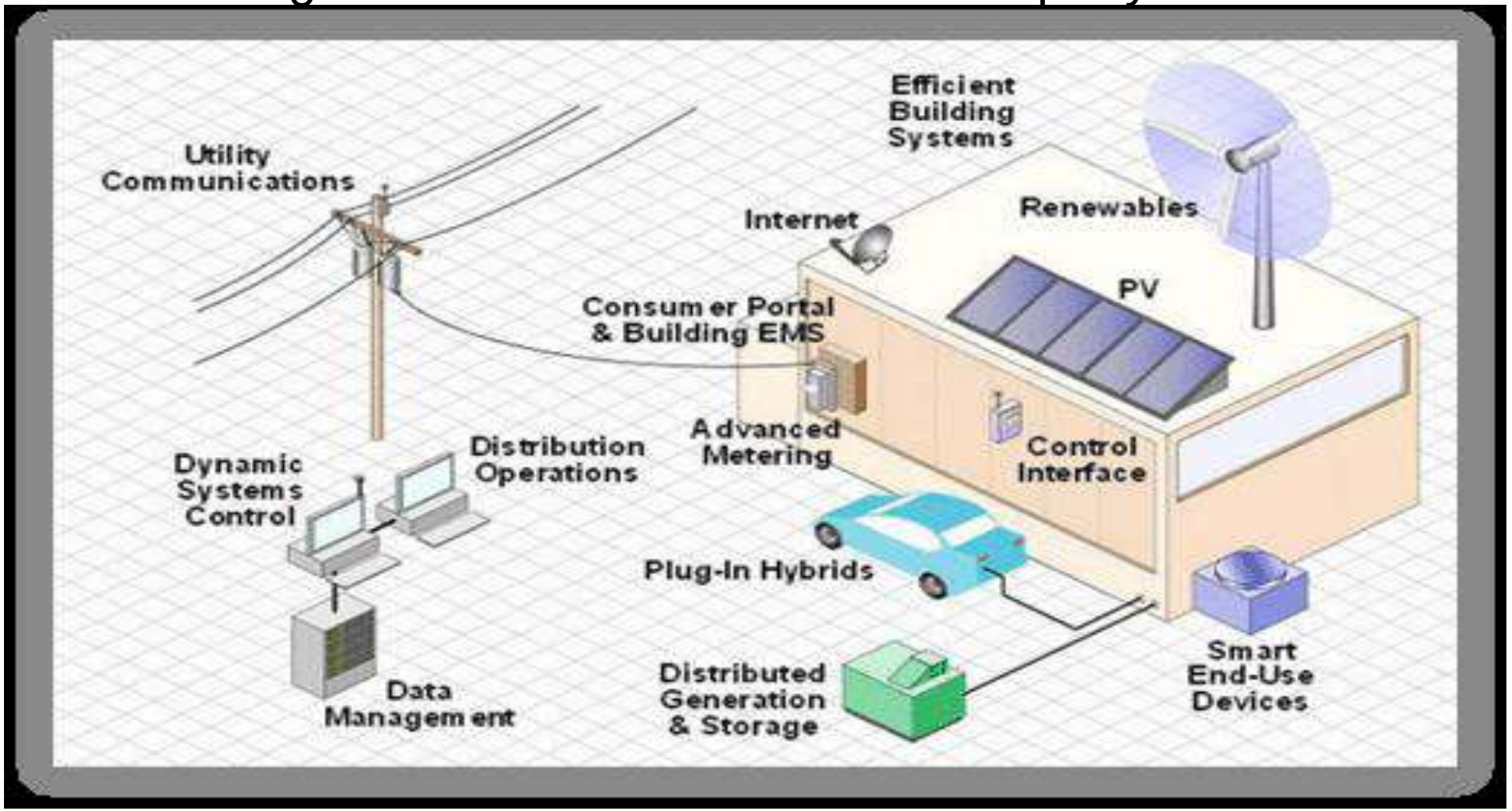
Investment Approaches to Climate Services

Through partnerships, investments can benefit climate services by sharing knowledge, skills, expertise, networks, technology and opportunity. Mitigate risks and lower costs



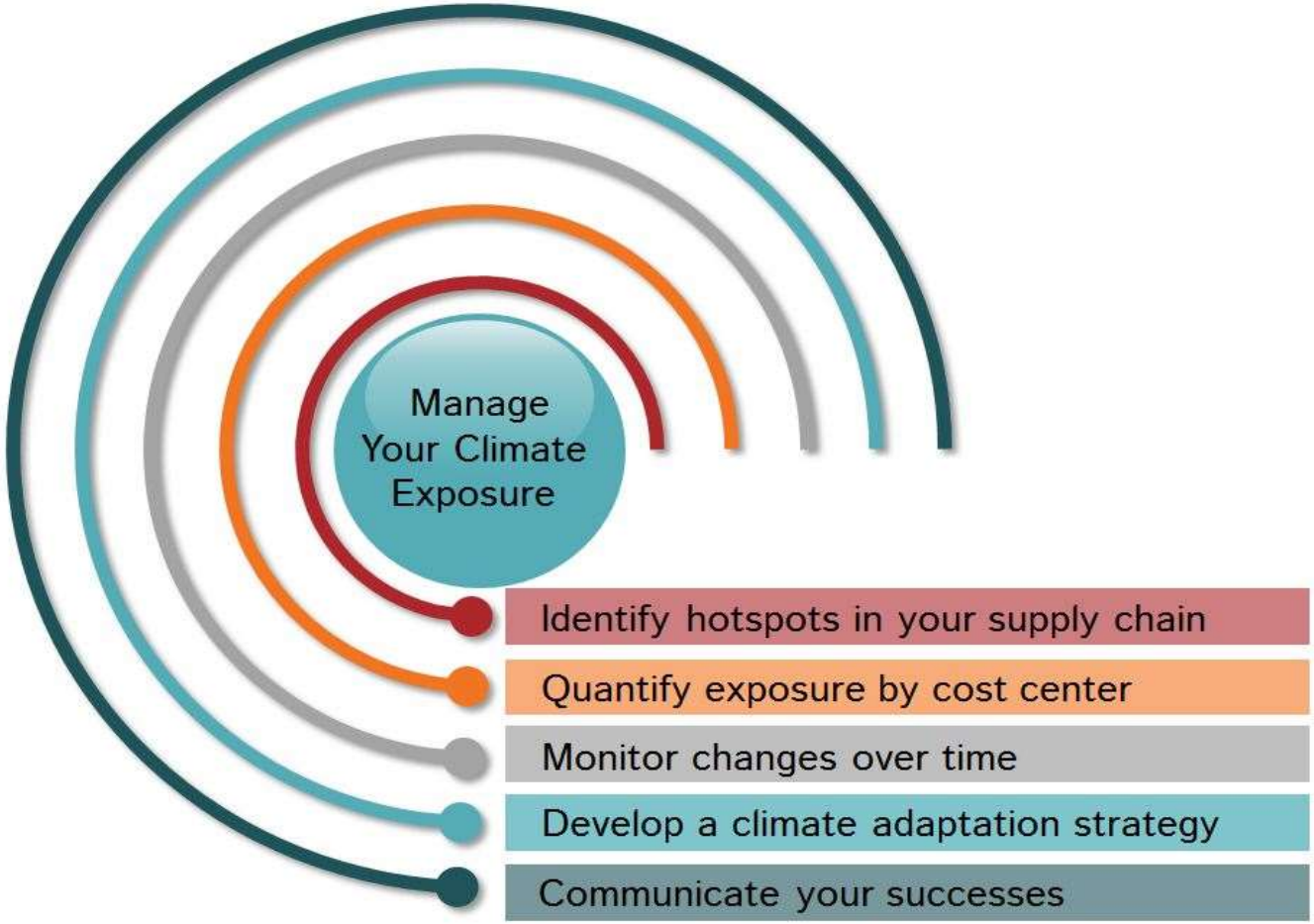
Example of Smart Grid
Source: www.oecd.org/greengrowth

Many components with Climate Services with economic growth estimated at US$1 trillion per year



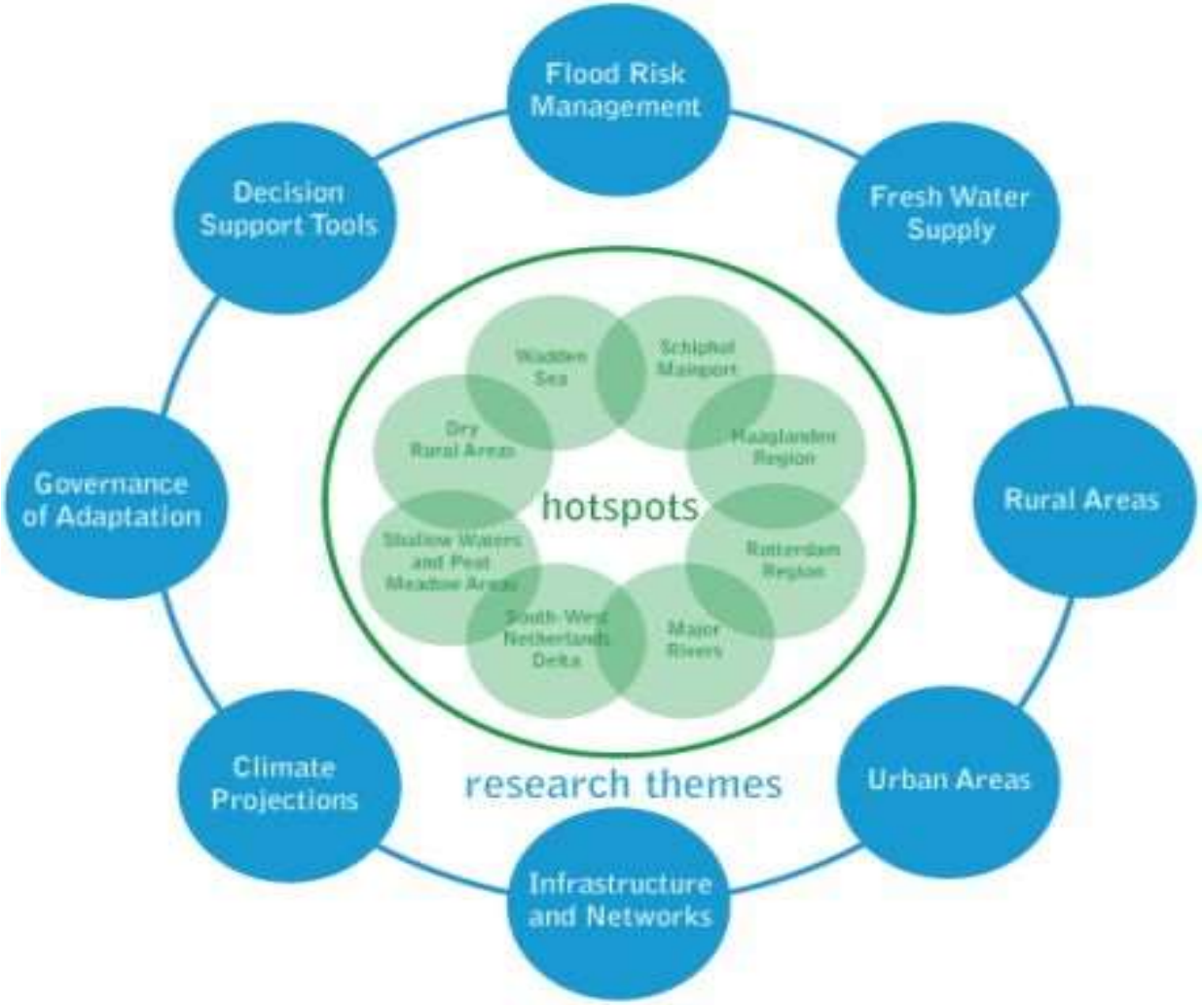
Management of Climate Risk Exposure

Source: Financial Times March 2014



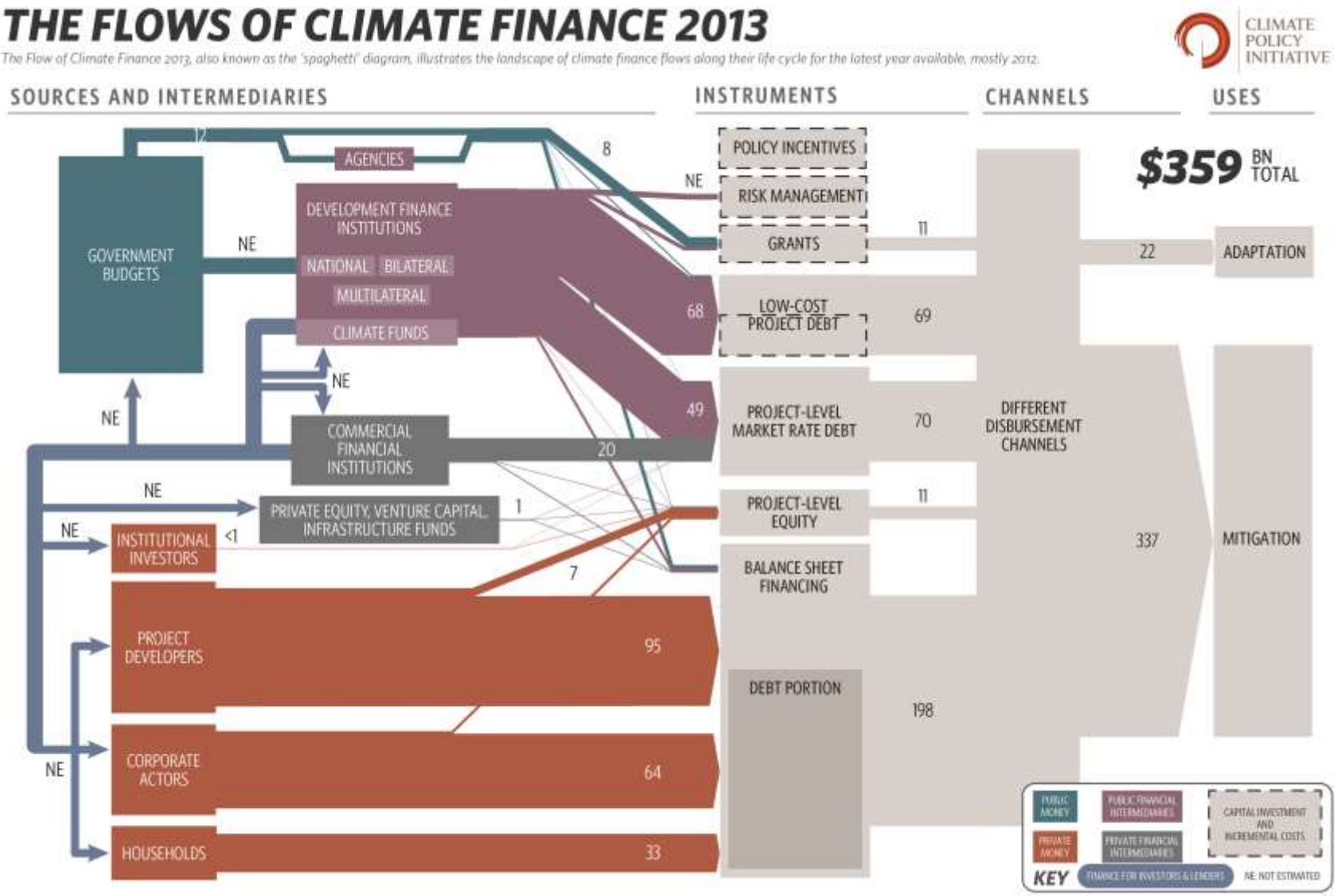
Drought Havocs In Kenya

Knowledge for Climate Services



Source: http://knowledgeforclimate.climateresearchnetherlands.nl/projects

Investment Approaches to Climate Services

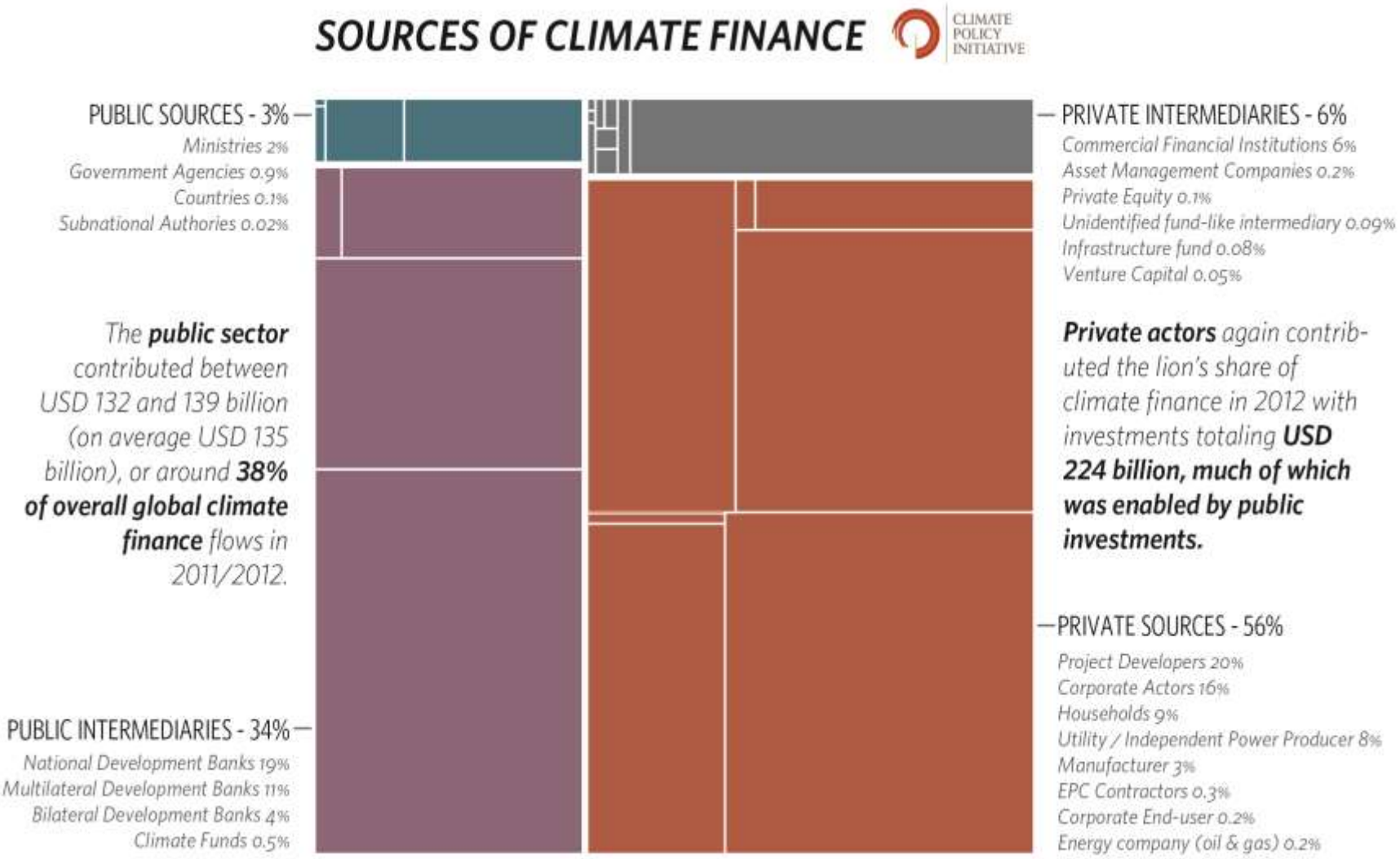


Investments in Climate Change

Source: www.ClimateFinancialLandscape.org

- In 2011, US$364 billion in Climate Investment
- In 2012, US$359 billion in Climate Investment
- In 2011 Clean Energy US$263 Billion (PeW Env) and by 2020 estimates US$5 trillion in clean energy (CPI 2013)
- Sources and Intermediaries
  - Government Budgets
  - Agencies (MDBs, Bilateral, Development Partners. Climate Funds)
- Instruments
  - Policy incentives
  - Risk Management
  - Grants for capacity building
  - Low cost options
  - Project debts
  - Equity
- Channels
  - Disbursements
  - Offsets (Debt for Nature Swap, Carbon Credits, PES)
- Users
  - Adaptation
  - Resilience
  - Mitigation

Investment Approaches



CHALLANGES

- Knowledge Gaps in adaptation, resilience investments, private sector finance and the role of private sector finance in climate services
- Lack of Research and Development on Private Sector in particular and its role in climate services
- Inadequate Information
- Expensive data sets and not accurate
- Institutional abilities are rigid and inflexible to embrace new ideas, innovation and creativity
- Technological and Financial Resources are limited
- Human Capabilities scanty, limited and inaccessible
- Interface and or interaction in ***PPP*** ineffective, inefficient and uncoordinated
- Crowding out effect due to new entrants, players, knowledge brokers, high risks

Recommendations

- Investments in improving climate prediction and climate effect models with established facilities at national and regional levels
- Investments in Research and Development
  - Tools for knowledge transfer and cooperation
  - Risk identification, scale up provision of new and improved risk mechanism and impact on investments in climate services
  - PPP, research and academic institutions collaboration
  - Strategic solutions to address climate problem
- Investments in networks
  - Knowledge sharing
  - Information dissemination
  - Application of skills and technology
- Investments in and use of public resources to facilitate low carbon and climate resilient projects
- Investments in scaling up and improving risk instruments to address liquidity and policy risks and enhance value addition of existing instruments for leveraging and complementing good practices by GEF, CIF (World Bank, IFC, AfDB, ADB, Inter American Development Bank), UNDP, GCF

In Conclusion

- Climate Service is inevitable to African Economic Growth
- Africa has 60% arable land still available for agriculture. Europe has experience in adding value. “Dlamini Zuma AU Chair at the EU-Africa Summit 1-2 April 2014”
- Investment Approaches to Climate Services should encourage Private Sector Participation to take advantage of partnership with Public Sector new funding in infrastructure development

Reference Materials

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- Blending Climate Finance Through National Climate Funds: A guide Book for the Design and Establishment of National funds to Achieve Climate Priorities. Sept 2011, UNDP
- Climate Landscape Finance. Oct 2013, CPI
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- Adaptation to Climate Change in Water, Sanitation and Hygiene: Assessing Risks, Approving Options in Africa. March 2014. Naomi Oates, Ian Ross, Roger Carlow, Richard Carter and Julian Doczi
- Economic and Private Sector: Professional Evidence and Applied Knowledge Services-Global Energy Markets, What do African resource finds mean for global energy supply in relation to demand in coming years, by Joseph Holden and Nathan Associates, October 2012

Thank You

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