Topic 1: How can CDM and other tools leverage private sector finance and make contributions to reducing pre-2020 gap?



1- Gaps in coverage in policy risks

- Lack of long term vision on environmental issues
- Lack of ambition at the international level
- Green investments may not be in line national/international policies development goals;
- Lack of policy/regulatory regimes to facilitate green investments;
- Lack of enforcement of environmental policies
- Lack of awareness
 - Of opportunities available at the international markets
 - in the public sector about environmental issues environment/sustainability
 not a priority in developing countries
- Lack of coordination to get additional financial returns on green investments;
- Lack of policies that encourages implementation of new green technologies;



2- Gaps in coverage of financial risks

- Access to finance;
- Limited awareness of governments about different finance available
- Lack of awareness of national financial institutions on the return of green investments
- Private sectors not having the same privileges than public sector
- Cost of local finance through national banks is very high
- Pay back period on green investment is long



3- How can CDM, the private sector facility of GCF and others bridge gap in coverage

- Raise ambition and targets
- Stronger mandatory polices at the national level relating to green and low carbon development growth
- Raising awareness among policy makers
 - through piloting green projects
 - aggressive awareness campaigns
- Revive the CDM that had proved as an efficient tool to drive private sector investments
- Price of carbon should be more attractive
- Create local demand for emission reductions
- Using CDM in domestic and regional ETSs
- Linking ETSs/ Bilateral markets for CERs
- Access of private sector to GCF funding
- GCF to use the CDM to quantify its impacts
- Use of the CDM as a tool to deliver climate finance (RBF tool)
- Simplify the CDM to fit the purpose of delivery of climate finance
- Further simplify CDM standards for complex projects that need a MRV system



3- How can CDM, the private sector facility of GCF and others bridge gap in coverage

- Large development banks could support local banks who perceive that green investments are risky
- Upfront financing with low premium risk coverage
- Using CDM and other market mechanism can shorten the pay back time for green investment and encourage them
- Policy insurance risks
- Quantify the co-benefits of projects to show the high return of green projects
- Ensure predictability for private sector investments

