Innovative financial instruments for climate mitigation
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“the world still hasn’t made the kinds of investments it is going to take to address climate change. We finally understand the problem, but we aren’t yet committed to the solution.”
Bill Gates, November 2011
How to boost investments?

What mechanisms are more effective?

How to engage private sector?
Drivers

- Public
- Private

Suitable financial mechanism
- Debt
- Equity
- Risk mitigation instrument

Cost-efficient
Suppliers capacity
Drivers

- Market
- Interest
- Technology
- Financing
Interest

Economic
Environmental

Can Compete?

Conventional technologies
and
Other Business Opportunities

Climate Change mitigation technologies
NO Subsidies

NO Subsidies

Conventional technologies and Other Business Opportunities
Risk-Return

![Efficiency Investment Risks and Returns Graph]

- Energy Efficiency
- Small Company
- Common Stocks
- Long-term Corp Bonds
- U.S. T-Bills

Risk Index (year-to-year volatility)

Average Annual Return

0% 10% 20% 30% 40%
Drivers

Innovative Financing Instruments
- Green Private Equity Funds
- Renting
- Energy Performance Insurance
- Micro-financing through remittances

Policy

Interest

Financing

Technology
Example

EE Hoteles y Hospitales

- Performance contract
- Energy Performance Insurance
- Energy savings validation
- Validation during the evaluation phase
  - Supplier Validation
  - Project Validation
  - Project installation verification/Waste disposal
The difficulty lies not with the new ideas, but in escaping the old ones. . . .

Gracias!
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