

Attracting Private Climate Finance to Emerging Markets

Consultation Paper on Private Sector Considerations for Policymakers



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Foreword

November 2020

As the COVID-19 pandemic continues to take a devastating toll around the world, the work that countries are doing to rebuild their economies also presents an unprecedented opportunity to accelerate our progress fighting climate change — including in the emerging markets that are most vulnerable to its effects.

The more we do to improve investment conditions in those markets, the more private capital we can mobilize towards projects that cut carbon emissions, grow the economy, and build resilience. The financial community has an important role to play, by actively supporting policy changes that attract investment in low-carbon projects and businesses in those markets.

To that end, the Climate Finance Leadership Initiative (CFLI), in partnership with the Association of European Development Finance Institutions (EDFI) and the Global Infrastructure Facility (GIF), are working to identify discrete hurdles to climate finance in emerging markets; support public-private dialogue around those challenges; and highlight ways for the financial sector to help strengthen investment conditions.

This collaborative working paper — called “Private Sector Considerations for Policymakers” — was drafted with the input of experienced lenders and investors. We are now inviting comments from diverse stakeholders across business, government, and civil society to ensure that this document accurately reflects the most critical considerations for attracting private climate finance in emerging markets.

We appreciate your partnership in this effort to catalyze collaboration between private finance, public finance, and policymakers.

Thank you in advance, and we look forward to your response to this invitation to comment.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael R. Bloomberg". The signature is fluid and cursive, with a long, sweeping tail on the final letter.

Michael Bloomberg

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Part 1. Preamble and Invitation to Comment

In the recovery from COVID-19, private investors, lenders, and developers see a powerful opportunity to accelerate investment in the transition to low-carbon economies in emerging markets. To realize this promise, public and private sector engagement is important to strengthening enabling environments for private finance — creating investment-friendly business environments and robust pipelines of bankable sustainable infrastructure opportunities.

Public finance institutions are actively engaged with policymakers on policy adjustments to attract greater private climate finance, yet thus far a clear and unified private finance voice has been absent from the conversation.

With this in mind, we — the [Climate Finance Leadership Initiative \(CFLI\)](#), the [Association of European Development Finance Institutions \(EDFI\)](#), and the [Global Infrastructure Facility \(GIF\)](#) — set out to raise the profile of enabling environment priorities by convening an industry-led effort to:

- define the most fundamental and cross-cutting factors limiting private climate finance in emerging markets;
- open new engagement channels with key decision-makers to identify policy improvements that will help stimulate private investment; and
- catalyze essential collaboration between private finance, public finance, and policymakers to dramatically expand pipelines of sustainable infrastructure opportunities to drive investment in a sustainable and inclusive recovery from COVID-19.

Development of the Private Sector Considerations for Policymakers

To commence this work, we have compiled for public comment a list of key considerations for strengthening enabling environments for private climate finance based on the experience of private sector lenders and investors in emerging markets over the past decade.

The resulting Private Sector Considerations for Policymakers (the “Considerations”) highlight the enabling environment factors that have the potential to:

- catalyze new private climate finance at scale;
- improve the cost and speed of negotiations between parties around specific sustainable infrastructure investments;
- address areas where market- and sector-specific guidance is fragmented; and
- align with current global and national policy priorities to invest in a sustainable and inclusive recovery from the pandemic.

The Considerations cover the high-level factors that investors often review before determining which markets, companies, and projects to invest in, such as policies to support low-carbon and climate resilient markets, sustainability criteria incorporated in government procurement processes, and cost reflective tariffs that take into account the long-term benefits of low-carbon alternatives.

Every country has its own unique circumstances, and these Considerations are meant to be broad enough to offer a menu of potential policy-change opportunities to all countries, regardless of current investment environment, future opportunities for sustainable infrastructure growth, or position on the path to a low-carbon economy.

The Considerations are meant only as a starting point for productive public-private dialogue on strengthening enabling environments for private climate finance. They are by no means a prescriptive set of expected policy changes or mandatory investment criteria. In fact, no country in the world has fully addressed all of these factors, yet tackling such issues can unlock greater private capital investment opportunities in low-carbon, climate resilient development.

The Considerations build on work that initially appeared in *Financing the Low-Carbon Future*, a September 2019 CFLI report that outlined steps for mobilizing private climate finance at the scale and speed needed to support an orderly and just transition to a low-carbon economy. As part of the report, the CFLI created a set of [Investment Readiness Guidelines](#) to facilitate productive, public-private dialogue on strengthening enabling environments for private finance in clean energy. The Private Sector Considerations for Policymakers expand the scope of the original CFLI work to also include considerations specific to sustainable urban transport, climate-smart water and waste, green buildings, and sustainable land use.



Consultation period: Invitation to comment

We invite comments on the Considerations from diverse stakeholders across business, government, and civil society. We also welcome your future partnership using the Considerations to expedite negotiations between parties on specific sustainable infrastructure investments, as well as joining our ongoing efforts to catalyze collaboration between private finance, public finance, and policymakers needed to dramatically scale climate finance in the recovery from COVID-19.

We thank you in advance and we appreciate your time in responding to this invitation to comment.

How to comment

The CFLI, EDFI, and GIF invite comments and feedback on the provisional Considerations. The consultation period concludes on **January 15, 2021**.

- At the end of each section, you will find a text box. Please include your comments about that section in this text box.
- To submit comments, please attach your Consultation document to an email and send to the CFLI Secretariat (cflisecretariat@bloomberg.net) by the stated deadline.
- We seek to acknowledge comments received. Please indicate in your email submission how you would like to be acknowledged in the final Considerations document.

Review process

Comments and feedback will be reviewed and incorporated by CFLI, EDFI, and GIF collectively, and a final version of the Private Sector Considerations for Policymakers will be released in Spring 2021.

Part 2. Making the Case: Strong Enabling Environments Attract Private Investment in Climate Finance

As the year 2020 is nearing its end, COVID-19 and other recent events have affected climate finance flows, demand for sustainable investment, and the transition to a low-carbon economy across emerging markets. It is too early to understand the full impact of the COVID-19 pandemic; however, it is already clear that the unprecedented mobilization of public resources by policymakers around the world, against a backdrop of surging demand for sustainable investments, creates a unique opportunity for developing economies to put sustainable infrastructure investments at the heart of their recovery strategies.

The surge in clean-energy investment recorded globally over the last decade, including in a select group of emerging markets, highlights this potential and delivers plenty of lessons on the types of policy mechanisms attractive to investors. A combination of stable clean-energy targets, auctions that award cost-covering tariffs, tax incentives, and a power-generation sector open to private participation, as well as transparent and robust payment agreements that recognize local currency dynamics, are all part of the tool box that have helped propel some emerging markets to the top ranks of global clean energy investment destinations.

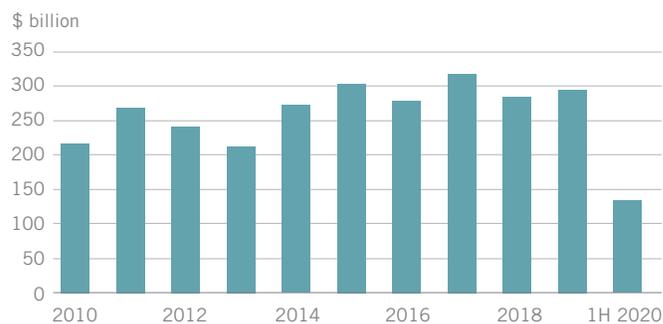
While clean energy systems have rightly been a priority in light of the central role these play in decarbonizing the wider economy, many of the policies and tools used to scale private investment in clean energy can be adapted to other strategic sectors like sustainable urban transport, green buildings, sustainable land use, and climate-smart water and waste.

The timing is also critical. The investment cycle triggered by government stimulus packages and the fact that most infrastructure investments made today will be operating for several decades create a unique opportunity to make significant progress in the transition to a low-carbon economy by focusing on sustainable infrastructure. In addition, government stimuli that include support for carbon-intensive investments jeopardize global emissions reduction requirements, and increase the risk of losses from stranded assets in the future.

The momentum behind climate finance is stronger than ever

Given the time it takes to complete and operationalize sustainable infrastructure projects, and the uncertainty around the length and depth of the COVID-19 crisis, it is too early to determine its full impact on private investment activity. However, major global climate finance flows have proven to be resilient to the COVID-19 crisis thus far. Renewable energy capacity investment showed great resilience in the first half of 2020, reaching \$132.4 billion and rising 5% year-on-year despite the unprecedented economic shock and disruption caused by the virus (Figure 1).¹

FIGURE 1:
Global clean-energy investment, 2010 – 1H 2020



Source: BloombergNEF

¹ "Colossal Six Months for Offshore Wind Support Renewable Energy Investment in First Half of 2020," BloombergNEF, July 13, 2020.

A number of developing nations that have been among the most attractive clean-energy markets in recent years, including Brazil, Chile and Vietnam, have seen little disruption to clean-energy investment activity to date. Investment in Sub-Saharan Africa has also shown resilience. Burkina Faso, Chad, Djibouti, Ethiopia, Ghana, Kenya, Mozambique, Somalia, Tanzania, Togo, Zambia and Zimbabwe have recorded utility-scale asset finance in 2020. However, clean energy financing and deployment has been more affected in countries that have had to introduce more stringent lockdowns. India, for example, saw transactions in 1H 2020 contract 49% from a year earlier, and renewables capacity deployment is also expected to contract by half year-on-year before a rebound in 2021 (Figure 2).

Sustainable-finance flows have also shown resilience to the COVID-19 pandemic (Figure 3), and the valuation of sustainability-focused companies globally have increased since the start of the year. Driven by shareholder expectations, regulation, and demand from their customers, many large corporations have raised their sustainability pledges. This includes oil and gas majors, financial institutions, institutional investors, consumer goods companies, and other corporates that have made net-zero emission pledges and increased clean energy investment plans while announcing record write-downs on fossil fuel assets.²

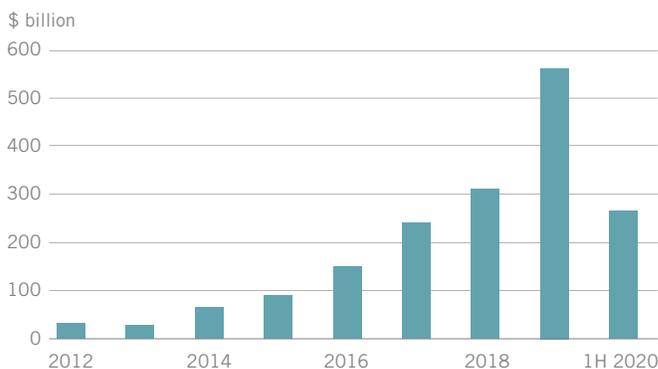
Exchange-traded funds focusing in sectors such as renewable power, energy efficiency, and fuel cells saw their aggregate market capitalization quadruple over a year to reach \$7.1 billion on September 18, 2020.³ The surge in sustainable equities has also helped ESG-focused versions of major indices trade at a growing premium to the standard ones (Figure 4). This trend has extended to fixed-income, with Germany's first sovereign green bond issuance, a 6.5 billion-euro 10-year bond, five times oversubscribed and priced 1 basis point below conventional bonds as result of strong investor interest. The trend has also extended to emerging markets. Chile, China, Indonesia, Pakistan, Tanzania, and Thailand have raised just over \$7 billion in debt across green bonds or sustainability-linked debt in the first eight months of 2020.

FIGURE 2:
India solar and wind capacity addition, historic and forecast



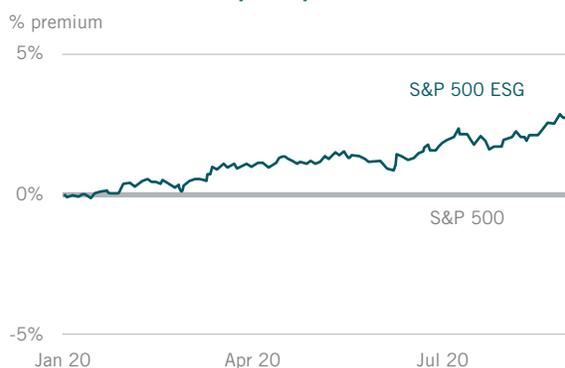
Source: BloombergNEF, Ministry of New and Renewable Energy

FIGURE 3:
Global sustainable debt issuance



Source: BloombergNEF, Bloomberg Terminal

FIGURE 4:
S&P500 ESG share price premium vs. S&P500



Source: Bloomberg Terminal

² "How Oil and Gas Companies Are Addressing Climate Risk," BloombergNEF, July 20, 2020.

³ "Value of Clean Energy ETFs Jumps Fourfold in Just One Year," BlombergNEF, September 21, 2020.

The readiness of emerging markets to attract private climate finance is uneven

The immediate economic shock of the COVID-19 pandemic in emerging market economies has surpassed that of any previous financial crisis. However, a number of key emerging markets, in tandem with international financial organizations, have delivered decisive policy responses that have softened the impact of this downturn on financial market stability and currencies when compared to previous crises.⁴ Still, less developed countries, commodity exporters, and countries with high levels of existing debt have suffered deeper financial shocks and increasingly challenging borrowing conditions.

The prospect of a prolonged economic downturn that could last until the COVID-19 pandemic is resolved raises concern about the capacity emerging market governments and international financial institutions have left to deliver further fiscal and monetary stimulus in response to the crisis. This context magnifies the importance of utilizing limited public finance in a way that boosts economic activity and employment and mobilizes domestic and international private investment. The ongoing policy response will affect climate change mitigation for decades, and “green” recovery measures targeting investment in infrastructure from clean energy systems, storage, power grids, sustainable urban transport, green buildings, sustainable land use, and climate-smart water and waste to stimulate activity in a way that also

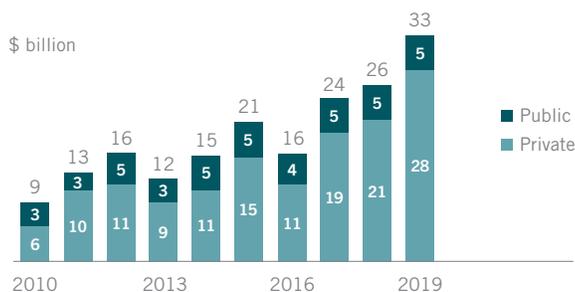
supports the transition to a low-carbon economy.⁵ Achieving these goals will require that more developing nations look to the lessons learned in markets that have mobilized climate finance successfully in recent years, then introduce the relevant enabling frameworks needed to address the specific conditions in their market and accelerate private investment.

A number of emerging markets stand out as some of the world’s most dynamic destinations for sustainable infrastructure investments. China is by far the largest market for clean energy investment as a result of its size and the continuous record growth in power demand over the last two decades. But countries like India, Vietnam, Kenya, Brazil, Mexico, Chile and South Africa have proven that the combination of enabling policies, the maturing of the clean-energy sector, and better integration of emerging economies in global financial markets, can lead to record levels of new investment.⁶

Private international investment into clean-energy assets in emerging markets has more than tripled over the last decade, according to BNEF’s clean energy asset finance data (Figure 5). However, this growth has been concentrated in the 20 most attractive markets, whereas flows towards the other 84 emerging economies surveyed have essentially remained flat (Figure 6). While large markets like Brazil, China, and India are present in the top 20 as a result of their size, it also includes smaller countries such as Morocco, Kenya, Uruguay, or Jordan, which also attracted international investors. Their experience helps highlight what enabling conditions are needed to mobilize private climate finance in emerging markets.

FIGURE 5:

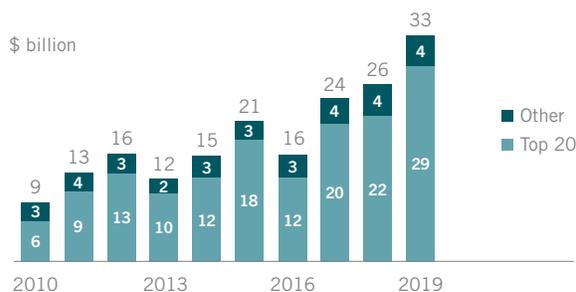
Foreign direct investment in emerging markets clean-energy asset finance by public vs. private investors



Source: BloombergNEF
Note: Emerging markets include all non-OECD countries, plus Chile, Colombia, Mexico, and Turkey.

FIGURE 6:

Foreign direct investment in emerging markets clean-energy asset finance in top 20 markets vs. the rest



Source: BloombergNEF
Note: Emerging markets include all non-OECD countries, plus Chile, Colombia, Mexico, and Turkey.

⁴ “COVID-19 Response in Emerging Market Economies: Conventional Policies and Beyond,” International Monetary Fund, 6 August, 2020.

⁵ “Greening the Recovery,” International Monetary Fund, June 2020.

⁶ “Climatescope: Emerging Market Outlook 2019,” BloombergNEF, November 25, 2020.

The last decade of clean-energy investment offers lessons on the enabling policies that are most conducive to mobilizing private climate finance in other sectors

Considering the opportunities and constraints described above, establishing a strong and stable enabling environment for sustainable investments is more important than ever for governments in emerging markets, especially if domestic and international private investors are to supplement more limited public resources.^{7, 8}

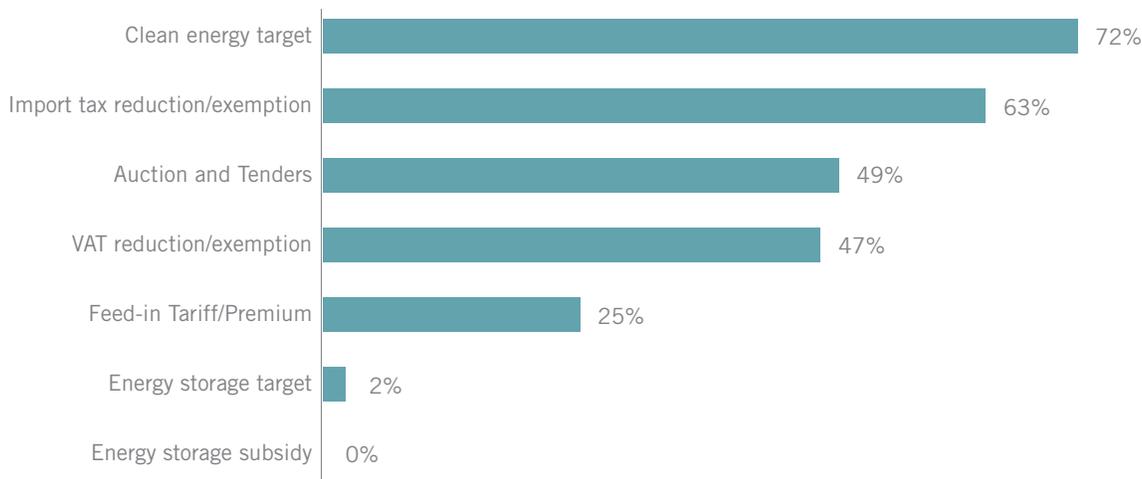
Still, research done for BNEF's annual Climatescope emerging market energy transition index shows that a limited number of countries have introduced these policies. Nearly three-quarters of the emerging markets surveyed have clean-energy targets in force (Figure 7). However, less than half of these combine their target with one or more of the policies needed to

trigger clean-energy private investment. Setting targets represents the starting point of most renewable energy policy frameworks, but it is not sufficient to create a vibrant local clean-energy sector.

Clean-energy auctions, present in 49% of the markets surveyed, stand out as the policy that has contributed to the growth of clean-energy investment the most, in particular in emerging markets. BNEF tracked \$42 billion in clean-energy asset finance in 2019 across the 48 emerging markets with auctions in force (excluding China), or an average of \$873 million per country (Figure 8). This is almost five times the average investment that nations with no auctions attracted in 2019. The 48 emerging markets with auctions also received over four times more foreign capital on average than the emerging markets that do not have this mechanism in place (Figure 9). This is because auctions, when well-designed, provide investors with clear information on the opportunity associated to a clean-energy market, the terms of payment and operation, and a transparent framework to compete in.

FIGURE 7:

Share of emerging markets with policy in place as of year-end 2019

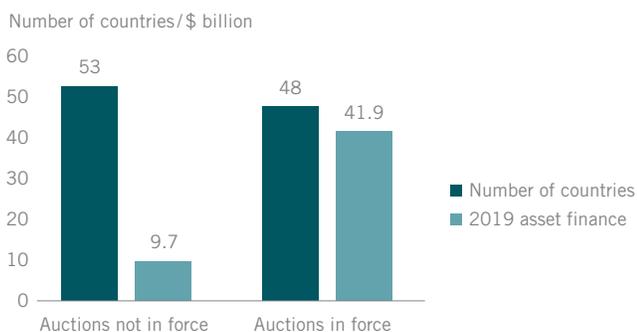


Source: BloombergNEF, Climatescope
Note: Based on 102 markets.

⁷ "How to Mitigate Renewables Risks in Emerging Markets," Climatescope, November 7, 2017.

⁸ "Policies for the Energy Transition – Lessons Learned in Emerging Markets," Climatescope, November 28, 2017.

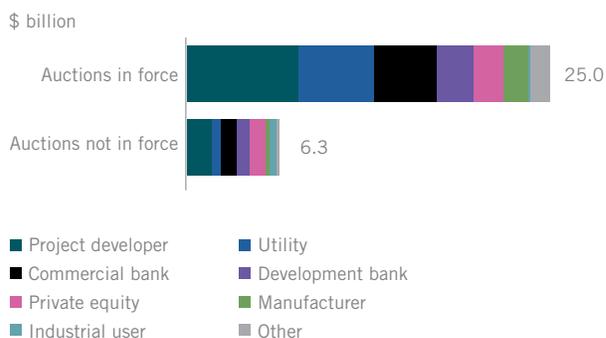
FIGURE 8:
2019 new-built clean-energy asset finance in emerging markets by auction status (excl. China)



Source: BloombergNEF, Climatescope

Auction policies also allow for the flexibility needed to recognize the investment readiness of different markets. For example, an auction program in a country that has recorded little to no international clean-energy investment and that suffers from high currency volatility will tend to focus on building experience in the market by organizing smaller auctions, with risk-mitigation measures provided by the government and potentially development finance institutions as well as foreign exchange guarantees or payment in hard currency. This modularity has helped auctions to reliably deliver clean-energy investment growth across a range of markets.

FIGURE 9:
2019 disclosed foreign investment in emerging markets by investor type and auction status (excl. China)



Source: BloombergNEF, Climatescope

Emerging markets that have introduced auctions over 2012-2018 recorded less than \$200 million of clean-energy investment per year on average prior to enacting the policy. Average investment doubled in the year that followed the introduction of auctions, before leveling off as competition and maturing of the market helps lower clean-energy cost and deliver more clean-energy capacity and value to the economy, for each dollar of public and private money invested (Figure 10).

FIGURE 10:
Average clean-energy investment in emerging markets in years preceding and following the introduction of auctions



Source: BloombergNEF, Climatescope
 Note: Includes 31 markets that started auctions between 2012-2018.



Emerging markets have a unique opportunity to attract private climate finance and deliver a greener recovery

Against the backdrop of the economic crisis created by COVID-19, the staggering growth in demand for sustainable investments is a call for governments to focus on a green recovery. The experience of emerging markets that have taken a lead on climate action and the energy transition, and the growing pool of private investors committing climate finance across the developing world, are proof of the opportunities the transition to a low-carbon economy offers.

While the clean-energy industry has provided many of the lessons learned over the last decade, most of the fundamental mechanisms that have allowed these success stories can be adapted to other sectors. This includes sustainable urban transport green buildings, sustainable land use, and climate-smart water and waste, all of which play a strategic role in meeting the Sustainable Development Goals and the climate objectives set out in the Paris Agreement.

Sharing lessons learned with policymakers

The pool of private investors with exposure to sustainable infrastructure in emerging markets has increased substantially over the last decade as a result of increased cross-border flows and surging activity in key sectors like clean energy. This creates an opportunity to reflect on these experiences and identify the factors that have made the success or failure of investments.

The provisional cross-sector and sector-specific Considerations on private investment enabling conditions detailed in the next section reflect the experience of investors that have deployed billions in investment to sustainable infrastructure across developing countries. That experience shows that, when considering which policy tools to deploy, it is crucial to recognize that each country and sector will require an evolving mix of enabling policies over time.

To maximize the value and impact of public finance commitments, those policies must reflect the conditions of the market, from the experience of investors to the changing dynamics of risk or demand. Each country is unique, and the issues covered in the Private Sector Considerations for Policymakers are high-level and broad, intended to offer a menu of potential policy-change opportunities to all countries, regardless of current investment environment, future opportunities for sustainable infrastructure growth, or position on the path to a low-carbon economy.

PART 3. Draft for Consultation: Private Sector Considerations for Policymakers

A note on structure

This document begins with a set of High-Level, Cross-Cutting Enabling Environment Factors for private climate finance across all sustainable infrastructure sectors. Following these broad, cross-cutting Considerations is a series of sector-specific considerations that drill deeper into sector-by-sector enabling environment conditions. The sector considerations are to be read with the cross-cutting factors in mind.

In some cases, the sector considerations are further broken-down into sector-wide factors and sub-sector factors. For example, the Clean Energy Systems considerations include several cross-cutting factors that apply across energy sector investments as well as factors specific to the renewable energy, distributed renewable energy, grid-connected renewable energy, and energy storage subsectors.

Once again, these Considerations are not meant as requirements or preconditions for investors, but rather set forth the most important factors investors will consider in evaluating investments in a given country and sector.

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Consideration 1: High-Level, Cross-Cutting Enabling Environment Factors

Macroeconomic stability and economic growth prospects

Sound macroeconomic policies to drive broad-based growth and to manage inflation and interest rates provide investors and financiers with broad assurance of the financial sustainability of their investments. Strong government institutions with a track record of good governance and the commitment and capacity to provide stable macroeconomic management is also a major factor. Investors require reliable data on the macroeconomic state of the economy (banking sector health, employment numbers, census data, etc.) to support their own reporting requirements.

Currency stability

Exchange rate risk is a key consideration for international investors. Investors will either look for a historically stable exchange rate, income indexation to a hard currency, or a market that enables affordable hedging of foreign exchange risk. Mismatches between the currency denomination of project's costs, including financing, and the denomination of its revenue present extra costs and risks to investors and banks when neither local nor international markets provide the instruments needed to hedge those risks in sufficient size and tenor, and at a reasonable cost. This is particularly problematic in countries where significant



current account deficits leave those currencies vulnerable to devaluation. The degree to which a country can peg its currency to a hard currency, or denominate/index project revenues in a hard currency is thus an important consideration, though partial conversion structures can also help to develop the market.

Policy stability and rule of law

Political risks, such as expropriation, sovereign breach of contract, and foreign exchange controls, are critical considerations for investors. In addition, the predictability, credibility, and reliability of rules and regulations, including investor and creditor protections, capital repatriation rules, as well as sector-specific policies and regulatory frameworks are critical. The risk of policy reversals or renegotiations is often the biggest concern for international investors and banks in developing countries, particularly when such policies can be altered legally with ease or not enforced by government agencies or the judiciary. These risks can only be partially covered through international political risk insurance, which adds to transaction costs.

Multi-level, integrated, systems planning

Building a sustainable and resilient economy requires coordinated government planning across sectors, through the asset lifecycle, and involving both local and national governments. Integrated and spatial systems planning considering ecosystem services can also help spur demand for more climate-friendly infrastructure. Governments also send strong signals to the market about their long-term commitment to low-carbon, climate resilient development when setting renewable energy and emission reduction targets, implementing energy efficiency and buildings standards, and increasing the ambition and practicality of Nationally Determined Contributions (NDCs). Finally, governments can also integrate climate adaptation and resilience into all infrastructure planning by adopting international standards on climate resilient infrastructure, including building codes, design standards, disaster risk management guidelines, and open information systems on past and future climate behavior to promote climate resilience and risk management.

Government commitment to stable and predictable investment incentives

In addition to strong statements of government support for private investment in sustainable infrastructure, a variety of incentives may signal a favorable business environment for businesses, developers, and investors. These signals may include subsidized financing options, direct support through grants, tax incentives, preferential treatment on import duties for components of low-carbon systems, and the establishment of clearly organized auctions, tenders, and adequate feed-in tariffs.

Political will and execution capacity

Strong policy support and clear rules and regulation are important, but equally important is the government's willingness, experience, and technical capacity to implement and enforce those policies. In addition, many developing countries have little experience engaging with cross-border investors and financiers or with negotiating and executing international commercial agreements. Technical assistance to governments to both establish better enabling environments for international investors and to create bankable pipelines of low-carbon, climate-resilient investment opportunities that are attractive to private capital may be necessary until project development, engineering, technical, and commercial experience is gained.

Financial market depth and willingness of local investors

The existence of local bank and capital markets that can provide financial services, such as currency and interest rate swaps, access to listed markets, and even support for a robust green bond market and sustainable infrastructure debt funds, are valuable for international investors, especially pension funds. The challenge of limited local debt and equity markets and relevant local commercial banking experience and capabilities, such as the lack of long-term, fixed rate non-recourse debt, limits options for some international investors and financiers. The willingness and ability of local investors (pensions, sovereign wealth funds, national development banks, developers, financial institutions, etc.) to invest alongside international investors is important in garnering local support, execution capacity and alignment of interests. National regulatory bodies may need to review local pension fund and insurance company investment guidelines in order to allow these entities to invest in infrastructure debt and equity.

Fewer foreign ownership restrictions and local content requirements

In some jurisdictions, foreign investment is limited to minority stakes, whereas cross-border investors may seek ownership control. The limited availability of well-capitalized local partners with relevant experience can be a barrier to developing a successful project. Similarly, restrictive local content requirements, if they materially impinge on the quality or economics of the project, can stymie investment. Governments can reassure investors about local content requirements by conducting a thorough analysis of national technological and production capabilities and demonstrating flexibility during the project construction process to the extent such requirements result in serious procurement bottlenecks. In addition, taxes or tariffs on cross-border capital flows for the purpose of investing in improving land practices or carbon projects should be closely evaluated.

Clear and predictable licensing and permitting procedures

The assurance that necessary licenses and permits will be awarded based on fair, efficient, and predictable processes is crucial to project developers, investors, and banks. Establishing land titles in markets where traditional land tenure is practiced is especially

important and can often be very costly and time-consuming, contributing to the uncertainty that is so problematic for investors. In some countries, governments provide a pre-permitting site, specifications, and license auctioned as part of a Power Purchase Agreement, and this practice could be expanded to other relevant sectors.

Standardization and enforceability of contracts

For most transactions and particularly for infrastructure projects, standardized contracts that reflect international best practice on key bankability dimensions, such as change in law, force majeure, termination and associated payments, step-in rights, dispute resolution, etc., can reduce transaction costs, ease due diligence for investors and banks, and shorten the timeline between pre-feasibility, awarding, and financial close. Standardization also supports the development of bankable project pipelines. Moreover, standardized contracts can facilitate bundling and aggregation, which is especially critical for institutional investors that may not consider project-level investments or be inclined to carry out due diligence on bespoke financing structures. Enforceability of any contract in a timely manner in local courts is a fundamental consideration for investors.



Effective community engagement

Ensuring that local communities are consulted effectively during project design as well as on an ongoing basis is important to the success of a sustainable infrastructure project. While developers and lenders must conduct their own community engagement, governments can help de-risk projects ex-ante by taking an active role in the upstream infrastructure planning, prioritization, and preparation stages prior to tendering and thereafter facilitating community engagement.

Size of the market and relevant deal flow

Smaller markets do not necessarily present greater risk, but generally offer less opportunity for lenders and investors to reach economies of scale in their financing activities. In order to make the most effective use of available equity and debt capital, governments should prioritize its infrastructure pipeline, estimate the capital needed, develop investment opportunities that are attractive to the private sector, and focus its pipeline marketing to the most relevant equity sponsors (e.g., those who have a proven track record) and debt providers.

Strong anti-corruption and transparency measures

Corruption risks remain prevalent in many countries and sectors where private investment is most needed. Strong programs to prevent corruption and enable greater transparency and accountability help to

ensure that fair and effective public spending will be not be undercut by corruption in the form of policy capture or undue influence, creative accounting or reporting, and the mismanagement, embezzlement or misappropriation of public resources. Ensuring that projects are awarded in a transparent and a competitive way is also key to mitigating corruption risk. Investors and lenders are very sensitive to any corruption-related disputes that arise once a project's financing is in place, and project documents need to clearly spell out avenues for dispute resolution under such scenarios.

Government use of sustainability criteria to raise the bar in tendering and procurement

Given increasing recognition by investors and banks that environmental (including climate-related), social, and governance (ESG) factors can carry significant risk to infrastructure assets and can impact financial returns, international investors and financiers are increasingly seeking to align capital allocations decisions with ESG criteria, and with the Sustainable Development Goals (SDGs) and Paris Agreement commitments. In addition, institutional investors are facing increasing pressure from their respective regulators to incorporate sustainability factors into long-term investment decisions. Therefore, governments that make concerted efforts to include ESG, including climate, and other sustainability dimensions in national policies and sector development plans, as well as in upstream project preparation, and ultimately in tendering and procurement for infrastructure can send positive signals to and attract greater levels of private investment.

Please provide your feedback on Consideration 1: High-Level, Cross-Cutting Enabling Environment Factors below:

Consideration 2: Clean Energy Systems

The Clean Energy Systems considerations focus on the enabling environment factors affecting the whole energy sector, as well as specific factors to grid-connected renewable energy, distributed renewable energy, power grid infrastructure, and energy storage investments.

Cross-Cutting Clean Energy

Capable energy sector authority to advance an integrated energy sector strategy

A capable and empowered energy sector authority is key to setting, coordinating, and executing an integrated sector strategy that factors in every aspect of clean energy systems. A master energy sector plan should include supply and demand scenarios and planning assumptions reflecting an integrated approach, including grid connected power and a range of distributed power sources that can help to clarify investment needs and

priorities across segments of the sector. Energy sector regulators should be independent and equipped with the technical expertise to set a regulatory framework conducive to clean energy systems and that protects against curtailment and arbitrary government action. Regulators should also have the authority to negotiate, structure, implement, monitor, and enforce agreements, policies, and regulations in a consistent manner. This includes overseeing predictable, transparent, and regular auction processes for new projects, upholding fair dispatch systems that are based on actual marginal costs, and maintaining clear and stable licensing and permitting procedures.



Cost-reflective energy tariffs

Ensuring that power generators can charge the necessary cost-reflective tariffs differentiated for grid-connected and various forms of distributed renewable energy is crucial to enabling private investment. In many cases, this will require the removal of energy subsidies for the incumbent fossil fuel industry such that retail energy prices may rise to reflect their true costs. An open access framework to network infrastructure is also a critical element in creating a level playing field. An integrated clean energy system will likely require different tariffs and potentially different subsidies. In the case of mini grids, it may mean granting local providers of electricity the autonomy to sell power at potentially higher rates than those offered by state-operated utilities.

Market scaling opportunities

Governments can help scale market development and attract investment over time by supporting greater standardization of power purchase agreements (PPAs) and by helping to create opportunities to aggregate and pool smaller investments for investors within their countries. Looking internationally, national governments can enable cross-border energy trade by creating regional power pools that can help scale regional energy markets, attract capital, and augment supply and distribution of energy. In countries with nascent policy and regulatory frameworks, private financial institutions and development finance institutions can combine investment instruments to address higher risks at initial stages of project development and unlock greater investment.

Grid-connected Renewable Energy

Power purchase agreements (PPAs) incorporating protections required by international markets

PPAs must be of sufficient duration to match the tenor of financing required. International private sector lenders also often require that off-taker payments are denominated in or indexed to dollars or euros, which can be challenging for off-takers whose income is in local currency. Additional elements typically required by private lenders include agreement to settle any disputes in a neutral, offshore location, termination payments and step-in rights, and other standard protections for the developer and its lenders.

Creditworthy or credit-enhanced off-takers

In many countries, the power off-taker is a government-owned utility that may require credit enhancement to support its payment obligations to the power producer. Banks and financiers may also face credit concentration limits if the national utility is the sole or majority off-taker. Support may come in different forms, including partial or full guarantees (where possible within sovereign debt capacity limits), liquidity facilities, and laws assuring funding for the electricity sector. The stronger the PPA, the more likely the investor and lender will accept something less than a full sovereign guarantee. The level and scope of credit support needed is determined on a case-by-case basis depending on the creditworthiness of the off-taker, financial condition of the sector, affordability of service, track record, investor confidence in the country, and other terms and conditions of the PPA, such as termination price.

Power grid capacity, stability, and willingness of grid operators to handle intermittent power

In some countries, the national power grid has limited capacity to absorb new power and is not equipped to handle the intermittent power that is generated by most renewable energy sources. This can result in renewable energy plants being required to reduce their production, most of the time without compensation for such curtailment. A clear agreement is needed between decision makers who grant permits and licenses, private developers, and grid operators regarding necessary grid improvements, completion dates, and the relation between those grid improvements and proposed renewable energy projects. Safeguarding private investors against the risk of grid unavailability at the time of commission or during operations is an important consideration.

Distributed Renewable Energy

Integration of off-grid energy solutions within national energy access strategies

In most countries without universal access to power, distributed renewable energy solutions, including solar home systems and mini grids, must be integral to national energy plans. Governments can develop the market for full energy access across urban, peri-urban, and rural areas by developing tiered and integrated policies, regulations, and incentives based on the

different energy solutions, paving the way for attracting international investment. Effective plans often include an assessment of the areas that would be best served by distributed renewable solutions, both at the small-scale and large-scale industry levels as well as the household level. Establishing a rural electrification agency to oversee the execution of the off-grid energy strategy can help to elevate off-grid solutions and their incorporation in broader energy plans. Mini grids can be made more efficient to scale through standardization of contracts.

Enabling mobile payment regulations

Mobile payment systems are a key building block for the development of pay-as-you-go solar energy (and energy storage). The growth of this model can be attributed to the development of mobile money technology that allows households to make small, daily payments to repay loans taken to acquire their solar home systems. Governments that put forward favorable policy frameworks for the development of mobile payment infrastructure not only will expand access to credit, savings, and other financial tools to their constituents but also pave the way for cost-effective, rapid build out off-grid energy solutions.

Compensation plans for mini-grid operators upon the arrival of the main grid to a community

Compensation plans provide reassurances to mini-grid permit holders that their investment will be protected if and when the main energy grid is extended to a community. These plans can provide important reassurances to donors, concessional capital providers, and operators.

Financial and technical support for distributed renewable energy operators

Certain tax and duty exemptions, grants, guarantees, and low-interest loans can encourage distributed renewable energy development and enable commercial investors to see a path to financial self-sufficiency. Technical support in the form of quality assurance and certifications on all types of renewable energy products can help build the market and attract the highest quality companies and investors.

Power Grid Infrastructure for Renewable Energy

Grid code tailored for variable renewable energy

Grid codes, or technical connection standards that are set by a technically competent but neutral entity and subject to regular independent review will help prevent codes from being overly favorable toward incumbent power sources at the expense of variable renewable energy (VRE). Forward-looking grid-code development with broad stakeholder participation can also minimize costs from grid codes compliance.

Strong consideration of sustainability criteria when planning grid expansion

Governments should integrate environment (including climate-related), social, and governance standards into long-term grid expansion plans and ensure close considerations of impacts of new routes on nature and local communities. Policymakers should have constructive public engagement aimed at improving public acceptance for grid development processes while addressing or even surpassing environmental and social protection standards when managing easement, rights of way, and resettlement issues.

Integrated planning of power grids and variable renewable energy zoning

High-quality variable renewable energy (VRE) resources may be located in areas that lack networks to integrate them. Identification of suitable areas for VRE deployment and their integration in transmission planning can have multiple advantages. Integrated planning may assist in identifying new lines to connect resource-rich areas to the neediest load centers and in increasing the confidence of developers that their assets will be put to full use.

Clear and consistent performance indicators for independent power transmission and distribution operators

Governments will need to determine the performance they want from independent power transmission companies and develop key performance indicators (KPIs) under the contract. Making line availability the dominant KPI as the basis for payment (as opposed to energy delivered or line use) provides both explicit performance expectations to the transmission company and reassurance to private investors in renewables.

Energy Storage

Clear regulatory framework

Conventional regulatory frameworks can hinder storage development by unintentionally subjecting storage facilities to additional costs since they can be treated as both consumers and generators of electricity within traditional regulatory frameworks. The unique characteristics of energy storage must be incorporated into regulatory frameworks, so storage facilities are not double charged for the import and export of electricity. Instead of being placed alongside existing generation or transmission regulatory frameworks, storage requires its own definitions and standards, as well as permitting and updating grid codes.

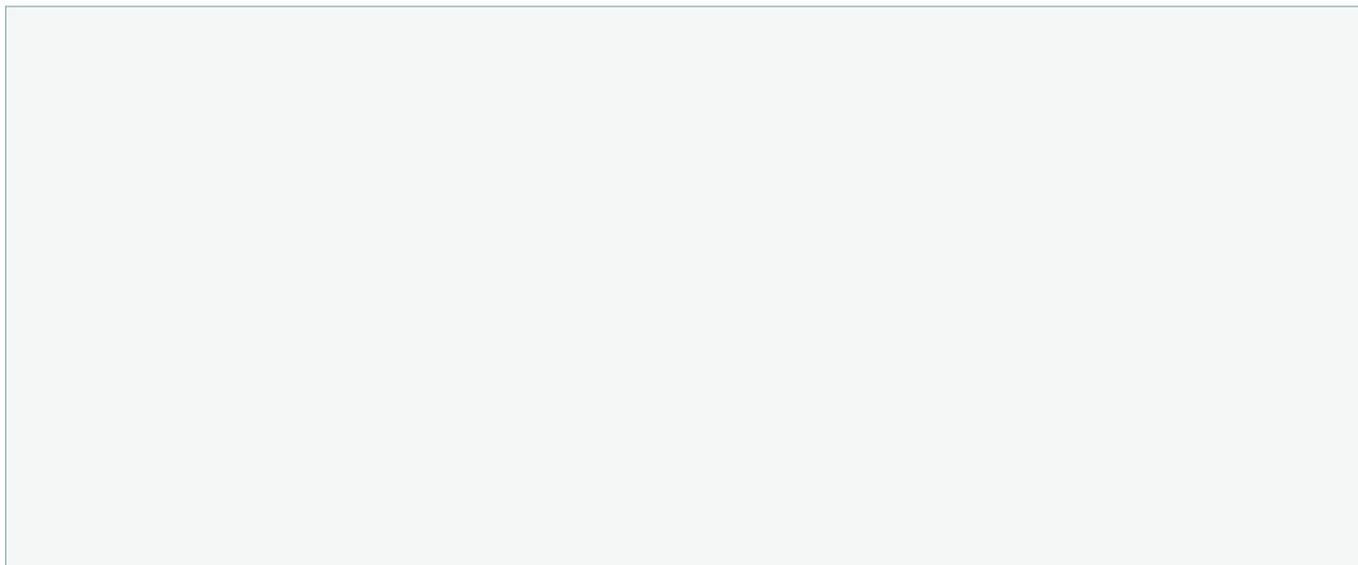
Robust mechanisms in storage offtake or lease agreements

To provide certainty to investors in storage facilities, storage offtake and lease agreements should address allocation of levies and charges, especially when regulatory frameworks do not address energy storage. This can include finding new ways to compensate storage facilities, such as paying them fixed fees simply for being available at hours of critical need.

Appropriate ownership, control, and revenue models

Ownership and revenue models for energy storage systems should reflect the role they play in helping renewable energy compete with conventional power sources. Clarity is needed on whether energy storage assets will be tendered on an independent power producer (IPP) basis or be directly procured and therefore form part of the country's transmission system. The ownership model will inform the kind of revenue model, whether the network operator has full control and supports the storage system through regulated revenues or whether and how the scope of storage services needs to be defined under the IPP model.

Please provide your feedback on Consideration 2: Clean Energy Systems below:



Consideration 3: Sustainable Urban Transport

The Sustainable Urban Transport considerations are focused on attracting private sector capital to urban mass transit projects, including bus, light rail, and e-mobility infrastructure.

Capable transit authority

National and local governments can best support investors by providing a well-funded, time-bound investment program that signals market opportunities for private sector participation; by clearly defining rules and regulations that delineate responsibilities (i.e. sector regulator, awarding authority, contract supervision); and by removing access barriers and controlling informal and illegal competition in the market. At

the local level, these priorities can be implemented by an empowered local transit authority that presides over a well-organized, formal sector structure with clear roles for ownership, operation, and maintenance, and transparent operator permitting, licensing, and route award processes along with a credible plan to manage informal competition from informal operators. Integration of urban transit planning with other transit (feeders and other modes) as well as coordination with land use plans is also important.



Public procurement programs that signal long-term sustainable transport intentions

Governments can spur investments as well as interest in fleet renewal and fleet electrification initiatives through a transparent, well-structured, and dedicated public procurement program in coordination with electric utilities and local distribution companies for electric vehicle charging infrastructure. For buses and other urban mass transit, procurement programs can help to level the playing field for electric public transportation against conventional diesel buses with traditionally lower up-front costs by factoring in total cost of ownership considerations.

Transparent fare-setting and protections against unanticipated revenue shortfalls

Implementation of time-bound, performance-based contracts with transparent remuneration schemes (typically based on commercial mileage, plus bonuses and penalties according to key performance indicators) is often regarded as an effective way to incentivize standards and levels of service in public transport

provision. Viability gap funding, along with reliable re-setting mechanisms, can help provide certainty of stable cash flows and reduce risk for private investors. At the local level, most cities in the developing world are not deemed creditworthy, so public transit subsidy/payment schemes may not be regarded as credible. In addition to measures to improve city creditworthiness, the creation of centralized and ring-fenced revenue collection and financing mechanisms to support revenue shortfalls from user fees coupled with remuneration across licensed operators based on key performance indicators can also provide outside investors with certainty around operating risks.

Pricing mechanisms that account for the full costs of fossil fuel-based transport

In order to create a level playing field, pricing mechanisms that factor in externalities of fossil fuel-based transport are needed and could be implemented through carbon prices, fuel and vehicle taxes, congestion charges, fossil fuel subsidy reform, and/or parking levies.

Please provide your feedback on Consideration 3: Sustainable Urban Transport below:

Consideration 4: Climate-Smart Water and Waste

The Climate-Smart Water and Waste considerations focus on investment opportunities in the water and waste sectors.

Water

Clear national strategic plans for the water sector

Clear goals and targets for water and sanitation, including water conservation and development, access, network extension, cost recovery, and reliability of services, strengthen common understanding and

alignment across government and key stakeholders. Inter-government coordination and water-smart public awareness efforts also send vital signals to private investors on the long-term sustainability of a government's plans for the sector. To enable more institutional investors to invest in water-related infrastructure, larger project sizes or pooled financing approaches to achieve the necessary scale are key.



Meaningful economic regulation of water service

Given the natural monopoly nature of most water services, it is vital that rules and institutions be in place that set, monitor, enforce, and regulate tariffs and service standards for water providers to ensure financial viability but also cost efficiency. A robust regulatory system can help provide greater certainty about sectoral approaches to cost recovery and the quality of service provision, including KPIs, for private investors.

Climate resiliency plans to safeguard water resources

The impacts of climate change on water should be considered in an integrated manner. Above all, solutions to water and energy loss from non-revenue water must be prioritized. Government support for nature-based solutions and other interventions, through sophisticated spatial land use planning, can also reduce climate risk of water sector assets and improve the risk/return profile for private investors.

Ensure financial sustainability and cost recovery

Given the significant investment required for water and wastewater provision, adequate cost-recovery mechanisms need to be in place to ensure financial sustainability. Cost-reflective water pricing is critical to recover costs and stimulate private investment. Tariffs provide an effective way to recover capital, operational, and maintenance costs from users. Clear and reliable mechanisms for viability gap funding can also help private operators mitigate revenue risks. Water utility revenues should be retained and reinvested in the utility — rather than be allocated to a general fund — to support better accountability and economic viability of the utility. In considering plans to establish or expand water and wastewater provision, governments should consider a green infrastructure alternative along with conventional grey infrastructure approaches, and the positive and negative externalities of both approaches should be evaluated.

Wastewater

Committed public investment in wastewater treatment

Though wastewater treatment delivers shared societal and ecosystem benefits, it is costly and the willingness to pay for these broad societal benefits is low thus

making commercial viability difficult in many cases. Public-private partnerships may be necessary to achieve financial viability since up-front costs are high and user fees are low for wastewater treatment. Governments can make wastewater treatment investments more attractive to the private sector by reducing the costs up front and structuring partnership contracts that lower investment risk.

Support for closed-loop wastewater technologies

New technologies have the potential to both drive down wastewater treatment costs and bring about a more efficient and sustainable water system through water recycling. Governments can incorporate water recycling systems into city planning and support the development of a robust market for recycled water. By supporting this market, investors can more easily identify and arrange industrial buyers of recycled water.

Solid Waste

Presence of an integrated waste management approach

Municipalities can attract private capital by creating a holistic plan for solid waste management that incorporates goals, objectives, and policies to support targets. Since transportation is the main cost driver of waste management, logistical planning to optimize locations of landfills and materials recovery stations should be a top priority. A clear picture of the regulatory approach and timeline for waste infrastructure development can also provide helpful reassurance to investors.

Capable waste authority

The waste management approach should be overseen by a capable authority who can advance the right incentives - including reductions in waste generation, adequate pricing and tipping fees, reliable re-setting, and credible sources for viability gap funding — and implement, monitor and enforce sector policies and regulations. This includes effectively managing the technicalities and standards for various waste streams to prevent environmental contamination.

Government programs to manage informal waste-pickers and encourage recycling

In some countries, waste pickers are the primary collectors, sorters, reclaimers, and recyclers of solid waste

and play an important role in creating value from waste generation. Governments can integrate waste pickers into waste management systems by working through their cooperatives to create an aggregated and consistent waste management approach. It's very important to integrate waste pickers into the formal system because illegal dumping of waste can be detrimental to communities and the environment. Illegal dumping should be regulated, enforced, and prosecuted when necessary. A track record of regulatory enforcement demonstrates to investors that governments prioritize the prevention of illegal dumping. In addition, national and/or municipal level recycling campaigns, including supportive regulation, can help reduce landfill, improve

circularity of certain waste with associated environmental benefits, as well as potentially provide additional revenue streams to investors.

Ability to achieve economies of scale by aggregating waste flows and integrating new technology

Local and national governments can help create economies of scale to attract private investors by aggregating waste flows, including through the development of regional waste management approaches, adopting new waste-to-energy technology, or partnerships with neighboring cities and regional governments.

Please provide your feedback on Consideration 4: Climate-Smar Water and Waste below:

Consideration 5: Green Buildings

The Green Buildings considerations focus on energy efficiency investment opportunities in commercial real estate, hospitality, and social infrastructure.

National energy efficiency planning and incentives

Presence of national energy efficiency plans, as well as dedicated entities to develop and implement the plans with specific targets and supporting laws and financing incentives, is key to setting direction for all stakeholders in making decisions on energy efficiency investments. Incentives from cost-reflective electricity rate structures also promote uptake of available energy efficiency, while removal of subsidies for energy supply can also make energy efficiency investments relatively inexpensive.

Ambitious energy performance standards and building codes

Increasingly greener building codes, minimum energy performance standards, and appliance standards all set minimum thresholds for energy performance of new and existing buildings. Alongside mandatory standards, energy efficiency labels are important complementary tools in ensuring that market players have appropriate information for decision making. Standards and labels tailored to local context, with local authorities responsible for adapting and implementing national plans, have proven essential in shifting producer and consumer activity and creating strong markets for energy efficiency.



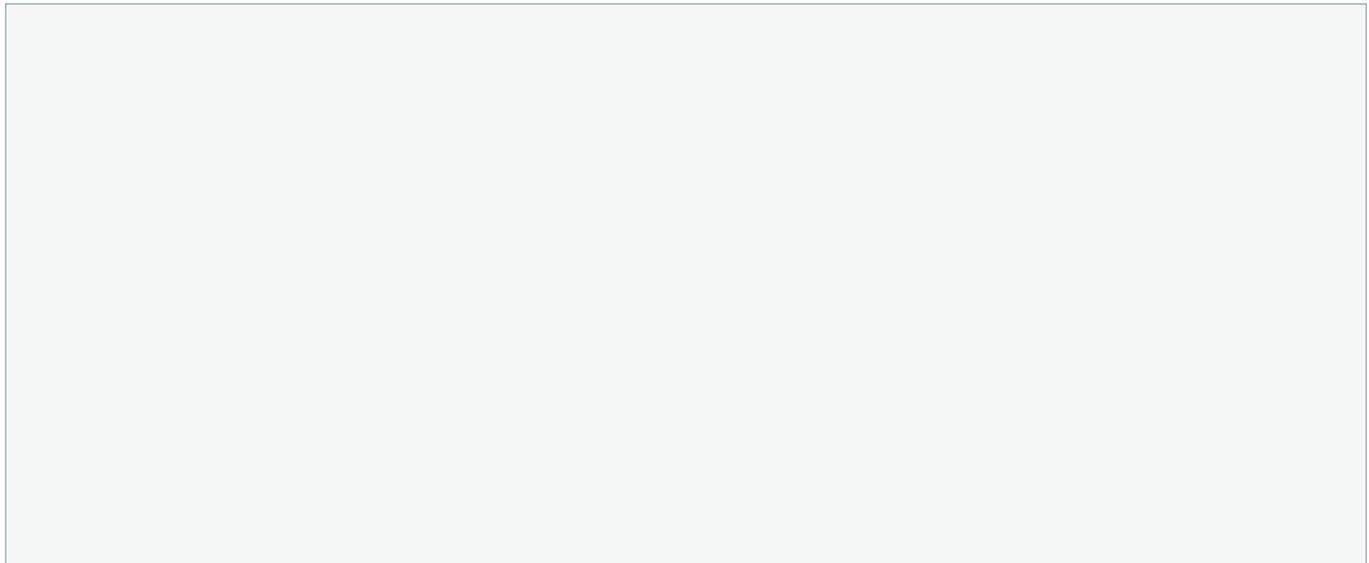
Presence of operating energy services companies

Although energy efficiency measures typically result in overall savings, high up-front costs can create disincentives for their adoption. Energy service companies (ESCOs) can help overcome this barrier by covering the up-front cost of efficiency investments, allowing consumers to pay back this cost over time through energy savings. In markets that lack ESCOs, government-supported “super-ESCOs” that aggregate roll-out of energy efficient technologies for public sector buildings can also jumpstart the private ESCO market with capacity building, project development, and facilitation. Incentives for bank financing of energy efficiency can also be useful.

Standardization of energy performance contracts

In many developing countries, the complex contracting procedures related to energy efficiency projects fuel mistrust among end users. Clear and transparent energy performance contracting frameworks, including standard definitions of how project energy savings are guaranteed, can foster trust among contracting parties and streamline negotiations on energy efficiency investments. Without standardized contracts, banks are unlikely to invest the time and resources in each transaction.

Please provide your feedback on Consideration 5: Green Buildings below:



Consideration 6: Sustainable Land Use

The Sustainable Land Use considerations focus on agriculture and forestry investments. It is recognized that scaling up sustainable land use investments first requires recognition of the value of ecosystem services and a system to account for this value, such as a carbon market.

Cross-Cutting Sustainable Land Use

Existence and enforcement of land use regulations

In jurisdictions where claims to land ownership by multiple parties are commonplace, the risk of future land disputes or delays in the acquisition rights of way can dampen investor interest. The following are critical

to limiting investors' concerns of project interruptions prompted by land disagreements: an ability to secure land rights in a timely and transparent manner; formalized community consultation procedures to ensure that Indigenous Peoples' and local communities' traditional claims to territory and resources are respected; strong enforcement of land tenure and usage regulations; and clear, streamlined permitting processes and regulations.



Data to identify critical natural habitats

There is a broad need for better data to understand the benefits of ecosystems and biodiversity and the implications of land use. Policymaking should build upon spatial analysis and account for varying level of ecosystem value in order to ensure land use investments — whether for production or conservation — deliver positive land use outcomes that are recognized as financial contributions. Objective, high-quality natural resource data can inform effective policymaking, forecasting, planning, measurement, reporting, and verification. Clear spatial delineation of areas of important habitat — including for biodiversity, water catchment, natural carbon sequestration, flood control, fire prevention, coastal resilience — helps investors be better informed of, avoid, and/or manage these risks, and establishes the basis for negative impact mitigation requirements if negative impacts do occur.

Agro-climatic and resiliency data to inform investment decisions

Ensuring the integration and open availability of public and private agro-climatic information systems as well as information related to climate resilience (e.g., ecosystems, geophysical) allows for more comprehensive financial risk analysis and can reduce investor uncertainty by streamlining the due diligence process and reducing transaction costs.

Development of a carbon market

Forests and agriculture are the two largest opportunities for natural climate solutions globally. Collective international policy support around the development of a carbon market, inclusive of carbon prices that discourage net emissions, would encourage greater investment in forestry projects. Through the development of this carbon market, forestry projects can contribute to achieving goals set forth in countries' NDCs and may be sold as offsets. Critical to attracting private investment is the adoption of policies and accounting rules that allow for investments in forestry and agricultural projects that create carbon offsets either for export, in the context of nested jurisdictional REDD+ carbon accounting, or for use within domestic compliance schemes.

Holistic assessment of ecosystem services

Agriculture and forestry create non-financial benefits that may not be fully captured by conventional land valuation and accounting standards. Routine

assessments that take into consideration the distinct nonfinancial benefits of various types of land use signals to investors that climate mitigation is aligned with growth of the sector.

Community and environmental consultation

Given the potential negative and positive externalities associated with forest harvesting and agriculture projects, development of forest resources should consider implications to land tenure, traditional uses, food provision by forests, access, carbon stores, biodiversity, water provision and other forest values important to communities or long-term forest health and integrity.

Rule of law that supports sustainable land development

In the agriculture and forestry sectors, illegal imports that avoid tariffs and taxes can significantly undermine legally operating firms seeking to advance sustainable operations in the sectors. In the forestry sector, processed timber products originating from illegal logging pose a threat to the sustainable management of forest resources and create unfair competition for sustainable forestry firms. Efforts to uphold and enforce the rule of law in these sectors is critical to scaling private investment.

Agriculture

Including climate-smart agriculture in national climate goals and sector development plans

Development of a strong agricultural sector should be accompanied by concurrent sustainable development of supporting infrastructure (e.g., transportation) and regulations (e.g., requiring production standards that allow for export of goods) that incentivizes private sector investment in climate-smart agriculture. Including “climate-smart” agriculture and other natural climate solutions as a priority in a country's NDC — in both its mitigation and its adaptation goals — signals a serious focus on the climate impact of agriculture, which has historically been sensitive due to the role of agriculture in country economies.

Revision of policies that inadvertently support emissions-intensive practices

Agricultural input subsidies, price support, tariffs and subsidies on agricultural products often

undermine climate goals and indirectly incentivize the continuation of carbon-intensive practices. Private sector investment in technological innovations that aim to increase agricultural efficiency will be stifled without a more level playing field and an acknowledgement of the environmental impacts of the agricultural sector.

Forestry

Stable and coherent forest policy

A national forest policy that supports economic activities with an adequate financing strategy and incentives is the foundation for developing an attractive and sustainable forestry sector. Policymakers can help level the playing field against other non-forestry land investments by addressing land use and tenure and by creating clear opportunities for investment in forest carbon offsets through nested jurisdictional REDD+ programs or through domestic compliance markets that include Agriculture, Forestry, and Other Land Use (AFOLU) offsets. Sector policies should not only focus on upstream activities, but also on opportunities to build local timber processing capacity and the removal of export barriers. Beyond the establishment of a forest policy, a capable authority should have a leading role in the coordination and execution of the policy.

Responsibility for consequences of forest roads

Building new roads through forests to develop forest resources can create new access and can invite unplanned settlement and land tenure disputes.

A forestry plan that opens up new access should be accompanied by a plan and resources to restrict or manage unplanned human settlement and potential land degradation caused by access roads, including the use of a reserve account funded by the forestry activity to fund monitoring and, if needed, future decommissioning of such roads.

Integration

Forestry investments have implications for carbon sequestration as well as biodiversity protection, water protection, and supply of timber and non-timber products for building, energy and food. Recognition of these multiple benefits requires integration and coordination across government agencies and policies to prevent conflict and perverse incentives.

Policy support for low-carbon innovations

Increasingly, forest products represent a substitute for high carbon intensity materials. Implementation of forward-leaning regulations (e.g., building codes that permit mass timber) can spur private sector innovations in the materials sector that incentivize wood use in downstream products that have low-carbon lifecycles and replace higher carbon intensity alternatives.

Timber and non-timber product processing

A successful forest product industry requires efficient processing and transportation. Policymakers can consider guidance and incentives to help locate these resources in places where they can serve the public interest, direct jobs where most needed, and minimize unwanted environmental impacts.

Please provide your feedback on Consideration 6: Sustainable Land Use below:

About the Climate Finance Leadership Initiative

The Climate Finance Leadership Initiative (CFLI) convenes leading companies to mobilize and scale private capital for climate solutions. Michael R. Bloomberg formed the CFLI at the request of the United Nations Secretary-General António Guterres. In September 2019, the CFLI released *Financing the Low-Carbon Future*, a report that is aimed at mobilizing private climate finance at the scale and speed needed to support an orderly transition to a low-carbon economy. Also in September 2019, the CFLI established a partnership with the Association of European Development Financial Institutions (EDFI) to advance the public-private collaboration to climate the climate finance gap in emerging markets. For more information, visit www.bloomberg.com/cfli.

About the Association of European Development Finance Institutions

The Association of European Development Finance Institutions (EDFI) promotes the work of 15 bilateral development finance institutions that invest in the private sector in emerging and frontier markets to create jobs, boost growth and fight poverty and climate change. Since EDFI was set up in 1992, its members have invested in approximately 15,000 projects, and they now manage a combined investment portfolio of US\$50 billion across financial services, clean energy, industry and many other sectors in more than 100 countries. For more information, visit www.edfi.eu.

About the Global Infrastructure Facility

The Global Infrastructure Facility (GIF) is a G20 initiative with the goal of increasing private investment in sustainable infrastructure in emerging markets and developing economies. Coupling funding with hands-on technical expertise, the GIF supports end-to-end, comprehensive advisory services to client governments and multilateral development bank partners to build pipelines of bankable and sustainable infrastructure investments that are attractive to private capital. A suite of blended finance solutions to de-risk private investment is under design. As a global collaboration platform, the GIF enables collective action among a wide range of partners — including donors, development finance institutions, developing country governments, together with private sector investors and financiers — to leverage both resources and knowledge to find solutions to sustainable infrastructure financing challenges. The GIF is currently supported by Australia, Canada, China, Denmark, Japan, Singapore, and the World Bank. For more information, visit www.globalinfrafacility.org.

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