CEM Investment and Finance Initiative (CEM IF)

Accelerating clean energy investment and finance at scale worldwide

Goals

The CEM IF’s objective is to help energy ministers of CEM Members develop energy policies and enabling regulatory frameworks conducive to mobilising investments and financing in the clean energy sector at scale, particularly from private sources. This initiative focuses the clean energy investments in renewable energy, energy efficiency, as well as electricity network as the enabler for renewable energy integration and energy efficiency on demand side.

Rationale for being included in the CEM

Mobilisation of investments in clean energy, in particular by the private sector, is key to achieving clean energy objectives, and as such represent an important complement to other policy, regulatory and technical issues addressed by CEM. Governments have a key role to play in enhancing enabling frameworks for investment and related finance along the entire value chain of clean energy. Regulatory, policy, market and financial factors have a big impact on the risks, returns and transaction costs that ultimately shape investors’ decision to invest.

Although there is no shortage of capital available for investments in many CEM member countries, clean energy technologies are not fully realising their economic potential. As the IEA’s World Energy Investment report highlights, progress has been made in scaling up clean energy investment, but current global trends are still insufficient to put us on a sustainable energy path. Similarly, the Sustainable Finance Synthesis Report of the G20 Sustainable Finance Study Group calls for increased levels of private capital in sustainable finance.

A dedicated initiative on investment and finance can greatly enhance ongoing engagement in CEM work by key actors in the investment and finance community, who may otherwise only engage with CEM on an ad hoc basis or not at all. It can raise the investment-related energy policy discussion on the political agenda of energy ministers, and other relevant policymakers, including finance ministers.

Potential impacts

- It offers the opportunity to increase the exchange of best practice on specific initiatives, policies or regulations that unlock private capital for sustainable energy investments.
- It would address policy gaps and “silo” approaches, promote greater integration of investment and finance issues with the energy goals and objectives of energy policymakers.
- It will create a unique partnership, bringing together energy ministers, other government agencies, the private sector, public and commercial finance institutions, and investors committed to accelerating the transition to a clean energy future.
- It enables cross-fertilisation by sharing the results of investment related work across CEM initiatives.

"90% of global clean energy investments are made by the CEM Members"

Government policies are playing a growing role in driving private spending. Across all power sector investments, more than 95% is now based on regulation or contracts for remuneration.

World Energy Investments 2018, IEA
Key actions

- Creating a forum for peer-to-peer exchange of best practices across the clean energy investment and finance value chain and providing opportunities for policy makers, public financial institutions, and state-owned enterprises to engage with investors and private sector on integrating clean energy goals.
- Providing analysis of investment and financing trends in the clean energy sector and creating benchmarks and tools to support policy design and investment facilitation.
- Providing technical cooperation and helping CEM Members get support from a broad range of partners for policy design, technical assistance and capacity building.

Highlights and deliverables since CEM9

Knowledge development and dissemination

- Webinar on the World Energy Investment 2019, by IEA
- Contribution to CEM10 Ministerial-CEO roundtable on addressing the risks required to attract clean energy investment at scale.

Peer exchange and outreach

- Outreach to CEM IF member governments, other CEM workstreams, organisations and other sustainable and climate finance platforms for potential partnership, such as the World Bank, CEM Clean Energy Solution Centre, Private Financing Advisory Network (PFAN), United Nations Environment Programme Finance Initiative (UNEP-FI), and OECD Clean Energy Finance and Investment Programme.
- Kick-off call for country members to discuss the initiative’s work plan for 2019 and beyond, and relevant country update by each CEM IF members.
- Workshop on accelerating the clean energy transitions and mobilising investment to implement Paris Agreement goals, Side event at COP24 in Katowice, Poland.
- High-level forum on triggering investment in the integrated energy system, hosted by Germany at the Berlin Energy Transition Dialogue 2019.
- Workshop on accelerating clean energy investments, an official CEM10 side event, co-organised with Climate Investment Fund (CIF) at Vancouver, Canada.
- Workshop on energy efficiency finance, hosted by European Commission, 19 June 2019, in Brussels, Belgium.

Over the past one year, CEM IF has reached out to various international organisations and partners such as the World Bank Energy Sector Management Assistant Program (ESMAP), European Investment Bank (EIB), OECD Clean Energy Finance and Investment Programme, Private Financing Advisory Network (PFAN), United Nations Environment Programme Finance Initiative (UNEP-FI), and CEM Clean Energy Solution Centre, etc. to explore synergies and potential partnerships.