



## Climate Partnerships with the Private Sector

Deutsche Investitions- und Entwicklungsgesellschaft mbH (DEG) is implementing the programme “Climate Partnerships with the Private Sector” on behalf of the German Federal Ministry for the Environment, Nature Conservation, Building and Nuclear Safety (BMUB). The goal is to mobilise the private sector as crucial actor in mitigating greenhouse gas emissions in developing countries and emerging markets. The programme aims at leveraging private sector investment flows as a driver to stimulate a low-carbon development process. The project enhances the transfer of technology and knowledge in the areas of renewable energies and energy efficiency. The implemented projects support the introduction and demonstration of innovative climate-friendly technologies or adapt proven technologies to the specific conditions in the target countries; in doing so they help to create structures for promoting sustainable low-carbon economies.

Based on the first responses from participating companies, the public funds are estimated to leverage at least 5-6 times this amount in follow-up investments and business generated with climate-friendly technologies by the partner companies in the target markets within the next two years.

### Huge potential for Climate Partnerships to leverage low-carbon investments

During the first programme phase from 2010 to 2015 DEG supported 15 climate partnerships, which were implemented on four continents in various areas of energy efficiency and renewable energies. Some projects are particularly innovative, while in others the approach can

be easily replicated or produce a wide-reaching, broad-scale multiplier effect. The results showed a needs-oriented, economically efficient climate protection effect – suitable for supporting the target countries in exploiting their energy-saving potential more effectively as they face rising greenhouse gas emissions.

On the whole, the pilot projects alone have already saved several thousand tonnes of CO<sub>2</sub> annually. If the technologies can successfully be established in the market, the estimated potential far exceeds annual total savings of 15 million tonnes of CO<sub>2</sub>.

### Successfully implemented renewable energy and energy efficiency projects

As a global solution, the Climate partnership “Carbon Performance Improvement Initiative” (CPI2) was developed by a consortium of eight major German retailers. The initiative established an online evaluation tool, which determines the climate performance of shoe and textile producers and provides practical options for reducing energy use in production processes. Initially launched in four pilot countries with 20 producers, the CPI2 tool is now used by more than 800 producers in 25 countries and has been expanded to include the management and reduction of water and chemicals. It has the potential to be applied to numerous other industries and to become a worldwide standard in environmental protection.

In South Africa, several projects were implemented in the areas of renewable energy and resource conservation. A pump manufacturer demonstrated the use of process-controlled, high-efficiency pumps for irrigation in the



wine industry and realised electricity savings of 70% on the pilot winery.

Another climate partnership established a solar training centre for a sustained, broad-based know-how transfer in the field of photovoltaics. Tapping into this new pool of skilled technicians, the partner company has been able to realise 750 kWp of installed capacity since entering the market and expects orders of more than 10 MW in the next 2 years.

In Brazil, a biogas consortium conducted a comprehensive feasibility study and built a biogas plant to produce electricity from previously untapped animal excreta as a substrate. This first biogas project realized with German technology in Brazil was put into operation in February 2014 and there are plans to supply biogas to the regional grid.

## New opportunities during the second programme phase

Based on the success of the first implementation phase, BMUB decided to fund a second programme phase, which started in October 2014. First projects for local manufacturing of solar kiosks in Ghana and the promotion of sustainable building in Turkey have already been initiated in this phase. DEG further accepts project proposals and provides up to EUR 200,000 grant funding per project, while the private sector partner contributes at least 50 per cent of total project costs and is responsible for project implementation.

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As one of the largest European development finance institutions for promoting the private sector, DEG, a subsidiary of KfW, promotes entrepreneurial initiatives in developing countries and emerging markets. It aims to contribute to sustainable growth and improved living conditions for local populations. To this end, DEG has structured and financed investments by private enterprises for more than 50 years.

The “Climate partnerships with the private sector” programme is financed as part of the BMUB’s International Climate Initiative (IKI). Since 2008, the initiative has been specifically funding climate and biodiversity projects in developing, emerging market and transition countries.

## What is supported?

The programme supports private-sector projects that

- promote the introduction of climate-friendly technology,
- adapt proven technology for greenhouse gas reduction to the specific conditions in the target countries or
- demonstrate the application of innovative technology and
- have a structure-building effect in connection with the use of climate-friendly energy.

## Who can participate?

German and European companies, also in cooperation with local companies, are eligible for the programme if their good financial standing ensures the economic viability and sustainability of the project. Accordingly, the company must

- have an annual turnover of at least 1 million euros,
- have a staff of at least ten people,
- have been in operation for at least three financial years.

The application documents as well as the report on the first phase can be requested from [klimapartnerschaften@deginvest.de](mailto:klimapartnerschaften@deginvest.de) or downloaded from DEG’s website: [www.deginvest.de](http://www.deginvest.de).

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