

SÉMINAIRE

DES DOCTORANTS

12/05 Thibault Briera : International public climate finance to close the renewable energy investment gap in developing economies

Reducing the renewable energy investment gap has become urgent for the decarbonization of the energy sector. This gap is due to low private incentives for renewable energy investment rather than a global shortage of capital. Indeed, renewable energy projects (RE) are still seen as risky by investors in many developing countries, hindering regional RE deployment. International public climate finance (e.g., through multilateral development banks) is expected to help close the renewable energy investment gap by both directly financing projects and mobilizing private capital. In this work, we develop a stylized financing cost module that accounts for the interactions between public and private capital. When applied to the IMACLIM-R power sector, we show that current international commitments to public climate finance have little impact on the deployment of RE when the mobilization effect of private capital is small. We discuss the potential impact of these commitments when private capital follows public finance. This highly stylized method opens up possibilities for a more robust representation of the financing costs of energy technologies.

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