

## GEF LEADERSHIP ON CLIMATE CHANGE MITIGATION



Space Shuttle Discovery / Stone

GEF helps developing countries undertake “win-win” projects to mitigate the effects of climate change by reducing concentrations of greenhouse gases (GHGs) in the atmosphere. These GEF projects also benefit the local economy and help improve local environmental conditions.

GEF programs take a long-term perspective to reducing GHG emissions by transforming energy markets in developing countries. The goal is to foster economic growth and sustainable development by enabling these markets to operate more efficiently and shift away from carbon-intensive technologies.

### REMOVING BARRIERS TO ENERGY EFFICIENCY

GEF’s support is designed to promote energy efficiency by removing barriers to the large-scale application, implementation, and dissemination of cost-effective, energy-efficient technologies and practices that will result in the reduction of GHG emissions. The intervention strategy for barrier removal aims at developing, expanding, and transforming the markets for energy-efficient technologies. Starting in 2006, the GEF will also focus on improving the efficiency of energy use in buildings and appliances in industry and in existing power plants.

## **PROMOTING RENEWABLE ENERGY**

In terms of renewable energy, the GEF seeks to expand the markets for renewable energy by removing barriers to the large-scale use of renewable energy technologies. Beginning in 2006, support will focus on two strategic objectives: the expansion of grid electricity from renewable sources and the promotion of renewable energy for rural energy services.

## **REDUCING COSTS OF LOW-GHG EMITTING ENERGY TECHNOLOGIES**

In addition, the GEF seeks to reduce GHG emissions by investing in new, low-GHG emitting energy-generating technologies, thereby lowering their costs and increasing their market share. This strategy builds on the idea that providing developing countries with early experience in new, emerging, low-GHG emitting energy generating technologies in niche applications will help expand the demand for these technologies. This in turn leads to increased supply and reduced cost. The reduced costs result in the developing countries adopting those technologies earlier and with a wider scope.

## **SUPPORTING SUSTAINABLE TRANSPORTATION**

GEF support for sustainable transport seeks to facilitate GHG reduction through market transformation in urban areas. The GEF's work encompasses all measures that promote transportation systems of lower carbon intensity, including modal shifts to less polluting forms of transport, improved public rapid transit (such as bus rapid transit systems), improved use of non-motorized transport, transport and traffic demand management, and improved urban land-use planning.

## **HELPING MARKETS OPERATE EFFECTIVELY**

GEF's experience has shown that for markets to operate and grow effectively, projects must address five strategic dimensions: policy, finance, business skills and models, information, and technology.

The policy environment—including the policies, programs, and institutions relevant to the country—needs to be conducive to the investment being proposed. GEF support can be used successfully to create a proper policy and institutional environment.

Finance is a critical element in the successful growth of any market for a new technology or practice. GEF support for finance must strike a delicate balance between subsidizing an intervention (with the risk of undermining the market's long-run sustainability) and providing no financial support (with the risk of starving the market).

The business skills, business environment, delivery models, and market institutions found in a given country must be sufficiently robust to enable the market supply chain for a technology to grow rapidly and cater to the expanding market. GEF support can play an important facilitative role in helping these experiments to take place and these opportunities to unfold.

Information, knowledge, and awareness serve as keys to both the initial growth of the market and also to its continued expansion. GEF projects can serve to raise quality standards and reassure market agents about a product's performance.

The deployment and transfer of new technology lies at the heart of the GEF's work in the area of climate change mitigation. GEF climate change projects are catalysts for technology transfer.

## **FOR MORE INFORMATION**

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