Below are key points made by the panelists in response to our questions during the ICC Panel.
These are summary notes from the conversation and are not attributed to any individual panelist. We would appreciate receiving additional observations, suggestions and ideas from you. Please add to the conversation by filling out this form.

What are some important issues that need to be addressed through investment in medium- and low-income (emerging and developing) economies to address climate change?

- Setting a sustainable development path to resilience, adaptation and scaling energy access, replacing kerosene and diesel generation.
- Allowing people and communities to own their energy supply and generate electricity near where it is consumed.
- Provide basic services, conservation and water.
- Develop carbon offset projects that also benefit the local people and communities.
- Decarbonize the built environment.
- Financing projects that are just getting off the ground in order to attract more international investors.

Why are emerging markets so important when addressing climate change? Why is it important to make sure that the communities we invest in are empowered and experience a positive impact?

- It is important to provide opportunities for future generations to enjoy clean water, energy access and basic services.
- Per capita emissions in developing countries are significantly lower than in developed countries. As emerging and developing countries increase consumption, how will consumption match up? Can we match it with sustainable technologies and finance/investment? It is important to invest in these countries so they get the capital, technology and solutions to make sure they consume more sustainably. This need not be a grant or charity, but an investment in these countries.
- As populations grow, they will need more access to electricity. Investment is needed to make sure that this electricity comes from more sustainable and climate-friendly sources. Without access to electricity from more sustainable sources they are going to find other sources of energy. We do not have time to build long transmission lines and develop large utility scale projects to generate power - that's not economical.
- We need to work **with** the local communities on community-based projects but also with the governments, and the central system.
- The environment is clearly important, but the economic need - jobs, family, education, health care - that is what the developing world needs.
- We need net zero out of the gate - that's what developing countries have to do and empowering local communities is the way to do it.
- Without international investment, carbon offsets would normally not get off the ground in many these countries (e.g., reforestation, land use, etc.). Carbon offset projects can help funnel capital into developing markets and with many economic, social and environmental co-benefits.
- It is important to keep in mind these two questions: 1) which countries bear the responsibility for mitigating climate change and 2) who should bear the cost of that? Where does the capital come from? Both public (government) financing and private capital from developed countries are important.

Describe some opportunities that have enabled success in your work.

- Need and opportunity. 600 million people lack access to electricity in sub-Saharan Africa and there are probably an equivalent number who have unreliable electricity or use diesel gen sets.
- Risk is not equal for all projects. There is actually a spectrum across the market, which provides opportunity to use better data analysis to look at ability to pay and other variables to match up forms of capital with different risks.
- Providing better information to understand how it all fits together can help de-mystify and facilitate capital flow.
- We see problems and great opportunities to do things better.
- In addressing the SDGs (including climate action, poverty and affordable housing), so much is left out of the equation and we can't afford that. We need to include resiliency as part of our design and work with supply chains to do so, as well as maintenance and operation and embodied carbon.

Can you explain how those opportunities came about (e.g., policy, relationships, etc.)?

- We need efficiency standards across countries for the built environment. This requires policy and collaboration to realize wins for government, tenants and building owners.
- We are in a moment in time with greater interest in moving capital for global good.
- The SDGs have done a great job of raising the mandate for private capital alongside public financing. The challenge on the other side of the coin is to hold ourselves to really strong integrity measures in terms of the intended impact. If we don't, there is a lot of impact-washing, we will lose our momentum.
- Projects must have a sound investment, well structured, properly underwritten, and have a line-of-sight for a payment.

Describe some hurdles to your work – both current and future scaling of your impact. Can you explain why those hurdles exist (e.g., policy, relationships, perceptions, etc.)?

- We are lacking foreign capital to help support companies in emerging and developing markets.
- There is a lot of desire to put $500 million or more into projects into Africa, but those projects do not exist at the risk level that meets investors' needs. We are getting financing and investment in smaller projects, like portfolios of scalable solar. But there is a huge gap in the middle to try to fill.
- Regulated fiduciaries will not invest in projects that are not considered investment grade. One way around that is through public-private partnerships and blended finance, working with multilateral banks or development finance institutions in order to de-risk a lot of these projects and use the expertise on the ground to push these projects to scale.
- We need more and better data. We have to identify and address green-washing and impact washing. What data do we trust? If the data are not verified, we must visit the companies to see for ourselves and talk to the communities, non-profit organizations, suppliers, vendors and employees.
- Local currency and foreign exchange are big hurdles. We can hedge that risk but need further development of local currency markets and bond offerings in local currencies across the market - unlocking that could accelerate scale.
- We see very insufficient building requirements and standards and see that existing standards are not applied correctly. This creates inconsistency, which is difficult for investors.
- We get investors who want it all. They want the story but don't want to take the risk. This is where blended finance can help mitigate the risk.

- Beneficiaries also have expectations that need to be managed because they may have previously only worked with grants or donations.
- There is a perception gap. Africa historically has a 2.5% default rate, lower than Europe and U.S. (over 5%).
- We need better value-add opportunities; for example, beyond natural resource extraction.
- For institutional investors in these countries, the best investments are often in their national treasury bonds because of the interest rate spread. Thus, we are trying to unlock some of that capital in-country to start, which is then a positive indicator to their counterparts in the U.S., E.U., Asia, etc.

How important is partnership and collaboration with the communities impacted, with competitors, etc.? What is the balance between cooperation and competition when addressing climate change through investment in your markets?

- Governments need to set the ambition at a very high level, they have to demonstrate and upgrade their own footprint. It's a great testament to the people and to stewardship. Companies can work with governments to help them do this by providing education, templates for standards/requirements, communications, facilitating demonstration projects, etc.
- Partnership is vital because it enables everyone to focus on what they do best. Companies can concentrate on their work and innovations, leverage that work on the ground and build a solution around it that creates the fixed-income opportunity. Investors and others can create the right mechanisms and put technical assistance facilities in place so that the beneficiaries are ready and are set up for success.
- Competition is important. When we see someone else have a successful project that's very good because it helps to improve the narrative for more investment.
- When governments are trying to develop policy, competitors can come together to advocate for the best policies from a regulatory aspect, licensing, integrated resource plans--things that provide certainty for a long time.
- Inclusivity is important. The more perspectives we can bring together, the better we do. The voices of people who are not always included in the design phase and should be included from the beginning (e.g., community-led organizations and social enterprises).
- In the public markets, collaboration and partnership is more about engaging companies in conversations to improve overall. Facilitating better technology and knowledge transfer to improve sustainability impacts for a company can happen when a company is invested in developed markets, then also invests in emerging and developing markets.

What kind of returns on impact (human, community, environmental) and on investment do you currently see in the markets you work within for climate-related investments? What kind of returns do you think would occur if return challenges were addressed?

- We must think about this in the context of the particular investment, risk profile, kind of investment (Debt or Equity), etc.
- From the design perspective we combine concessional capital with more commercial-seeking investors and impact-linked bonds that are based on performance. We might combine that with asset-backed financing and guarantees, which enables more and more participation and educates the market you are actively engaged in--whether through grants, aid, investment, etc. They all have different return expectations.
- For larger infrastructure projects it can be hard to get non-impact investment into the projects, which are needed. We should strive for the best returns to drive our cost of capital as low as

possible as we try to raise capital, create the right capital structure, try to pull in first-loss capital, do blended finance, etc. That's all about being responsible to a host country or to a customer to get the cost of capital down.

- On impact, an integral part of our work is up-front screening and due diligence and defining the impact thesis of that investment. How does it fit in our broader theory of change in social and/or environmental? We define that up front in dialogue with the borrower to understand what they are trying to achieve. We require reporting, at least annually.
- It is easier to fund what you can more easily measure. GHG emissions are relatively straight forward to measure. Work to quantify impact in a manner everybody is comfortable with or determine that quantification is not necessary for certain things.
- Sometimes the goal is not to maximize financial return but to maximize impact outcomes. However, in order to pull in investors, they need to see a return come back. If that return is too low, then there is not enough capital coming in and we lose the opportunity to expand these high-impact interventions to address climate change or access to basic human needs.
- On the impact side, it is not necessarily metrics, but requirements for community involvement and engagement. Certain projects will have a budget and committees within the local communities to determine how to deploy those funds – in healthcare, water sanitation and roads. It is important to work with the community to see what they need and put together a meaningful budget with resources in addition to training, providing jobs and education.