

IDEAS, IMPACT

2017-2018 ANNUAL REPORT

I4CE
INSTITUTE FOR
CLIMATE
ECONOMICS

Une initiative de la Caisse des Dépôts et
de l'Agence Française de Développement

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Pierre Ducret
and Benoit Leguet

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I4CE:

25 
Team members

40+ 
Publications annually

40+ 
Events annually

3,000+ 
Twitter followers

6,000+ 
newsletter
subscribers

FOREWORD

by Pierre Ducret², Chair
and Benoit Leguet¹, I4CE Managing Director



“¹ **BEING A THINK TANK
MEANS MAKING AN
ACTIVE CONTRIBUTION
TO PUBLIC DEBATE** ”²

OVER FIFTEEN YEARS, I4CE researchers have built up a high level of expertise on the economic challenges associated with a carbon-neutral and climate resilient world. They are recognized for the rigour of their analyses. However, expertise alone, regardless of the quality, is not sufficient.

A think tank should not only be concerned with generating expertise, but also with ensuring that this expertise addresses the questions raised, or that should be raised, by decision-makers. Its role must be to effectively communicate this expertise to the actors of change within territories, ministries, international authorities, and companies. It entails actively contributing to the public debate.

For this purpose, we have developed a range of complementary approaches. **WE PROVIDE INFORMATION**, data that although essential for collective decision-making are currently in short supply. How much do we invest annually in the energy transition? What is the price of carbon in countries around the world? How are the generated revenues used? We produce such information and use it to feed the debate, in France and abroad.

WE RECOMMEND SOLUTIONS to improve public policies. During the 2017 and 2018 negotiations on the reform of the European carbon market, we organized five events, from Paris to Brussels, to discuss our recommendations with more than 250 participants, and we also presented them to stakeholders at several conferences. Our researchers also analyse the challenges of the private sector, such as the consideration of climate risk by financial actors, and propose solutions, tools and methods to address such issues.

WE CREATE SPACES FOR DIALOGUE. Which are sometimes also spaces of controversy but, for the



ÉDITORIAL

most part, are places where experiences and information are exchanged. For example our three climate clubs focus on territorial transition. While the Climate Action in Financial Institutions initiative, for which I4CE provides the secretariat, facilitates more than forty development and private banks in the sharing of their expe-

riences of integrating climate issues into investment decisions. Informing, recommending, creating dialogue. These words are not sufficient to cover the broad range of activities in which I4CE engages: we also organize climate training in French territories, Morocco and Tunisia; and become more of a “do tank” when developing our quality standard for voluntary offsetting. Nevertheless, they capture the essence of our daily objective: **TO HAVE AN IMPACT.**

* Our areas of expertise



**WHAT
DO
WE DO
?**

THREE EXAMPLES
ILLUSTRATING OUR MODES
OF ACTION



INFORMING Transparency of climate investments

viewpoint of **HADRIEN HAINAUT**
I4CE Investment Project Manager

When we launched the first edition of our Climate Finance Landscape five years ago, we started from a simple observation: everyone was talking about the billions of euros investment needed to change our energy model, but it was very difficult to ascertain how much was already being invested each year. And therefore to know the investment gap, and whether it was decreasing or increasing. Data relating to household investment on home renovations, to industrial expenditure on

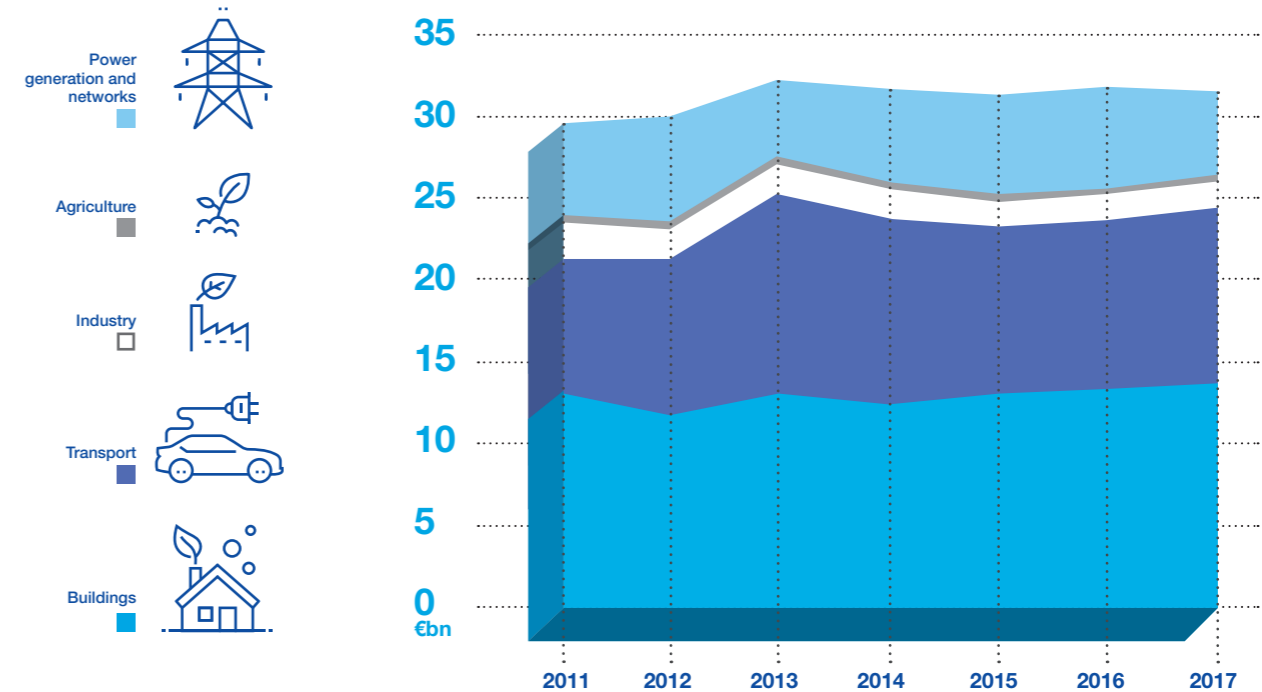
wind and solar power, and to local authority spending on public transport, were scattered or even non-existent. And it was even more difficult to know where the invested funds were coming from: how much derives from households, state funding, bank loans, or bonds issued on the financial markets?

Knowing how much we invest and how these investments are financed, and being able to measure annual changes is however essential for a

transparent and high quality public debate. With our Climate Finance Landscape, we sought to provide this crucial information.

Today, the findings of the Climate Finance Landscape are updated annually and presented at around 20 events, notably at the National Assembly and in many Ministerial Offices. They fuel the Finance Bill and serve as a basis for discussing public budget development.

* Sectoral investment expenditure on climate in France (Billions of euros)



There are still some areas where our Landscape can be improved. We are working on this, for example, by improving our monitoring of investments in the agroecological transition, and those that conflict with the deep decarbonization of the French economy. We also focus on Europe and the rest of the world, from Morocco to Colombia, to bring our expertise to countries seeking to monitor their climate-friendly investments.

€32 billion invested annually in France to support climate action, a figure that has been stable for several years.

20 to 40 billion euros: the gap between investments and identified needs.

€13 billion invested in the energy renovation of buildings, mainly by households. This figure has been steadily rising for 4 years.

55% of funding is "driven" by public authorities, whether as investors or via support and loans to households and companies.

User Testimonials



An invaluable opportunity to exchange with other stakeholders

Arnaud Leroy,

President of the French Environment and Energy Management Agency

“

The I4CE Climate Finance Landscape provides us with a holistic overview of investment dynamics in France and of the efforts that are still needed to achieve the energy transition. Complementary to ADEME's macroeconomic assessments, it helps us to

identify the sectors in which we must intensify our efforts and evaluate the effectiveness of our action. This rich and transparent inventory is also an invaluable opportunity to discuss with other public bodies, companies and financiers.

Data that informs our legislative work

Matthieu Orphelin,
MP for Maine-et-Loire



“

Parliamentarians have been waiting for such an inventory for a long time: it enables us to determine what efforts are still needed in terms of climate investments. The latest I4CE Landscape has highlighted the striking gap of 20 to 40 billion euros between the investments made and the estimated

requirements. Such precise data is highly enlightening and easy to use to inform our legislative work, and for the preparation of the budget in particular, and to support, for example, our proposals on ecological taxation, fuel tax loopholes, and energy efficiency certificates.



Essential information for our advocacy work

Morgane Créach, Director of Climate Action Network France

“

The Landscape is a vital tool for Climate Action Network France and the 30 associations in our network. We do not have the necessary time or resources internally to conduct this monitoring of funding, which is nevertheless essential for our advocacy work to accelerate the implementation of public policies to fight climate change. I4CE gives us access to this crucial information, and has even twice given presentations of the Landscape's results and methodology to member associations in the network.



RECOMMENDING

Mobilization of financial actors

viewpoint of MORGANE NICOL
I4CE Programmes Director

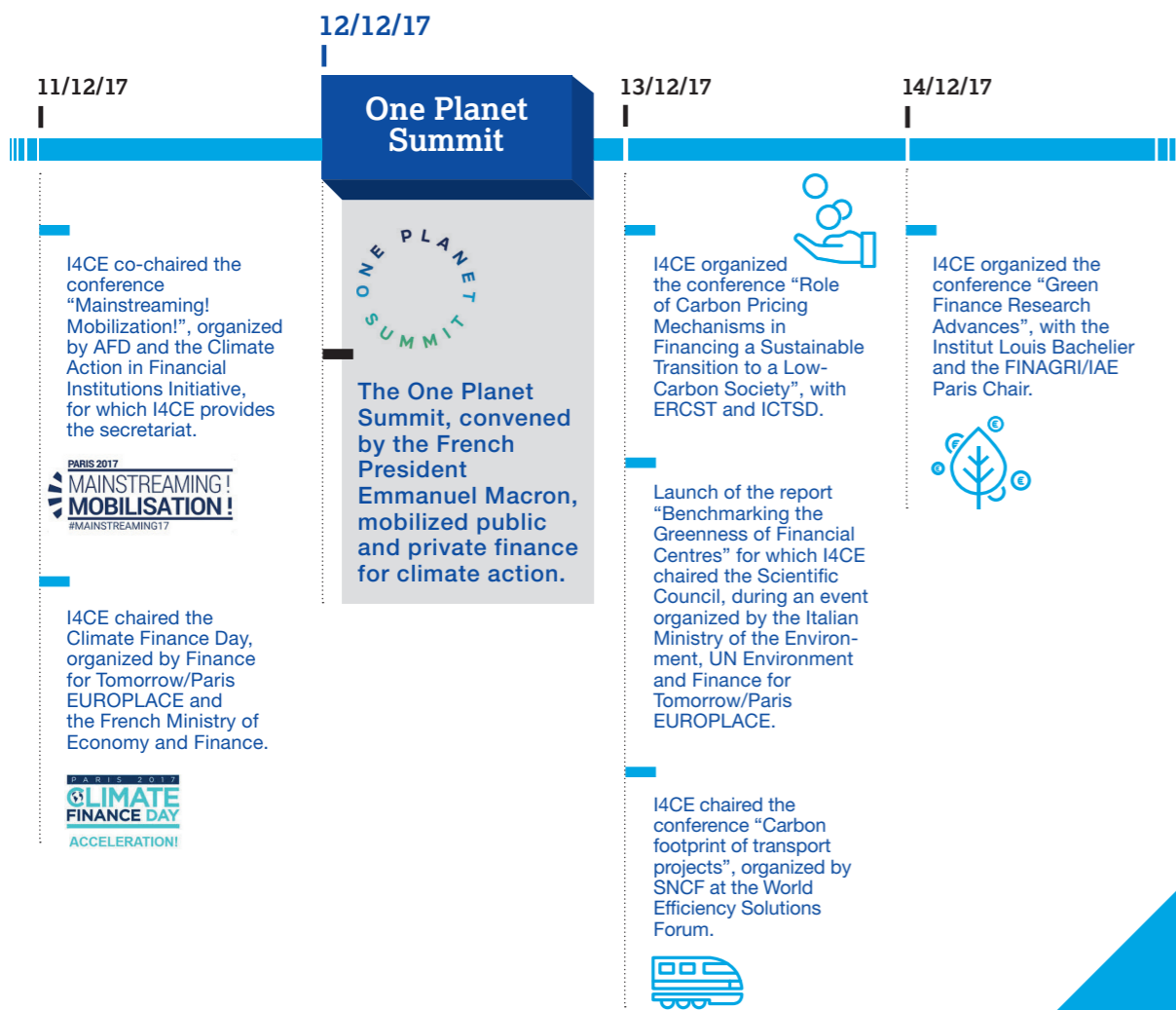
The Paris Agreement and the 2017 One Planet Summit have thrust the importance of finance for climate transition into the limelight. A paradigm shift is needed in the finance system, whether this involves redirecting flows towards low-carbon investments, to influence the strategic decisions of companies, or to anticipate the risks raised by climate change. I4CE made the decision in 2012 to propose solutions to public and private actors involved in this shift.

Last year, our analyses of green bonds thus showed the benefits of this tool, but also its limitations in terms of increasing climate finance in the field. This work led to a series of recommendations aiming at ensuring the environmental quality of green bonds, which were discussed with all stakeholders in workshops organized with the European Investment Bank and WWF, and presented in Brussels to prepare the Commission's Action Plan on Sustainable Finance.

In addition, to achieve this transformation, financial actors need to take better account of climate risks. And particularly the physical risks related to climate change impacts. For this reason, I4CE – along with other European think tanks – will now collaborate with around 20 private actors to help them measure their exposure to these risks. Their question is no longer “why should we take these risks into account”, but “how can we do it?”. So that's what we help them do.

“ Since 2012 I4CE has proposed solutions to public and private actors involved in the shift of the financial system”

*** I4CE, One Planet Summit actor**



User Testimonials



Expertise and scrutiny that are essential for the ambition of the Paris financial centre

Philippe Zaouati,
CEO at Mirova and Chair at Finance for Tomorrow

“ As a recognized specialist in carbon pricing, I4CE has in recent years become a key player in climate finance. It brings advanced expertise and scrutiny regarding climate finance and its developments, which is much needed by Mirova – as an asset manager committed to sustainable development. Expertise and scrutiny that are also essential for the activities of Finance For Tomorrow, to increase the general level of ambition of the Paris financial centre in terms of sustainable finance.



I4CE helps us anticipate the road ahead

Marine de Bazelaire, Head of Sustainability, HSBC France

“ Our responsibility as a global financial institution is to finance the world of tomorrow. This cannot be achieved without a thorough understanding of the reality of related climatic, demographic, technological and political issues. I4CE’s remarkable climate finance work helps us to benchmark our performance, and also to refine our understanding of the imperfections of our mechanisms, and to anticipate the road ahead. All these markers help us to make progress on our commitments.

Very helpful for understanding the development potential of green finance

Jean Boissinot,
Director of Financial Stability at the Direction Générale du Trésor



“ I4CE is one of the important forums for the low-carbon transition: equipped with a considerable understanding of technical and economic issues, in recent years I4CE has enabled a better understanding and quantification of the financing of transition-related investments. This practical insight has enabled it to develop a good understanding of the development potential of green finance, and to build relationships with financial actors. I4CE provides these actors with many answers to their questions, and the means to enhance their knowledge on new areas such as climate change risk analysis.



CREATING DIALOGUE

Clubs to support territories

viewpoint of **CLAUDINE FOUCHEROT**,
I4CE Territories Project Manager

Locally, many people take practical action on a daily basis to advance the climate transition. Such as elected officials and developers who adapt their urban projects to global warming. Or foresters and farmers who measure the contribution of their innovative practices to the reduction of greenhouse gas emissions, and then valorize these efforts through innovative financing tools.

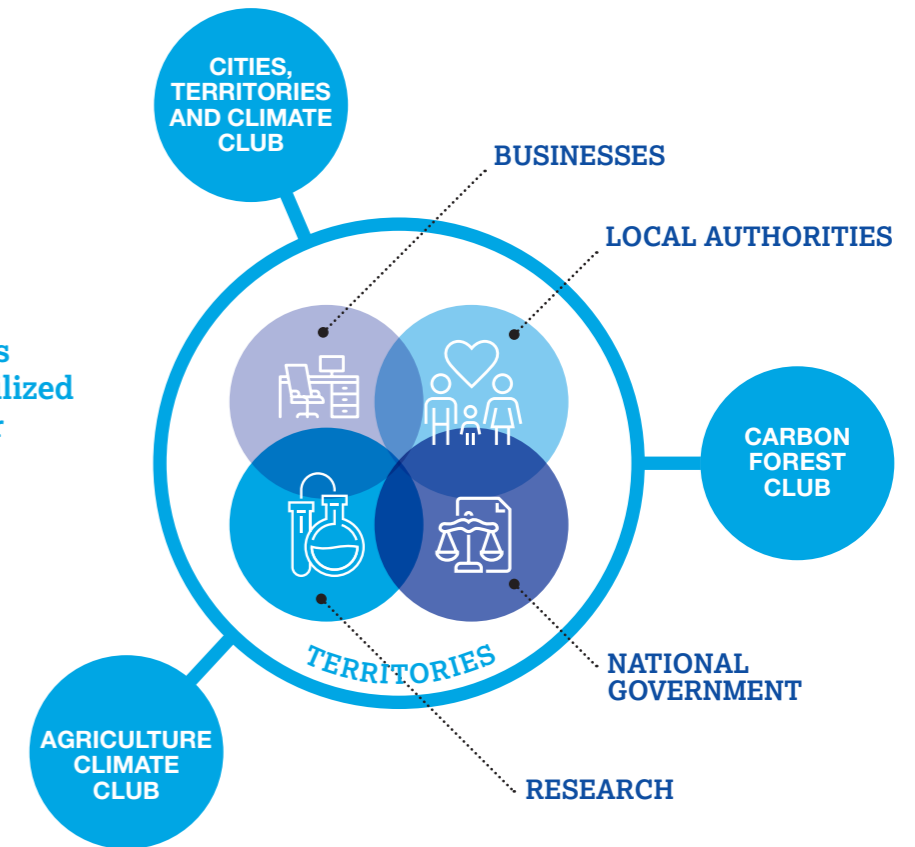
However, for at least ten years we have known that these actors in the field lack forums where they can share their experiences, successes and difficulties. They lack forums where they can meet researchers. Places to keep abreast of news on public climate policies, in France, in the European Union and on an international scale.

For these reasons I4CE has created three clubs – focusing on cities, forestry

and agriculture – that serve as forums for discussion and frank exchange between actors from all backgrounds. 250 actors willing to develop skills and pool their knowledge; to understand the regulatory changes and their impacts for their sector; to identify new means of action and financing tools. I4CE carries out reviews for these clubs, which meet at least twice a year and serve as project incubators.

* Club members

In 2017, our different clubs met seven times and mobilized 250 participants from over 90 institutions.



It is in these clubs, for example, that many actors have voiced the demand for the creation of an emissions reductions certification system in the agricultural and forestry sectors. As a result, we have designed such a system, along with several partners, that in the coming months will lead to the adoption of a low carbon standard in France.

25
local authorities and public institutions



17
research bodies



40
Businesses, cooperatives, professional institutions



12
National government institutions



User Testimonials



Discussion forums that are essential for finding solutions

Alice Peyrard,

Veolia Climate Change Commitment Director

“

Large water cycle and circular economy, heat and energy efficiency: these challenges are at the heart of Veolia's activities and require discussion forums where solutions can be found. This is why Veolia partners I4CE Cities and Forestry Clubs, which are places of information and exchange around local and national initiatives,

and also for the creation of experimental tools such as the Low Carbon Standard. In future, we hope that they will become places of reference to strengthen the financial engineering capacity of non-state actors, and to facilitate their access to green finance, for which I4CE has an expertise, recognized in France and internationally.

A club for the creation of new economic tools

Mélanie Decamps,
GIP Massif central



“

Our public interest group, which combines the six regions of the Massif Central, supports the timber industry and develops payments for environmental services. This is why we joined the I4CE Forestry Club, which allows us to share new knowledge and current issues related to the economic valuation of

forest carbon. Through networking and sharing experiences in the club we are able to move forward with other stakeholders towards the creation of new economic tools, such as the Low Carbon Standard, in which we are partners with I4CE.

Essential analysis to scale up our actions

Léonard Jarrige, French Chambers of Agriculture

“

The Agriculture Climate Club, that we created with I4CE and INRA in 2012, provides our network with the essential technical and economic elements to scale up our actions in the agricultural sector in regard to climate change. It allows us to share the advances made by agricultural bodies on this challenge of the future, to benefit from stocktakes, and to stimulate collaborations to develop innovative projects in the field. In terms of the CAP reform, the combination of expertise within the Club enables us to be a proactive force to better integrate environmental services provided by agricultural activities.

WHO ARE WE ?

BOARD MEMBERS

I4CE is a non-profit organization founded by the Caisse des Dépôts and the French Development Agency.



1
Pierre Ducret
Chair of the Board - Climate Change
Advisor for the Caisse des Dépôts Group

2
Jean-Michel Beacco
Treasurer of the Board - Managing
Director, Institut Louis Bachelier

3
Frédéric Bonnardel
Secretary of the Board- Advisor to the
Director of Strategy, Caisse des Dépôts

4
Mohammed Hafnaoui
Deputy Chief Executive Officer, CDG
Développement, Groupe Caisse des
Dépôts et de Gestion Maroc

5
Patrick Jolivet
Deputy Head of Economics and
Forecasting Department, French
Environment and Energy Management
Agency

6
Rima Le Coguic
Director of Energy and Digital Transitions,
French Development Agency

7
Mihoub Mezouaghi
Deputy Director of Innovation and
Research, French Development Agency

8
Damien Navizet
Head of the Climate Division, French
Development Agency

9
Joel Prohin
Head of the Fixed Income Asset
Management Division, Caisse des
Dépôts

KEY DATA

“ To promote the economy and climate finance, in 2017 CDG joined forces with CDC, AFD and ADEME, as a major sponsor of the I4CE think tank. We are pleased to contribute to the internationalization of this think tank, whose methods and fields of study are of great interest to public and private decision-makers in Morocco and Africa.”

Abdellatif Zaghnoun
Managing Director of the Moroccan Caisse des Dépôts et de Gestion

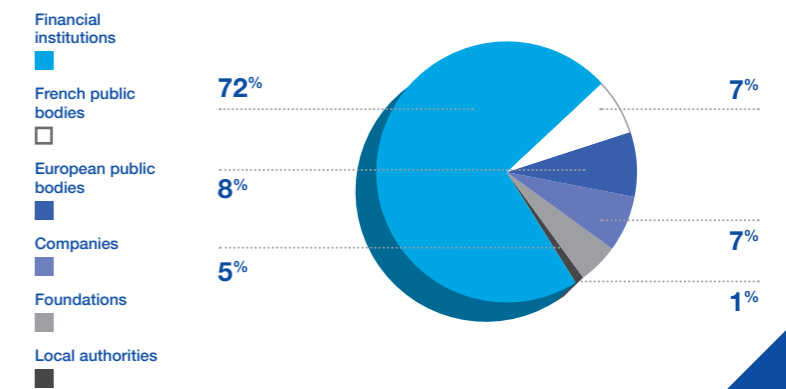
59 
financial partners,
including **11** financial
institutions, **8** local
authorities, **31** companies,
14 European and **17** French
public bodies

65%
core funding, to explore
issues of universal interest

2.8 €
million euro budget


For more information on
budget transparency and our code
of conduct, see:
www.i4ce.org

Funding distribution according to organization type



Our team



Lisa BIERMANN
Finance Research Fellow



Cécile BORDIER
Territories Project Manager



Malika BOUMAZA
Partnerships Manager



Clément BULTHEEL
Carbon Pricing Research Fellow



Michel CARDONA
Finance Senior Advisor



Ian COCHRAN
Investments Senior Advisor



Damien DEMAILLY
Strategy and Communication Director



Vivian DEPOUES
Territories Research Fellow



Jason DESCHAMPS
Investments Research Fellow



Marion DUPONT
Education Manager



Julie EVAIN
Finance Research Fellow



Claudine FOUCHEROT
Territories Project Manager



Julia GRIMAUULT
Territories Project Manager



Hadrien HAINAUT
Investments Project Manager



Romain HUBERT
Finance Research Fellow



Benoit LEGUET
Managing Director



Clément MÉTIVIER
Carbon Pricing Research Fellow



Simon MORBOIS
Financial and Administrative Director



Morgane NICOL
Programmes Director



Alice PAUTHIER
Finance Research Fellow



Jessica PEREIRA DA COSTA
Event Coordinator & Administrative Assistant



Eva PILAT
Communications Officer



Sebastien POSTIC
Carbon Pricing Project Manager



Lucile ROGISSART
Territories Research Fellow



Charlotte VAILLES
Carbon Pricing Project Manager

The logo for the Institute for Climate Economics (I4CE) features the acronym 'I4CE' in a large, bold, sans-serif font. The 'I' and '4' are black, while the 'C' and 'E' are red. Below the acronym, the full name 'INSTITUTE FOR CLIMATE ECONOMICS' is written in a smaller, black, all-caps, sans-serif font, stacked in three lines.

I4CE
INSTITUTE FOR
CLIMATE
ECONOMICS

A dark blue diagonal banner in the bottom right corner contains contact information in white text. The text is oriented vertically along the banner's edge.

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