Speed, Scale & Local Solutions: National Green Banks in Developing Nations

Coalition for Green Capital
SGG6
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Globally a $27 trillion clean energy investment gap must be filled in next 25 years

Global Cumulative Clean Energy Investment
2016-2040 ($Billions)

- Current Pathway: $9 trillion gap to hit Paris targets
- Meet Paris NDCs: And then another $18 trillion gap to hit 2 Degrees
- 2 Degree Scenario

Sources: IEA World Energy Outlook, 2016, Table 2.4.
DFIs have committed to increase climate-related investments, but even with high leverage it isn’t enough

- DFIs have committed to increase size of climate investments post-Paris
- OECD analyzed these commitments in relation to $100 billion annual goal
- OECD calculations show pledges will result in $46 billion increase in annual investment (DFI + private)
- $46 billion of new annual investment only fills 4% of a trillion dollar annual gap

**Annual Investment Gap 2016-2040**

Sources: OECD, “2020 Projections of Climate Finance Towards the USD 100 Billion Goal; Technical Note,” 2016.
Projects must provide **high returns** and deliver **affordable energy** for local consumers

Can’t just increase returns to private capital and expect the customers to pay more for energy

- **Private Capital**
- **Coal Plant Medium Return**
- **Solar Project Low Return**
- **Solar Project High Return**
- **Electricity Customers**

Affordable Power

Expensive Power
Numerous gaps exist (wholesale/retail) in the capital supply chain that can be addressed with public capital.

- **Institutional Capital**
- **Wholesale Lender**
- **Retail Lending Activity**
- **Large-Scale Projects**
- **Small Distributed Projects**

**Questions:**
- How to get capital into the country at low-cost?
- Is there wholesale capital dedicated to supporting retail activity?
- Is there a robust retail ecosystem to support pipeline and demand generation?
Green Banks (new or adapted) use public dollars to build bridges, address scale, speed and nation-specific needs

Reduce Risk & Implement Local Market Solutions

• Use public-purpose money to de-risk & leverage private capital
• Provide financing to underserved market sectors
• Are market-oriented and flexible
• Are steadfast in the face of changing political landscape
• Complement existing actors (DFI’s, IFC, EBRD, etc.), bridging barriers
• Foster a stronger enabling environment
Green Banks = Impact

**GREEN BANK NETWORK IMPACT THROUGH 2016**

**CAPITAL**
- Total invested or committed by GBN: $7.9 billion
- Total value of projects supported: $25.9 billion
- Overall leverage ratio: 2.25 : 1

**INVESTMENTS**
- By technology type:
  - Renewable energy: 78.5%
  - Energy Efficiency: 18.8%
  - Other*: 2.7%

**RESULTS**
- Annual CO2eq emissions avoided:
  - 12 million tonnes
  - Equivalent to taking 5.6 million cars off the road

*GBN members do not claim that this statement occurs independently of complimentary policies.*

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Thank You

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