Speed, Scale & Local Solutions: National Green Banks in Developing Nations
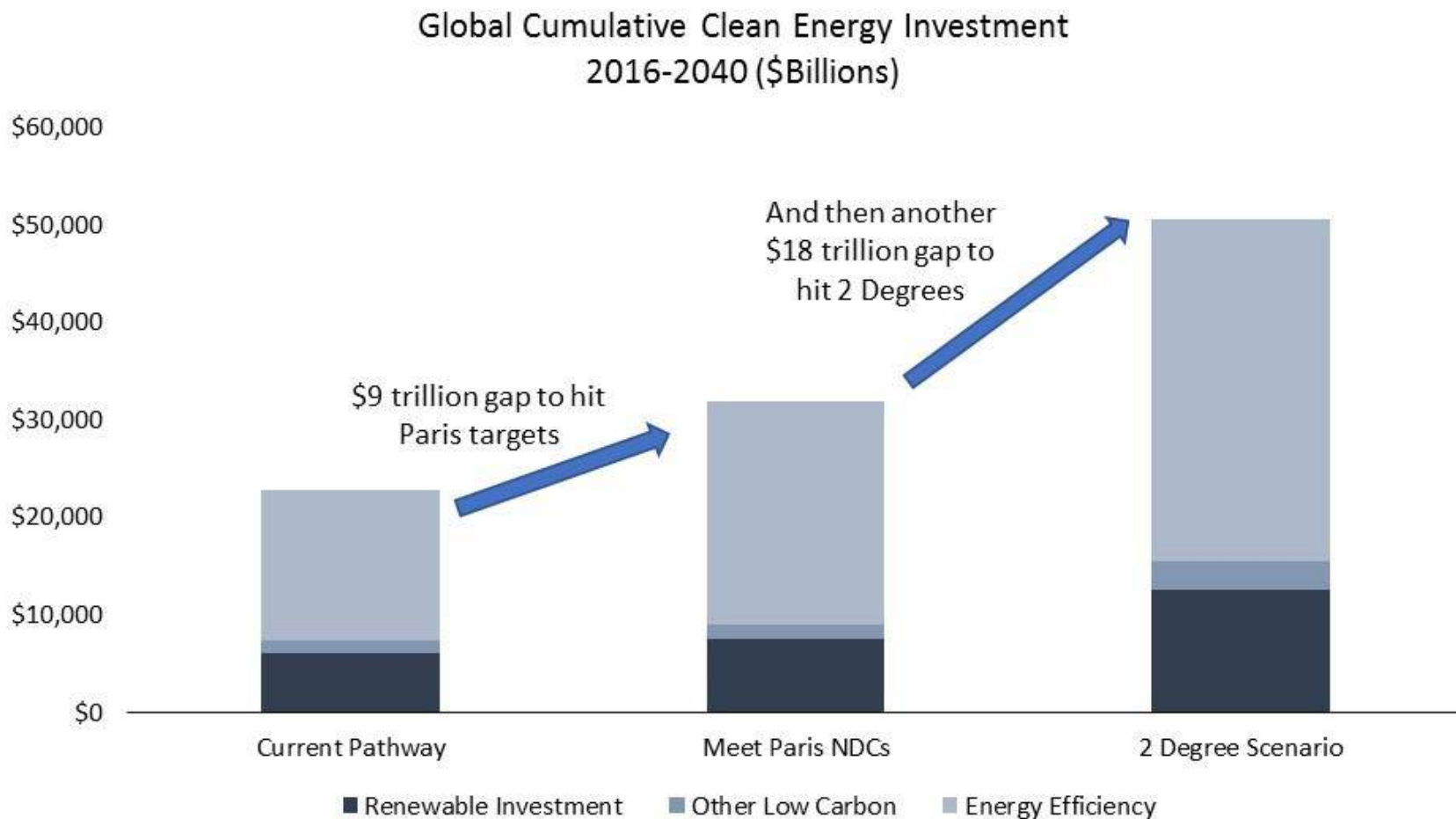
Coalition for Green Capital
SGG6
May 8, 2017

# Globally a $27 trillion clean energy investment gap must be filled in next 25 years

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

$9 trillion gap to hit Paris targets

And then another $18 trillion gap to hit 2 Degrees

Legend: Renewable Investment, Other Low Carbon, Energy Efficiency

Categories: Current Pathway, Meet Paris NDCs, 2 Degree Scenario

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Sources: IEA World Energy Outlook, 2016, Table 2.4.

2

# 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
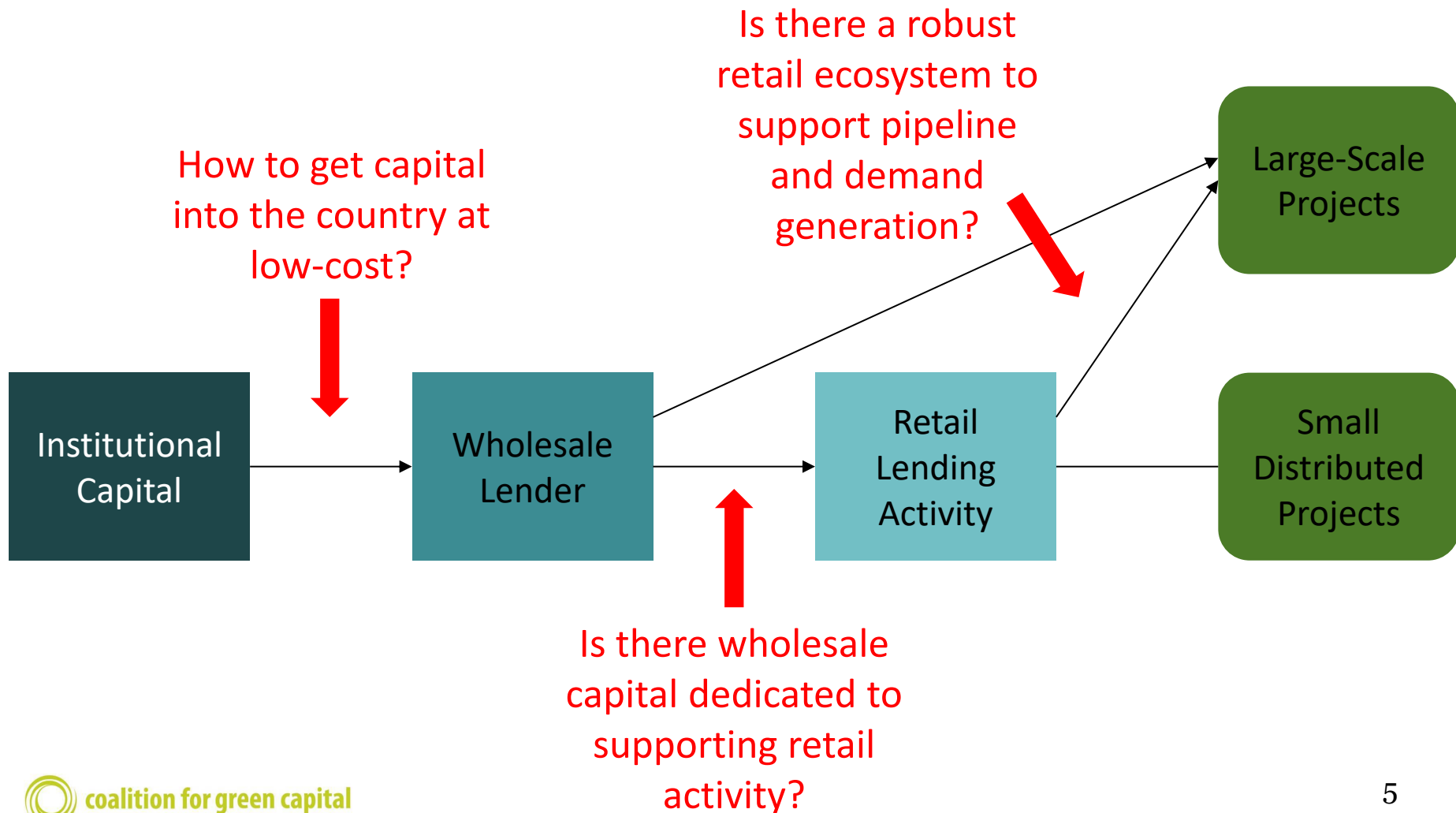

DFI Commitments

3
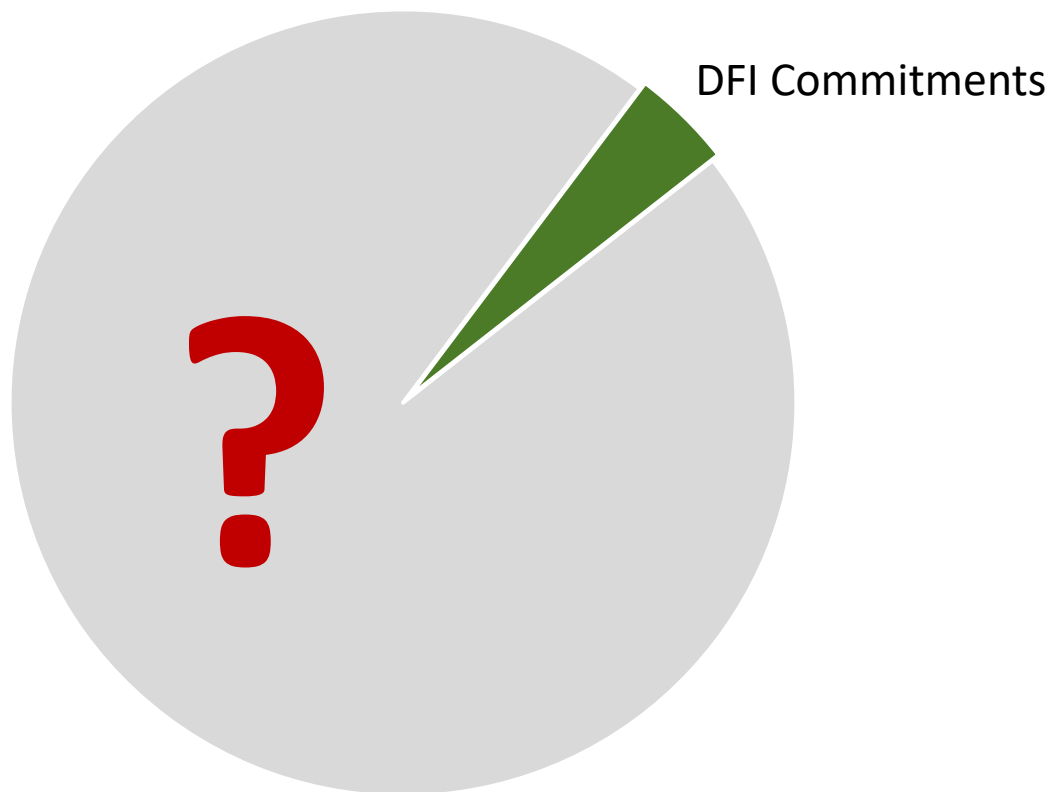
Projects must provide <u>high returns</u> and deliver <u>affordable energy</u> for local consumers

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

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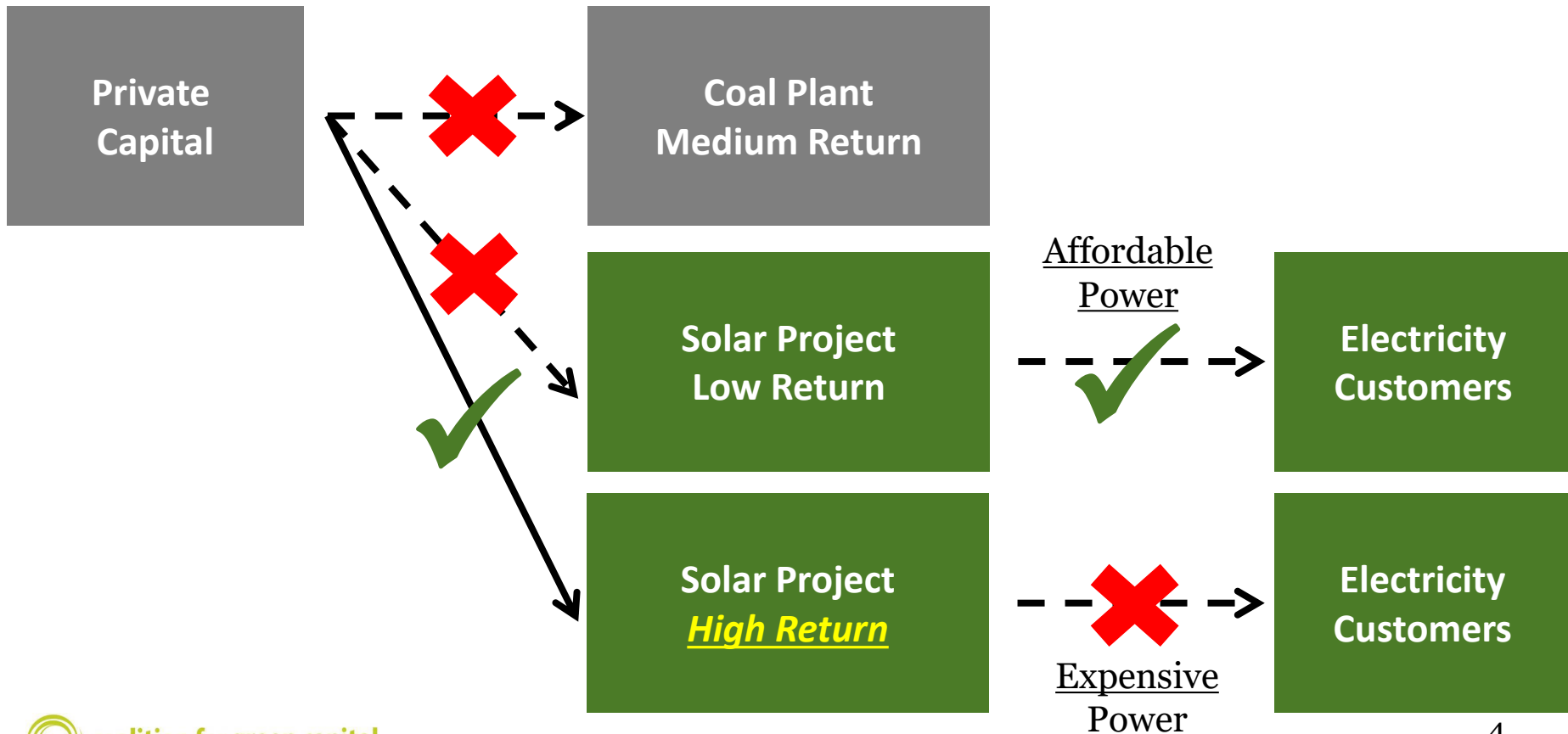
Numerous gaps exist (wholesale/retail) in the capital supply chain that can be addressed with public capital

Is there a robust retail ecosystem to support pipeline and demand generation?

How to get capital into the country at low-cost?

Is there wholesale capital dedicated to supporting retail activity?

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

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Green Banks (new or adapted) use public dollars to build bridges, address scale, speed and nation-specific needs

Capital Markets	⬌	Green Bank	⬌	Projects & Consumer Demand

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*

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Green Banks = Impact
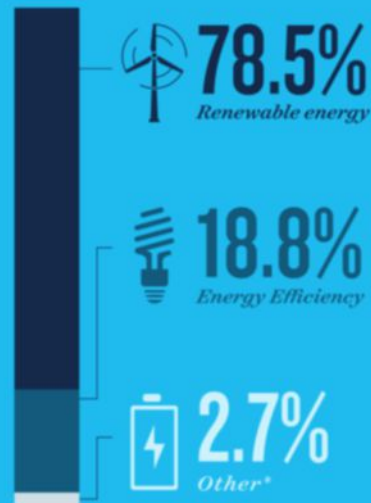
Thank You

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