



Green Banks:

Building national climate finance capacity

***Workshop series MAINSTREAMING GREEN FINANCE – GLOBAL BEST PRACTICES
& WAY FORWARD in Armenia***

April 16, 2021

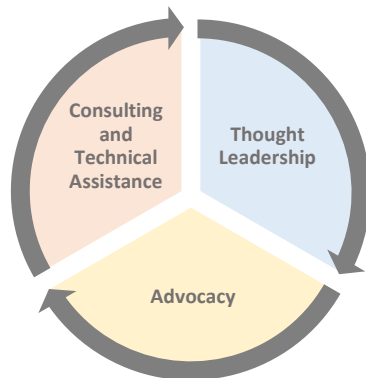
Andrea Colnes

Coalition for Green Capital

CGC is expert on the Green Bank model, across its institutional design, formation, capitalization, and administration

Who we are

- CGC advances the Green Bank model, partnering with govts., national development banks, and non-profits to form and support GBs



- CGC has helped design and create 8 Green Banks that have catalyzed >\$3B in climate investment:

Southern Africa, Connecticut (U.S.), Montgomery County (U.S.), New York (U.S.), Rhode Island (U.S.), Washington DC (U.S.), Colorado (U.S.)

- CGC is leading efforts to launch a new \$35 Billion National Climate Bank in the US
- CGC is working with partners in Rwanda on creation of new Rwanda Green Bank

Major supporters and collaborators

Partners & Funders



AFRICAN DEVELOPMENT BANK GROUP



DBSA
Development Bank of Southern Africa



Findeter
Technology for Good



ROCKY MOUNTAIN INSTITUTE



ADB
ASIAN DEVELOPMENT BANK



NRDC
National Resources Defense Council



COP
Climate Policy Initiative



OECD



FONERWA
The Green Network Bank



IDB
Inter-American Development Bank



GREEN BANK NETWORK



CLIMATE POLICY INITIATIVE



LATHAM & WATKINS LLP



GREEN CLIMATE FUND

Why Green Banks? Climate finance flows fall far short of what is needed to keep warming below 1.5 C

Current Climate Finance Flows:

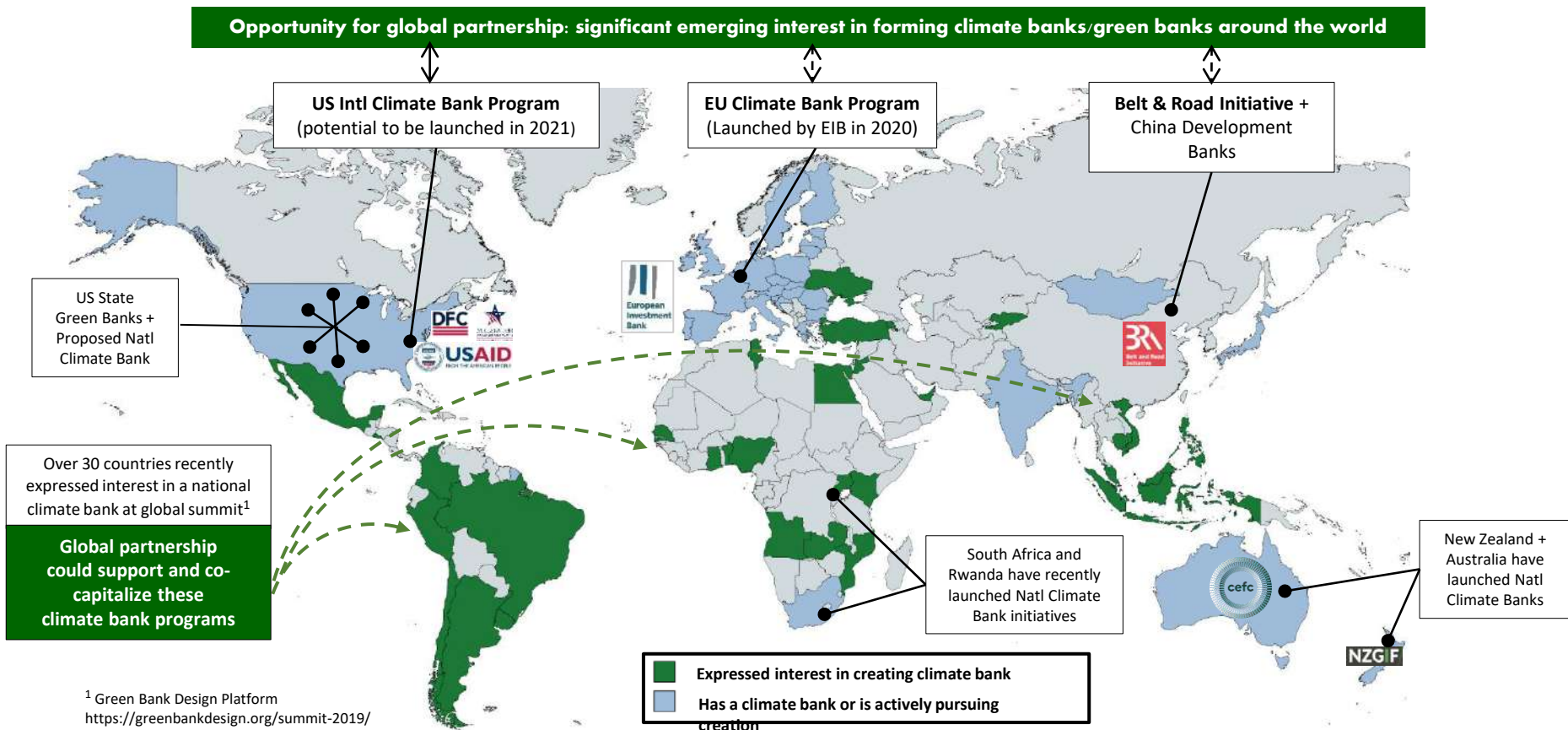
Climate finance flows reached a record high of USD 612 billion in 2017, driven by renewable energy capacity additions in China, the U.S., and India, and increased public commitments to land use and energy efficiency. This was followed by an 11% drop in 2018 to USD 546 billion. *(Source: Climate Policy Initiative)*

Required Climate Finance Flows:

Estimates of the investment required to achieve the low-carbon transition range from **USD 1.6 trillion** to **USD 3.8 trillion annually** between 2016 and 2050, for supply-side energy system investments alone (IPCC 2018), while the Global Commission on Adaptation (GCA 2019) estimates adaptation costs of USD 180 billion annually from 2020 to 2030.

13 nation state Breen Banks exist

16 state and local Green Banks exist in USA



Members of the American Green Bank Consortium

\$5B+ investment to date; thousands of jobs created; \$20B investment pipeline



Existing Green Banks have delivered strong results

GREEN BANK NETWORK IMPACT THROUGH MID 2020

CALCULATIONS BY THE GREEN BANK NETWORK BASED ON AVAILABLE DATA. \$ ARE US \$

CAPITAL

TOTAL INVESTED OR COMMITTED BY GBN

\$24 BILLION



TOTAL VALUE OF PROJECTS SUPPORTED

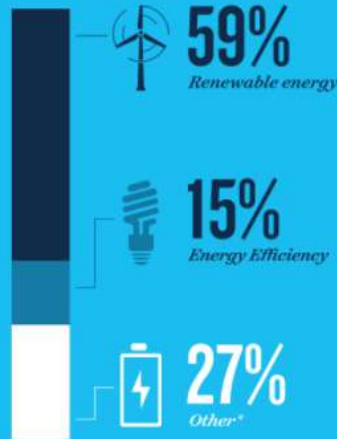
\$70 BILLION

OVERALL LEVERAGE RATIO **1.9:1**

(Non-GB \$ invested per GB \$ invested)

INVESTMENTS

BY TECHNOLOGY TYPE



*including low-emissions vehicles, CHP, waste and water management, and energy storage

RESULTS

ANNUAL CO₂E EMISSIONS AVOIDED*

40.6 MILLION METRIC TONS



Equivalent to taking

19 MILLION

cars off the road



*GBN members do not claim that this abatement occurs independently of complementary policies.

GREEN BANK NETWORK

CEFC
CLEAN ENERGY FINANCE CORP

Green Finance Organisation JAPAN

CONNECTICUT GREEN BANK

Green Investment Group

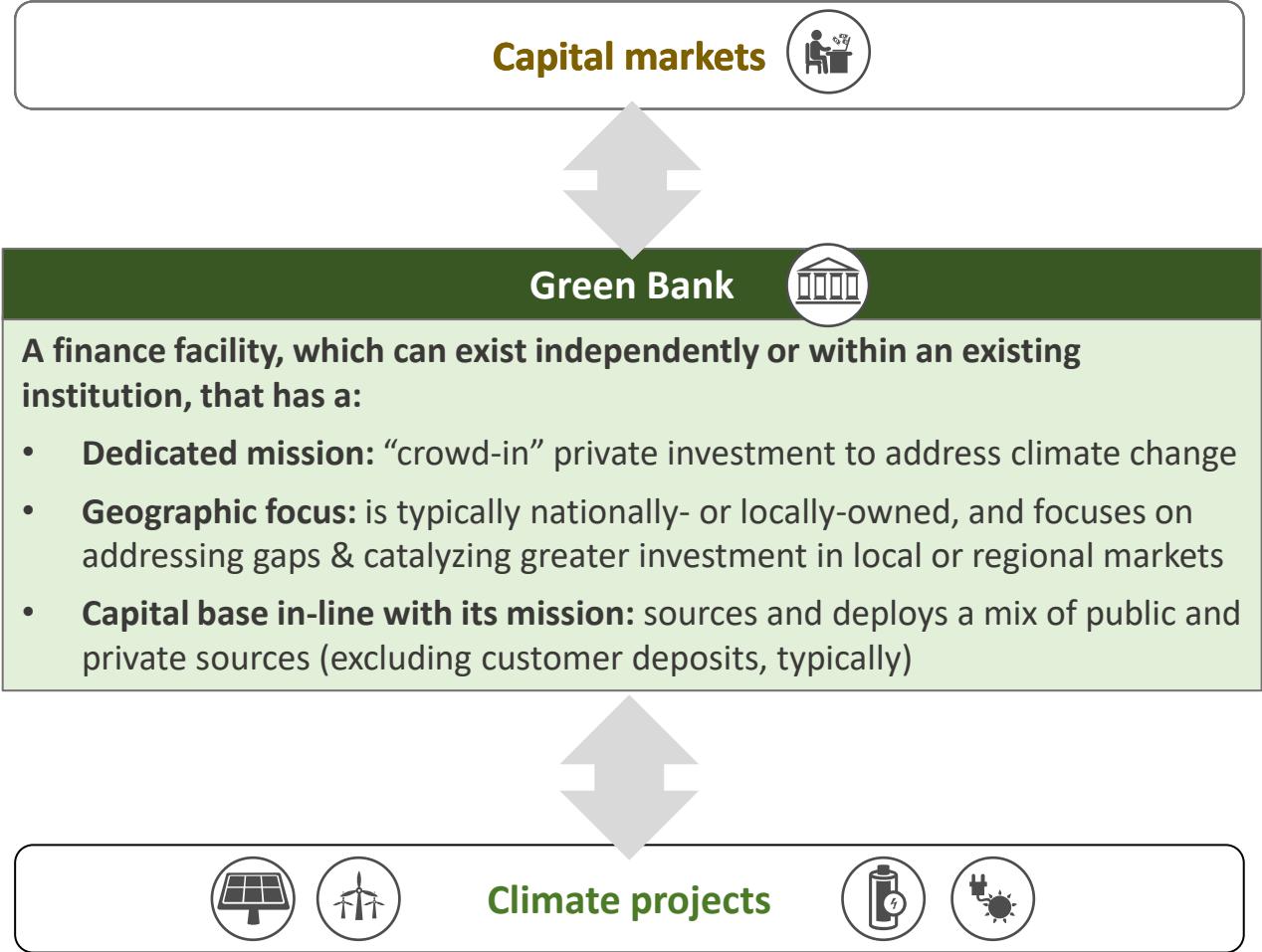
GreenTech Malaysia

NEW YORK STATE OF OPPORTUNITY NY Green Bank
A Division of NYSERDA

RHODE ISLAND INFRASTRUCTURE BANK

Green Banks are country-focused catalytic finance facilities designed to mobilize private investment into climate projects

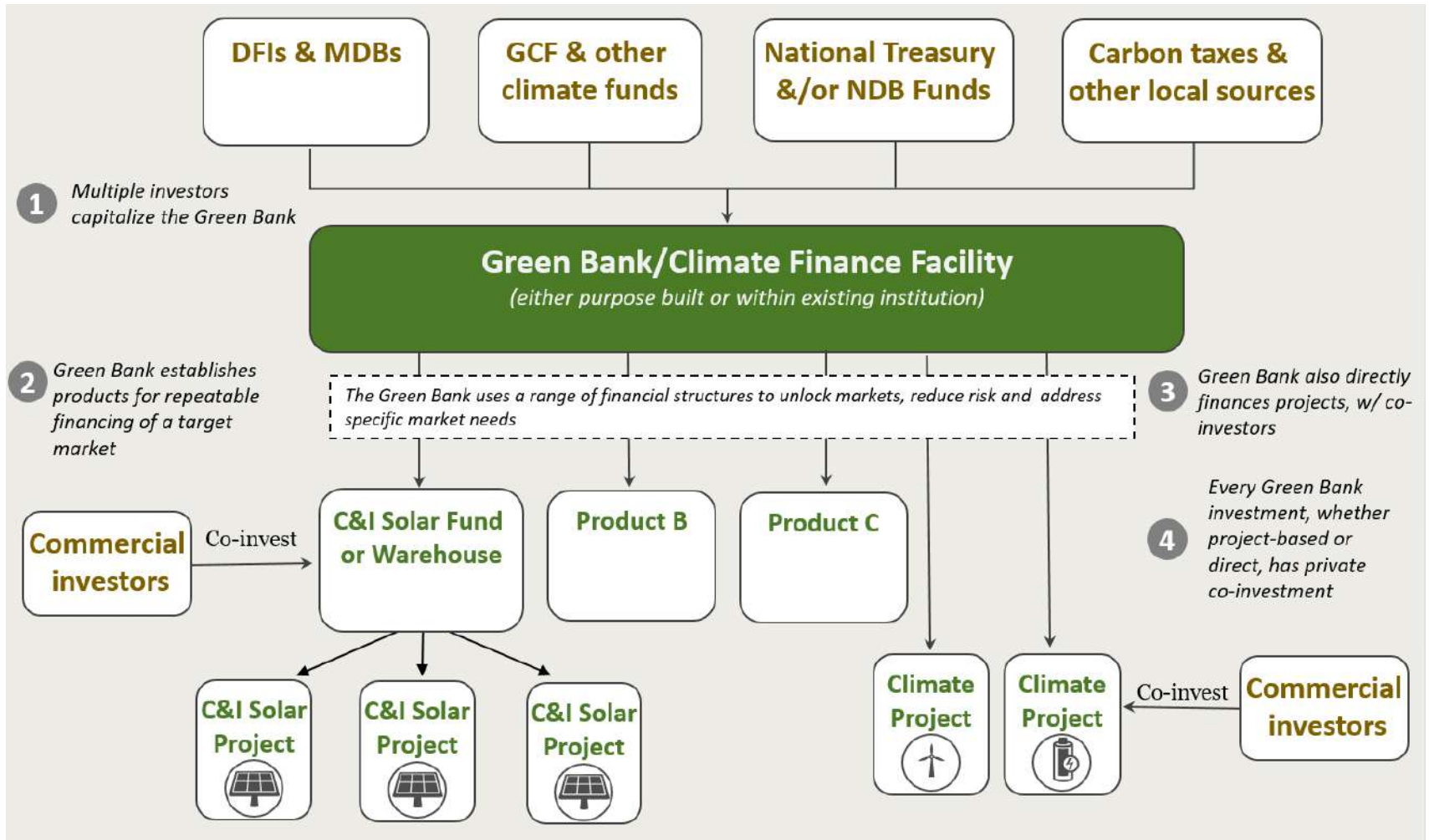
Green Banks can be placed within existing institutions or exist independently



Note: Green Banks perform many functions to enhance private investment in climate projects:

- Capital mobilizer
- Capital provider
- Lead arranger
- Innovator
- Capacity-builder
- Feedback to government on enabling environment¹

Green Banks can provide new routes to mobilize capital and catalyze investments based on local market needs



Green Banks can support **large** projects... ... and **small** projects

Offshore Wind



UK: Green Investment Bank (now Green Investment Group):

- Lead debt syndicates and organized long-term private sector refinancing
- Brought new investors (pension funds) in the OSW space

Distributed Solar, Biogas & Energy Efficiency



South Africa: Climate Finance Facility:

- Will finance distributed renewable, efficiency and water projects
- Will focus on technologies with limited track record in South Africa, and that struggle to find affordable finance

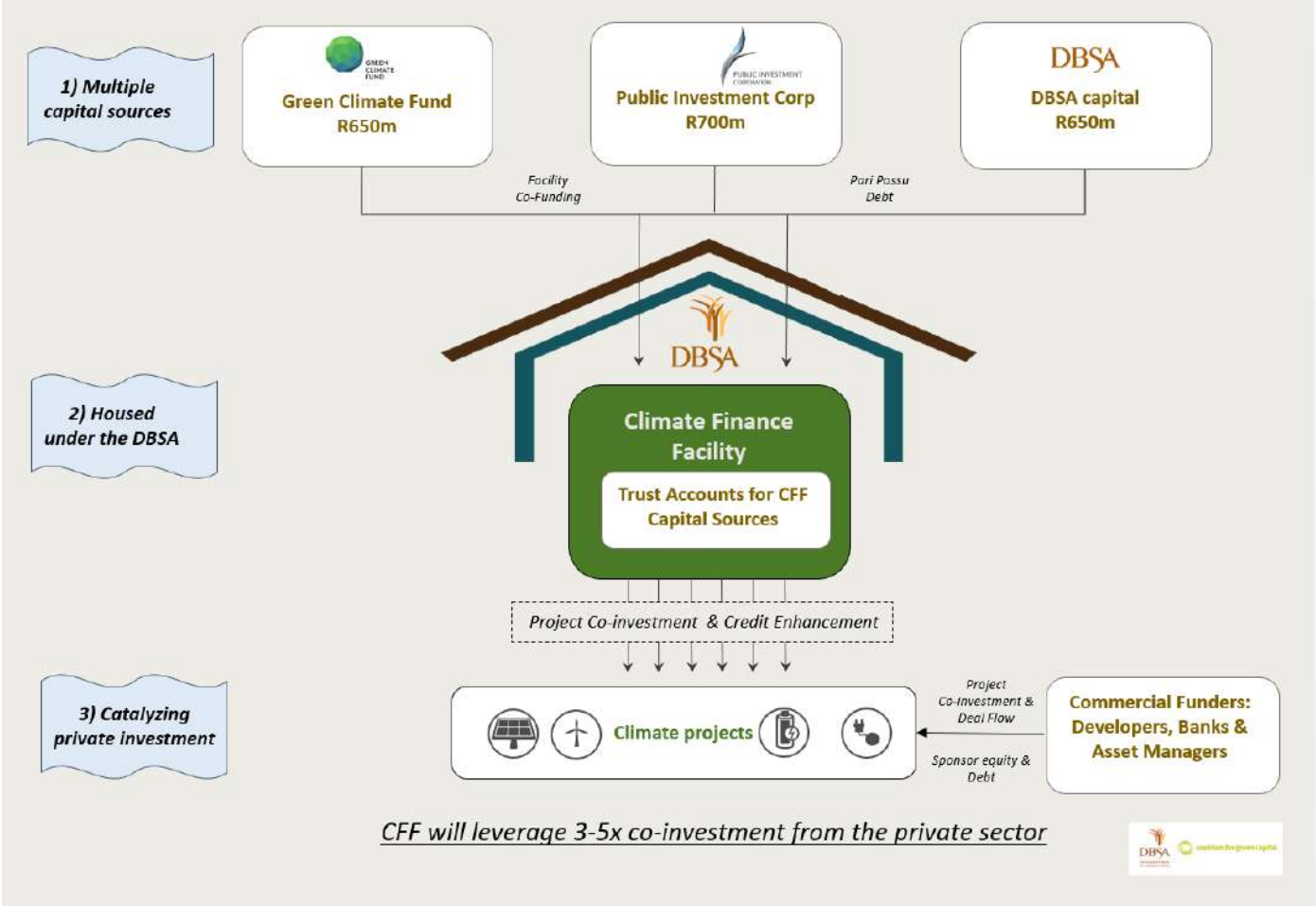
Growing interest in Green Banks to Scale-Up Climate Investment in Emerging Markets



Emerging Market Green Bank Example: DBSA Southern Africa “Climate Finance Facility (CFF)”

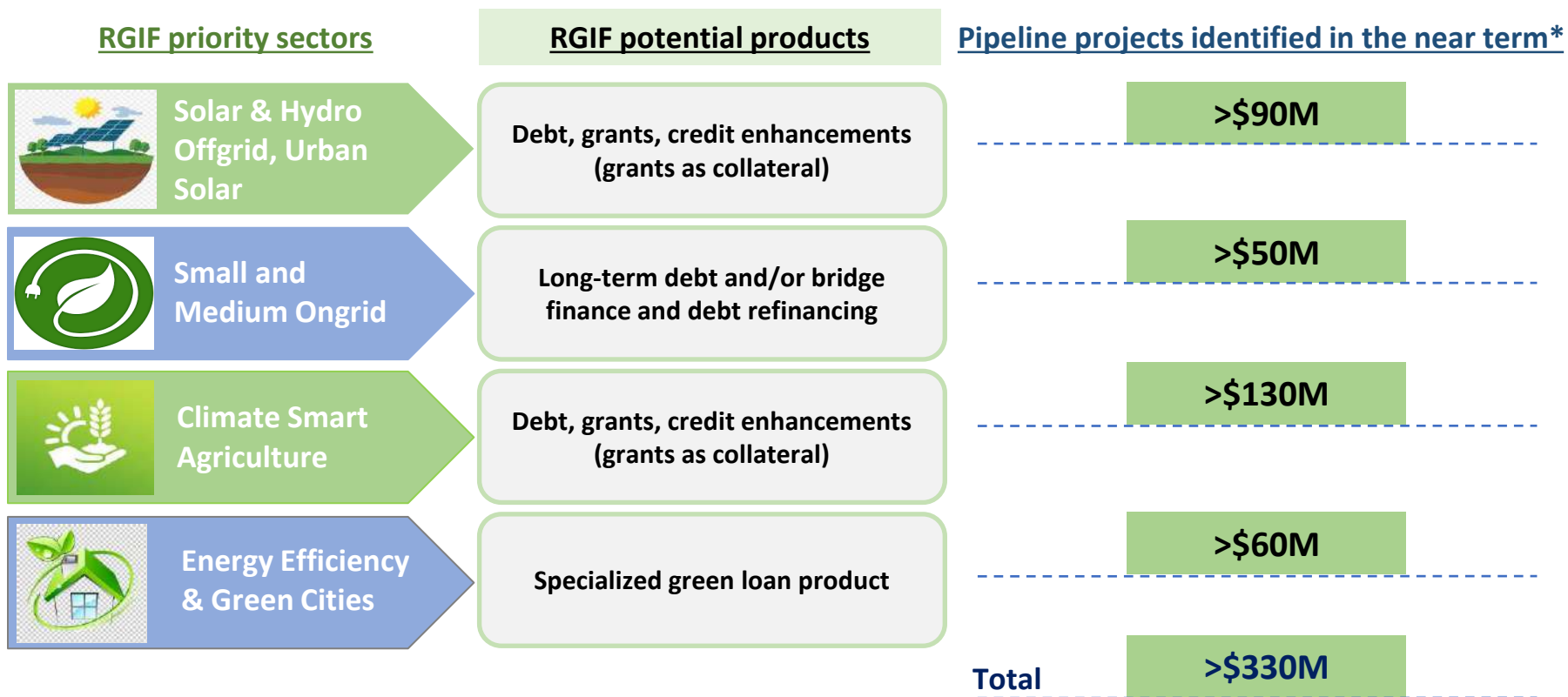
CFF Mandate:

The CFF is tasked with catalyzing greater overall climate and clean-water related investment by providing credit enhancements, through blended finance to projects that could be commercially viable but not yet bankable in the private sector.



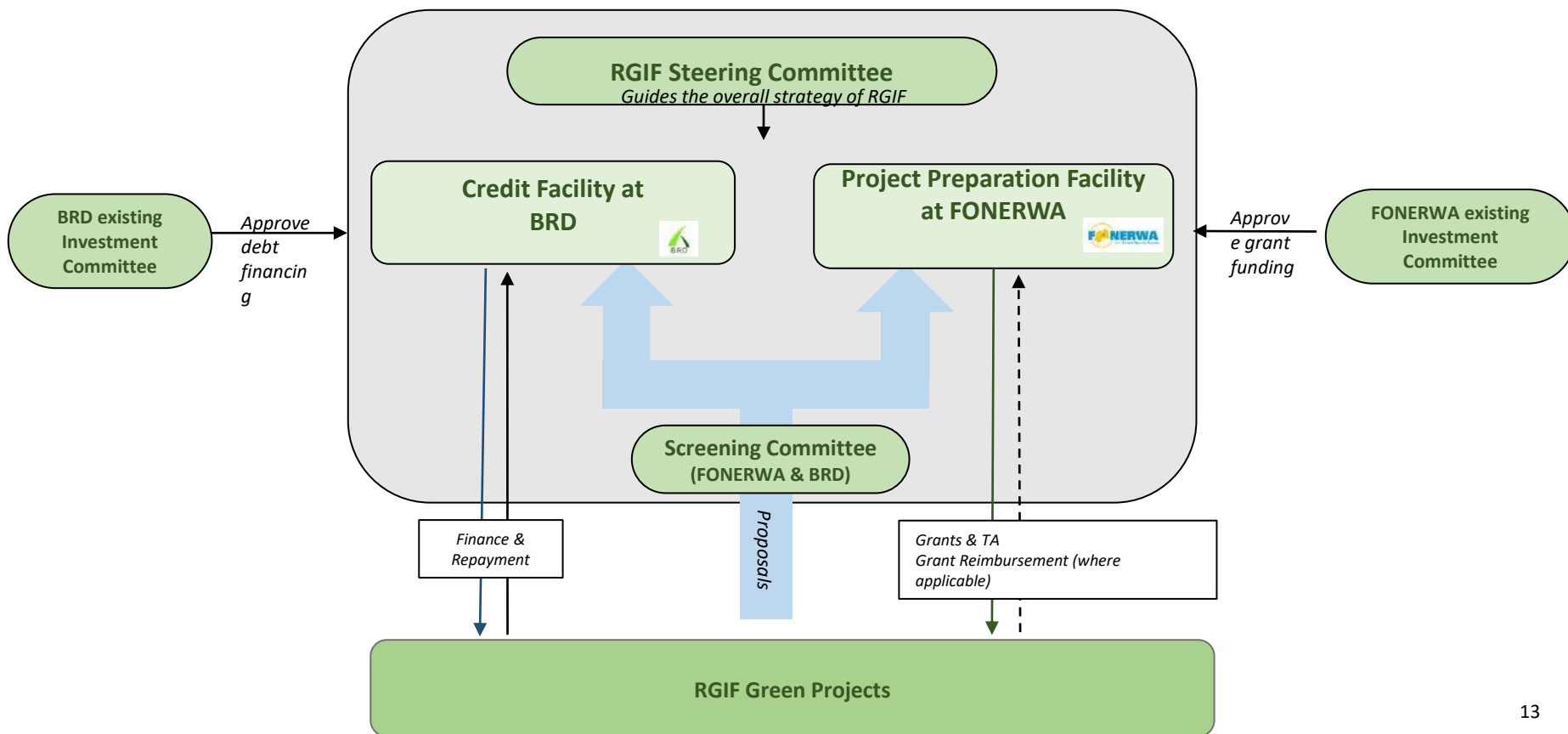
Rwanda: RGIF Project Pipeline: Near-Term

\$330M low carbon investment needs identified in the near term

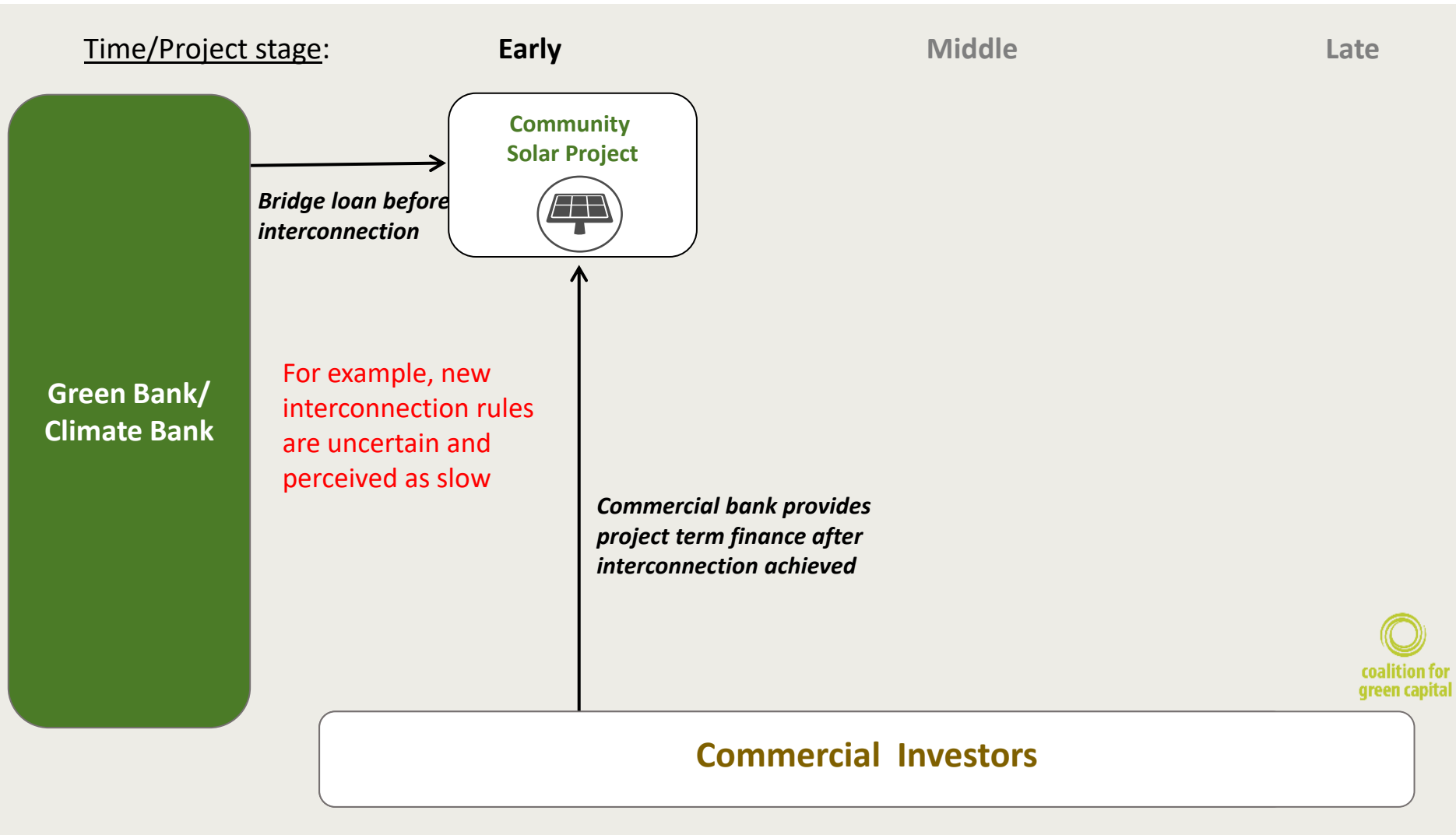


* Market assessment conducted in July 2019 by Coalition for Green Capital.

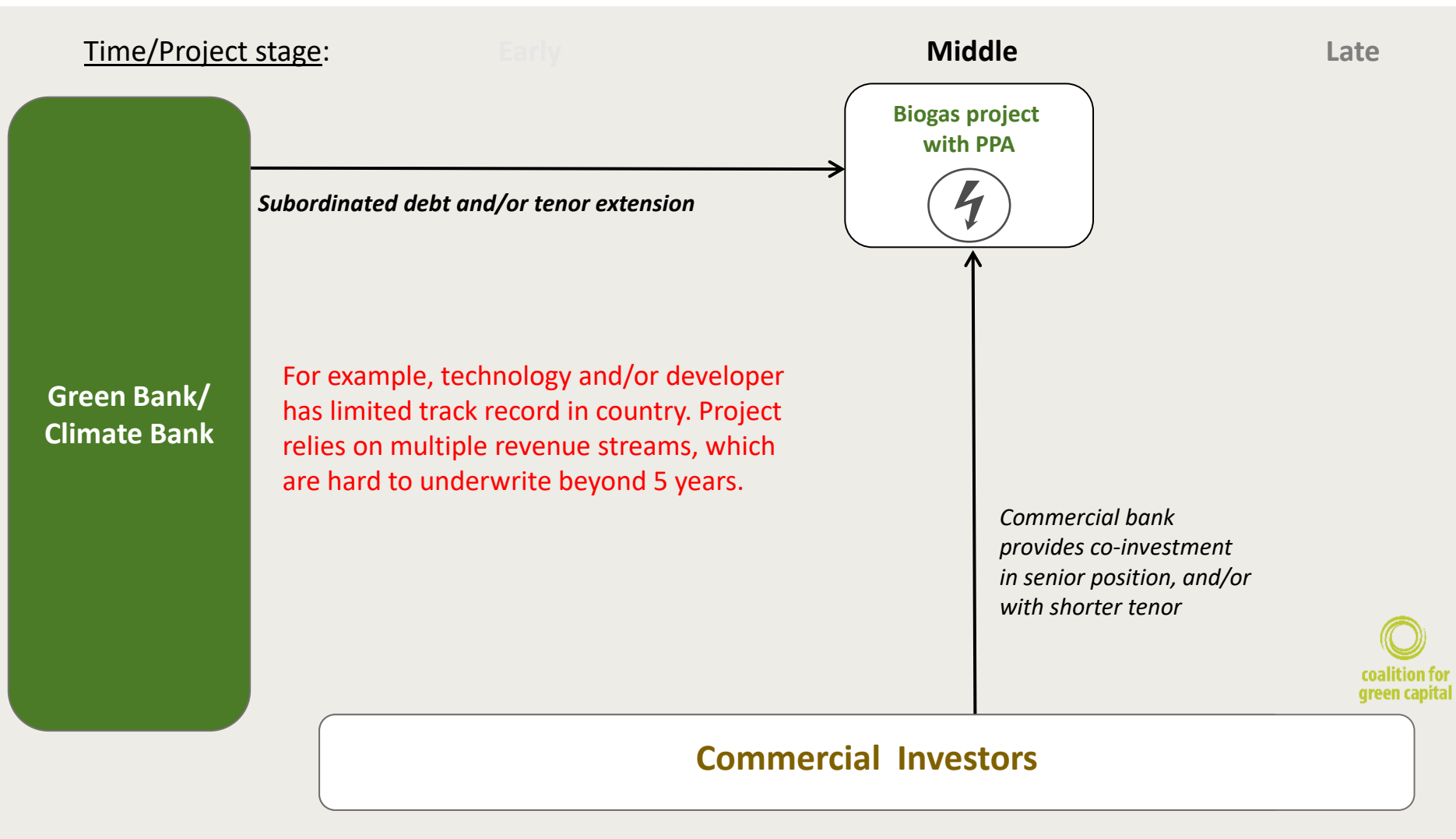
Rwanda: RGIF Implementation & Governance Framework: Integrated grant and finance approach to leverage and expand resources



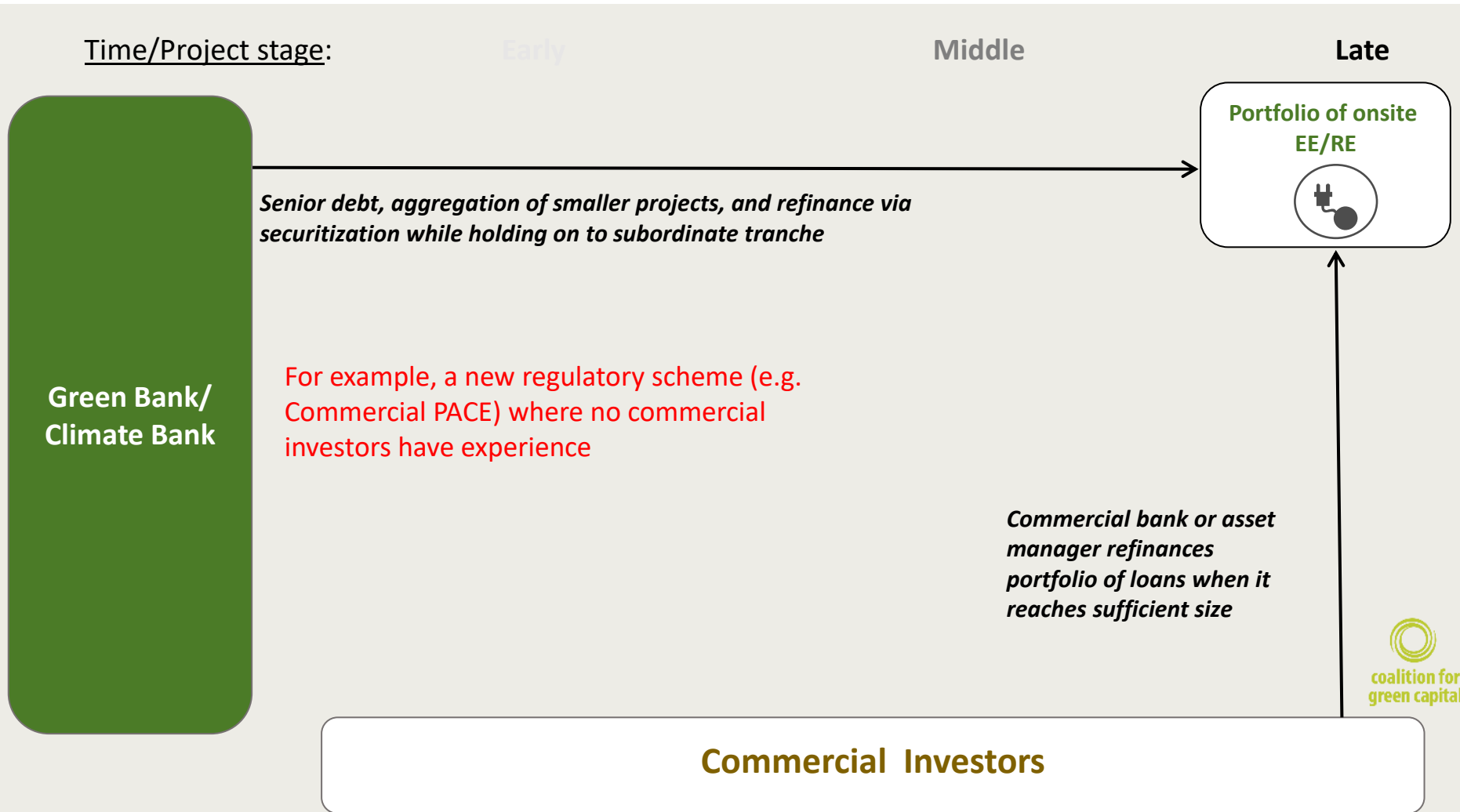
NY Green Bank fills gaps & works as “first mover”: Can take early stage risk



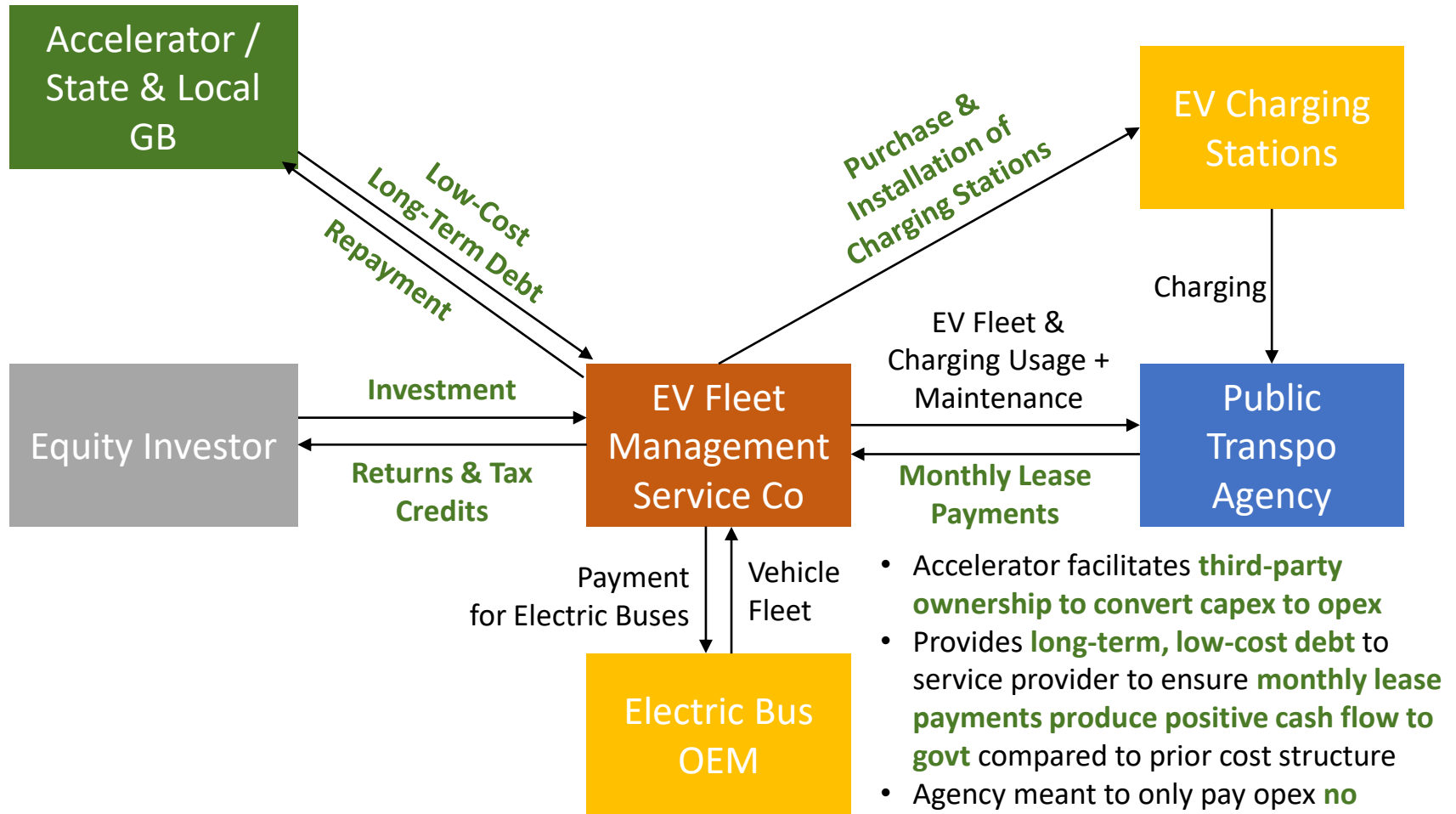
South Africa CFF will address risk associated with “first application” of technologies, & difficulties underwriting multiple revenue streams



CT Green Bank helps w/ regulatory risk, financing under a new regulatory schemes, with refinancing from long-term investors



Accelerator Solution: Third-party capital in partnership with a fleet management company to deliver electric bus & chargers as a service



- Accelerator facilitates **third-party ownership** to convert capex to opex
- Provides **long-term, low-cost debt** to service provider to ensure **monthly lease payments produce positive cash flow to govt** compared to prior cost structure
- Agency meant to only pay opex **no longer needs to pay capex for charging**
- Govt has **no upfront cost**
- Govt **benefits from available tax credits** through third-party monetization

Green Banks have different structural forms:

Type	Examples
Publicly owned	<ul style="list-style-type: none">• NY Green Bank• Climate Finance Facility South Africa• CEFC Australia• New Zealand GIF
Quasi public	<ul style="list-style-type: none">• CT Green Bank
Private non-profit	<ul style="list-style-type: none">• Montgomery County Green Bank• US National Climate Bank (proposed)
Private for-profit	<ul style="list-style-type: none">• Tata Clean Tech Capital



coalition for green capital

Thank you

Andrea Colnes

andi@coalitionforgreencapital.com