

# What tools will encourage investment in climate solutions internationally?

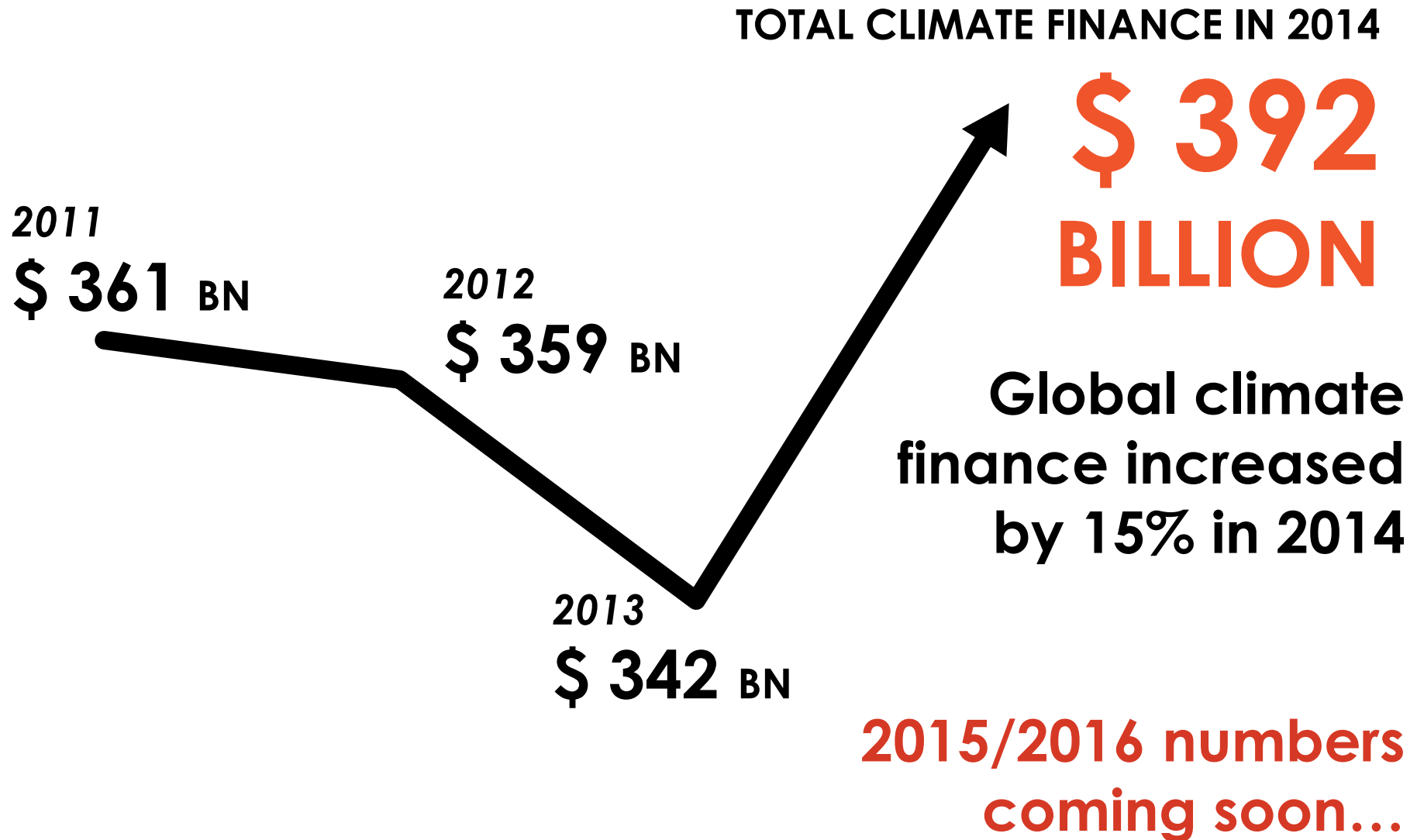
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Global climate finance reached \$392 bn in 2014



Tools need to address three main gaps

**Cost & Viability**

**Knowledge**

**Risk**

# The Global Innovation Lab for Climate Finance

**The Global Innovation Lab for Climate Finance** supports the identification, development, and piloting of transformative climate finance instruments. It aims to drive billions of dollars of private investment into climate change mitigation and adaptation in developing countries.



# Case study: Energy Savings Insurance



Energy Savings Insurance overcomes investment barriers to energy efficiency by providing an insurance product for projected energy savings for efficiency projects undertaken by small and medium sized enterprises.

**Total Funding Mobilized to Date:** USD 91.7 million



# Case study: Climate Investor One



Climate Investor One focuses on financing projects in low and lower middle income countries in the wind, solar, and hydro sectors. It supports these projects through several stages of a projects' life to ensure projects get off the ground and attract new investors.

**Total Funding Mobilized to Date:** USD 412 million

*Thank you!*



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# *EXTRA SLIDES*



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# Tools need to address three main gaps

## 1) Cost & Viability

**RE competes with fossil subsidies;** IEA estimated these at over \$500 billion / year

**RE and EE have higher upfront costs,** with fuel cost savings streaming in over long periods of time

**RE projects have relatively high transaction costs** because projects are relatively small but have the same legal, due-diligence, consulting and other fees as large fossil plants

**Lending institutions cannot offer loans for length of RE projects,** or at too high a cost for private investors, especially in developing countries

## 2) Knowledge

**Investors lack knowledge of RE technologies, markets, business models, developers, owners, and licensing and other administrative processes**

## 3) Risk

**RE is perceived as risky;** investors want 25% return, projects offer 8-10%

**Longer payback periods for RE projects**

**Policy fluctuation risk**

# Case study: Energy Savings Insurance

## Overview

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## Key Updates

- ESI now has projects in seven countries that will target thousands of businesses.
- Example – In El Salvador, ESI is being implemented with the support of BANDESAL, the Danish Energy Agency and loan and grant resources from the Green Climate Fund. The program will target 500 firms investing in energy efficiency projects and reducing about 37,500 tCO<sub>2</sub>e/year.

# Case study: Climate Investor One

## Overview

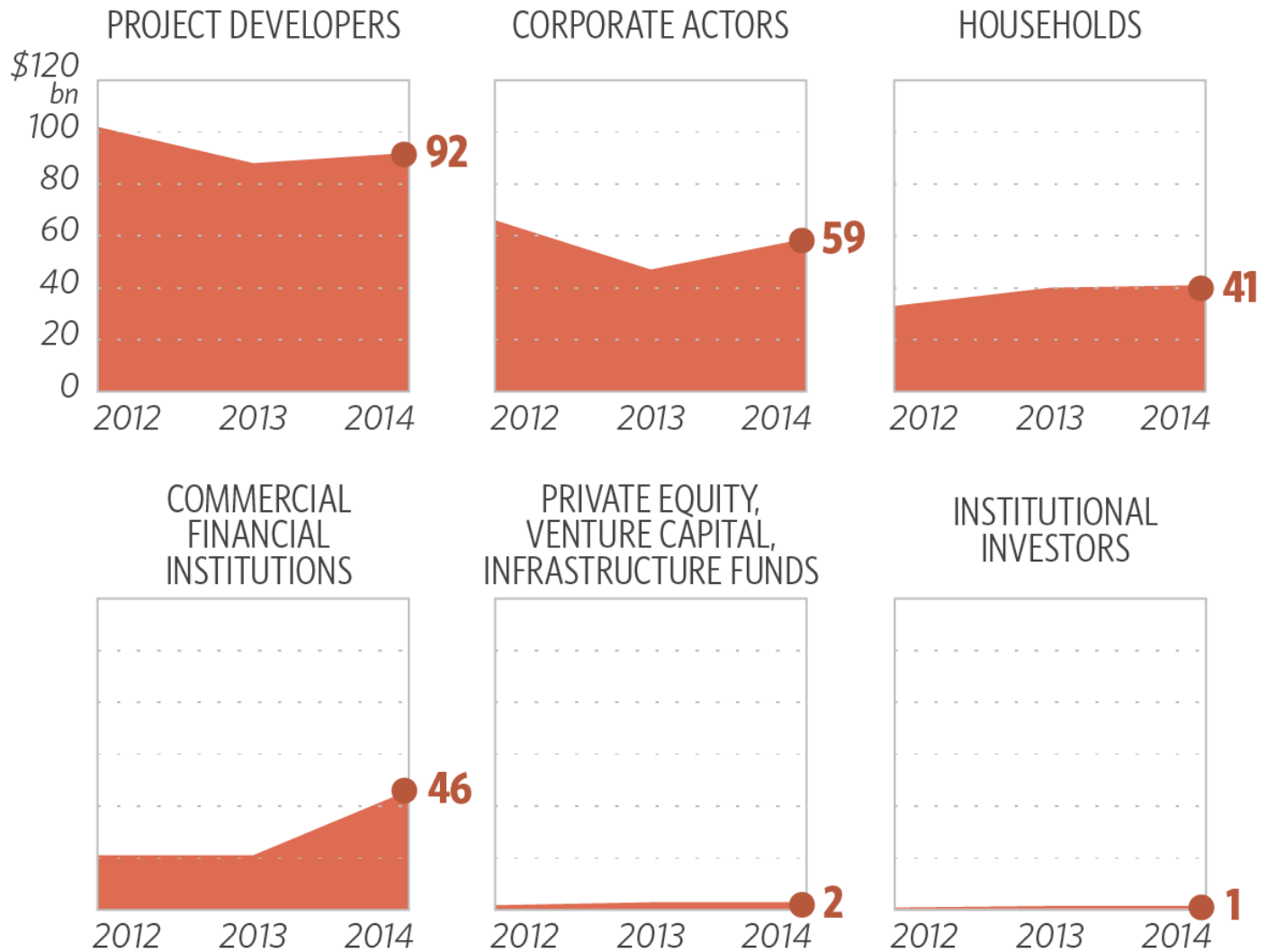
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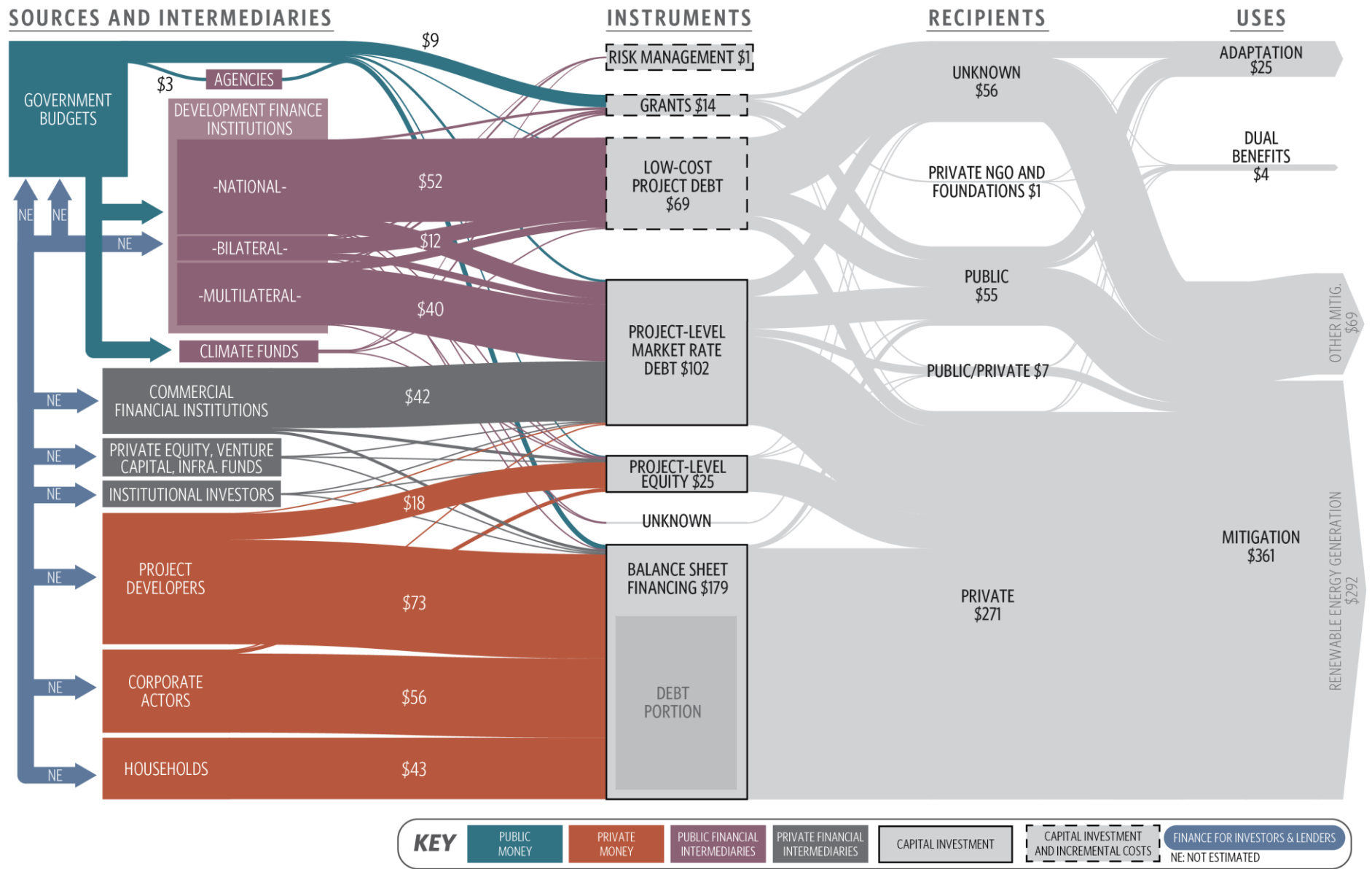
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## Key updates

- June 2017 first close at USD 412 million, receiving support from public and private investors in Netherlands, UK, and South Africa.
- Application submitted to GCF for second close.
- Rwanda and Philippines: Projects approved for investment by Development Fund (USD 1.55 million, 76 MW).

Project developers represented the most prominent investor class in 2014, with 38% of total private finance





# Climate Resilience & Adaptation Finance & Technology Transfer Facility (CRAFT)

**First commercial investment vehicle to focus on driving private investment in climate adaptation and resilience**

Aim

Accelerate the diffusion of existing technologies & solutions

Approach

**Strategically orient growth capital**  
to adaptation

**Build awareness** of  
market opportunities

**Invest equity &**  
technical expertise

# Innovative climate finance instruments

Battery Service Agreements



Energy Savings Insurance



CRAFT



Forest Resilience Bond





# Forest Resilience Bond



## OVERGROWN



## RESTORED



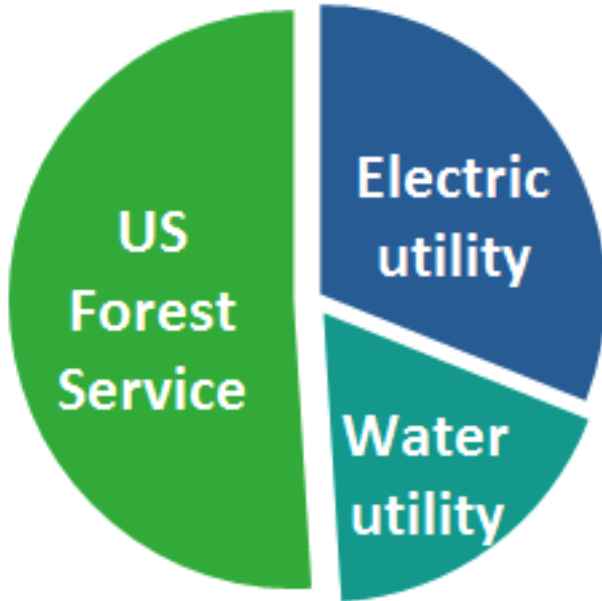
- Reduces fire risk
- Increases water quantity
- Protects water quality

# Status quo limits restoration funding

## STATUS QUO

Multiple Beneficiaries

Single Payer



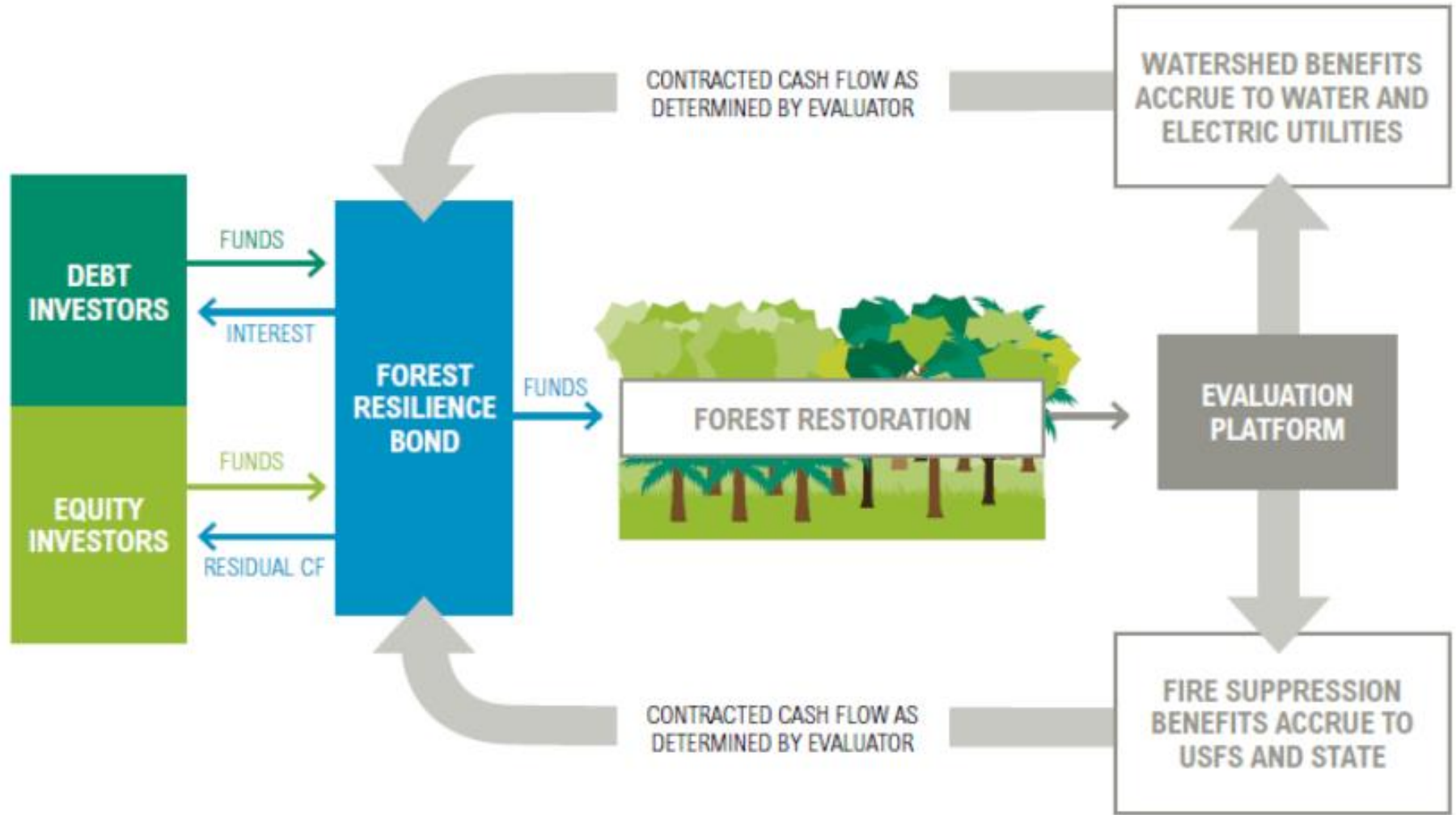
“In order to return these lands to ecological health, a

**2-3x**

increase in the pace and scale of ecological restoration must occur”

*Sierra Nevada Conservancy*

# The Forest Resilience Bond



# Total public and private finance increased in 2014

