



Sources of Finance and Access Strategies in a Climate- Constrained, Divided World

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Examples of Major Sources of Finance

- Institutional Investors Group on Climate Change representing financial investors with over **\$21 trillion** in assets.
- Organizations with over **\$5 trillion** have pledged to Divestinvest.org to divest from oil, gas and coal and re-invest in Climate Solutions.
- Bretton Woods II: an initiative designed to channel part of the **\$25 trillion** controlled by large long term asset holders towards impact & sustainability.
- Green Climate Fund, which is planned to grow to **US\$100 billion** by 2020.
- Climate Bonds Initiative working to mobilize the **\$100 trillion** bond market for climate change solutions.

Note: Assets of some investors are included the different asset totals shown above.

Investors are Calling for Urgent Action

- The Institutional Investors Group on Climate Change, representing financial investors with \$21 trillion in assets, called on governments to provide the framework necessary to spur greater finance.
- “The IPCC has delivered a stark message. To limit global warming to 1.5C requires an urgent acceleration in the pace at which we are moving to a low-carbon economy”.

Investors Need "Bankable Projects"

Serious lack of "Bankable Projects" in renewable energy and water projects areas. To remedy this problem, we need:

- Funding for proposal preparation and related work.
- Build capacity in proposal development ecosystem.
- Increase capacity in African governments to facilitate renewable energy and water projects.

Example Potential “Bankable Project” in Wajir County

Proposed large water provision system:

- Utilize water from aquifer that replenished by Mt. Kenya / Aberdares / Mau Ecosystem.
- Expect to benefit almost all 700,000 people in Wajir County.
- Project could be in the range of \$100m USD.
- Substantial project development effort required.
- Substantial revenues from water sales.

Example Project in Wajir County (cont'd)

To accelerate implementation, assistance is required for the following:

- Engineering study
- Proposal development
- Environmental assessment
- Community meetings
- Presentations to government officials and potential funders.

Accelerate Major Project Flow

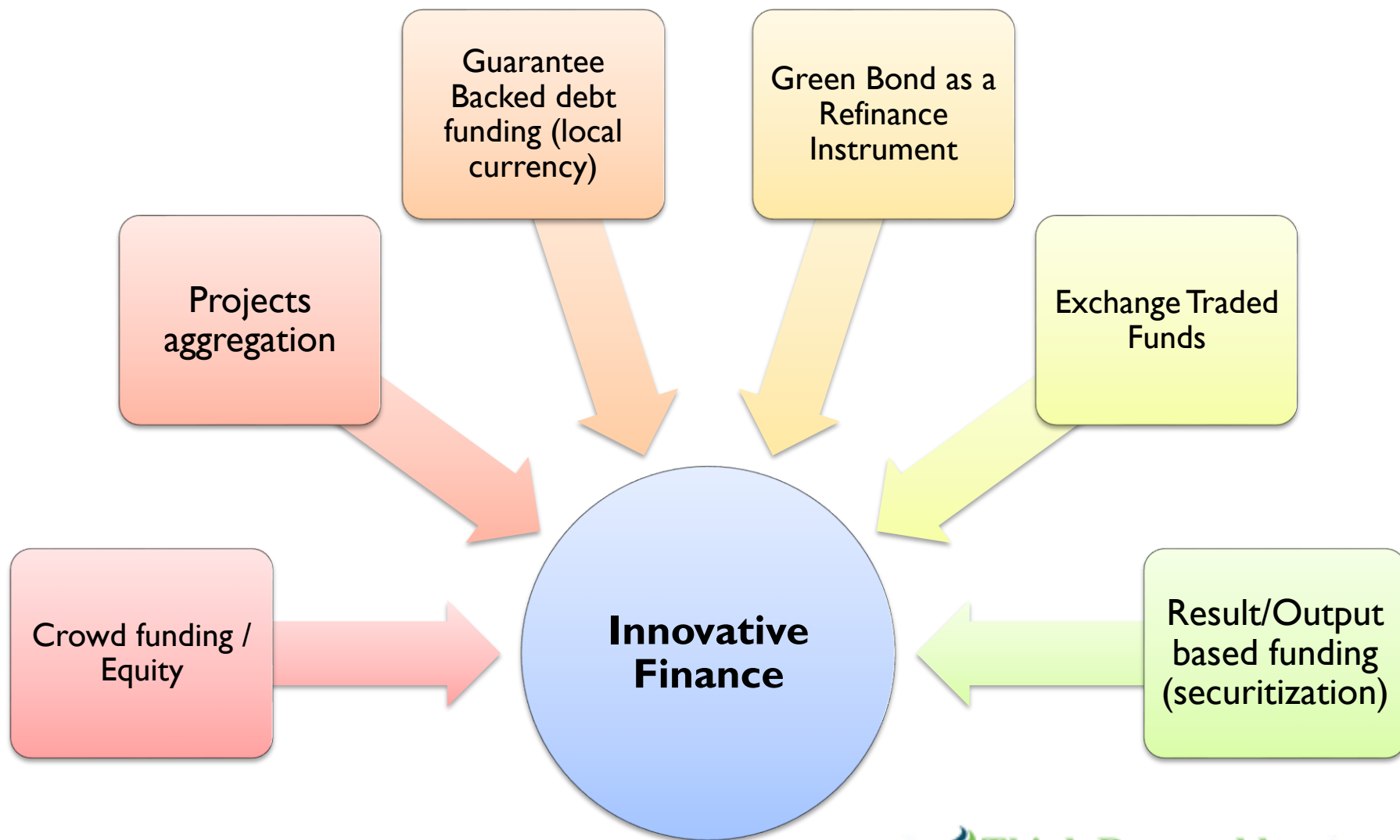
- Developer develops “Bankable Project” proposal with financial assistance.
- Initial investment by investors and banks fund construction of project to produce water / energy.
- After project is producing water / energy, refinance project with a Green Bond.
- Developer uses profits and financing resources to start the next project.

Funding from Investors can Incentivize Action by Consumers

Utilities can access investor funding so they can incentivize consumers to utilize green technologies such as:

- Air-conditioners with ice-based energy storage.
- Smart power meters that incentivize time of power use.
- Leasing of home-based solar energy.

Towards unlocking access to innovative funding / finance



Proposed one full day event: Climate Finance Day - Africa

- Designed to create awareness about sources of climate financing.
- Outline some strategies to access this funding.
- Similar to the Climate Finance Day in Paris except with a greater focus on how organizations can access these sources of funding.

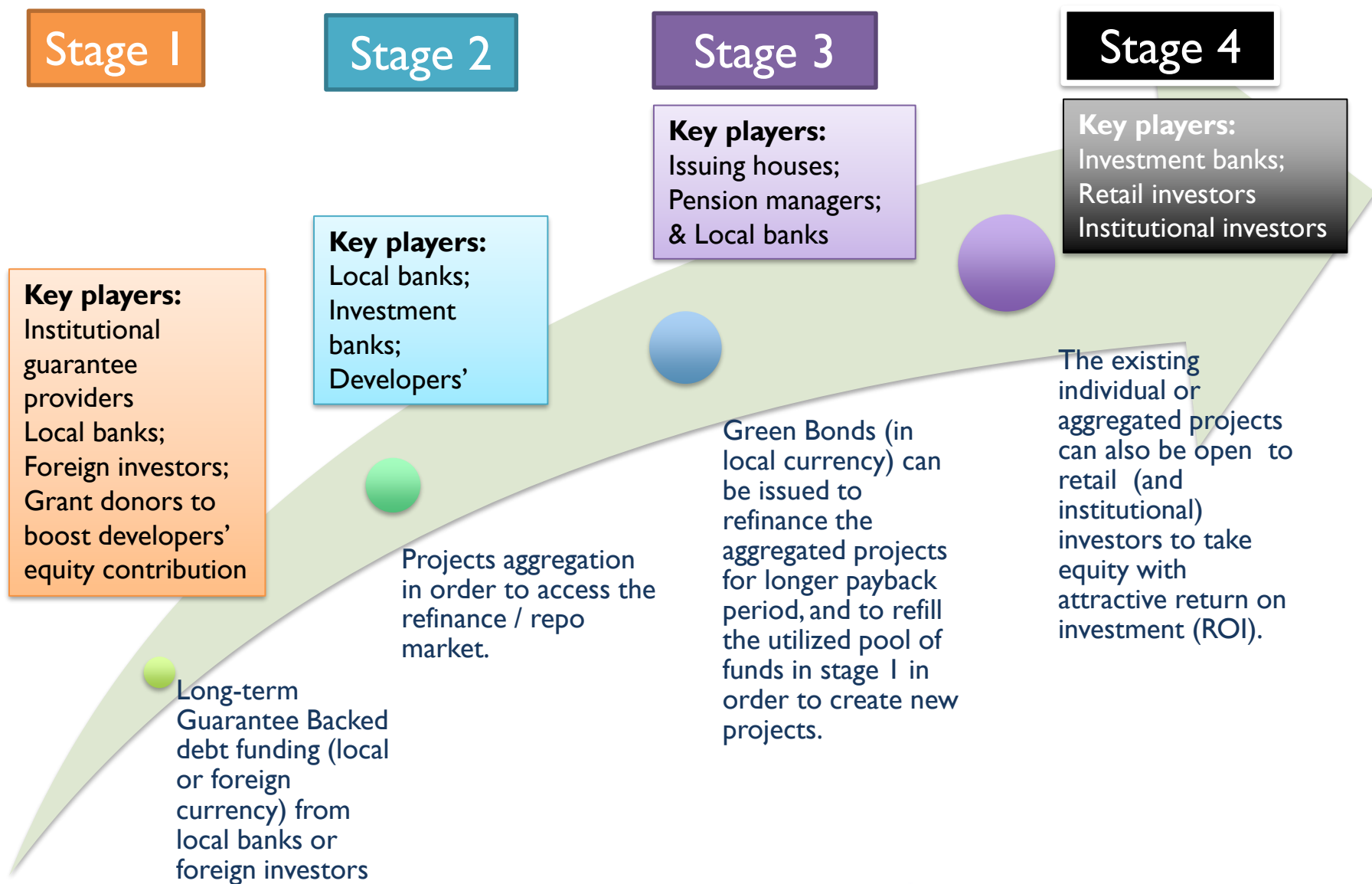
Thank you for your time



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Appendix

Financing flow for climate-aligned resilient projects



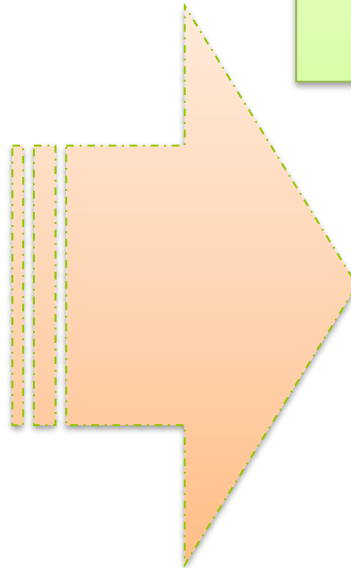
Access Strategies

Challenges

Some unproductive / non-commercially viable off-grid communities

Unreliable regulations / Political instability

Limited expertise (on climate finance) in the financial markets & banking industry



1. Engage a technical/investment adviser to handhold the fund providers through process of engaging key stakeholders in the climate finance ecosystem towards investment
2. Partner with experienced multi-lateral development institutions i.e. GIZ, UNDP, USAID, World Bank, IFC, USAID, AfDB, AND UNEP

Develop the technical capacities and capabilities of the bank's officers

Identify and profile productive and commercially viable off-grid and underserved markets/communities

Liaise with government to facilitate issuance of necessary regulatory permits and approvals i.e. Land lease

Release grant funds to cover some setup cost of any project to be financed by the bank