

LOCAL FINANCIAL INSTITUTIONS (LFIS) AND GREEN FINANCE

Finding Ways to Share Knowledge and Experience

AFD-IDB-OECD Workshop 'Local Financial Institutions (LFIs) and Green Finance'

November 3rd 2015

Room CC 7, OECD Conference Centre - 2, Rue André Pascal, Paris 16

Workshop overview

In December 2015, the twenty-first session of the Conference of the Parties (COP 21) will be organized in Paris with the objective to achieving a legally binding and universal agreement on climate change in order to limit global warming to below 2°C. Achieving this aim and transitioning to a low-carbon, climate resilient and sustainable development pathway will require significant finance and investment, both public and private. There is increasing recognition of the role local financial institutions (LFIs) play in promoting private investments in areas related to green growth, and these institutions will continue to play an important role over the next decades in scaling up climate solutions.

Within this context, the Agence Française de Développement (AFD), the Inter-American Development Bank (IDB) and the Organisation for Economic Co-operation and Development (OECD) are organizing a one day workshop on LFIs and green finance in Paris, on the 3rd of November 2015. The aim of the workshop is to bring development partners, multilateral agencies and LFIs from different regions together to: a) share experience on scaling up green finance among LFIs; and b) identify opportunities to work together to further share knowledge and experience.

The event will focus on innovative instruments and existing experience in green finance, specifically within the context of large scale infrastructure development as well as for economic sectors involving small scale green finance (e.g. for energy efficiency) and Small and Medium Enterprises (SMEs). Interventions will cover concrete case studies, with experience shared by field practitioners.

Initial sessions will showcase implemented actions, followed by discussions on barriers to scaling up green finance and the need for synergies and collaboration. The final panel discussion will define concrete next steps to sharing knowledge and replicating lessons across regions.

Workshop Hosts:



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Background to LFIs and green finance

Why are local financial institutions important?

There is increasing recognition of the role local financial intermediates play in promoting private investments in areas related to green growth. According to the Climate Policy Initiative¹, USD 91 billion in climate related financing in 2014 were from banking institutions, with the major share, about 80%, from international development finance institutions.

What major initiatives are ongoing to promote LFIs and green finance?

A number of initiatives and standards have been underway to promote corporate social and environmental responsibility and good sustainability practices among international development finance institutions, covering both local financial institutions (LFIs) and national development banks (NDBs). These include the Equator Principles, Principles for Responsible Investment, the emerging notions of good practice through the International Development Finance Club, Green Investment Bank Network, among others. LFIs and NDBs are also increasingly developing tailored and specific “green” financial products to promote sustainable businesses, such as energy efficient industries, smart agriculture practices and adoption of renewable technologies.

The working group of finance of the G20 has recently recognised the importance of promoting good practice in developing new and innovative green finance instruments at the national and local levels such as risk sharing mechanisms and use of green bonds to access capital markets. One recent example of innovative partnerships in this arena is the Global Innovation Lab for Climate Finance, which has been working with key development partners, MDBs and private sector initiatives to identify and incubate cutting edge climate finance instruments that could be replicated to scale up private investments.

What is needed to scale up existing efforts?

In order for innovative green finance instruments to be taken up by LFIs and NDBs, there is a need to build greater awareness of these instruments in developing countries, improve communication and knowledge sharing between LFIs from different regions, and internalise and develop capacities to promote new financial instruments within these organisations. Development partners and multilateral development banks have a key role to play in facilitating this process including bringing LFIs and NDBs together to share knowledge and good practice on designing and deploying innovative green finance instruments to scale up private investment in developing countries.

As a first step, the Inter-American Development Bank (IDB), the Agence Française de Développement (AFD) and the Organisation for Economic Co-operation and Development (OECD) are organizing this one day workshop to explore these issues.

¹ Climate Policy Initiative (2014), Global Landscape of Climate Finance, CPI.

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AGENDA

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Moderator:

Eric Usher, UNEP Finance Initiative

8:30 to 9:00 Registration

9:00 to 10:15 Keynote address and introductory panel

Keynote speaker:

- Thomas C. Heller, Climate Policy Initiative

Panellists:

- Laurence Rouget-Le Clech, Latin America and Caribbean Department, Agence Française de Développement (AFD)
- Amal Lee Amin, Climate Change & Sustainability Division, Inter-American Development Bank (IDB)
- Haje Schutte, Development Co-operation Directorate, Organisation for Economic Co-operation and Development (OECD)

10:15 to 10:30 Coffee break

**10:30 to 12:00 Sharing experiences on LFIs and green finance
Session I – financial innovation for sustainable infrastructure projects**

Speakers:

- Jorge Lanz Obeso, Nacional Financiera (NAFIN) - A case study on Geothermal Risk Sharing
- Vinicius Almeida, Banco Nacional de Desenvolvimento Econômico e Social (BNDES) - PPPs and the best practices for LFIs participation
- Ashwin Foogoo, Mauritius Commercial Bank (MCB) - Role of commercial banks in promoting green investment in Africa
- Sophie Leroy, Proparco – Financing infrastructure through commercial banks

Panellists:

- Rob Youngman, OECD
- Antoine Predour, Global Climate Partnership Fund
- Gerardo Freiberg, Fondo Mivivienda

12:00 to 1:30 Lunch

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1:30 to 3:00 **Sharing experiences on LFIs and green finance** **Session II – financial innovation for energy efficiency and SMEs**

Speakers:

- Maria Netto, IDB – Energy Savings Insurance
- Sergiy Khudiyash, State Export-Import Bank of Ukraine (UKREXIMBANK) – Green credit lines for Energy Efficiency in Ukraine
- Refik Akinci, Türkiye Sınai Kalkınma Bankası (TSKB)

Panellists:

- Hans Jakob Eriksen, Ministry of Energy, Utilities and Climate, Denmark
- Daniel Magallon, BASE UNEP Collaborating Center
- Nigel Jollands, EBRD

3:00 to 3:15 Coffee break

3:15 to 4:45 **Shaping next steps: finding ways to share knowledge to scale up innovative green finance through LFIs**

Speaker:

- Micha Van Waesberghe, IDB Knowledge and Learning Specialist - Maximizing the value of knowledge sharing

Panellists

- Vinicius Almeida, BNDES
- Ivan V. Cornejo Villalva, NAFIN
- Refik Akinci, TSKB
- Barbara Schnell, KfW
- Jose Juan Gomes Lorenzo, IDB
- Mustapha Kleiche, AFD

4:45 to 5:00 **Wrap up and conclusions of the day**

- Ignacio Corlazzoli, IDB
- Celine Boulay, AFD
- Jan Corfee-Morlot, OECD

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