



# MOBILIZING INSTITUTIONAL INVESTOR CAPITAL FOR CLIMATE- ALIGNED DEVELOPMENT

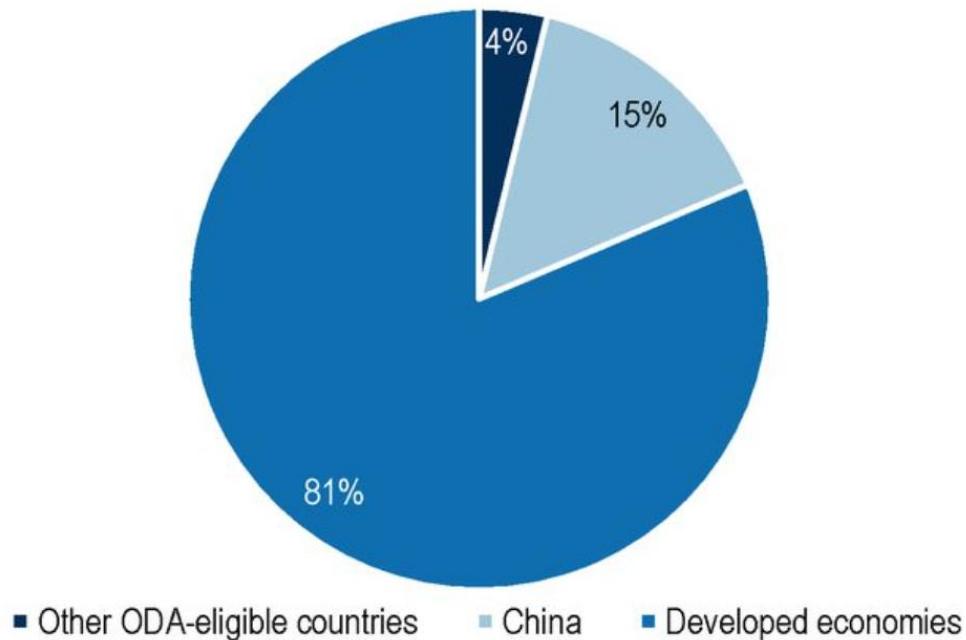
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## Of total \$379 trillion global financial assets, most are concentrated in developed economies

Figure 8. Shares of global financial assets are unevenly distributed across countries



Source: OECD (2020), *Global Outlook on Financing for Sustainable Development 2021: A New Way to Invest for People and Planet*, OECD Publishing, Paris, <https://doi.org/10.1787/e3c30a9a-en>.

**0.08%**

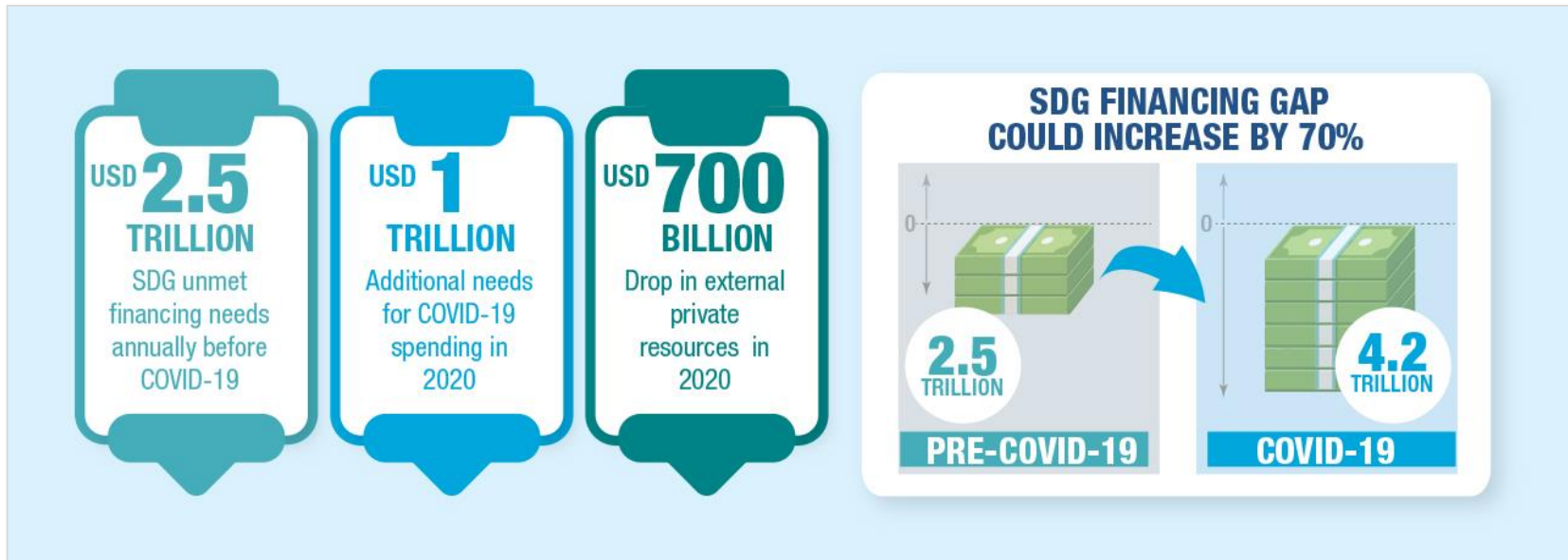
**= \$153 billion / \$ 184 trillion**

**= total annual ODA / institutional  
investor assets**

- Private capital mobilized MDBs & DFIs, 2019: \$63.6 billion
- ODA multiplier: \$64 billion / \$153 billion = 0.4
- SDG financing gap:

\$2.5 trillion, pre-Covid-19 ➡ \$4.2 trillion, Covid-19

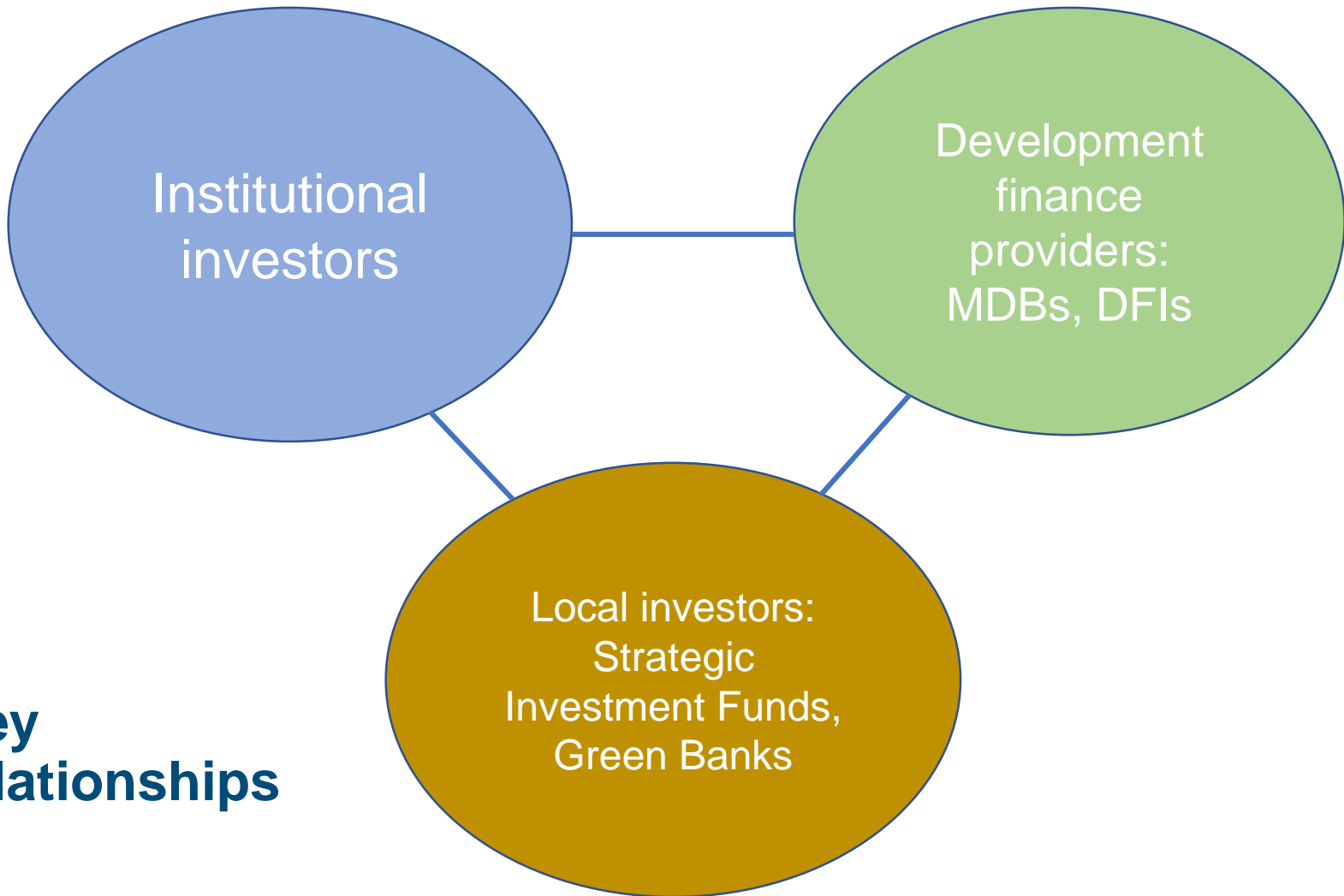
## The SDG financing gap in developing countries has widened by 70%



Source: OECD (2020), *Global Outlook on Financing for Sustainable Development 2021: A New Way to Invest for People and Planet*, OECD Publishing, Paris, <https://doi.org/10.1787/e3c30a9a-en>.



## Key relationships



## Multiplier, green banks

Name	Period	Reported multiplier
Clean Energy Finance Corp. (Australia)	2014-2015	1.8
Connecticut GB	2013	10
New York GB	First 3 transactions, 2015	3.6
UK Green Investment Bank	2012-2015	3

## Multipliers, strategic investment funds

Fund	Year	Capitalization	Total multiplier
Marguerite Fund, European Union	2010	EUR 710 million	11.8
Ireland Strategic Investment Fund	2014	EUR 7.6 billion	~2.4
Philippine Investment Alliance for Infrastructure	2012	USD 625 million	~25
FONSIS, Senegal	2016	Unknown	9.6

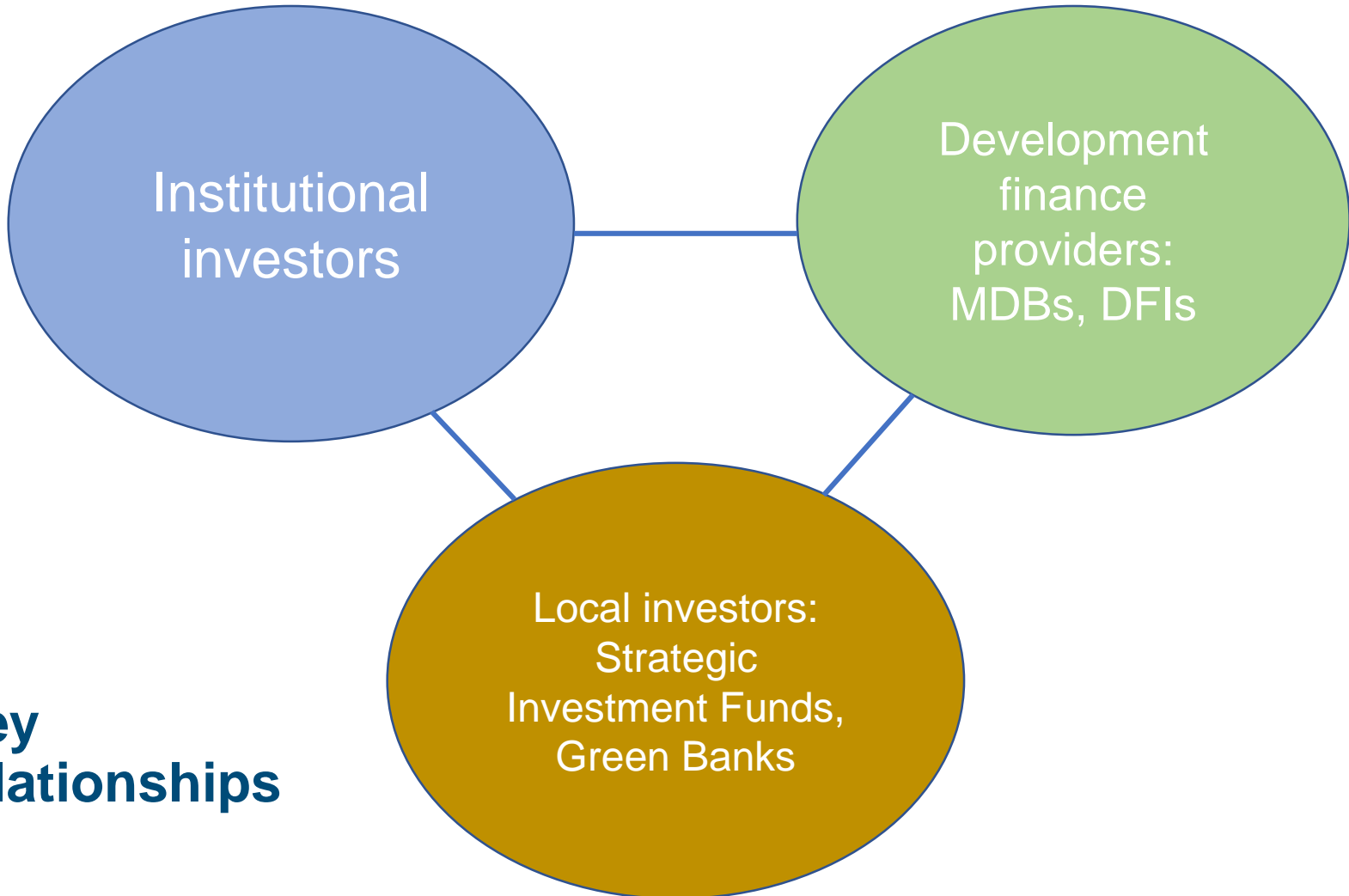


## Multipliers, multilateral climate funds

Name	Co-financing all sources / MCF	Co-financing		Multiplier (private / public capital)
		% Public	% Private	
Clean Technology Fund	7	67	33	0.40
Global Environment Facility	9.7	85	15	0.15
Green Climate Fund	2.3	69	30	0.27



## Key relationships



## Collaborative model, advantages

- Locational advantages of partners
- Pooling resources for due diligence, research, monitoring
- Deal flow from partners
- Diversification opportunities
- Opportunity to bypass conventional financial intermediaries
- Local partner (SIF) can mitigate headline risk, political risk

## Blended finance through collaboration

- SIF / green bank "boots on the ground"
- Local networks, continuous engagement with parties to transactions
- Convert MFI debt to "patient equity" through direct SIF capitalization, loans to SIF governments. Also project level co-investing
- Promote competition, reward best performing SIFs, green banks



## Blended finance through collaboration

MFIs – institutional investors

- Sourcing deals on collaborative platforms
- Human resources
- Governance and regulatory requirements
- Mitigating different institutional characteristics

## Elements of collaborative model with MFIs

- Add value for institutional investors
- Address concerns of institutional investors in relevant regions and sectors
- Investor confidence that blended finance investments are commercial
- Assist institutional investors with assessing risks in new sectors and geographies
- Complement private finance at relevant stages of the investment cycle

# Thank you

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