

## ***Draft Proposed Plan to Accelerate Private Sector Investment in Climate Solutions***

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### **Executive Summary**

There is a opportunity emerging to accelerate private sector investment in solutions that mitigate or adapt to climate change (Climate Solutions). This opportunity is due in part by the increased concern by investors about climate change. For example, in the [2018 Global Investor Statement To Governments On Climate Change](#), which has been signed by 421 investors representing more than USD \$32 trillion in assets, strongly urged all governments to implement the actions that are needed to achieve the goals of the [Paris] Agreement, with the utmost urgency.

Given below is brief summary of the overall proposed action plan:

- a) Promote the use of online platforms for renewable energy projects, such as IRENA's [Project Navigator](#) and [Sustainable Energy Marketplace](#), to help increase the capacity of developers to create projects that are developed to a point of being ready for investment or “Bankable” (Bankable Projects) and then share the details of these projects with investors. Other online platforms should be used for non-energy related projects.
- b) Significantly increase funding to project developers to help them develop Bankable Projects. Multilateral development banks, such as Africa Development Bank, already provide this type of funding on a small scale but we recommend they consider increasing it substantially.
- c) Increase awareness and utilization of existing incentives to lower the risk of investing.
- d) Encourage project developers to create electronic promotional materials to reduce the cost of effectively pitching their project or projects to investors in other parts of the world. This includes a short pitch video with moving graphics and voiceover for each of their projects.
- e) Encourage project developers to post short pitch videos on a designated video gallery that enables viewers to easily jump to a webpage with more information about their project or to the next video when desired.
- f) Utilize climate change-related conferences to create awareness of online platforms, such as IRENA's [Sustainable Energy Marketplace](#), associated video galleries and the urgent need for action on climate change. When reported on by the media, this will encourage many investors to utilize these platforms and galleries to learn about investment opportunities.

g) Once an investor is interested in an investment opportunity, facilitate communications between the investor and project developer. This can include inviting an investor and project developer to a workshop to develop a preliminary agreement.

If this proposed plan was implemented on a large scale in a coordinated way, we expect the impact would be substantial.

## 1.0 Introduction

There is a major opportunity emerging to accelerate private sector investment in solutions that mitigate or adapt to climate change (Climate Solutions). This opportunity is due in part by the increased concern by investors about climate change. For example, recently, groups of large institutional investors, with combined assets in the many trillions of dollars, called for accelerated action on climate change. Given below are some articles about this development:

a) On [Oct 8, 2018, the Guardian](#) reported that 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.

b) [2018 Global Investor Statement To Governments On Climate Change](#) (This statement is signed by 319 investors representing more than USD \$28 trillion in assets): As institutional investors with millions of beneficiaries around the world, we reiterate our full support for the Paris Agreement and strongly urge all governments to implement the actions that are needed to achieve the goals of the Agreement, with the utmost urgency.

c) [Act on climate change or risk global financial instability, \\$32 trillion investor alliance warns](#), Dec 10, 2018. The statement's signatories warned failure to act with urgency would put global financial systems at risk.

Since these investors are requesting governments take more action regarding climate change, we at Think Renewables Group (TRG) think it is safe to assume they are becoming more alarmed about existing and expected impacts of climate change. Therefore, we expect they are now more interested to invest in solutions that mitigate or adapt to climate change (Climate Solutions). However, in order for them to invest in these solutions, investors require projects that have been developed to a point of being ready for investment or "bankable" (Bankable Projects). At the current time there is a significant shortage of projects that have been developed to this point.

## 2.0 Online Platforms for Project Development and Investment

The International Renewable Energy Agency's (IRENA's) is working to facilitate the creation of more Bankable Projects with their online platforms. One is called the [Sustainable Energy Marketplace](#), which is being used around the world to connect investors to project developers. Another is called [Project Navigator](#), which helps project developers turn their projects into Bankable Projects.

The Sustainable Energy Marketplace is restricted to renewable energy projects in developing countries. Another online marketplace can be used for the full range of Climate Solutions anywhere in the world. It is called [ClimatePlace](#) and is operated by a non-profit organization in Switzerland called ClimatePlace Association.

We are recommending that these platforms be promoted prior to and during conferences about climate change and/or climate finance. For example, there is a proposed event called [Africa Climate Finance Day \(ACFD\)](#). The preliminary draft agenda proposed for this event can be viewed at this link: [AGENDA](#).

Prior to the proposed ACFD event, we recommend that at least one workshop be held to inform and encourage project developers to utilize IRENA's platforms, including the Sustainable Energy Marketplace, and ClimatePlace. After the first workshop is held, an online webinar about these platforms is also recommended to be held to inform and encourage project developers who could not attend this workshop. (Note: Project developers can be a private or public entities.)

### **3.0 Utilize Climate Change Conferences to Promote Investment**

Climate change-related conferences can be utilized to promote Investment in climate solutions. For example, we propose that the Sustainable Energy Marketplace platform be showcased at the ACFD event, be promoted directly to investors by email and through the media to investors around the world. In addition, we recommend that a second online platform be utilized for non-energy related projects. Therefore, projects relating to adaptation can be also be promoted via this conference to investors. Essentially, we recommend that conferences, such as the ACFD event, be utilized as a "megaphone" to inform investors around the world about the investment opportunities, which are profiled in these online platforms, and encourage them to invest in them.

One recommended way to promote investment opportunities during climate change-related events is to host press conferences during these events. For example, a press conference could be held during the ACFD event and that includes the following:

- a) A well known and respected climate change expert outlines urgent need for action within the next 10 years.
- b) An Africa Development Bank (AfDB) official agrees with the climate change expert on the urgent need for action and then explains that more than 75% of the funding needed mitigate and adapt to climate change needs to come from private sector. This person would then also highlight some ways AfDB incentivizes private investors to invest in these types of projects.
- c) An IRENA official introduces their online marketplace platform and how it can connect investors to project developers on a global scale 24 hours per day.
- d) A leader of major investor group such as Institutional Investors Group On Climate Change (IIGCC) encourages investors including their members to invest in climate change-related opportunities including ones profiled in the IRENA marketplace platform. In addition, this person could also encourage smaller investment funds to act as intermediaries between very large investors and smaller projects by aggregating smaller investment opportunities into larger ones.

Prior to this press conference, a press kit could be prepared for the media and made available online during and after this press conference. This will provide background information for media professionals who attend this event and enable other media professionals to report on the content of this event even if they did not attend it.

An additional way to promote investment opportunities during climate change-related events is to invite high-net worth investors to special invitation-only VIP events prior to the main conference event to discuss these opportunities and introduce these investors to some project developers. For example, there could be a special VIP event hosted before the proposed AFCD event that would include some brief presentations by selected project developers to highlight some investment opportunities listed on IRENA's "Marketplace" and ClimatePlace.

#### **4.0 Incentives to Create More Bankable Projects and Related Investment**

Considerable work is required to transform a project concept into a Bankable Project. Often project developers do not have the resources to fund this work. Some seed money is available for help projects developers to do this work; however, in order to develop many more Bankable Projects for investors to consider, significantly more seed money is needed. Therefore, we recommend development funding organizations, such as the Africa Development Bank (AfDB), consider significantly increasing the funding they provide to project developers to help them develop Bankable Projects.

To help make investments more attractive for the private investor, existing incentives should be utilized to lower the risk of investing. For example, the African Development Fund (ADF) provides Partial Risk Guarantee (ADF-PRG) to lower the risk of investing in projects.

#### **5.0 Combining Smaller Projects into One Investment for Larger Investors**

Smaller investment funds such as [Calvert Impact Capital](#) can act as intermediaries between very large investors and smaller projects. For example, some very large investors will not consider investments below US\$100m. In this case, smaller funds can combine several projects together so that the total investment is over this minimum value. Once an investment is made, the smaller fund continues to monitor and manage each project for the very large investor. In this way, the very large investor can reduce his, her or its investment risk and support many smaller projects at the same time.

#### **6.0 Additional Promotion of Bankable Projects to Investors**

In addition to profiling their projects in an online platform, project developers should create a PowerPoint slideshow to pitch their investment opportunity to investors. To reduce the cost of effectively communicating with investors in other parts of the world, project developers can convert their slideshow presentation to an animated and narrated video. For an example about how this can be done, see this draft step-by-step guide at this [LINK](#). An example video created in this way from a PowerPoint show containing short video clips and animated GIF images is shown at this link: [Multimedia Campaign Encouraging Action on Climate Change](#).

To encourage a potential investor to watch the full pitch presentation video, a shorter (approx. 2 min.) pitch version of a video should also be created. This shorter version can then precede the full video presentation similar way to what was done in the video shown at this link: [ThinkBiz Africa](#).

The short pitch videos can then be placed in an online video gallery that enables the viewer to create a short list of preferred videos by selecting various filters; this is similar to how a user on [expedia.com](#) can create a shortened list of airline flights to consider. An example video gallery with a very basic set of filter buttons is shown at this link: [www.climateSAN.org/videos](#). Each video in the gallery could include a link to a webpage with more related information, including a link to the related profile on an online investment platform such as [Sustainable Energy Marketplace](#).

## **7.0 Facilitate Capacity Building**

To facilitate large scale capacity building of project developers to develop Bankable Projects, the following actions are recommended for organizations that working to build project developer capacity and connect these developers to investors:

- a) Develop a full set of short (5 to 15 min.), high quality and concise training videos. These videos differs from many the existing training videos available online, which are often only recordings of webinars that are long (e.g., one hr or more) and not engaging. Once these videos are created, they can be placed in a gallery and/or YouTube channel so that the viewer can easily skip to the next video when desired.
- b) Host webinars for project developers, consultants and students
- c) Encourage institutions of higher learning to host their own workshops and webinars for project developers, consultants and students.
- d) Host events to enable project developers to engage directly with investors to negotiate deals that satisfy all parties. This can include pitch presentations and then followup discussions.

## **8.0 Increasing Access to Online Resources**

Often people with a slow or intermittent Internet connection cannot effectively watch videos while online. To overcome this problem, software can be obtained that enables a user to download selected videos to their local computer or shared drive prior to viewing. Then selected videos can be watched in a more convenient manner. As well, to make downloading and viewing more convenient, special software could be developed to enable users to replicate an online video gallery on their local computer and/or share drive. This would enable a user to conveniently view videos in the same way as they could online with a fast Internet connection.

## **9.0 Create Awareness of Online Platforms That List Climate Finance Incentives**

There are many financial incentives and support programs available that can help make projects more attractive to investors. Both projects developers and investors should be

informed about them. Fortunately, many of these available financial incentives and support programs are listed on online platforms, such as the one displayed below:

- a) [NDC Partnership.org: Climate Finance Explorer](#)
- b) [RECP Financial Catalyst](#) – The Finance Catalyst links renewable energy projects to finance opportunities and vice versa, targeting small- and medium-scale renewable energy (RE) projects in Sub-Saharan Africa.
- c) After registering on [IRENA's Project Navigator](#), a user can explore funding options on their [Financial Navigator](#)
- d) [Terra Viva Grants Directory](#)
- e) [UNFCCC Climate Finance Data Portal](#)
- f) USAID's [Power Africa Toolbox Filter](#)

## **10.0 Facilitate communications between the investor and project developer**

Once an investor is interested in an investment opportunity, communications between the investor and project developer should be facilitated when needed. For example, a video conference can be hosted that connects an investor with a project developer and their respective advisors. To accelerate the process of developing a mutually acceptable agreement the investor and project developer can be invited to a specially designed workshop. These types of workshops are already being implemented on a small scale but could be increased in number substantially.

## **11.0 Help Connect Institutional Investors to Impact Investment Funds**

Often many of the “bankable” projects available are too small for large institutional investors to invest in. Therefore, a series of invitation-only events should be held in financial centres around the world to help build connections between large institutional investors that have signed the [2018 Global Investor Statement To Governments On Climate Change](#) and smaller financial intermediaries such as impact investment funds. These events would be designed to help motivate these impact funds do more to aggregate many smaller investments into large investment opportunities for these large institutional investors.

To maximize their efficiency and find more investment opportunities to aggregate, these impact investment funds can increase their use of online platforms such as the [Sustainable Energy Marketplace](#) and [ClimatePlace](#). If they do use these platforms more, this will further motivate project developers to invest their time to prepare and profile their projects on these platforms (which will help this process become self-reinforcing and accelerate).

## **12.0 Additional Details and Images in Slideshow Presentation**

For additional details about our proposed plan, please see this draft slideshow entitled [“Proposed Plan to Accelerate Private Sector Investment in Climate Solutions”](#).

See Appendix A for selected online resources for project developers.

## **13.0 Closing Comment**

Many of the components of the plan outlined above are already being implemented by different organizations and are proven to work on a small scale. We recommend that these components be now be implemented on a large scale in a coordinated way. If this was done, we expect the impact would be substantial.

## Appendix A

### Selected Online Resources for Project Developers

#### 1) Project Development and Marketing Aids:

- a) International Renewable Energy Agency's (IRENA's) Project Navigator: [Navigator](#)
- b) IRENA's Sustainable Energy Marketplace: [Marketplace](#)
- c) [ClimatePlace](#), which is operated by a non-profit organization in Switzerland called ClimatePlace Association.

#### 2) Website providing graphics:

- a) Free photo stock depository: [Pexels](#)
- b) Website with many animated images in GIF format: [Giffy](#)
- c) Icon Finder and Editor: [IconFinder](#)
- d) List of free vector image websites for commercial use: [LINK](#)
- e) List of free stock image websites for commercial use: [LINK](#)
- f) Summary for climate related virtual reality content and software: [LINK](#)

#### 3) Open source software to help create electronic marketing materials:

- a) Audio recording and editing software: [Audacity](#)
- b) Video player: [VLC by VideoLAN](#)
- c) Media gallery: [Media Drop](#)
- d) Graphic Image editor: [GIMP](#)
- e) Video Gallery Plugin for Wordpress: [Unite Gallery Lite](#)
- f) Draft step-by-step guide to convert a slideshow presentation to an animated and narrated video: [LINK](#)

#### 4) Pitching to Investors (Although these websites are more related to pitching startup businesses to investors, many of the concepts are transferable to pitching projects to investors):

- a) Website: [Practice Pitching to Investors via an Interactive Pitch Bot](#)
- b) Website: [Tips on Pitching to Investors by Venture Hacks](#)
- c) Video: [Guy Kawasaki Interviewed About His Book: The Art of The Start](#)

#### 5) Small Business Resource Websites (which can be also useful to project developers):

- a) [Santa Clara University's My Own Business Institute](#)
- b) [WorldBank's SME Tool Kit](#)
- c) [MaRS Entrepreneur's Toolkit](#)
- d) [MaRS Template Legal Documents](#)
- d) [VC4A Online Startup Academy](#)

**Note:** For the purposes of this document. Project developers are defined as any for-profit, non-profit or public entity developing a project.