



CONVERGENCE SUPPORTS EFFORT TO ESTABLISH THE FIRST GREEN BANK IN AN EMERGING MARKET

TORONTO, 5 April 2018 – Convergence and ClimateWorks are partnering with the Coalition for Green Capital (CGC) and the Development Bank of Southern Africa (DBSA) to support the establishment of the Climate Finance Facility (CFF), which hopes to be the first “Green Bank” in an emerging market.

The CFF will rapidly scale up private investments in climate-friendly infrastructure projects in the Southern African Development Community (SADC) region, which faces significant climate mitigation and adaptation challenges. Currently, electricity generation is still 90% fossil fuel based and over 50% of people have no access to electricity. The region needs clean energy solutions that reduce energy costs, expand access, increase reliability, lower emissions, and support socio-economic development.

“Clean power is the lifeblood of economic growth and should be abundant and affordable across the developing world,” notes Reed Hundt, CEO of the CGC. “Achieving climate investment goals, however, requires a massive surge in private sector-led spending on low-carbon infrastructure. The Climate Finance Facility is designed to meet this need with a mandate to crowd in private investment in green infrastructure.”

A lack of affordable financing has been a key barrier to the rapid deployment of climate-friendly projects, such as those in the renewable energy and water sectors. The CFF will address market barriers by co-financing projects with local commercial banks through subordinated debt / first loss positions, and providing credit enhancements primarily in the form of tenor extension to crowd in private capital. The CFF will initially target Rand-based economies countries connected to the Southern Africa Power Pool (SAPP), such as South Africa, Namibia, Lesotho, and Swaziland.

The CFF will be a unique application of the Green Bank model, adapted for emerging markets conditions. Rather than establish a new standalone institution, the standard in developed markets, the CFF will be a self-sustaining and distinct entity within the DBSA, with its own balance sheet and dedicated operations.

“Green banks have shown they can catalyze the market for low-carbon, resilient infrastructure innovations. ClimateWorks is delighted to support work by CGC and South African partners in the race to pioneer the model in an emerging economy,” says Ilmi Granoff, Director of Sustainable Finance at ClimateWorks.

Convergence awarded a Design Funding grant to CGC to support the DBSA with critical business planning, institutional design, financial product support, capitalization and operationalization of the CFF. The Government of Canada provided funding for Convergence’s Design Funding to pilot new blended finance vehicles that aim to catalyze private capital at scale for sustainable development.

“The CFF is globally significant,” says Joan Larrea, CEO of Convergence. “Its establishment will be a model for middle and lower income countries on how market barriers can be addressed in the climate sector and draw in private investment through blended finance. By supporting CGC and DBSA, we hope they pave the way for more institutions to replicate the CFF structure throughout the developing world.”

There has been strong support and interest from stakeholders to date for the CFF, including from the South African Department of Environmental Affairs, the Green Climate Fund, as well as several major commercial banks and development finance institutions in the region.

ABOUT CONVERGENCE

Convergence is the global network for blended finance. We generate blended finance data, intelligence, and deal flow to increase private sector investment in developing countries.

Convergence accepts Design Funding applications on a continuous basis, and reviews applications every quarter. To be considered for the next review cycle, practitioners must submit their applications by May 31, 2018. Find out more [here](#).

ABOUT CLIMATEWORKS

[ClimateWorks Foundation](#) is a team of researchers, strategists, collaborators, and grant-makers who are committed to climate action and believe in the power of collective philanthropy. A non-governmental organization that works globally, ClimateWorks collaborates with funders, regional and research partners, and other climate leaders to strengthen philanthropy’s response to climate change.

ABOUT CGC

The [Coalition for Green Capital](#) (CGC) is a non-profit organization focused on accelerating the growth of clean energy markets through the creation of Green Banks. CGC offers a unique and proven capacity as the leading creator, advocate, and expert on Green Banks since 2009 and works directly to support the formation of Green Banks with governmental and civil society partners, and provide on-going consulting and guidance to operating Green Banks.

ABOUT DBSA

The [Development Bank of Southern Africa](#) (DBSA) is a leading development finance institution working across the African continent. Established in 1983, our purpose is to promote economic and social development, growth and regional integration through infrastructure finance and development.

The DBSA plays a catalytic role in delivering infrastructure in the energy, transport, water and telecommunications sectors, with a secondary focus on health and education. We operate across the infrastructure value chain from planning, preparation, and financing to implementation, delivery and maintenance. At the core of our business, is our vision of a prosperous region, free from poverty. Our mission is to support economic growth through investment in economic infrastructure and improve the quality of life for all, through the development of social infrastructure.

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