



Knowledge for effectiveness – The case of Commercial Climate Finance

EEEN Forum – Brussels Nov 2018





Overview

- 1. Portfolio level Evaluation (Continued)
- 2. Programme-level Evaluation
- 3. Key lessons



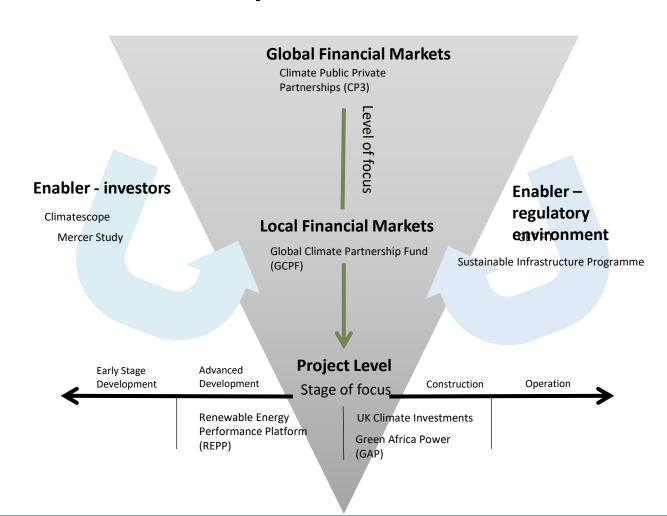


1. Portfolio level Evaluation





ICF Private Finance | Transformational Niches







Private Finance | The Second Evaluation Question

"How and in what circumstances is ICF mobilising private finance into low carbon climate resilient markets through demonstration effects?"

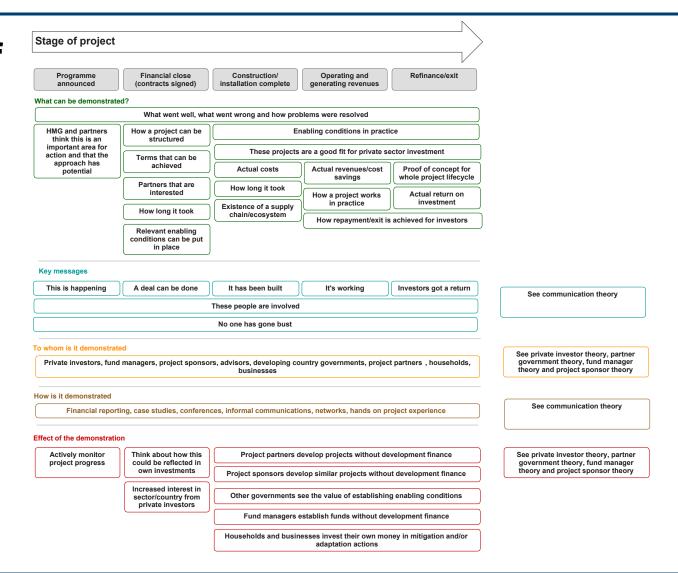
Demonstration Effects:

Low carbon climate resilient (LCCR) projects are undertaken, or funds established to invest in them, with less development or concessional finance, as a result of evidence from ICF supported projects.





Theory of action





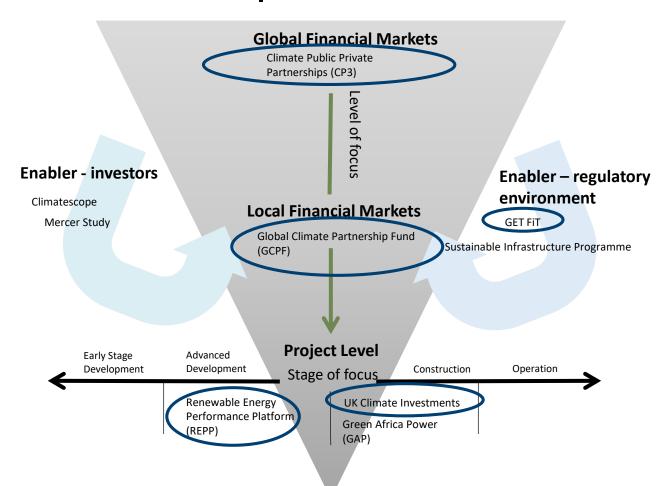


2. Programme level Evaluation





ICF Private Finance | Recent Evaluations







ICF Private Finance | Recent Evaluations

Fund	Commissioner	Evaluator	Methods
Renewable Energy Performance Platform	BEIS	LTS	Testing key hypotheses against an evidence framework
Global Climate Partnership Fund	BEIS-BMUB	Ipsos MORI, SQ Consult & EY	Qualitative Comparative Analysis, Contribution Analysis
Climate Public- Private Partnerships	BEIS-DFID	CPI-LTS	Realist synthesis, Contribution analysis, Value for Money assessment
Grid Small Scale Renewable Energy	BEIS-DFID	Castalia	Case studies and market assessment
UK Climate Investments	BEIS	Ipsos MORI, EY, Mott MacDonald & SQ Consult	Contribution analysis





Findings | Complex Delivery

- Critical to <u>balance fund structure</u> between being unique and additional but remaining nimble within the market.
- <u>Commercial alignment with donor requirements</u> can take time. Shared vision of climate transformation key.
- International <u>recognition</u> important but also need sufficient international <u>capacity</u>
- Delivery timelines often <u>overambitious</u>.





Findings | Emerging Impacts

- Flexible technical assistance key to overcoming market barriers & creating sustainable impact.
- Informal support through deal development process is <u>highly valued</u>, even if no investment is made.
- <u>Socio-economic benefits</u> of sub-lending though improved energy, reduced costs and increased productivity.
- Initial signs of replication at both fund and project level or that models are replicable.
- Clear exit strategy important for ensuring sustainability but communication sometimes needs further thought.





Findings | CP3/CPI Additionality example

CONTEXT-SPECIFIC

Criteria examine surrounding policies, institutions, markets, and value chains to assess the likelihood of a similar private investment in a given context.

1. Policy environment

Investment takes place in a policy environment lacking conditions supportive to sectorspecific private investment (e.g., feed-in tariffs for RE, transparency on off-take agreements for water, etc.)

2. Institutional environment

Investment takes place in an environment where the legal and regulatory institutions and infrastructure that support private investment are lacking (i.e., property rights, contract enforcement, permitting, rule of law, etc.)

3. Market environment

Investment takes place in a market environment that is unsupportive to sector-specific and general private investment (e.g., weak economy, unsophisticated financial institutions, weak historical track record of sectorspecific investment, etc.)

4. Value chains and human capital

Investment occurs in an environment lacking the organizations and people domestically with needed capabilities for the investment to take place be successful (e.g., no PV value chain or local solar expertise)

VENTURE-SPECIFIC

Criteria explore the actual circumstances of the investment to assess likelihood that CP3's or intermediaries' contributions were additional.

5. Crowding-in private finance

Venture leverages additional private investment from entities that would otherwise not be committed to the project.

6. Access to financing

Venture's access to finance is improved as a result of the involvement of CP3 and its partners

7. Demonstration project

The venture is the first of its kind in the region and sector. Implementation will likely lead to further investment or cost reductions.

8. Improved ESG standards & project quality

ESG conditions attached to the venture, or agency activities in addition to funding, are new in the region or sector, and are expected to have a positive influence on wider business operations, the business environment, or other institutional factors.





3. Key Lessons





Lessons | Evaluation in commercial contexts

Assessment Framework

- Challenge of <u>static modelling vs real world</u> outputs
- ToC may need updating due to flexibility and to ensure shared goals
- Results take a <u>long time to materialise from a standing start</u>
- Changing operating environment due to shifting market conditions and evolving market

Data Access

- Hard to find relevant commercial + evaluation experts
- Low <u>response rates</u> from non-programme stakeholders
- Awareness of <u>scale of risk</u> when setting strategy
- Restrictions on <u>access to private market information</u> affects results measurement and disclosure





Lessons | Value of Case Studies











