Foreword

This report aims to provide policy makers with the first comprehensive study of publicly capitalised green investment banks (GIBs), examining the rationales, mandates and financing activities of this relatively new category of public financial institution. It provides a non-prescriptive stock-taking of the diverse ways in which these public institutions are helping to leverage and catalyse private investment in domestic green infrastructure, with a spotlight on energy efficiency projects. Highlighting the role of GIBs within a broader policy framework to mobilise investment, the report also provides practical information to policy makers on how green investment banks are being set up, capitalised and staffed.

Developed by the Secretariat for the Working Party on Climate Investment and Development (WPCID) of the Environmental Policy Committee (EPOC), the report has linkages to previous and ongoing OECD work on improving policy frameworks for investment in low-carbon and climate-resilient (LCR) infrastructure and on the role of institutional investors in financing the low-carbon transition. For example, a 2015 OECD report entitled *Mapping Channels to Mobilise Institutional Investment in Sustainable Energy* recommended that governments consider the case for establishing a special-purpose, domestically focused green investment bank or refocusing the activities of existing public financial institutions to encourage greater institutional investment in green infrastructure. As several green investment banks focus on mobilising institutional investment, this report was also presented to the G20/OECD Task Force on Institutional Investors and Long-term Financing.

This report seeks to contribute to emerging literature on green investment banks and on the role of institutional investors in financing long-term investment more broadly. It also seeks to complement work focused on the actual and potential use of innovative financing instruments and risk mitigants to catalyse private investment in low-carbon, climate-resilient infrastructure.

GIBs are a relatively new type of institution, and as such, they have not yet been the focus of much analysis. For example, the literature analysing the performance of public financial institutions in crowding in (and avoiding crowding out) private investment has not yet addressed GIBs. As GIBs progressively develop a track record and more experience in leveraging investment in different technologies, future OECD research could assess the effectiveness of GIBs in cost-effectively mobilising private investment, avoiding crowding out private investment, carefully gauging investment risks, effectively targeting and addressing key investment barriers, and successfully demonstrating the viability of LCR infrastructure investment. Future research could also examine in greater detail the advantages and disadvantages of creating a green investment bank relative to mainstreaming green investment objectives in existing institutions such as national development banks.

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