

# Proposal

## Creating a Vehicle for Green Finance in London

Respectfully Submitted to the  
Greater London Authority by the  
Green Finance Institute

August 2020



Greater London Authority  
City Hall  
The Queen's Walk  
London  
SE1

To whom it may concern:

The Green Finance Institute is pleased to submit the following proposal to collaborate with the Greater London Authority (GLA) in the creation of the London Future Finance Facility (LFFF). The Green Finance Institute is an independent, commercially focused organisation, supported by seed funding from HM Treasury, the Department for Business, Energy and Industrial Strategy and the City of London Corporation. The organisation was launched in July 2019 in direct response to a key policy recommendation made by the industry-led Green Finance Taskforce in its 'Accelerating Green Finance' report published in March 2018. As the UK's principal forum for public and private sector collaboration in green finance, the Institute is uniquely placed to mobilise capital to accelerate the domestic and international transition to a sustainable, net-zero carbon economy that is also climate resilient. The team possesses the necessary skills to ensure the efficient delivery of the LFFF with the GLA to meet the target of significant progress by November 2020 in line with the proposed London Climate Action Week. This is demonstrated through the implementing team's deep technical knowledge of green finance, experience convening coalitions of dynamic decision makers across public and private sectors, academia and civil society, and effective project management for initiatives with similar timeframes.

The following proposal provides deeper information on the Green Finance Institute, its proposed team members for this assignment, and the way it hopes to deliver on the goals and objectives the GLA has articulated through documents such as the March 2020 report on 'Financing for a Future London,' commissioned by the London Sustainable Development Commission. Should there be any further questions, please do not hesitate to contact me.

Sincerely,

Dan Godsall  
Chief Operating Officer

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Email: Dan.Godsall@GFI.Green

## **The Team**

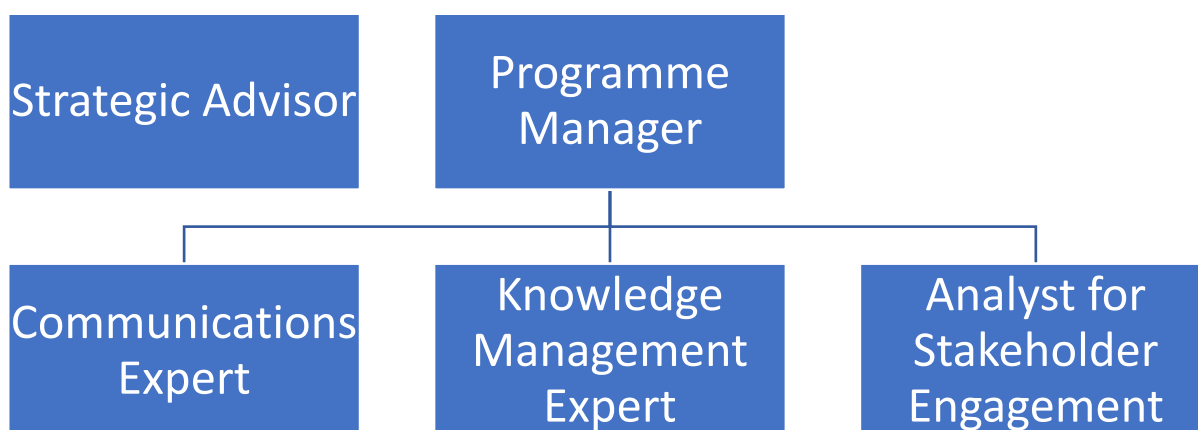
### **The Green Finance Institute**

As part of the 2018 Green Finance Taskforce report 'Accelerating Green Finance' one of its many recommendations was to launch a new unified brand for UK green finance: the Green Finance Institute. The Institute is an independent company, led by bankers and seed funded by both the UK Government and the City of London Corporation. It is positioned as the principal interface between the public and private sectors regarding green finance in the UK and its mandate is to mobilise capital towards a sustainable, net-zero carbon economy that is also climate resilient.

We convene and lead mission-led coalitions, made up of networks of dynamic decision makers, to identify and unlock barriers to deploy capital at pace and scale towards impactful, real-economy outcomes. The Institute's operating model brings together global experts from industry, finance, government, academia and civil society into coalitions that focus on identifying and unlocking the barriers to green investment into real-economy issues, and designing innovative financial mechanisms, combining both public and private finance, to create viable investment opportunities to unlock capital flows. Its initial flagship programmes of work focus on financing the retrofitting of homes; identifying financial initiatives to avoid further deforestation from imported commodities such as palm oil and soy in supply chains; and financing resilient infrastructure both domestically and in developing countries. In addition, the Institute serves as the secretariat for the Green Bank Design Platform, an initiative developed to accelerate the creation of green finance institutions around the world, using the UK Green Bank as a model.

### **The Experts**

To ensure optimal execution of the proposed project, the Institute will reallocate existing internal resources to staff a team as follows:



The **Strategic Advisor** will possess at least eight years' experience in successfully advising or managing sub-national programmes under tight time frames with high-level deliverables, preferably with specific experience in green finance. This person will report directly to the senior management of the Green Finance Institute and play an integral role in the development of the action plan for the LFFF.

The **Strategic Advisor**, Dr Jeremy Gorelick, is a development finance practitioner with 20 years of experience in preparing and closing transactions in infrastructure in emerging markets. He has been responsible for the raising of over USD 1.2 billion for infrastructure projects in frontier and emerging markets, starting from his role on the origination desks at BNP Paribas and Dresdner Kleinwort Wasserstein and onwards through his positions as a strategic municipal / infrastructure finance advisor with various aid agencies and development finance institutions (including the IFC, the World Bank, the OECD, the United Nations Capital Development Fund, and bilateral aid programmes from the American, British, French, and German governments). Dr Gorelick has played a pivotal role in the design and implementation of many projects,

including as the global lead for the infrastructure finance team for one of USAID's flagship programs, WASH-FIN, designed to help utilities and municipalities across Africa and Asia to raise money for water and sanitation projects. From 2011 to 2016, Dr Gorelick served as the Lead Technical and Financial Advisor for the City of Dakar's Municipal Finance Program, where he was responsible for the technical elements of establishing the necessary framework and organisational infrastructure to launch a USD 40 million municipal bond. He received his PhD from the University of Cape Town through the Department of Environmental & Geographical Science on the use of different tools at the sub-national level to deliver long-term finance for urban infrastructure. Within the green finance ecosystem, he supported the C40 Cities Finance Facility in its infancy, helping to design the methodology for city selection as well as initial intake for applicants in Asia and Latin America, developed the green municipal bond strategy for DFID under the Infrastructure and Cities for Economic Development programme, and advised the Global Green Growth Institute in its programming through detailed case studies on work in Rwanda, Senegal and Vietnam. He has delivered courses on green finance, particularly at the sub-national level, at the Johns Hopkins University, where he has been lecturing since 2010, and regularly provides analytical support to public officials in the UK on thinking about best practices for the mobilisation of finance at the sub-national level domestically and internationally.

The **Programme Manager** offers deep knowledge of financial structuring and London's financial sector. This person will be directly responsible for day-to-day management of the Institute's work, overseeing, in conjunction with the **Strategic Advisor**, the work performed by the team and ensuring that deliverables are completed on a timely basis. The **Programme Manager** will also be responsible for thought leadership on engagements with the financial sector as well as ways to ensure that the LFFF is financially sustainable.

The **Programme Manager**, Karim Arslan, is a finance expert, bringing with him a 10-year career covering investment banking and life insurance. Most recently, Karim spent seven years at Barclays Investment Bank as a fixed income trader where he set up and led the European operations of the securitized products repo business with a GBP 10 million annual budget and was part of the number one ranked European credit repo desk. He also led the efforts to set up and manage the more than GBP 2 billion bond portfolio, which is the largest portfolio of green bonds held by a bank. Karim was also a key member of the Barclays Green Banking Council, which developed and launched multiple first-to-market green products. Prior to that, Karim spent four years at AXA Life Invest in Paris and Singapore as a cross-assets derivatives trader, where he led the design and implementation of hedging strategies for a more than GBP 1 billion portfolio of life insurance products. A fluent Arabic and French speaker, Karim holds an MSc in Finance from Paris-Dauphine University and an MSc in Econometrics from the Sorbonne University in Paris.

The **Knowledge Management Expert** will possess at least three years' experience in working on programmes at the sub-national level, preferably with a focus on green finance, and will be able to provide meaningful input through the preparation of the international case studies and detailed review of the governance and interplay between the GLA and the city's boroughs. international technical assistance programmes with a bilateral/multilateral aid agency or non-governmental organisation.

The **Knowledge Management Expert**, Brendan Curran, has 5 years of experience working within the financial sector as a qualified accountant, finance analyst and Product Manager, as well as, 2 years' experience in sustainable finance policy within Government. During his 5 years working within Lloyds Banking Group, he managed several projects for the bank, including a major client migration project; and designed and launched several, new liquidity products for the commercial bank. Subsequent to this, Brendan completed a Masters in Economics at the University of Amsterdam. His thesis focused on public policy interventions in Sao Paulo to reduce air pollution. Subsequently, he took up a role with the UK Government's Inclusive Economy Unit and specialised in policy relating to sustainable finance, in particular, impact investment. He worked on projects including working with local government on housing policy and programme lead on impact investment in tech ventures. Recently, Brendan was hired by

the Department for Business, Energy and Industrial Strategy so he could be seconded to the Green Finance Institute and support them in driving several of their programmes. Notably, he is Project Manager for the delivery of one of the Global Resource Initiative recommendations to create sustainable supply chains globally.

The **Communications Expert** will possess at least eight years' experience in communications, with deep experience in promoting a nascent organisation or platform focused on green finance in social media.

The **Communications Expert**, Catrin Thomas, is the director of corporate affairs and joined the Institute on a permanent basis in March 2020. She is a highly effective senior corporate communications and strategic affairs professional with more than 20 years' international B2B and B2C experience across the media, financial services, non-profit and technology sectors. In her most recent role, as head of corporate communications at Bloomberg in EMEA, she established a company-wide communications strategy and infrastructure to support the organisation's core financial products and wider product portfolio, enterprise businesses, news, media and research arms and its philanthropic endeavours. Prior to Bloomberg, Catrin held a variety of senior global communications roles with the BBC and CNN International. As director of corporate affairs, Catrin is responsible for creating greater awareness of the Institute's overall narrative through the generation of compelling and shareable content, as well as building the organisation's brand value through digital, media, events and wider influencer activities aimed to engage broader audiences. She is well networked across financial and mainstream media, resulting in more than a thousand pieces of press coverage for the Green Finance Institute since its inception in July 2019.

The team's **Analyst** will be responsible for supporting the team in the execution of all deliverables and for facilitating stakeholder engagement.

The **Analyst**, Jonathan Heybrock, has experience in financial research across different asset classes, financial products and sectors having previously interned at Allianz Global Investors (Global Fixed Income), Peel Hunt (Equity Research) and Standard Life Investments (Emerging Market Debt). Jonathan completed a Masters in Philosophy, Politics and Economics from Leiden University, writing his thesis on ESG and impact investing, whilst also studying for a Minor in Behavioural Finance from Erasmus University Rotterdam. Subsequent to this, Jonathan obtained a Bachelors in Politics and Economics from the University of Bath.

As with all of the Green Finance Institute's initiatives, the **Chief Executive** and **Chief Operating Officer** are directly involved in the design and implementation of workplans.

The **Chief Executive Officer**, Dr Rhian-Mari Thomas, was awarded an OBE for services to green banking and was appointed the first chief executive of the UK Government and City of London Corporation-backed Green Finance Institute in 2019. She began her banking career at Barclays Investment Bank in 2000 and spent 10 years in leveraged finance and financial sponsors coverage before holding a succession of leadership roles across Barclays Corporate Bank and Barclaycard. Most recently, Rhian was global head of green banking and founder and chair of Barclays Green Banking Council, which developed and launched Barclays' suite of green finance products and services. Rhian represented Barclays on the FSB's Taskforce on Climate-Related Financial Disclosures (TCFD), and the UK Government's Green Finance Taskforce. A fluent Welsh speaker, Rhian holds a PhD in Physics from Trinity College, Dublin, Ireland.

The **Chief Operating Officer**, Dan Godsall, brings a 27-year career spanning retail banking and commercial insurance. He spent 16 years at Barclays, where he held three managing director positions, responsible for several regions of the retail banking network in the UK, and as national head of Barclays Premier Banking. Dan also spent three years at First Title Insurance plc, where he was a member of the executive committee. Over the last five years, Dan set up and ran several successful leadership development businesses, focussed on responsible leadership and diversity and inclusion.

## **The Approach**

To effectively design and start up a bespoke green finance facility for the GLA, the Green Finance Institute plans to follow the programme as detailed below, building off of a mix of international examples and domestic knowledge to ensure the creation of an effective, sustainable, and impactful institution. Although some of the elements will follow sequentially, different threads will run concurrently (as shown in the below Gantt chart) to ensure successful delivery of an implementable set of recommendations by November 2020. To further guide the process, each step includes questions that frame intended goals as well as rationale to link back into the overall objectives of the GLA.

1. Using the findings and recommendations of the London Sustainable Development Commission on the LFFF as articulated in the March 2020 'Financing for a Future London' report, build an implementation plan for delivery before the end of the calendar year, with major milestones for announcement in November 2020
  - a. Plan and host half-day internal inception meeting for GLA and the Green Finance Institute:
    - i. Mapping out detailed list of all objectives/outcomes
    - ii. Identify previous initiatives delivered by the GLA and share successes/lessons learned from such initiatives
  - b. Review literature and documentation to build on findings and recommendations of the London Sustainable Development Commission on the LFFF as articulated in the March 2020 'Financing for a Future London' report
  - c. Issue a detailed work plan with deliverables by week to provide answers and guidance on the outcomes pre-agreed at the kick-off meeting

### *Questions:*

- I. How will the Green Finance Institute use existing work performed by the GLA and its partners to arrive at well informed conclusions and recommendations?
- II. What gaps will the proposed LFFF fill in the overall architecture of the GLA? Broadly, how will the LFFF unlock new financing for the GLA?
- III. What is the Green Finance Institute's anticipated timelines and deliverables? And at what points during the project implementation does the Institute anticipate that it will need participation and review from a broader team of stakeholders from the GLA?

### *Rationale:*

Ensure that partners from the Green Finance Institute and the GLA are in agreement about scope of work, work schedule, anticipated goals, and technical elements for consideration throughout implementation period; this phase allows for both sides to ensure that the project is framed to reach expectations within a tight time frame

2. Investigate, catalogue, and compare similar city-level facilities piloted by other global cities (such as Paris and New York) as well as attempts by intermediary cities through desk review and targeted interviews
  - a. Review relevant other global city initiatives and build a framework for selection of other cities that aimed to achieve similar objectives and outcomes
  - b. Select 3 cities for which the successes and lessons learned could help inform the design of London's future finance delivery body
  - c. Through desk-based research and interviews with officials from other cities, produce a case study for each selected city

### *Questions:*

- I. What are other global cities doing to mobilise private capital to reach their carbon net zero goals?
- II. What are the financial mechanisms and tools that have been used to achieve these goals?

- III. How does their successes and lessons learned can be used to inform the design of a vehicle for London such as LFFF?

*Rationale:*

Benchmarking against performance by other cities allows the project team to ensure effective design for LFF; this phase allows the project team to capture international examples while simultaneously building on the GLA's existing knowledge for the delivery of a quick work product to kick off conversations and inspire excitement about the LFFF within the GLA as well as the boroughs

3. Interview public officials at both the GLA and borough level to better understand and appreciate their expectations of the LFFF, with sensitivity on the perceptions of relative power and decision-making, as well as the financial and technical responsibilities of boroughs and the GLA
- a. With the help of the GLA, build a framework for selection of public officials and bodies who are best placed to inform the design of London's future finance delivery body, producing a framework split by segment (policy, sectors, etc.) with the objective to drive a more focused conversation
  - b. Conduct individual interviews with municipal politicians and bureaucrats to capture their ideas on:
    - i. Initiatives that worked well at the borough level and perceived London specific blockers to achieving scale
    - ii. Appetite for and expectation from a centralized delivery mechanism such as LFFF that aims to mobilize capital toward London's carbon net zero objectives
  - c. Aggregate observations from interviews to highlight prevailing themes
  - d. Organise multiple 'Think-ins'/working-groups by segment with the aim to validate observations and emerging trends
  - e. Produce a report that summarises relevant 'Think-in' findings.

*Questions:*

- I. What would public officials at the borough level expect from a vehicle that mobilizes public and private capital toward a climate resilient London?
- II. What are the perceived challenges for such a solution given London's current governance framework?
- III. Are there any specific initiatives conducted at the borough level that demonstrated successful mobilization of private capital? And are they scalable?

*Rationale:*

Given the novelty of the idea of an LFFF within the GLA, engagement with politicians and bureaucrats fosters inclusion and buy-in whilst simultaneously ensuring longevity for the LFFF itself; this phase allows the project team to socialise the idea of the LFFF through individual conversations to ensure that all voices are heard

4. Engage with the private sector, particularly the financial community, to test their expectations of projects that the LFFF would put forward as far as sponsoring entity, in terms of sectors of interest, lending terms and counterparties
- a. Conduct individual interviews with municipal politicians and bureaucrats to capture their ideas on:
    - I. Appetite for a green finance vehicle for London
    - II. Types of projects – sector, financial return, tenor of investment – that would meet investor expectations
  - b. Aggregate observations from interviews to highlight prevailing themes
  - c. Organize 'Think-ins'/working-groups with the relevant finance community stakeholders by segment with the aim to validate observations and emerging trends
  - d. Produce a report that summarises relevant 'Think-in' findings.

*Questions:*

- I. What are the private sector's expectations from a mechanism such as LFFF?
- II. What are the perceived market gaps?
- III. Where exactly along the value chain would this vehicle have the largest impact on crowding in private capital?

*Rationale:*

As demonstrated through international examples, a financial facility without a steady pipeline of projects that are acceptable to providers of capital will ultimately stall and fail to meet its objectives; this phase allows the project team to capture information about the expectations of financiers for incorporation into the overall planning

5. Map the critical path to establishing a delivery body, based on conversations with financiers and in line with any pre-identified challenges, to ensure the most appropriate facility structure and underlying instruments to appeal to the broadest cross-section of potential investors for climate-smart projects
  - a. Leverage extensive network with the financial sector to evaluate potential structures with relevant financiers, settling on a shortlist of structures informed by research and engagement outlined in goals 1-4 and the barriers and challenges to delivery
  - b. Conduct a cost/benefit evaluation (of shortlisted instruments) informed by engagement with the financial sector, the potential project pipeline (Goal 4) and discussions with GLA policy officials
  - c. Reverse-engineer critical path to delivery body using the identified optimal instrument, complete with timescales and milestones to present a clear path to establishing the delivery body and instrument.

*Questions:*

- I. What are the options available as a delivery vehicle for the LFFF, given the desired framework characteristics identified in goal 4?
- II. What are the project timelines and milestones to establishing the desired delivery model/ vehicle?
- III. Who are the potential investors that would likely co-invest in the LFFF? Which model is optimal to attract the desired co-investors?
- IV. What is an indicative pipeline of climate projects within London boroughs? Which investors are interested in particular project types (e.g. energy efficiency v renewable energy projects)?

*Rationale:*

Even well-designed programmes fail without testing proposed structures with providers of capital; this is exacerbated when considering a facility that relies on financial flows from the private sector to achieve its goals

6. Suggest funding streams to ensure the financial sustainability of the LFFF, considering its several proposed functions
  - a. Identify previous stellar examples of public sector seed funding crowding in private capital (e.g. Green Investment Bank) and evaluate precedents against current environment and characteristics to build a unique offering for the financial sustainability of the LFFF
  - b. Design and recommend funding and capital structure that maximises use of public funding

*Questions:*

- I. How can public investment pots be combined given the differing levels of devolution within London? What level of devolution is required to overcome legal and financial barriers to investing in London?



- II. What are the stellar precedents of public funding leveraging in private co-investment?
- III. What is a 5-year funding plan for the LFFF?

*Rationale:*

In addition to its primary task of acting as an intermediary to facilitate funding flows from capital providers to projects at the city-wide and borough level, the LFFF needs to develop a strategy for its own long-term financial sustainability; this phase explores the budget requirements for the facility and the best ways to achieve that financing

- 7. Propose, based on international case studies as well as interviews, a governance structure for the LFFF as well as a potential implementation strategy for the pilot phase
  - a. Conduct individual interviews with municipal politicians and bureaucrats to capture their ideas on:
    - i. Potential governance structure for the LFFF
    - ii. Decision-making on allocations of resources, particularly for borough-level projects
  - b. Aggregate observations from interviews to highlight prevailing themes
  - c. Using interviews with policy officials and financiers, create a shortlist of desired characteristics for the governance structure, appreciating and utilising London's unique devolved council structure
  - d. Using literature review in Goal 1, create and subsequently evaluate a shortlist of different governance structures that have been used in similar climate city funds
  - e. Using the identified governance structure and delivery model (instrument) outline timelines, milestones and objectives of implementation strategy

*Questions:*

- I. What is the optimal governance structure for this fund? Does this structure support the objectives of the LFF?
- II. What is the 1-year logistical plan for launching the LFFF?

*Rationale:*

Successful initiatives incorporate well-articulated governance, particularly given the uniqueness of power-sharing between boroughs and the GLA; this phase ensures the inclusion of a diverse range of voices and opinions from stakeholders

- 8. Identify and convene, in close collaboration with the GLA, key stakeholders from the public and private sector essential for the success of the LFFF to participate first in a working group and later in a broader task force
  - a. Identify the appropriate participant list for the taskforce from across the public and financial sector to ensure diversity of opinion and prioritisation of goals, particularly between financial and social/environmental returns
  - b. Convene the taskforce to deliver a presentation on proposed delivery model, including proposed delivery body, implementation strategy and funding strategy (informed by Goals 4-7); Green Finance Institute will use this Taskforce to test out the proposed delivery model and refine further using feedback and input from the Taskforce/
  - c. Conduct final review of the delivery model – Following input from the Taskforce and further improved iterations of the delivery model, the Taskforce will act as final sign-off on the LFFF Delivery Model (designed from the Green Finance Institute).

*Questions:*

- I. Who are the key stakeholders within the GLA and the financial sector that should be reviewing the proposed structure of the LFFF vehicle?
- II. What is the remit of this Taskforce and when should they be presented with the findings of the Green Finance Institute?
- III. What is the final recommended LFFF delivery model/vehicle?

*Rationale:*

Although stakeholders will have been engaged for input throughout the process and on sub-deliverables, this final steps represents an opportunity for a broader range of participants to review overall project findings and recommendations

*Logistics:*

The Green Finance Institute recognises that, given the relatively short time frame for the delivery of this work, it will need to work in close collaboration with the GLA. This will be achieved through weekly calls with the GLA, with an agenda provided 24 hours in advance, with participation (at a minimum) of key representatives from the GLA's team as well as from the Green Finance Institute's designated **Strategic Advisor** and **Programme Manager**.



### **The Budget**

Based on the scope of work as outlined above, the Green Finance Institute has calculated its anticipated level of effort with an average number of days per month per team member as follows, recognising that certain months may require a larger time commitment than others:

Team Member / Position	Anticipated Number of Days per Month (Average)
Dr Rhian-Mari Thomas / Oversight	1.5
Dan Godsall / Oversight	1.5
Dr Jeremy Gorelick / Strategic Advisor	10
Karim Arslan / Programme Manager	10
Catrin Thomas / Communications Expert	4
Brendan Curran / Knowledge Management Expert	10
Jonathan Heybrock / Analyst	10

Based on a calculation of the rates paid to team members and the anticipated day count over a period of four months, the GFI estimates that the total monthly cost will be £12,450 and the cost for the provision of services to the GLA will be **£49,800**.

