

GLA Green Finance Fund (GFF): factsheet

Deal Information	
Deal closed	December 2023
Sector	Clean Energy ⁱ
Location	London
Counterparty	Greater London Authority (GLA) ⁱⁱ
Total fund size	£500m
UKIB Finance	£190m
Product	Debt

Summary

The Green Finance Fund (GFF)ⁱⁱⁱ was launched in June 2023 and supports the Greater London Authority (GLA) in its ambition to accelerate the decarbonisation of buildings, energy, and transport systems to meet London's Net Zero 2030 target. Projects will deliver benefits in energy efficiency, clean transportation, and renewable energy sectors.

UKIB's investment in the GFF will contribute to London's growing green economy, which is worth £48 billion and employs over 317,000 people across 14,000 businesses. Our investment will support businesses, stimulate private investment, and create employment opportunities.

Sector context

London's net-zero target will require in excess of £75 billion of infrastructure investment by 2030. Achieving the Mayor's preferred 'Accelerated Green' scenario requires a nearly 40% reduction in the total heat demand of buildings, 200,000 homes to be retrofitted each year, 2.2m heat pumps in operation in London by 2030 and a 27% reduction in car vehicle kilometres travelled by 2030^{iv}. In line with the GFF pipeline, energy efficiency and green transport are key sectors for reducing UK emissions. According to the Climate Change Committee (CCC) direct greenhouse gas (GHG) emissions from buildings account for 7% of UK GHG emissions^v.

Similarly, domestic transport has the largest share (27% in 2019) of UK GHG emissions of any sector. The majority of this (55%) comes from private cars^{vi}.

Impact and Additionality

Our involvement in the fund expects to contribute to reduced and / or avoided Green House Gas (GHG) emissions and air pollution, alongside increased energy savings, capacity, and generation. UKIB expects the investment to have impact beyond London. The investment will deliver supply-chain benefits across the UK and there is an opportunity to learn from and replicate the investment model delivered through the GFF.

ESRG considerations

GLA will oversee the portfolio of investments, including ESRG risks. They will refer to the Green Finance Steering Committee for any significant risks. UKIB will have regular reporting oversight which will enable monitoring the portfolio investments. GLA has established a framework to underpin the GFF which aligns with the Green Bond Principles and Green Loan Principles 2021 published by the International Capital Markets Association (ICMA) and Loan Market Association (LMA).

Impact Metrics

1	# Deals in the Retrofit sector
£190m	Total investment in sector
3000	Jobs created (direct and indirect)
-31,400	Emissions
N/A	Private Finance Mobilised

ⁱ The fund spans across various sectors including Clean Energy and Transport.

ⁱⁱ Address of sponsor: Greater London Authority of City Hall, Kamal Chunchie Way, London E16 1ZE

ⁱⁱⁱ <https://www.london.gov.uk/programmes-strategies/environment-and-climate-change/climate-change/zero-carbon-london/london-climate-finance-facility/green-finance-fund>

^{iv} https://www.london.gov.uk/sites/default/files/nz2030_element_energy_final.pdf

^v <https://www.theccc.org.uk/wp-content/uploads/2020/12/Sector-summary-Buildings.pdf>

^{vi} <https://www.gov.uk/government/statistics/transport-and-environment-statistics-autumn-2021/transport-and-environment-statistics-autumn-2021>