

STATEMENT | 2015



Deployment of GCF resources for climate projects

Reinforcing GCF's role as a main financing entity under
the financial mechanism of the UNFCCC

Intervention

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Mr. President,
Honourable Ministers,
Excellencies,
Mr. Secretary-General,
Distinguished Delegates,
Ladies and Gentlemen,

The size of the global climate challenge we face can sometimes be daunting to us all. As Executive Director of the Green Climate Fund I have seen this at first-hand around the world.

I have met with the leaders of small Pacific islands that have their very existence threatened by rising sea levels. I have seen the aftermath of catastrophic weather events such as Typhoon Haiyan in the Philippines that are wreaking devastation upon Asian countries; I have seen evidence of how deforestation in Latin America is on the rise. And my own country, Tunisia, and other African states, are facing desertification, water shortages, and a mounting energy crisis.

The urgent need to act is clear. But I am optimistic that we can rise to the challenge, and that the Green Climate Fund can make a significant contribution to the global response. Securing international commitment to climate finance is crucial to the prospects of a global agreement at the Paris COP later this year.

And I believe that the Green Climate Fund is already showing how we can play a significant role in driving the paradigm shift to low emission and climate-resilient societies. The Fund is the only multilateral financing institution solely dedicated to reaching the Climate Change Convention's objective, and as G-7 leaders recently declared, the Fund is a key institution of the future climate finance architecture.

We have taken great strides so far.

We have put in place the policies and principles needed to ensure efficiency and accountability for the funds to manage. And we are committed to a balance of investments between adaptation and mitigation projects – with at least 50% of our adaptation funding targeted at the most vulnerable countries.

By the end of 2014 the Fund received pledges of about 10.2 billion US dollars from 34 countries. Converting pledges to contributions usually takes 8 to 12 months, but in record time 24 of those

countries have already converted their pledges into signed agreements. We thank them for their speed, and call for the remaining 10 countries to convert their pledges into contributions as soon as possible. It will be an important trust-building signal at COP21 to have all pledging countries signed up to contribution agreements by then.

I would also emphasize that **GCF remains open to new contributions, and we call upon countries that are able to do so to come forward and contribute to the Green Climate Fund.**

So far, nearly 130 developing countries have selected their focal points in government to liaise with the Fund and to ensure a country-driven approach to our work. More than 70 countries have already requested preparatory funding to build their capacity to effectively access and optimize the impact of the Green Climate Fund resources. Five preparatory grants are at the signature phase this week, and the pace is accelerating.

Our network of intermediaries and implementing entities through whom we will work is growing as well. **Close to 100 well established institutions from all over the world are working steadily towards becoming an Accredited Entity, trusted by the GCF to deploy its resources into climate projects at national, regional, and international levels.** Twenty institutions have already been submitted for the Board's consideration. These include many national entities, regional, public, private, non-governmental and international entities. The first partner institutions have been accredited, and more will soon follow.

Meanwhile, the initial project ideas and early concept notes have already been received. **The total volume of GCF Funding requested in project ideas and concepts to date has exceeded 6 billion US dollars.** We have so far received and reviewed 120 project ideas and concepts, encompassing both the public and private operations. Of these, there is around 500 million US dollars worth of GCF funding to projects and programmes that look promising. These come primarily from accredited or potentially accredited entities, and some come from country focal points, or corporate project sponsors.

We are working diligently to support the Board in its objective to review the first full funding requests before the Paris COP. I would note that project ideas and concept notes received vary greatly in their level of advancement and quality. They require significant work to reach qualified funding requests.

The Fund's support to climate sensitive projects will be built upon innovation, including in our use of financial instruments. We will provide direct financing to support projects, and we will also leverage private and public investment thanks to our risk-bearing capacity. The Fund will use a variety of financial instruments including concessional loans, subordinated debt, equity, guarantees and grants.

To accelerate private sector investment, the Fund's Private Sector Facility will work with businesses, capital markets and local private sectors on projects such as energy efficiency, forest protection and reforestation, deployment of climate-related insurance products, and adaptive agricultural methods in the face of desertification.

Whilst country-driven in our approach, we will maximize the GCF impact by focusing on strategic priorities and under-exploited investment opportunities such as investments into efficient and resilient cities, land-use management, and the resilience of small islands.

I would like finally to say a few words about the future of global climate finance and the challenge before us.

More than 2 trillion US dollars of essential long term investments in developing countries are taking place every year, and we need to ensure that these investments promote low emissions and climate resilience. It will take over 400 billion US dollars per year of incremental investments in order to do so.

The challenge is significant. We need countries to put in place long-term, predictable flows of climate finance to meet this need. Industrialized countries have committed to reaching at least 100 billion US dollars per year by 2020, and this was re-iterated recently by G-7 leaders.

With about 10 billion US dollars mobilized for the Green Climate Fund we have made a good start, but **we will need to unlock climate finance at levels well beyond those raised so far.** And we must ensure that concessional public funding such as GCF's is deployed efficiently and effectively to catalyze at scale the shift of national savings and foreign direct investments towards low emission and climate resilient projects.

Excellencies, Ladies and Gentlemen, the world needs an ambitious Global Climate Agreement at the Paris Climate Change Summit. Keeping global warming to less than 2 degrees Celsius requires substantially more concessional funding, as well as highly effective and efficient deployment to catalyze at scale a major shift in investments, within country-led national trajectories for climate action.

In particular, **we need a commitment to ensure that funding for the Green Climate Fund continues to grow annually at levels significantly beyond its initial resources,** and that the Paris COP reinforces the Fund's role as a main financing entity under the financial mechanism of the UNFCCC. With significant, predictable funding in place, the Green Climate Fund can play a key role in driving the transition to climate-resilient and low emission societies, and to unlocking private climate investments in the developing world.

Thank you.