



GREEN
CLIMATE
FUND

GOAL

- Create an enabling environment for investments in low-carbon, sustainable cooling solutions and response planning to heat waves and other extreme events.
- Develop financial models for adoption, scaling and replication of clean cooling solutions, particularly in countries vulnerable to heat stress.

ESTIMATED PROJECT LIFESPAN

10 years

FINANCING

TOTAL: USD 879.8 million

GCF FINANCING: USD 157 million
(USD 32 million in grants, USD 125 million in loans)

GEOGRAPHIC FOCUS

Bangladesh, El Salvador, Kenya, Malawi, North Macedonia, Panama, Sao Tome and Principe, Somalia, Sri Lanka

PARTNERS

World Bank

PROJECT LINK

greencclimate.fund/project/fp177

COOLING FACILITY

BACKGROUND

As global temperatures increase and the demand for cooling rises, so do the emission levels of greenhouse and fluorinated gases, which have a very high global warming potential. Reports cite that at 1.5°C of warming – a threshold that could be reached by 2030 - 2.3 billion people could be vulnerable to illness and death from heatwave events (Intergovernmental Panel on Climate Change, 2019) and productivity loss could be the equivalent of 80 million full-time jobs (International Labor Organization, 2019). Therefore low-carbon and sustainable cooling solutions are essential.

The Cooling Facility will be one of the world's first cooling-focused facilities with the aim to provide cooling solutions in nine countries (Bangladesh, El Salvador, Kenya, Malawi, North Macedonia, Panama, Sao Tome and Principe, Somalia, Sri Lanka). It will focus on regulation and policy, technical assistance and financing to address and help remove barriers to the development of sustainable cooling investments.

PROJECT DESCRIPTION

The Cooling Facility will provide key solutions to cooling from multiple angles, including regulation and policy, technical assistance, and most importantly financing to address barriers inhibiting the broader adoption of clean cooling solutions that are energy efficient and with low-GWP refrigerant.

Given the still early-stage focus on cooling globally, to address both development and climate change purposes, the Cooling Facility seeks to cater to different country contexts, and efforts and priorities in response to the COVID-19 pandemic (e.g., vaccine supply chain). The Facility will support activities that address and help remove regulatory/policy-related, institutional, market and behavioral barriers to the development of sustainable cooling investments by:

- 1) Providing technical assistance and building the capacity of state and non-state actors (such as commercial banks, private investors and technical companies, and end user beneficiaries);
- 2) Supporting the design of sustainable implementation mechanisms and business models;
- 3) Increasing end-user awareness of the benefits of low-carbon cooling solutions;
- 4) Facilitating access to affordable sources of financing; and
- 5) Providing credit lines to financial intermediaries.

In turn, these activities will strengthen the capacity of key stakeholders, stimulate the demand for climate-friendly cooling solutions, foster the penetration of climate-friendly equipment and infrastructure, and mobilise capital from public and private sources.

GCF'S UNIQUE AND INNOVATIVE ROLE

The injection of USD 157 million from GCF, channeled in the form of grants and loans, will be tailored to the needs of the projects in the nine countries through various financing modalities such as public financing to sovereign or sub-sovereign entities, and credit lines to commercial banks, loans or subsidies to households, municipalities and small, medium and large enterprises. As the Accredited Entity, the World Bank is responsible for programme management and administration and will work with Executing Entities and Project Implementing Entities for several energy efficiency financing models to be executed in the projects.

EXPECTED RESULTS AND IMPACTS

The Cooling Facility is a cross-cutting programme that addresses mitigation and adaptation through its objectives of creating an enabling environment for sustainable cooling investments and response planning to heat waves and other extreme events, and developing financial models for the adoption, scaling and replication of cooling solutions, particularly in countries vulnerable to heat stress.

Over 25 years, it is estimated the overall climate change contribution will be 16.24 million tonnes of carbon dioxide equivalent (MtCO₂eq) mitigated as a result of the programme. In addition, it is estimated 4.22 million people will benefit as direct beneficiaries from the investments and 16.86 million people as indirect beneficiaries (i.e., risk reduction from heat waves and other extreme events).

The Facility also supports the goals and requirements of the Kigali Amendment to the Montreal Protocol by helping countries in the transition to more climate-friendly refrigerants by catalysing more energy-efficient cooling equipment (air conditioners, refrigeration) in parallel with the phase down of hydrofluorocarbon refrigerants.

The Green Climate Fund (GCF) is the world's largest dedicated climate fund. GCF's mandate is to foster a paradigm shift towards low emission, climate-resilient development pathways in developing countries. GCF has a portfolio of USD 10 billion (USD 37.2 billion including co-financing) delivering transformative climate action in more than 100 countries. It also has a readiness support programme that builds capacity and helps countries develop long-term plans to fight climate change. GCF is an operating entity of the financial mechanism of the UNFCCC and serves the 2015 Paris Agreement, supporting the goal of keeping average global temperature rise well below 2 degrees Celsius.