

**GREEN
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Green Climate Fund Private Sector Facility

Regional Workshop for EECA

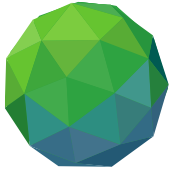
Hyejin Lee, Private Sector Facility

1 June 2017



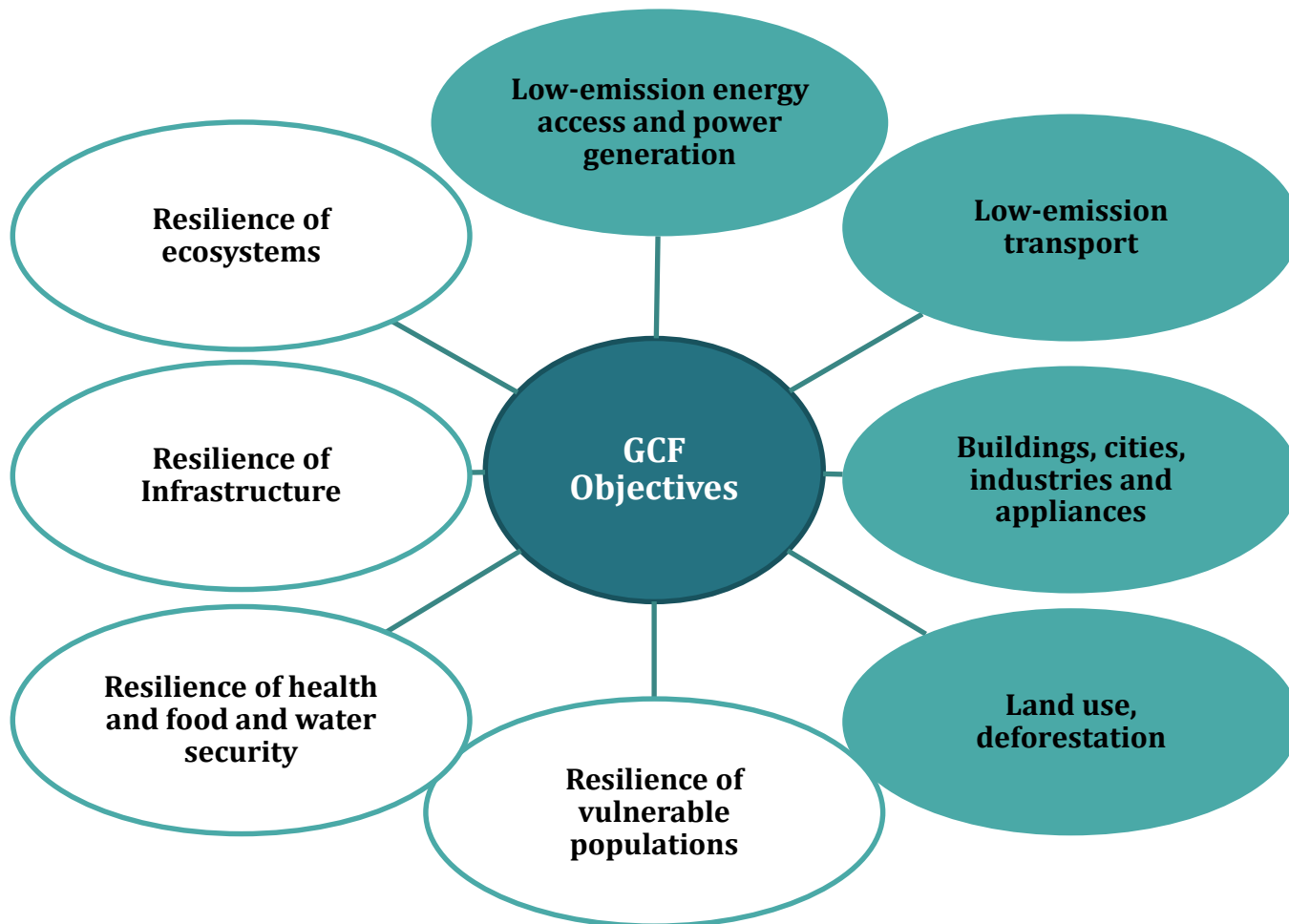
GCF Features

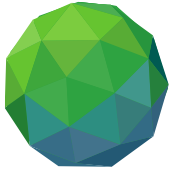
- A new global fund created to combat climate change by investing in **low-emission and climate-resilient development**
- Set up by United Nations Framework Convention on Climate Change (UNFCCC) to **keep global average temperature increase well below 2° C**



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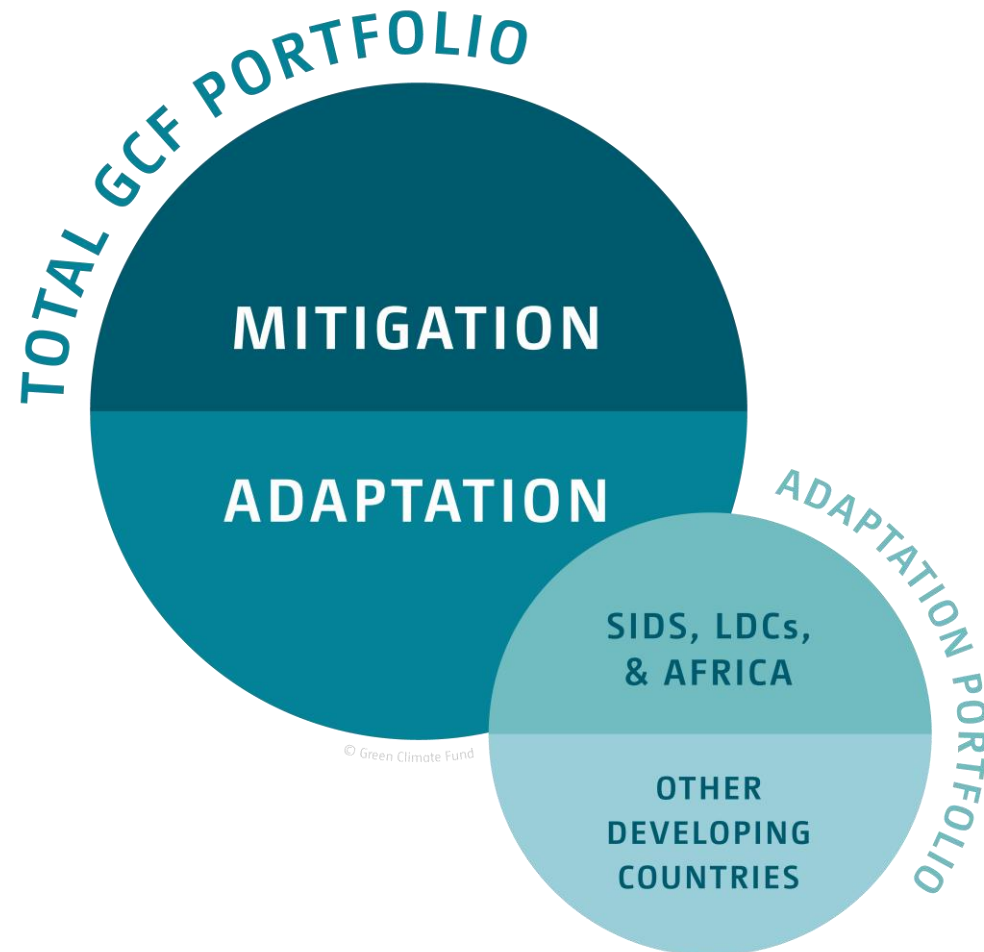
Target Sectors





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Balanced resource allocation





Investment Criteria

Impact Potential

- Potential to achieve the Fund's objectives and result areas

Paradigm Shift Potential

- Potential to catalyse impact beyond a one-off project or programme investment

Sustainable Development Potential

- Potential to provide wider benefits and priorities

Needs of Recipient

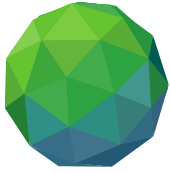
- Vulnerability and financing needs of the beneficiary country and target groups

Country Ownership

- Beneficiary country ownership of and capacity to implement funded activities

Efficiency & Effectiveness

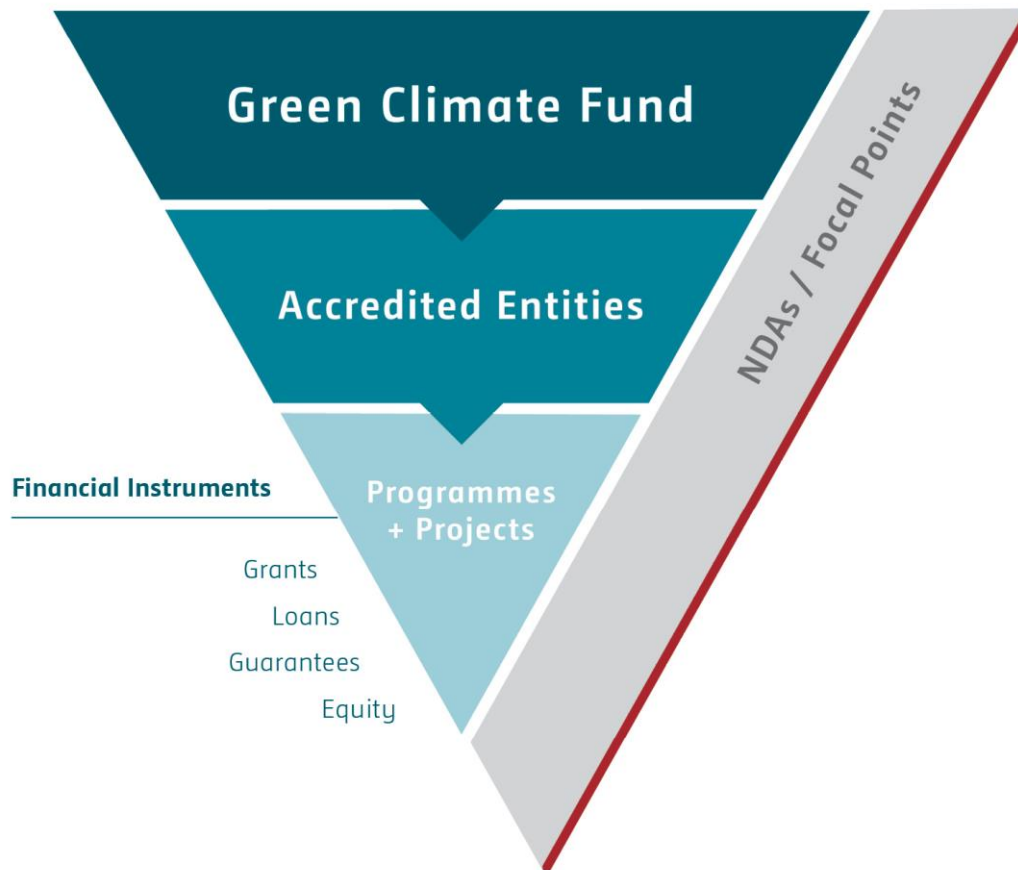
- Economic and financial soundness of programme/project; appropriateness of concessionality

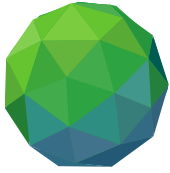


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GCF business model

GCF Architecture





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Private Sector Facility

Why the PSF?

- To fund and mobilize institutional investors and leverage GCF's funds to encourage corporates to co-invest with us

Possible Interventions

- De-risking investments
- Promoting innovative solutions
- Capacity building support

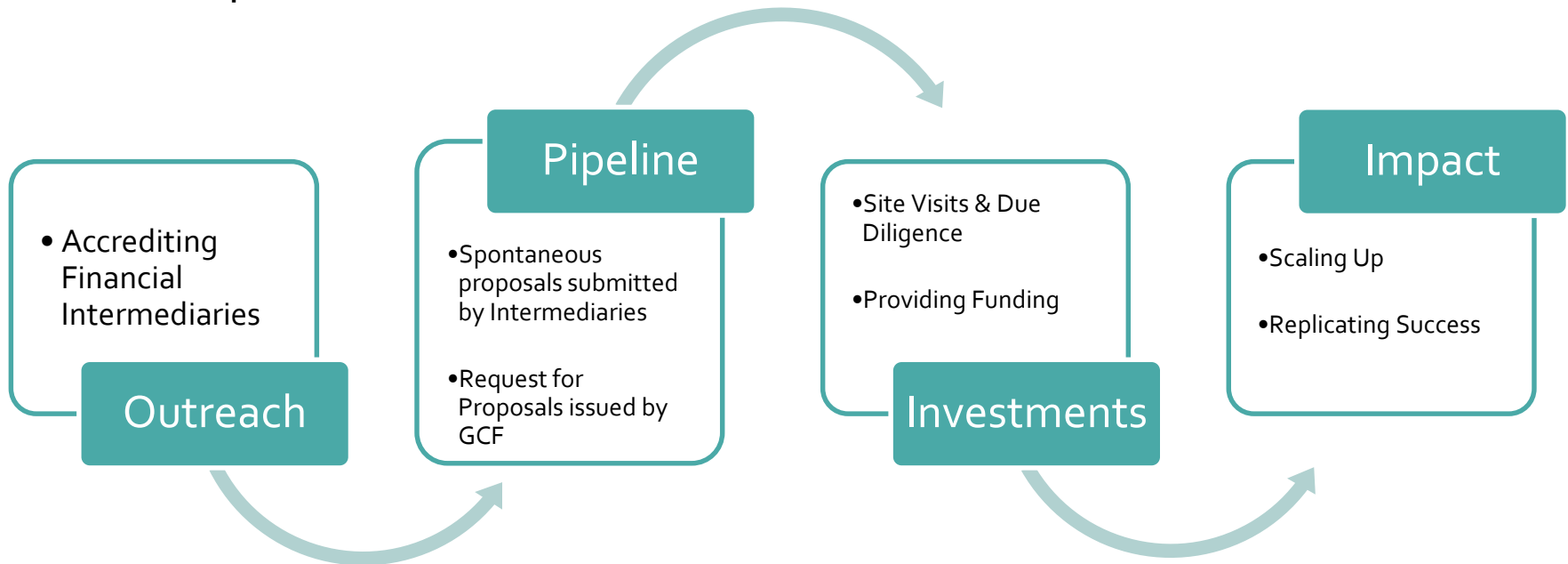
Access to the private sector

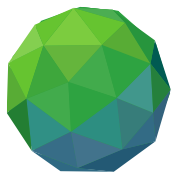
- Accredited entities with private sector operations
- Present funding proposals spontaneously or in response to calls for proposals



Accessing GCF Resources

- **Qualified financial intermediaries who meet the GCF's fiduciary standards and environmental and social safeguard requirements may apply for accreditation by the Fund.** Once accredited, qualified intermediaries will be eligible to channel and use the GCF's resources as its agent or executing intermediary.
- **Accredited intermediaries shall present funding proposals to the GCF, either spontaneously or as a response to an RFP.**



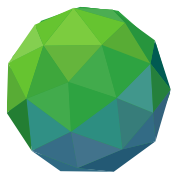


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Accredited Climate Finance Institutions



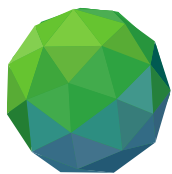
48 entities accredited to date



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Current Portfolio

11 private sector projects
approved of total
USD 1.2B



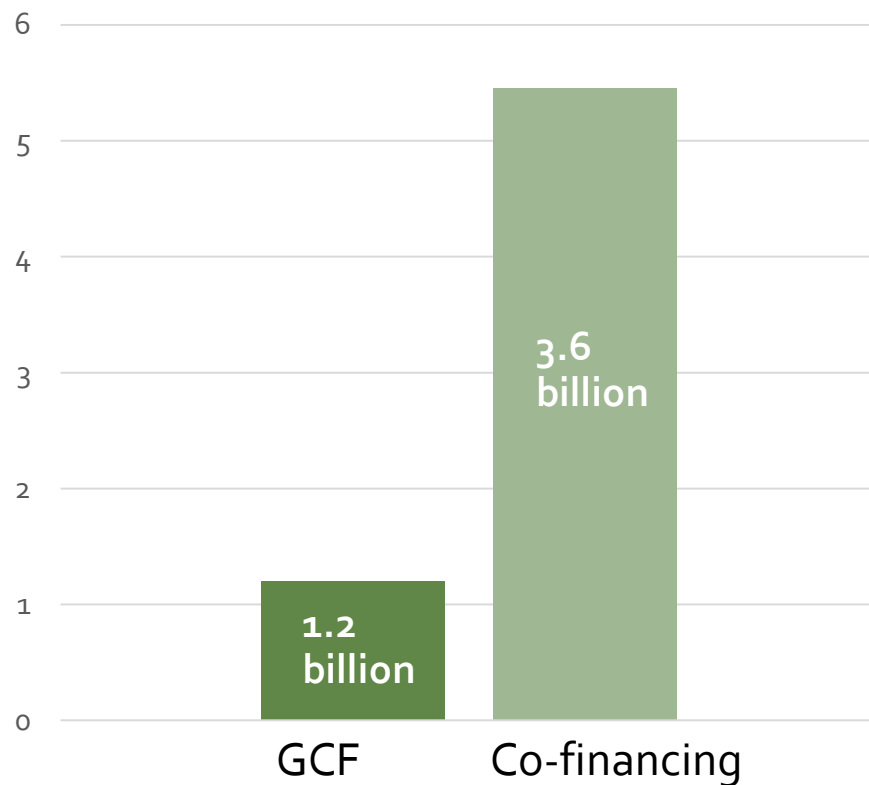
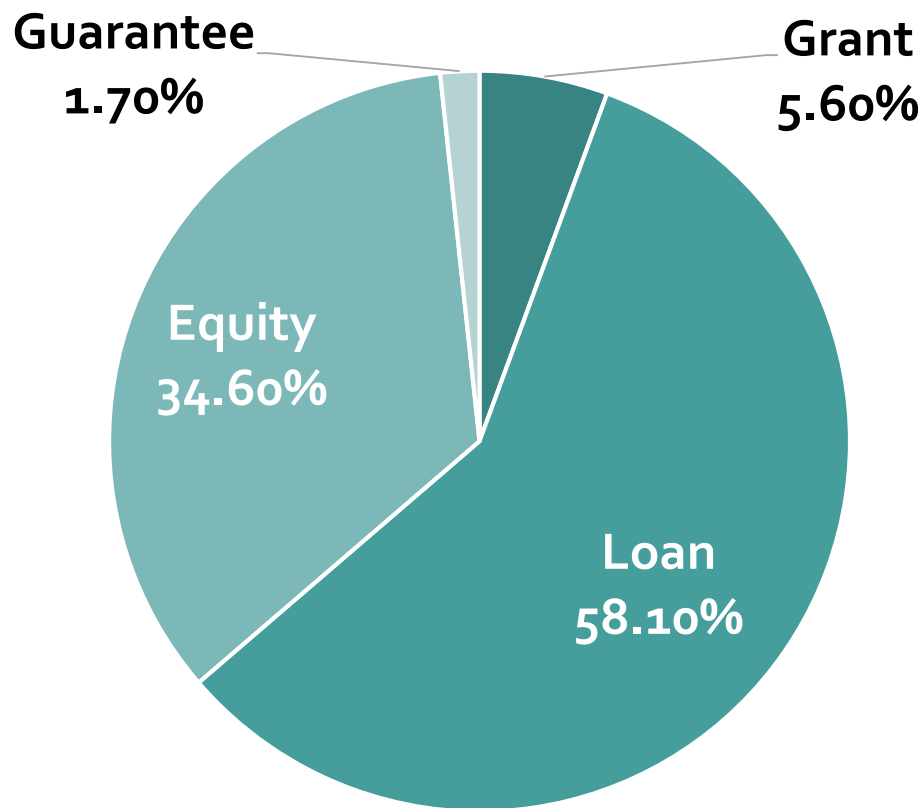
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Current Portfolio

Committed amount of GCF funding (Private)

By Financial Instrument (%)

Co-financing





Private Sector Projects

KawiSafi Ventures Fund

Country	GCF financing	Accredited entity	Financial instrument
Kenya and Rwanda	USD 25 million	Acumen	Equity and Grant

- USD 20M in equity and USD 5M in grant for technical assistance
- Universal access to energy for people at the bottom of the pyramid
- Mobilization of private sector investors at scale for investment in SMEs in East Africa
- Conversion of a social impact fund into a Green Impact Fund
- Emissions reduction of 1.5 M tCO₂e



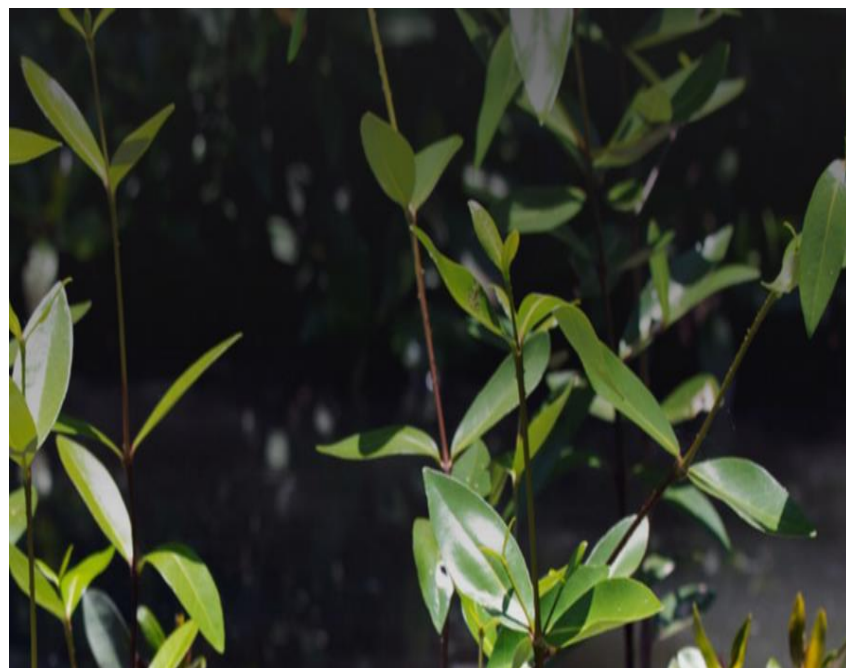


Private Sector Projects

Sustainable Energy Financing Facility (SEFF)

Country	GCF financing	Accredited entity	Financial instrument
Armenia, Egypt, Georgia, Jordan, Moldova, Mongolia, Morocco, Serbia, Tajikistan, Tanzania	USD 378 million	EBRD	Loan and Grant

- USD 344M in loan and USD 34M in grant
- On-lending programme and climate finance at scale through partner Financial Institutions
- Mainstreaming energy efficiency and renewable energy in the financial sector
- Promoting local capacity and aligning with the notion of country ownership
- Emissions reduction of 29.1 M tCO₂e





Private Sector Projects

Business loan programme for GHG emission reduction

Country	GCF financing	Accredited entity	Financial instrument
Mongolia	USD 20 million	XacBank	Loan and Grant

- USD 19.5 M in Loan and USD 0.5 M in grant
- First MSME RFP pilot programme
- Loans to Mongolian enterprises investing in energy efficiency and renewable energy projects.
- At least half of the financial support will go towards women-led MSMEs
- Emissions reduction of 1.2 M tCO₂e





Private Sector Projects

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Country	GCF financing	Accredited entity	Financial instrument
LAC, Africa, EE, Asia-Pacific	USD 265 million	EIB	Equity and Grant

- USD 250M Equity and USD 15M Grant
- Catalyze private sector investment by providing scarce equity capital in renewable energy and energy efficiency projects in developing countries
- Building capacity and track records of local fund managers in renewable energy and energy efficiency
- Emissions reduction of 76g M tCO₂e





First MSME RFP

MSME RFP

- First pilot launched for up to USD 100m
- Call for proposals to benefit MSMEs in developing countries
- 2 funding proposals approved to date

Why MSMEs

- Majority of business in developing countries
- Operate across a wide range of activities related to climate change
- Regional proximity
- Newer, innovative and fast growing nature
- Lack of access to finance for a higher risk-return profile



RFP Mobilizing Funds at Scale

- Launched on 25 May 2017
- USD 500m allocated to mobilize private sector activity
 - Investments of all sizes will be considered
- Activity can be in nearly any area of mitigation or adaptation
 - Climate-proof infrastructure, urban energy efficiency, ecosystem services, and agriculture
- Different types of private sector financing available
 - Debt, equity, guarantee, some grants



RFP Mobilizing Funds at Scale

- Who can participate?
 - Existing accredited entities
 - Entities that wish to be considered for accreditation (fast track)
- What makes a strong RFP submission?
 - Climate impact
 - Leverage
 - Regulatory reform
 - Innovative & sustainable solutions
 - Social impact including for the poorest and for women
 - Activities in most vulnerable countries
- Why participate?
 - Change the risk-return profile of your project to encourage investor participation



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