



GREEN
CLIMATE
FUND

GLOBAL
NDA 
CONFERENCE


SESSION 12

ENABLING PRIVATE SECTOR INVOLVEMENT IN CLIMATE FINANCE

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CLIMATE CHANGE

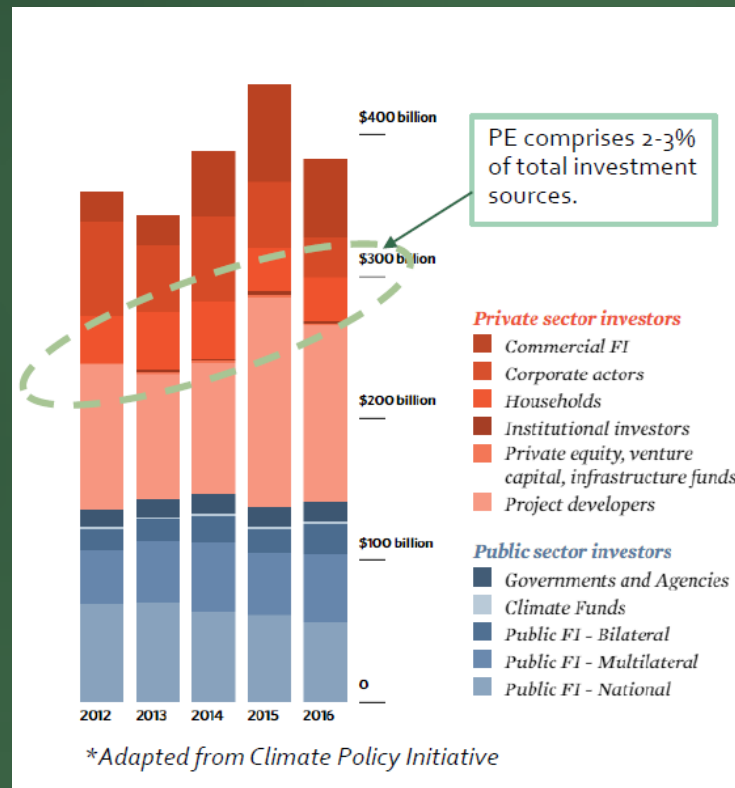
THE INCONVENIENT REALITY

1	\$\$\$	✓ Annual investment required to meet Paris: \$ 7 T (until 2030) But only 6% p.a. is currently met
2	GAP?	✓ Why aren't private and public sector investing more? Do we care?
3		✓ Who can invest and fill the GAP?

*Source Bloomberg New Energy Finance – Mapping the Gap: The Road from Paris, 2016. Recent studies estimate that the global annual infrastructure investment required from 2016 to 2030 to remain below 2 degrees Celsius is estimated between USD 6.9 (OECD) and 7.0 (NCE) trillion. These figures indicate that developing countries account for about US\$4 trillion per year, representing roughly two-thirds of global infrastructure investment, while the associated annual incremental up-front cost of future infrastructure investments consistent with the below 2 degrees Celsius' scenario is estimated to less than 9%.

WHO INVESTS IN CLIMATE CHANGE?

CPI 2015/2016 (\$410 B)



1. **50%: Project developers/financial intermediaries** are climate-financing segments that have matured and decreasing its share
2. **10%: Households** are an important source of capital for climate finance, but they need specialized products and education
3. **2-3%: Institutional Investors and PE funds'** investment in climate are growing rapidly, though still small. They show biggest potential for new investment in climate finance
4. **63% came from the private sector**

FUNDS FOR CLIMATE ACTION

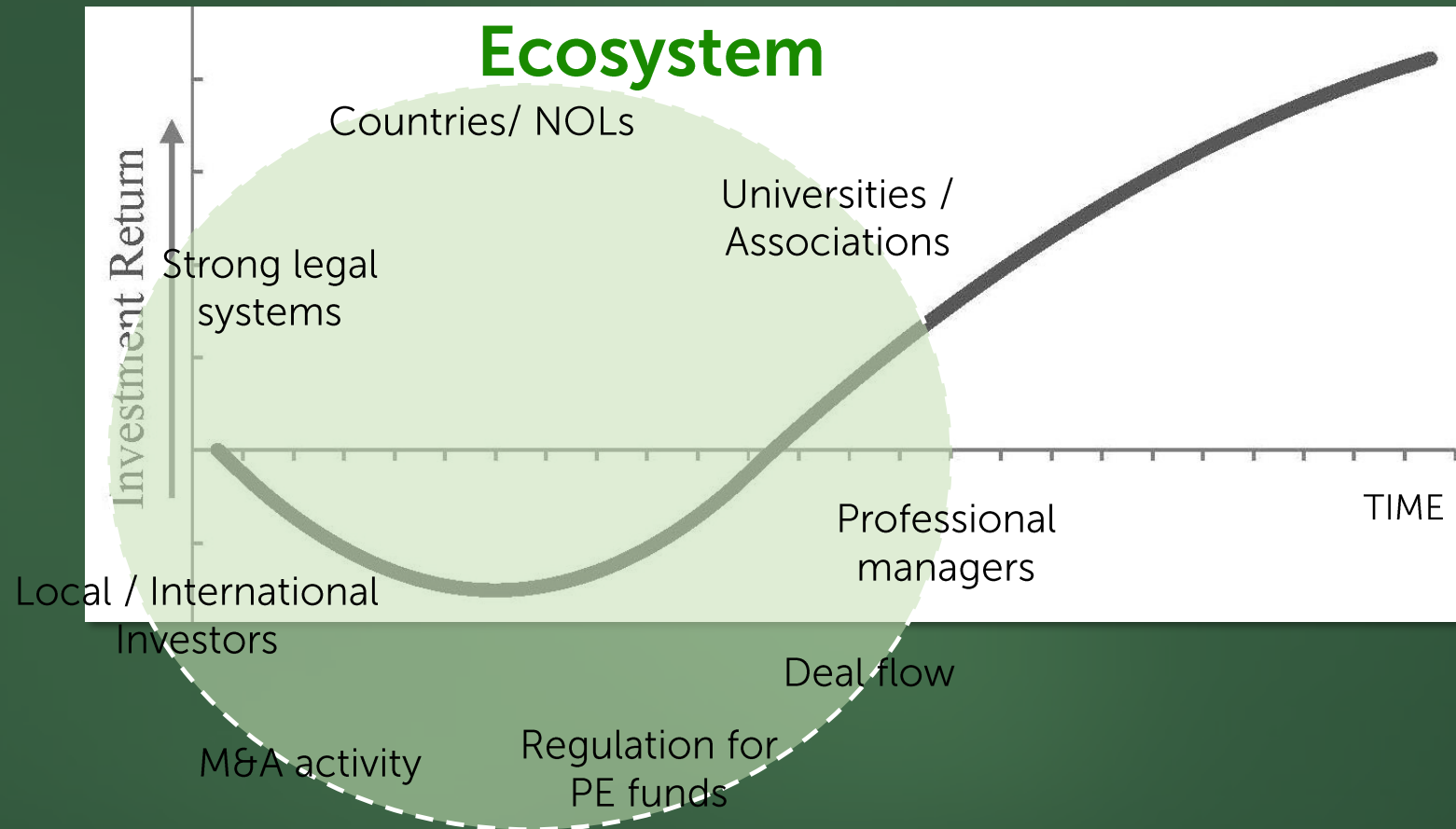
WHAT ARE THEY?

Fund raising

Investment Period

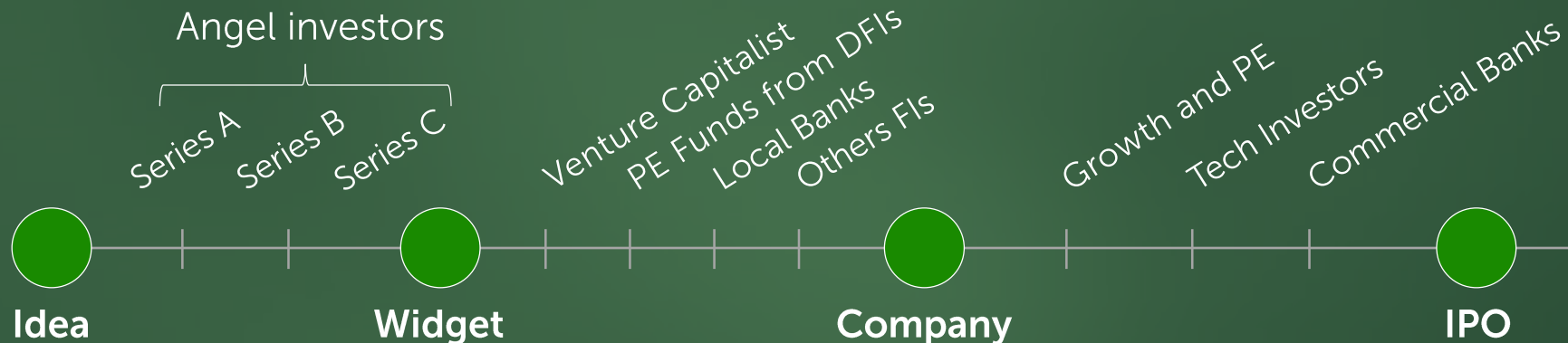
Harvest Period

Investments are realized, cash is returned to investors



HOW CAN PE FUNDS BE IMPACTFUL?

1. High Mobilization
2. Investing in and supporting technology transfer (from developed to developing countries)
3. Investing in Early Stage Climate-related Innovation



PRIVATE EQUITY AT THE GCF

WHAT'S CRITICAL?

NOL / Country Support



Ask for Good Governance But let Investors Govern
(Advisory Committee / GP Committee)



Trust Fund Managers deployment



Consider Co-investment in the Fund
or individual deals



GCF as anchor investor will support Market-base
Structures and Fees



PRIVATE EQUITY AT THE GCF

DO's & DON'Ts



DON'TS

- › Don't force country allocations
- › Don't be rigid about fund strategies
- › Don't exert political controls over the funds' operations



DO'S

- › Ask for indicative pipeline
- › Encourage on regional funds
- › Support other local investors buy-in
- › Understand that Fund raising takes time



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