



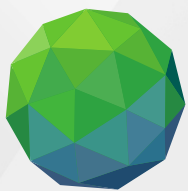
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GCF's Private Sector Facility Investing in Africa Region

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Director, Private Sector Facility

April 2018



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Setting the Context



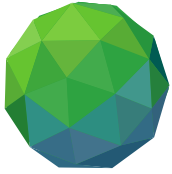
The African Private Sector-Key Player

- **MSMEs:** Dominated by micro, small, medium private enterprises that account for 80% of the continent's employment;
- **Small Holder Farmers:** Private small holder farmers make up a large part of the agriculture value chain;
- **Large Industries:** Large industries that consume huge power are private sector- example Dangote in cement sector
- **Financial Sector** Banks and microfinance Institutions: significant part of the financial systems is in the private hands- with strong regulatory support;
- **Large Pools of African institutional capital in several pension funds;**
- **Private Equity Industry** attracts up to US\$3 billion a year; and last but not least
- **Labor Force:** Africa's demographics- youth-will be the largest workforce in 20 years- close to 500 million.



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About the Private Sector Facility



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Our Story

2010

Established by 194 countries (UNFCCC Conference of Parties)- with PSF in the blueprint

2013

Over USD 10 billion pledged to GCF from developed countries

2014

Began operations in Songdo, South Korea

2015

First project approvals

2017

Over USD 1.5 billion project portfolio

2018

Expansion of Private Sector Facility (PSF) with focus on Africa, LDCs and SIDS



The Green Climate Fund's Approach

- Country Driven Approach
- Climate Impact Focus
- Paradigm Shift Potential
- Comprehensive Spectrum of Offerings to Countries thru its dedicated Private Sector Facility



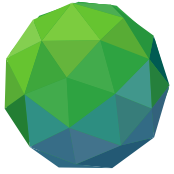
A mandate to promote low-emission and climate resilient development in developing countries

THE PSF MISSION

The Green
Climate Fund's

Private Sector Facility

- Engaging both the local and global Private Sector to support climate change
- Engaging new private actors involved in climate action
- Supporting projects and private sector led programmes that will not take place without our intervention
- Changing the paradigm by de-risking the delivery of private capital
- Scaling-up private sector investment flows



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The Private Sector Facility

Why?

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

How?

- De-risk investments;
- Bundle small projects into portfolios;
- Support capacity building;
- Develop public-private infrastructure resilience partnerships;
- Encourage innovation.

Where?

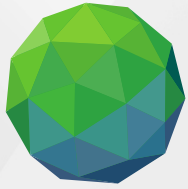
- Clean energy & Energy Efficiency
- Climate-related innovation
- Transport, Cities and Buildings
- Products and services for vulnerable communities
- Agriculture, forestry, food, water security, and ecosystem preservation

OUR VALUE PROPOSITION

The Private Sector Facility aims to promote private sector climate action in developing countries.

We offer

- Climate and financial expertise to help you structure your project ideas
- Long term funding through a menu of financial instruments and structured-in concessionality-using all the financial products
- De-risk private capital to solve climate challenges and barriers
- Special focus on Africa, LDCs, and SIDS
- Strong accredited partners;
- We also issue a Request for Proposal from time to time



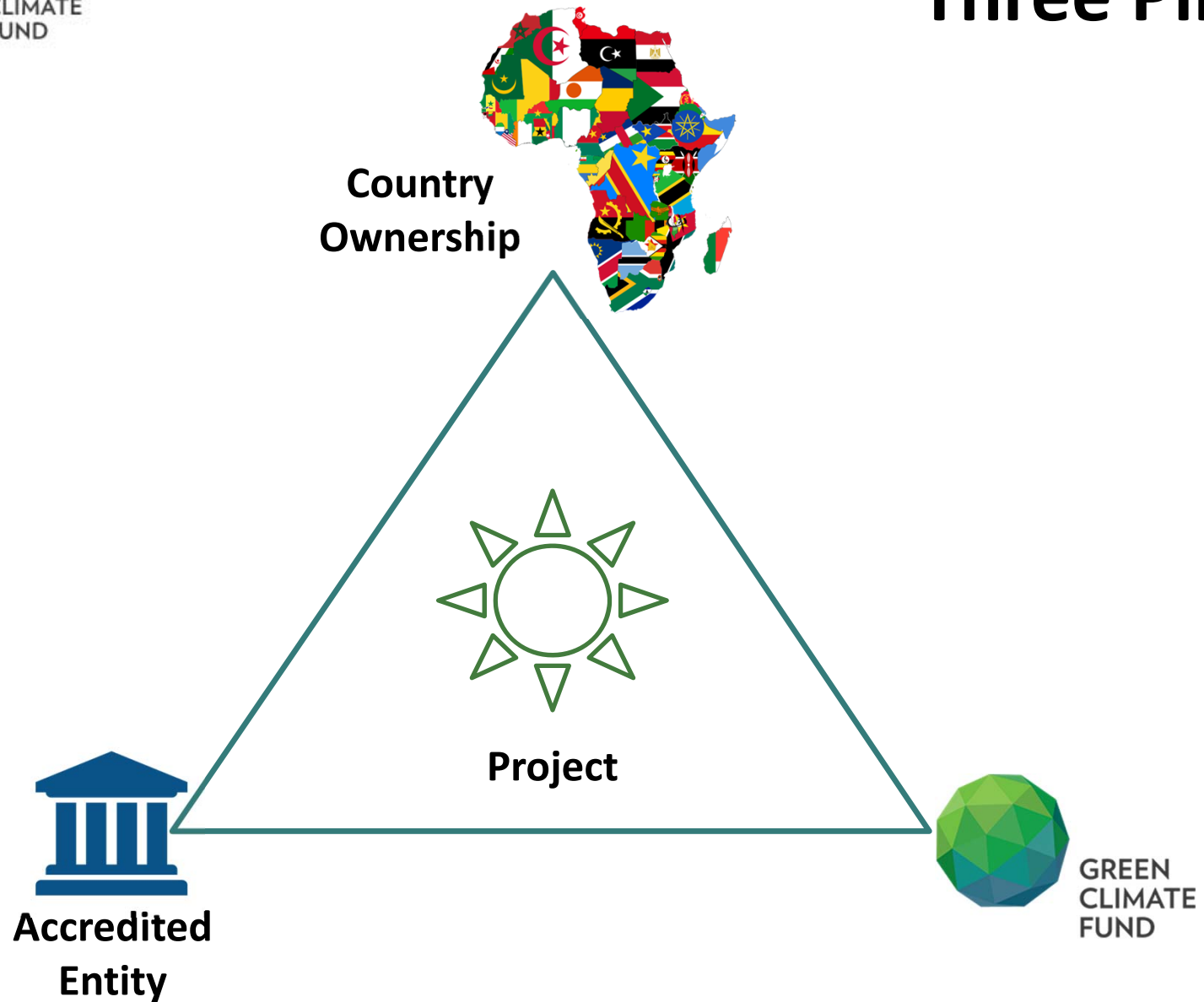
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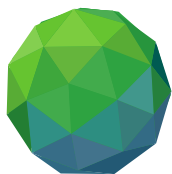
How to work with the Facility: 3 Pillars, Investment Criterion, and Partner AEs in Africa



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Three Pillars





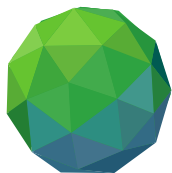
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A Diverse Network of Partners

59 entities accredited to date

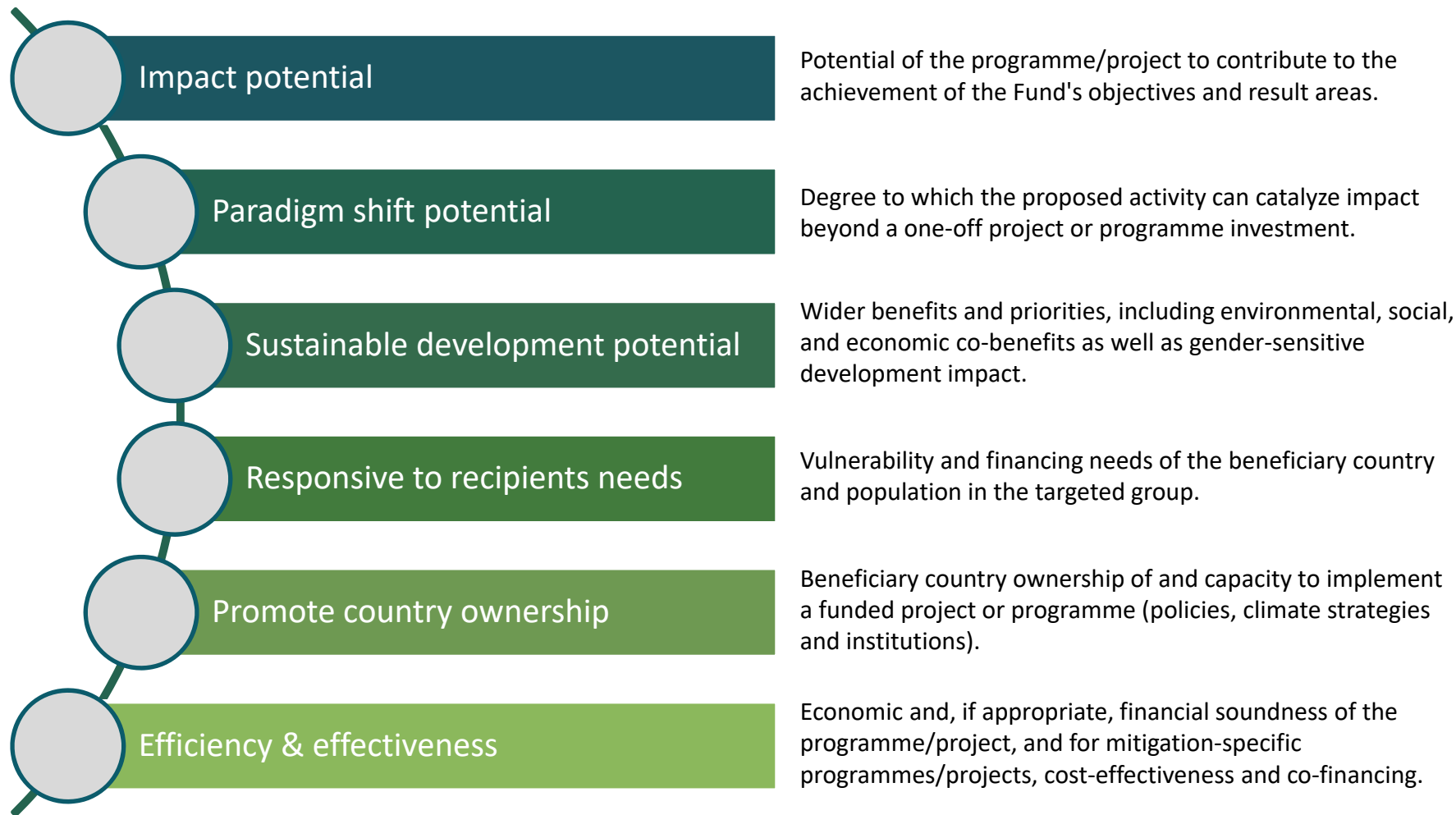
12 entities
accredited
from Africa





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The Fund's Six High-level Investment Criteria*



* The Fund has adopted its [initial activity-specific sub-criteria and assessment methodologies](#).



What is concessionality in the Private Sector Projects?

-
- Reducing risk in a transaction; create the anchor or incentive for other co-investors to participate; enhance climate and developmental impacts; and
 - As a 'transition' tool, to foster behavioral changes conducive to stronger climate impacts; and
 - Create demand by making climate solutions affordable.

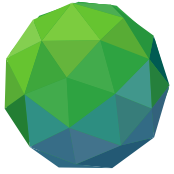
It can be extended in different ways:

- Soft concessionality – typical in blended finance;
- It can be subordinated equity;
- Flexible guarantees;
- Interest rate reduction below commercial;
- Longer grace period, longer terms; longer grace periods
- Subordinated position; and
- Grant to support reforms in the sector or to build capacity



Strong Partners

- African Development Bank
(Continent Wide)
- EBRD (Focus North Africa)
- Development Bank of Southern Africa (DBSA- Southern Africa)
- Acumen - Equity fund
- European Investment Bank (EIB)
- African Finance Corporation (AFC)
- AFD and Proparco
- CDG Capital S.A. (Northern Africa)
- IFC
- Agency for Agricultural Development of Morocco (ADA)
- Banque Ouest Africaine de Développement (BOAD)
- FMO
- Deutsche Bank
- Others for small scale matters

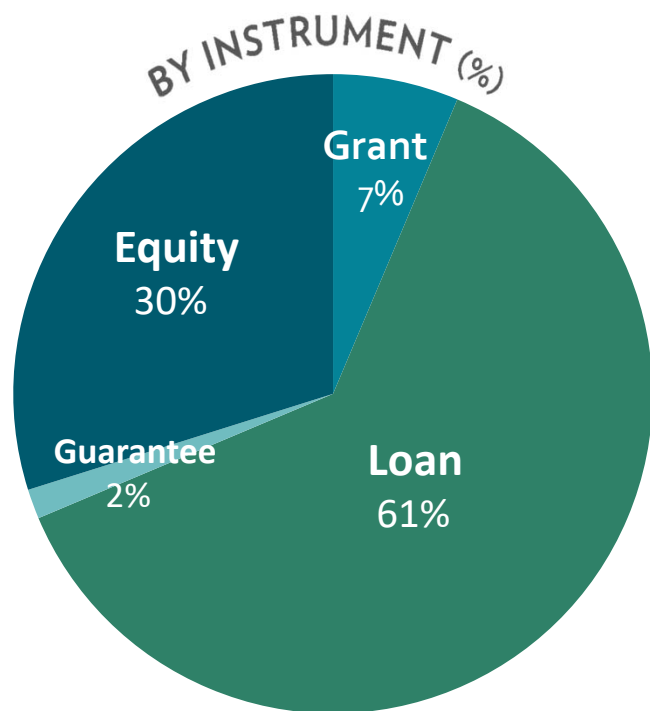


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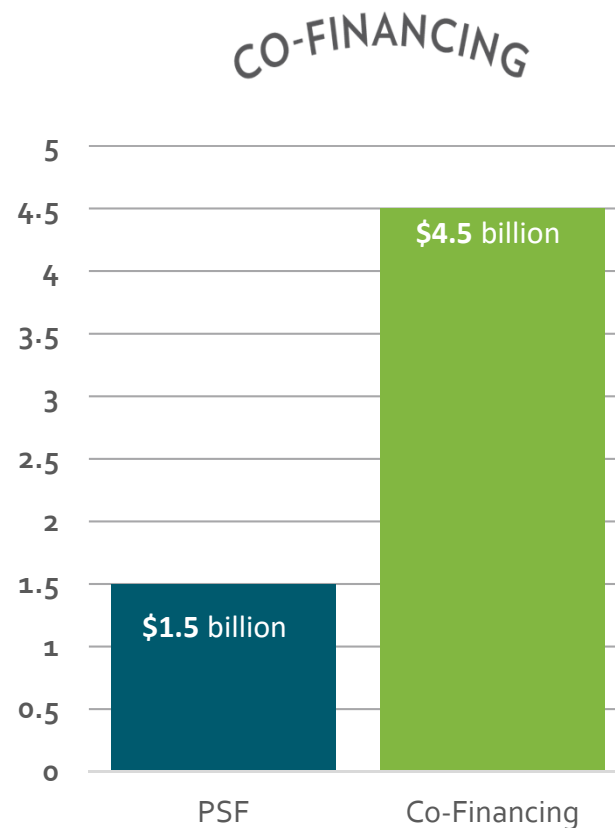
PSF's Portfolio and Pipeline Examples

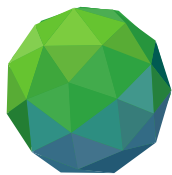
PSF PORTFOLIO COMPOSITION

Committed amount out of GCF funding (17 approved projects)



USD 1.5B

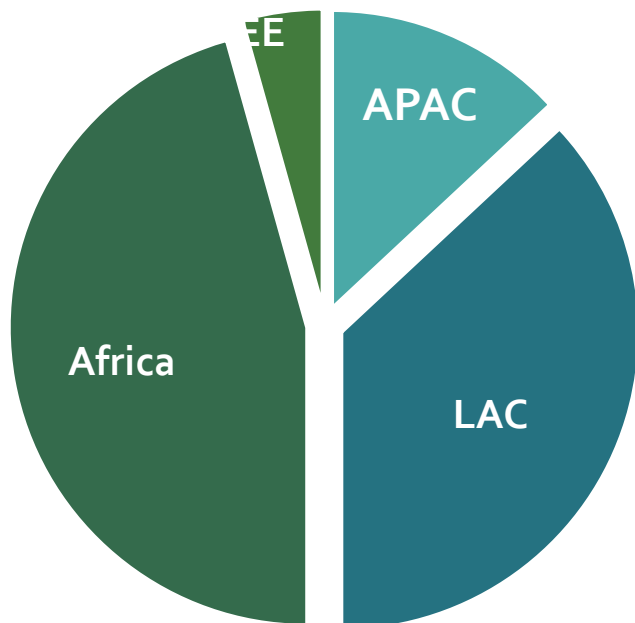




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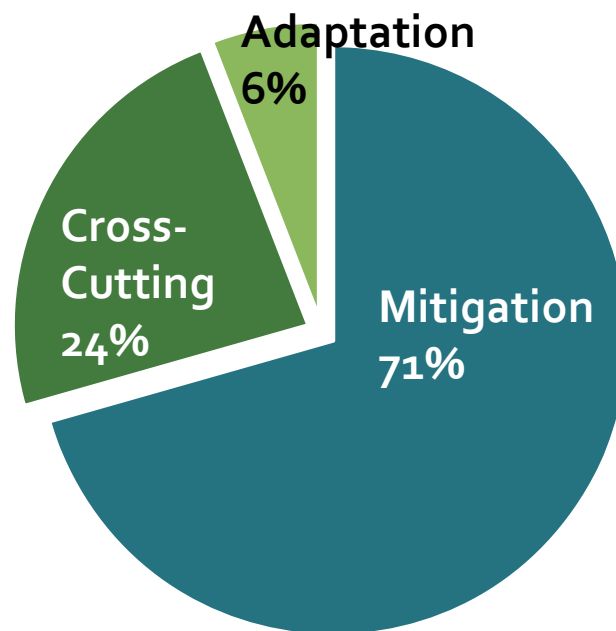
PSF PORTFOLIO COMPOSITION

By regions



USD 1.5B

By funding windows



USD 1.5B

-> Africa makes up for 46% of investments



Private Sector Projects Approved

B.M.	Name	Country	AE	GCF Amount	Total Amount
B11	KawiSafi Ventures Fund in Eastern Africa	Kenya, Rwanda	Acumen	\$25 M	\$110 M
B11	Energy Efficiency Green Bond in LAC	Mexico	IDB	\$22 M	\$780 M
B13	Climate Action and Solar Energy Development	Chile	CAF	\$49 M	\$265 M
B14	Sustainable Energy Financing Facilities (SEFF)	Africa/ Asia / EE (10)	EBRD	\$378 M	\$1,419 M
B14	Sustainable Landscapes in Eastern Madagascar	Madagascar	CI/EIB	\$54 M	\$70 M
B14	Universal Green Energy Access Programme (UGEAP)	Africa (5 countries)	DB	\$80 M	\$300 M
B15	Business loan programme for GHG emission reduction	Mongolia	XacBank	\$20 M	\$60 M
B15	SCF Capital Solutions	South Africa	DBSA	\$12 M	\$34 M
B15	Catalyzing Private Investment in Sustainable Energy in Arg.	Argentina	IDB	\$133 M	\$653 M
B16	Geeref NeXt	Global (29 countries)	EIB	\$265 M	\$765 M
B16	Egypt Renewable Energy Financing Framework	Egypt	EBRD	\$154 M	\$1,007 M
B18	Renewable Energy Program – Solar #1	Mongolia	XacBank	\$9 M	\$18 M
B18	GCF-EBRD Kazakhstan ReFramework	Kazakhstan	EBRD	\$110 M	\$557 M
B18	Low Emissions and Climate Resilient Agriculture Risk Sharing	Mexico, Guatemala	IDB	\$20 M	\$158 M
B19	Acumen Resilient Agriculture Fund (ARAF)	Ghana, Nigeria, Uganda	Acumen	\$26 M	\$56 M
B19	Zambia Renewable Energy Financing Framework	Zambia	AfDB	\$52.5 M	\$154 M
B19	Line of Credit for Solar rooftop segment	India	NABARD	\$100 M	\$250 M
Total				\$1.5 B	\$6.7 B



Private Sector Projects

Zambia Renewable Energy Financing Framework

Country	GCF financing	Accredited entity	Financial instrument
Zambia	USD 52.5 million	AfDB	Loan and Grant

- Impetus for cost-effective small-scale renewables against the backdrop of climate-afflicted hydro
- Replicability for small- & mini-grids
- Catalyse domestic investments – banks & pension funds
- Emissions reduction of 4 million tCO₂e



Private Sector Projects

Egypt Renewable Energy Financing Framework

Country	GCF financing	Accredited entity	Financial instrument
Egypt	USD 154.7 million	EBRD	Loan and Grant

- Encourage private sector investment in an environment with negligible renewable capacity installed
- Addresses the lack of capital for the development of private sector RE projects
- Encourages transition to auction-based procurement
- Emissions reduction of 19 million tCO₂e





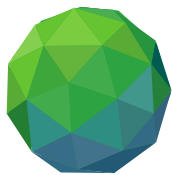
Private Sector Projects

Acumen Resilient Agriculture Fund

Country	GCF financing	Accredited entity	Financial instrument
Uganda, Ghana and Nigeria	USD 26 million	Acumen Fund, Inc.	Equity and Grant

- First of its kind adaptation focused agriculture fund involving private sector
- An adaptation impact fund to support and scale up inclusive early stage agribusinesses that provide essential climate adaptation solutions to smallholder farmers
- Enhance climate resilience of 10M people





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Request for Proposals MSME and MFS



REQUEST FOR PROPOSAL MOBILIZING FUNDS AT SCALE (MFS)

Published on **Closed on**

✓ 25 May 2017. ✓ 30 August 2017

Short-list Announced

✓ 12 December 2017^a



GCF INVESTMENT:

✓ Up to USD 500M in projects/programmes



COUNTRIES RECEIVED:

✓ 70+ Developing countries



NUMBER OF CONCEPT NOTES RECEIVED:

✓ 350 CN



EST. PROJECT COST:

✓ USD 43 billion

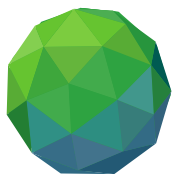


EST GCF REQUESTED FINANCING:

✓ USD 18 Billion



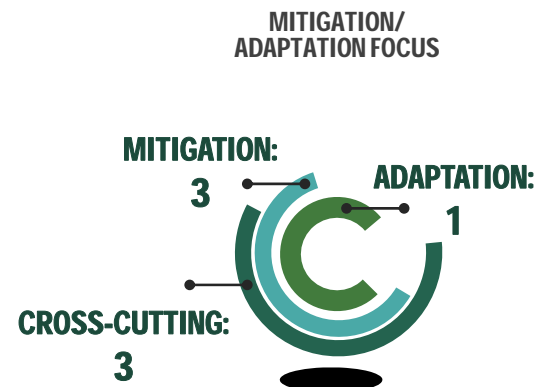
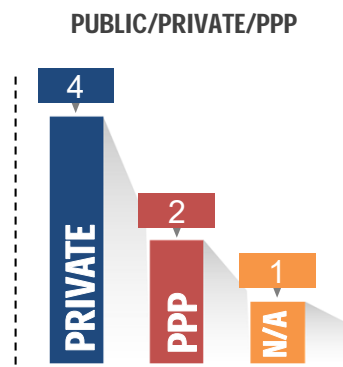
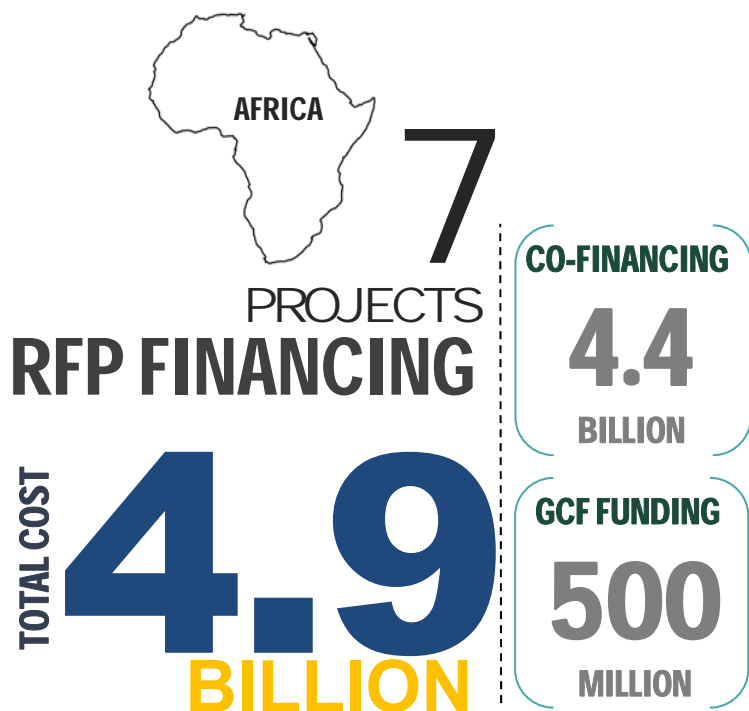
Pitch for the Planet.



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REQUEST FOR PROPOSAL

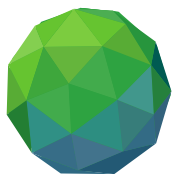
AFRICA RESULTS: MFS TOP 30





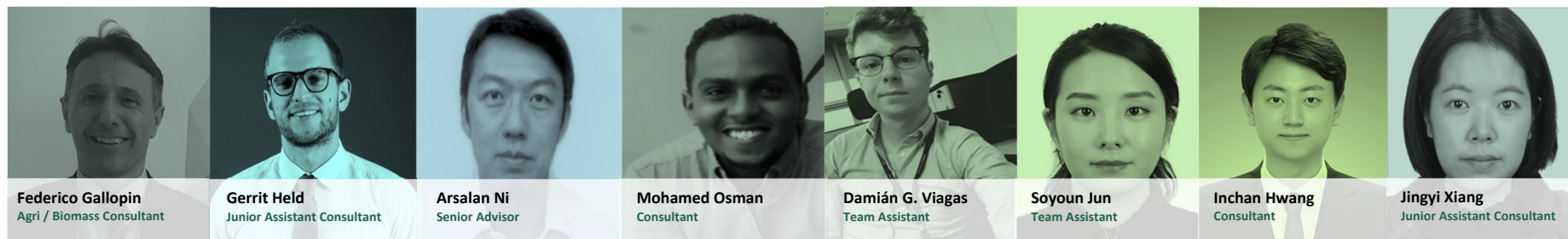
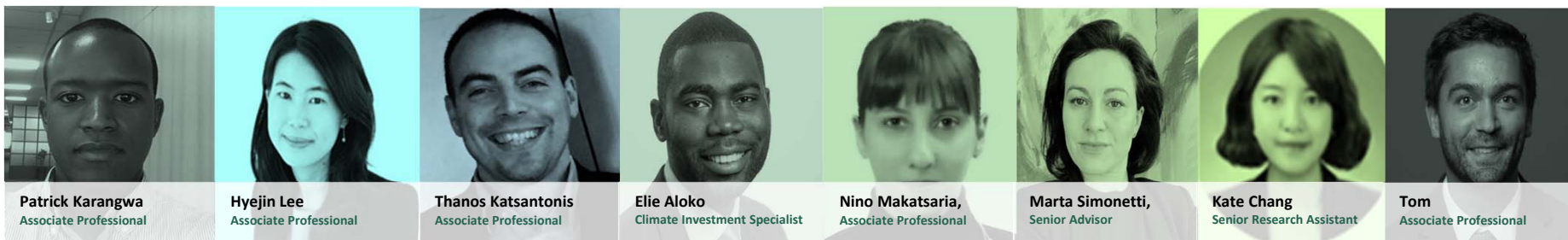
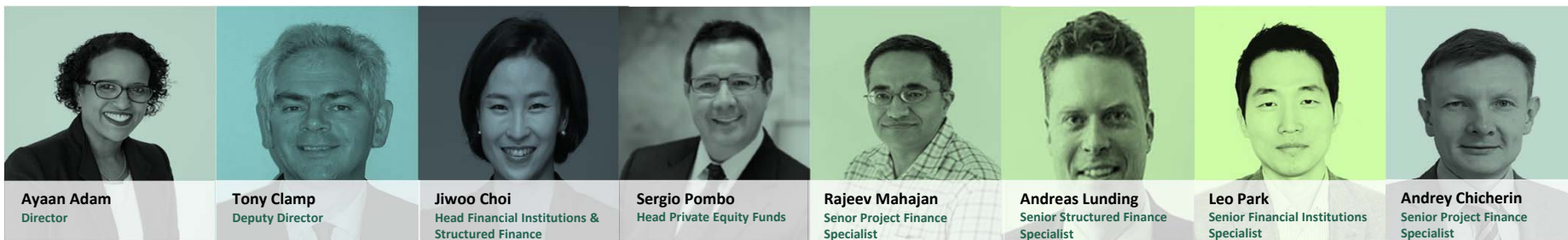
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The Team



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THE PSF TEAM





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