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Technical Session 1: Access Modalities of the GCF to Support Countries

Structured Dialogue with LDCs

Addis Ababa, Ethiopia

19 - 22 November 2018



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GCF: A CATALYST FOR PARADIGM-SHIFT

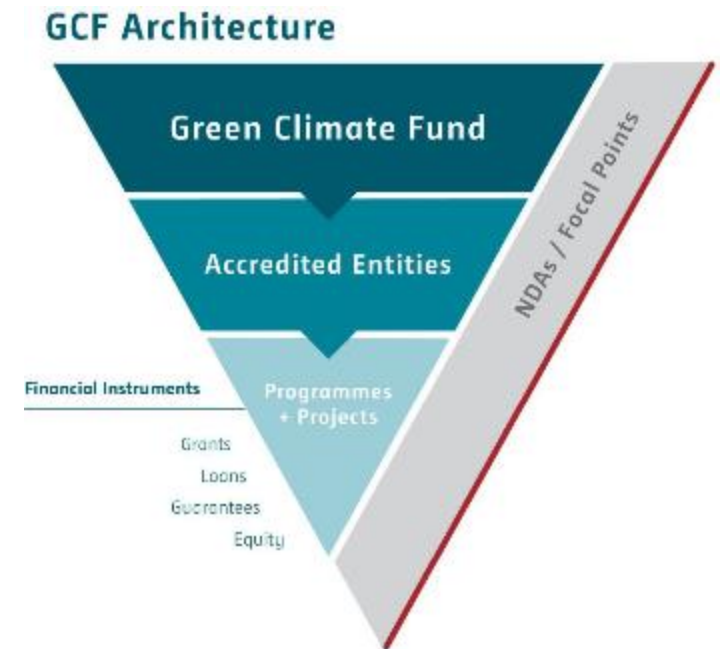


For developing countries,
particularly the most vulnerable

Balancing mitigation & adaptation

Building readiness & direct access

- Country Driven operating model: Central role of NDA
- Operated through Accredited national, regional, international intermediaries (AEs) and IEs (75/41)
- Initial focus on grants and concessional lending, with additional financial instruments (Loans, Guarantee and Equity)
- Strategic focus on Adaptation, Mitigation, seeking to maximize sustainable development





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THE FUND & ITS PARTNERS

WELCOME TO OUR NEW ACCREDITED ENTITIES

Accredited Entities (AEs) are GCF's partners in channeling resources to climate projects in developing countries.

TOTAL NUMBER OF AES
AS OF 20 OCTOBER 2018

75

DIRECT ACCESS ENTITIES
(REGIONAL AND NATIONAL)

41





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READINESS FUNDING

USD 1 million

cap per country per year

- NDA strengthening
- Support for direct access entities
- Strategic frameworks, including country programmes, concept notes, pre-feasibility studies

USD 3 million

cap per country (not per year)

- National adaptation plans (NAP) and / or other adaptation planning processes

What is on offer?

Support for project / programme development

Especially micro - to - small size projects

Up to USD 1.5M per project preparation request

How to apply?

Accredited entities, especially direct access, submit requests

Request submitted with project / programme concept

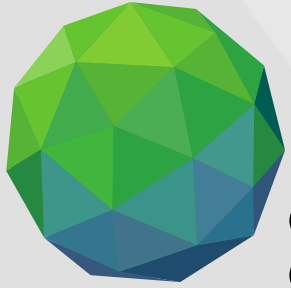
In conjunction with no - objection letter from NDA / focal point

What is assessed?

Secretariat assesses concept against investment criteria

Also assesses request for justification of needs & GCF policies

GCF Executive Director approves request



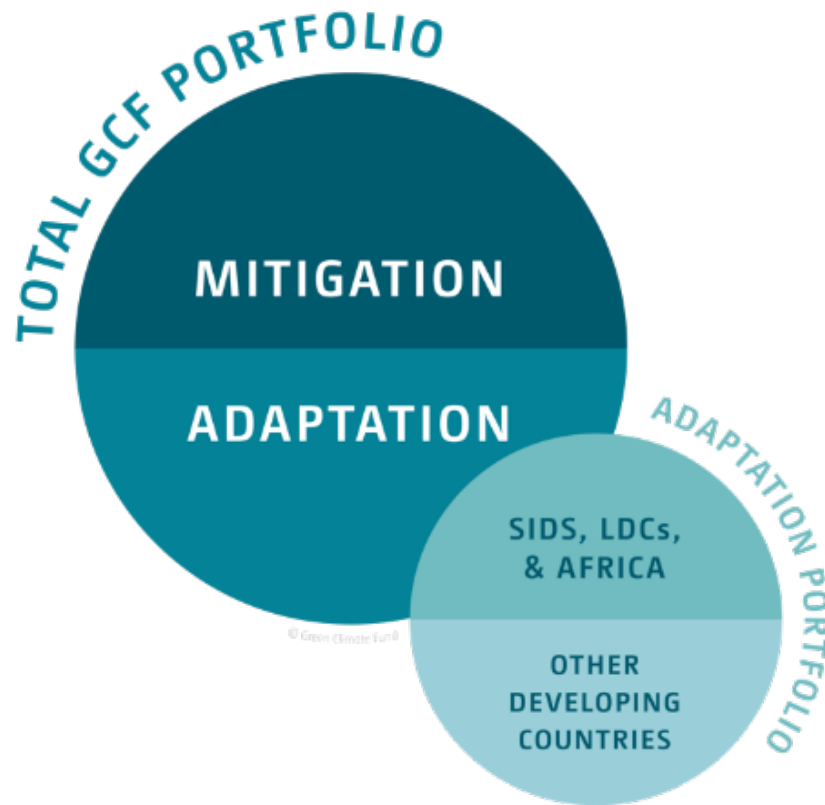
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Q&A



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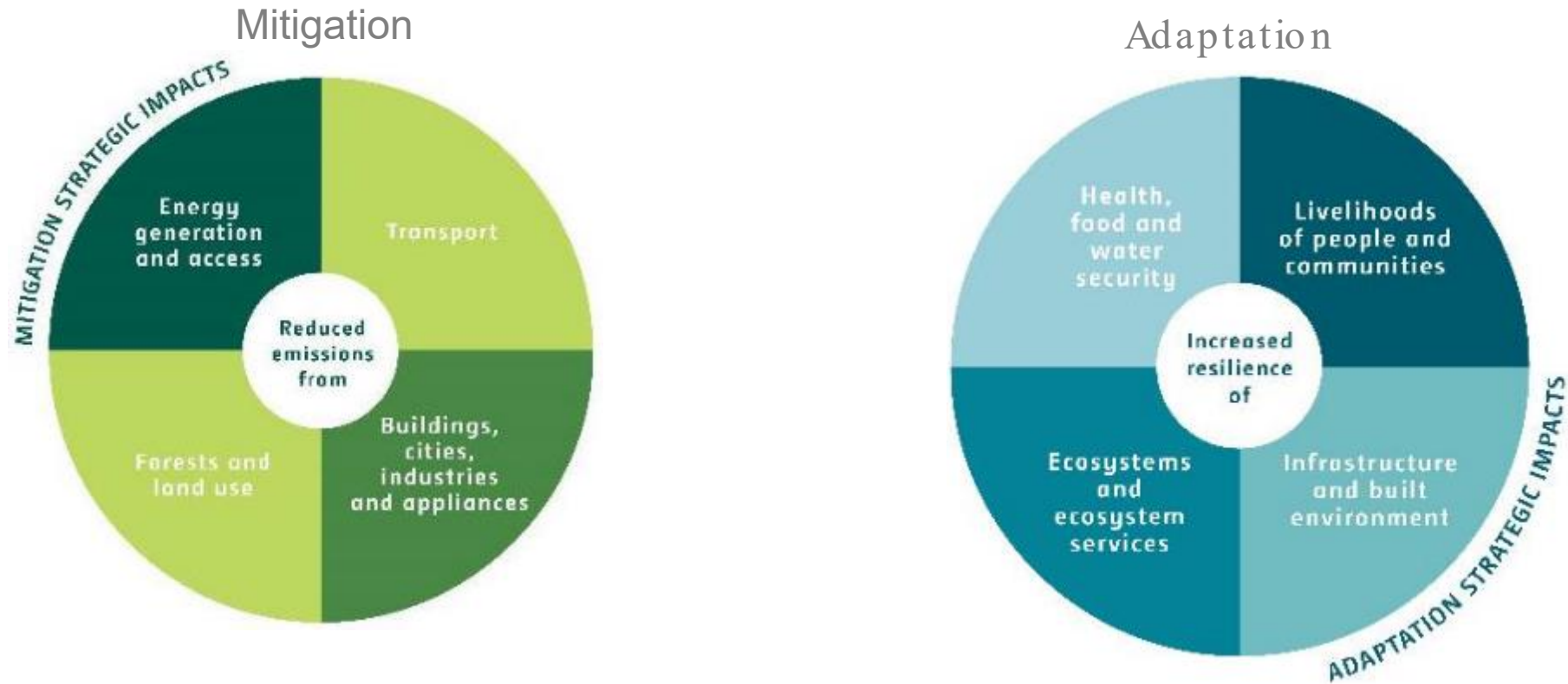
ALLOCATION FRAMEWORK



- 50/50 split between adaptation & mitigation
- Geographic balance
- 50% of adaptation resources for SIDS, LDCs and African States
- Significant allocation to Private Sector Facility
- Sufficient resources for readiness activities
- Grant equivalent term

EIGHT STRATEGIC RESULTS AREAS

Innovative, sustainable, high impact potential proposals in:





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SIX INVESTMENT CRITERIA

Impact potential

Potential to contribute to achievement of Fund's objectives and result areas

Paradigm shift potential

Long-term impact beyond a one-off investment

Sustainable development potential

Wider economic, environmental, social (gender) co-benefits

Country ownership

Country ownership and capacity to implement (policies, climate strategies and institutions)

Efficiency & effectiveness

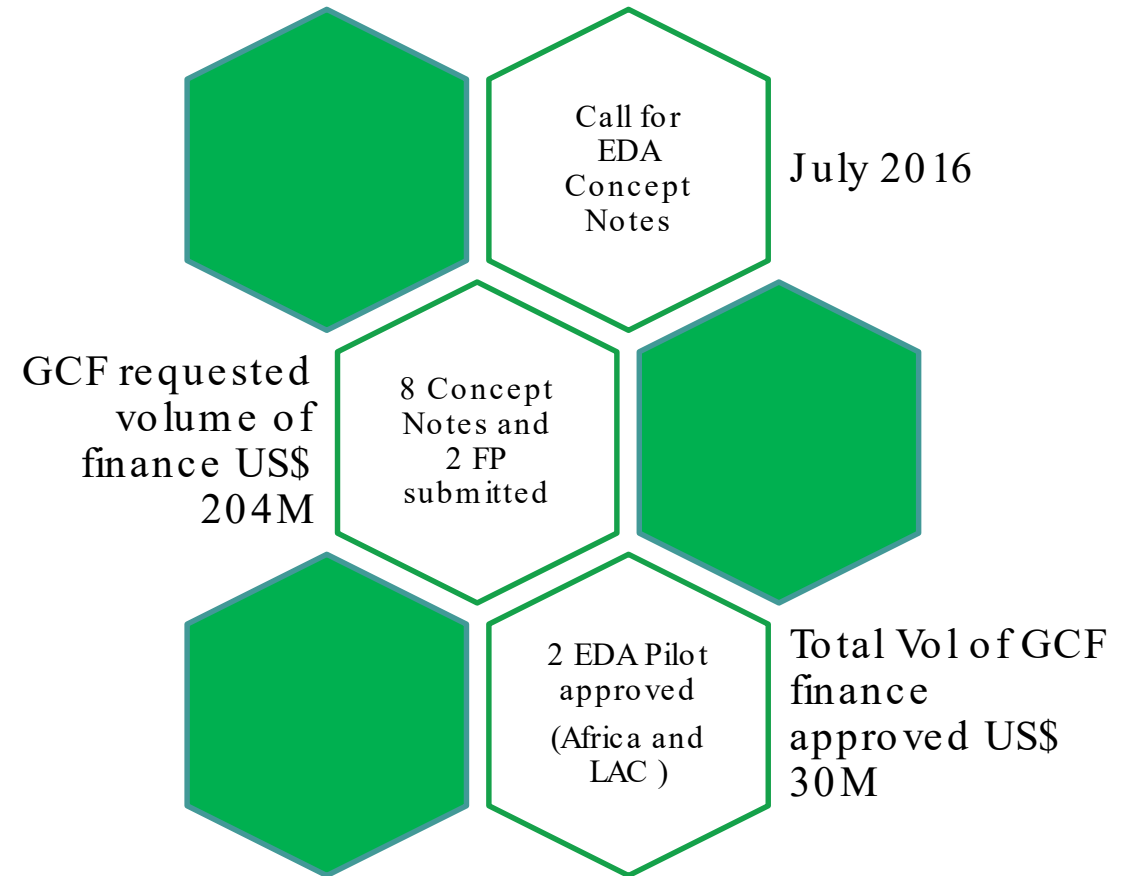
Economic and, if appropriate, financial soundness, as well as cost-effectiveness and co-financing for mitigation

Responsive to needs of recipients

Vulnerability and financing needs of beneficiary in targeted group

Enhancing direct access (EDA)

- ☐ \$200M allocation
- ☐ At least 10 pilots
- ☐ Min 4 SIDS, LDCs & Africa
- ☐ Accredited entities, prospective accredited entities and NDAs

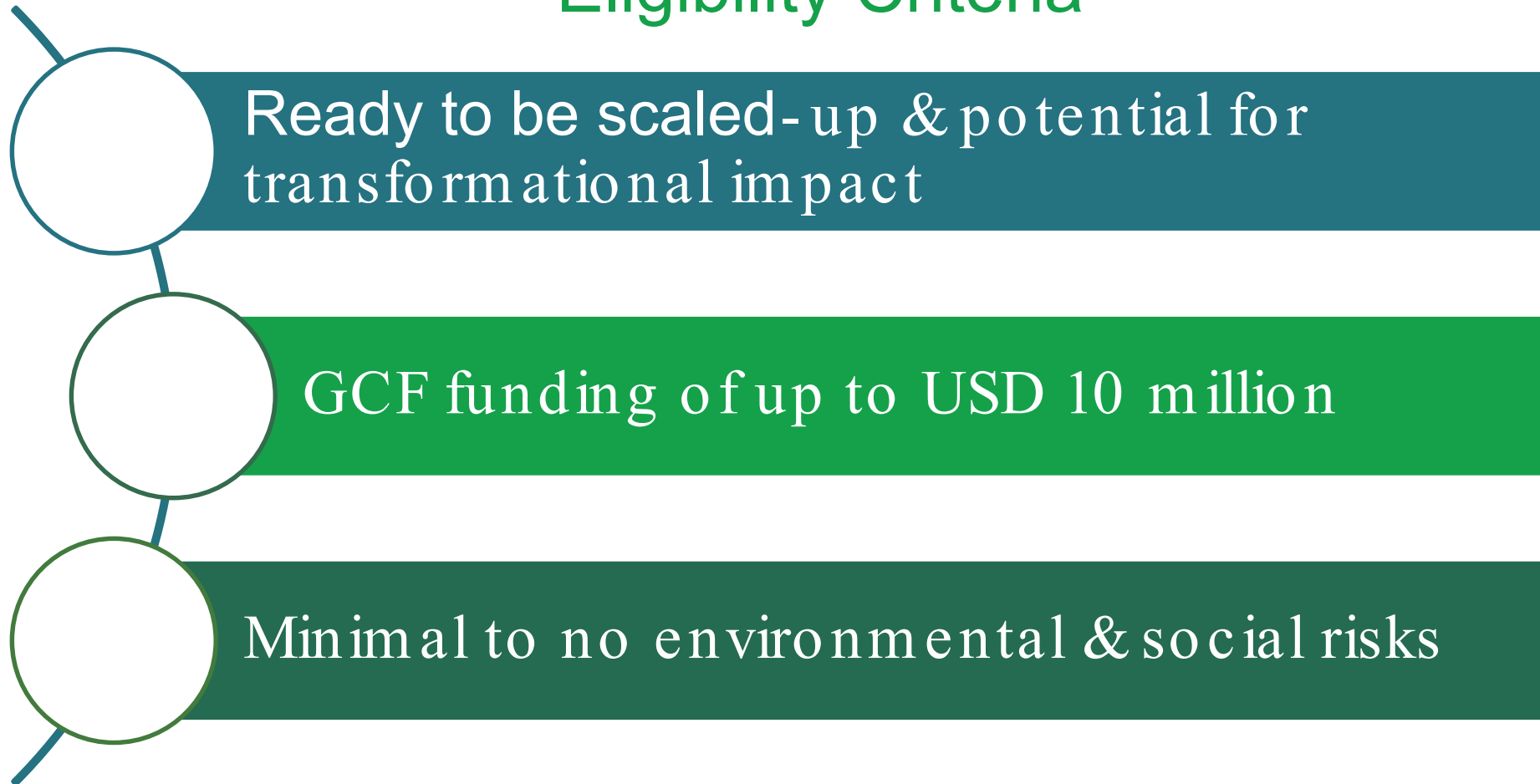




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SIMPLIFIED APPROVAL PROCESS (SAP)

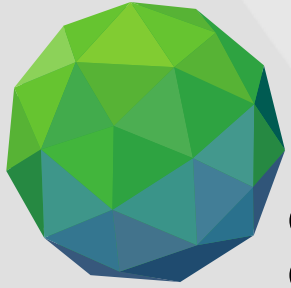
Eligibility Criteria



PILOT PROGRAMME FOR REDD+ RBP



OPEN FOR:	5 years (2017-2022)
ENVELOPE:	USD 500 million
FINANCIAL VALUATION:	USD 5 /tCO ₂ eq
ELIGIBILITY PERIOD:	31 Dec 2013 – 31 Dec 2018
ACCESS MODALITY:	Accredited Entities
SUBMISSION:	Concept note & funding proposal
ASSESSMENT:	Scorecard



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Q&A

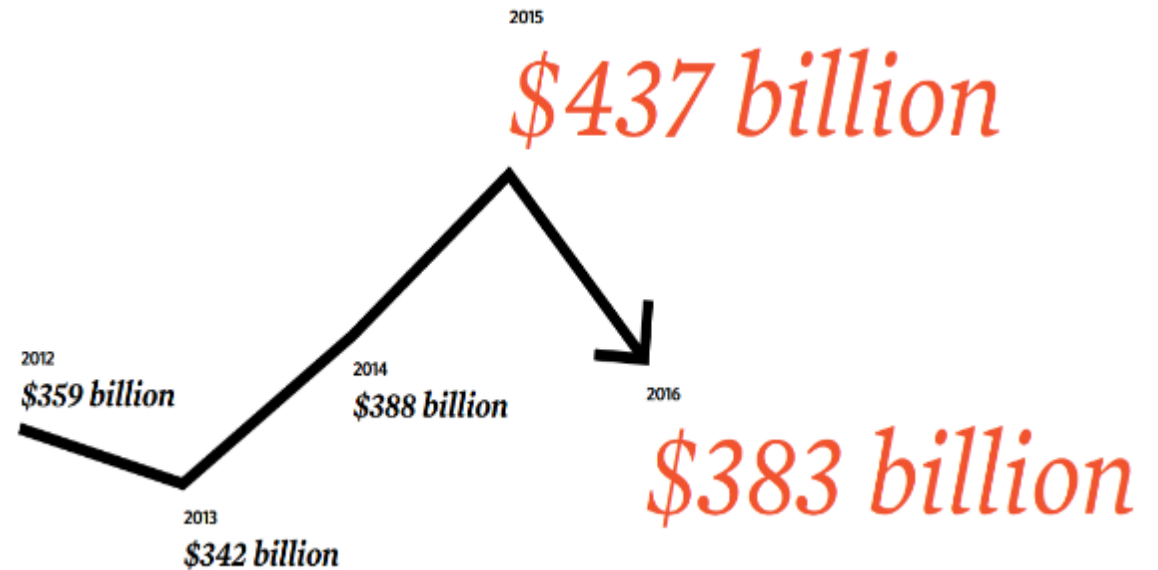
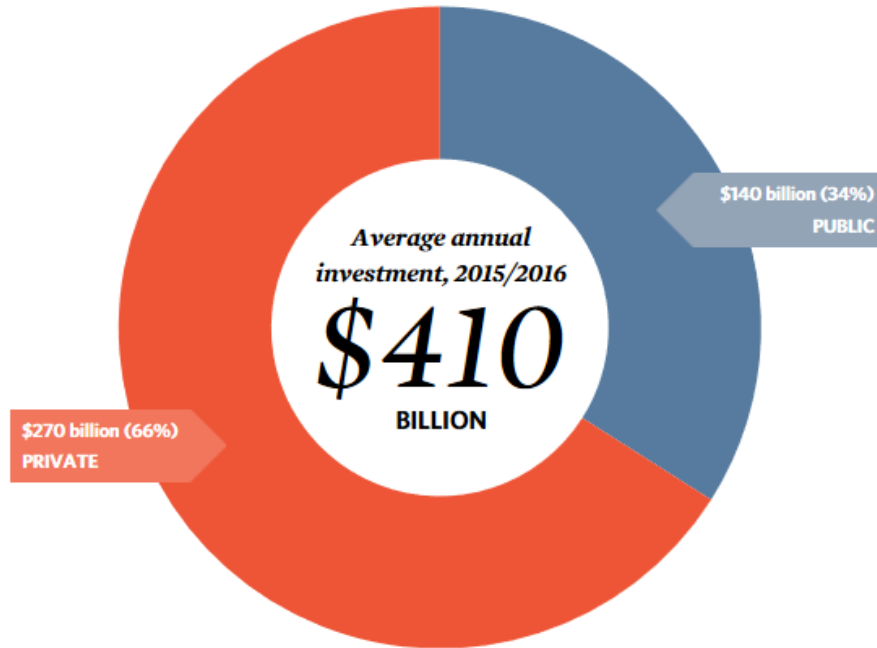
- Government budgets will not be enough to address climate change
- The private sector is essential for investments and technological innovation that underpin low carbon growth
- USD 23 trillion investment opportunity for companies and investors up till 2030, according to IFC





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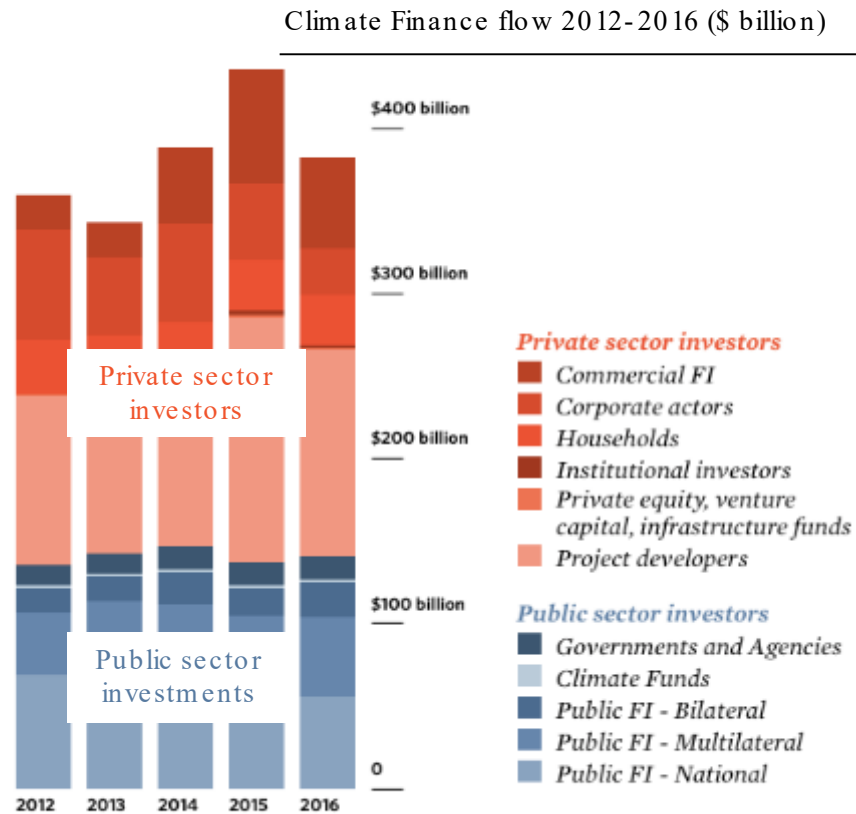
CLIMATE FINANCE AS OF TODAY



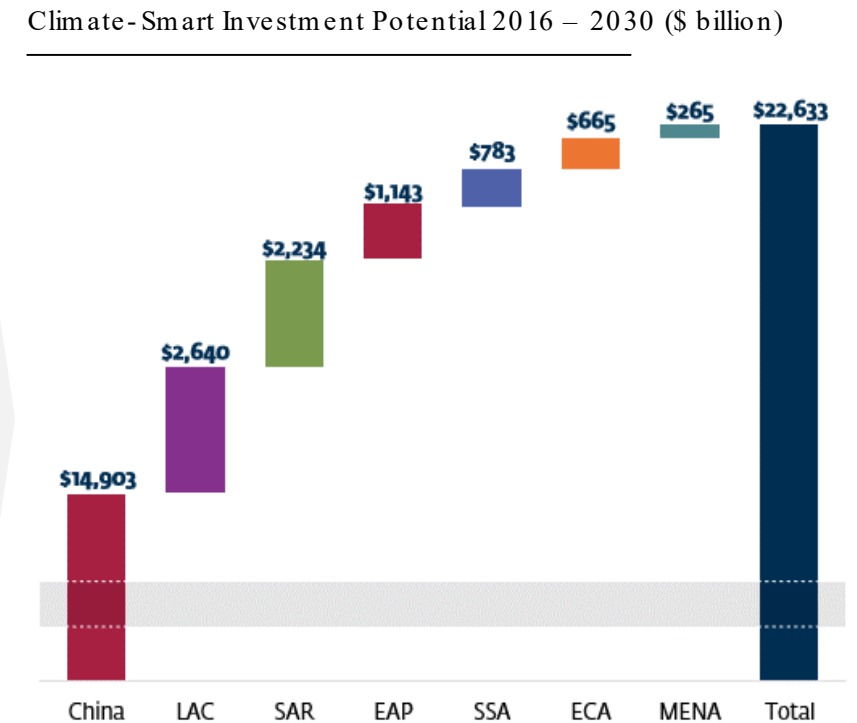
Climate Finance
as of today

- Record in 2015 driven by surge in RE investments in China, U.S., Japan
- Decrease in 2016 due to falling technology costs and lower deployment in some countries

...66 percent of
global climate
finance originates
from the private
sector



Source: CPI 2017



Note: EAP = East Asia Pacific; ECA = Europe and Central Asia; LAC = Latin America Caribbean; MENA = Middle East and North Africa; SA = South Asia; SSA = Sub-Saharan Africa.

Source: IFC – Investment opportunities in 21 EM (2016)



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OUR VALUE PROPOSITION

- We aim to promote private sector climate action in developing countries
- We tailor lifecycle, concessional financing to de-risk high impact projects
- We provide expertise to help assess the potential benefits of project ideas
- We engage with pension funds, corporates, local and regional banks and FIs
- Risk-inclined and impact-oriented keystone institution in the climate finance space





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OUR STRATEGY

I.

Take more risk to crowd in finance for paradigm shift

e.g. (i) local currency financing and (ii) more equity / less debt

II.

Support the development of climate - compatible financial systems

e.g. (i) readiness, financing for national climate banks and (ii) support to build capital markets for “green” securities

III.

Act as a “market maker” for sector transformation

e.g. (i) strengthened GCF Country Programs and (ii) targeted programs and RFPs to implement national sector priorities

IV.

Consider reforms that can improve impact and engagement with PS

e.g. (i) PSF direct financing; (ii) Project cycle (“notification”) and accreditation reforms and (iii) capitalise PSF

Pitch for the Planet!

We offered USD 500 M to unlock private sector finance in developing countries.

350

Concept Notes
Received

30

Concept Notes
Shortlisted

\$2.8_b

Requested GCF
Funding



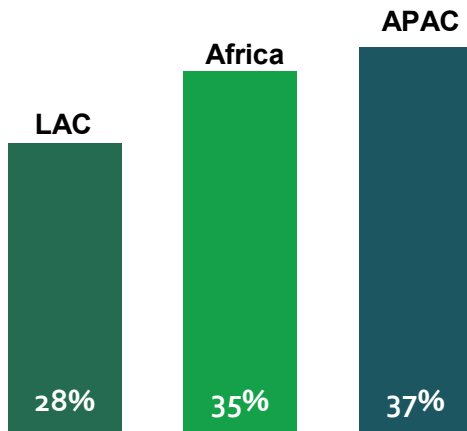


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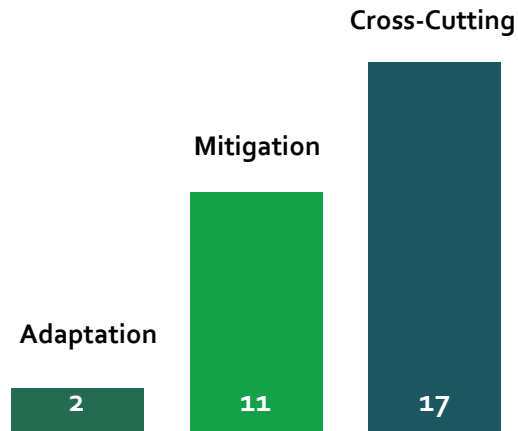
MFS – TOP 30 OVERVIEW

SHORTAGE OF AES HAS BEEN CHALLENGING

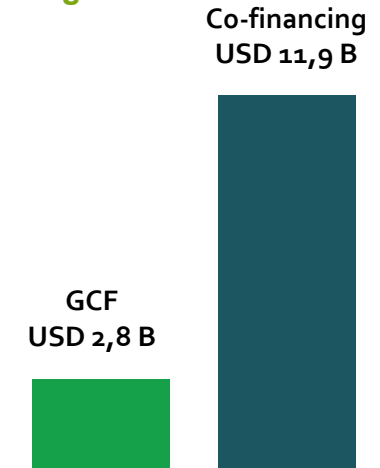
Geography



Impact Area



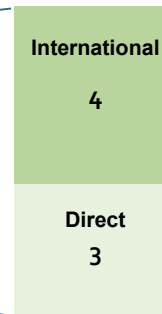
Financing Amount



AE Status



AE Type



➤ Engagement with all proponents ongoing, however only 7 CNs w. AEs



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REQUEST FOR PROPOSALS

FOR FUNDING MICRO, SMALL, AND MEDIUM ENTERPRISES

Published on

✓ 8 July 2016.

Closed on

✓ 30 August 2016.

GCF INVESTMENT:

✓ Up to USD 100M in projects/ programmes

NUMBER OF CONCEPT NOTES RECEIVED:

✓ 30 CNs

APPROVED MSME PROJECTS:

TOTAL GCF MSME FINANCING APPROVED:

✓ USD 52.22 Million 3 Projects (in 4 countries)



XACBANK



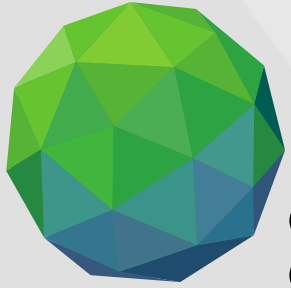
IDB

Inter-American Development Bank



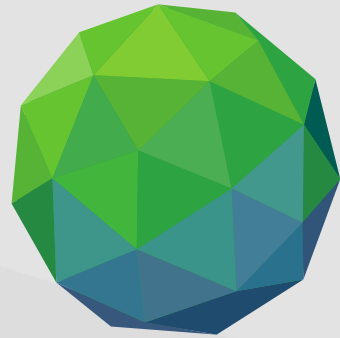
DBSA

Development Bank
of Southern Africa



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