



Preparing bankable mitigation and adaptation Funding Proposals for the GCF: private sector experiences

Green Climate Fund
Project Preparation Facility Webinar Series
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Overview of the GCF Private Sector Facility (PSF)

Ivette Velasquez, Climate Investment Specialist
GCF PSF



GCF is uniquely positioned to accelerate green market creation and unlock financial flows needed to respond to the climate crisis.



Country-owned partnership fund: with a 200+ strong network of public- and private-sector partners, GCF can build novel coalitions and investments for climate action.



Risk appetite: GCF's flexible, patient, risk-sharing, concessional capital enables private companies to enter new markets and new sectors, and to reap the benefits of investments they wouldn't otherwise consider.



Dedicated climate investment expertise: by establishing a commercial track record through first-mover investments and sharing its knowledge on successful strategies at scale globally, GCF can mitigate actual and perceived risks to climate investment in developing countries.

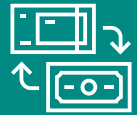
How do we invest?

De-risking private capital for climate

Instruments



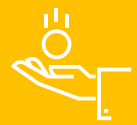
Loans



Equity



Guarantees



Grants

- ✓ High-risk tolerance
- ✓ Senior / subordinated loans with flexible pricing & tenor
- ✓ Can take subordinated / first-loss position
- ✓ Tailored instruments
- ✓ Reimbursable grants
- ✓ Anchor investor



1

De-risk climate **investments** with minimum **concessionality**

2

Offset risks and other barriers to climate investment

3

Encourage high impact climate investments and act as **market maker**

4

Development of **climate compatible financial systems**

GCF Private Sector Financing Models



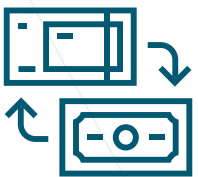
Funds

- Private Equity and Debt
- GCF frequently taking a junior position in the layered fund structure
- GCF concessional funding contributes to attractive returns for crowding in additional capital



Financial

- Concessional Loans
- Sustainability-linked loans
- Risk-sharing facility



Direct Equity

- Strengthening local climate investments & architecture by investing in climate solution companies/ platforms
- Ensures knowledge transfer and mission alignment
- Promotes innovation through investments in accelerators

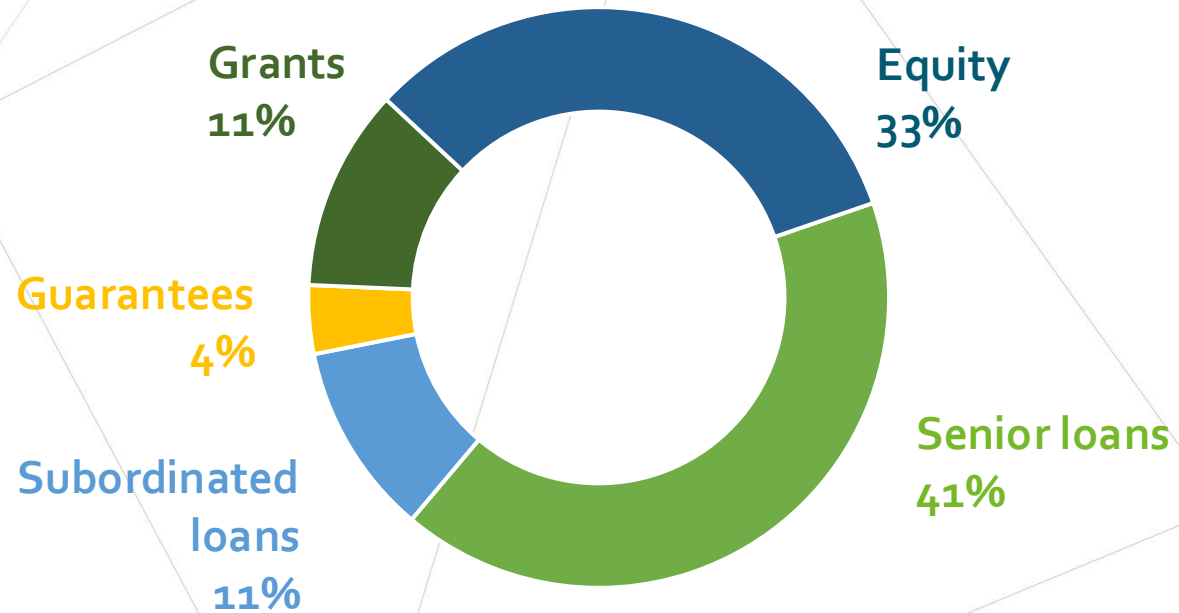


Project Finance

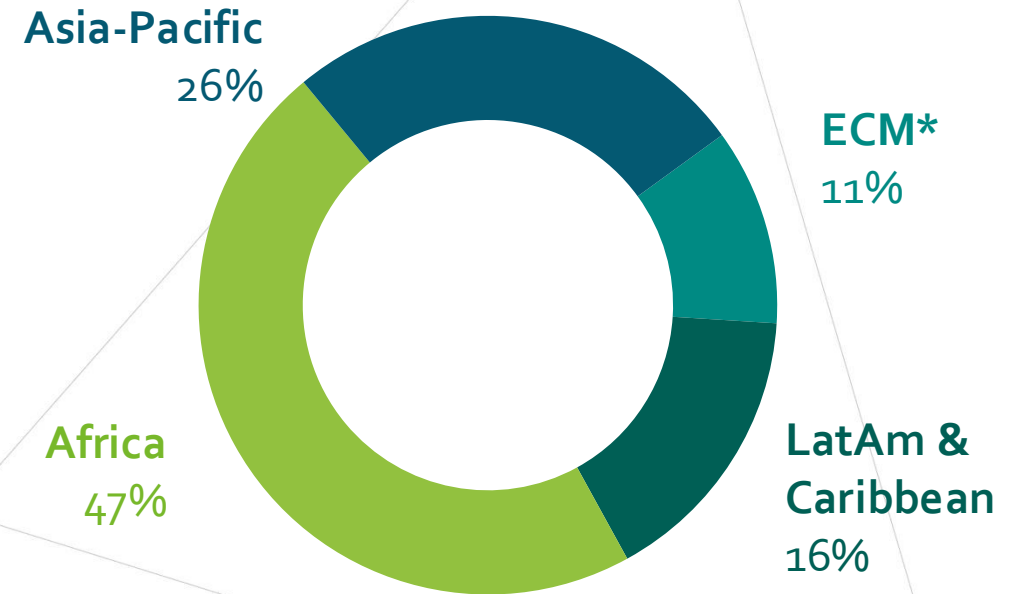
- Financing of renewables and climate infrastructure on a non-recourse basis
- Assume project risk
- Context specific calibrated concessionality – pricing, tenor and / or structural subordination.

PSF portfolio at glance

Financial instrument



Geographical distribution



*ECM: Eastern Europe, Central Asia and Middle East

Preparing Strong Proposals for GCF Financing

Strong Climate Rationale

- Clear identification of climate change problems, supported by scientific evidence
- Why the proposed investment would be the most appropriate to address it

Six Investment Criteria

- Impact potential
- Paradigm shift potential
- Sustainable development potential
- Recipient needs
- Country ownership
- Efficiency & effectiveness

Country Driven Approach

- Alignment with Nationally Determined Contributions
- Early country (NDA) engagement
- NDA no-objection

Key required documentation

- Feasibility study
- Financial model
- Project timetable
- Gender analysis
- Environmental studies
- No-objection letter

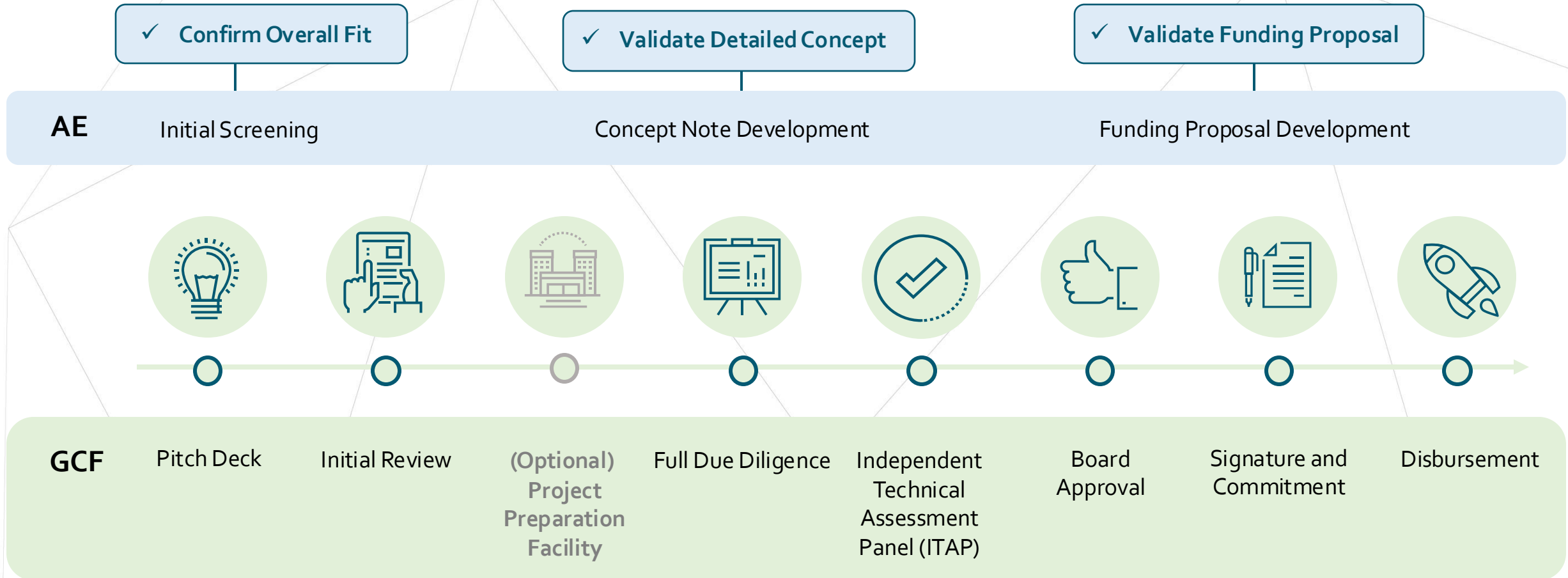
Additionality of GCF Funding

- Why GCF?
- Crowd-in additional financing on top of GCF
- Complementarity & coherence of funds

Compliance with GCF Policies

- Accreditation
- Fiduciary standards
- Risk management
- Environmental and social safeguards
- M&E criteria
- Gender, Sexual Exploitation, Abuse and Harassment (SEAH), Indigenous Peoples Policy
- Legal standards

GCF's Investment Process





Overview of PPF and Funding Proposals for the Panel session

Ishak Mohammed, Project Officer
GCF DINVS-PPF

Private Sector Programming Channels

FUNDING PROPOSALS / FUNDED ACTIVITIES

Proposal Approval Process (PAP)

- Process for most GCF FPs
- All project sizes, financial instruments and ESS risk categories as per AE AMA or PSAA application

Simplified Approval Process (SAP)

- GCF financing up to USD 25M
- ESS risk category C / I-3
- Simpler proposal template
- SAP Review Toolkit

SUPPORT FOR PARTNERS

Project Preparation Facility (PPF)

Readiness & Preparatory Support Programme ("Readiness")

Project Preparation Facility

August 2025

108

Applications approved for 57 AEs

\$67.5m

Total funding with \$45.8m disbursed

49

Board approved FPs up to B42

>\$7.8b

Total finance unlocked incl. \$2.8b from GCF

Guiding principles

Enhance Access to Climate Finance

Expedite project preparation and help DAEs, AEs, PSAA and countries to access GCF finance faster

Maximize climate impact & innovation

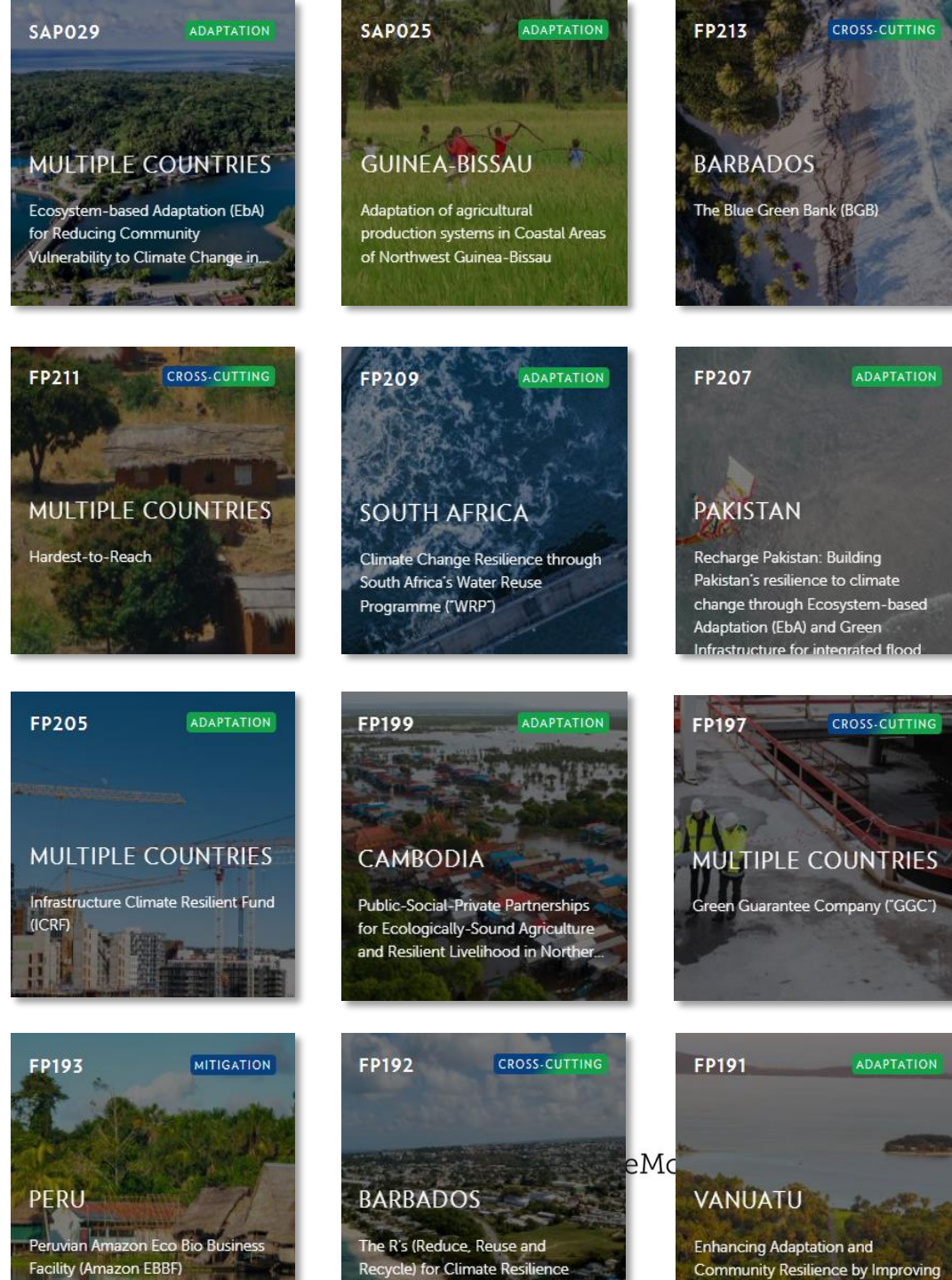
Support countries and AEs in designing innovative projects that reduce risk of maladaptation & unclear sustainability

Support investment at scale and speed

Enable investment at scale and build synergies at country or regional levels

Leverage Partnership & knowledge

Greater impact via partnership with other funds and lessons sharing.



Unlocking Finance for Climate Action

Preparing investment-ready projects

Up to USD 1.5m (or USD 3m) per project

PPF modalities

PPF Funding:

Grants or equity to AE for FP preparation expenses repayable during FP execution stages where feasible.

PPF Service:

Consulting firm hired by GCF to assist AE in full FP preparation from start (or select aspects)

PPF Supported Activities

1. Feasibility studies, and project design
2. Environmental and social studies, including Indigenous Peoples studies (ESIA, ESMP, GRM)
3. Gender studies (GA, GAAP)
4. Stakeholder engagement plans
5. Risk assessments (risk, EFA, EE FMCA, etc.)
6. Assessment of climate impact potential for mitigation and adaptation activities
7. Identification of project-level indicators
8. Pre-contract services, e.g., bidding documents
9. Advisory services to structure project activities
10. Other preparation activities

Ineligible activities: Non-project specific activities of AE; Start-up costs, demonstration and pilot projects; capital goods unrelated to project, e.g. vehicles; activities covered via Readiness.

PPF funding is **reimbursable** from cash flows during project implementation as agreed during FP structuring and appraisal.

8 Results Areas



Energy



Transport



Buildings, Cities, Industries



Ecosystems



Livelihoods of people & comm.



Health, food and water security



Forests and land use



Infrastructure

Investment Criteria

1. Impact potential
2. Paradigm shift potential
3. Sustainable development
4. Needs of recipient
5. Country ownership
6. Efficiency & effectiveness

Compliance with GCF Policies

- Accreditation
- Fiduciary standards
- AML, CFT, compliance
- E&S safeguards
- M&E, IRMF, legal, other

Complete FP Package

- No-objection letter(s)
- Feasibility study
- EFA & cofinancing models
- Execution arrangements
- Safeguards analysis
- Term sheet

Panel discussion: LAC & Asia-Pacific Regions

MUFG Green Guarantee Company (FP197)

AE: MUFG Bank Ltd

Countries: Brazil, Indonesia, Lao PDR, Gabon, India, Philippines, Trinidad & Tobago, Rwanda

Financing: US\$100.3m (US\$40.5m GCF equity)

PPF045 support: USD 1,424,063

PPF Activities:

1. GGC establishment arrangements and preparation
2. Selection of fund level indicators
3. Identification and development of programme level indicators and methodology for monitoring
4. Comparative review of existing and upcoming green bond standards and justification of use of Climate Bond Standards and Certification.

CDB Scaling up the Deployment of Integrated Utility Services (IUS) to Support Energy Sector Transformation in the Caribbean (Phase 1) Programme (FP275)

AE: Caribbean Development Bank

Countries: Barbados, Jamaica, Belize

Financing: US\$68.7m (US\$20.8m GCF loan)

PPF047 support: USD 810,498

PPF Activities:

1. Assessment of baseline conditions and climate change impacts on energy sector
2. Feasibility studies and market demand assessment
3. Environmental and Social Management Framework
4. Gender Assessment and Gender Action Plan
5. Integrated financial model
6. Monitoring and reporting framework

KDB Collaborative R&DB Programme for Promoting the Innovation of Climate Technopreneurship (FP240)

AE: Korea Development Bank

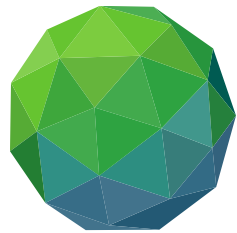
Countries: Cambodia, Indonesia, Laos, Philippines, and Vietnam

Financing: US\$221.2m (US\$83.8m GCF equity)

PPF042 support: USD 1,243,580

PPF Activities:

1. Demand-driven Pre-Feasibility Studies
2. Supply-driven Pre-Feasibility Studies
3. E&S Management Framework and E&S Management System
4. Gender Assessment & Gender Action Plan



GREEN
CLIMATE
FUND

Raising
ambition.
Empowering
action.