

GREEN
CLIMATE
FUND

Update on Green Climate Fund

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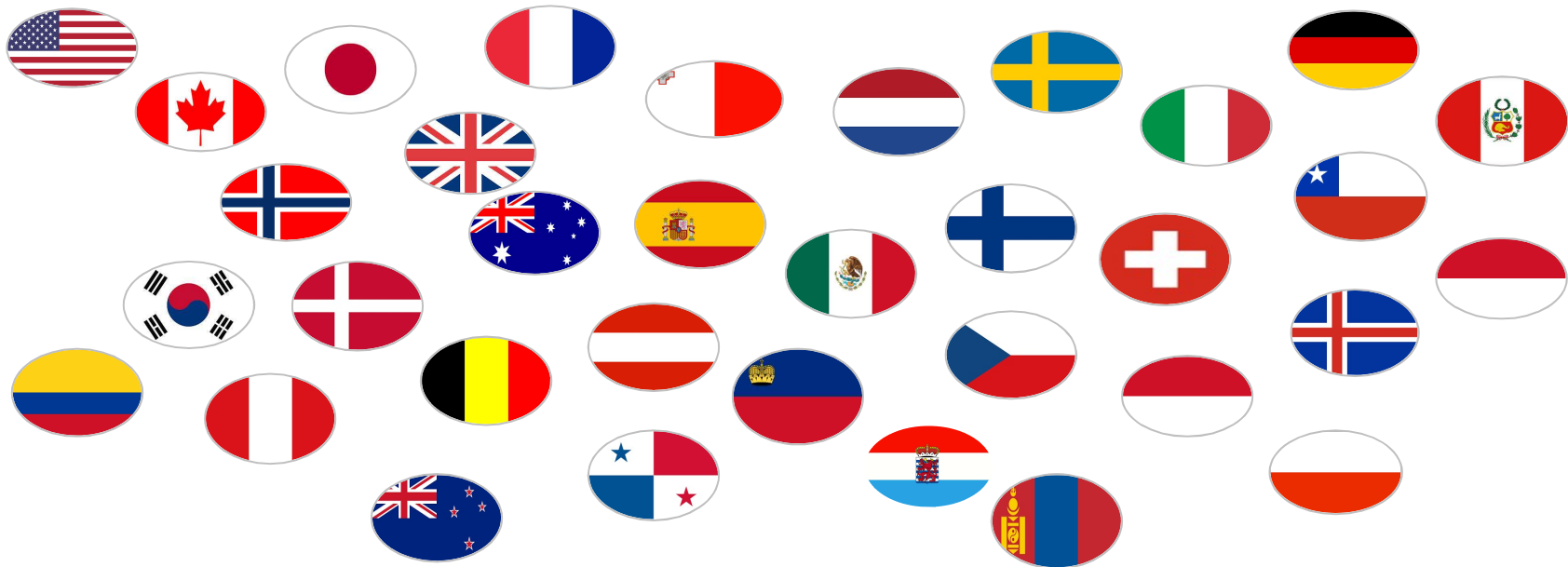
Training Programme on Developing Project
Proposals on Climate Change Mitigation

12 December 2016, Bangkok, Thailand



The Green Climate Fund

- Operating entity of the financial mechanism of the UNFCCC, CoP16
- Centrepiece of long-term finance under UNFCCC – Paris Agreement;





What's Different about GCF?

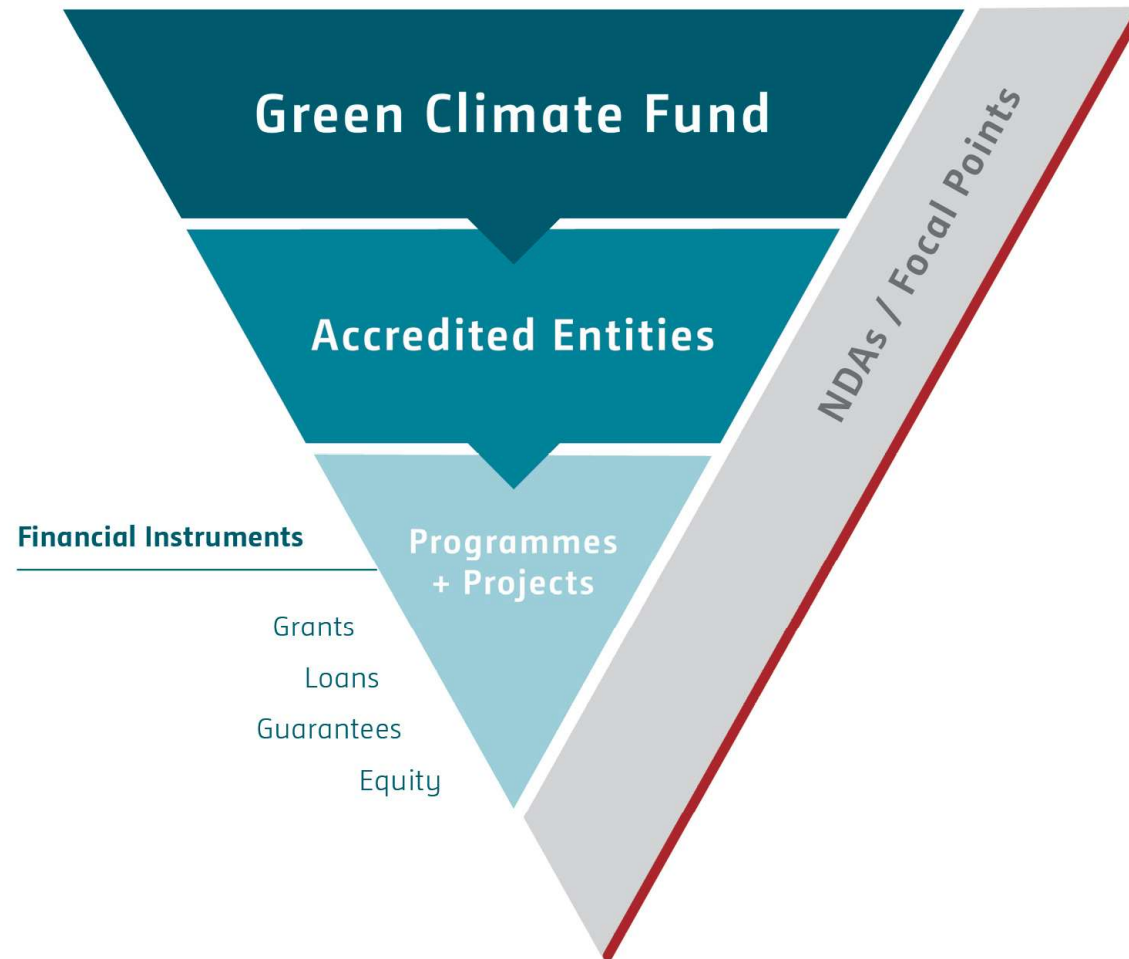
- **Direct Access;**
- **Maximum Country ownership;**
- **Private Sector;**
- **Range of Instruments**– Grants, Debt, Equity, Guarantee;
- **Scale** – Climate Finance – 10.3 billion;
- **Accreditation** – diverse partners
- private
- **Balanced Governance;**





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GCF Architecture





Readiness Support

- Readiness is a strategic priority of the Fund: - help maximise effectiveness and reduce risks, good delivery;
- 143 designations; 109 readiness requests – 55 approved ~ US\$ 15 million;
- 59 direct access entities supported, 15 accreditation gap assessment;
- 3 pipeline development support – 1 PPF – \$ 1.5 million;
- 110 countries covered – info-sharing/exchange; Asia Dialogue – early 2017;
- NAPs Support – 2 Approved, 14 requests;
- REDD+ strategy and action plan.





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Accredited Entities

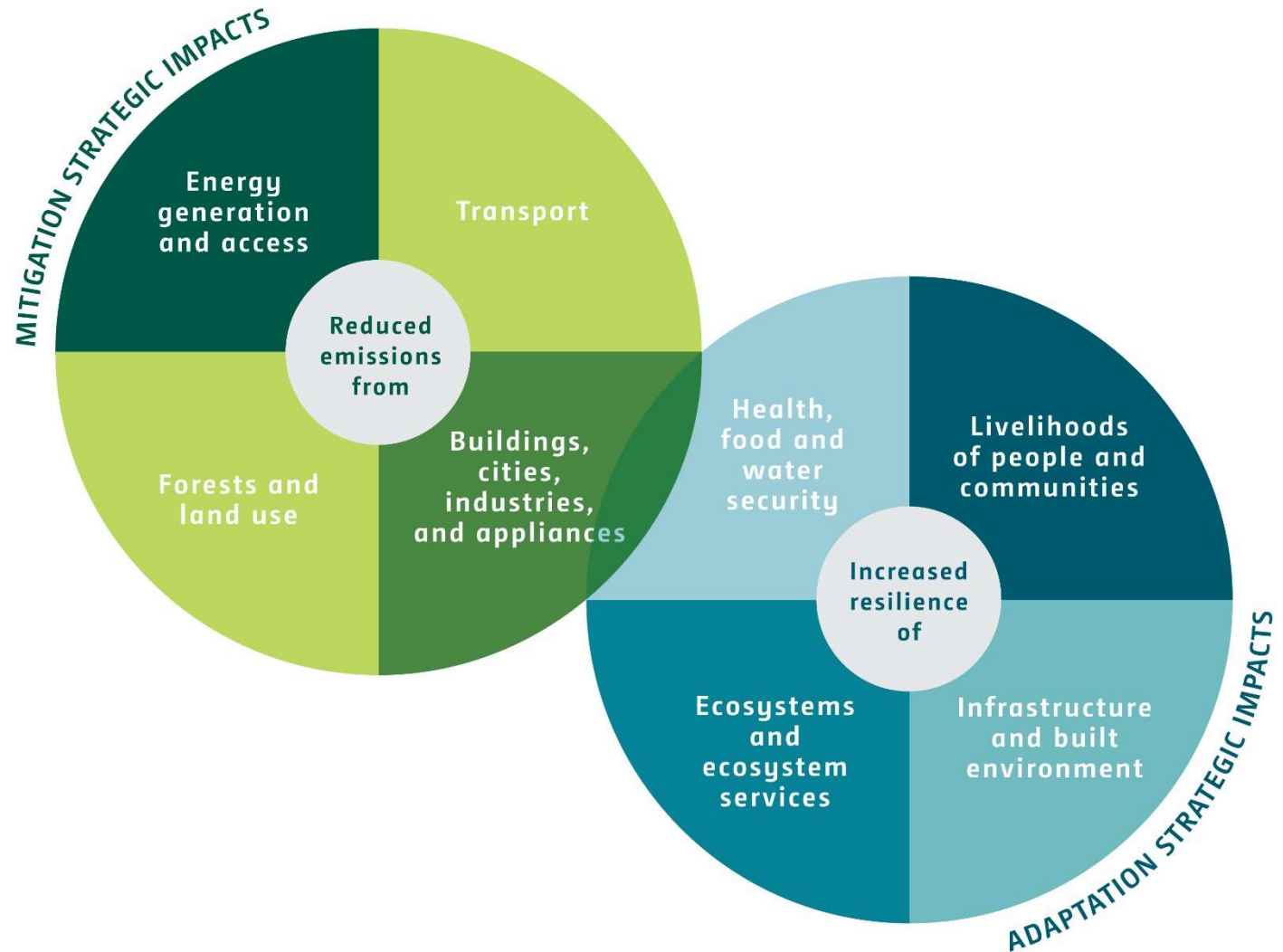


41 entities accredited to date, 150 (76) in pipeline, 7 to B.15

As of 7 December 2016

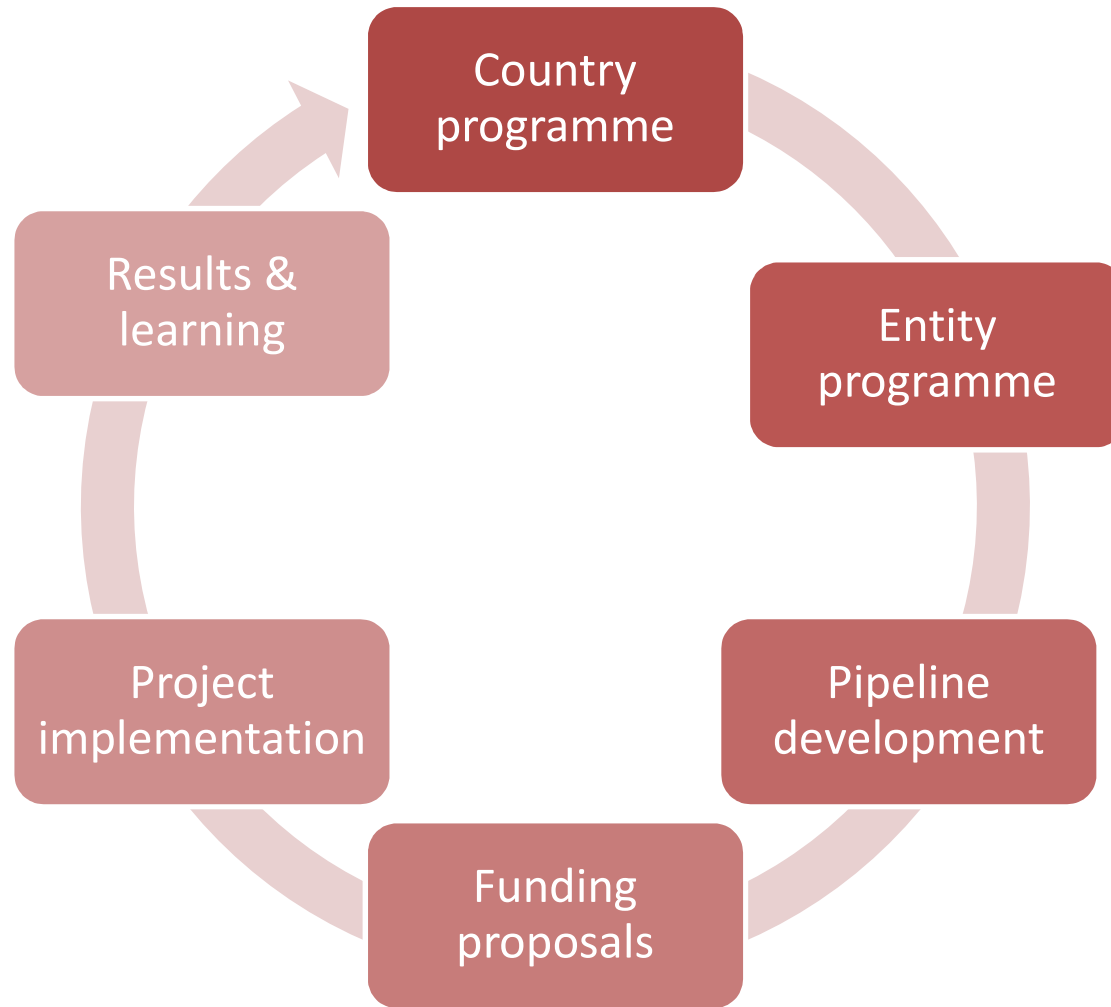


Strategic Results Areas



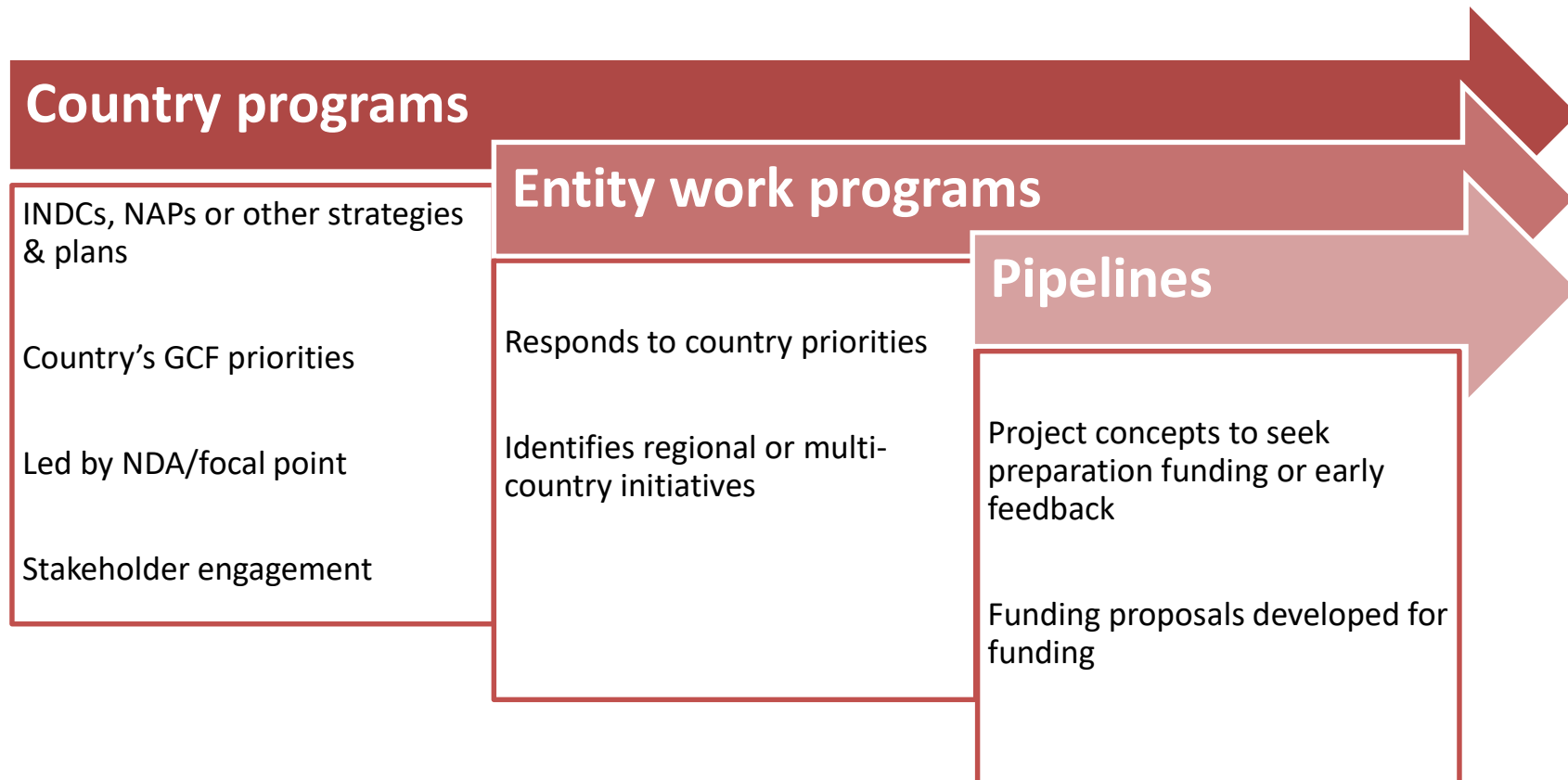


Iterative process





Programming Roadmap





Investment Criteria

Impact potential

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

Paradigm shift potential

Catalyze impact beyond a one-off investment

Sustainable development potential

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

Responsive to recipients needs

Vulnerability and financing needs of beneficiary in targeted group

Promote country ownership

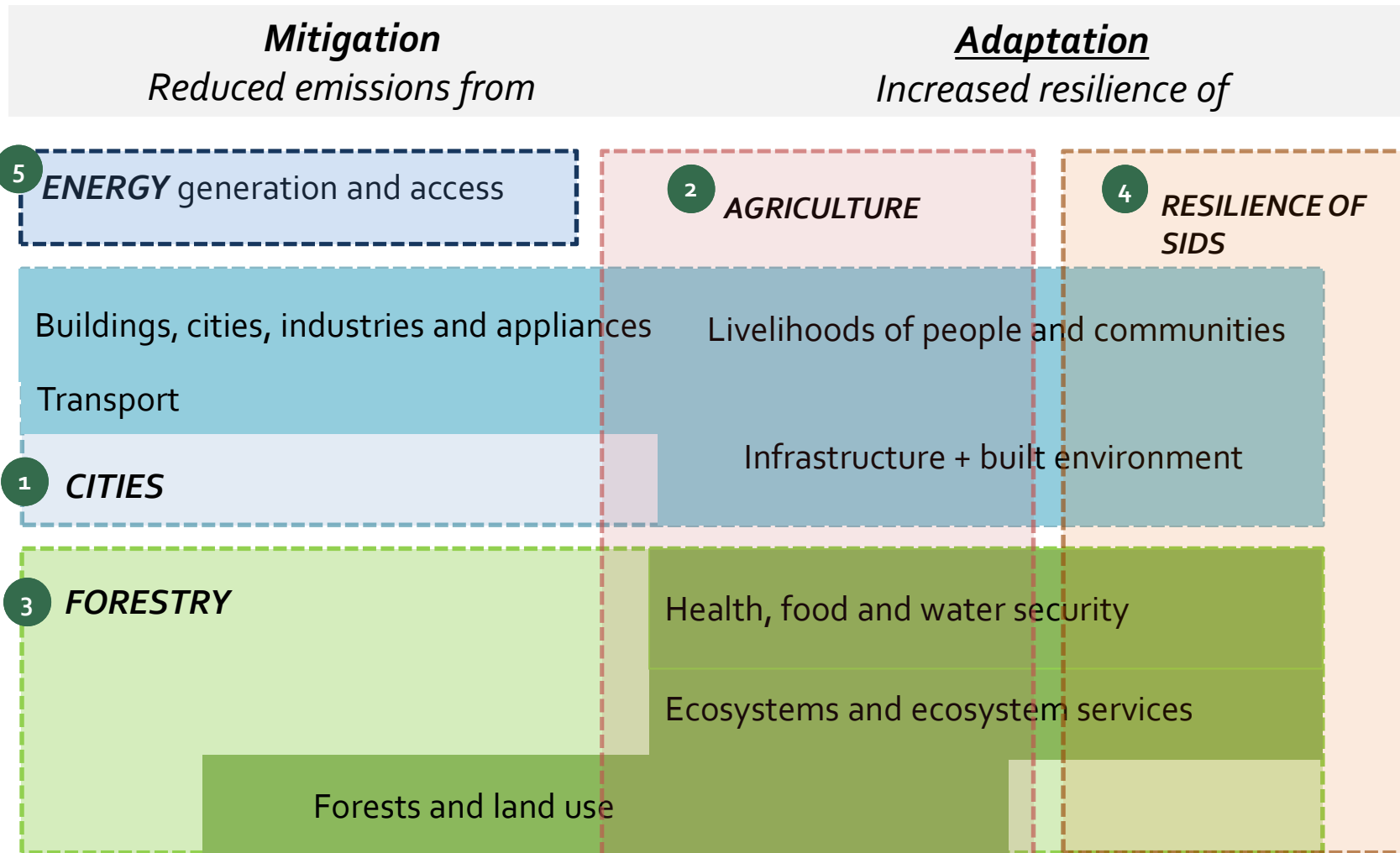
Country ownership and capacity to implement (policies, climate strategies and institutions)

Efficiency & effectiveness

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



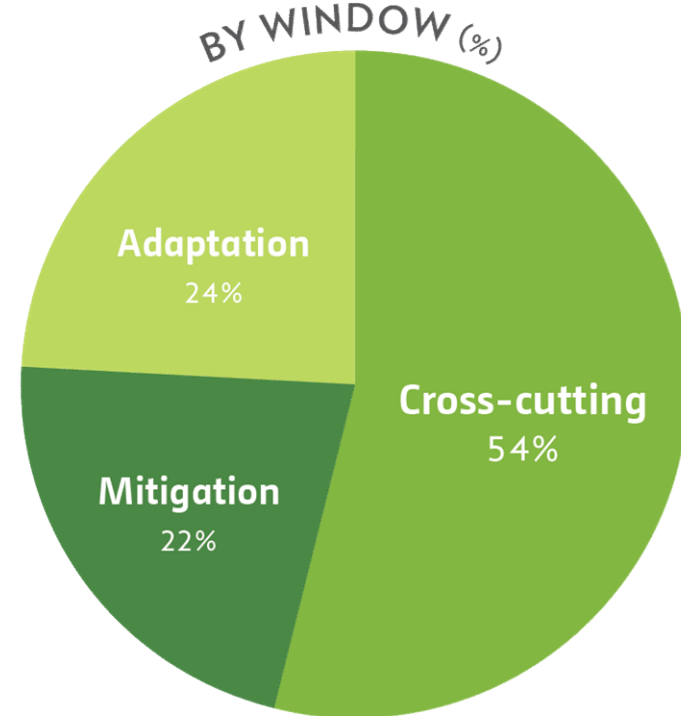
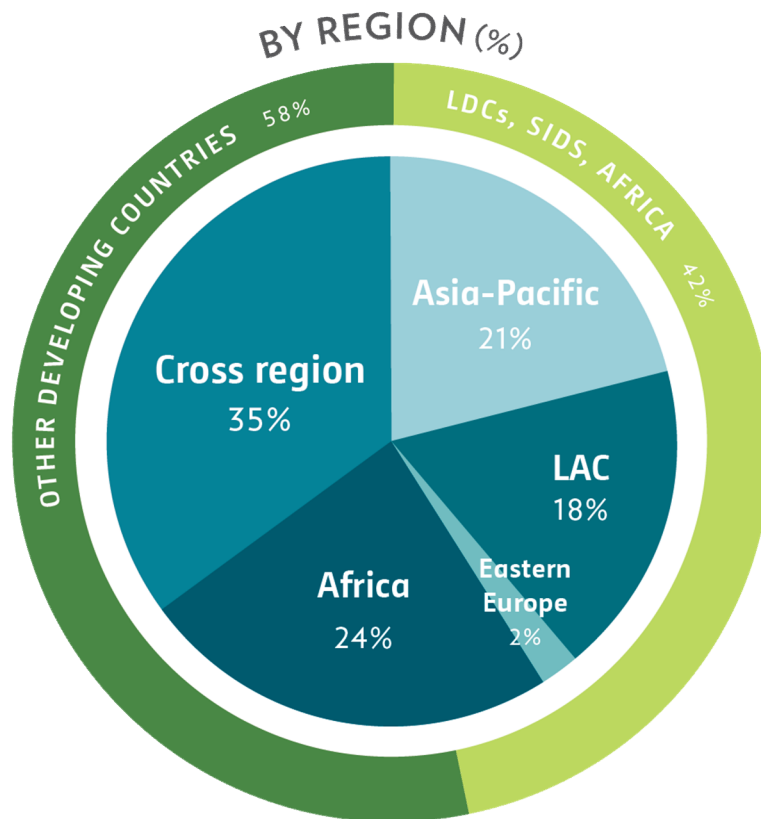
Potential Investment Priorities





Portfolio composition

27 projects/programmes with USD 1.17 billion in GCF funding



B.15 - 9 projects/programmes with USD 387.5 million



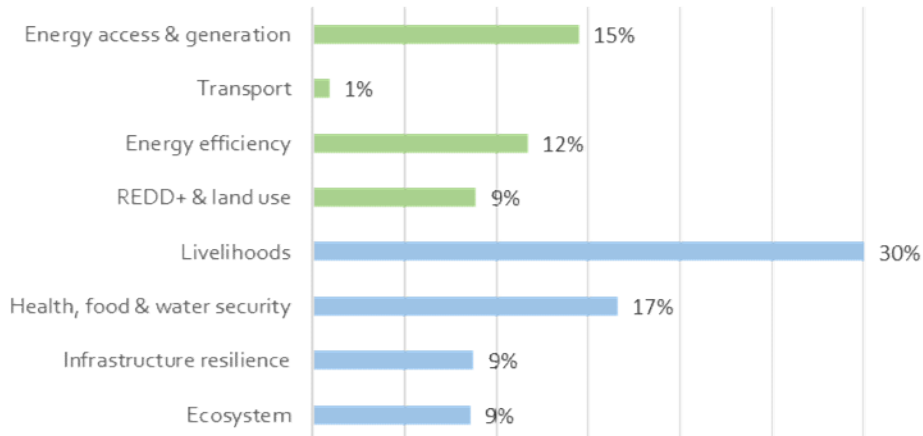
Climate impact and results

Portfolio

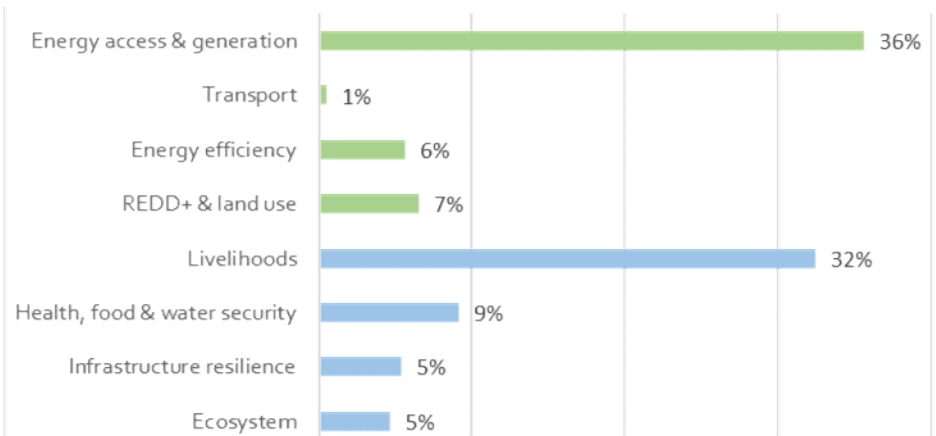
Mitigation impacts
97.6 MtCO₂eq

Adaptation impacts
9.3 M beneficiaries

Number of funding proposals by results areas
(projected portfolio)



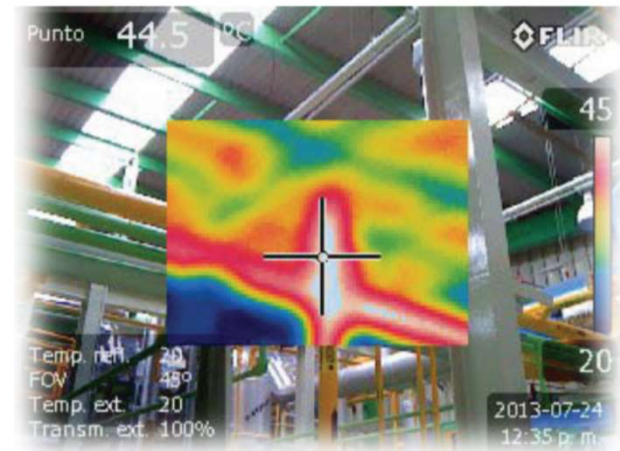
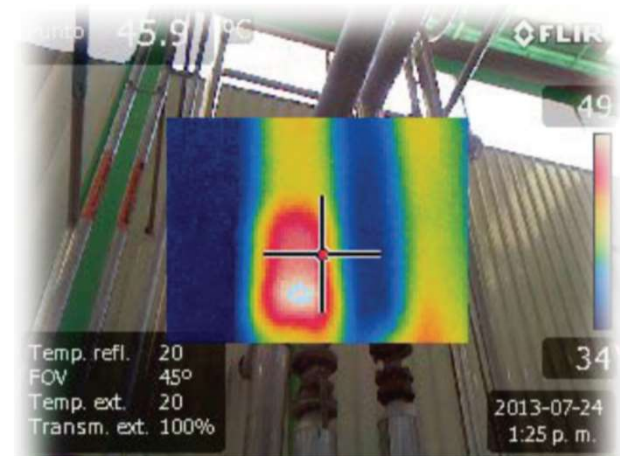
Total requested GCF funding by results areas
(projected portfolio)





Guarantee- EE Green Bonds

- IDB – EE Green Bonds in LAC – Mexico, Colombia, Dominican Republic and Jamaica;
- \$ 20 million guarantee; 2 million programme development grant;
- Green ABS, LAC private sector – low role (36%); Only 4 green bonds in LAC \$ Vs 36.9 billion global;
- Savings below 30 MWh, min 15% savings; mitigation - 13.2 million tCO_{2e}





Solar Energy Development in Tarapaca

- CAF – 143 MWp PV Power plant – Atacama Solar SA -- Chile;
- \$ 49 million loan – 20 years;
- \$ 265 million, Co-finance 81.5%, Debt and Equity;
- Chilean Commercial Banks – limited role – large RE projects;
- mitigation – 3.7 m tCO_{2e}





Equity -KawiSafi Ventures

- Acumen – Investment Fund – off-grid energy, 10-15 enterprises – Rwanda, Kenya; Uganda
- \$ 20 million equity – \$ 5 million TA facility – Fund size \$ 100+10 million – 12 years;
- Household solar, \$ 2-10 million/ enterprise
- Beneficiaries – 2.1 million





Existing Experience-Completeness

- Feasibility study -> rationale for proposed design, structure & costs
- Procurement plan, budget breakdown
- Environmental and social impact assessment
- Gender assessment and analysis
- Risk assessment
- Logic framework
- Stakeholder consultations
- etc.



Common Gaps against Investment Criteria

1) Climate impact potential

- Strong relevance and linkage with climate change
- Robust methodology to calculate emission reductions or justifications for increased resilience
- Evidence of expected climate impact

2) Viability and Sustainability

- Economic and financial soundness
- Sustained results after GCF funding ends
- Due consideration of O&M plan and its cost coverage

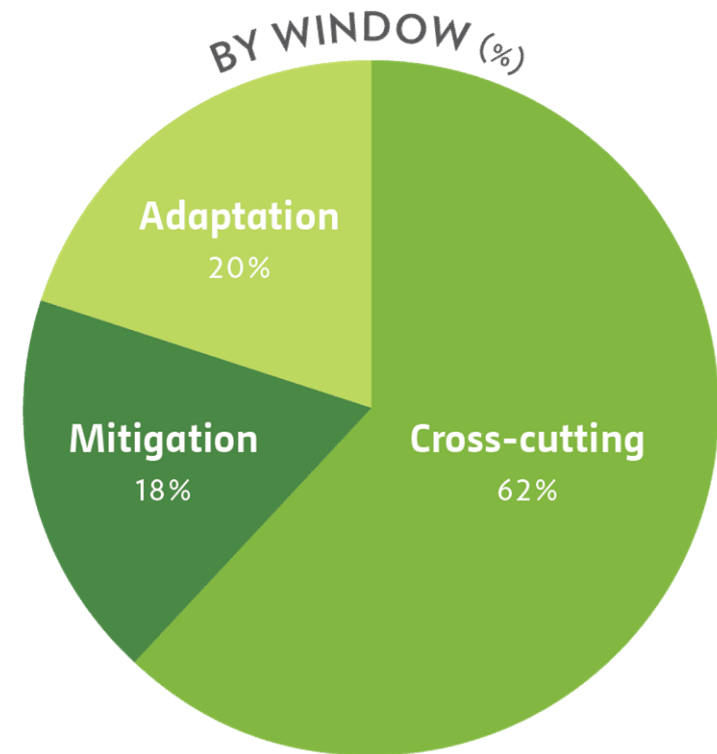
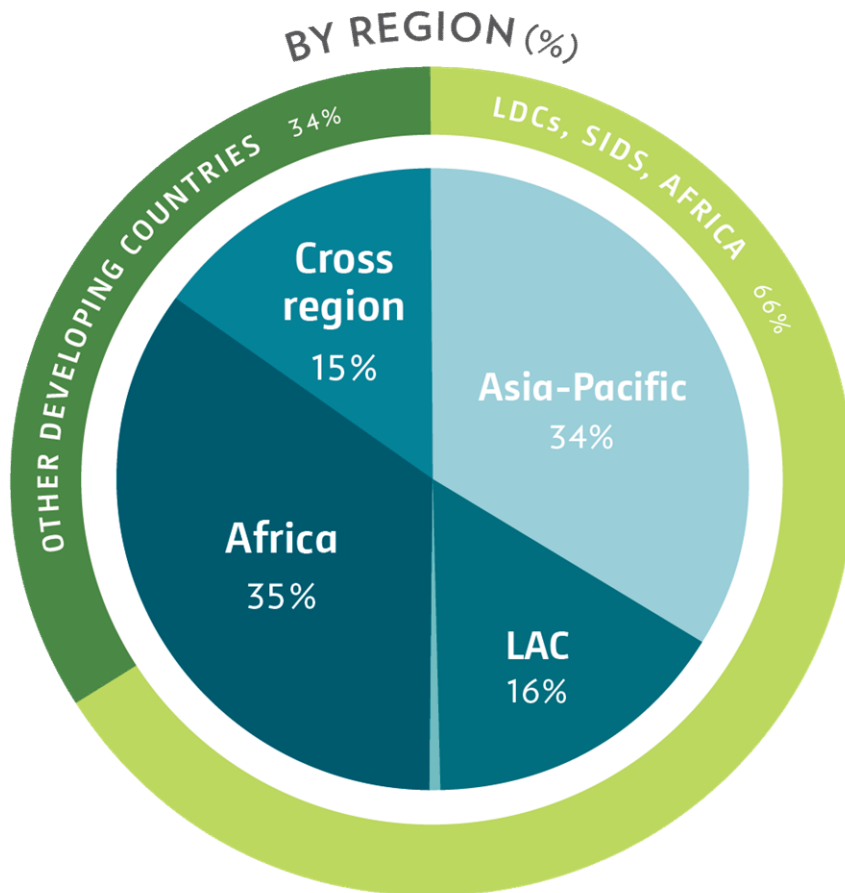
3) Efficiency and Appropriateness in concessionality

- Financial instrument and funding amount
- Impact vs. funding ratio (e.g. \$/tCO₂)
- Co-financing



Concept Note (CN) pipeline

159 CNs totaling USD 7.9 billion in GCF funding





Project preparation facility

What is on offer?

- Support for project/ programme development
- Especially micro-to-small size projects
- Up to \$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
- Executive director approves requests



Private sector facility

Why the PSF?

- To mainstream climate change mitigation and adaptation actions in the private sector.

Interventions possible

- Long-term debt, credit lines and refinancing
- Equity to develop a project to full bankability
- Guarantees to bear specific risks

Access to the private sector

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



Outlook



- GCF – Key Climate Finance Source;
- INDCs-Country/Entity Programmes – CNs/FPs;
- PPF to support project development.
- Projects – Scale, Innovation, Private Sector, non-grant instruments



Thank You



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