Green Climate Fund supporting INDCs

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5th Asia Regional Dialogue, MAIN Asia, Da Nang, Viet Nam.

30 November 2016
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;
- **Accreditation** – diverse partners - private
- **Balanced** Governance;
• $10.3 billion in pledges

• $9.9 billion (97%) in signed contributions (as in November)

• 50/50 split between adaptation & mitigation

• 50% of adaptation resources for SIDS, LDCs and African states
Asia

- ADB- Asia’s GDP to be 52% of global GDP in 2050, carbon and resource intensive – unsustainable;
- Impacts - Freshwater Resources; Food production & security; Human settlements - 5 most vulnerable Cities – Important – both adaptation & mitigation;
Accessing GCF Resources

Outreach
- Accrediting Direct & International Access Entities

Pipeline
- Spontaneous proposals submitted by AEs
- Request for Proposals issued by GCF

Investments
- Due Diligence
- Funding Commitment

Impact
- Scaling Up
- Replicating Success
Guided by the Fund

1. Proposal generation
2. Concept note (voluntary)
3. Proposal submission
4. Analysis and recommendation
5. Board decision
6. Legal arrangements

GCF Proposal Approval

GCF + ENTITIES

GCF + BOARD

GCF + PANEL

ACREDITED ENTITIES + NDAs

NDA + MULTI-STAKEHOLDER CONSULTATION

(NO OBJECTION BY NDA)

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Accredited Entities

41 entities accredited to date, 150 (76) in pipeline

As of 29 November 2016
The GCF will make its resources available through accredited entities in the form of:

- **Grants**: e.g. Adaptation needs, technical assistance – (UNDP-Vietnam, KfW Bangladesh)
- **Debt**: Senior and Sub-Debt, e.g. to provide liquidity or assist in absorbing high up-front costs (EBRD – Global)
- **Equity**: e.g. to provide early stage equity needed to develop a project to full bankability – (Acumen – Solar East Africa)
- **Guarantees**: e.g. to bear specific risk and crowd-in private sector investors (IDB – Green Bonds –LAC)
Strategic Results Areas

- Energy generation and access
- Transport
- Reduced emissions from
- Buildings, cities, industries, and appliances
- Livelihoods of people and communities
- Health, food and water security
- Increased resilience of
- Ecosystems and ecosystem services
- Infrastructure and built environment
Iterative process

- Country programme
- Entity programme
- Pipeline development
- Funding proposals
- Project implementation
- Results & learning
Programming Roadmap

**Country programs**
- INDCs, NAPs or other strategies & plans
- Country’s GCF priorities
- Led by NDA/focal point
- Stakeholder engagement

**Entity work programs**
- Responds to country priorities
- Identifies regional or multi-country initiatives

**Pipelines**
- Project concepts to seek preparation funding or early feedback
- Funding proposals developed for funding
Proposal Submission & Approval
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
Portfolio composition

27 projects/programmes with USD 1.17 billion in GCF funding

BY REGION (%)
- Cross region: 35%
- Africa: 24%
- LAC: 18%
- Asia-Pacific: 21%
- Other developing countries: 58%
- LDCs, SIDS, AFRICA: 42%
- Eastern Europe: 2%

BY WINDOW (%)
- Adaptation: 24%
- Mitigation: 22%
- Cross-cutting: 54%
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)

<table>
<thead>
<tr>
<th>Results Area</th>
<th>Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>Energy access &amp; generation</td>
<td>15%</td>
</tr>
<tr>
<td>Transport</td>
<td>1%</td>
</tr>
<tr>
<td>Energy efficiency</td>
<td>12%</td>
</tr>
<tr>
<td>REDD+ &amp; land use</td>
<td>9%</td>
</tr>
<tr>
<td>Livelihoods</td>
<td>30%</td>
</tr>
<tr>
<td>Health, food &amp; water security</td>
<td>17%</td>
</tr>
<tr>
<td>Infrastructure resilience</td>
<td>9%</td>
</tr>
<tr>
<td>Ecosystem</td>
<td>9%</td>
</tr>
</tbody>
</table>

Total requested GCF funding by results areas (projected portfolio)

<table>
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<th>Results Area</th>
<th>Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>Energy access &amp; generation</td>
<td>36%</td>
</tr>
<tr>
<td>Transport</td>
<td>1%</td>
</tr>
<tr>
<td>Energy efficiency</td>
<td>6%</td>
</tr>
<tr>
<td>REDD+ &amp; land use</td>
<td>7%</td>
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<tr>
<td>Livelihoods</td>
<td>32%</td>
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<tr>
<td>Health, food &amp; water security</td>
<td>9%</td>
</tr>
<tr>
<td>Infrastructure resilience</td>
<td>5%</td>
</tr>
<tr>
<td>Ecosystem</td>
<td>5%</td>
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</tbody>
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Concept Note (CN) pipeline
159 CNs totaling USD 7.9 billion in GCF funding
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.
What is on offer?
• Support for project/programme development
• Especially micro-to-small size projects
• 10% or upto $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.
Mitigation Action with GCF

- NAMAs - INDCs – Country Programme, Entity Programme – Pipeline;
- PPF Funding (Optional);
- Concept Submission (Optional);
- Funding Proposal Development
- Appraisals and Recommendation
- Approval and legal agreements;
- Mitigation Action
Outlook

- GCF – Key Climate Finance Source;
- Asia -significant scope – INDCs – Mitigation Action;
- Country Programme, Entity Programme, Proposals;
- Entities – non-grant instruments;
- Pricing, risk tolerance, tenure.
Thank You

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