The GCF: Promoting paradigm shift towards low-emission and climate-resilient development pathways by providing support to developing countries

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16 May 2016 | Bonn
About the Fund
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- Operating entity of UNFCCC financial mechanism, accountable and under the guidance of the COP
- New international institution with an ambitious mission and a unique business model
- Also tasked with serving the Paris Agreement
- Investment criteria built to ensure long-term paradigm impact
- Centrepiece of long-term finance
- Headquarters in Songdo, Republic of Korea
Objectives of the Fund

• The Fund will contribute to the achievement of the ultimate objective of the United Nations Framework Convention on Climate Change (UNFCCC)

• In the context of sustainable development, the Fund will promote the paradigm shift towards low-emission and climate-resilient development pathways by providing support to developing countries to limit or reduce their greenhouse gas emissions and to adapt to the impacts of climate change, taking into account the needs of those developing countries particularly vulnerable to the adverse effects of climate change
Resources mobilized

$10 billion pledged
42 countries
9 developing
Berlin pledging conference and COP20

$9.9 billion signed
37 governments
contribution agreement or arrangement

Up to $2.5 billion per year over 2015-18...
GCF Business model

GCF Architecture

- Green Climate Fund
- Accredited Entities
- Financial Instruments
  - Grants
  - Loans
  - Guarantees
  - Equity
- Programmes + Projects
- NDAs / Focal Points
Value add

- Country ownership through NDAs and focal points
- Balance between adaptation and mitigation
- Equal voice for developed and developing countries
- Diversity of accredited entities
- Diversity of financial instruments
- Dedicated Private Sector Facility (PSF)
- Largest dedicated climate fund globally
Proposal approval process

Guided by the Fund

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

GCF + Board

GCF + Entities

Accredited Entities + NDAs

NDA + Multi-stakeholder consultation

(NO OBJECTION BY NDA)
Strategic impact areas

- Energy generation and access
- Transport
- Forests and land use
- Buildings, cities, industries, and appliances

- Reduced emissions from
- Health, food and water security
- Livelihoods of people and communities
- Increased resilience of

- Ecosystems and ecosystem services
- Infrastructure and built environment

GREEN CLIMATE FUND
The Fund’s Six High-level Investment Criteria*

- Impact potential
  Potential of the programme/project to contribute to the achievement of the Fund’s objectives and result areas

- Paradigm shift potential
  Degree to which the proposed activity can catalyze impact beyond a one-off project or programme investment

- Sustainable development potential
  Wider benefits and priorities, including environmental, social, and economic co-benefits as well as gender-sensitive development impact

- Responsive to recipients needs
  Vulnerability and financing needs of the beneficiary country and population in the targeted group

- Promote country ownership
  Beneficiary country ownership of and capacity to implement a funded project or programme (policies, climate strategies and institutions)

- Efficiency & effectiveness
  Economic and, if appropriate, financial soundness of the programme/project, and for mitigation-specific programmes/projects, cost-effectiveness and co-financing

* The Fund has adopted its initial activity-specific sub-criteria and assessment methodologies.
Size of project/activity within a programme

Total Projected Costs*

- **XS**
  - Micro
  - USD 0 - 10 million
- **S**
  - Small
  - USD 10 - 50 million
- **M**
  - Medium
  - USD 50 - 250 million
- **L**
  - Large
  - USD > 250 million

* At the time of application, irrespective of the portion that is funded by the Fund and, if applicable, other sources, for an individual project or activity within a programme.
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
$168M to 8 projects

$109M for adaptation

83% LDCs, SIDS & Africa
Resilient water supply

Maldives

Reduced water scarcity
105,000

32,000 safe drinking water

$24M
Post-Paris GCF vision

- Programme finance at scale
- Engage in partnerships
- Pilot, scale-up and replicate
- Deploy full range of financial instruments
- Leverage additional financial inputs
- Set new standards of country ownership, direct access and level of ambition