

FINANCING CLIMATE CHANGE MITIGATION IN INDUSTRIES: OVERVIEW AND GEF SUPPORT

8th Investment Focused Event under the
Sharm el-Sheikh mitigation ambition and
implementation work programme

GEF AT A GLANCE



GEF Climate Change Mitigation Support



Since inception in 1991 (**GEF Report to COP31**)

- ◆ **\$9.1** billion in grant financing
- ◆ **1,548** CCM-related projects
- ◆ **156** countries supported
- ◆ **\$68** billion mobilized
- ◆ **1/8.3** co-financing ratio

Industrial decarbonization financing - barriers and enablers

Sectoral roadmaps and investment plans

Data gaps on emissions and decarbonization opportunities at asset and sectoral level, as well as on viability of technology pathways

Leading to uncertainty for policymakers attempting to design decarbonization strategies and for industries seeking to align their operations

High capital costs, perceived investment risks

Credible and bankable project pipeline preparation capacity remains a bottleneck across all sectors

Scarcity in examples of large scale pilots translated into full commercial ventures with structured financing plans

Policy and regulatory incentives

Addressing limitations in existing environment: building codes, product standards, industrial regulations

Enabling policy signals: carbon pricing mechanisms, green public procurement policies, targeted fiscal incentives

Knowledge and capacity for uptake

Technical capacity constraints – more acute in small and medium-sized manufacturers

Mainstreaming low carbon technologies in curricula, vocational training

Complementary financial instruments available

Industrial decarbonization is already mobilizing a mix of public and private resources

Financial instruments

- Most common financial instruments for industry decarbonization:
 - Equity : 52%
 - Loans : 37%
 - Grants (Investment grants, Technical assistance) : 10%
 - Guarantees (limited data)
- Public finance largest share (68%), driven mainly by SOEs and DFIs, private share (32%) driven by balance sheet equity and debt
- Blended finance investments usually combine these instruments (examples enclosed)

Financing landscape

- As of 2024, equity and loans constituted the largest share of global climate finance for industrial decarbonization (CPI, [Global Landscape of Climate Finance Data Dashboard](#))
- Out of the USD 29.26 bn total flows, the major share remains non-concessional – with about 11% of grants, 5% concessional debt
- Industry remains one of the least invested sectors in global climate finance (about 1.5% of 2 trillion) – financial flows however also channeled through other sectors (e.g. energy systems)

De-risking examples

- Investment Plans anchored in MDB concessional financing packages, with private sector participation
 - Climate Investment Funds (CIF)**
Industry Decarbonization Program.
CIFs financing: \$1billion (7 countries)
- Credit risk guarantee facility + loan and equity investments in industrial energy efficiency
 - Private Sector Energy Efficiency Programme Phase 2 (PSEEP2).** GEF financing: \$16million; Co-financing \$260 million (South Africa, blended finance)
- Investment Grants : seed funding for MSME incubation programmes
 - Global Cleantech Innovation Program.** GEF financing: \$31 million; Co-financing: \$191 million (15 countries)

Indicative overview of industry decarbonization areas requiring concessional finance

The below are covered in GEF-9 climate change mitigation financing – reflecting proven and cost-effective approaches relevant to various regional circumstances

- **Material efficiency and circularity:** low-carbon material pathways (green cement, steel), lifecycle-analysis informed efficient design, e-mobility circularity (batteries), reuse/remanufacture
- **Industry and manufacture decarbonization:** sector roadmaps, electrification of heat uses, digitization, technology transfer, demand aggregation, alternatives to high GWP substances, waste heat recovery
- **Green hydrogen:** for hard-to-abate sectors, where cost- and resource-efficient
- **Energy security and critical minerals nexus:** alternative chemistries and material pathways
- **Green shipping:** scalable decarbonization solutions for shipping
- **Inclusive and community-led transitions:** supporting local manufacturing and supply chains, South-South cooperation

Highlight : Global decarbonization investment accelerator for the hard to abate sectors

Global decarbonization investment accelerator for the hard to abate sectors. GEF financing: \$3million; Co-financing: \$12 million; GEF Agency : UNIDO

Global methodology backbone

- **Harmonized methodologies:** plant-level data modelling, technology pathways, policy frameworks, financial architecture and impact monitoring
- **Sector-agnostic design:** cement serves as the anchor sector in the initial phase, with iron, steel and aluminum to be integrated subsequently

Integrated sectoral decarbonization investment plans

- Four pilot countries : Colombia · Kenya · Ethiopia · Uganda
 1. Integration of plant-level data into the Global Tool
 2. Sectoral technology pathways
 3. Supporting policy frameworks
 4. Enabling financial architecture
 5. Validation, training and knowledge sharing

Complementarity with the CIF Industry Decarbonization Program

- CIF resources may finance cement projects prepared through the Accelerator, which **de-risks proposals** and serves as a feeder mechanism for potential CIF investment

GEF-9 replenishment cycle

GEF-9 Programming Directions

- GEF-9 cycle : July 2026 to June 2030. Initial replenishment amount : **\$ 3.9 billion**
- Climate Change Mitigation programming increasingly supported through integrated approaches, blended finance and the flexible use of country allocations.
- Decarbonization in industries remains a cross-cutting priority
- Streamlining agenda and augmented access

❑ **GEF-9 Programming Directions and Policy Recommendations:**

<https://www.thegef.org/council-meeting-documents/gef-c-71-02-rev-03>

❑ **GEF CCM webpage:** <https://www.thegef.org/what-we-do/topics/climate-change-mitigation>

GEF Report to COP31

GEF Report to UNFCCC COP31



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Downloads 

 [2026 GEF Report to UNFCCC COP31: July 2025 to June 2026](#)

<https://www.thegef.org/documents/gef-report-unfccc-cop31>

THANK YOU

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