

# **CASE STUDY 3: Public finance mechanisms for scaling up private capital towards national pathways, including by leveraging grants and concessional finance**

*Lessons learned from IDFC members*

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# Public Development Banks as **Catalysts of Climate Investment**

As providers of patient capital and risk-bearing finance, Public Development Banks (PDBs) play a pivotal role in **closing the climate finance gap** by financing transformative projects and crowding in private investment aligned with national climate and development goals.

## **National Development Banks are particularly well positioned to:**

Understand local markets and domestic investment needs and barriers

Align finance with national priorities and NDCs, LTSs and national development plans

Ability to build pipelines of investable climate and development projects

Use grants, guarantees and blended finance to crowd-in investment

Bring together public, private and international actors around country-led pathways

# A Global PDB Ecosystem for Climate Action



536 PDBs

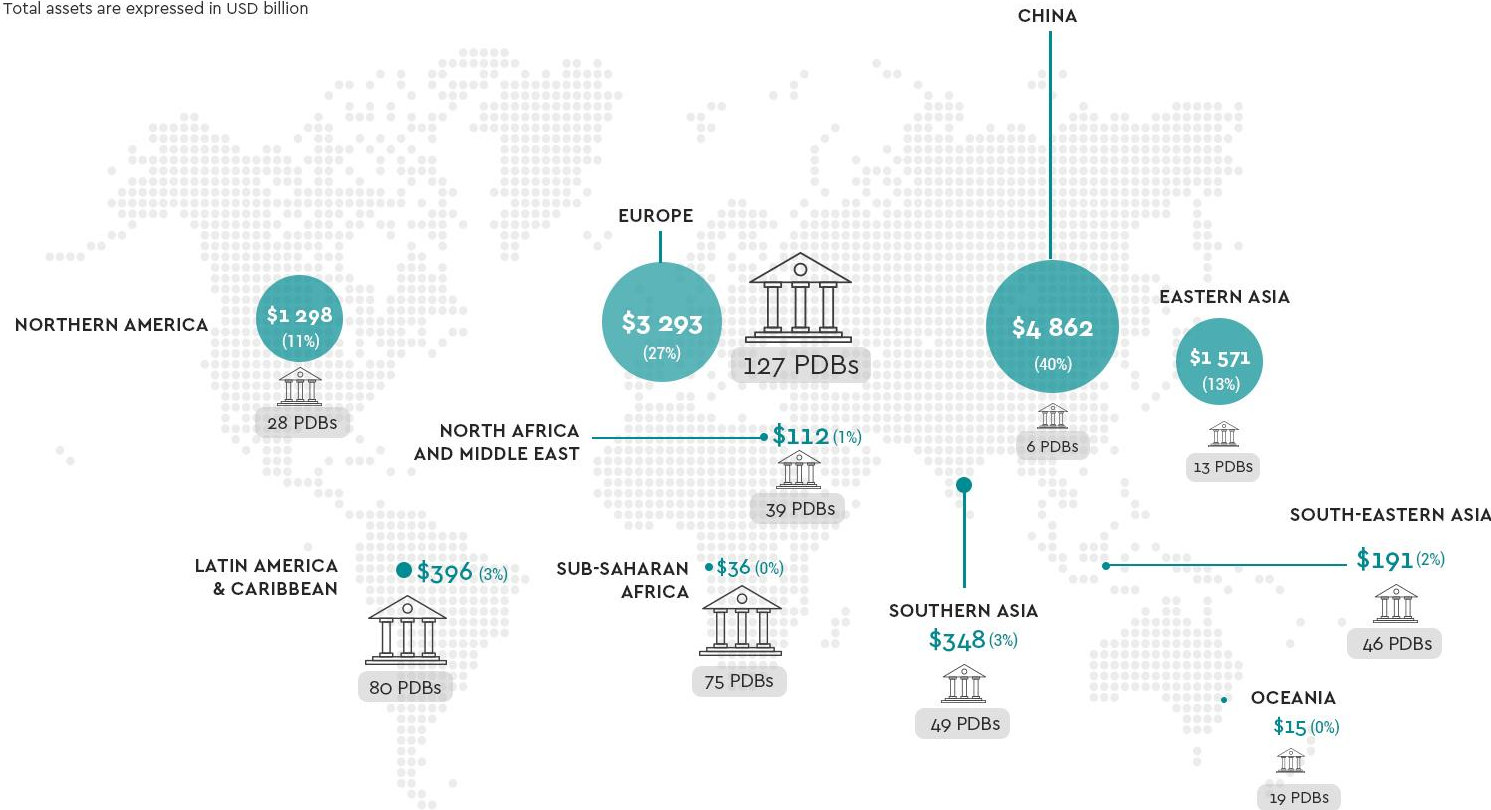


USD 23 trillion  
Total Assets



10% of total  
world  
investment  
Annual financing

Total assets are expressed in USD billion



27 PDBs

USD 4 trillion  
Total assets  
(21% of all PDBs and DFIs)

USD 1.7 trillion  
In total green finance  
since 2015

In 2023  
USD 200 billion  
green finance

USD 175 billion  
In mitigation finance

USD 8 billion  
In biodiversity

[PDB & DFI database \(2024\), AFD, Peking University, FERDI](#)



# Case Study 1: BNDES Fundo Clima – Using Concessional Finance to Accelerate Climate Investment

**The challenge:** Many climate investments face high upfront costs, long payback periods and financing gaps that limit private sector participation.

## The mechanism:

- Brazil's National Climate Fund channels concessional resources through BNDES.
- BNDES provides long-term financing on more favourable terms than commercial markets.
- Resources are directed towards investments aligned with Brazil's climate and ecological transition priorities.
- The fund combines reimbursable financing managed by BNDES and non-reimbursable resources managed by the Ministry of Environment and Climate Change.

## Scale:

- **BRL 19 billion approved between 2023 – 2025**, compared with BRL 1.6 billion between 2019-2022.
- **BRL 11.2 billion approved for 2025** alone across mitigation and adaptation priorities.
- Support sectors including **energy transition, green industry, sustainable mobility, forests, climate resilience and water resources.**

## Why it matters

Fundo Clima demonstrates how a NDB can deploy concessional public finance to reduce investment barriers, support implementation of national climate priorities and catalyse broader investment flows.

## Key lesson

- Concessional public finance is most effective when used strategically to improve project viability and unlock investments aligned with nationally determined climate pathways.

# Case Study 2: BOAD–MIGA Partnership (West Africa) – Using Guarantees to Mobilize Commercial Climate Finance

**The challenge:** Many climate and sustainable development investments in emerging markets struggle to attract commercial finance due to perceived country and credit risks, despite strong development and climate benefits.

## The mechanism:

- BOAD partnered with MIGA to secure a guarantee supporting a **€506 million financing package provided by** Société Générale and HSBC.
- The MIGA guarantee reduced risk exposure for commercial lenders.
- The structure enabled BOAD to access financing on more favourable terms including longer maturities and improved pricing.
- BOAD then channels these resources into climate and sustainable development investments across its members countries: Benin, Burkina Faso, Côte d'Ivoire, Guinea-Bissau, Mali, Niger, Senegal and Togo.
- Priority sectors include: renewable energy, climate resilient agriculture, sustainable infrastructure and green housing and real estate.

## Why it matters

The transaction demonstrates how public risk mitigation instruments can unlock commercial capital for climate and development priorities in regions where financing costs and risk perceptions often constrain investment.

## Key lesson

- Guarantees can play a catalytic role in mobilising private capital by reducing perceived risks, improving financing conditions and expanding access to long-term commercial finance.

# Case Study 3: Rwanda Green Fund (FONERWA) – Building an Enabling Ecosystem for Climate Investment

**The challenge:** In many developing countries, particularly Least Developed Countries (LDCs), barriers to climate investment are often institutional as much as financial. Limited project preparation capacity, fragmented financing landscapes and weak coordination can constrain the flow of finance towards national climate priorities.

## The mechanism:

- Rwanda Green Fund (FONERWA) serves as Rwandas national climate and environment fund.
- The platform combines domestic, bilateral and multilateral resources around nationally defined climate and development priorities.
- It supports project preparation, pipeline development and coordination across public, private and international actors.
- The fund helps translate national climate strategies into investable programmes and projects.
- Supports implementation across sectors including renewable energy, climate resilience, sustainable agriculture, green cities and ecosystem restoration.

## Why it matters

- Aligns finance with national climate and development priorities.
- Strengthens institutional and project preparation capacity.
- Develops pipelines of investable climate projects.
- Coordinates public, private and international finance.

## Key lesson

- The Rwanda Green Fund demonstrates how an LDC can build a country-led climate finance platform that combines domestic and international resources, strengthens investment coordination and supports implementation of nationally determined climate and development pathways.

# From Instruments to Systems: The Role of Country Platforms and other Country-Led Investment Frameworks

While grants, concessional finance and guarantees can help address specific investment barriers, achieving climate and development objectives at scale requires coordination mechanisms that align actors, finance and investments around nationally determined priorities.

**The Role of Country Platforms**

- **Strategic Alignment:** Link NDCs, national development plans and investment strategies.
- **Investment Coordination:** Align public, private and international finance around country priorities
- **Pipeline Development:** Identify, prepare and structure investable projects and programmes.
- **Mobilisation of Capital:** Combine grants, concessional finance, guarantees and commercial investment.

*Lessons from Practice: Brazil, Rwanda, South Africa, Colombia and other country-led approaches demonstrate that mobilising finance at scale is not only about deploying more capital, but also about creating mechanisms capable of translating national priorities into coordinated investment opportunities.*

**Key takeaway:** PDBs can play a critical role within Country Platforms by combining financial instruments, project origination capabilities and convening power to help align finance flows with nationally determined climate and development pathways.



# Private Public Coordination for Climate: **Making Finance Work for Climate**

A unique gathering of **major groups of public & private financial institutions** including: PDBs, commercial banks, asset owners, institutional investors and ECAs.



**40%**  
of global financial  
assets



**500+**  
Public Development  
Banks



**5000+**  
Private financial  
institutions



**1,000+** financial  
institutions from  
developed and  
emerging markets

## Members



In close collaboration with the GCF and in consultation with the NGFS and the Coalition of Finance Ministers for Climate Action

# THANK YOU!

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