FINLAND-IFC BLENDED FINANCE FOR CLIMATE PROGRAM

Using Finland’s Development Investments for climate finance

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FINLAND’S DEVELOPMENT INVESTMENTS

➢ Upto 520 n euros during 2015-2019
➢ Returnable, with expected (modest) interest
➢ Committed to allocating a significant part to climate finance
FINLAND-IFC
BLENDED FINANCE
FOR CLIMATE
PROGRAM

Blend Concessional Finance with Commercial Funds from IFC’s own resources/equity and from the private sector

> to mitigate early-entrant costs and/or project risks

Re-balance Risk-reward Profiles and Demonstrate Business Case

> to pioneer investments and create markets for low-carbon solutions

Crowd-in Private Sector Financing for Climate Actions

> to maximize financing for development and reduce GHG emissions
KEY FEATURES

➢ A joint climate fund set up in October 2017 by Finland and the IFC

➢ Finland’s investment EUR 114 million – returnable development investment

➢ Ambitious objectives and risk-taking features: early-stage, high risk projects with potential high climate and development impact

➢ Targets least developed countries and other lower income countries

➢ Objective to mobilize private sector financing and achieve strong leverage
  
  [ Finland : IFC : Endeavored Leverage <-> 1 : 1 : 5< ]

➢ Investment period 5 years; duration of the Program 25 years
> **Purpose**: Primarily to promote climatic effects, but also other development impacts, such as jobs and tax revenue

> **Funding instruments**: Equity, Senior debt, Mezzanine debt, guarantees etc. for companies operating in developing countries

> **Focus sectors**

  **Mitigation**: Renewable energy, energy efficiency in buildings, agriculture, forestry and land-use, water and wastewater, transport

  **Adaptation**: meteorology, water and sanitation, food security, sustainable forestry
DEMAND DRIVEN - PIPELINE ALREADY FORMING UP

➢ Example:

Very early-stage and potentially transformative, multi-country wind power project in Africa. High market creation potential – but also high risk

> Currently planning also a Project Development Component to push the frontier even further for early-stage projects through pilots, project demonstrations, feasibility studies etc (grant financed)
FINLAND:
Climate Impact; Leverage; Mobilization

PRIVATE SECTOR:
Risk-appetite; Business opportunities

IFC:
Market Creation; Derisking; Early-stage

CLIMATE IMPACT;
MARKET CREATION;
ECONOMIC DEVELOPMENT ETC
FOR MORE INFORMATION:

Ministry for Foreign Affairs of Finland: https://bit.ly/2IS2py8

International Finance Corporation: www.ifc.org/blendedfinance