



FINLAND-IFC BLENDED FINANCE FOR CLIMATE PROGRAM

*Using Finland's Development Investments
for climate finance*

Satu Santala
Ministry for Foreign Affairs of Finland
July 5, 2018



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

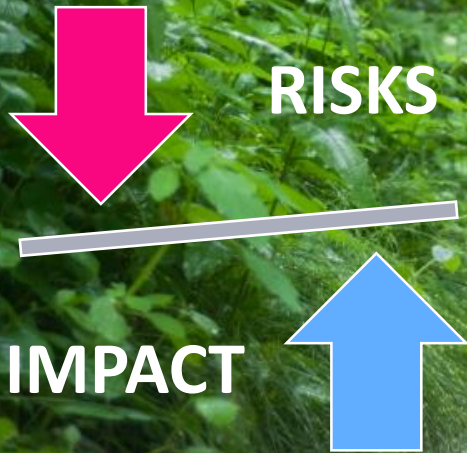


- > A joint climate fund set up in October 2017 by Finland and the IFC
- Finland's investment **EUR 114 million** – returnable development investment
- > Ambitious objectives and risk-taking features: **early-stage, high risk projects** with **potential high climate and development impact**
- > Targets **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

INSTRUMENTS AND FOCUS SECTORS

> **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

*CLIMATE IMPACT;
MARKET CREATION;
ECONOMIC
DEVELOPMENT ETC*

IFC:
Market
Creation; De-
risking; Early-
stage

**PRIVATE
SECTOR:**
Risk-appetite;
Business
opportunities



FOR MORE INFORMATION:

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

International Finance Corporation:
www.ifc.org/blendedfinance