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Private Sector Strategy

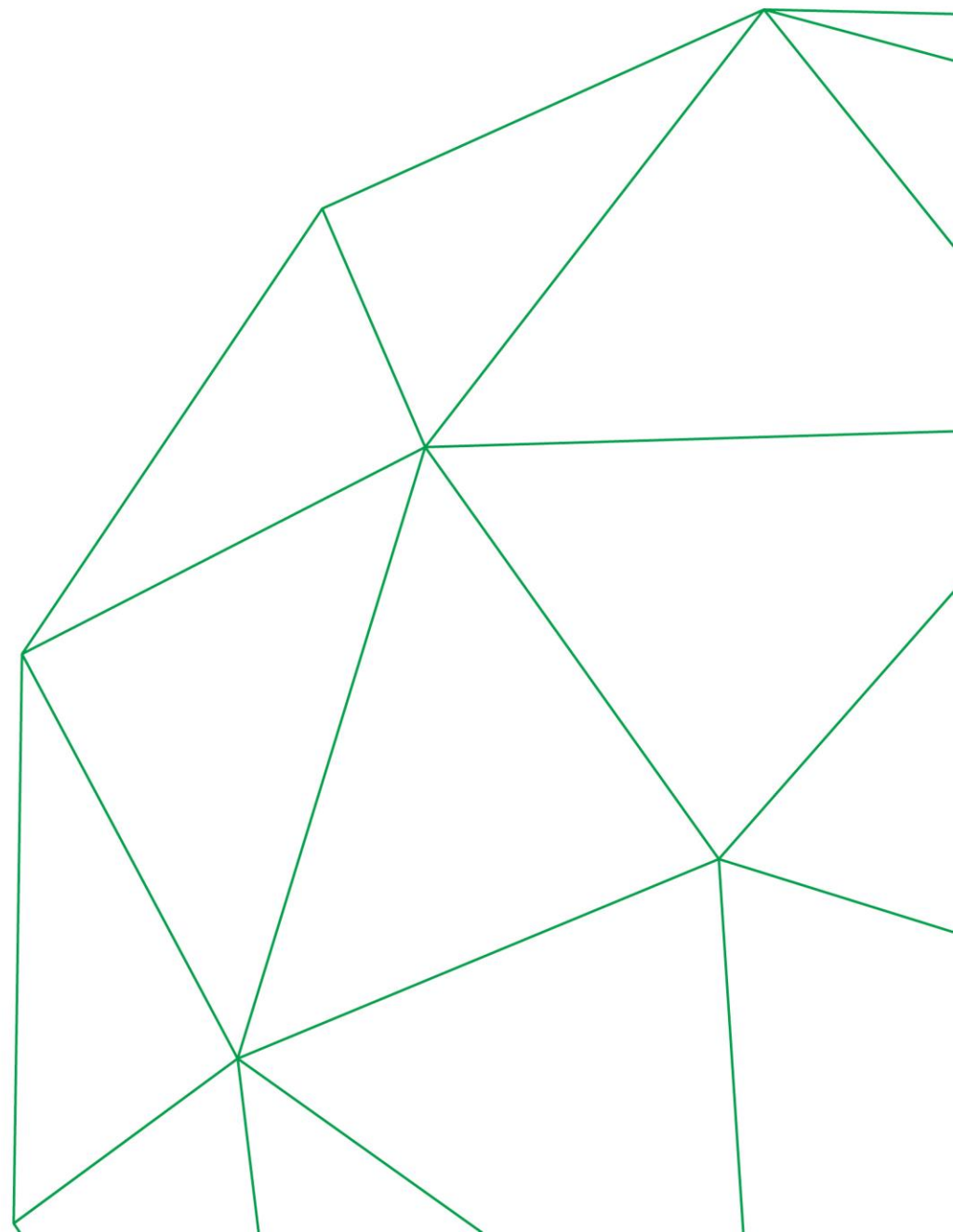
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13–15 September 2022
Incheon, Republic of Korea

#InspireMoreClimateAction



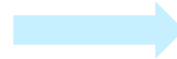


Overview of the Private Sector Strategy:

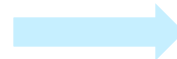
KEY BARRIERS



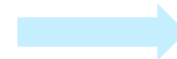
Policy, market, and capacity barriers



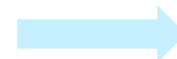
Innovation, technology, and technical barriers



Barriers for mobilizing private finance at scale



Barriers related to domestic financial systems and institutions



FOUR PILLARS OF PRIVATE SECTOR STRATEGY:

1

Promote a conducive investment environment for combined climate and economic growth activities

2

Accelerate innovation for business models, financial instruments and climate technologies

3

De-risk market-creating investments to crowd in private climate finance

4

Strengthen domestic and regional financial institutions to scale up private climate finance.

Four Pillars of Private Sector Strategy: Prong 1

- 1 Promote a conducive investment environment for combined climate and economic growth activities**
- 2 Accelerate innovation for business models, financial instruments and climate technologies
- 3 De-risk market-creating investments to crowd in private climate finance
- 4 Strengthen domestic and regional financial institutions to scale up private climate finance.

Readiness

Support NDAs, national, and subnational entities

Develop long-term climate investment road maps, green investment plans, and policies targeting private investments for climate action

Maximize co-benefits between mitigation, adaptation, and sustainable development

Four Pillars of Private Sector Strategy: Prong 2

- 1 Promote a conducive investment environment for combined climate and economic growth activities
- 2 **Accelerate innovation for business models, financial instruments and climate technologies**
- 3 De-risk market-creating investments to crowd in private climate finance
- 4 Strengthen domestic and regional financial institutions to scale up private climate finance.

Support the development of high-quality public-private innovation ecosystems to drive climate innovation.

Greater access to early-stage risk capital needed to support climate technology ventures and accelerate climate innovation.



Four Pillars of Private Sector Strategy: Prong 3

- 1 Promote a conducive investment environment for combined climate and economic growth activities
- 2 Accelerate innovation for business models, financial instruments and climate technologies
- 3 De-risk market-creating investments to crowd in private climate finance**
- 4 Strengthen domestic and regional financial institutions to scale up private climate finance.

Increase the capacity of local financial institutions, private project developers, and enterprises including MSMEs in developing countries to attract private capital for climate action.

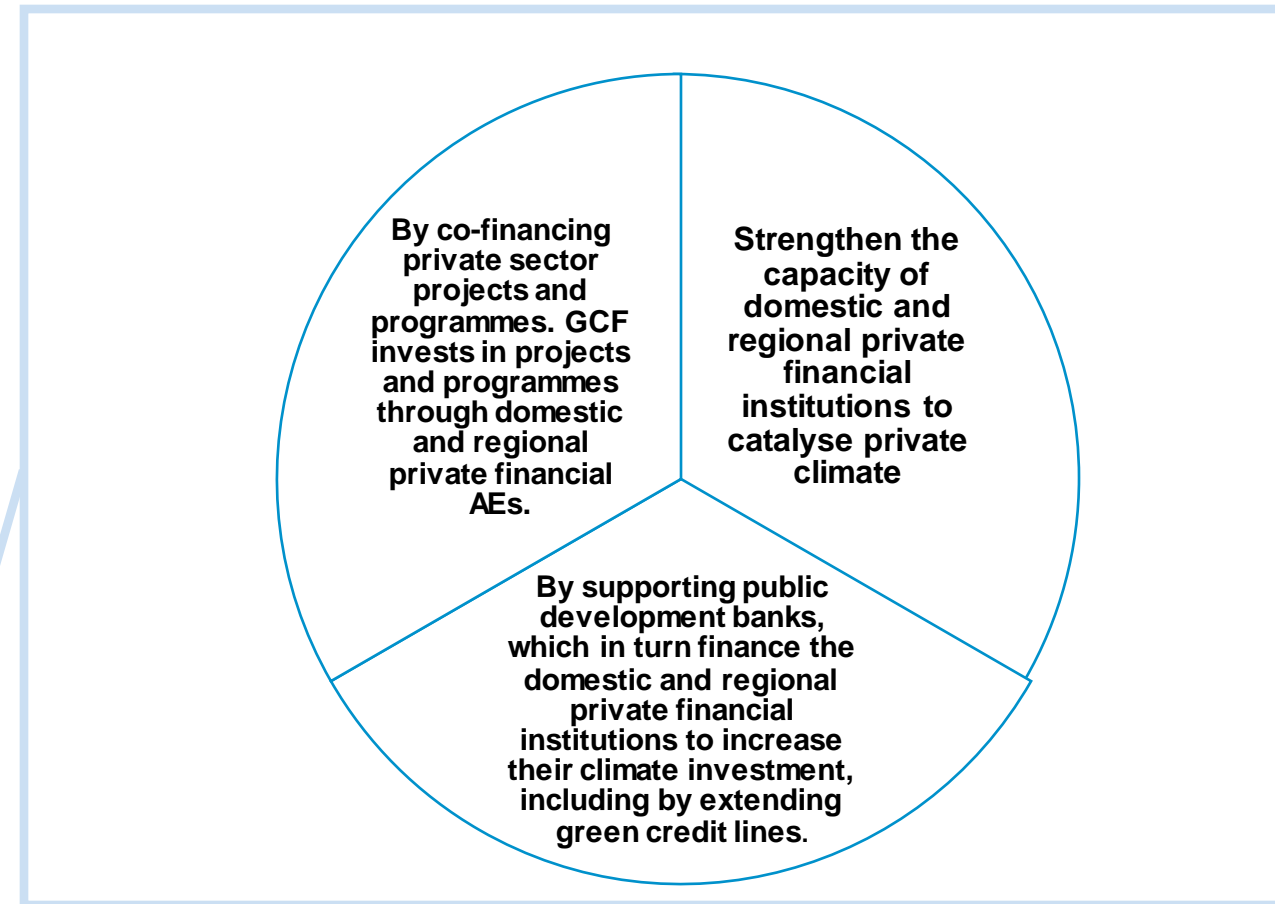
Use blended finance to enable a more significant role for domestic MSMEs in meeting national climate action priorities.

Expand adaptation portfolio by focusing on new asset classes addressing the urgent and immediate needs of countries particularly vulnerable to the adverse effects of climate change, including **LDCs, SIDS and African States such as climate-resilient infrastructure combining grey and green infrastructure and cross-cutting projects.**

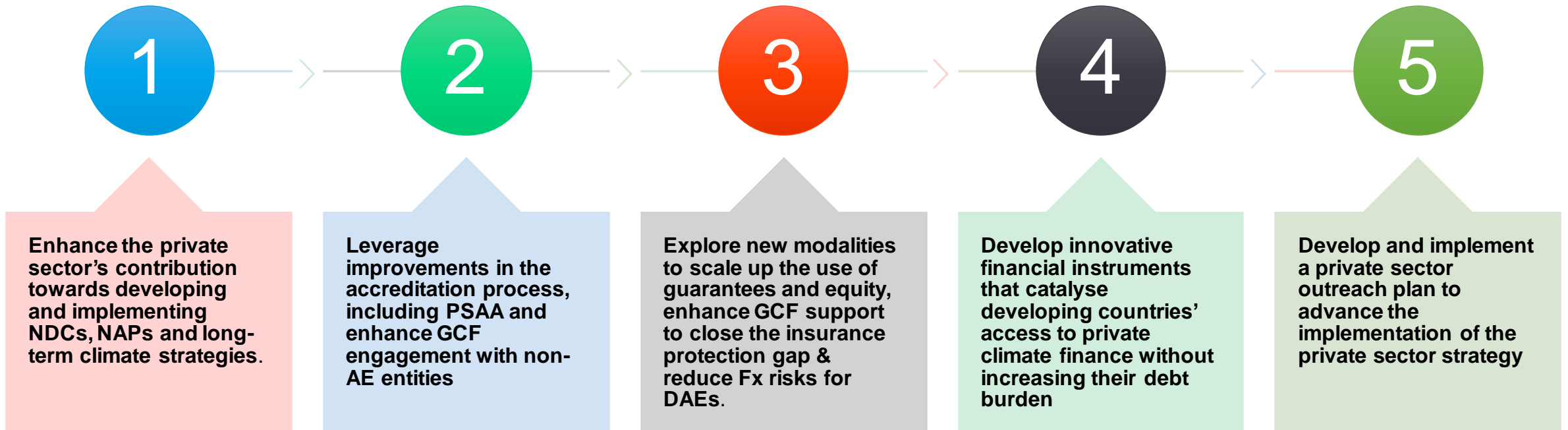


Four Pillars of Private Sector Strategy: Prong 4

- 1 Promote a conducive investment environment for combined climate and economic growth activities
- 2 Accelerate innovation for business models, financial instruments and climate technologies
- 3 De-risk market-creating investments to crowd in private climate finance
- 4 Strengthen domestic and regional financial institutions to scale up private climate finance.**



Way forward



Potential programming areas



Clean and just energy
transition co-investment



Food security and
agriculture
transformation in LDCs



Industrial deep
decarbonization



Climate resilient
infrastructure in
LDC/SIDS



Nature based climate
adaptation



Sustainable blue oceans

Project case study

FP190

Climate Investor Two



GCF funding: USD 145 million in reimbursable grant
Total project funding: USD 888 million
Accredited Entity: FMO

*Cross-cutting
19 countries*

- Climate Investor Two (CI2) is a fund that aims to support the private sector to develop and construct climate-resilient infrastructure projects in developing countries in the water, sanitation, and ocean sectors – areas which usually do not attract interest from the private sector.
- The targeted investments under the fund will reduce the effects and consequences of climate change by decreasing greenhouse gas emissions and by increasing the resilience of vulnerable communities.
- For instance, in the water sector, CI2 will help countries, undergoing, or expected to undergo water stress, adapt to climate change by building infrastructure which sources, transports, and treats the water necessary for both municipal and industrial users.
- This is GCF's first at-scale private sector programme in the water sector.



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Thank you

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