Green Climate Fund

Accelerating Climate Innovation and Investment

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3 November 2023
01
Set up by the UNFCCC, and serving the Paris Agreement

02
Supporting developing countries to transition to low-emission, climate-resilient societies

03
Serving as a hub of the climate finance landscape
GCF in Figures (USD)

TOTAL GCF PORTFOLIO COMMITMENT

- COMMITTED: 12.8 billion
- Disbursed: 3.6 billion
- Implementing: 9.9 billion

PORTFOLIO VALUE, INCLUDING CO-FINANCING:

48.3 billion
Our portfolio in focus

Funding amount by financial instruments (billion USD)

- Loans: 41%
- Guarantees: 3%
- Grants: 41%
- Equity: 11%
- Results-based payment: 4%
- Loans: 41%
## Current Financing

### Global Climate Finance?
- 30 largest banks committed $870B in 2022, up from $600B 2021 towards Net Zero (IEA)
- In 2022, $61B for low-income and middle-income economies. $38B mitigation and $23B adaptation (WB)
- A 20% annual increase to account for inflation is needed to 1.5C (CPI)

Sources: CPI, Blackrock, IEA, WB

### $200 Trillion to Achieve Net Zero by 2050
- 2022 global climate finance surpassed $1T for the first time (CPI)
- $6T per year by 2030
- $7T per year by 2050

Sources: Climate Policy Initiative, IEA

### ...but only 50% of NDC Fulfilled by 2030
- $6T for developing countries
- Paris + UN SDG equal priority adaptation + mitigation finance but adaptation is <8% of total climate finance
- $9T spent on COVID up to 2021

Sources: UNFCC, Blackrock
Private sector needs to be activated....

...this can happen through concessional funding, policy, and demand creation

**PROBLEM**

- Limited supply of concessional funding.
- MDBs and DFIs consistently investing in senior positions in BF structures.
- Stimulate demand for private capital.

**Amount**

- IEA: $80-100B of concessional finance per year will be needed by the early 2030s to reach net zero emissions.
- Convergence: $500 billion in concessional capital is needed through 2035 in the energy sector alone.

**Solution**

- MDBs and DFIs target mezzanine positions, aligning with their mandate (16x vs 5x).
- Proliferate credit enhancements and loan guarantees rather than individual projects.
- Philanthropic capital.
- Local currency financing.
Typical Blended Finance Mechanisms

Source: Convergence “State of Blended Finance 2023”
**FP190: Climate Investor Two**

<table>
<thead>
<tr>
<th>Countries:</th>
<th>Countries: Bangladesh, Botswana, Brazil, Colombia, India, Indonesia, Kenya, Nigeria, Morocco, Djibouti, Namibia, etc.</th>
</tr>
</thead>
<tbody>
<tr>
<td>AE:</td>
<td>FMO</td>
</tr>
<tr>
<td>EEs:</td>
<td>Climate Fund Managers (CFM, 100% owned by FMO)</td>
</tr>
<tr>
<td>Estimated impact:</td>
<td>~44.65M tCO2eq, 11.2M beneficiaries</td>
</tr>
<tr>
<td>Total Financing:</td>
<td>$880M</td>
</tr>
<tr>
<td>GCF Financing:</td>
<td>$145M</td>
</tr>
<tr>
<td>GCF Instruments:</td>
<td>Reimbursable Grant (equity like)</td>
</tr>
<tr>
<td>Co-Financing:</td>
<td>$735M</td>
</tr>
<tr>
<td>Investment period:</td>
<td>15 years</td>
</tr>
<tr>
<td>Fund lifespan:</td>
<td>20 years</td>
</tr>
</tbody>
</table>

**Grant funding from public or philanthropic funders to design or structure projects to attract institutional investment**

- A blended finance facility supporting water, sanitation, and ocean projects in developing countries.
- Addresses the private financing gap by offering comprehensive project financing tailored to various investor risk-return profiles, from donors to commercial entities.
- Triangle: Biodiversity (Co-benefits) + Mitigation + Adaptation
FP190: Climate Investor Two

- **GCF (Reimbursable Grant)**
- **FMO**
- **Dutch Vehicle (Stichting)**

### Development Fund
- **$80M**

#### Early-stage Development Loans
- **$45M**

#### Commercial Equity Fund
- **Tier 3: Equity Investors**
  - **$400M**
- **Tier 2: Equity Investors**
  - **$300M**
- **Tier 1: Jr Equity**
  - **$100M**

### Equity Investments
- **$100M**
FP223: Project GAIA

<table>
<thead>
<tr>
<th>Countries:</th>
<th>19 LDCs and SIDS in Asia, Africa, LAC</th>
</tr>
</thead>
<tbody>
<tr>
<td>AE:</td>
<td>MUFG Bank, Ltd.</td>
</tr>
<tr>
<td>EEs:</td>
<td>GAIA LP (the Fund)</td>
</tr>
<tr>
<td>Estimated impact:</td>
<td>~30M tCO2eq, ~6.5M beneficiaries</td>
</tr>
<tr>
<td>Total Financing:</td>
<td>$1.5 Billion</td>
</tr>
<tr>
<td>GCF Financing:</td>
<td>$152.5 Million</td>
</tr>
<tr>
<td>GCF Instruments:</td>
<td>Equity</td>
</tr>
<tr>
<td>Co-Financing:</td>
<td>$1.3 Billion</td>
</tr>
<tr>
<td></td>
<td>• $160 Million Equity</td>
</tr>
<tr>
<td></td>
<td>• $1.17 Billion Loan ($295 Million from MUFG)</td>
</tr>
<tr>
<td>Technical Assistance</td>
<td>FinDev Canada</td>
</tr>
<tr>
<td>Investment period:</td>
<td>15 years</td>
</tr>
<tr>
<td>Fund lifespan:</td>
<td>30 years</td>
</tr>
</tbody>
</table>

Grant funding from public or philanthropic funders to build capacity of investments to achieve expected financial and social return

- Blending finance using first loss equity with an insurance component to mobilize private sector capital.
- Designed to offer long-term loans to sub-sovereign (municipalities) and quasi-sovereign entities (SOEs, public corps) for climate adaptation and mitigation.
- 70% of its portfolio investments towards adaptation projects for SIDS and LDCs
FP223: Project GAIA

GCF

FinDev Canada

MUFG

GAIA Junior Equity SPV

Fund Manager GP

Senior Lenders (including MUFG)

Credit Insurance Provider (4-25% of senior loan amount)

Underlying Assets (30-40 loans)

GAIA Fund LP

Senior Loan

Policy
FP213: The Blue Green Bank

A new green bank to de-risk and crowd-in the local financial sector to climate mitigation and adaptation investment in line with Barbados national priorities.

The GCF's contribution to BGB is projected to generate an additional $3B funds thanks to leverage.

BGB's self-replenishing system promotes sustainability and draws in private loans.

<table>
<thead>
<tr>
<th>Countries:</th>
<th>Barbados</th>
</tr>
</thead>
<tbody>
<tr>
<td>AE:</td>
<td>Pegasus Capital Advisors</td>
</tr>
<tr>
<td>Estimated impact:</td>
<td>~17M tCO2eq, 226,000 beneficiaries</td>
</tr>
<tr>
<td>Total Financing:</td>
<td>$30.5 Million</td>
</tr>
<tr>
<td>GCF Financing:</td>
<td>$15.5 Million</td>
</tr>
<tr>
<td>GCF Instruments:</td>
<td>• $5.5 Million equity</td>
</tr>
<tr>
<td></td>
<td>• $10 Million convertible subordinate loan (tier 1 capital)</td>
</tr>
<tr>
<td>Co-Financing:</td>
<td>$15 Million Equity</td>
</tr>
<tr>
<td></td>
<td>• Barbados Government $10 Million</td>
</tr>
<tr>
<td></td>
<td>• Institutional investors $5 Million</td>
</tr>
<tr>
<td>Investment period:</td>
<td>15 years</td>
</tr>
<tr>
<td>Fund lifespan:</td>
<td>N/A</td>
</tr>
</tbody>
</table>

Private equity or debt funds with concessional public or philanthropic funding attracting institutional investment

- A new green bank to de-risk and crowd-in the local financial sector to climate mitigation and adaptation investment in line with Barbados national priorities.
- The GCF's contribution to BGB is projected to generate an additional $3B funds thanks to leverage.
- BGB's self-replenishing system promotes sustainability and draws in private loans.
Government of Barbados

Institutional Investors

GCF

Pegasus

GCF SPV

Government of Barbados

GCF

$15.5M

$10.0M

$5.5M

FP213:
The Blue Green Bank

Convertible Subordinate Loan

Equity

BGB

Rooftop PV

Green Buildings

Water Conservation
FP197: Green Guarantee Company

Countries: Gabon, India, Indonesia, Laos, Philippines, Brazil, and Trinidad & Tobago

AE: MUFG Bank, Ltd.

Estimated impact: ~74M tCO2eq, 34.6M beneficiaries

Total Financing: $363M

GCF Financing: $40.5M

GCF Instruments: Equity

Co-Financing: $322.5M

Investment period: 15 years

Fund lifespan: N/A

- Provides guarantees for climate bonds with significant climate adaptation and mitigation impacts.

- Addresses the problem of inadequate climate financing from developed countries to developing countries by de-risking international private sector investments.
GCF-1 PROGRESS REPORT
GCF first replenishment period 2020-2023

Scan this QR code to access/download the report