



Green Climate Fund: Mobilizing Finance for Low-Emission and Climate-Resilient Development

Bahodur Sheraliev, Belgrade, March 13, 2019

Paris Agreement & The Global Challenge:

Holding the increase in the global average temperature to well below 2°C above pre-industrial levels and pursuing efforts to limit the temperature increase to 1.5°C above pre-industrial levels

Increasing the ability to adapt to the adverse impacts of climate change and foster climate resilience and low greenhouse gas emission development; and

Making finance flows consistent with a pathway towards low greenhouse gas emissions and climate-resilient development.

Article 2, Paris Agreement

Financial Commitments

“Developed country Parties to the United Nations Framework Convention on Climate Change (UNFCCC) committed to a goal “of **mobilising jointly USD 100 billion** per year **by 2020** to address the needs of developing countries... from a **wide variety of sources, public and private, bilateral and multilateral**, including alternative sources”.

(UNFCCC, 2010)

Prior to 2025 the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement shall set a new collective quantified goal from a floor of USD 100 billion per year, taking into account the needs and priorities of developing countries.

(UNFCCC, 2016)

Green Climate Fund – Financial Mechanism

Objectives:

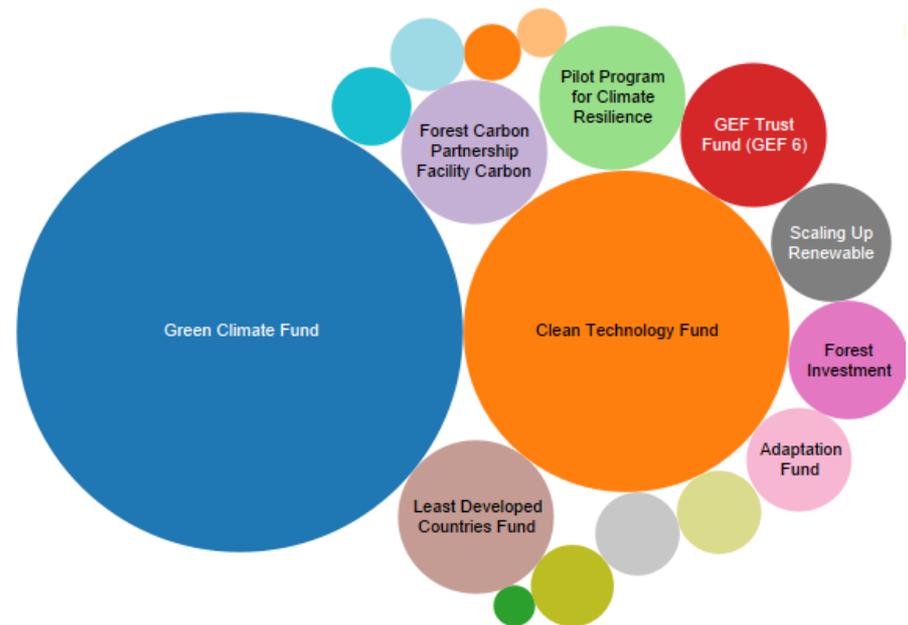
- Make a **significant and ambitious contribution** to the global efforts towards attaining the **goals** set by the international community to **combat climate change**
- Contribute to the achievement of the **objective of the UNFCCC**
- Promote the **paradigm shift** towards low-emission and climate resilient development pathways

Guiding Principles:

- Maximize impact
- Pursue a **country-driven approach** and promote and strengthen engagement at the country level through effective involvement of relevant institutions and stakeholders.
- Be **scalable** and a continuously learning institution
- **Catalyse public and private investment** at the national and international level

The Green Climate Fund – status quo

- Initial Resource Mobilisation: 10.3 billion USD in pledges 2014 - largest public fund dedicated to climate finance.
- Governance – Equal representation: Board members: 50% developing countries, 50% industrialised countries
- Working through a variety of Accredited Entities: International, regional, national and sub-national

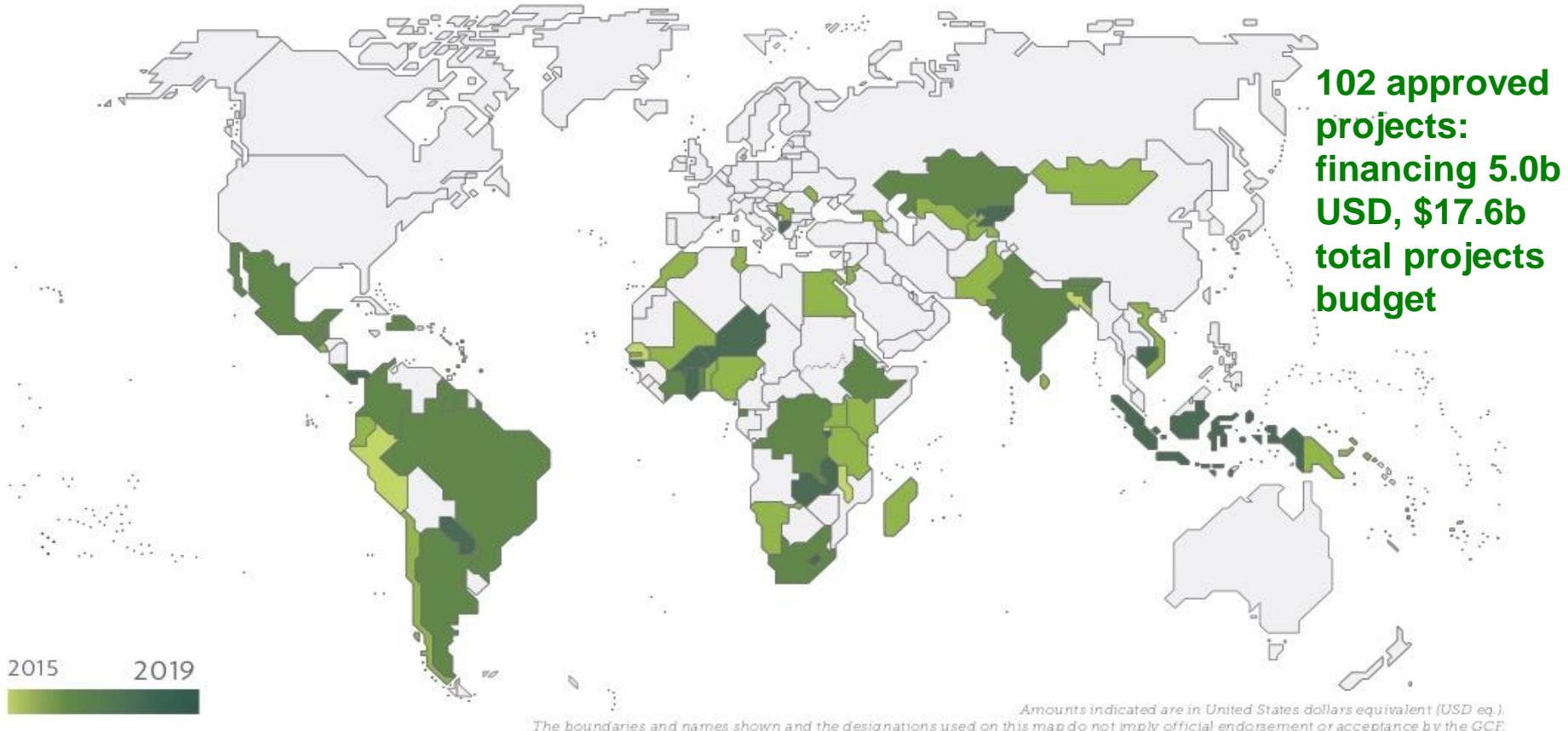


Overview of Multilateral Climate Funds

Source: *Climate Finance Update*

The Green Climate Fund - status quo II

+ GCF PROJECTS - GEOGRAPHIC DISTRIBUTION



GCF Status Quo III

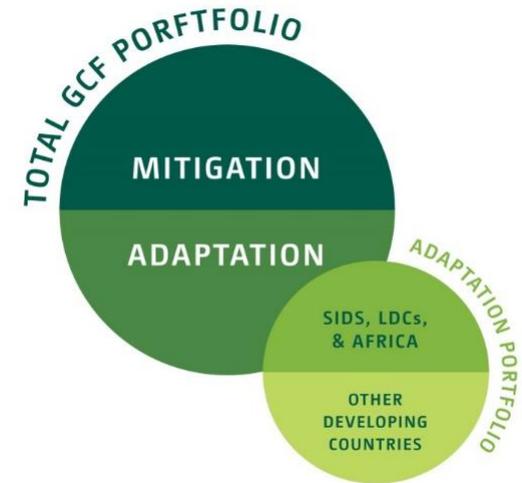
- USD 5b for 102 Projects approved
- 48 projects under implementation
- 84 project partners (35 national, 13 regional & 36 international)

Approved projects: Serbia

FP086	FP025
Green Cities Facility	GCF-EBRD Sustainable Energy Financing Facilities
GCF: \$25.1 m (grant)	GCF: \$34.0 m (grant)
Total: \$660.2 m	Total \$1.4 b
Albania	Armenia
Armenia	Egypt
Georgia	Georgia
Jordan	Jordan
Mongolia	Moldova
Republic of Moldova	Mongolia
Serbia	Morocco
The former Yugoslav	Serbia
Republic of Macedonia	Tajikistan
Tunisia	Tunisia
EBRD	EBRD

Resources allocation/Portfolio targets

- **50:50 balance between mitigation and adaptation** over time;
- a floor of **50% of the adaptation allocation for particularly vulnerable countries**, including least developed countries (LDCs), small island developed States (SIDS) and African States;
- **geographic balance** and a reasonable and fair allocation across a broad range of countries, while **maximizing the scale and transformational impact** of the mitigation and adaptation activities of the Fund;
- **maximize engagement with the private sector**, incl. through a significant allocation to the Private Sector Facility;
- sufficient resources should be provided for **readiness and preparatory support**;
- all allocation parameters should be determined in **grant equivalents**;



The Fund has identified 8 impact areas that will provide significant mitigation and adaptation benefits.

Emission reduction



Energy generation and access



Transport



Buildings, cities, industries and appliances



Forests and land use

Increase resilience



Health, food and water security



Livelihoods of people and communities



Ecosystems and ecosystem services



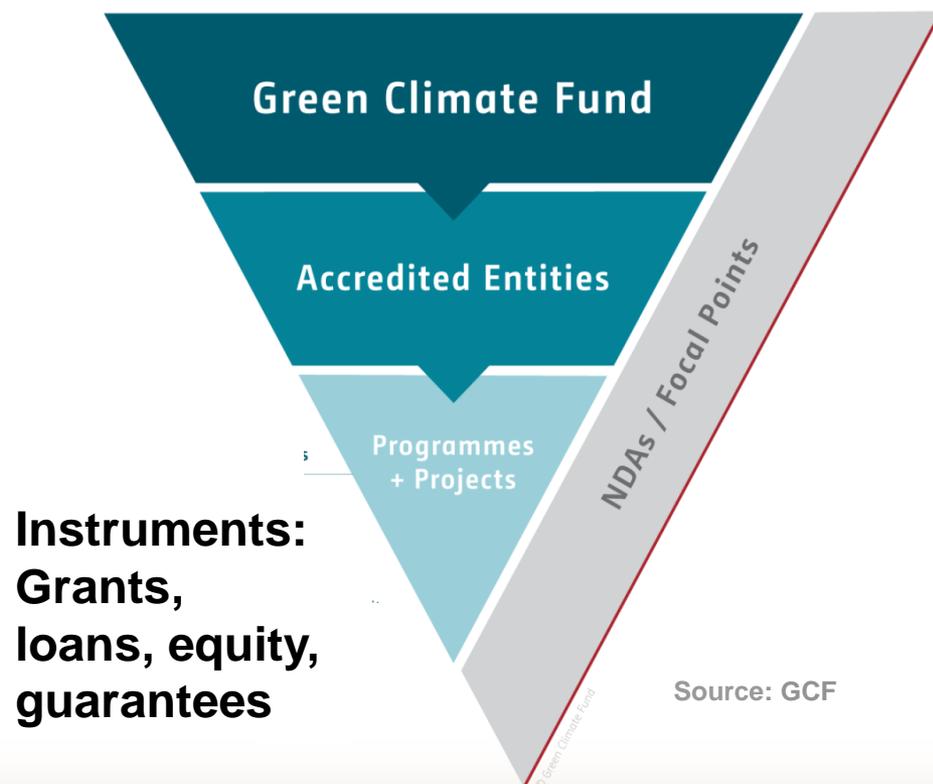
Infrastructure and the built environment

GCF Access Modality

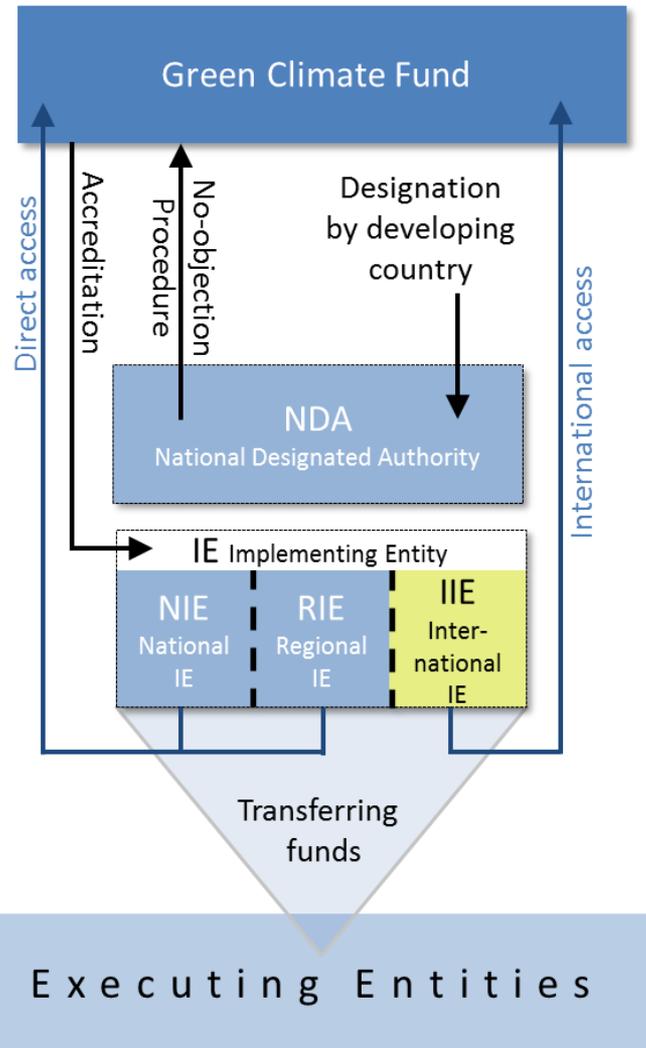
Ensuring joint participation

- National Designated Authority (NDA) with the mandate to officially communicate with the Fund.
- Fulfils an important function of **representing the priorities and interests of the country** in a clear and transparent manner

GCF Architecture



GCF access modalities



- **Accredited Entities** : Countries can work through multiple entities (international, regional, national)
- **Additional modality: Enhanced Direct Access**
- **All** entities, including international, regional, national and subnational entities, can apply for accreditation
- Applicant entities must meet the Fund's **fiduciary standards** and **environmental and social safeguards (ESS)** and **gender policy**

Fit-for-purpose approach to accreditation

Entities will be accredited with certain fiduciary functions, size of project/activity within a programme, and environmental risk category.

Fiduciary functions	Size of project/activity within a programme	Environmental and social risk category
Shapes how the entity will operate using the Fund's resources (e.g., grants, concessional loans, equity, guarantees)	Micro Small Medium Large	High risk Category A/ Intermediation I (I-1) Medium Category B/I-2 Low/no Category C/I-3

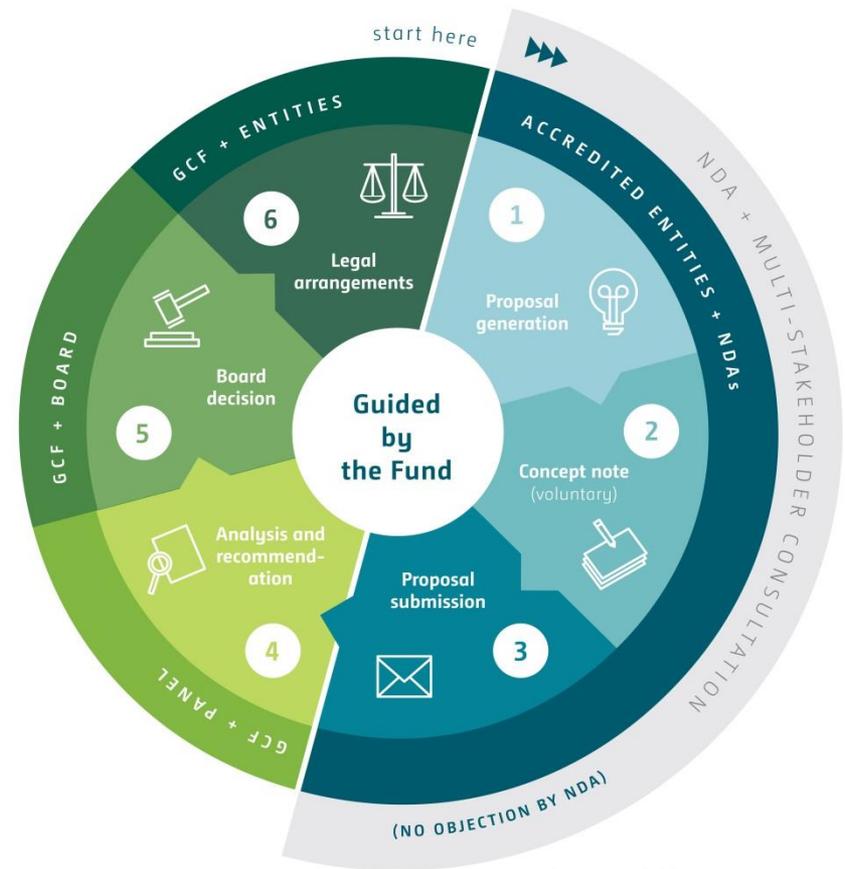
Diversity of Accredited Entities



Source: GCF

Project / Program Financing

1. Country, regional and / or accredited organization programs
2. Forming applications for funding programs or projects - setting priorities based on 1.
3. Submission of a concept / application for funding through an Accredited Entity (AE)
4. AEs must go through the “no objection” procedure and the approval of the NDA.
5. Consideration and recommendations of the GCF Panel of Experts
6. Funding requests will be evaluated according to the GCF investment criteria.
7. GCF Board meets 3-4 times a year



Source: GCF

Six Investment Criteria

Impact potential

Potential to contribute to achievement of Fund's objectives and result areas

Paradigm shift potential

Catalyze impact beyond a one-off investment

Sustainable development potential

Wider economic, environmental, social (gender) co-benefits

Responsive to recipients needs

Vulnerability and financing needs of beneficiary in targeted group

Promote country ownership

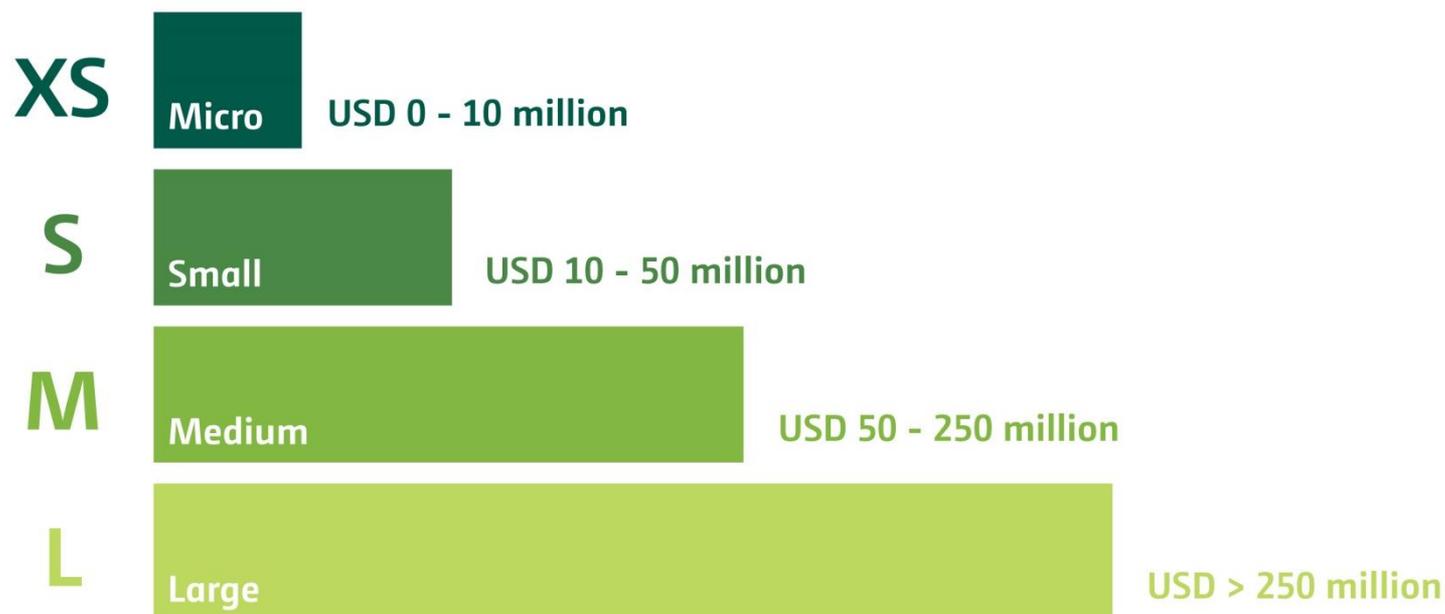
Country ownership and capacity to implement (policies, climate strategies and institutions)

Efficiency & effectiveness

Economic and, if appropriate, financial soundness, as well as cost-effectiveness and co-financing for mitigation

Size of project/activity

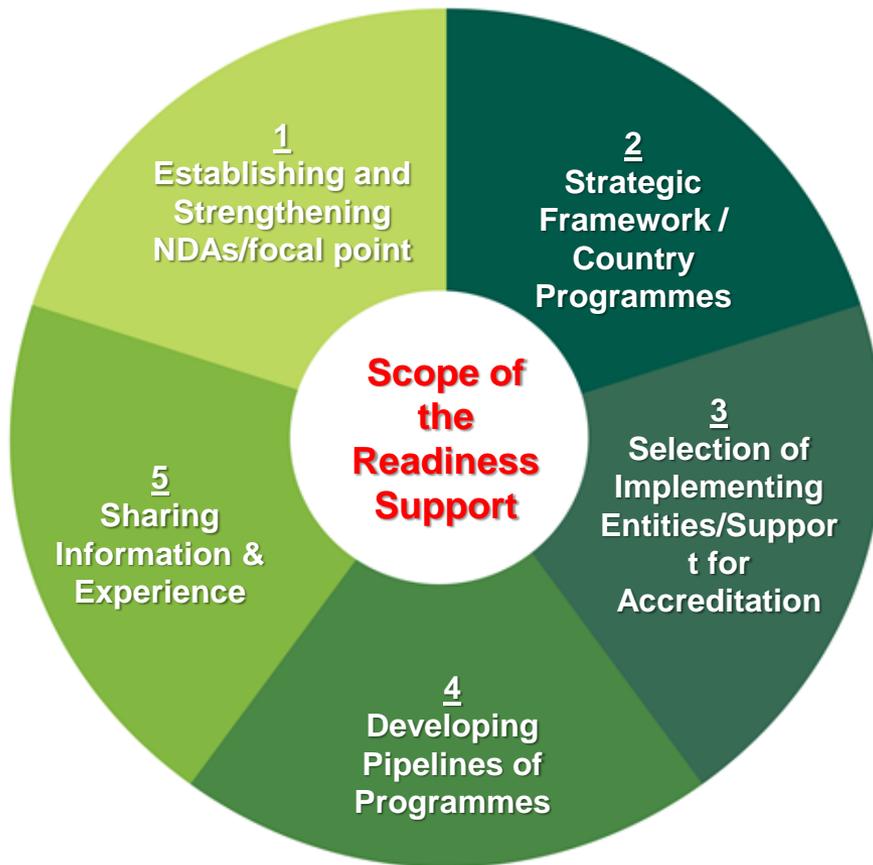
Total Projected Costs*



* At the time of application, irrespective of the portion that is funded by the Fund and, if applicable, other sources, for an individual project or activity within a programme.

Readiness and preparatory support

- Readiness support by the GCF



All **developing** countries are eligible for readiness support

- Support countries to engage with Fund
- Respond to country needs and priorities, working in
- Collaboration with the NDA/FP
- Build on existing structures and efforts, and work in partnership with others
- Identify and support interventions that will add value at country level
- Develop responsive readiness interventions that help countries make effective use of the GCF

Thank You!