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De-risking Climate Finance:

An Introduction & Catalyzing Serbia's Private Sector

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May, 2019



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THE GREEN CLIMATE FUND

The world's largest dedicated climate fund helping developing countries reduce their GHG emissions and enhance their ability to respond to climate change



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CLIMATE INVESTMENT POTENTIAL

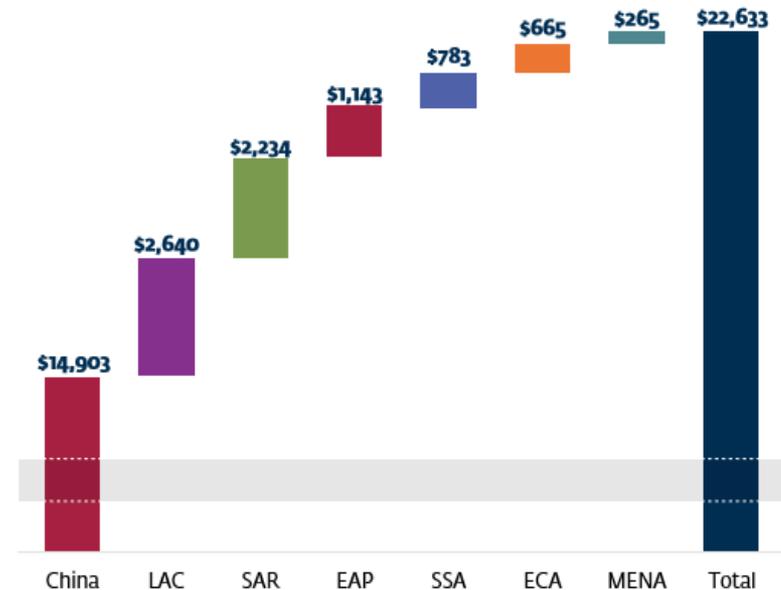
USD 23 trillion until 2030 in EMs & DCs

Number of NDCs, highlighting key sectors most relevant to private sector investments

	Renewable energy	Agriculture	Forestry	Energy efficiency	Transport	Waste	Water	Industries	Buildings	Urban
All	130	126	120	107	107	101	101	70	66	51
EAP	24	18	19	19	18	15	13	7	7	9
ECA	10	13	12	10	9	12	5	12	8	3
LAC	26	27	27	19	24	19	23	15	13	7
MENA	17	14	12	17	14	14	15	12	14	3
SA	7	7	7	6	7	5	5	3	5	5
SSA	46	47	43	36	35	36	40	21	19	24

Note: EAP = East Asia Pacific; ECA = Europe and Central Asia; LAC = Latin America Caribbean; MENA = Middle East and North Africa; SA = South Asia; SSA = Sub-Saharan Africa. This table accounts only for World Bank Group client countries. As a result, numbers in the table may differ from numbers throughout chapter 1, which take into consideration NDCs from all countries.

Climate-Smart Investment Opportunities in Emerging Markets, 2016 – 2030 (\$ billion)



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The PSF *takes on* **CONSTRAINTS** to private sector climate action



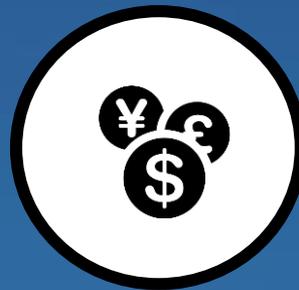
CLIMATE ACTION

Developing Country
finance gap
estimated at USD 1
Trillion a year



RISKS

Early movers take
brunt of risk,
impedes pioneering
investments



ACCESS TO FINANCE

Lack of affordable
long tenor financing



REGULATION

Lack of Government
Capacity to
Incentivize Private
Investment



KNOWLEDGE

Strengthening local
institutions and
markets through
readiness



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“Risk-inclined and
impact-oriented to
unlock private sector
capital for climate”

The Green
Climate Fund's
**Private
Sector
Facility**



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PSF: WHAT WE DO?

- **Catalyzing** private sector climate action in developing countries
- **Tailoring** lifecycle, concessional financing to **de-risk** high impact projects
- Supporting first movers by taking an **anchoring** role for co-investors;
- **Providing expertise** to help assess the potential benefits of project ideas
- **Leveraging GCF's** own resources with those of the private sector





HOW DO WE INVEST?

De-risking private capital for climate

INSTRUMENTS



Loans

- › Flexible pricing & tenor
- › Relatively high-risk tolerance



Equity

- › Assume equity positions
- › Support investment incubators



Guarantees

- › Tailored guarantee instruments



Grants

- › Fit-for purpose grants
- › Encourage innovation
- › Minimum concessionality





PSF | **Case
Studies**



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PSF Success Stories

Energy Efficient Consumption Loan Programme

Country	GCF financing	Accredited entity	Financial instrument
Mongolia	USD 10 million	XacBank	Senior loans, Grants

- Financing facility in Mongolia for energy efficient heating and housing solutions for Mongolian households.
- Enable access to affordable finance to stimulate demand for EE technologies
- Significant shift of consumer behavior towards EE products.
- Emission reduction of 469,574 tCO₂e



PSF Success Stories

Egypt Renewable Energy Financing Framework

Country	GCF financing	Accredited entity	Financial instrument
Egypt	USD 154.7 million	EBRD	Loan, TA Grant

- Encourages private sector investment in an environment with negligible renewable capacity installed
- Addresses the lack of capital for project development
- Facilitates transition to auction-based procurement
- Est. emissions reduction of 19 million tCO₂e



[Link to website](#)



PSF Success Stories

Acumen Resilient Agriculture Fund

Country	GCF financing	Accredited entity	Financial instrument
Uganda, Ghana and Nigeria	USD 26 million	Acumen Fund, Inc.	Equity and Grant

- First of its kind adaptation focused agriculture fund involving private sector
- An adaptation impact fund to support and scale up inclusive early stage agribusinesses that provide essential climate adaptation solutions to smallholder farmers
- Enhance climate resilience of 10M people



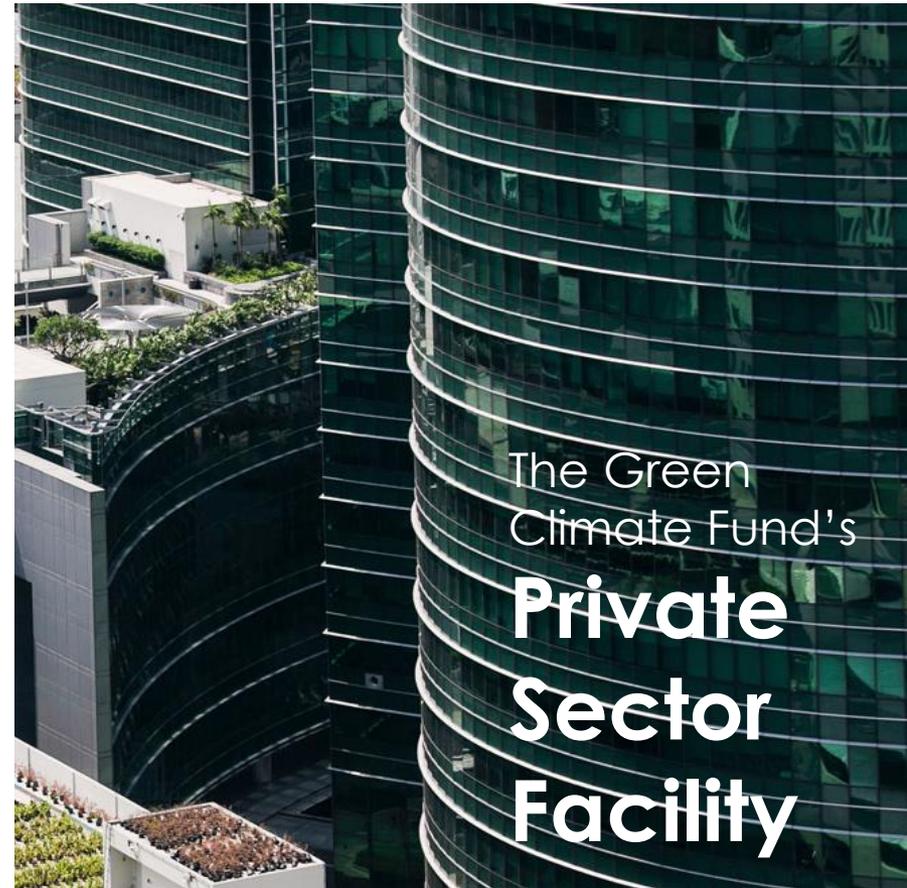


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KEY CONSIDERATIONS

For GCF's private sector involvement

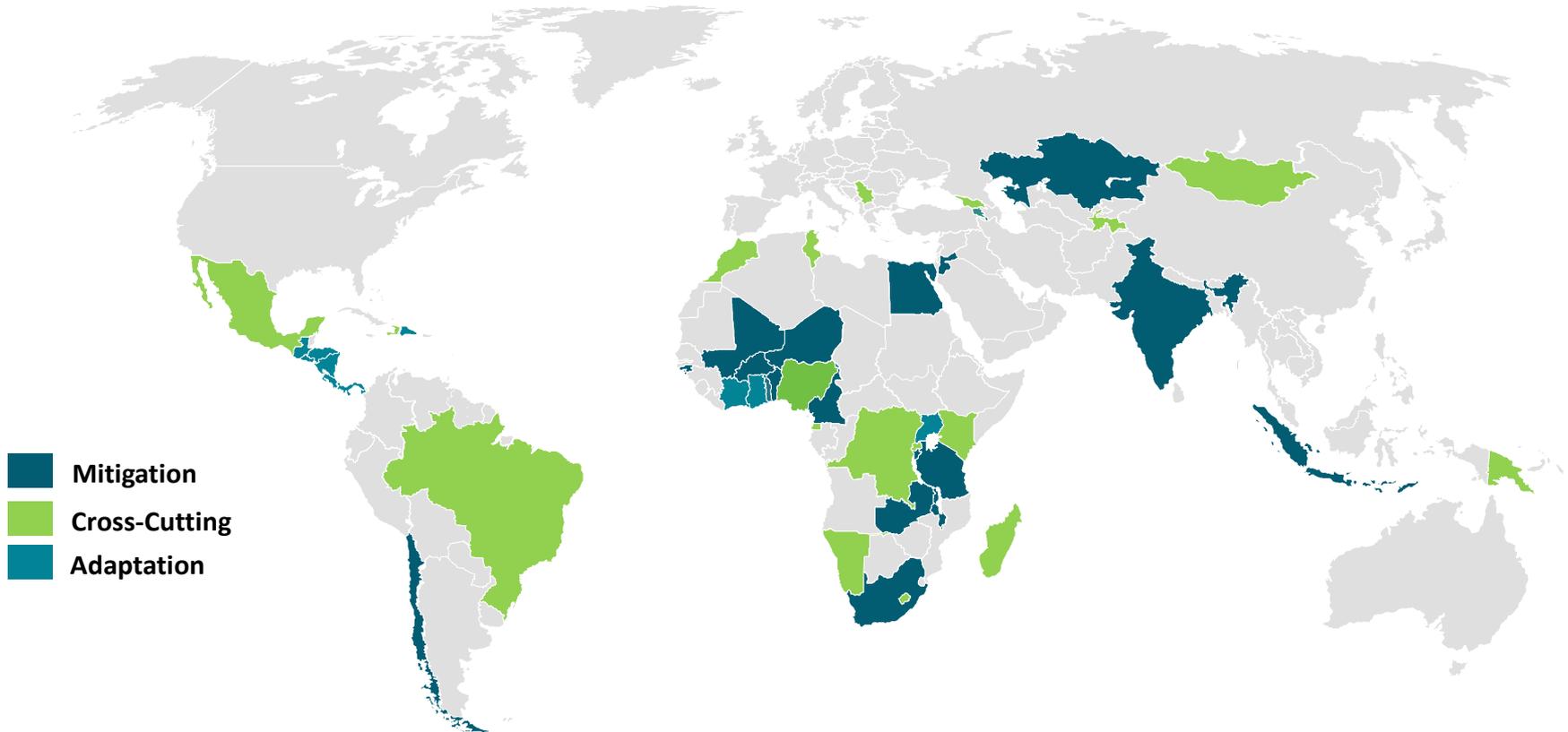
- Appropriate level of **concessionality**
- **Investment terms** structured to address specific barriers
- **GCF as a co-investor** – co-investment from AE encouraged
- **Maximize leverage** of other financing sources
- **Long-term financial sustainability** – ensure debt absorption capacity of recipient





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PSF IMPACT



- Mitigation
- Cross-Cutting
- Adaptation

23
Projects



\$2.1B
GCF-financing

\$6.2B
Co-financing

1.0Gt
CO2 Reductions

~38M
Beneficiaries



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Get in touch



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