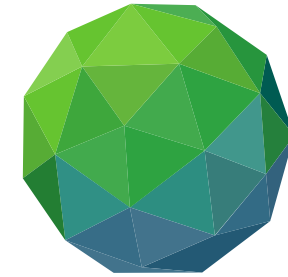


FINANCING THE CLIMATE AMBITION



GREEN
CLIMATE
FUND

Low Emission Development to Achieve Carbon Neutrality and SDGs

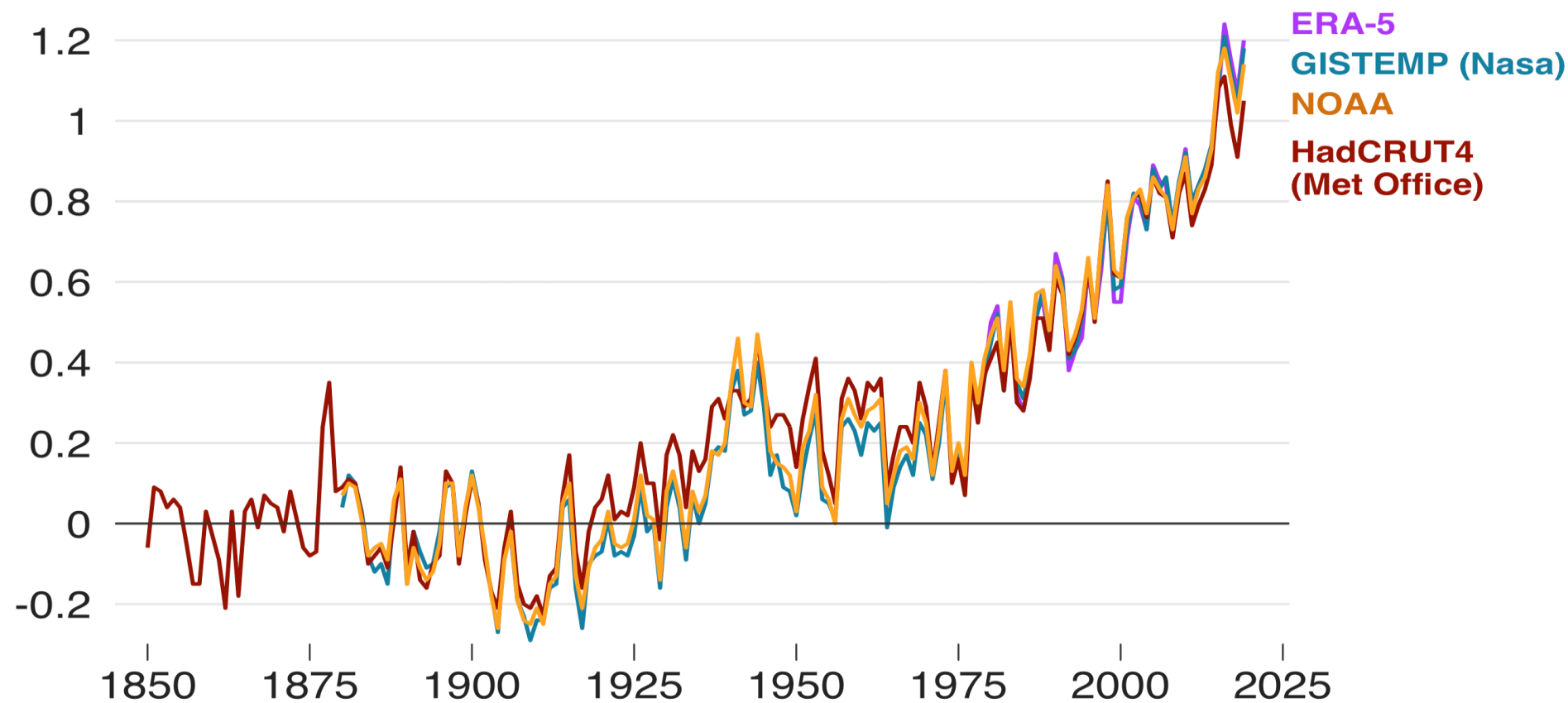
The 12th International Greenhouse Gas Conference; **UNOSD**

28 May 2021

Oyun Sanjaasuren, GCF

Temperature rise since 1850

Global mean temperature change from pre-industrial levels, °C



AN EMISSION PATHWAY CONSISTENT WITH THE 1.5°C TARGET

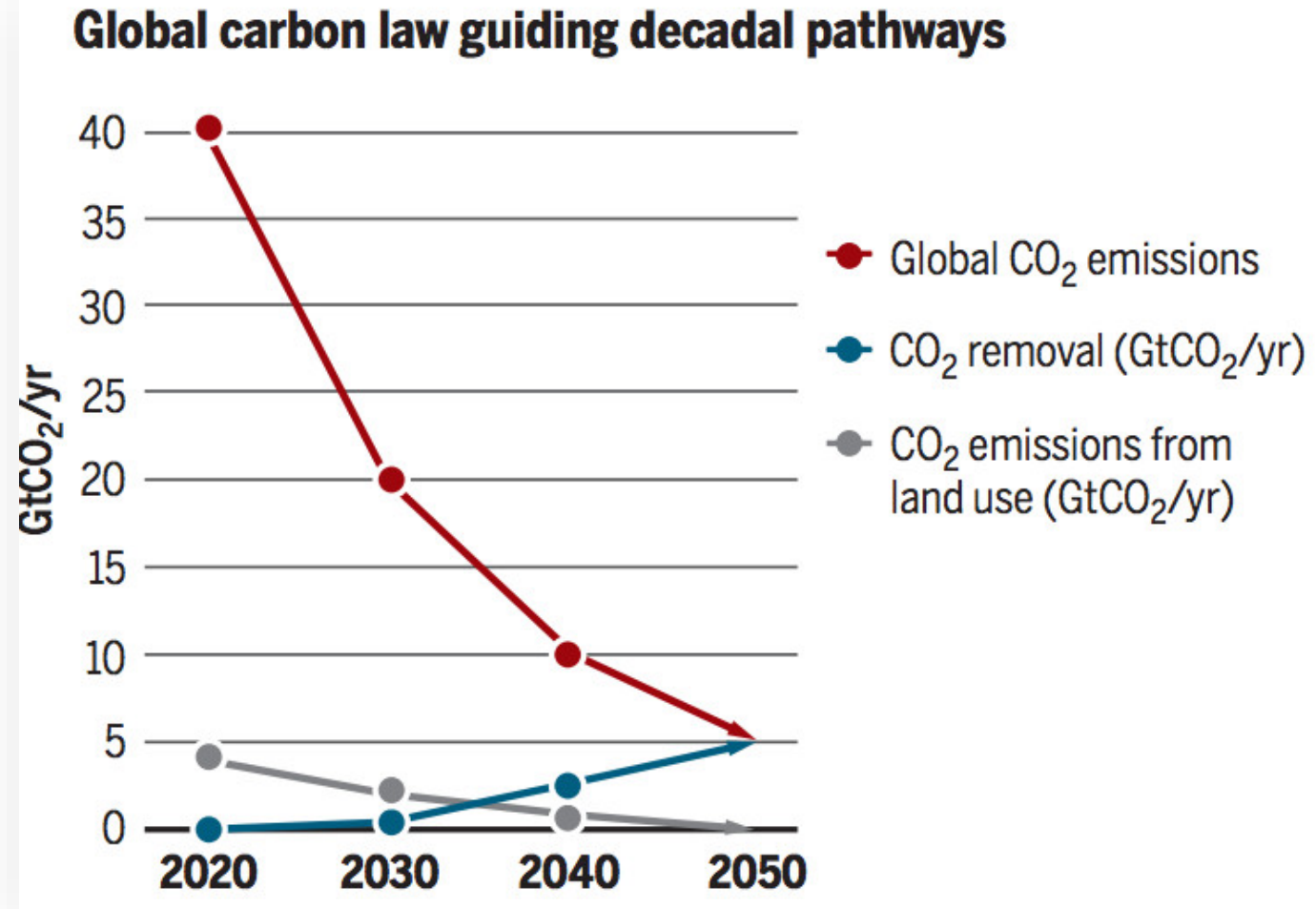


A 1.5°C emissions pathway will require the world halve emissions by two each decade from 2020, reaching net zero around 2050.

This would require **four** transitions in the management of:

- (i) energy systems and industries
- (ii) built environment;
- (iii) Human security and livelihoods;
- (iv) natural environment.

Adaptation efforts will need to be dramatically scaled up even if we achieve an emission pathway consistent with the 1.5°C target.



NET ZERO MOMENTUM



Political momentum with more than 120 countries pledging net-zero representing:

- 65% of global CO₂ emissions
- More than 70% of the world economy

**THIS IS NOT
ABOUT 2050
IT'S ABOUT
TODAY**

RACE TO ZERO

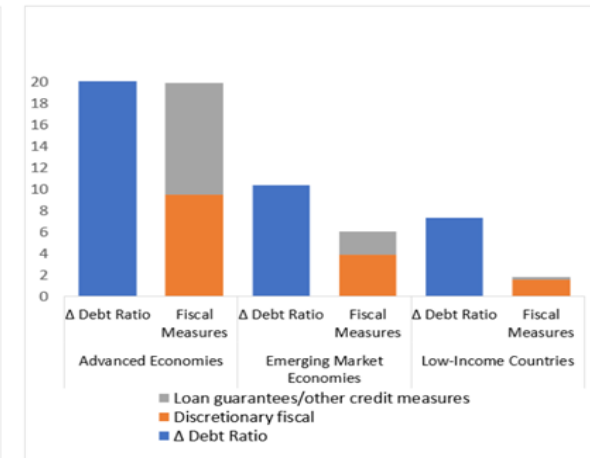
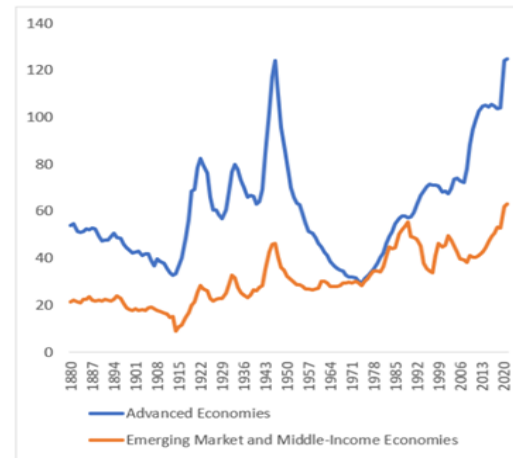
FINANCIAL IMPLICATIONS OF COVID-19 IN DEVELOPING COUNTRIES



- Fall in domestic public revenue and downgrades in sovereign credit rating
- Decline in private external finance (portfolio & investment flows, FDI, remittances)
- Solvency and liquidity crisis for SMEs

Debt and deficits

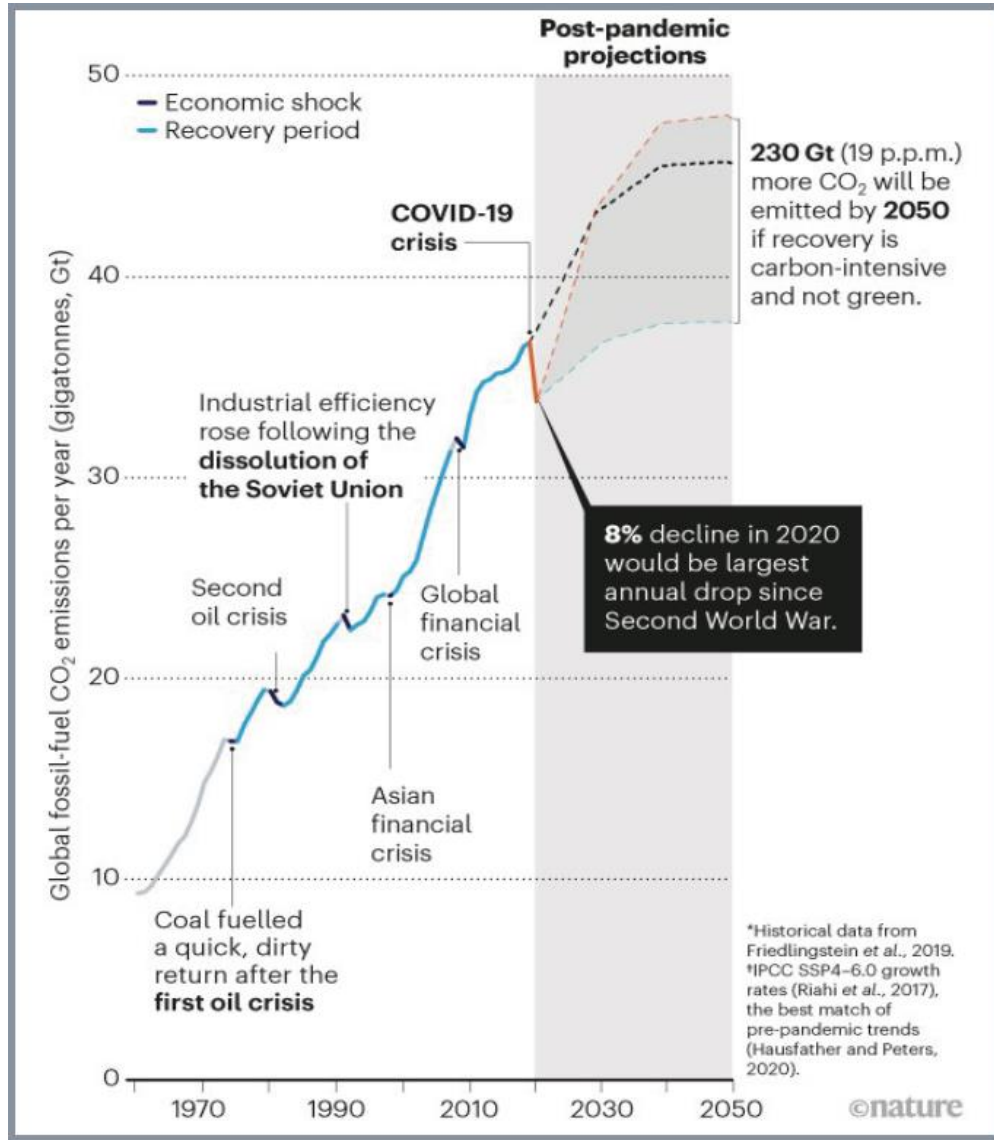
Projections for 2019–21 show the COVID-19 pandemic has pushed debt to historically high levels.
(percent of GDP)



Sources: IMF Historical Public Debt Database, IMF World Economic Outlook, and IMF staff calculations.

Note: The left chart shows historical and projected 2020 debt for AEs and EMEs based on a constant sample of 25 and 27 countries, respectively, weighted by GDP in purchasing power parity terms. The right chart shows the projected increase in 2021 debt over 2019 debt for the AEs, EMEs and LICs as defined in the IMF's World Economic Outlook, as well as key fiscal measures governments announced or taken in selected economies in response to the COVID-19 pandemic as of September 2020.

A SINGULAR OPPORTUNITY TO RESET EMISSIONS' TRAJECTORY IN THE AFTERMATH OF COVID-19



SHOCK AND RECOVERY

Emissions* from fossil fuels dip during recessions as the world economy slows. The rate of growth during recovery depends on whether green or dirty technologies supplant old infrastructure.

— International Energy Agency's 2020 forecast
--- Current trajectory, no pandemic†
--- Dirty recovery
--- Green recovery

Source: R. Hanna et al. (2020) based on P. Friedlingstein et al. (2019); K. Riahi et al. (2017); Z. Hausfather & G. Peters (2020).

Source: Independent Expert Group on Climate Finance (2020): Delivering on the \$100 billion climate finance commitment and transforming climate finance (Amar Bhattacharya, et al. Dec 2020)

GCF LEADS CLIMATE FINANCE PROJECTS APPROVALS IN 2020

according to a study by Heinrich Böll Stiftung, Washington DC

<https://climatefundsupdate.org/about-climate-finance/10-things-to-know-about-climate-finance/>



GREEN
CLIMATE
FUND

HEINRICH BÖLL STIFTUNG
WASHINGTON, DC

1

THE GREEN CLIMATE FUND

PUSHED ON WITH PROJECT APPROVALS

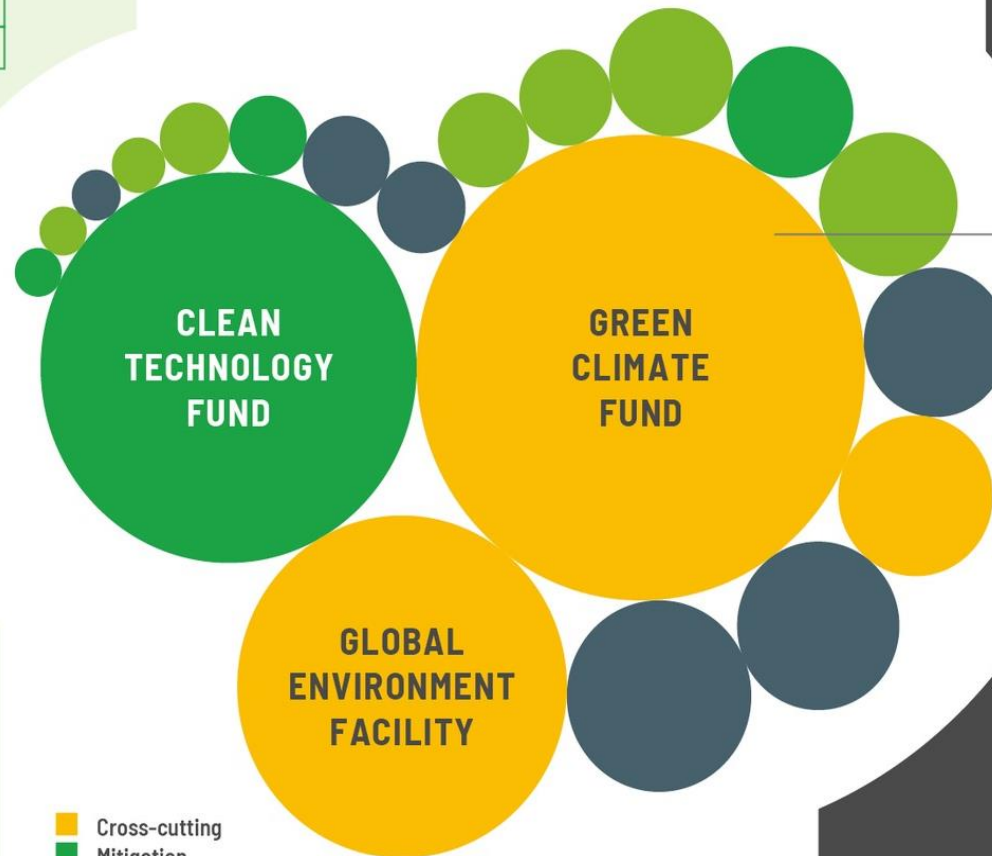
In spite of the COVID-19 pandemic
complicating in-person processes
for approving climate finance



2020

SAW CLIMATE FINANCE
APPROVALS OF
USD 3.4 BILLION

by major multilateral climate funds for
220 PROJECTS AND PROGRAMMES
across **151 COUNTRIES**.



Yellow: Cross-cutting
Green: Mitigation
Light Green: REDD+
Dark Blue: Adaptation

THE GREEN CLIMATE FUND (GCF), now in its first replenishment phase (GCF-1, 2020-2023), is responsible for the increase in approvals in recent years, and its cumulative approvals of **USD 7.4 BILLION**, including more than **USD 2.2 BILLION** for 2020, now dwarf other major multilateral climate funds.

GCF'S TRANSFORMATIVE APPROACH



**TRANSFORMATIONAL
PLANNING AND
PROGRAMMING**

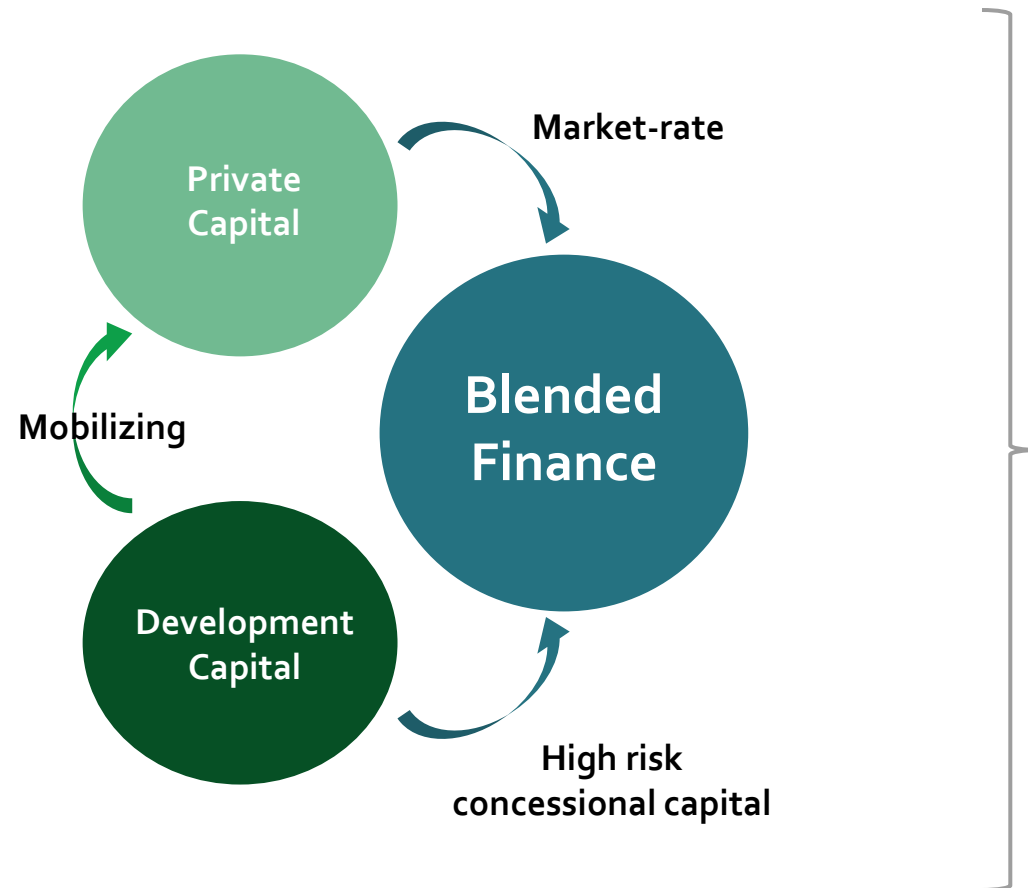
**CATALYSING CLIMATE
INNOVATION**

**DE-RISK INVESTMENT TO
MOBILIZING FINANCE AT
SCALE**

**MAINSTREAMING CLIMATE
RISKS AND OPPORTUNITIES
INTO INVESTMENT DECISION-
MAKING TO ALIGN FINANCE
WITH SUSTAINABLE
DEVELOPMENT**

**We achieve our goal by investing across four transitions –
built environment; energy and industry; human security, livelihoods and wellbeing; and land-
use, forests and ecosystems**

BLENDED FINANCE AND DE-RISKING INSTRUMENTS IS KEY



INSTRUMENTS

A hand using a calculator on a desk with financial documents.	Loans	<ul style="list-style-type: none">› Concessional pricing & tenor› Relatively high-risk tolerance
A hand holding a stack of Euro banknotes.	Equity	<ul style="list-style-type: none">› Early stage risk› Enable higher mobilization
Two hands shaking in a firm grip.	Guarantees	<ul style="list-style-type: none">› Tailored guarantees› Catalytic – enable crowding-in
A hand holding a small stack of coins.	Grants	<ul style="list-style-type: none">› Capacity building› Enabling affordability

DE-RISKING INVESTMENT AND SCALING UP: EXAMPLES OF PROJECTS



- **SnCF Global** aims to catalyze long-term climate investment at the sub-national level and is designed to attract primarily private institutional investment to deliver certified climate and SDGs impacts and Nature-based Solutions at global scale.



FP152 Global Subnational Climate Fund (SnCF Global) – Equity

Total project investment: **\$750m**

GCF finance: **\$150m in equity**

Project beneficiaries: **77.6m**

Accredited Entity: **Pegasus Capital Advisors**

FP151 Global Subnational Climate Fund (SnCF Global) – Technical Assistance (TA) Facility

Total project investment: **\$28.0m**

GCF finance: **\$18.5m grant**

Accredited Entity: **International Union for Conservation of Nature**

- **The Great Green Wall (GGW)** is an umbrella programme that aims to restore 100 million hectares of currently degraded land; sequester 250 million tons of carbon and create 10 million green jobs by creating an 8,000-kilometre green barrier stretching across the entire width of the Africa.

CATALYSING CLIMATE INNOVATION: EXAMPLE OF PROJECTS



- **FP115 - Espejo de Tarapacá** is a renewable energy project in Chile and is funding what will be the world's largest hydropower station using seawater, providing a vast energy source, and making more freshwater available for drinking water and agriculture.
 - Located in the Tarapacá desert, this project combines a 561 MW photovoltaic solar plant that provides power during the day and a 300 MW pumped storage hydroelectric facility that generates electricity at night, using the Pacific Ocean as its lower reservoir and a natural geographic feature as its upper reservoir.
- **Readiness Grant:** Facilitating an enabling environment for a Caribbean Green Bond listing on the Jamaica Stock Exchange to establish the Caribbean's first regional green bond market.
 - A GCF readiness grant will help develop a regulatory framework for green bonds and raise awareness in the marketplace among potential issuers and investors.

MAINSTREAMING CLIMATE RISKS AND OPPORTUNITIES INTO INVESTMENT DECISION-MAKING TO ALIGN FINANCE WITH SUSTAINABLE DEVELOPMENT



- **FP050-Bhutan for life** aims to provide times and resources for Bhutan's government to secure long-term revenues and maintain improvements. **The project will support Bhutan's development without the cost of extensive environmental degradation.**
 - Total project investment: **\$118m grant**
 - GCF finance: **\$26.6m grant**
 - Accredited Entity: **WWF**



- **FP138 – ASER Solar Rural Electrification Project** aims to ensure access to clean energy for all in Senegal in partnership with the West African Development Bank (BOAD). By providing affordable funding in the form of low-interest loans, **GCF resources will mobilise the private sector to invest in solar-powered mini-grids for the electrification of 1,000 isolated villages.**
 - Total project investment: **\$232.9m grant and loan**
 - GCF finance: **\$86.3m grant and loan**
 - Accredited Entity: **BOAD**



GREEN
CLIMATE
FUND