Global Climate Finance and Green Climate Fund

31 October 2017

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Advisory Ambassador for Cooperation with GCF
Incheon City, Korea
Global Climate Finance
Climate Finance landscape

Multilateral Climate Funds

- GEF: Global Environment Facility (GEF)
- LDCF: Least Developed Countries Fund (LDCF)
- SCCF: Special Climate Change Fund (SCCF)
- AF: Adaptation Fund (AF)
- CTF: CIFs: Clean Technology Fund (CTF)
- SCF: CIFs: Strategic Climate Fund (SCF)
- GCF: Green Climate Fund (GCF)

Source: UNFCCC Standing Committee on Finance, 2016 Biennial Assessment and Overview of Climate Finance Flows Report
Global financial flow (CPI)

Figure 5. Global mitigation finance flows in 2013, totalling USD 302 billion

*Process emissions refer to industry processes.*


Figure 6. Global adaptation finance flows in 2013, totalling USD 25 billion

Developed countries were urged to **scale-up their level of support with a concrete roadmap** with strategies and approaches to achieve the goal of mobilising US$100 billion per year by 2020 for climate action in developing countries.

- MRV (Measurement, Reporting, Verification)

  Developed country Parties should **provide transparent and consistent information** on support for developing country Parties **through public interventions biennially** in accordance with the modalities, procedures and guidelines to be adopted by CMA* at its first session

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* Conference of the Parties serving as the meeting of the Parties to the Paris Agreement
Climate Finance Flows in 2013-2014, as estimated in the second BA (Biennial Assessment and Overview of Climate Finance Flows)

UNFCCC Standing Committee on Finance

<table>
<thead>
<tr>
<th>Flows to developing countries</th>
<th>2013 (USD billion face value)</th>
<th>2014 (USD billion face value)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>UNFCCC funds</strong></td>
<td>0.6</td>
<td>0.8</td>
</tr>
<tr>
<td>Multilateral climate funds (including UNFCCC funds)</td>
<td>1.9</td>
<td>2.5</td>
</tr>
<tr>
<td>Climate-specific finance through bilateral, regional and other channels</td>
<td>23.1</td>
<td>23.9</td>
</tr>
<tr>
<td>Of which grants and concessional loans</td>
<td>11.7</td>
<td>12.4</td>
</tr>
<tr>
<td>MDB climate finance attributed to developed countries (own resources only)</td>
<td>14.9</td>
<td>16.6</td>
</tr>
<tr>
<td>Renewable energy projects</td>
<td>1.8</td>
<td>2.1</td>
</tr>
<tr>
<td>FDI in greenfield alternative and renewable energy</td>
<td>26.4</td>
<td>21.6</td>
</tr>
<tr>
<td>Mobilized private finance</td>
<td>12.8</td>
<td>16.7</td>
</tr>
<tr>
<td><strong>Global total flows (inclusive of flows to developing countries above)</strong></td>
<td><strong>95-102</strong></td>
<td><strong>102-112</strong></td>
</tr>
<tr>
<td>2013-2014 average total</td>
<td>714 billion</td>
<td></td>
</tr>
<tr>
<td>Public and private investment excluding renewables (CPI)</td>
<td>244</td>
<td>285</td>
</tr>
<tr>
<td>Public and private investment for renewables (CPI)</td>
<td>334</td>
<td>337</td>
</tr>
<tr>
<td>Private energy efficiency</td>
<td>Not available</td>
<td>Not available</td>
</tr>
<tr>
<td>Private sustainable transport</td>
<td>Not available</td>
<td>Not available</td>
</tr>
<tr>
<td>Private climate-relevant land use</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>Private adaptation</td>
<td>1.5</td>
<td>1.5</td>
</tr>
<tr>
<td>Domestic climate-related public investment</td>
<td>192</td>
<td>192</td>
</tr>
</tbody>
</table>
Mobilised Climate Finance in 2013 and 2014 by funding sources (OECD)

- Public finance levels: US$37.9 billion in 2013, US$43.5 billion in 2014

Source: OECD analysis. Note: Numbers in this figure may not sum to the totals due to rounding.
Estimated public finance levels in 2013, 2014, and 2020

![Bar chart showing estimated public finance levels for 2013, 2014, and 2020.](chart)

Projected finance levels in 2020

![Bar chart showing projected finance levels for 2020.](chart)

- **29.5** Multilateral public finance attributed to developed countries
- **37.3** Bilateral public finance (includes contributions to the Green Climate Fund and to UN Specialised Bodies)

Total public finance: **66.8**

Source: OECD (2016)
Assessment

Developed countries

• With the addition of private finance, the projected overall finance levels in 2020 would amount to above USD 100 billion

• The Projection should be considered a conservative, indicative aggregation of public climate finance levels in 2020, rather than a firm prediction

• Public adaptation finance is projected to double between 2013-14 and 2020
Developing countries

• Lack of definitional clarity
  - The Roadmap is based on many sources of climate finance flows, but they cannot be compared because of the lack of clarity on the definition of climate finance.
  - Climate finance from the developed countries should be “new” and “additional”, which is over and above the official development assistance.

• Support for mitigation and adaptation is unbalanced

• Improvements in climate finance tracking and reporting of data is needed
Decisions about what constitutes climate finance and how to account for it are inherently political
- what constitutes “new and additional” finance?
- where is the dividing line between climate and development finance?

Building an effective MRV framework is required
- It is essential for the trust building
- MRV framework needs to have the support of both funders and recipients
- Key decisions and guidance should come from within the UNFCCC process, not from external institutions which do not have the same representation and governance framework.

Comprehensive coverage is also important.
- An MRV framework should capture as much of climate finance, both public and private finance, as possible

Finance needs to be captured, in a common format that are not double-counted.
GCF: A key financial mechanism under the Paris Agreement
World’s largest climate fund

Established by 196 Parties to the UNFCCC

Provide support to developing countries

Mitigation: reduce greenhouse gas emissions

Adaptation: adapt to unavoidable impacts

Investment mix: public and private sector
GCF: A unique institution
- How does the Fund add value within the international climate architecture?

Balanced Governance: Equal voice for developed and developing countries

Country Driven: Maximize Country ownership through NDAs and focal points

Balanced allocation between adaptation and mitigation

Diversity of partners: diversity of entities and accreditation pathways

Diversity of financial instruments

Dedicated Private Sector Facility (PSF)
Mobilizing financial resources at scale

$10.3 billion
Pledged (2016)
45 countries, regions, and cities
Incl. 9 developing countries
Since first pledging conference and COP20

$10.1 billion
Signed
38 countries, regions, cities
Contribution agreement or arrangements signed
Business model
Fund Structure and Financial Instruments
Balanced resource allocation
Eight strategic result areas

- Key investment sectors

- Energy generation and access
- Reduced emissions from
- Forests and land use
- Buildings, cities, industries, and appliances
- Transport

- Health, food and water security
- Livelihoods of people and communities
- Increased resilience of
- Ecosystems and ecosystem services
- Infrastructure and built environment
Investment criteria

- Can the project contribute to GCF's objectives and result areas?
- Can the project catalyze impact beyond a one-off investment?
- Does the project have long lasting benefits such as E&S, gender, development impact?
- Does the project benefit the country and the targeted population?
- Does the project benefit country’s policies, climate strategies, and institutions?
- Does the project foster cost-effectiveness and private sector funding mobilization?
Proposal Approval Process
Initial Proposal Approval Process

1. Generation of funding proposals (AE or intermediary)
2. Concept Note (voluntary) - Align with Plan
3. Submission of funding proposal - Non Objection
4. Second level due diligence
5. Technical Advisory Panel
6. Trustee - Legal arrangements

- Board
- Secretariat

Note: (voluntary)
Funding Proposal Review Process

Stage 1 Completeness check
Complete information and documentation
Adequate level of advancement

Stage 2 Second level due diligence
Performance against investment criteria
Consistency with GCF safeguards & policies

Stage 3 Independent TAP assessment
Performance against investment criteria

Stage 4 Submission of package to Board
Financial instruments

1. Grants
2. Equity
3. Guarantees
4. Concessional Loans

Guarantees
Grants
Equity
Concessional Loans

Financial instruments
GCF Readiness Support

Objectives

• Institutional capacity building support
  - NDA Strengthening support

• Accreditation support
  - Technical assistance to direct access entities

• Country Programming support
  - Prioritization, stakeholder engagement, mapping of stakeholders in priority sectors

• Support for the development of project proposal
GCF IN NUMBERS
- Status as of Oct. 2017

GCF PORTFOLIO

<table>
<thead>
<tr>
<th>Projects</th>
<th>Beneficiaries</th>
<th>Tonnage of CO2</th>
</tr>
</thead>
<tbody>
<tr>
<td>54</td>
<td>159m</td>
<td>1b</td>
</tr>
</tbody>
</table>

Anticipated number of people with increased resilience
Anticipated tonnes of CO2 equivalent avoided

GEOGRAPHIC DISTRIBUTION

- Eastern Europe: 4
- LATAM & Caribbean: 11
- Asia Pacific: 21
- Africa: 23

PRIORITY COUNTRIES

- SIDS: 10
- LDCs: 17
- African States: 23
READINESS RESULTS
As of 30 June 2017

<table>
<thead>
<tr>
<th>Number of readiness requests approved</th>
<th>Number of countries covered</th>
<th>Total resources approved for readiness ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>123</td>
<td>88</td>
<td>37.2 USD million</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Number of readiness requests disbursed</th>
<th>Number of countries that have received a readiness disbursement</th>
<th>Amount disbursed for readiness ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>57</td>
<td>46</td>
<td>6.3 USD million</td>
</tr>
</tbody>
</table>

Distribution of readiness support approved by region:
- Africa: 37%
- SIDS/LDCs/African States: 33%
- Latin America & Caribbean: 27%
- Eastern Europe: 67%
- Other: 4%
- Vulnerable Countries: 32%
Summary
- GCF is key to implement Paris Agreement and country actions

• Country ownership (NDCs)
• Promotes Paradigm shifting integrated solutions
• Decouples economic growth from high emissions investment
• Serves SDGs-COP through coordinated strategies
• Promotes policy action and knowledge for systematic actions by the public and private sector
Thank you