



# **Working with GCF's Private Sector Facility (PSF)**

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# What is PSF?

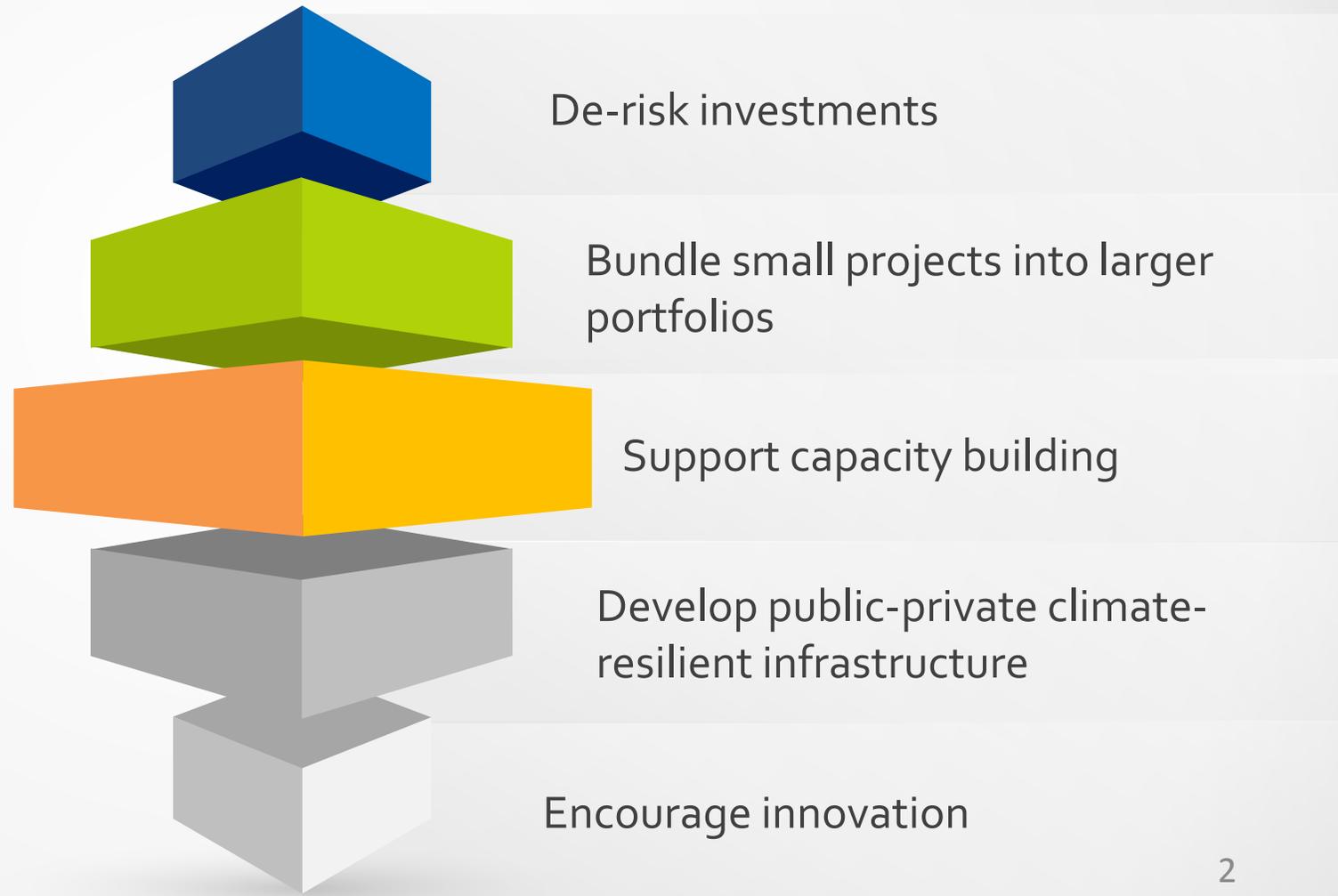


PSF is a dedicated facility within GCF with the mission to:

- ✓ Finance catalytic mitigation and adaptation projects and programmes that mobilize private sector funds
- ✓ Enabling private climate finance in developing markets



PSF provides **concessional debt, equity, guarantees, and grants** through a range of financing structures (project-based, funds, structured finance vehicles etc.)





# Our Value Proposition

- ✓ We understand the value of investing in climate finance in developing countries
- ✓ We have a special focus on LDCs, SIDS, and African states (min. 50% of overall GCF portfolio in adaptation)
- ✓ We engage institutional investors, local Fis and corporates to co-invest with GCF in projects
- ✓ We offer long-term funding through various instruments and can structure in concessionality to achieve results
- ✓ We are a strategic and flexible investor and partner
- ✓ We can take on climate-related risk in order to address barriers to private sector climate finance flows



# Addressing Barriers to Private Sector Finance

## Policy & regulatory

- Appropriate strategic and regulatory framework
- Consistent policy support and incentive systems

## Access to climate finance and local market

- Limited market capabilities
- Limited range of financial instruments
- Demand-supply mismatch

## Affordability & technology

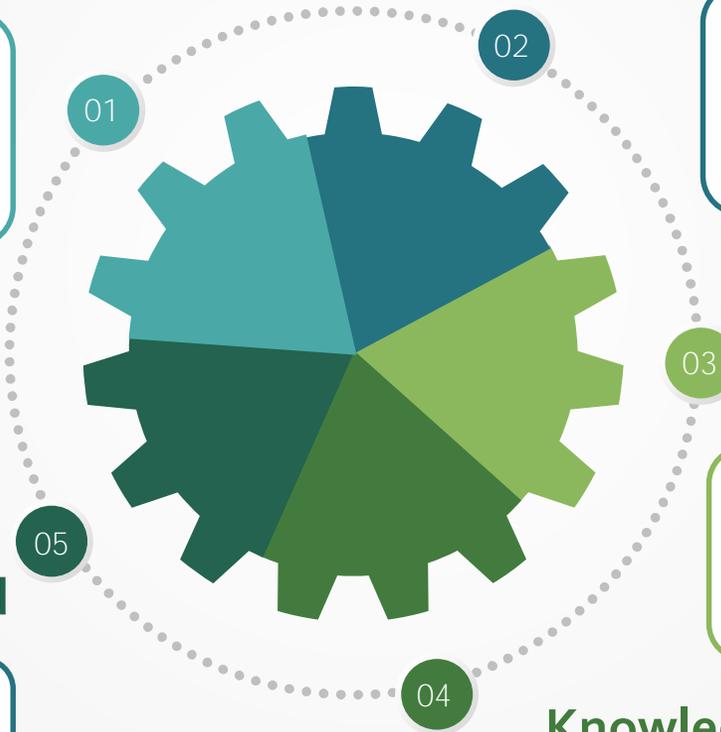
- High technology and upfront costs
- High cost of capital
- Access to technology

## Knowledge & education

- Lack of awareness and training
- Local financial institutions' lack of capacity

## Region & country related

- Different barriers across regions and countries



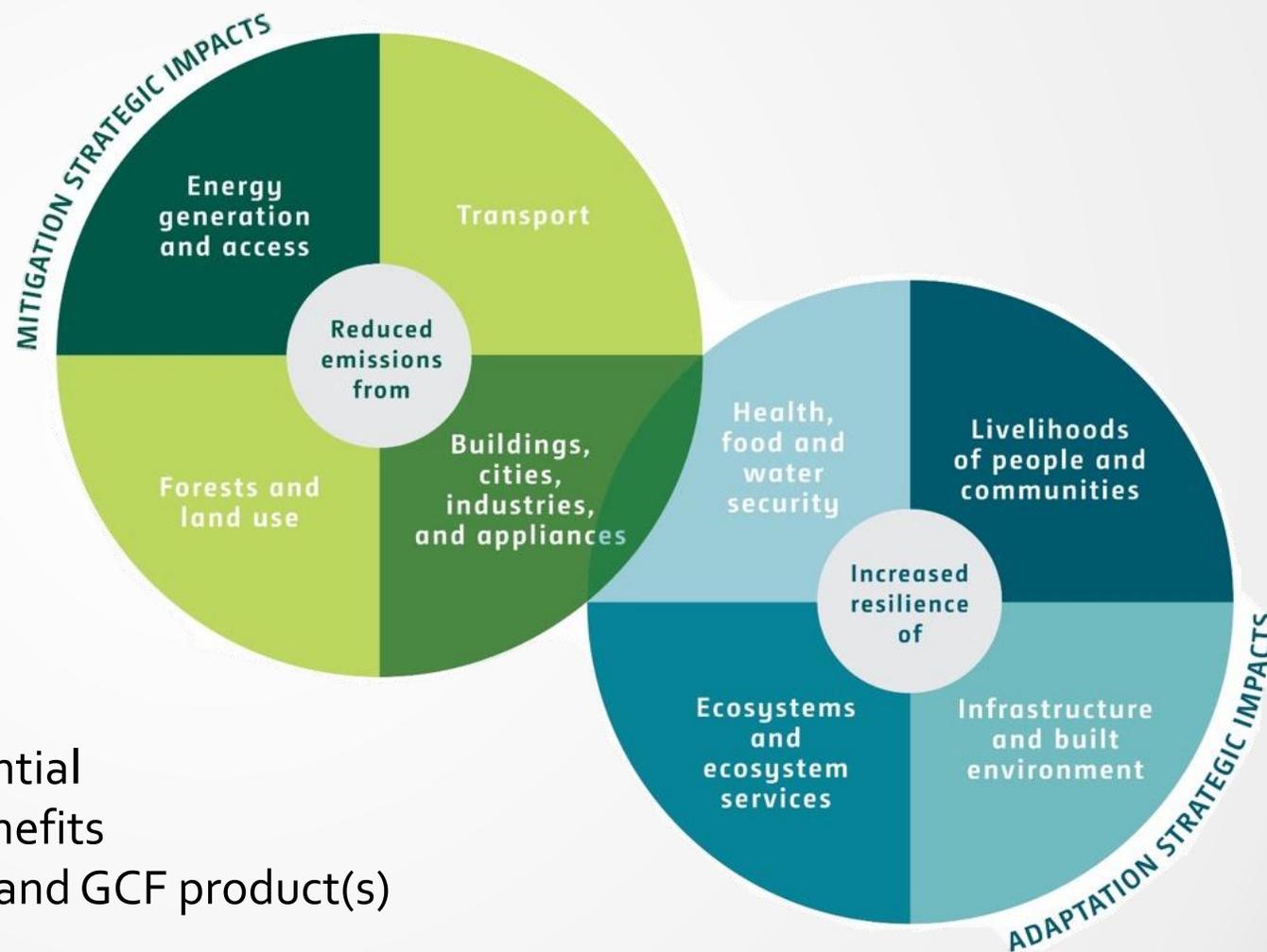


# How Can You Work With Us?

- ✓ We work through Accredited Entities (AE) to channel resources to projects.
- ✓ Accreditation is a due diligence process ensuring our partners share the same objectives as GCF, and that they have extensive experience and a strong financial and managerial infrastructure.
- ✓ Entities can apply for GCF Accreditation or work in partnership with an established AE.
- ✓ GCF also issues Requests for Proposals aimed at addressing specific private sector financing gaps – and these may be open to entities who are not yet accredited.



# GCF Strategic Results Areas



## With a focus on...

- Impact and paradigm-shift potential
- Sustainable development co-benefits
- Appropriate financing structure and GCF product(s)

# GCF Funding Proposal Review



## Performance against investment criteria

- ✓ Impact potential (vs. GCF results areas)
- ✓ Paradigm shift potential (replicable/scalable)
- ✓ Sustainable development potential (co-benefits)
- ✓ Needs of the recipient (target population)
- ✓ Country ownership (country climate policies)
- ✓ Efficiency and effectiveness (private sector mobilization/leverage)



## Consistency with GCF policies

- ✓ Environmental and social safeguards
- ✓ Gender policy
- ✓ Non-objection letters
- ✓ Results management and reporting
- ✓ Legal/Risk – risk-sharing structures where relevant
- ✓ Implementation capacity of AE/executing entity
- ✓ Private sector: minimum concessionality / minimizing market distortions

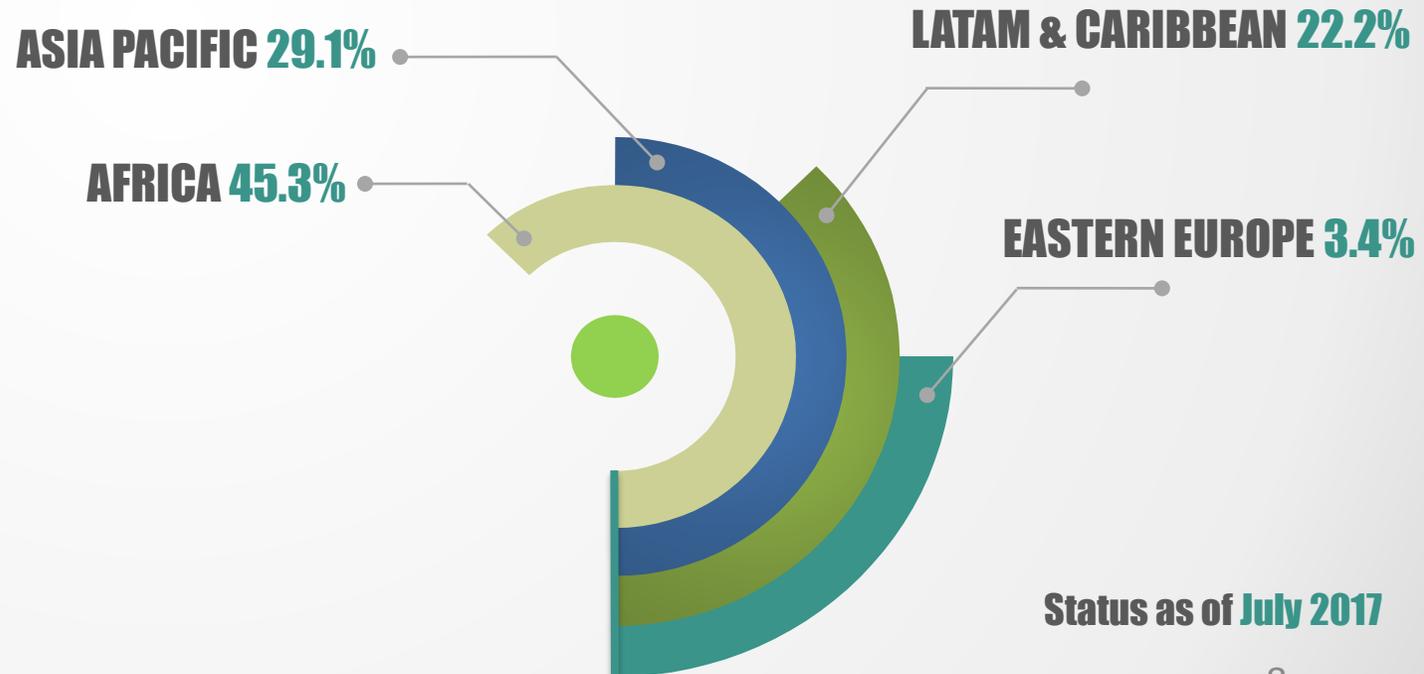
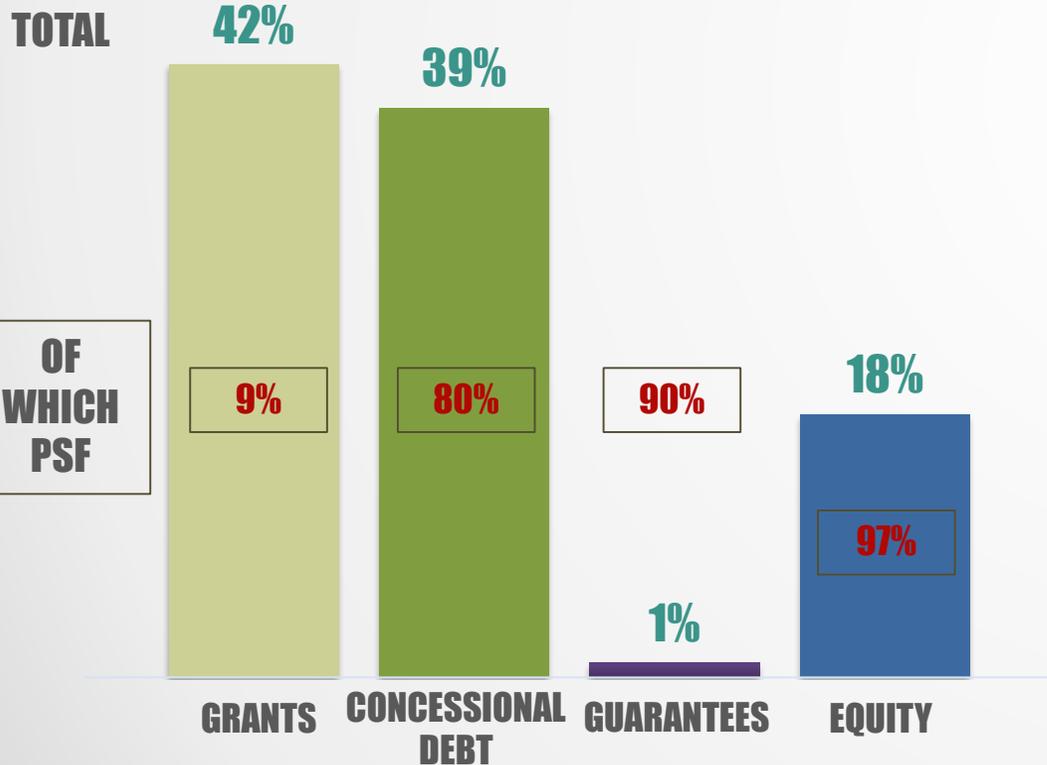


# Where We Have Invested

## TOTAL FUNDING AMOUNT

GCF PORTFOLIO (45 projects): **USD 2.240 B**  
PRIVATE SECTOR (PSF) (11 projects): **USD 1.187 B**

## GEOGRAPHIC DISTRIBUTION



Status as of July 2017



# Examples of Private Sector Projects

GEEREF NeXt



## Countries:

- ✓ Multiple Countries – Global.

## GCF Investment:

- ✓ USD 250M in equity and USD 15M in grants.

## Description:

- ✓ An innovative fund-of-funds with the aim of being the first private equity backed investor in renewable energy and energy efficiency projects.

## Investment goals:

- ✓ Provide early and growth equity capital to strong renewables and energy efficiency companies in developing markets.
- ✓ Catalyze institutional investors into renewable energy and energy efficiency investments in developing countries, resulting in a large multiplier effect for climate investments.
- ✓ Emissions reduction of 769M tCO<sub>2</sub>e.



# Examples of Private Sector Projects



**UGEAP**

## Countries:

- ✓ Benin, Kenya, Namibia, Nigeria, Tanzania.

## GCF Investment:

- ✓ USD 78.4M in equity and USD 1.6M in grants.

## Description:

- ✓ The Universal Green Energy Access Programme is an investment fund providing financing for decentralized energy service companies for off-grid and mini-grid systems.

## Investment goals:

- ✓ Enhancing local financial institutions' knowledge of and appetite for the renewable energy sector.
- ✓ Crowding-in foreign and local private investors into the field of sustainable energy access in sub-Saharan Africa.
- ✓ Emissions reduction of 50.6M tCO<sub>2e</sub>.



# Examples of Private Sector Projects



## Sustainable Landscapes in Eastern Madagascar

### Countries:

- ✓ Madagascar.

### GCF Investment:

- ✓ USD 35M in equity and USD 18.5M in grants.

### Description:

- ✓ Holistic approach to sustainable landscapes in both forested lands and degraded areas at a large scale.

### Investment goals:

- ✓ Public-Private finance project involving both the European Investment Bank (EIB) and Conservation International (CI).
- ✓ Focused on building capacity of smallholders, community-based organizations and local government services.
- ✓ Emissions reduction of 10.0 million tCO<sub>2</sub>e.



# Examples of Private Sector Projects

## MSME RFP Programme



### Countries:

- ✓ Mongolia.

### GCF Investment:

- ✓ USD 19.5M in loans and USD 0.5M in grants.

### Description:

- ✓ Loans to Mongolian enterprises investing in energy efficiency and renewable energy projects.

### Investment goals:

- ✓ Investment under GCF's USD 100M pilot MSME RFP programme launched in 2016.
- ✓ At least half of the financial support will go towards women-led MSMEs.
- ✓ Emissions reduction of 1.2M tCO<sub>2</sub>e.



# NEW: Mobilizing Private Capital (Request For Proposal) [Greencclimate.fund/500m](https://greencclimate.fund/500m)



## GCF INVESTMENT:

- ✓ Up to USD 500M in few projects/programmes



## TARGET COUNTRIES:

- ✓ Developing countries



## DESCRIPTION:

- ✓ Call for mitigation and adaptation projects and bold ideas that mobilize private sector capital at scale
- ✓ Can fund activities across a wide range of mitigation or adaptation areas, such as climate-proof infrastructure, urban energy efficiency, ecosystem services, and agriculture



## INVESTMENT GOALS:

- ✓ Jumpstart projects that need early stage equity, guarantees, concessional lending and grants to reach a critical size and attract funding from private investors



Pitch for the Planet.



# NEW: Mobilizing Private Capital (Request For Proposal) [Greencclimate.fund/500m](https://greencclimate.fund/500m)

## WHO CAN PARTICIPATE?

- ✓ Existing accredited entities
- ✓ Entities that wish to be considered for accreditation

## WHAT MAKES A STRONG RFP SUBMISSION?

- ✓ Climate impact (optimal economic efficiency)
- ✓ Leverage/multiplier effect for private sector investment
- ✓ Regulatory reform and institutional capacity building
- ✓ Innovative, scalable & sustainable solutions
- ✓ Social impact including for the poorest and for women
- ✓ Activities in most vulnerable countries

## WHY PARTICIPATE?

- ✓ Change the risk-return profile of your project to encourage private sector investor participation



Pitch for the Planet.



# REACH OUT



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