

# Scaling Green Climate Financing for Climate Action and Green Growth: GGGI Initiatives and Experience

*Presentation for the Urban Infrastructure Forum*

*October 6, 2022*





Global  
Green Growth  
Institute

## *Content*

1. Introduction: About GGGI
2. Green Climate Finance Overview
3. GGGI Initiatives for Scaling Green Climate Finance



# Introduction: About GGGI

# GGGI at a Glance

The **Global Green Growth Institute (GGGI)** is a treaty-based intergovernmental organization focused on supporting developing and emerging economies to achieve environmentally sustainable and socially inclusive economic development: green growth.



## Our Vision

A LOW-CARBON, RESILIENT WORLD OF STRONG, INCLUSIVE, AND SUSTAINABLE GROWTH



## Our Mission

GGGI SUPPORTS ITS MEMBERS IN THE TRANSFORMATION OF THEIR ECONOMIES TO A GREEN GROWTH ECONOMIC MODEL.



## Our Position

A TRUSTED ADVISOR & DEVELOPMENT PARTNER EMBEDDED IN MEMBER & PARTNER GOVERNMENTS



PARIS2015  
UN CLIMATE CHANGE CONFERENCE  
COP21·CMP11

## SUSTAINABLE DEVELOPMENT GOALS





# GGGI's Value Chain & Programmatic Solutions



## GGGI Value Chain



Solar Energy



Forest (Sustainable) Landscapes



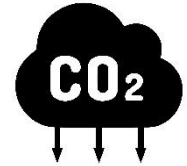
Green Buildings and Industry



Green Investment Services (GIS)



Climate Action and Inclusive Development (CAID)



Carbon Pricing Unit (CPU)



Waste



Gender and Inclusive Development



Sustainable Transportation

# GGGI Strategic Outcomes



SDGs linked with GGGI's Strategic Outcomes & Global Operational Priorities

**SO1**  
Reduced GHG emission



**SO3**  
Increased access to sustainable services



**SO5**  
Supply of ecosystem services ensured



**SO2**  
Creation of green jobs



**SO4**  
Improved air quality



**SO6**  
Enhanced adaptation to climate change



# GGGI 2021 Results Overview



**56** COMPLETED ADVISORY OUTPUTS that inform development of green growth investments

**USD5.1 billion** in green investments for its Members

**76** GREEN GROWTH POLICIES adopted by 18 Members with GGGI's support

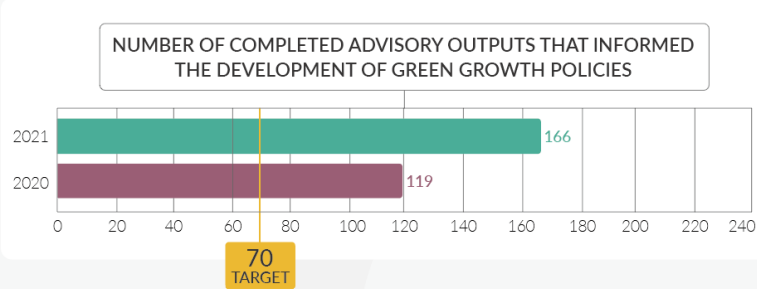
## 2021 ATTRIBUTED STRATEGIC OUTCOMES

**11.9 million** tCO<sub>2</sub>e emissions reduction

**50,000** new green jobs created

**13,000** hectares of forests protected

## 2021 ATTRIBUTED STRATEGIC OUTCOMES



IN 2021, GGGI delivered **166 COMPLETED ADVISORY OUTPUTS** that informed the development of green growth policies against **A TARGET OF 70**

# Knowledge Sharing and Capacity Building

## GGGI Intermediate Outcome 3 | Knowledge sharing and capacity building

**321**  
Capacity building activities



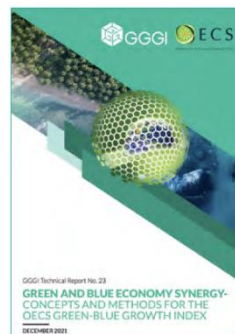
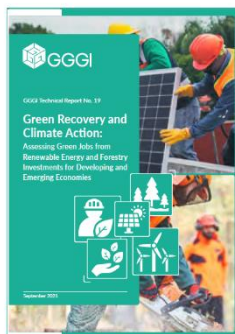
**15,865**  
Participants



**155**  
Knowledge products delivered



### GGGI Technical Reports



### GGGI Insight Brief



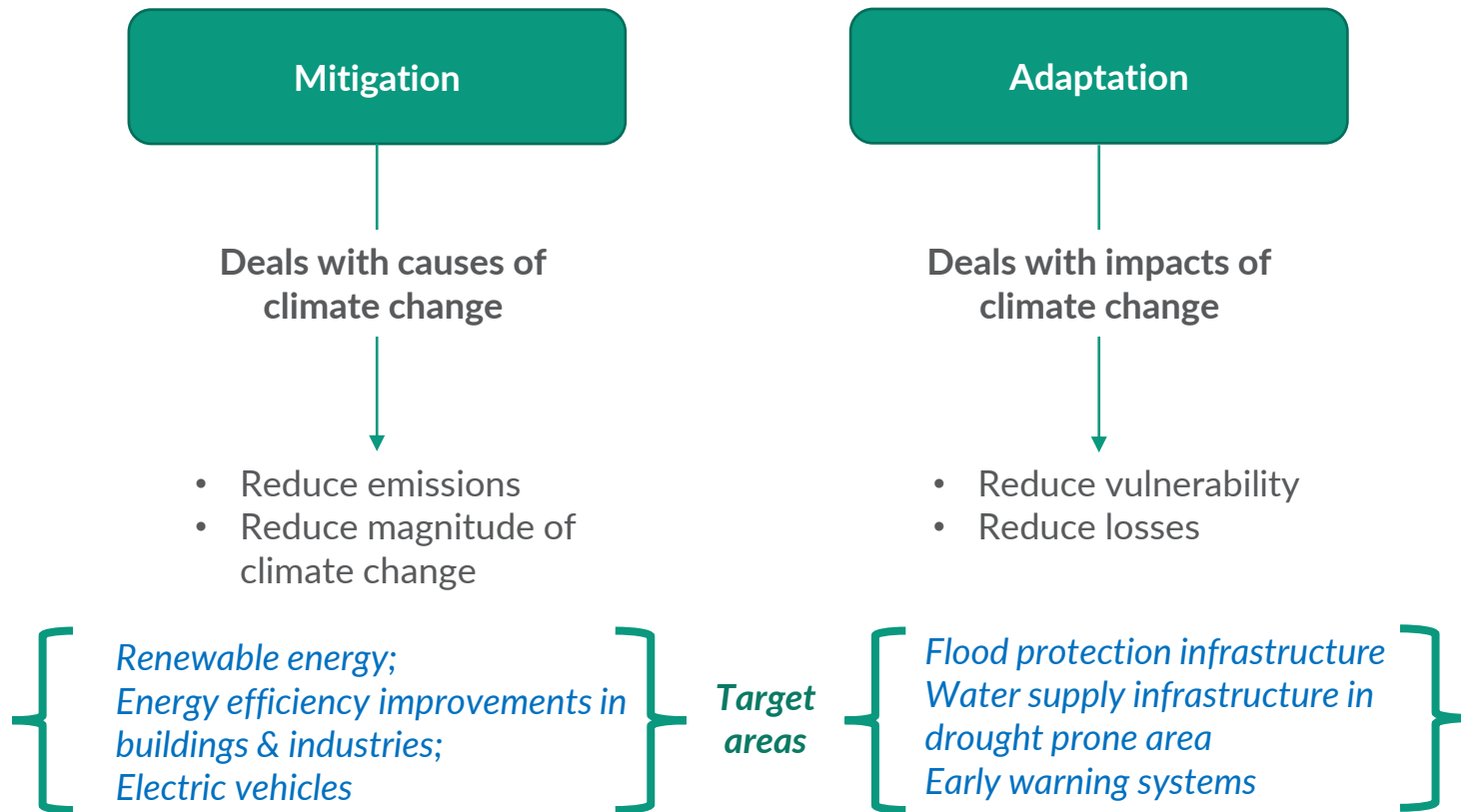


# Green Climate Finance Overview

# What is Green Climate Finance?

- No commonly accepted definition
- **“Climate finance** refers to local, national or transnational financing—drawn from public, private and alternative sources of financing—that seeks to support mitigation and adaptation actions that will address climate change.”  
*(UNFCCC Homepage)*
- Climate finance is a critical part of the **Paris agreement**, which adopted a decision strongly urging **developed countries to scale-up their financial support, with a concrete roadmap to achieve the US\$100 billion goal.**
- **Green finance** is usually a **broader concept** that includes financing for **environmental sustainability of land, air, and/or water in addition to climate finance.**

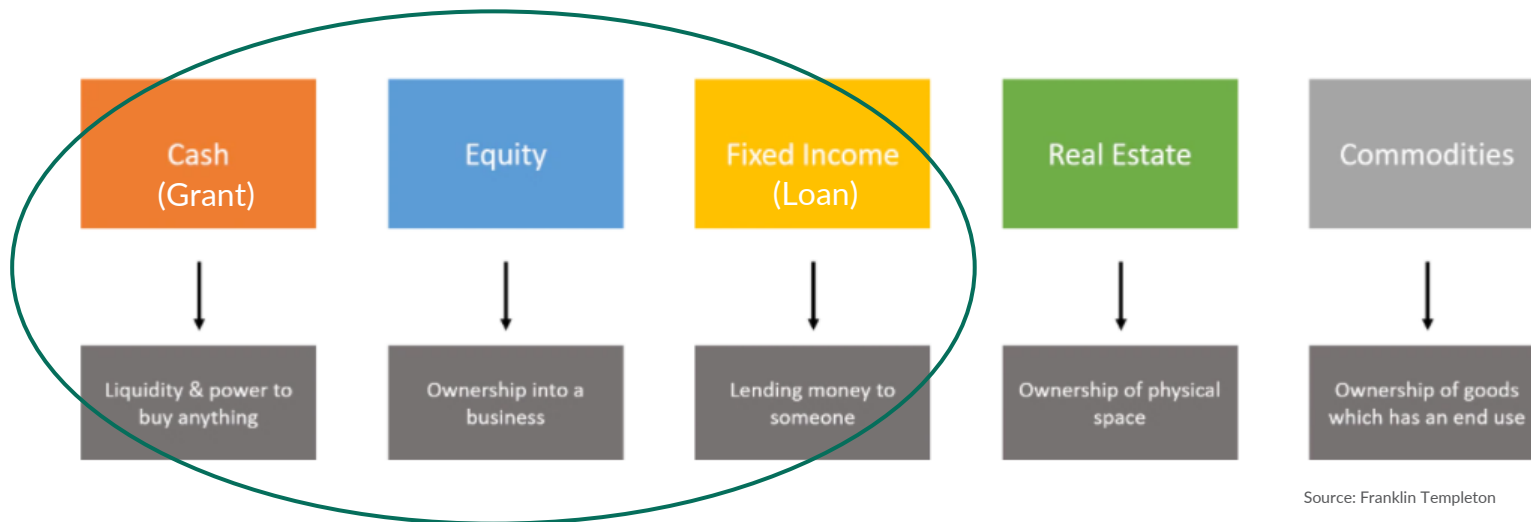
# Climate Finance - *Use of Funds*



# Climate Finance - *Financing Instruments*



Same with the normal financial instruments, with climate focus



**Most relevant for climate finance**

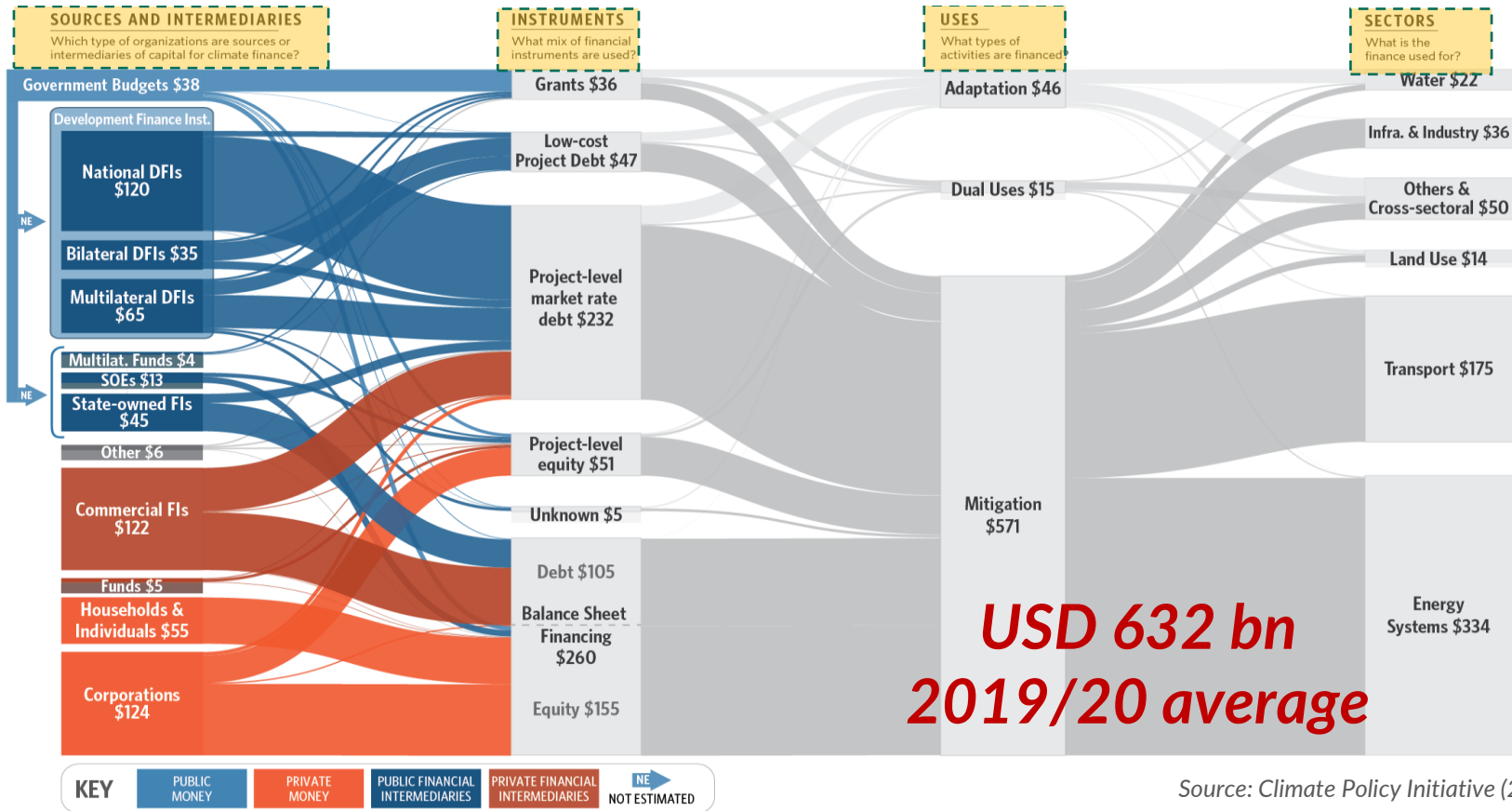
Source: Franklin Templeton

# Climate Finance - Sources of Finance



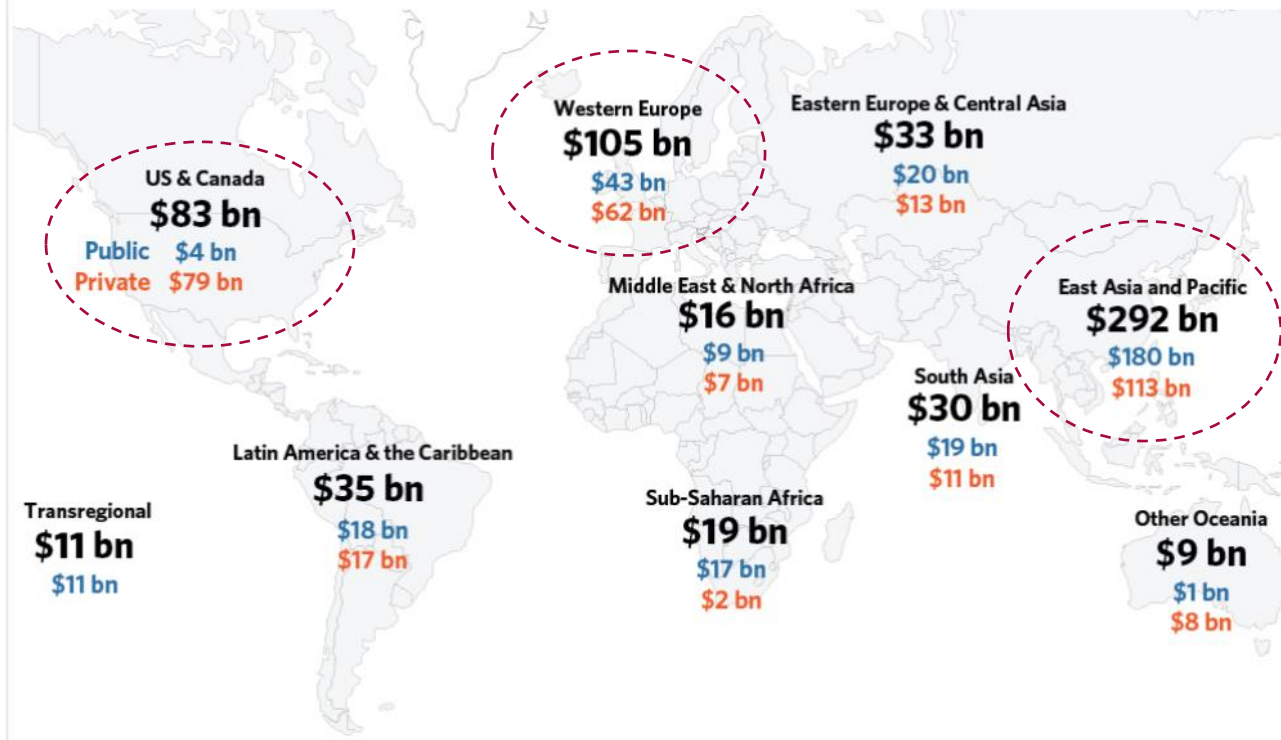
	Sources of finance
<b>Public</b>	<ul style="list-style-type: none"><li>• Government and public agencies</li><li>• Development finance institutions (DFI) – <i>multilateral/regional, bilateral, national</i></li><li>• Dedicated climate funds – <i>multilateral/regional, national</i></li></ul>
<b>Private</b>	<ul style="list-style-type: none"><li>• Commercial financial institutions (banks)</li><li>• Institutional investors (insurance co., pension funds, foundations, etc)</li><li>• Private equity, venture capital, infrastructure funds</li><li>• Corporations</li><li>• Households</li></ul>

# Landscape of Climate Finance (2019/2020)



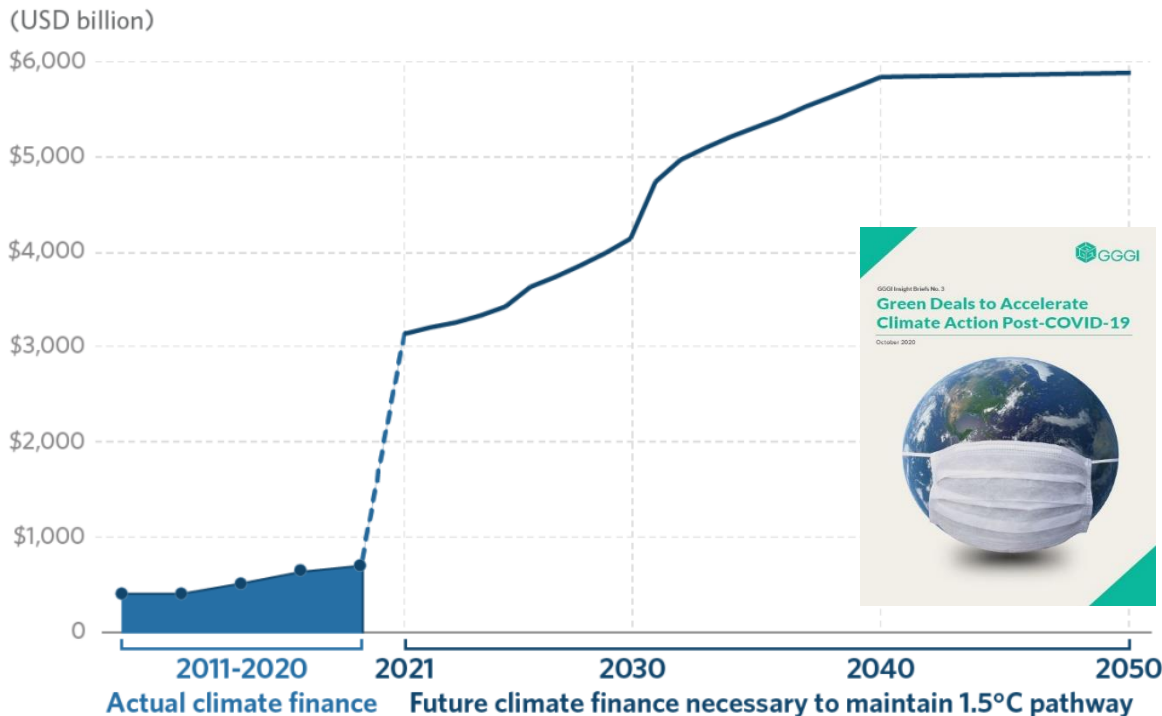
Source: Climate Policy Initiative (2021)

# Destination of Climate Finance (2019/2020)



- Global climate investments concentrated in **East Asia & Pacific, Western Europe, and North America.**
- Climate projects in **advanced regions** primarily funded by **private finance**

# Financing Need and Gap (2019/2020)



- Substantial increase of climate investment needed to limit global warming to 1.5 degree and achieve net zero.
- All public and private investment need to be aligned with the Paris goal.

# Dedicated Climate Fund: GEF

## Global Environment Facility (GEF) at a Glance

- Operating entity of the Financial Mechanism of UNFCCC, established on the eve of the 1992 Rio Earth Summit.
- GEF support is provided to government agencies, civil society organizations, private companies, research institutions, to implement projects and programs in recipient countries.
- Focal areas: **biodiversity, climate change, land degradation, international waters, food security, sustainable forest management, sustainable cities and Chemicals and Waste**
- Project proposal and management by one of **18 GEF Agencies**

## Key Performance (as of April 2021)

- No. of projects: over 5,100 projects in 170 countries
- Provided more than \$19.6 billion in **grants**
- Mobilized an additional \$125 billion in **co-financing**



# Dedicated Climate Fund: GCF



## Green Climate Fund (GCF) at a Glance?

- Operating entity of the Financial Mechanism of UNFCCC, established at COP16 in 2010
- 8 result areas: Health, food, and water security; Livelihoods of people & communities; Infrastructure & built environment; Ecosystems & ecosystem services; Energy generation & access; Transport; Buildings, cities, industries, and appliances; Forest and land use
- Financial instruments: grant, loan, equity, guarantee

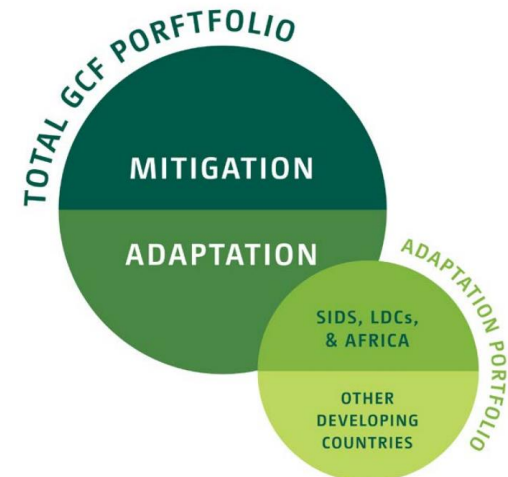
## Key Performance

- Total GCF financing committed: USD 10.8 bn with 200 projects
- Projects under implementation: 167 projects
- Anticipated mitigation impact: 2.3 bn tons CO<sub>2</sub>e reduced
- Anticipated adaptation impact: 637.6m people with increased resilience



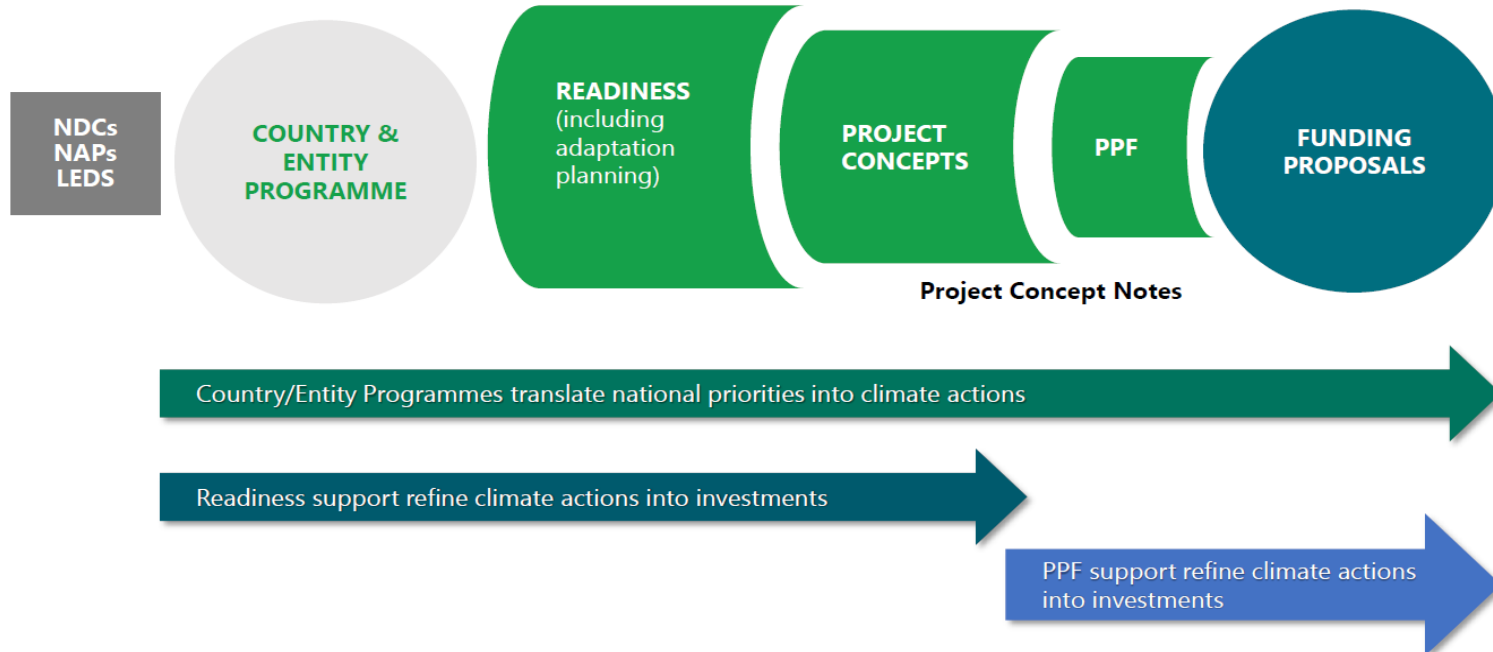
GREEN  
CLIMATE  
FUND

## Allocation Framework



Source: <https://www.greenclimate.fund/>

# GCF Programming Overview



- **National Designated Authorities (NDA):** government institution that serves as the interface between country and GCF.

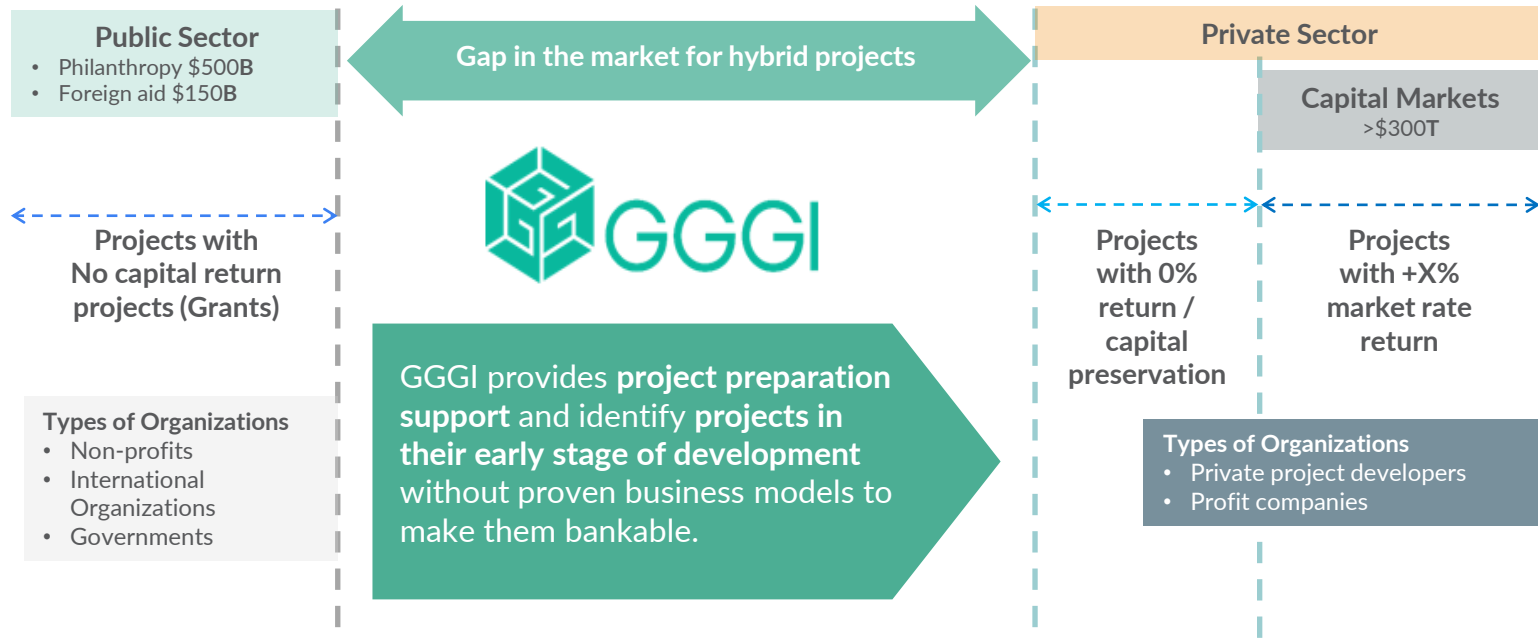
- **Accredited Entity (AE):** Entities may go through accreditation to become a Direct AE (national, regional) or International AE.
- **Executing Entity:** Entities may implement approved funding proposals on behalf of AE



# GGGI Initiatives for Scaling Green Climate Finance

# Climate Finance Ecosystem and GGGI

GGGI supports developing countries in mobilizing green climate finance needed for meeting their NDCs and net-zero emissions targets.



# GGGI's Green Investment Services

## FINANCIAL INSTRUMENTS

Design innovative financial instruments to reduce risk and enable capital flows into the sector

## BANKABLE PROJECTS

Develop projects that are bankable based on Nationally Determined Contributions (NDC) assessments, and connect with suitable sources of finance

## NATIONAL FINANCING VEHICLES

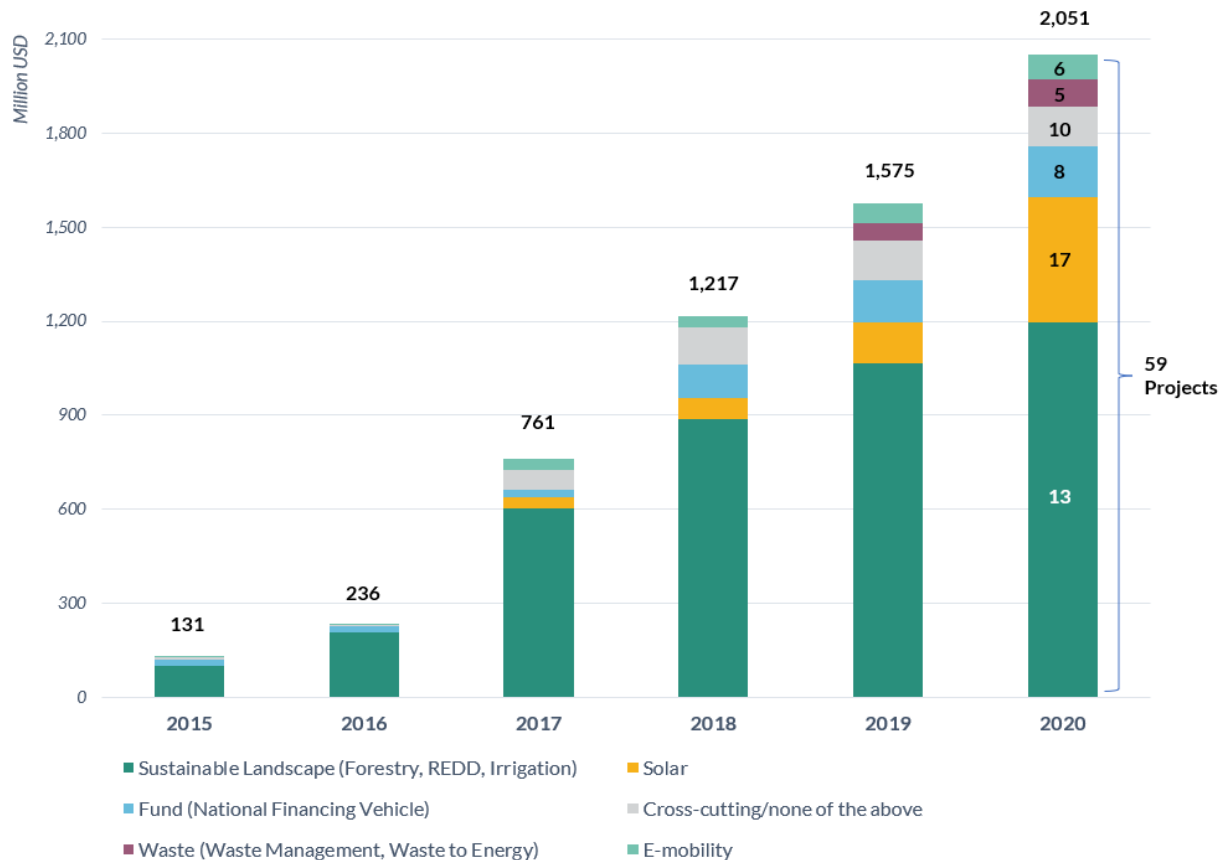
Design national financing vehicles to support countries to access and effectively use climate finance towards projects and programs



# GIS Performance Overview (2015-2020)

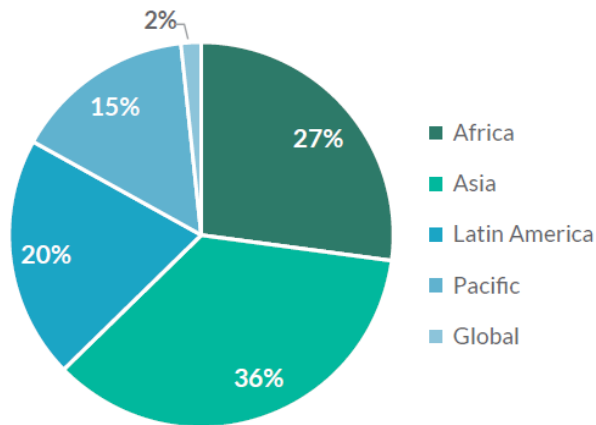


Source: Closing the Climate Financing Gap: Stocktaking of GGGI Green Investment Projects 2015-20 (GGGI: 2021)

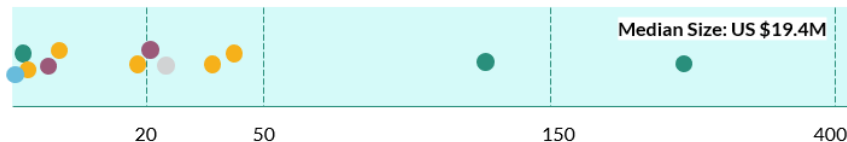


# GIS Performance Overview (2015-2020)

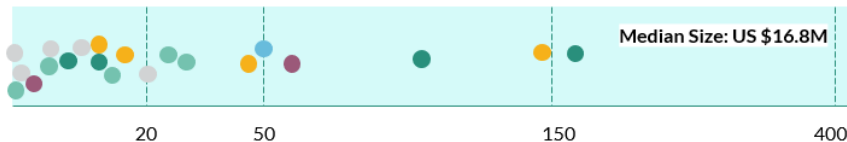
Total Number of Projects by Region



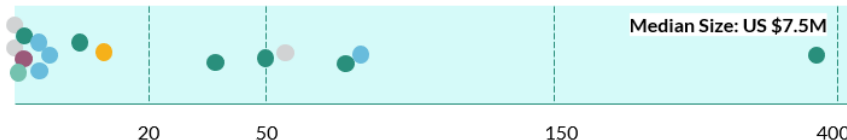
Latin America  
12 projects



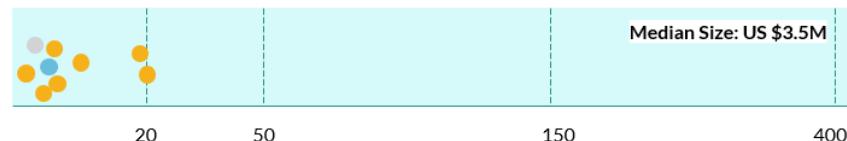
Asia  
21 projects



Africa  
16 projects



Pacific  
9 projects



## Top investment areas



Sustainable Forest  
US\$ 1.19 billion



Solar Energy  
US\$ 367 million

41%

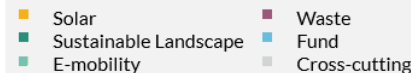
Private Sector

In total Investment  
(\$851m)

In 2020

64%

~\$307m



# 2021 GIS Result

14

projects  
mobilized

Total investment mobilized

5,114

US\$ million

---

Accumulated investment mobilized  
during 2015-2020

+ 2,051

US\$ million



# Case #1: Green Bond Programs

- GGGI assists its member countries in **issuing green, social, and sustainability bonds**.
- A key contribution from GGGI is **the development of Green Bond Frameworks**, which define the issuer's processes, methodology, and governance framework for green bonds.

## *Key achievements in 2021-2022*



Peru's first sustainability bond for USD 3.25 bn & the first social bond for EUR1 bn



NAFIN's 1<sup>st</sup> sustainability bond in Mexico for USD 371 mn



Viet Nam's first onshore, local currency, internationally verified green bond issued by EVNF for USD 75 mn

# Case #2: Viet Nam Municipal Solid Waste to Energy

## Project highlights:

- GGGI took the role of financial advisor to complete project financing for the construction of the first-of-its-kind 10 MWe MSWtE power plant.
- Project size: USD 58M (D/E ratio: 62.5/37.5)
- Designed capacity: 500 tons per day, 10 MW
- GGGI teamed up with the Energy and Environment Partnership Program with the Mekong Region to identify a project developer that required technical support for project risk mitigation and finance.



## Success factors and impacts:

- The project is expected to operate during its 20-year lifetime to enhance environmental protection in the Bac Ninh province.
- **Scalability of the project** is up to 20 modern MSWTE plants in the secondary cities with an estimated CAPEX of USD 1b.
- **Blended concessional finance** made high-risk, on-recourse project debt finance more attractive for the local commercial bank partner.



<Initial construction at the project site at the end of 2020>

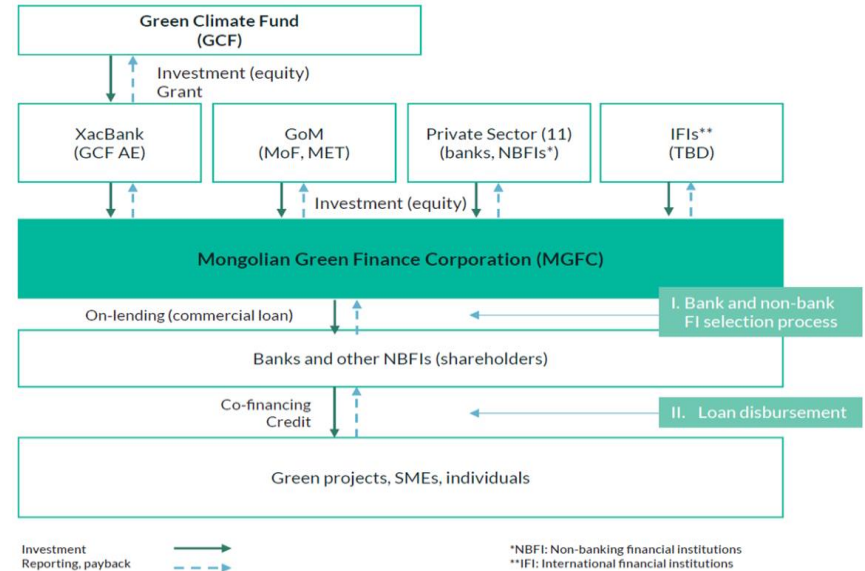
# Case #3: Mongolia Green Finance Corporation

## Project highlights:

- MGFC is the first GGGI supported NFV, the first NFV financed by GCF, and the first PPP initiative in the financial sector of Mongolia.
- GGGI played an instrumental role in the establishment of the MGFC together with the GoM and the Mongolian Sustainable Finance Association and secured USD 26.7M from the GCF in Nov 2020.
- MGFC will accelerate low-carbon, climate-resilient development through affordable financing for households and businesses to switch to low-carbon technologies.

## Expected Impacts:

- 216,000 households and at least 127 businesses transitioning to low carbon and energy efficient practices.
- 3.75 mtCO<sub>2</sub>e of direct emissions reduction.
- 1,470 jobs to be created, of which 588 are for women.



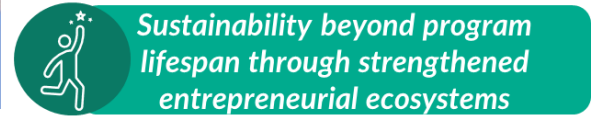
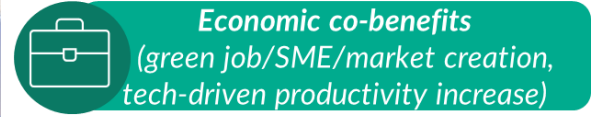
# Case #4: Climate Technopreneurship Program

GGGI is working with KDB and private partners to access Green Climate Fund for supporting entrepreneurs and SMEs with climate technology-enabled solutions that will accelerate the low carbon and climate resilient transition in **Southeast Asia**.

- Project size: **USD 237 million**
- Project component
  1. **Country driven Climate Acceleration Readiness** (9M grant/in-kind)
  2. **Global Acceleration for Collaborative R&DB** (20M grant/in-kind)
  3. **Climate Technopreneurship Fund** (200M equity)
  4. **TA for strengthening climate entrepreneurial ecosystems** (8M grant)



## Expected Impacts:



# Case #5: Readiness to Access GCF



## GCF Readiness Program

- Supports developing countries to strengthen their institutional capacities, governance mechanisms, and planning and programming frameworks towards a transformational long-term climate action agenda
- Driven by recipient country governments through their National Designated Authorities (NDAs) or focal points.
- Up to USD 1 m per country per year/Up to USD 3 m per country for NAPs and/or other adaptation planning processes.
- **GGGI is one of major delivery partners** and assisted NDAs for 50+ readiness programs.

## Scope of Readiness Programme

1. Capacity building for climate finance coordination

2. Strategic frameworks for low emission investment

3. Strengthened adaptation planning

4. Paradigm shifting pipeline development

5. Knowledge sharing and learning

# Implications and Lessons Learned

- ✓ *International support is critical for national climate actions of developing countries in the form of finance, technology, and knowledge transfer.*
- ✓ *Private sector engagement and finance is key to accelerate the green transition and upscale impacts (mitigation, adaptation, green jobs, etc).*
- ✓ *There is strong need for effective blended concessional finance structures in order to bridge the large climate financing gap between projects and finance.*
- ✓ *Aggregation and programmatic approaches are significant models to increase the flows of climate funding and upscaling/replication.*
- ✓ *Institutional capacity building should be part of the programs to ensure sustainability beyond program lifespan.*

Thank You



[www.gggi.org](http://www.gggi.org)



**Seung-yeon Stella Lee**  
Senior Green Investment Specialist  
[seung.lee@gggi.org](mailto:seung.lee@gggi.org)

Follow our Activities on  
Facebook and Twitter

