



**GREEN
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**First High-Level Follow-up Dialogue on Financing for
Development in Asia and the Pacific.**

Climate Finance: Contribution of The Green Climate Fund

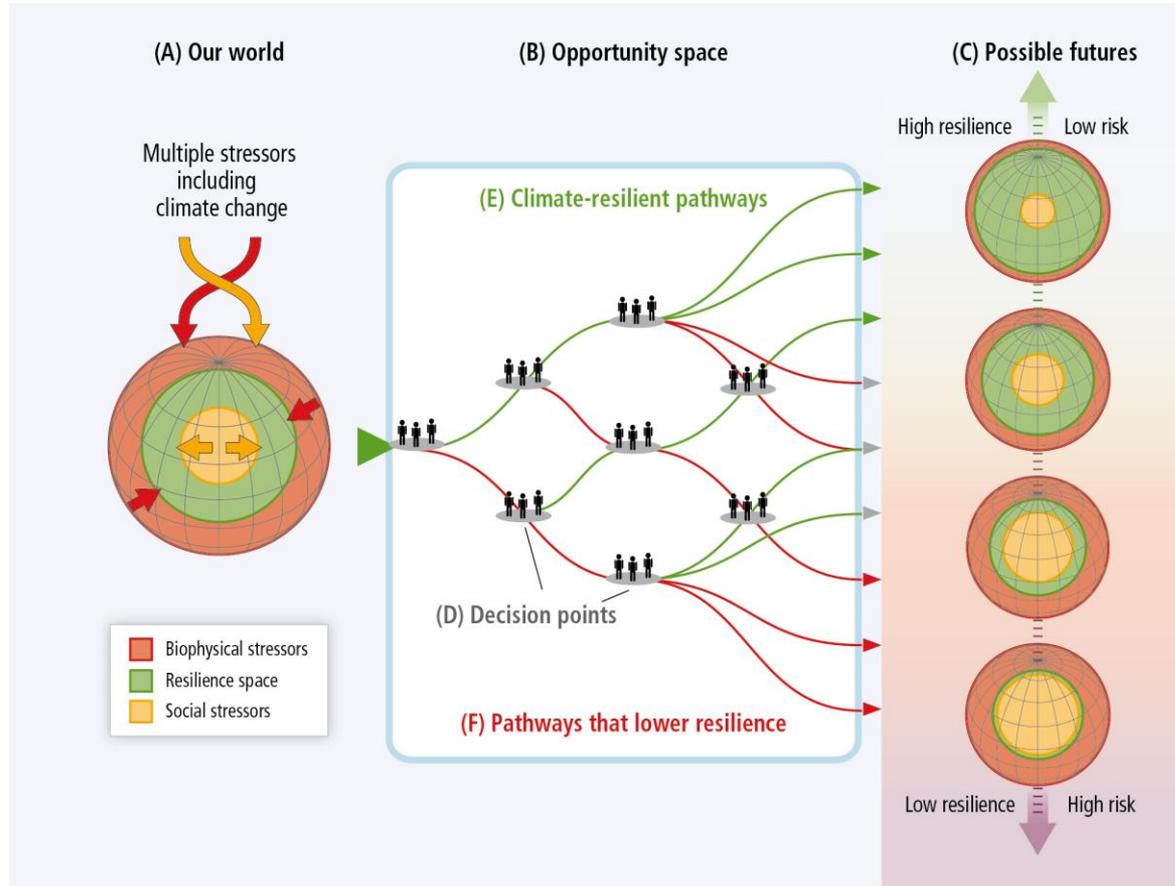
Hela Cheikhrouhou

31 March, 2016 | Incheon



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Context of Climate Finance

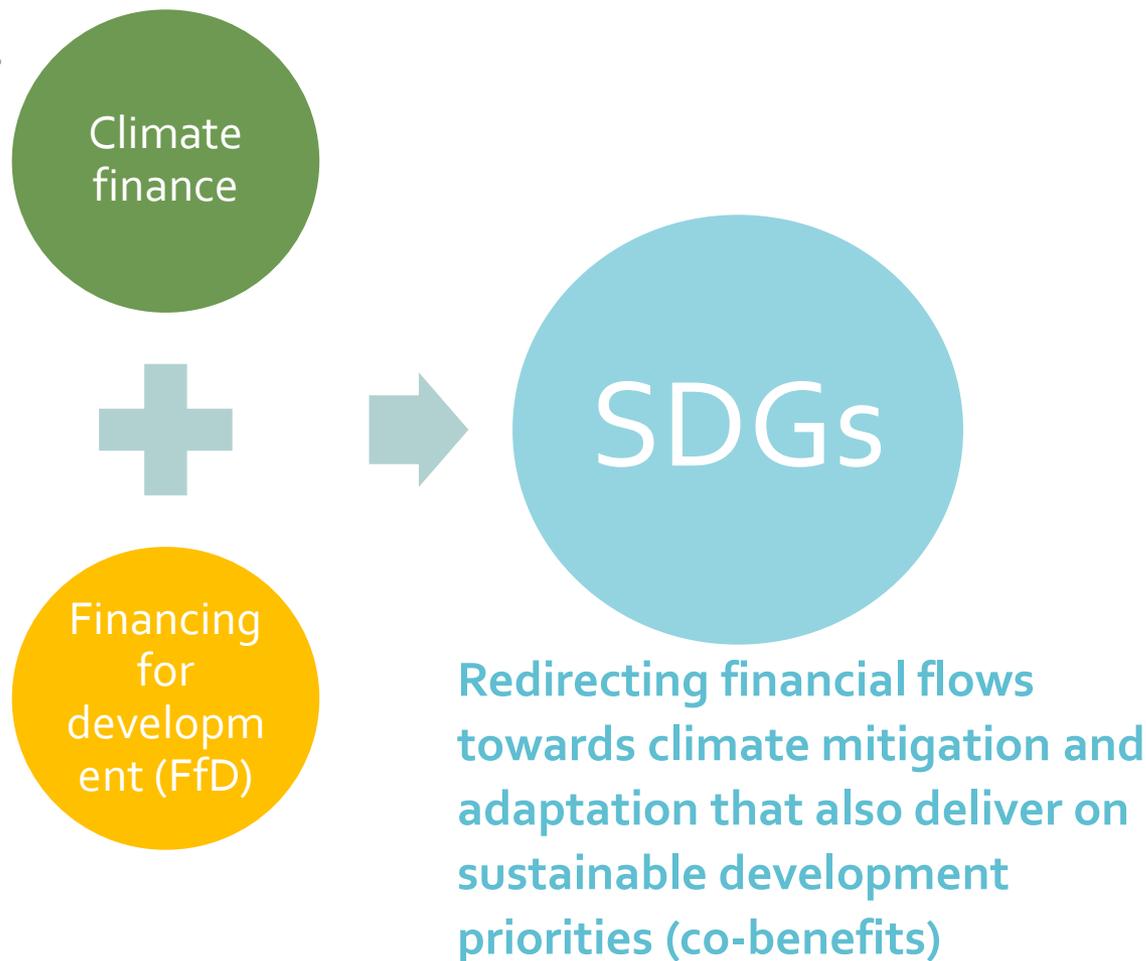


Source: IPCC, 2014: Summary for policymakers. In: *Climate Change 2014: Impacts, Adaptation, and Vulnerability. Part A: Global and Sectoral Aspects. Contribution of Working Group II to the Fifth Assessment Report of the Intergovernmental Panel on Climate Change.* Cambridge University Press, Cambridge, United Kingdom and New York, NY, USA. Figure: Opportunity space and climate resilient pathways.



Climate Finance and Sustainable Development “Additionality Principle”

[Initiatives] that would occur in the absence of climate finance should not be counted (ODI, 2011)





The Green Climate Fund as Global Player

- GCF is the operating entity of the Financial Mechanism under the United Nations Framework Convention on Climate Change (UNFCCC), serving the Paris Agreement.
- Climate mitigation and adaptation need much larger scales of finance.
 - GCF has already mobilized significant levels of finance.
 - As developing countries make contributions, GCF takes on a more global character.

GCF strategic approach

- Engagement with countries to incentivize actors to shift their investments
- Encompassing approach to accreditation
- Suite of financial instruments
- Direct access for countries
- Strengthen capacities of national institutions (Readiness Programme and projects)



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Climate Finance in Asia-Pacific

- Asia-Pacific receives 31% of total climate finance
- Mitigation constitutes 62% of total Climate Funds funding for Asia-Pacific.
- Adaptation constitutes 28% of global adaptation funding.
- 32 countries received more than 1/4 of Climate Funds funding - Some programs not carefully designed to target national circumstances.



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GCF Funded-Projects in Asia-Pacific

FP004 PROJECT BRIEF greenclimate.fund

Climate-Resilient Infrastructure Mainstreaming in Bangladesh

Country/Region
Bangladesh

Target
Adaptation

Beneficiaries
134,350 Direct
10.4M Indirect

Responsible Bodies
Accredited Entity
KfW (Kreditanstalt für Wiederaufbau)

Investment
USD 80M

Co-Financing
GCF Funding
USD 40M Grant

Co-Financing
USD 40M
US\$ 15M German Government Grant via KfW
USD 25M Bangladesh Government

Duration
6 Years
(April 2016 - March 2022)

Snapshot
Providing cyclone shelters and safeguarding critical road access to protect lives in a rural coastal region of Bangladesh. Developing urban infrastructure and safeguarding vulnerable city-dwellers from climate risk. Establishing a national centre of excellence for climate resilience infrastructure, to inform and guide future infrastructure development throughout the country.

Impacts
Increased resilience of vulnerable communities

Strengthened infrastructure to climate change threats

Increased in generation and use of climate change information

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Bangladesh is one of the world's most vulnerable countries to climate risk, notably to cyclones and floods. Coastal districts are particularly at risk from extreme weather, a risk which will be exacerbated by climate change impacts such as increased seasonal variation, higher precipitation levels, and rising sea levels. Three of the country's most vulnerable and poor coastal districts are targeted by the project: Bhola, Barisal, and Satkhira.

The project establishes a national centre of excellence to gather, develop, and share climate resilience infrastructure knowledge. Rural infrastructure development will be supported by constructing 45 new cyclone shelters/schools and renovating 20 existing shelters. The shelters built under this project will be used as primary schools in normal times, providing 45 additional shelters/schools and helping educate 18,590 children. The improvement of 80 km of critical access roads to the rural shelters (including bridges and culverts) will also be undertaken, to safeguard access during extreme weather and enhance the adaptive capacities of local communities.

Pilot climate-resilient urban infrastructure projects will also be undertaken in the city of Satkhira. Urban projects may include improvements to drainage, flood protection, sanitation, water supply, and transport, with priority given to the most vulnerable such as the inhabitants of city slums.

FP007 PROJECT BRIEF greenclimate.fund

Support of Vulnerable Communities in Maldives to Manage Climate Change-Induced Water Shortages

Country/Region
Maldives

Target
Adaptation

Beneficiaries
105,000 Direct
(20% of population)

Responsible Bodies
Accredited Entity
United Nations Development Programme (UNDP)

Investment
USD 28.23M

Co-Financing
GCF Funding
USD 23.6M Grant

Co-Financing
4.59M
USD 4.49M Maldivian Government,
USD 0.1M UNDP

Duration
5 Years
(February 2016 - February 2021)

Snapshot
Providing safe and secure freshwater to 105,000 people on the outer islands of the Maldives, in response to climate change-induced water shortages. Introducing integrated water supply systems, decentralized dry season water supplies, and improvements to groundwater quality.

Impacts
32,000 people in vulnerable households with safe water supplies

Benefits to 73,000 people from a dry season water supply system

Improved groundwater quality to secure freshwater reserves for long-term resilience

The Maldives consists of 1,190 small, low-lying coral islands spread over 90,000 square kilometres. There are high levels of poverty on the outer islands, which experience drinking water shortages during the dry season causing significant human, environmental, and social impacts. Groundwater becomes increasingly saline as a result of climate change-induced sea level rise (3.1 mm/year) and variable rainfall patterns. Responses are constrained by remoteness and limitations on land space.

The project will scale up an integrated water supply system based on rainwater, groundwater, and desalinated water into a low-cost delivery system for vulnerable households. This will provide uninterrupted supply to 49 islands that currently rely on emergency water deliveries for three months of each year. Decentralized and cost-effective dry season water supply systems will also be introduced. Water desalination production plants will be built on four larger islands that will contribute to this improved dry season water distribution network to outer atolls and local supply systems. Increased capacity of local and central government authorities will strengthen the management and efficiency of these systems. Groundwater quality will be improved for long-term resilience. Groundwater recharge systems and improved water resource management capacity will contribute to improved groundwater quality.

FP008 PROJECT BRIEF greenclimate.fund

Fiji Urban Water Supply and Wastewater Management Project

Country/Region
Fiji

Target
Adaptation

Beneficiaries
290,854
(32% of Population)

Responsible Bodies
Accredited Entity
Asian Development Bank (ADB)

Investment
USD 222M

Co-Financing
GCF Funding
USD 31.04M Grant

Co-Financing
USD 190.96M
USD 67.7M ADB Loan,
USD 30M IFB Loan,
USD 93.26M Fiji Government

Duration
7 Years
(January 2016 - December 2022)

Snapshot
Building and renovating infrastructure to improve access to safe water and sewerage systems in the greater Suva area of Fiji. Creating a new river water intake station on the River Rewa and improving the Kinoya wastewater treatment plant and associated sewer coverage.

Impacts
Access to safe, piped water for the Suva City area

Increased sewer coverage and improved WWT capacity at the Kinoya plant

Stronger, more sustainable water management capacity

Over half of Fiji's population is urban with further growth expected, particularly around Suva City, the national capital. Urban infrastructures are vulnerable to extreme droughts and flooding as well as sea level rise, causing threats to the environment, health, and social and economic development. Urban water supply and sanitation are particularly under strain, with service interruptions common during both drought periods and heavy rainfall periods. Existing sewerage infrastructure covers only 36% of the Suva City area. Improving water supply and wastewater management is considered essential to Fiji's sustainable development, but its current debt levels constrain its ability to fund such vital adaptation measures.

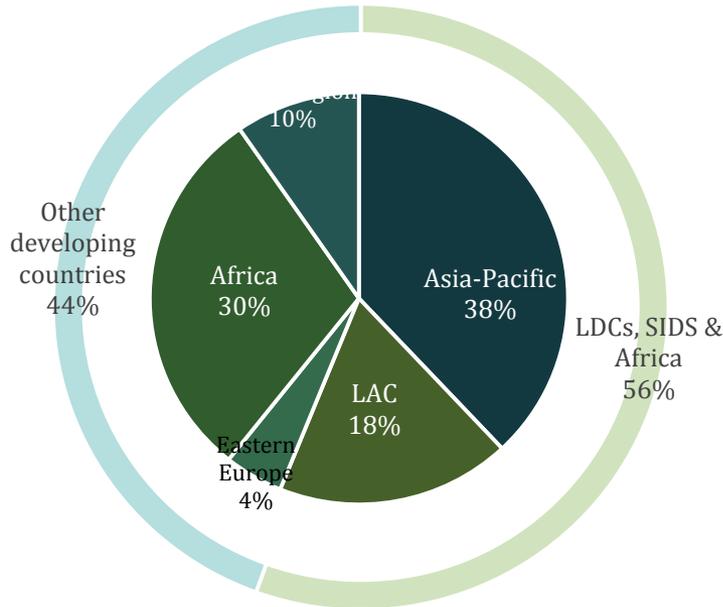
The project will strengthen water supply through the design and construction of a new water intake by the River Rewa, with a pumping station, wastewater treatment (WWT) plant, clear water reservoir, and pipeline to increase water production by 30,000 m³ per day. This will improve climate resilience by taking water from further up the river system to avoid salinity. Wastage will be reduced through meter replacement and improved leak detection and repairs. Wastewater management will be strengthened by upgrading and increasing the capacity of the Kinoya WWT plant, improving sewer coverage, and adding new treatment facilities. The project will also strengthen water management and delivery capacity of the responsible institutions.



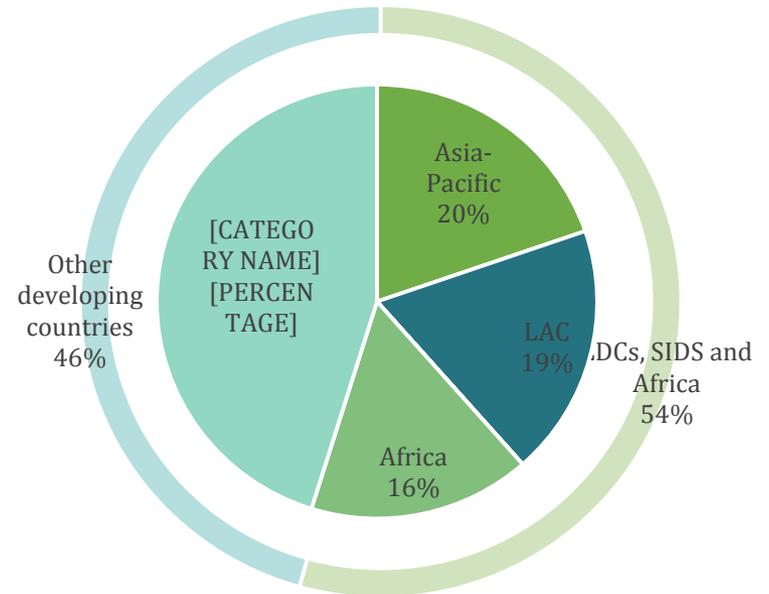
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GCF Pipeline in Asia-Pacific

Regional distribution of the requested GCF amount for public sector (\$439 million)



Regional distribution of the requested GCF amount for private sector (\$1,023 million)





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Tapping Finance for Asia-Pacific INDCs

**8 INDCs costs for mitigation 2015-30:
\$39.8 billion**
(\$50 billion/year)

**13 INDCs costs for adaptation 2015-30:
\$275.3 billion**
(\$47 billion/year)

Market mechanisms

Domestic emission trading system (China)

Energy efficiency trading schemes (India)

Green banking matching supply and demand side of finance

Banks to apply green credit risk management and reporting

(Bangladesh, China, Indonesia, Viet Nam)

Corporate-social responsibility (India)

Voluntary sustainable banking (Mongolia)

Fiscal incentives, green bonds, savings, investment from pension schemes, incentives for energy efficiency and renewable energy (Republic of Korea)

Carbon pricing

China, Republic of Korea, Kazakhstan, Thailand

Green bonds

\$3.7 billion - 11% of global volumes in 2015 (1% in 2014).

Additional costs for independent verification, reporting, transparency, corporate governance

Outstanding corporate sustainable development practices

(reporting at stock exchanges) Thailand list of 51 companies in 2015



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Turning INDCs into Action

ESCAP countries:

41 submissions non-Annex I
(7 Annex 1)

3: carbon intensity
targets

12: various ways

16: BAU scenarios

19: absolute
reductions

No INDC:

Timor-Leste,
Uzbekistan,
North Korea

INDCs require further articulation:

- Integrate climate change into national priorities
- Send signals to the private sector
- Specify sector targets



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GCF and INDCs Priorities

GCF can support the full implementation of INDCs and climate policies in line with its Key Result Areas, by facilitating the INDC **conditions**.

INDC priority areas in Asia-Pacific

Energy systems transformation
Renewable
Industry
Water resource management
Agriculture
Forests
Biodiversity
Coastal rehabilitation
Risk reduction
Risk retention
Early Warning Systems
Approaches to address incremental change at national level

Potential investments

Cement technologies
Community-based flooding response systems
Crop protection measures
National insurance schemes
Emergency funds for disasters response
Micro-insurance



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GCF Supports Country Processes

GCF also helps countries to:

- Align climate priorities, identify priorities for funding over the long term (Country Programmes).
- Strengthen institutions for direct access through accreditation (fit-for-purpose) and reach out and engage private sector.
- Mainstream climate change into national decision making systems by engaging Ministries of Finance and Central Planning, including budgetary processes to strategically align climate finance and ODA (NDA strengthening).
- Other development partners are providing Readiness support (important to coordinate support packages) – ensuring
- Ensure broader donor coordination at the country level.



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Current GCF Readiness Support in Asia-Pacific

GCF APPROVED READINESS SUPPORT(31 March 2016)

	Country	Activity area	Delivery partner/service provider	Access type	Amount (USD)	Duration (months)
1	Bangladesh	2	UNDP	International	150,000	12
2	Cambodia	3	PwC	na	37,000	–
3	Cook Islands	1	Ministry of Finance and Economic Planning	Direct	150,000	12
4	India	1+2	UNDP	International	300,000	12
5	Micronesia (Federated States of) (2 entities)	1+2	Secretariat of the Pacific Community	Direct	300,000	24
		3	PwC	na	74,000	–
6	Mongolia	1+2	GIZ	International	300,000	12
7	Niue	3	PwC	na	37,000	–
8	Pakistan	1+2	GIZ	International	300,000	6
		3	PwC	na	37,000	–
9	Palau	3	PwC	na	37,000	–
10	Philippines	1+2	Climate Change Commission	Direct	300,000	12
11	Thailand	1	GIZ	International	102,000	6
12	Vanuatu	1+2	GIZ	International	300,000	24
		4	SPREP	Direct	137,000	5
Total					2,561,000	

Blue highlight = LDC's.



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Pacific SIDSs are heavily dependent on carbon intensive technologies (old diesel powered generators; inefficient public transport, appliances).

Adaptation finance remains modest for SIDSs.

- Dedicated finance is needed to shifts to low-carbon and resilient economy.
- New markets for goods/services emerging.
- Integrate disaster risks in longer-term development strategies.
- Support to build capacity (training, retaining human capacity)
- Bilateral/multilateral partners are exploring innovative financing arrangements (e.g. results-based grants)
- Savings made from heavily burdened fuel bills of Pacific SIDS can free up finance to support key socio-economic outcomes (education, health).

Pacific Small Islands Developing States

GCF READINESS SUPPORT FOR SIDSs (31 March 2016)

	Country	Activity area	Delivery partner/service provider	Access type	Amount (USD)	Duration (months)
1	Cook Islands	1	Ministry of Finance and Economic Planning	Direct	150,000	12
2	Micronesia (Federated States of) (2 entities)	1+2	Secretariat of the Pacific Community	Direct	300,000	24
		3	PwC	na	74,000	–
3	Niue	3	PwC	na	37,000	–
4	Palau	3	PwC	na	37,000	–
5	Vanuatu	1+2	GIZ	International	300,000	24
		4	SPREP	Direct	137,000	5
					Total	1,035,000

na = not applicable, PwC = PricewaterhouseCoopers

Identified sector for investments and technical assistance in SIDSs:

- *Engineering – water, energy, infrastructure, agriculture, resilient housing*
- *Low carbon technology – renewable energy, energy efficiency*
- *Climate finance management*
- *Policy, planning*
- *Education, vocational training*



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GCF can Also Support Countries at Higher Level to:

- Improve national and regional climate-relevant systems, capacity, and analytics (e.g. country systems, Climate Public Expenditure and Institutional Reviews)
- Build regional capacity for consensus, harmonized strategies, and coordination of international climate to focus on priority issues.
- Provide incentives and mitigate risks for private equity funds to invest more in low carbon development.
- Enhance firm's ability to respond to business opportunities created by climate-resilient development.
- Create investment-grade environments/compensate for market failures.
- Ensure predictability and policy-certainty for investors.
- Support transparent business practices.



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