



# Establishing a new International Financial Institution - *The Green Climate Fund*

**Jose Delgado**

Economic Development Days – May 2017

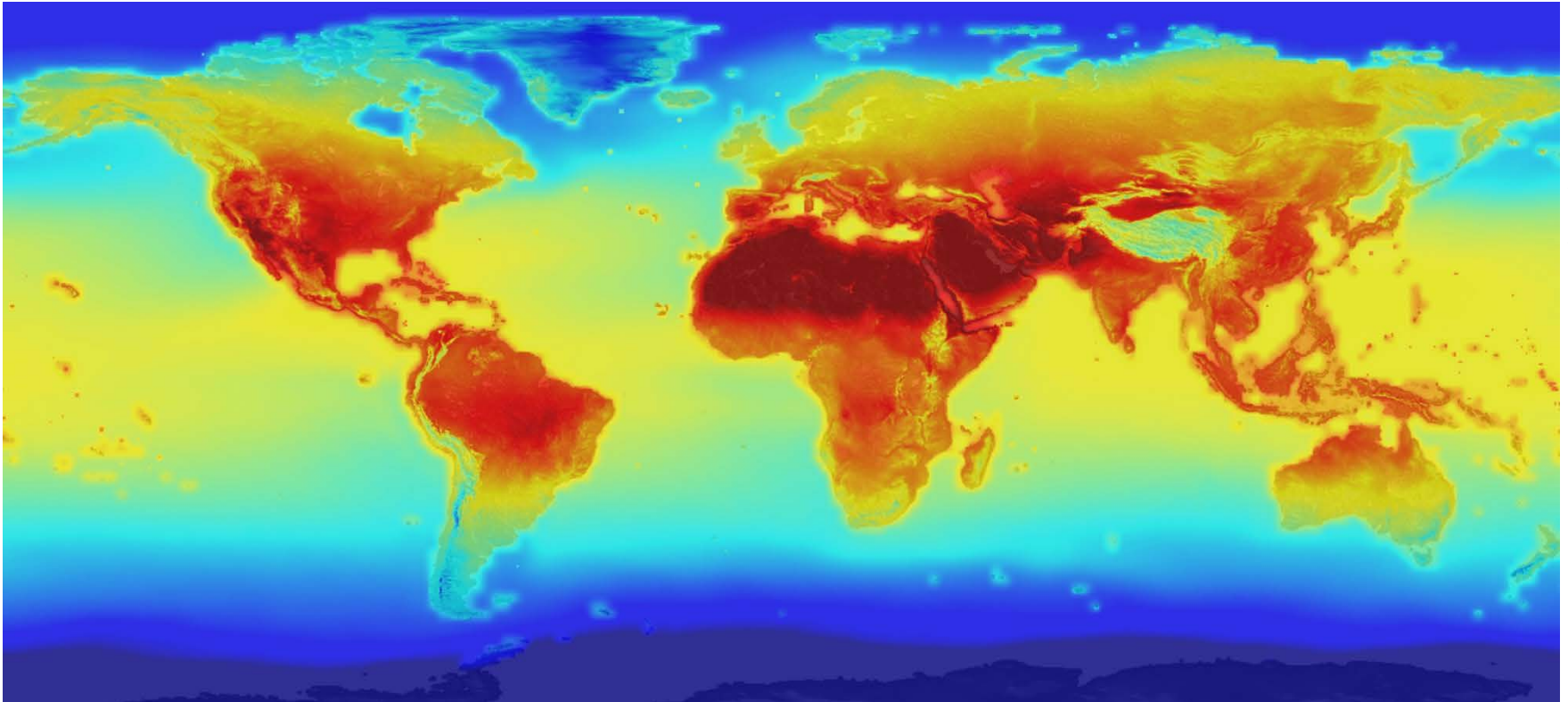
Vienna University of Economics and Business (WU Wien)

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# Climate Action

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- „Next 10-20 years critical to prevent most catastrophic impacts of climate change“



Source: NASA (2015)

- Amount of investment necessary lies in the trillions of dollars

# Paris Agreement

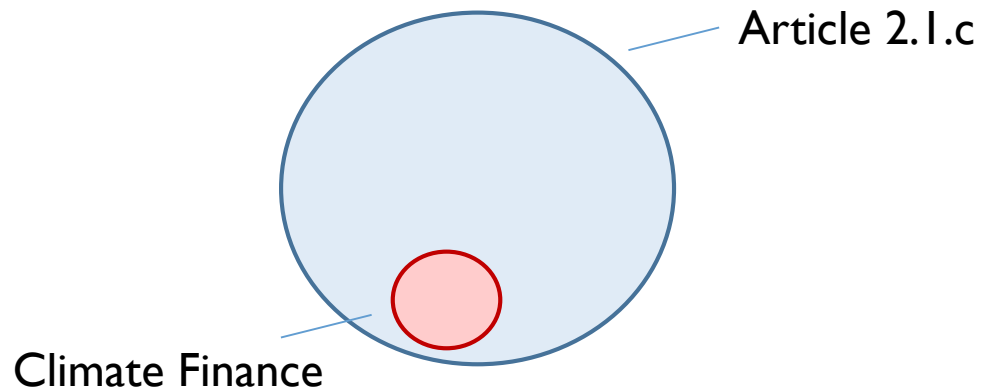


## Article 2.1. Paris Agreement:

- Limit increase in the global average temperature well below 2 °C (1,5 °C)
- Increase ability to adapt to the adverse impacts of climate change
- Making finance flows consistent with a pathway towards low greenhouse gas emissions and climate-resilient development.**



Source: UNFCCC



# Private Sector ↔ Public Sector

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## **Private Sector/Finance:**

- Key (largest sums of capital lie in private sector)
- Alignment with Paris Agreement/ SDG-13 crucial

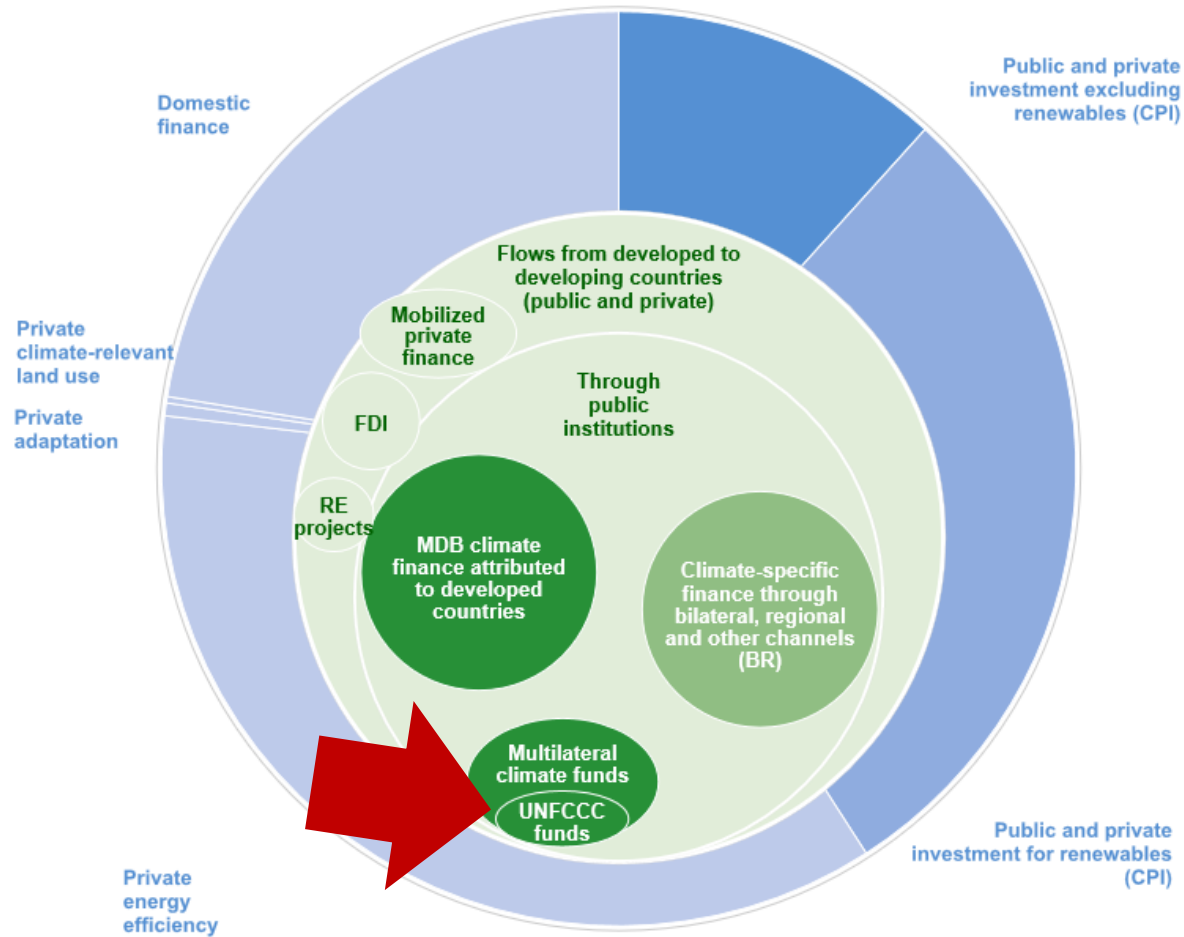
## **Public Sector/Finance:**

- Direct political control
- Public goods
- R&D, Reduction of risk

## **Climate Finance (PA):**

- Article 9 Paris Agreement: developed country Parties shall provide financial resources to assist developing country Parties on mitigation and adaptation
- developed country Parties should continue to take the lead in mobilizing climate finance from a wide variety of sources, instruments and channels, noting the significant role of public funds,
- Other Parties are encouraged to provide or continue to provide such support voluntarily

# Climate Finance (1)



Flows to developing countries  
(Completeness of data)



Global Total Flows  
(Developed + Developing Countries)

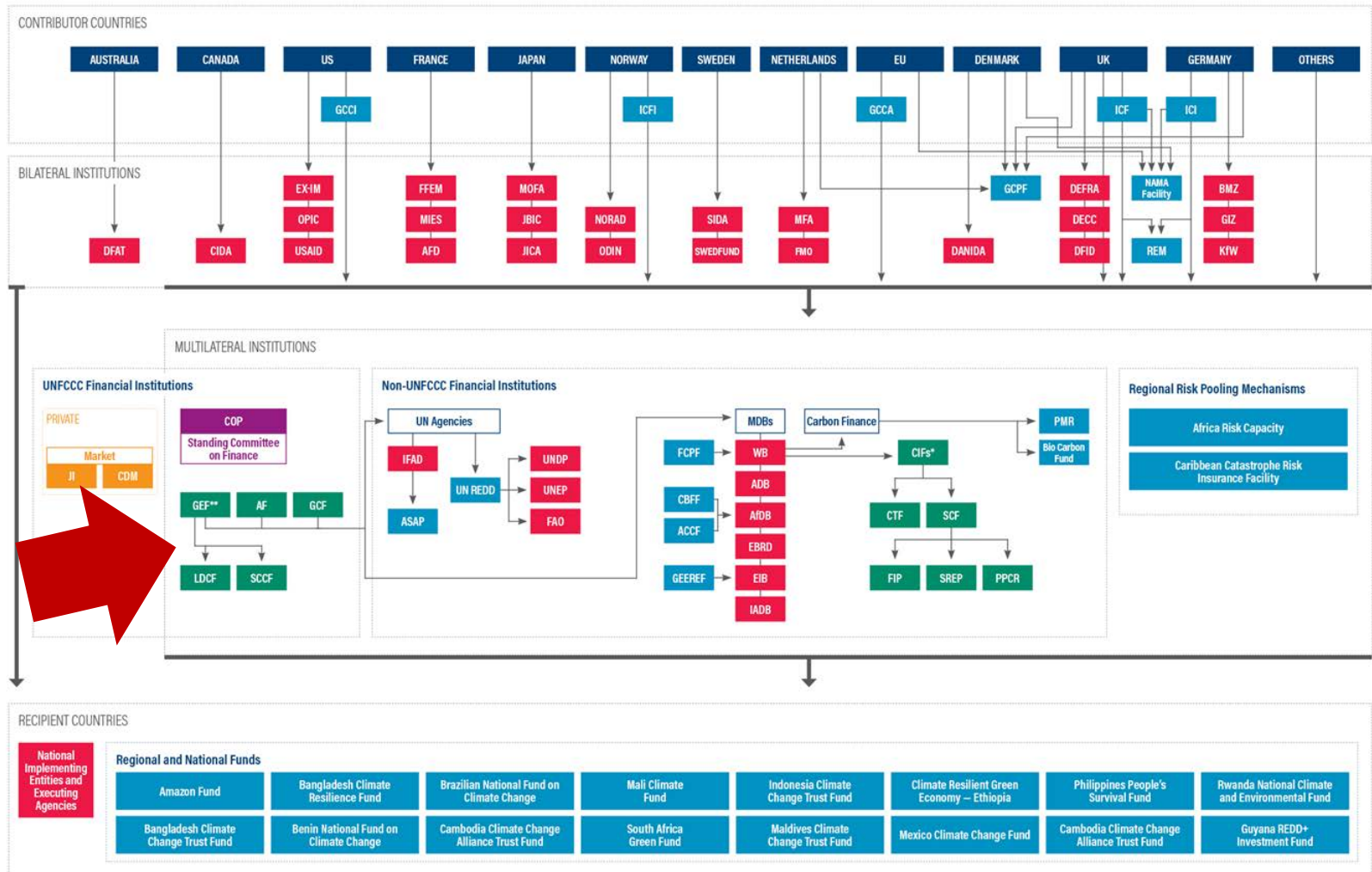


# Climate Finance (2)

		2013 (USD billion face value)	2014 (USD billion face value)	Sources of data and relevant chapter in the technical report
Flows to developing countries 2013–2014 average total Public: USD 41 billion Private: USD 2 billion renewables USD 24 billion FDI USD 14.8 billion mobilized	<b>UNFCCC funds<sup>a</sup></b>	0.6	0.8	Chapter 2.2.1 Fund financial reports, climate funds update
	<b>Multilateral climate funds (including UNFCCC funds)</b>	1.9	2.5	Chapter 2.2.2 Fund financial reports, climate funds update
	<b>Climate-specific finance through bilateral, regional and other channels</b>	23.1	23.9	Chapter 2.2.3 CTF table 7(b)
	<i>Of which grants and concessional loans</i>	11.7	12.4	Chapter 2.2.3 CTF table 7(b)
	<b>MDB climate finance attributed to developed countries (own resources only)<sup>b</sup></b>	14.9	16.6	Chapter 2.2.5 MDB climate finance reporting
	<b>Renewable energy projects<sup>c</sup></b>	1.8	2.1	Chapter 2.2.9 CPI landscape of climate finance, BNEF
	<b>FDI in greenfield alternative and renewable energy</b>	26.4	21.6	Chapter 2.2.9 CPI landscape of climate finance, fDi Intelligence
	<b>Mobilized private finance<sup>d</sup></b>	12.8	16.7	Chapter 2.2.9 OECD CPI report 2015
Global total flows (inclusive of flows to developing countries above) 2013–2014 average total USD 714 billion	<b>Public and private investment excluding renewables (CPI)</b>	95–102	102–112	Chapter 2.4.1 CPI landscape of climate finance
	<b>Public and private investment for renewables (CPI)</b>	244	285	Chapter 2.4.2 BNEF, CPI landscape of climate finance
	<b>Private energy efficiency</b>	334	337	Chapter 2.4.3 IEA energy efficiency market report
	<b>Private sustainable transport</b>	Not available	Not available	Chapter 2.4.4
	<b>Private climate-relevant land use</b>	5	5	Chapter 2.4.5 CPI land-use studies
	<b>Private adaptation</b>	1.5	1.5	Chapter 2.4.6
	<b>Domestic climate-related public investment</b>	192	192	Chapter 2.4.7 CPEIRs (UNDP, World Bank ODI), GFLAC climate finance studies, BURs

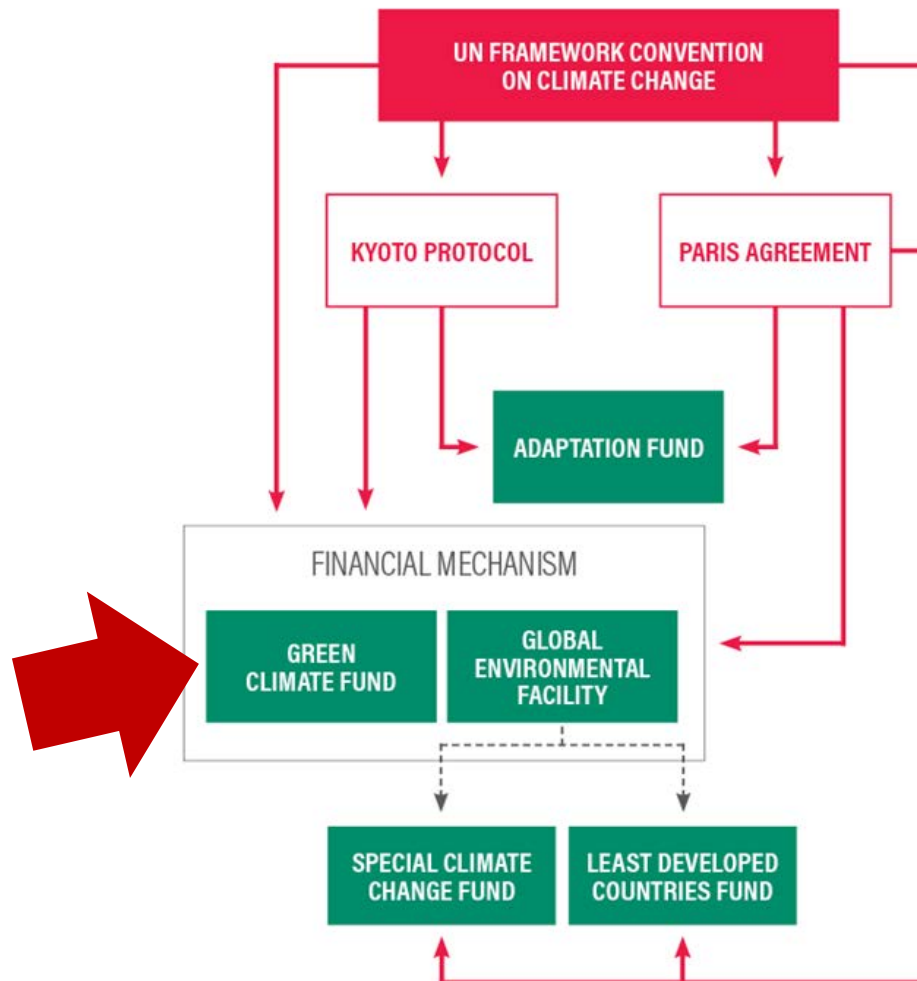
Source: Standing Committee on Finance (BA report 2016)

# Climate Finance (3) - Landscape



# Climate Finance (4) – UNFCCC-Funds

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# Green Climate Fund (1)



**GCF Headquarters**  
G-Tower, Songdo (South Korea)

- Operating entity of the Financial Mechanism of the Convention and the financial mechanism of the Paris Agreement
- 24-member board:
  - 12 developing countries (+ 12 alternates)
  - 12 developed countries (+ 12 alternates)
  - Seats for each UN regional group, SIDS and LDCs



# Green Climate Fund (2)

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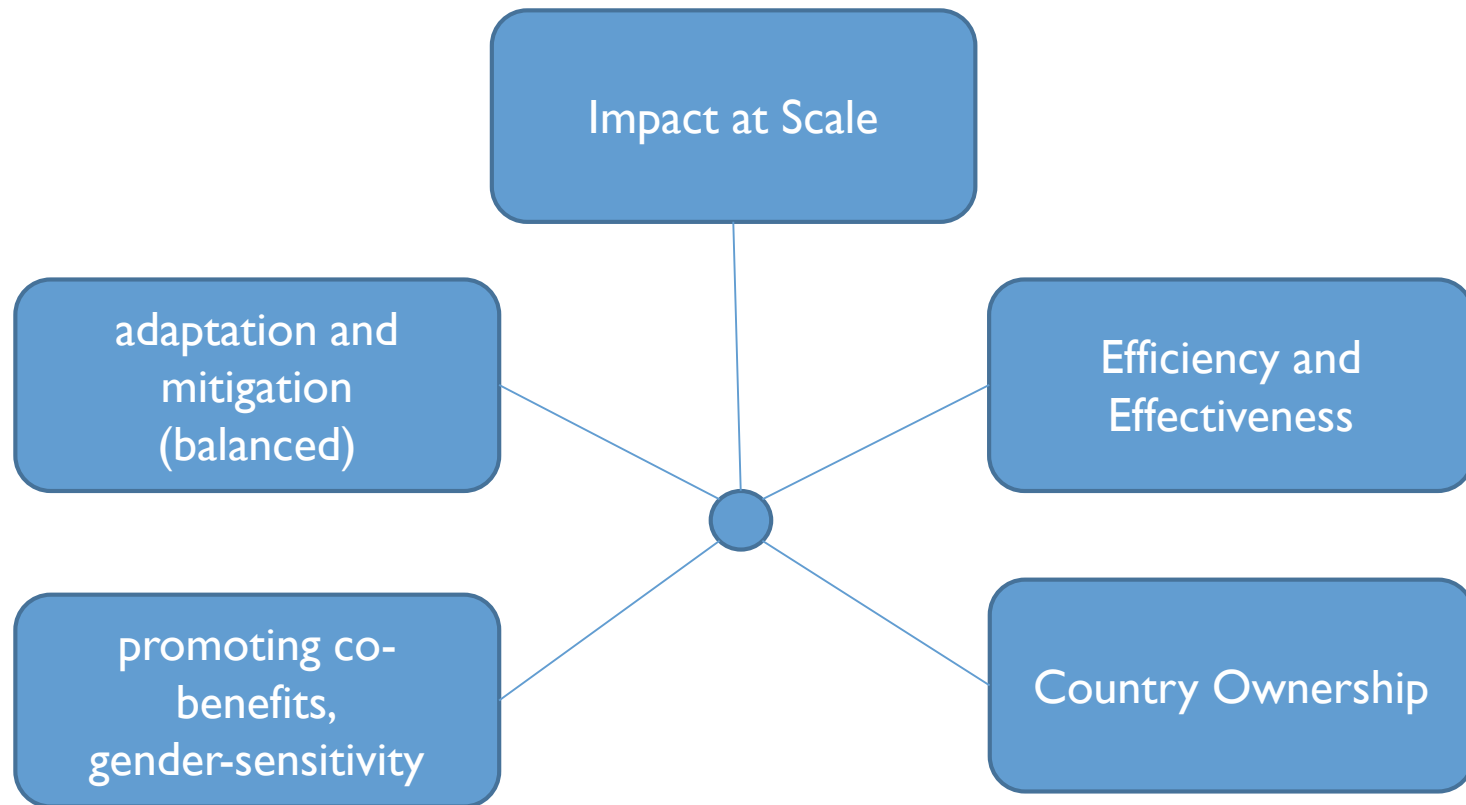


*“ [...] the Fund will **promote the paradigm shift** towards **low-emission and climate-resilient development pathways** by providing support to developing countries to limit or reduce their greenhouse gas emissions and to adapt to the impacts of climate change, taking into account the needs of those developing countries particularly vulnerable to the adverse effects of climate change. [...]”*

**GOVERNING INSTRUMENT FOR THE GREEN CLIMATE FUND (Art.2)**

# GCF - Principles

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**Challenges?**

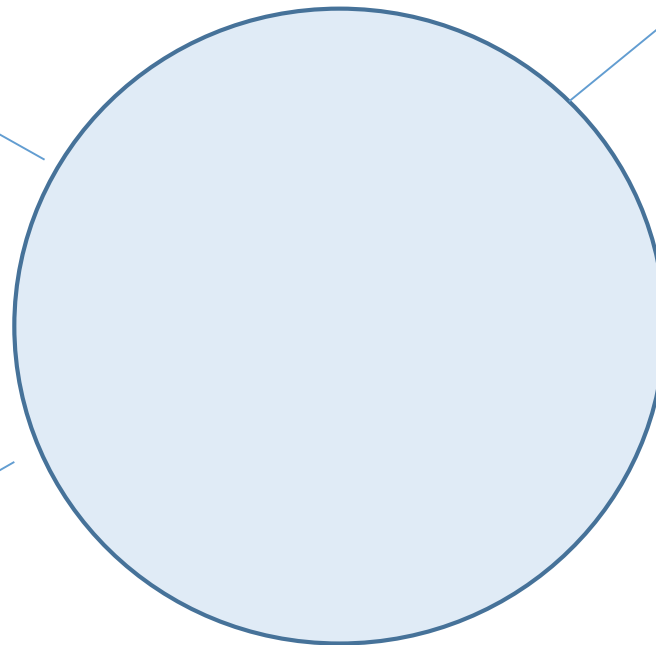
# GCF – Pledges

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GCF as important (major) channel of climate finance

Initial Resource  
Mobilization Period:  
2015-2018



Amount pledged:  
USD 10.3 bn \*

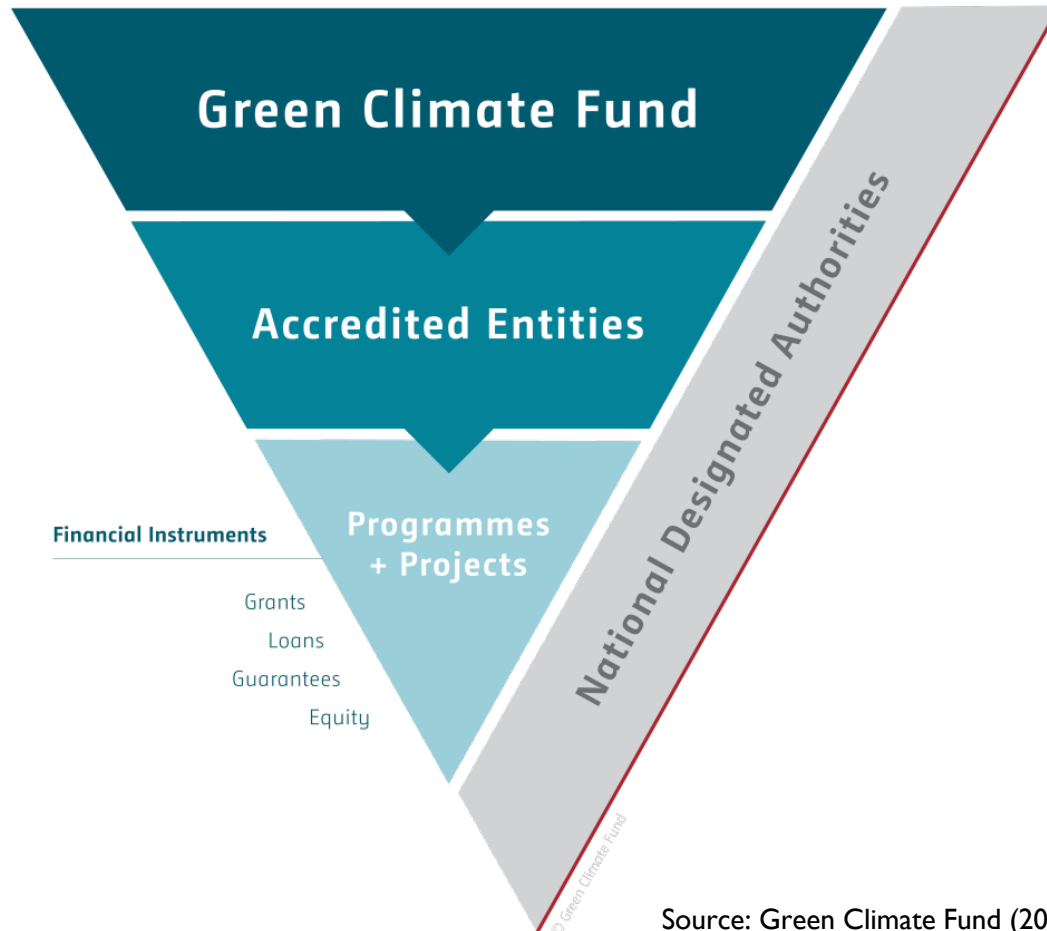
Formal Replenishment:  
60% approved

43 contributors  
(9 developing country  
Parties)

# GCF - Architecture



## GCF Architecture

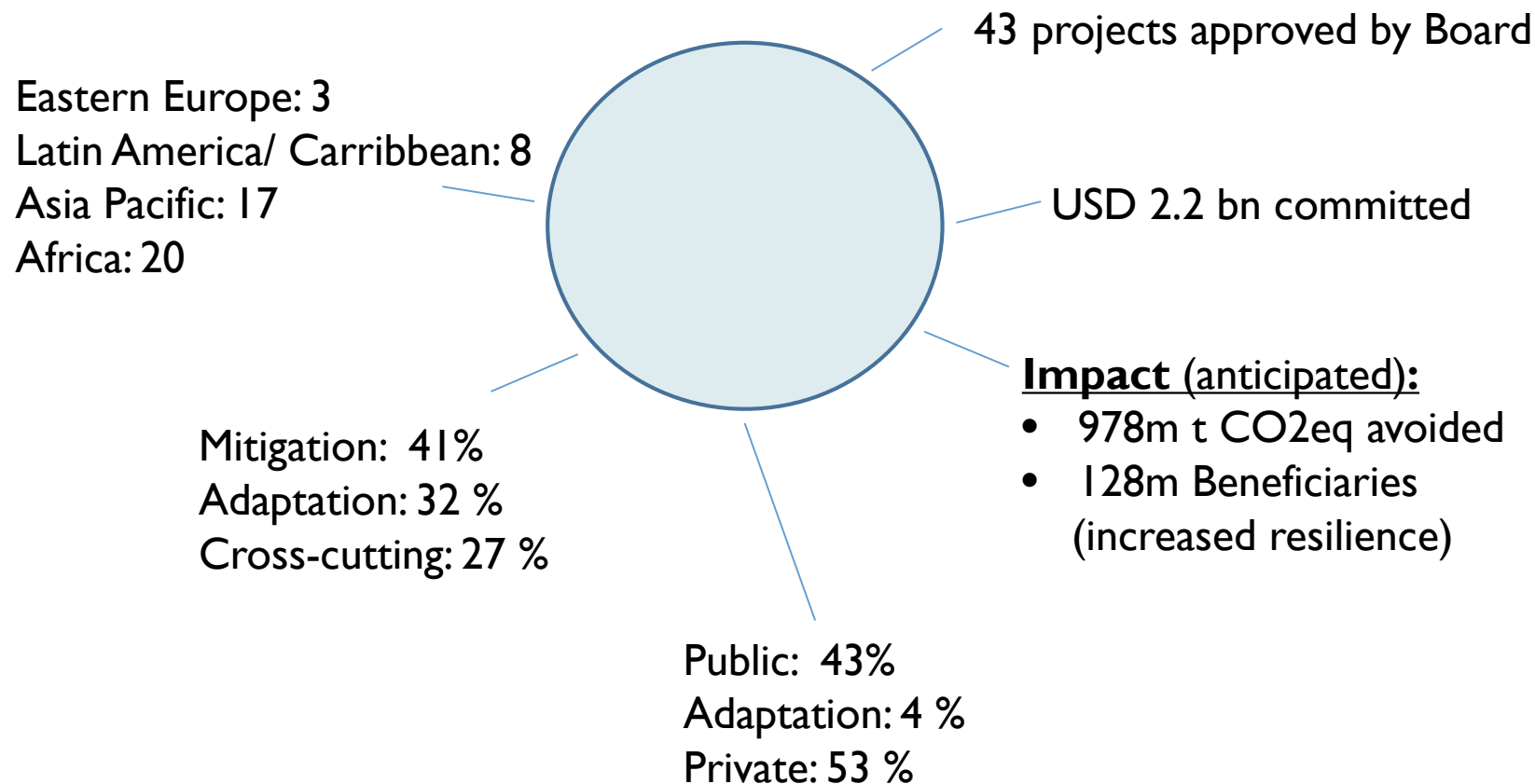


Source: Green Climate Fund (2017)

# GCF – Portfolio (1)



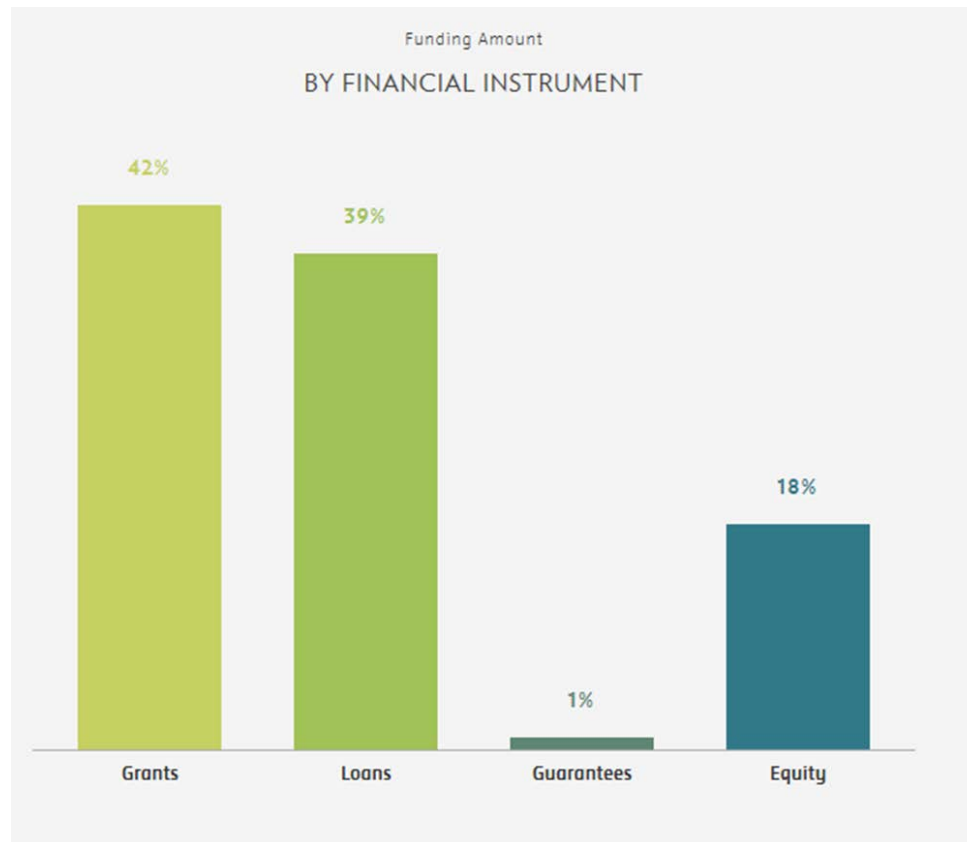
May, 2017



Source: Green Climate Fund (2017)

# GCF – Portfolio (2)

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Source: Green Climate Fund (2017)

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# Challenges

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- ▶ How to promote the paradigm shift in the most effective/ efficient way possible?
- ▶ What are the main barriers?
- ▶ Funding proposals/ projects in line with Article 2.1 of the PA?
- ▶ ..... and:







Thank you!

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