Comments on Public Funding and New Funding Mechanisms

Hans Olav Ibrekk
Policy Director
Outline

• International public funding
  • Multilateral Development Banks - MDBs
  • Development Finance Institutions – DFIs

• Climate Finance
  • Green Climate Fund
  • Climate Investment Funds

• Green Climate Fund
Multilateral Development Banks

- World Bank, ADB, AfDB, IDB, AIIB, EBRD, EIB +++

- Eligible climate mitigation finance:
  - Projects for carbon capture and storage technology that intend to prevent release of large quantities of CO2 into the atmosphere from fossil fuel use in power generation, and process emissions in other industries

- Dedicated trust fund - example:
  - Asian Development Bank’s Carbon Capture and Storage Trust Fund
    - Australia and UK
    - 12 projects: China (latest approved in March 2018), Indonesia and regional
  - World Bank CCS Trust Fund
    - Norway
    - Supported projects in Botswana, China, Egypt, Jordan, Kosovo, South Africa, and the Maghreb region (Algeria, Morocco and Tunisia). Programmes are also under development in India and Indonesia.
Climate Investment Funds

- Managed by MDBs
- Clean Technology Fund
  - Clean Technology Fund (CTF) is empowering transformation in developing and emerging economies by providing resources to scale up low carbon technologies with significant potential for long-term greenhouse gas emissions savings.
  - “CCS technology for power plants is currently at the pre-commercial stage and therefore will not qualify for CTF co-financing.”
  - New coal-fired power plants should include CCS readiness considerations in design, such as space, access, storage, transport and costs.
Green Climate Fund (GCF) – A catalyst for paradigm shift

For developing countries, particularly the most vulnerable
Balancing mitigation and adaptation
Building readiness and direct access
GCF - In Figures

- $10.3 billion in pledged contributions
- $3.7 billion project portfolio for 76 projects
- $1.1 billion approved at last Board meeting
- 20 projects valued at $650 million underway
- 101 countries & 39 Direct Access Entities with readiness funding approved
GCF business model
8 Strategic Results Areas

With a focus on...
- Impacts
- Paradigm-shift potential
- Crosscutting adaptation-mitigation benefits
- Sustainable development co-benefits
Six Investment Criteria
Against which proposals are assessed

- **Impact potential**: Potential to contribute to achievement of Fund's objectives and result areas
- **Paradigm shift potential**: Long-term impact beyond a one-off investment
- **Sustainable development potential**: Wider economic, environmental, social (gender) co-benefits
- **Country ownership**: Country ownership and capacity to implement (policies, climate strategies and institutions)
- **Efficiency & effectiveness**: Economic and, if appropriate, financial soundness, as well as cost-effectiveness and co-financing for mitigation
- **Responsive to needs of recipients**: Vulnerability and financing needs of beneficiary in targeted group
Fit-for-Purpose Accreditation

**Mandate & track record**
- Alignment with Fund objectives
- At least 3 year of operations

**Project size**
- Micro (<10M)
- Small (10-50M)
- Medium (50-250M)
- Large (>250M)

**Fiduciary functions**
- Basic
- Specialized

**Environment & social risk category**
- A (high)
- B (medium)
- C (minimal or no)
A Diverse Network of Partners

59 entities accredited to date
Project approval process
GCF and CCS

• Not specifically discussed.
• Under the instrument this is a possible intervention.
• No requests for funding CCS/gas-flaring projects.
• The project could only be considered if it had net-negative emissions at a reasonable cost/tCO2 (a particular concern if e.g. the CO2 is used for EOR).