

GREEN
CLIMATE
FUND

CFFactory – C40 Cities Financing Facility

Reverse Financing Pitch

Climate Finance Instruments for the Cities and the Public Sector

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Berlin City Hall
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The Green Climate Fund: Promotes paradigm shift towards low- emission and climate-resilient development pathways



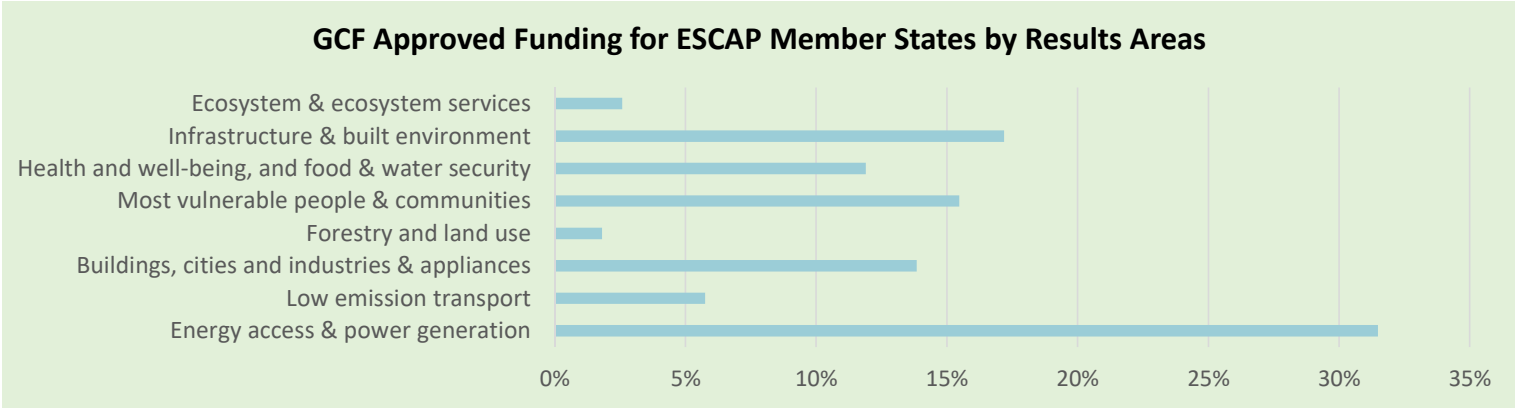
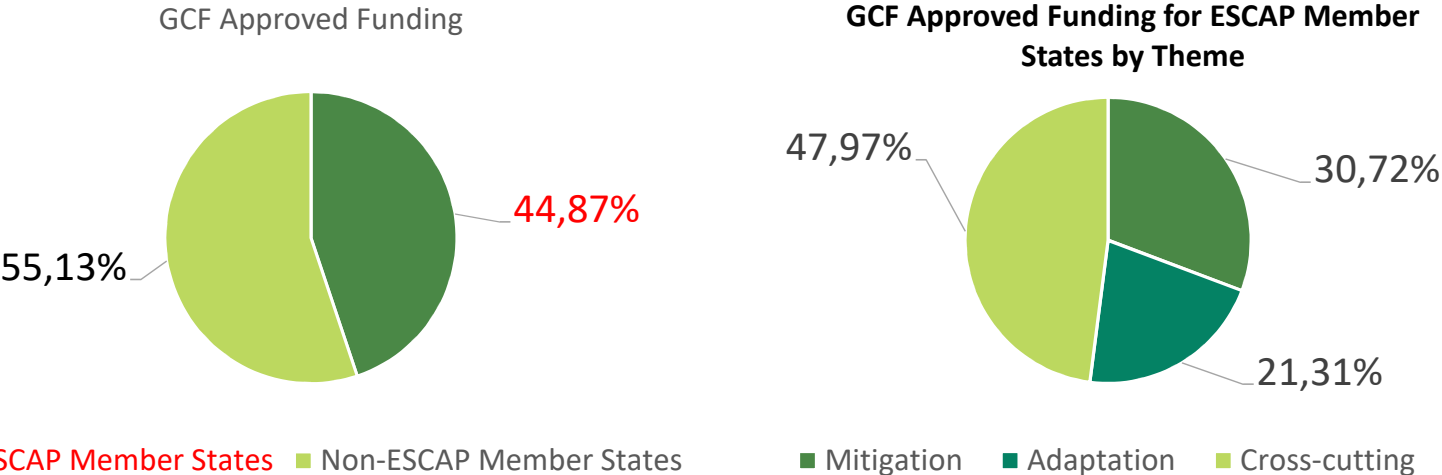
Serving developing countries, particularly the most vulnerable

Balancing mitigation and adaptation

Supporting capacity building through readiness

GCF Approved Funding to date is \$4.6 billion

Of the USD 4.6 billion approved GCF funding, **ESCAP Member States account for USD 2.06 billion (The Economic and Social Commission for the Asia-Pacific region)**



Financial Terms and Conditions of GCF instruments

- **Grants**
 - available in major convertible currencies;
 - Grants without repayment contingencies (no reimbursement required);
 - Grants with repayment contingency, terms adapted to the required level of concessionality of the project or programme.
- **Concessional Loans**

Type of Concessional Loans	Major Convertible Currency	Maturity (years)	Grace period (years)	Annual principal repayment Years 11-20 or 6-20 (% of initial principal)	Annual principal repayment Years 21-40 (% of initial principal)	Interest	Service fee per annum	Commitment fee per annum
High	Any	40	10	2%	4%	0.00%	0.25%	Up to 50 bps
Low	Any	20	5	6.7%	NA	0.75%	0.50%	Up to 75 bps

Diagnostics – urgent need for urban climate financing recalibration at global scale

National Governments

Opportunities	Threats
Institutional capacities	Limits to local fiscal capacity / appetites
Convening power	Efficiencies
Political concentration	FM Capacities

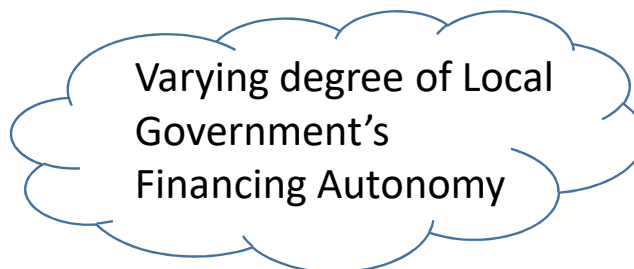
TOP-DOWN approaches

- ODA financial sources
- UNFCCC financial mechanisms
- World Bank PPCR
- National financing mechanisms

Central transfers / Ad hoc revenue sources
 Divestment pressures
 Decentralization pressures



Limited public finance sources
 Infrastructure Service Provision
 Resilience and DRR responsibilities
 Conflicting objectives



**INEFFECTIVE
 MITIGATION & RESILIENCE
 FINANCING DELIVERY
 CONDUITS**



Local Governments

Opportunities	Threats
Governance	Technical Capacities
Fiscal space: land and properties	Accountability
Efficiencies	FM / Institutional Capacities

Bottom-up approaches

- Subnational financing
- Local / community financing
- Output Funding / Results Based Management approach and considerations;
- Capital markets

Possible solutions....forward thinking approach to climate finance for cities

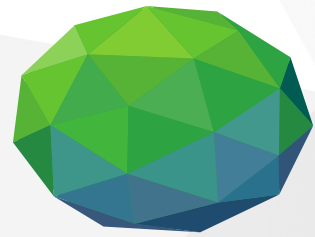
• Demand

- Capacity for structuring hybrid / catalyzing financing solutions – knowledge transfer and policy support are a must;
- Project development vehicles;
- Greening of existing public finance flows;
- Private participation in financing;
- Legal and regulatory framework, including arbitration mechanism;
- Enhancing creditworthiness, boosting utilities credit rating and municipal revenue autonomy, fiscal and administrative capacities;
- On a long run, strengthen domestic capital markets

• Supply

- Facilitative financing mechanisms (municipal development funds);
- Incentive structures (risk mitigation and credit enhancement);
- Specialized financial instruments and mechanisms (pooled finance, insurance, revolving funds, municipal bonds, guarantees, viability gap subsidies and funding, etc.)
- Public money as a 'seed' source (guarantees, insurance, incentives, knowledge and policy support, preparatory technical assistance, etc.) to attract and mobilize private finance with staying power through de-risking structures and transformative interventions;

←→
IMPORTANCE OF PROPER SEQUENCING OFTEN UNDERSTATED



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