



Green Climate Fund

# Financing Inclusive, Climate Resilient Infrastructure

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## What are the needs?

**AREAS OF NEED**



Climate  
resilient water  
supply

Integrated  
water resources  
management

Sanitation

Drought  
management

Coastal zone  
management

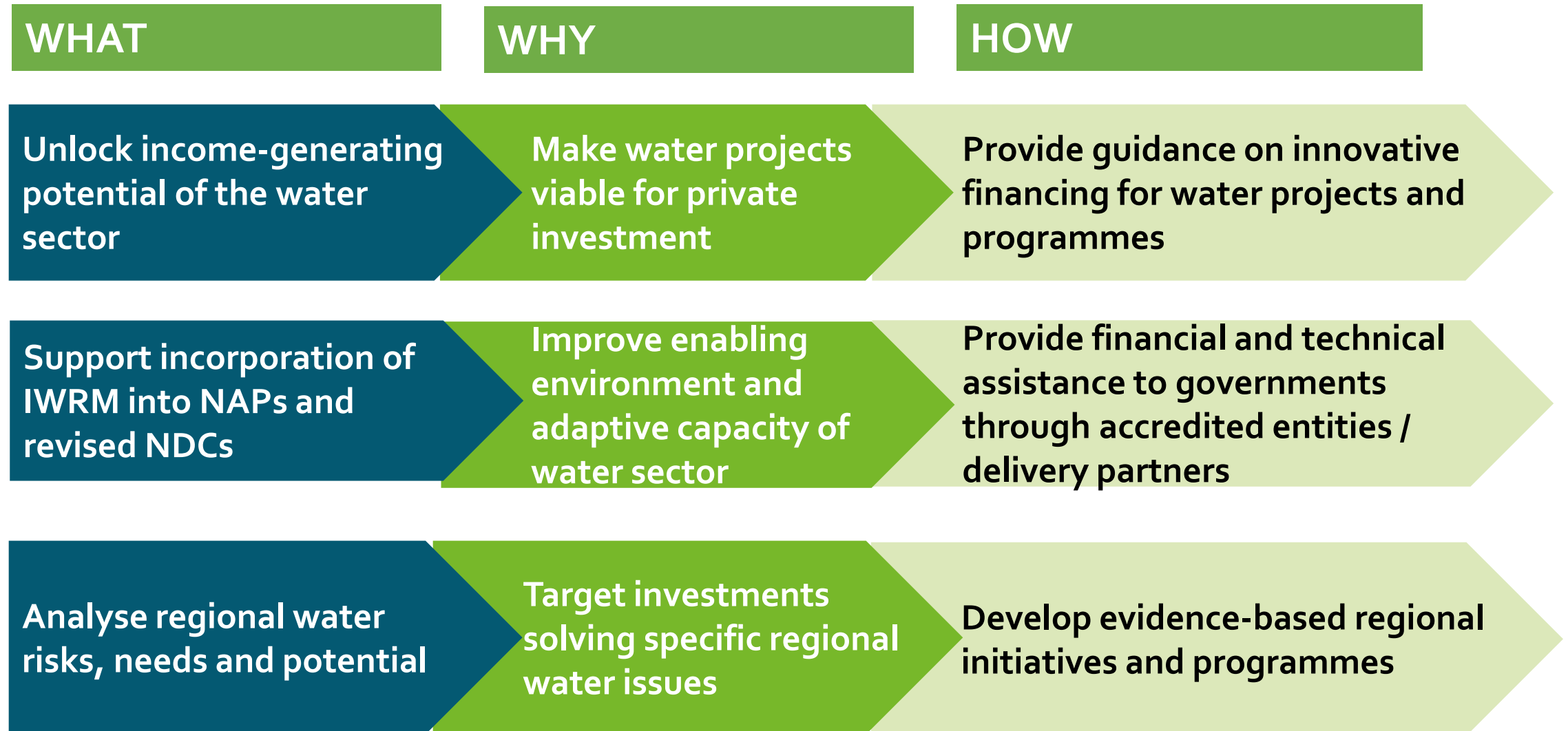
Urban drainage

Wetland  
protection &  
restoration

Irrigation

Flood  
management

## Role of GCF, other climate funds and development entities



# How we drive change

**01**

Transformational  
planning



**02**

Catalysing  
innovation



**03**

Mobilising  
finance



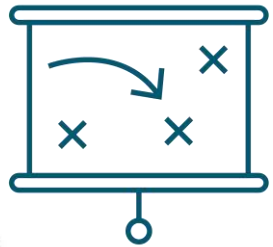
**04**

Aligning  
finance with  
sustainable  
development



# 01. Transformational planning

## ACTIVITY



Promoting integrated adaptation strategies, planning and policymaking



Improving the availability and reliability of climate data and analytical tools.

## CASE STUDY

GCF currently supports the formulation of 74 NAPs and the development of Systemic Resilience Frameworks

### High-quality infrastructure

#### Resilience of infrastructure *users*

Resilient infrastructure reduces the impact of natural hazards on people and economies

#### Resilience of infrastructure *services*

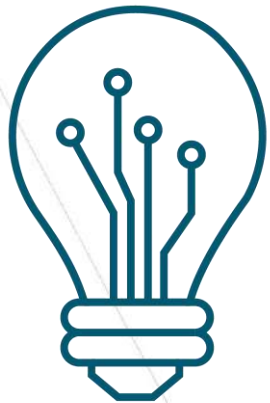
Resilient infrastructure provides more reliable services

#### Resilience of infrastructure *assets*

Resilient infrastructure is less costly to maintain and repair

## 02. Catalysing innovation

### ACTIVITY



Investing in new technologies, business models and financial instruments and practices to establish a proof of concept

### CASE STUDY

#### FP078 Acumen Resilient Agriculture Fund (ARAF)

GCF is partnering with Acumen, an impact investor, to provide early-stage and growth finance to climate innovators developing new solutions for climate resilient agriculture in Africa



#### FP053 Enhancing climate change adaptation in the North coast and Nile Delta Regions in Egypt

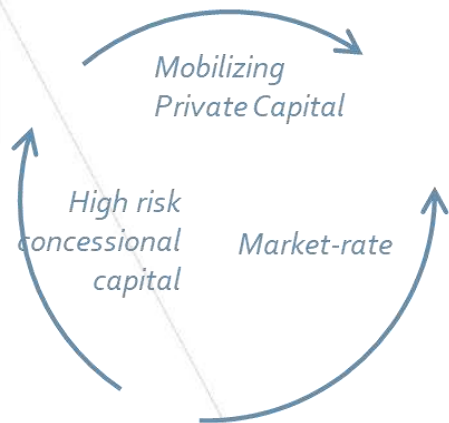
GCF is partnering with UNDP to leverage local knowledge to establish living and cost-effective shoreline to adapt to sea level rise in the Nile Delta



## 03. Making blended finance work for Adaptation

### ACTIVITY

#### BLENDED FINANCE



**De-risking/reprice market creating projects to establish a commercial track record for new climate resilient solutions and crowd-in private finance**

### CASE STUDY

#### FP180: Global Fund for Coral Reefs

As GCF's first at-scale private sector programme in the blue economy, the Global Fund for Coral Reefs Investment Window (implemented with Pegasus Capital Advisors LP) will create a private equity fund to encourage investments in the blue economy, protecting coral reefs.



#### PPF: Infrastructure Climate Resilient Fund

This PPF will support the development of the first African climate resilient infrastructure fund. The ICRF's objective is to enhance the quality of roads, bridges, railways, and logistics projects to ensure they are made climate resilient.



# How does GCF invest?

Through a range of grant and non-grant instruments

## A FLEXIBLE RANGE OF INSTRUMENTS



Loans



Guarantees

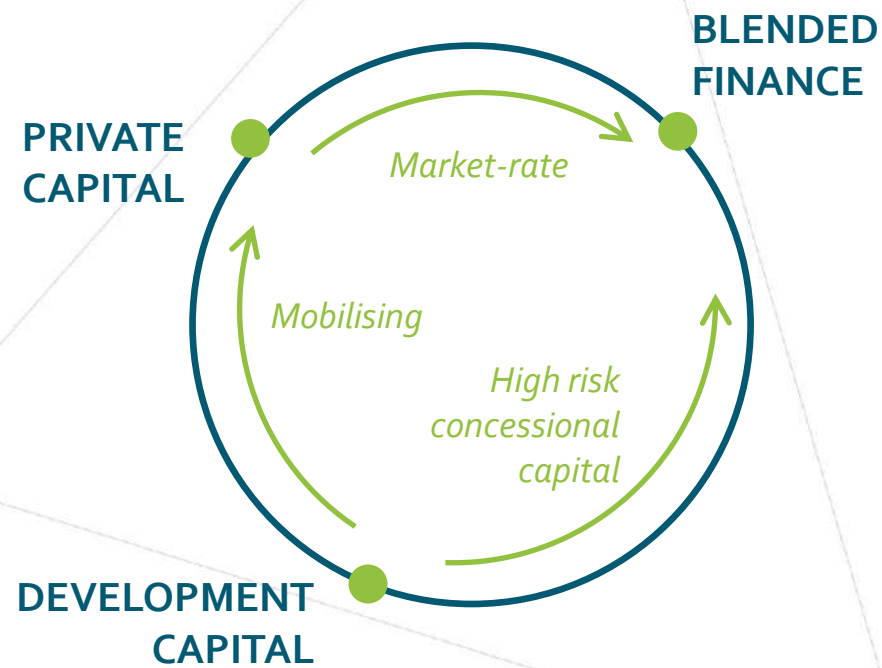


Equity



Grants

## TO MAKE BLENDED FINANCE WORK





## 04. Aligning finance with sustainable development

### ACTIVITY



Helping domestic financial institutions to:

- Mainstream climate into investment decision-making;
- Originate and Appraise climate resilient projects;
- Access capital to finance new climate solutions

### CASE STUDY

#### FP183 Inclusive Green Financing Initiative (IGREENFIN)



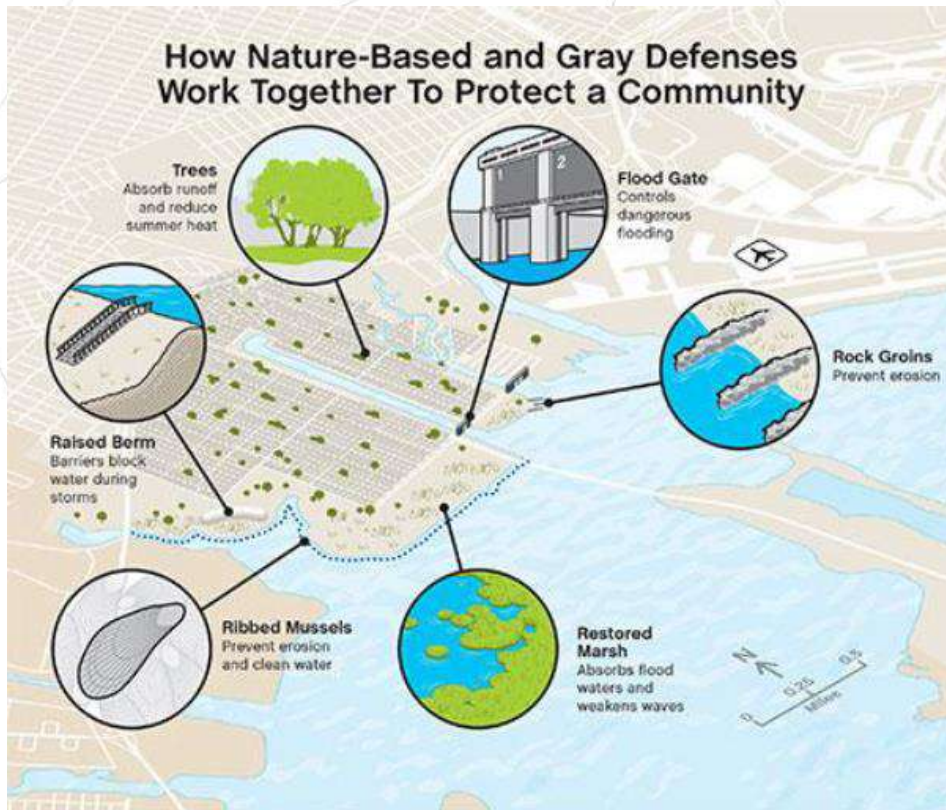
This programme covers 11 countries in the Great Green Wall, in addition to Côte d'Ivoire and Ghana. The programme will enhance access to credit and technical assistance for local farmers, farmers' organisations, cooperatives and micro and small sized enterprises to build greater coherence and complementarity of climate action in Africa.

## Where are the GCF water pipeline and portfolio gaps?

Financial Instruments		Lack of application of financial instruments other than grants
Private Sector Participation		Limited private investment in the water sector
Water Sub-sectors		Low investment in drought management, urban drainage and wetland protection/restoration Disjointed/silo approaches
Regions		Southeast Asia and Southern Africa are relatively under-represented in both portfolio and pipeline
Infrastructure Operations & Maintenance		Unviable / unclearly defined responsibilities, and/or subsidies needed

# Crucial Elements For Projects' Pipeline Generation

## Integration Of Nature Based Solutions As Green Infrastructure



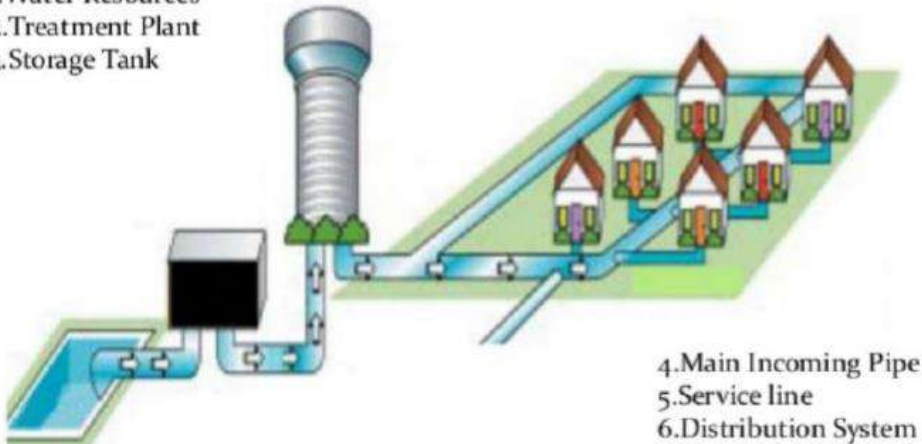
- Nature-based solution to replace or assist hard infrastructure to the extent possible
- Green and grey infrastructure for more cost-effective and long-lasting solutions
- High-efficiency if introduced in an integrated manner
- Additional environmental, social and economic co-benefits

# Crucial Elements for Projects' Pipeline Generation

## Infrastructure System Approach

### Water Supply Infrastructure

1. Water Resources
2. Treatment Plant
3. Storage Tank



Source: TendersOnTime

- Analyses the economic and social value of infrastructure assets through a systems-based approach while considering national priorities
- Gives a holistic view that considers priority sectors, assets, people and ecosystems *informed by climate impact assessments* detecting potential sequenced failures
- Presents short-and long-term list of interventions
- Uses a strategic approach to locate infrastructure assets and surrounding NBS
- Enables incorporation of NBS to the interventions' prioritization

# Project Case Study

FP008

## Fiji Urban Water Supply and Wastewater Management Project



**GCF funding:** USD 31.04 million in grant  
**Total project funding:** USD 405.1 million  
**Accredited Entity:** Asian Development Bank (ADB)

- 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 m<sup>3</sup> per day.

*Adaptation*  
*Fiji*



# Catalysing Climate Innovation

FP115

Espejo de Tarapacá

**GCF funding:** 60 million equity  
**Total project funding:** 1.1 billion  
**Accredited Entity:** MUFG Bank, Ltd

*Cross-Cutting  
Chile*



- The Espejo de Tarapacá is an alternative energy project in Chile and is funding what will be the world's largest hydropower station using seawater, providing a vast energy source, and making more freshwater available for drinking water and agriculture.
- Located in the Tarapacá desert, this project combines a 561 MW photovoltaic solar plant that provides power during the day and a 300 MW pumped storage hydroelectric facility that generates electricity at night, using the Pacific Ocean as its lower reservoir and a natural geographic feature as its upper reservoir.

# Strategic direction for investment in the water sector

## Enhance adaptive capacity

- Enhance availability and use of hydrometeorological information for planning
- Promote IWRM - coordination among stakeholders across a catchment, across sectors, across borders

## Drive the paradigm shift towards private sector participation and application of a range of financial instruments

- Particularly for subsectors that have income-generating potential (water supply, hydropower, irrigation)
- Build complementarity and coherence with other climate funds

## Achievable through de-risking investment in water

- Based on risk analyses, GCF can help overcome barriers by applying the guarantee instrument to enable water service providers to borrow locally, and co-financing multi-purpose water infrastructure projects with public and private investors