



# Climate Finance: International Business Opportunities



Canada.ca/TCS-Climate-Finance



The Canadian Trade Commissioner Service has a global network of trade offices and dedicated officers available to assist you with your international trade activities. Specialized assistance is available for climate finance.

For more information on the Green Climate Fund, contact [Grimi.Guarico@international.gc.ca](mailto:Grimi.Guarico@international.gc.ca)

## Green Climate Fund - [www.greenclimate.fund](http://www.greenclimate.fund)

### Background

The Green Climate Fund (GCF) was established in 2010 as part of the United Nations Framework Convention on Climate Change. The GCF supports the efforts of developing countries to respond to the challenge of climate change in both limiting/reducing their greenhouse gas (GHG) emissions and adapting to climate change. Serving the Paris Agreement, the GCF supports developing countries to meet their nationally determined contributions. By 2014, US\$10.3 billion had been pledged by donor countries.<sup>1</sup>

### Applicability to private sector projects

Private sector projects are eligible for GCF funding through its [Private Sector Facility](#).

### Products available to private sector proponents

Through accredited entities (AEs), the GCF offers a range of financial instruments, including:

- debt
- equity
- guarantees
- grants

Private sector proponents should become familiar with GCF eligibility and investment criteria to better frame discussions with AEs. [GCF investment criteria](#) include (i) impact potential, (ii) paradigm shift potential, (iii) sustainable development potential, (iv) needs of the recipient, (v) country ownership, and (vi) efficiency and effectiveness. The [funding projects and fine print](#) sections of the GCF website, along with the concept note template, provides insight into the type and level of information required for initial review by GCF.

<sup>1</sup>In 2017 the United States announced that it was cancelling the US\$2 billion remaining of its pledged US\$3-billion contribution to the GCF.





## Access

### Access to GCF funding is channelled through AEs<sup>2</sup>

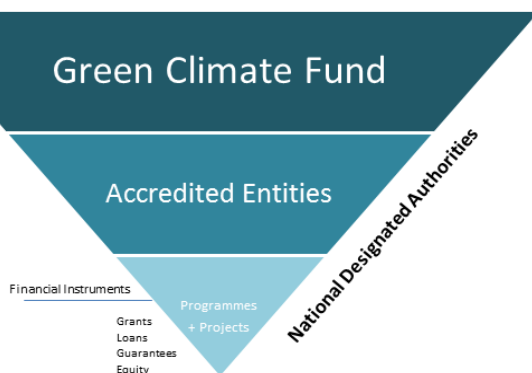
Note that direct application for funding by private companies is not permitted, except as allowed in response to periodic requests for proposals based on specific private sector programs. Should a proposal submitted directly by a private sector proponent in these circumstances be short-listed/invited to submit a full proposal, an AE must intermediate. Currently, [there are 59 AEs](#), including a range of development finance institutions such as multilateral development banks, bilateral development agencies, UN agencies, national development banks and other government agencies, along with some private international financial institutions and NGOs. There are currently more than 200 entities in the accreditation process. Typically, the AE must also bring financing to the project/program for which GCF financing is sought. All projects must be endorsed by the host government's national designated authority before being approved by the GCF.

## Fund description

The GCF seeks to promote a paradigm shift to low-emission and climate-resilient development while taking into account the needs of nations that are particularly vulnerable to climate-change impacts. Through supporting projects, programs, policies and other activities using thematic funding windows, the GCF aims to provide equal amounts of funding to mitigation and adaptation, as well as dedicate at least 50% of its funding to least-developed countries, small island developing states and Africa. The GCF's strategic areas of investment include (i) energy generation and access, (ii) infrastructure and the built environment, (iii) transport, (iv) buildings, cities, industries and appliances, (v) forests and land use, (vi) health, food and water security, (vii) livelihoods of people and communities, and (viii) ecosystems and ecosystem services.

The [Private Sector Facility](#) (PSF) is a thematic funding window of the GCF intended to promote private sector climate action in developing countries. The PSF engages with both international and local private sector actors in both mitigation and adaptation in developing countries through offering de-risking instruments that encourage and scale-up low-carbon, climate-resilient private investment flows. The GCF offers long-term funding through various instruments and it can make concessions, if necessary, to achieve results. In addition, the GCF periodically issues calls for proposals through which private sector projects are crowd-sourced and assessed, and proponents of short-listed concepts are then invited to submit full proposals for GCF approval. Responses to calls for proposals can be done directly by proponents or through an AE, although full proposal submission must be done through an AE.

The general architecture of the GCF is illustrated below:  
**GCF architecture**



Source: <https://www.greenclimate.fund/how-we-work/funding-projects>

<sup>2</sup> Alternatively, private sector entities may become "accredited" by the GCF through a rigorous assessment against the GCF's fiduciary, environmental and social safeguards, and gender policy requirements, further to which accreditation could be bestowed to manage GCF resources for different types of financial products and risk categories.



## Governance

The GCF is accountable to the United Nations and has an independent governance structure comprising a 24-member board with equal representation from developing and developed countries in UN's regional groups. Board decisions are made by consensus. The GCF Secretariat is headquartered in Songdo, South Korea.

## Approval process and timing

For private sector projects, project approval loosely follows the internal approval process and timeline of the respective AE, as well as a parallel process of the GCF. Final approval of private sector projects by the GCF board occurs after the project has been approved by the AE.

**Key contacts:** Since direct application to the GCF by private sector companies is not permitted (except as allowed in response to periodic requests for proposals), please refer to key contacts at AEs provided through the link below.

**Accredited entities:** [GCF accredited entity directory](#)

## GCF key contacts:

Ayaan Adam, Director, Private Sector Facility [aadam@gcfund.org](mailto:aadam@gcfund.org)

GCF Private Sector Facility [privatesector@gcfund.org](mailto:privatesector@gcfund.org)

**Key links:** [GCF Approval Process](#) and [process flow chart](#).

