Clean energy for NDCs: scaling up private financing

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6th Annual Meeting of the San Giorgio Group: Expanding Green, Low-Emissions Finance
May 9, 2017
ENERGY TRANSFORMATION: AN HISTORIC OPPORTUNITY

Global Commitment

Paris lays the groundwork for ambitious country action

Climate Finance

Public and private capital waiting for deployment

Technology Advancements

Declining costs and rising efficiency of technology
UNDERSTANDING GAPS IN PRIVATE SECTOR ENGAGEMENT

- CCAP working with partners to assess the experience of international financial institutions in mobilizing private finance to date
- Multilaterals and bilaterals have good track record, but gaps remain

- Limited capacity of domestic banks
- Sovereign, policy and currency risks
- Bias toward large projects & established technologies
- Lack of bankable projects at scale
ENHANCING PRIVATE SECTOR PARTICIPATION THROUGH THE GCF PRIVATE SECTOR FACILITY

**PRIORITY**

- **Support project development**
  - Early stage technical assistance to
    - Strengthen national frameworks
    - Build project pipeline

- **Strengthen domestic financial institutions**
  - Build capacity of FIs and national green banks to
    - Assess benefits and risks of new technologies
    - Tailor products to support deployment
    - Serve as GCF Accredited Entities

- **Enhance risk sharing**
  - Expand guarantees and currency risk tools

- **Build tools for underserved markets**
  - Tailor financial instruments
  - Adopt flexible investment policies

- **Replicate and standardize**
  - Scale up proven solutions:
    - Menu of policy and financial tools, standardized documents and business models
    - Accelerate/simplify access
### Program Element

<table>
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<th>Support the development of best practice regulatory solutions</th>
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<td>• Interconnection standards</td>
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<td>• Net metering</td>
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<th>Promote proven business models</th>
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<tr>
<td>• Third party developed</td>
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<td>• Utility developed</td>
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<th>Standardize project tools</th>
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<td>• Legal documents</td>
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<td>• RFP templates</td>
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<th>Make available financial solutions</th>
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<td>• Equity funding</td>
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<td>• Guarantees for financial institutions</td>
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### Potential Support Channel

- Advisory services and TA through GCF Readiness and Project Preparation Facility
- Financial facilities through defined accredited entities with GCF first-loss support
PHILIPPINES DISTRIBUTED SOLAR NAMA: A HIGHLY REPLICABLE PROGRAM

- Support the development of best practice regulatory solutions
  - Streamline interconnection standards
  - Streamline permitting processes
  - Improve net metering regulation

- Promote proven business models
  - Accredit vendors & create a technology certification program

- Standardize project tools
  - Develop standard products, documents, technology and project evaluation within local banks

- Make available financial solutions
  - Guarantee fund
  - Standardized financial products through local banks
### HOW CAN THE GCF’S PRIVATE SECTOR FACILITY ADVANCE CLEAN ENERGY INVESTMENT?

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<th>Tools available</th>
<th>Potential approaches</th>
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<tr>
<td>Readiness and project preparation</td>
<td>• Scale up early stage support to build private sector project pipelines</td>
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<tr>
<td>Accreditation</td>
<td>• Prioritize accreditation of domestic institutions and enhance capacity building</td>
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<tr>
<td>Financial instruments</td>
<td>• Increase risk appetite and scale up risk-sharing instruments</td>
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<tr>
<td>Requests for Proposals</td>
<td>• Design Requests for Proposals that address underserved markets</td>
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<tr>
<td>Programmatic approaches</td>
<td>• Design and deploy replicable program offerings</td>
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THANK YOU!

For more information, please visit us at

www.ccap.org