

Japan's efforts in introducing next generation projects and innovative business models through the Green Climate Fund

7 November 2017 @ Japan Pavilion



AIT
Asian Institute of Technology

Contents

◆ **Opening remarks (5 min)**

Mr. Ryuzo Sugimoto, the Ministry of the Environment, Japan

◆ **Keynote speeche (15 min)**

“Perspectives for enhancement of GCF project/programme development” (TBC)

Mr. Alastair Morrison, GCF Secretariat

◆ **Panel discussion (50 min)** Facilitator: OECC **“Development of next generation GCF projects: Essential elements for defining a paradigm shift and introducing innovative business/financial models”**

Framing presentation (10 min) **Enhancement of capacities: Access to GCF finance and development of next generation projects”** Mr. Makoto Kato, OECC

Panel discussion (40 mins):

GCF secretariat. AEs (FAO, SPREPS. JICA), NDAs (Maldives, Mongolia), GCF board member

◆ **Q&A session (20 mins):**

Light refreshment will be served after the event

Opening remarks

Mr. Ryuzo Sugimoto,
the Ministry of the Environment, Japan



Ministry of the Environment

Keynote speech



Mr. Alastair Morrison, GCF Secretariat

Perspectives for enhancement of GCF project/programme development”

Framing presentation:

**Development of next generation GCF projects:
Essential elements for defining a paradigm shift
and introducing innovative business/financial
models**

**Enhancement of capacities:
Access to GCF finance and development of next
generation projects**

Programme on facilitation of project development utilizing the Green Climate Fund in JFY2017

- Fund: the Ministry of the Environment, Japan
- Aim:
 - Facilitation of GCF project development
 - Building sufficient capacities to develop concept note/funding proposal
- How?



Basic survey on access to GCF



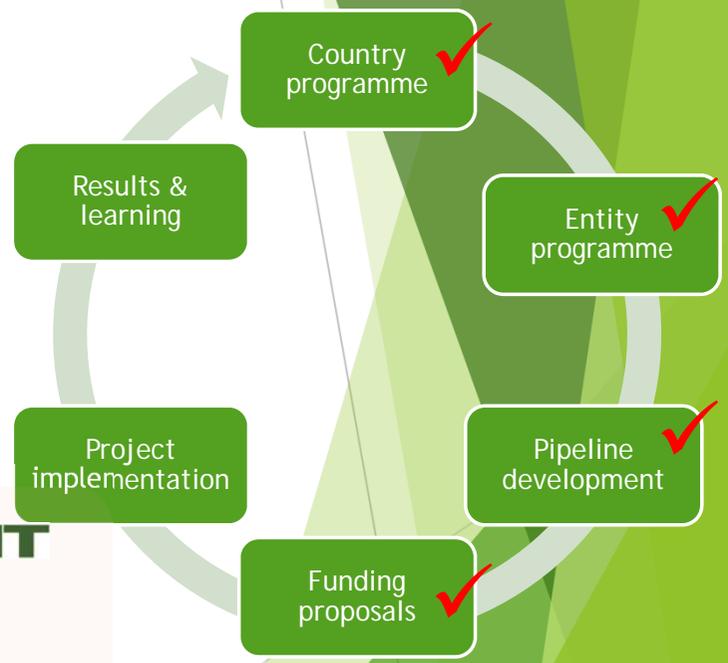
Capacity-building support for next generation project development



Study Group on access to GCF finance

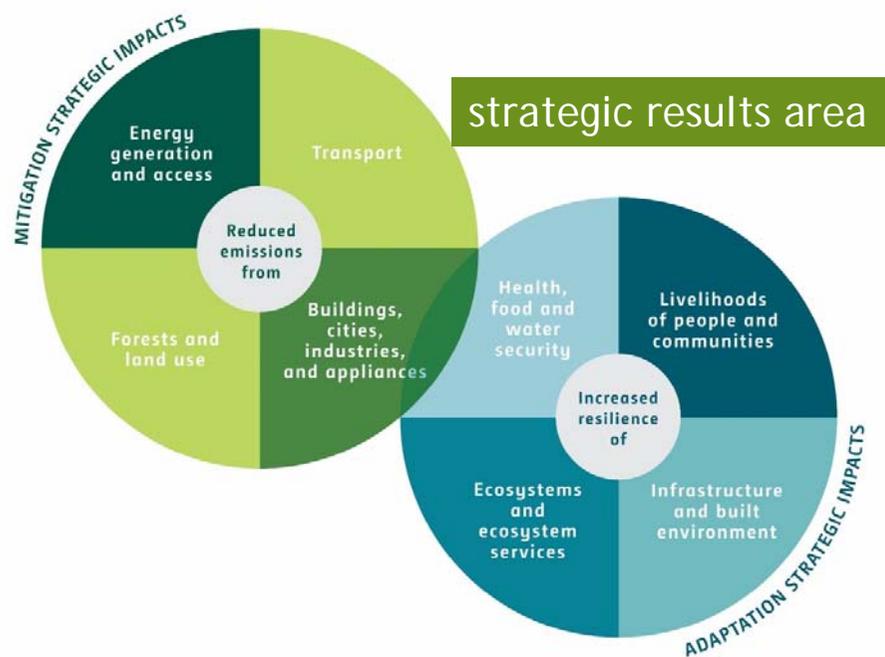


Information dissemination and CB support on access to GCF



Overviews of GCF activities

- Since 2015, 58 GCF projects/programmes are approved
- 8 strategic results area
- 6 Investment criteria
- 59 AEs, 144 NDAs/focal points



Investment criteria

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

Lesson and Challenges identified by GCF secretariat

Focus on climate results

Clear benefits in terms of emission reductions (e.g. substitution of fossil fuels) or improving the resilience of infrastructure or livelihoods against climate change

Transformative and innovative

Using innovative financing models, technical solutions, improving regulatory framework, or allowing projects that could not happen

Creating an enabling environment

Creating a regulatory framework conducive to public and private sector investment is key to achieving transformational outcomes.

- Laws and policy,
- regulatory bodies,
- contracts,
- incentives (subsidies, tax breaks...)

Provision of cofinancing by other donors, Government or local private partners

Concessionality benefitting final users

e.g. accessing cheaper loans, lower electricity tariffs

Investment Criteria - Attention Points

Viability and Sustainability

- Is the proposal economically and financially sound?
- Can results be sustained after GCF funding ends?
- Is there a plan and budget for operations and maintenance?

Efficiency and effectiveness

- Impact vs funding (e.g. \$/tCO₂)
- Justification for proposed financial instrument and funding amount
- Co-financing and crowd-in additional source of financing

Climate Impact Potential

- Is the linkage to climate change relevant, clear and strong?
- Is the methodology to calculate emission reductions robust?
- Is there a strong justification for increased resilience, based on evidence of climate impacts?

Development of next generation GCF projects: Essential elements for defining a paradigm shift and introducing innovative business/financial models

Identify current barriers and challenges in country environment



Find essential element to overcome the barriers



Engage key stakeholders



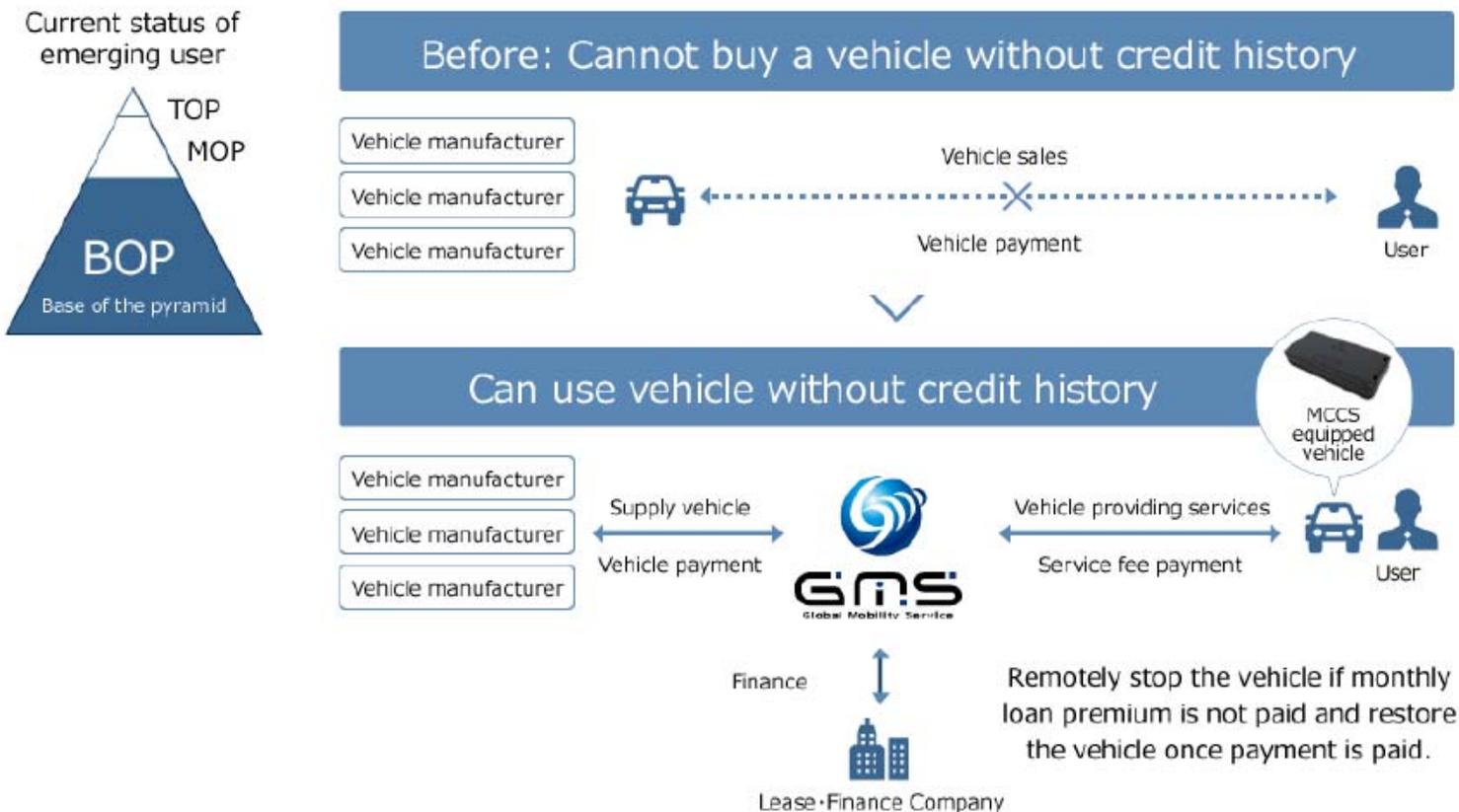
Confirm sustainability



Paradigm shift

Image of a “next generation project” with impact/paradigm shift potentials.....

Case of Global Mobility Service Philippines



Capacity-building support for next generation project development



➤ Training Programme on Developing Project Proposals for Climate Change

Date: 10 days training program in January - February 2018

Place: SE asia

Training content:

Module 1 - Understanding GCF operations from a project development point of view;

Module 2-4 - Developing a GCF Project Concept note by

- ❑ Elaboration of a logical framework, defining result areas and choosing a suitable Accredited Entity;
- ❑ Complying with the GCF Investment Framework;
- ❑ Elaboration of implementation arrangements, ensuring stakeholder engagement, complying with regulatory requirements, and carrying out risk analysis

Module 5 - Developing next steps (road map)

- Tailored mentoring services
- Individual online support Desk
- Knowledge product
- Webinar on special topics on proposal development

Panel discussion

Development of next generation GCF projects: Essential elements for defining a paradigm shift and introducing innovative business/financial models

- **Accredited Entities**
 - Mr. Espen Ronneberg, SPREP
 - Mr. Ichiro Sato, JICA
 - Mr. Nicholas Ross, FAO (TBC)

- **National Designated Authorities**
 - Mr. Amjad Abdulla (Maldives)
 - Mr. Batjargal Zamba (Mongolia)

- **GCF Board**
 - Ms. Diann Black-Layne (TBC)

Panel discussion

Guiding question part 1

1. Given more than 50 projects approved, how do you evaluate this development by the GCF so far?
2. In order to take one step forward for a paradigm shift, what kind of aspect should we take account in project design? (e.g. modes of finance, proposing a new business models, involvement of stakeholders and partners etc.)
3. Some GCF Board members and relevant key stakeholders expressed concerns that many of the approved GCF projects do not fully meet the requirement to demonstrate a paradigm shift potential. What should be done by the GCF community and other interested parties to rectify this situation?

Panel discussion

Guiding question part 1

1. Given more than 50 projects approved,
**how do you evaluate this
development by the GCF so far?**

Panel discussion: Guiding question part 2

4. How do we ensure a value-added climate actions by mobilizing the GCF finance?
5. What should be done to ensure that a paradigm shift or a transformational change induced by a GCF project is sustainable and long-lasting and it will not be reverted upon the project completion?
6. The GCF Governing Instrument stipulates that “...the Fund will promote the paradigm shift towards low-emission and climate-resilient development pathways”. What are the key differences between such a paradigm shift and traditional climate change adaptation and mitigation projects?

Thank you for your attentions!

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