Climate Investment Funds

CIF Observers Orientation
Joumana Asso
Sr Private Sector Development Specialist
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# Structure and Funding

## Clean Technology Fund
- Finance scaled-up demonstration, deployment and transfer of *low carbon technologies*

### Investment Plans
- Support country and regional development strategies
- Leverage financial products of Multilateral Development Banks
- Stimulate private sector engagement

$4.5$ billion

## Strategic Climate Fund
- **Targeted programs** with dedicated funding to pilot new approaches with potential for scaling up

### Programs
- **Pilot Program for Climate Resilience**
  - Mainstream climate resilience into core development planning
- **Forest Investment Program**
  - Reduce emissions from deforestation and forest degradation
- **Scaling Up Renewable Energy in Low Income Countries**
  - Create economic opportunities and increase energy access through renewables

$2$ billion
Levels of Engagement
Who are the CIF’s Potential Private Sector Partners?

CIF Private Sector Partners

- Project Developers
  - Utility Companies
  - Operators
  - Original Equipment Manufacturers (OEMs)

- Technology Providers
  - Technology providers
  - OEMs
  - Research and Development firms

- Financiers
  - Banks
  - PE Funds
  - Leasing Companies
  - Pension Funds
  - Funds of Funds
  - Angel Investors
  - Sovereign Wealth Funds
The CIF Partnership with the Private Sector

- About 34% of the CTF funding is allocated to private sector entities
- About 5% to 15% of the SCF funding is allocated to private sector entities
- The private sector allocation is made through direct investments and technical assistance to real sector companies, or through financial intermediaries to ensure fast scale-up & effective mainstreaming of clean energy investments on the national level
- Each of the CIF’s Trust Fund Committees and Sub-Committees has two private sector observers
Leveraging public funding is achieved through incentivised CIF investing, such as concessional loans, guarantees, subordinated loans position vis-à-vis other investors and lenders, and Public-Private Partnerships.

- Every $1 CTF is leveraging $7 from private sector sources.
- Every $1 SCF’s programs are projected to leverage a range of $1 to $4 from private sector sources.
Financial Instruments Used by the CIF to Enable Private Sector and Achieve Market Transformation

- **Capacity Building**
  - Training, Knowledge management
  - Products, Feasibility Studies, Institutional know how, etc.

- **Policy Reform**
  - Policy dialogue, regulatory framework, institutional infrastructure

- **Investment Financing**
  - Grants, loans, equity, guarantees, risk sharing facilities
The CIF builds investment cases with a demonstration effect potential.
- It targets cases where replicability is subject to specific market hurdles.
- It helps remove market hurdles and help create conducive environment for scale up.
- With that, action towards market transformation is triggered at scale.
Successful market transformation requires coordinated interventions at the policy level as well as incentives to catalyze private sector investment.

Market transformation can be achieved in the most efficient way when governments and private sector address market barriers in a complementary and synergetic way.

The CIF provides a platform for these set of complementary actions.
Working with the Private Sector

Co-financing by Source (CTF)

<table>
<thead>
<tr>
<th>Source</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>MDB</td>
<td>37.2%</td>
</tr>
<tr>
<td>Private Sector</td>
<td>30.3%</td>
</tr>
<tr>
<td>Government</td>
<td>18.7%</td>
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<tr>
<td>Others</td>
<td>13.9%</td>
</tr>
</tbody>
</table>

### Co-financing Breakdown

<table>
<thead>
<tr>
<th>Source</th>
<th>Total (US$ million)</th>
<th>MDBs (US$ million)</th>
<th>Private Sector (US$ million)</th>
<th>Governments (US$ million)</th>
<th>Other (US$ million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>US$ million</td>
<td>36,678.1</td>
<td>13,627.2</td>
<td>11,097.8</td>
<td>6,859.3</td>
<td>5,093.8</td>
</tr>
<tr>
<td>%</td>
<td>100.0%</td>
<td>37.2%</td>
<td>30.3%</td>
<td>18.7%</td>
<td>13.9%</td>
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