



# CLIMATE FINANCE

FOR GLOBAL IMPACT

# GEF: US\$3 BILLION CLIMATE FINANCE FOR GLOBAL IMPACT

Climate change is the defining challenge of our time. It is no longer a threat; it is already a reality. Atmospheric greenhouse gas (GHG) concentrations continue to increase at a rapid pace, and will exceed 400 ppm in the very near term. In the absence of urgent, decisive action, nations will face unprecedented challenges such as longer and more intense heat waves and severe droughts, more frequent damaging storms, declining ocean health due to acidification, and reduced crop yields undermining food security. The choices that governments, companies and private citizens are making now will have vast implications for the prospects for long-term sustainable development.

The GEF is committed to support enhanced action and ambition. The newly completed sixth replenishment of the GEF Trust Fund (GEF-6), together with our dedicated climate adaptation funds, will enable the GEF to make about US\$3 billion available for climate finance in the next four years, with an **expected US\$30 billion being leveraged from other sources**.

The GEF supports climate change initiatives in countries across a broad spectrum of action areas. A total of **US\$910 million** was allocated to individual countries to support national **climate change mitigation** policies and strategies, enhanced renewable energy supply, increased energy efficiency, including sustainable transport and urban design, expansion of climate smart agriculture, and work to reduce short-lived climate forcers. The GEF has also allocated **US\$225 million** to support **UNFCCC-related reporting and assessments**, including Intended Nationally Determined Contributions, and to help integrate their findings into national policy planning and implementation. In addition, the GEF expects to program up to **US\$1.4 billion** towards enhanced **resilience, adaptation and disaster risk reduction**.

Building on the role of the GEF as a financial mechanism for many Conventions, substantial climate-related finance is being directed at the sustainable management of forests, water, land and soils. During the next four years, the GEF will provide **US\$700 million** to developing countries to support sustainable management of all types of **forests**, thereby generating multiple benefits in climate change mitigation, biodiversity and livelihoods. Similarly, the GEF will provide **US\$430 million** of additional funding to prevent **land degradation** that can help enhance carbon sequestration, strengthen resilience and improve livelihoods and close to **US\$300 million** will be dedicated to bring countries and other stakeholders together, and build capacity for improved management of the globe's **oceans** and their shared marine and coastal resources.

Finally, in the next four years the GEF will be providing dedicated financing for several high-impact initiatives: (i) **US\$100 million** for a **sustainable cities** program to deliver global environmental benefits with local action; (ii) **US\$45 million** for an integrated approach to **eliminate deforestation** from commodity supply chains; and (iii) **US\$110 million** to improve **food security**, strengthen resilience and enhance carbon sequestration in Sub-Saharan Africa. Finally, the GEF will be making available US\$110 million for dedicated non-grant pilot funding to demonstrate the application of different financial instruments to fight climate change and other forms of environmental degradation mainly through private sector action.





The climate finance landscape is rapidly evolving. Building on our past experience of over two decades of effective climate financing to developing countries, the GEF is helping to catalyze substantial funding from the private sector, national governments and other partners that would otherwise not have occurred.

Seeking to produce maximum impact from its investments now and into the future, the GEF is proactively looking for enhanced complementarity and robust synergies with other climate finance players. Through its work on transforming policy and regulatory environment, strengthening institutional capacity, building multi-stakeholder alliances, and de-risking partner investments, together with exploring synergies across its many lines of climate-related financing, the GEF will continue to play a key role in demonstrating innovative approaches and instruments that can be scaled up by other players, including the Green Climate Fund as it becomes operational.



## PRIORITY PROGRAMS

**Renewable Energy:** To date, the GEF has invested US\$1.3 billion in renewable energy in 160 countries, leveraging almost US\$10 billion in co-financing, resulting in the installation of more than 6 GW of power generation capacity and GHG emissions reductions of 1.8 billion tons of carbon dioxide equivalent (tCO<sub>2</sub>e). GEF investments to boost renewable energy supply focus on removing policy, regulatory, and technical barriers; developing innovative market-based mechanisms and financial instruments; and demonstrating pre-commercial renewable energy technologies.

**Energy Efficiency:** Another key focus of the GEF is to help countries introduce policies and regulatory frameworks, as well as standards and labels for appliances, lighting, buildings, and industrial equipment that improve energy efficiency. Including our support for energy-efficient, low-carbon transport, the GEF has invested US\$1.4 billion, leveraging an additional US\$14.6 billion in co-financing for energy efficiency projects across more than 115 countries, resulting in greenhouse gas (GHG) emissions reductions of almost 2 billion tons of tCO<sub>2</sub>e.

**Short-lived Climate Forcers:** In response to this time-sensitive problem, GEF's support for the next four years include reducing emissions in key areas such as transportation, energy, waste disposal, agricultural practices, and forest management.

**Supporting National Planning Processes:** Many developing countries face policy, technical, and organizational challenges to make contributions for the 2015 climate agreement. Countries also need data and analysis to support decision-making and capacity building. The GEF's support to countries for Convention-related reporting and assessments such as national communications and biennial update reports, is becoming increasingly important, as the results help countries identify and assess their climate change goals and the policies. In addition, the GEF is providing support to countries to initiate or intensify domestic preparations for their intended nationally determined contributions (NDCs). This type of support helps countries to facilitate the national planning process and to help countries mainstream climate change concerns into the national sustainable development strategy development and implementation. The GEF support may also generate information that help inform the development of other major international goals, such as the Sustainable Development Goals.

## GEF IN ACTION

**Transforming policy and regulatory environments** to help governments put in place policies, regulations and institutions to catalyze investment in low-emission, climate-resilient development. An example is the **Climate Friendly Transportation Project in Mexico**. Implemented by the World Bank, this project used US\$5.8 million of GEF financing to attract more than US\$2.7 billion in loans and private sector financing, resulting in urban level policy reforms and incentives for transport, including the first city-wide climate change action strategy in Latin America.



**Climate Adaptation:** The GEF is a leading global financier of climate change adaptation, resilience and disaster risk reduction. Through the Least Developed Countries Fund (LDCF), the Special Climate Change Fund (SCCF) and the Strategic Priority on Adaptation (SPA), the GEF supports a global portfolio of adaptation projects and programs in 125 countries, with investments now exceeding US\$1.2 billion.

Approximately US\$314 million have been transferred to 53 countries to strengthen their hydro-meteorological and climate information services. This is allowing governments, private enterprises, civil society and individuals to integrate climate change risks and adaptation into their decision-making processes, and will help scale up access to improved climate information services by 2021 in climate-sensitive sectors such as agriculture, natural resources and water management, coastal protection and disaster risk reduction.

The GEF further welcomes the joint commitment towards accelerating adaptation and disaster risk reduction in cities, and supports a considerable portfolio of projects and programs that contribute towards resilience. Among several ongoing and planned initiatives, the GEF and its partners are preparing regional programs that will deploy ecosystem-based adaptation measures to enhance resilience in cities in at least nine countries across Latin America and the Caribbean, and the Asia-Pacific region.

**Oceans:** Oceans are an essential component of the Earth's ecosystem. As emphasized at Rio+20 it is a critical challenge to protect and restore the health, productivity and resilience of oceans and marine ecosystems. Effective management of ocean and marine resources requires multi-stakeholder collaboration often among several countries. But if done well, it can enhance oceans' health, and strengthen resilience, protect coastal habitats, foster sustainable fisheries, and improve livelihoods, especially for poor and vulnerable populations. Close to \$300 million will be dedicated



**Strengthening institutional capacity** and decision-making processes to improve information, participation, and accountability in public and private decisions for reduced emissions and adaptation. An example is the initiative on **Climate Information for Resilient Development and Adaptation to Climate Change in Africa (CIRDA)**. The GEF, through the LDCF and with UNDP, supports 11 countries in their efforts to better collect, analyze and disseminate climate information, with major benefits to private sector partners in agriculture, transportation and insurance.





to coastal and marine issues over the next four years which will help to bring countries and other stakeholders together, and build capacity for improved management of the globe's oceans and their essential marine and coastal resources.

**Forests:** Forests provide many benefits, including climate mitigation and adaptation. They are significant carbon sinks, help stabilize the local and regional climate, provide food and fiber and are an important repository of global biodiversity. Since 1992 the GEF has become a key supporter of developing countries' efforts to sustainably manage their forests by supporting more than 380 forest-related projects, investing over US\$2.1 billion in GEF funds. GEF investments have brought together more than US\$9.5 billion in co-financing from a range of partners. In the next four years, countries will receive US\$700 million of grant support through the GEF's SFM/REDD+ Incentive Mechanism designed to tackle the drivers of deforestation and forest degradation, while supporting the role of forests in national and local sustainable development plans, and local communities to develop alternative livelihoods to reduce emissions and maintain carbon stocks.

**Sustainable Land Management:** GEF's investments in sustainable land management (SLM) to prevent land degradation in agriculture yield multiple global environmental benefits. GEF support focus on helping countries avoid further degradation of their land, restore already degraded land, mitigate, adapt to climate change, and enhance food security. SLM investments and climate smart agriculture reduce soil erosion rates and GHG emissions from crop and livestock production and increase accumulation of soil organic matter and sequestration of carbon. In parallel, the GEF helps strengthen the management of surface and ground water resources that are vital to sustain agricultural production and future food security.



**De-risking partner investments** and providing incremental financing for low-emission, climate-resilient investments, enabling private sector investment to flourish. Equity Investments: In Africa with AFDB and Latin America with IADB, the GEF uses equity investments to help fund managers and project developers attract private sector capital for clean energy and climate smart agriculture.



## INTEGRATED PROGRAMS

**Sustainable Cities.** Cities are a critical entry point to address drivers of three mega-trends of global environmental degradation: urbanization, rising middle class, and population growth. The role of cities for sustainable development cannot be overstated. The GEF is launching a US\$100-million integrated program on sustainable cities that will engage with key partners to develop conceptual models in harmonized performance indicators and, for the first time, capturing global environmental benefits. The models will provide policy and governance support to facilitate integrated urban design, planning, and management that lead to sustainable, resilient development and sound ecosystem management.

**Taking Deforestation out of Global Commodity Supply Chains.** This program is dedicating US\$45 million to address one of the key global drivers of deforestation by harnessing the growing public and private sector interest in expanding the supply of sustainably managed commodities, in particular palm oil, soy and beef.

**Fostering Sustainability and Resilience for Food Security in Sub-Saharan Africa:** an investment of US\$110 million will help improve food security, strengthen resilience and enhance carbon sequestration in Sub-Saharan Africa.

**Demonstrating innovative approaches** with a view to unlocking markets for low-emission, climate-resilient technologies. An example is the **Utility Energy Efficiency Program in China.** In partnership with the International Finance Corporation (IFC), the GEF supported capacity building in the utility sector and policy reforms to demonstrate the application of the ESCO business model in China.

**Building multi-stakeholder alliances** to develop, harmonize, and implement sustainable practices, facilitating partners to scale multi-country commitments. A prime example is **En.lighten**, a GEF/UNEP initiative established a strong public-private partnership to support the phase-out of inefficient lighting. Now over 50 countries have committed to phase out inefficient lighting, and are launching country-level policy reforms and incentives.

## ABOUT THE GEF

The Global Environment Facility is a partnership for international cooperation where 183 countries work together with international institutions, civil society organizations and the private sector, to address global environmental issues.

Since 1991, the GEF has provided US\$12.5 billion in grants and leveraged US\$58 billion in co-financing for 3,690 projects in 165 developing countries. For 23 years, developed and developing countries alike have provided these funds to support activities related to biodiversity, climate change, international waters, land degradation, and chemicals and waste in the context of development projects and programs.

Through its Small Grants Programme (SGP) the GEF has made more than 20,000 grants to civil society and community based organizations for a total of US\$1 billion.

Among the major results of these investments, the GEF has set up protected areas around the world equal roughly to the area of Brazil; reduced carbon emissions by 2.3 billion tons; eliminated the use of ozone depleting substances in Central and Eastern Europe and Central Asia; transformed the management of 33 major river basins and one-third of the world's large marine ecosystems; slowed the advance of desertification in Africa by improving agricultural practices—and all this while contributing to better the livelihood and food security of millions of people.

During the latest replenishment of the GEF (GEF-6) 30 donor countries have pledged the record amount of US\$4.43 billion to support developing countries' efforts over the next four years to prevent degradation of the global environment.

## GEF PARTNER AGENCIES

Asian Development Bank (ADB)  
African Development Bank (AFDB)  
Conservation International (CI)  
Development Bank of Southern Africa (DBSA)  
European Bank for Reconstruction and Development (EBRD)  
Food and Agriculture Organization of the United Nations (FAO)  
Inter-American Development Bank (IADB)  
International Fund for Agricultural Development (IFAD)  
International Union for Conservation of Nature (IUCN)  
United Nations Development Programme (UNDP)  
United Nations Environment Programme (UNEP)  
United Nations Industrial Development Organization (UNIDO)  
The World Bank  
World Wildlife Fund (WWF-US)

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