SEIZING OPPORTUNITIES IN GREEN SHIPPING IN ASIA AND THE PACIFIC

Manila, 16-17 May 2023

Support for Green Infrastructure
01
Set up by the UNFCCC, and serving the Paris Agreement

02
Supporting developing countries to transition to low-emission, climate-resilient societies

03
Serving as a hub of the climate finance landscape
How we work

**COUNTRY-DRIVEN**
- Readiness programme supports country planning
- GCF programming is aligned with country priorities

**AN OPEN, PARTNERSHIP ORGANISATION**
- over 200 Accredited Entities and delivery partners

**A RANGE OF FINANCING INSTRUMENTS**
- leverage blended finance
- Piloting support for new financial structures

**RISK-TAKING, PATIENT CAPITAL**
- accept higher risks to support early-stage project development & innovations to catalyse climate finance

**BALANCED ALLOCATION**
- targeting 50:50 allocation between mitigation & adaptation
Our portfolio in focus

Percentage of GCF funding in priority regions

- LDCs, SIDS, African States: 65%
- Other countries: 35%
GCF Portfolio in Sustainable Transport

**Total Mobilized**
- 45 billion
- 216 Projects* (16 Multi-Regional)

**Committed**
- 12 billion

**Sustainable Transport**
- 10.1 billion CO-FINANCING
- 1.7 billion

**Rest of GCF funding**
- 10.3 billion
OUR OBJECTIVES IN LOW EMISSION TRANSPORT

What:

• Policies for accelerated shift to public and low-carbon transport. - READINESS
  • Transit oriented and mobility-based transport policy and planning.
  • Electric vehicles and e-mobility.
  • Low carbon transport and non-motorised transport.
  • Infrastructures and storage solutions for low carbon transport deployment.
  • New generation integrated RE-to-zero emission fuel for not-yet electrifiable uses.

How:

• Innovative business models and high-impact innovative technologies
  • catalytic, country/regional level programs
  • Mobilizing funds at scale through de-risking investments, and unlocking local capital.
  • Looking at innovative financial mechanisms.
  • Sharing knowledge of successful innovations and funding mobilization; increasing country green procurement capacity and greening the supply chain.
PARADIGM SHIFTING PATHWAYS

1. accelerating shift to low emissions public transport
2. rapidly electrifying transport systems
3. supporting scale up of new generation zero emission fuels for not-yet electrifiable uses.
1. Develop national decarbonization roadmap for transport

2. Build partnership/PPP models for end-to-end programs

3. Integrate decentralized RE to hydrogen and storage solutions at the service of transport

4. Pilot adoptions of new fuels/technologies and integrated concepts

5. Utilise local resources for alternative fuel generation, particularly those removed from food supply competition

6. Introduce PAYU or other models for hydrogen/alternative fuels, allow subsidies and no-to-low-interest financing for initial pilots/adoptions

7. Develop capacity (technical, financial, institutional), establish platforms/communities of practice.
Example – regional program

- **Component 1 – Technical Assistance (grant)**
  - Preparation of studies, policy frameworks, ports/shipping decarbonization plans
  - Institutional, financial and technical capacity building program (i.e. to governments, national and local FIs, port authorities, operators, supply chain actors)
  - Transaction advisory and studies for individual pilot projects/program components, in support of investment de-risking
  - Project pipeline formation, selection and readiness.
  - Project management.

- **Component 2 – Public Investments (loan)**
  - Infrastructure investments to support the development of integrated pilots (e.g. generation and storage of green ammonia, transport and storage to port, vessels) and ancillary infrastructure
  - Investment for grid modernization, digitalization, and resilience to improve grid's flexibility to integrate larger amounts of VRE, limit curtailment or grid instability and adapt to climate change related shocks and grid code requirements
  - Community Adaptation – action at the level of the local community (e.g. fishing/small tourism vessels) fostering resilience and adaptation.

- **Component 3 – Risk Mitigation Instruments (grants + guarantees)**
  - Mitigate the critical risks related to private capital investment in an innovative technology (demand risk)
  - Guarantees to mitigate risks (shyness of private investors/FIs towards technology and countries)

**CONSIDERATIONS:**

(1) A similar structure can be implemented at country level, through public AE and LFIs, PPPs welcome.

(2) At country level, a platform can be created, with the appropriate AE to crowd-in private investors and aggregate pipeline.
CONSIDERATIONS

1. Craft a blended solution starting from the countries’ level of readiness
2. Grants to enable readiness and capacity building
3. In parallel, utilize traditional finance to mobilize public and private markets
4. Address financing and market barriers through Risk Mitigation
5. Innovative finance (results-based, interfacing with carbon markets, green bonds) can also be part of the equation

IT IS KEY TO THINK BEYOND THE INDIVIDUAL PROJECT LEVEL, TOWARDS A SYSTEMIC (I.E.E VALUE CHAIN) OR COUNTRY APPROACH
Thank You