



**GREEN
CLIMATE
FUND**

Green Climate Fund

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FACTS AT A GLANCE

Name	Green Climate Fund
Type	Financial Mechanism
Established	11 December 2010, in Cancun, Mexico
Stakeholders	194 Sovereign States Signatories to the UN Framework Convention on Climate Change – UNFCCC
Governance	24 Board Members, equally representing developing and developed countries
Mandate	To promote low-emission and climate- resilient development in eligible developing countries
Goal	To become the main global financial mechanism for climate change finance
Characteristic	To provide deeply concessional funding
Headquarters	Songdo International Business District Incheon, Republic of Korea
Web	gcfund.org



ONE SINGULAR CHALLENGE: STABILIZING THE BIOSPHERE IN THE 21ST CENTURY

The earth's appearance has changed very gradually over the course of its existence during billions of years. Nothing has happened suddenly over this period, except for volcano eruptions or major asteroid impacts. The continental land masses drifted around the planet slowly.

Then humans induced alterations on the planet's surface, and these changes accelerated as human populations grew. Within less than a 100 years, the amount of carbon dioxide in the atmosphere has risen enormously fast due to large scale and unfettered industrialization. In 2013, atmospheric carbon dioxide briefly crossed 400 parts per million for the first time in human history. The current trajectory of greenhouse gas emission rates will cause global temperatures to increase 4 degrees Celsius by the end of this century, according to the Intergovernmental Panel on Climate Change (IPCC). Long-term changes in the earth's climate system are significant and occurring more rapidly than in the past.

The human impact on the natural environment today is unprecedented. The 21st century is very special in this regard: For the first time humans can change themselves and their home planet. This is a uniquely crucial century in which humanity will determine its future existence on earth.

View from the route of Ny-Alesund to Svalbard, Norway.

Loss of Antarctic and Greenland ice sheet mass contributes to sea level rise, according to the IPCC. © UN Photo/Mark Garten



ONE UNIVERSAL RESPONSE: SETTING INTERNATIONAL POLICY

In 1992, in response to this challenge, countries joined an international treaty, the UN Framework Convention on Climate Change (UNFCCC) to collectively limit average global temperature increases and the resulting climate change. Countries have been steadily progressing towards a low emission agreement over recent years and introducing national policy with hundreds of climate change laws. Governments also agreed to set a specific target of limiting global temperature increases to below 2 degree Celsius.

While efforts thus far have helped to direct some financing towards low-emission and climate-resilient activities, there has not yet been the scale of climate finance needed to achieve the necessary accelerated response to climate change.

In 2010, the UNFCCC's highest decision-making body, the Conference of the Parties (COP), agreed to establish the Green Climate Fund as a central global investment vehicle for climate change finance.

Typhoon Ondoy aftermath, Philippines. Financing from the Green Climate Fund can help vulnerable countries reduce their exposure to climate change by implementing detailed adaptation plans.

© ADB 2009/Eric Sales

OUR MISSION: CATALYZING CLIMATE FINANCE

The Green Climate Fund (GCF) will play a key role in channeling new and predictable financial resources to developing countries. GCF will catalyse climate finance – both public and private, and at the national, regional and international levels. Its funding will be deeply concessional. The Fund is intended to operate at a larger scale than other comparable funds to promote the paradigm shift towards low-emission and climate-resilient development pathways.

GCF will have a risk appetite that is consistent with its mandate of promoting a paradigm shift in the financing of new investments by governments and private sector in developing countries. It will also operate in a manner that seeks to ensure that countries have full ownership of the activities supported by the Fund. It will place equal emphasis on allocating its resources for adaptation as it is for mitigation, with a focus on the most vulnerable countries.

Under the UNFCCC, developed country heads of state formally committed to jointly mobilize US\$ 100 billion per year by 2020 to advance the global paradigm shift towards low-emission and climate-resilient development pathways.

Khandke wind power project, India. Wind power could generate approx. 20 percent of world electricity by 2050, according to the International Energy Agency (IEA).

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BEYOND 2015: ASSESSING FUTURE INVESTMENT NEEDS

The average investment needed in key mitigation sectors will be around US\$ 350 billion per year from 2010 until 2029, according to recent IPCC estimates. Such annual investment will likely keep carbon dioxide equivalent (CO₂ eq) concentration in the atmosphere in the 430-530 ppm range until 2100, which is consistent with a 2 degree Celsius pathway.

In addition, global adaptation financing needs are projected at US\$ 70-100 billion per year by 2050, according to World Bank calculations.

The range of estimates varies from a couple of hundred billion US dollars to around a trillion US dollars per annum, depending on the underlying assumptions, thus pointing to the need for significant amounts of additional financing from a wide variety of public and private sources.

PROJECTED CLIMATE FINANCE FLOWS*

Mitigation needs:	USD 350 bn
Adaptation needs:	USD 100 bn
Total climate finance needs:	USD 450 bn = 0.5% of Gross World Product (2013)
Gross World Product:	USD 85 trillion (2013)

* Figures are high-level estimations which are computed for different time horizons as indicated above.



Makoko Floating School, prototype structure for the coastal water community of Makoko, Nigeria. The triangular A-frame is an ideal shape for a floating object due to its low center of gravity, which provides stability even in extreme weather conditions. Green buildings play a significant role in building resilience against future climate change and natural disasters. © NLÉ Architects

FIVE ADDED VALUES: **CHANNELING CONCESSIONAL CLIMATE FINANCE**

The Green Climate Fund will provide added value within the current climate finance architecture in five ways, operating in a manner that seeks to ensure that recipient countries are a key partner and have full ownership of activities supported by the Fund:

- 1 MAXIMIZE ITS IMPACT:** The Fund has selected eight strategic goals to orient its resources in a manner that maximizes its climate change impact.
- 2 BALANCE ADAPTATION AND MITIGATION:** The Fund is placing equal emphasis on allocating its resources for reducing emissions and strengthening resilience, with a focus on the most vulnerable countries.
- 3 MAKE BEST INVESTMENTS VIABLE WITH MINIMUM CONCESSIONALITY:** The Fund will finance public and private sector programmes and projects that best achieve the Fund's objectives.
- 4 EXTENDING ITS REACH:** The Fund will partner closely with developing countries to fulfil its objectives, channeling its resources through a range of sub-national, national, regional and international institutions.
- 5 MOBILIZING PRIVATE SECTOR INVESTMENTS:** The Fund aims to scale up private sector investments in low emission, climate resilient activities. It will allocate a significant share of its resources to finance private sector activities.

THE GREEN CLIMATE FUND will make an ambitious contribution to respond to climate change. It will catalyze climate finance, both public and private, to direct investment flows towards low-emission, climate-resilient growth.



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PUBLIC LEADERSHIP: ENGAGING PRIVATE FINANCE

Both public and private flows are indispensable elements of climate finance. Competitive, profit-oriented private initiatives are essential in seeking out and implementing least cost options for climate mitigation and adaptation. The dominant scale of global private capital and fiscal challenges in many developed economies also suggest that the large financial flows required for climate stabilization and adaptation will, in the long run, be mainly private in composition.

Public finance from the Green Climate Fund will play a crucial dual role: first, by establishing the incentive frameworks needed to catalyze high levels of private investment in mitigation and adaptation activities, and second, by providing public resources for needs which private flows may address only imperfectly. Private flows for climate mitigation-related investment in developing countries have grown rapidly but remain hampered by market failures and other barriers.

Private investment flows are essential for the transition to a low-emission, climate-resilient future. These investments can be stimulated through application of concessional public financing from the Green Climate Fund. A careful use of public funds in combination with private funds will promote the paradigm shift towards low-emission and climate-resilient growth.

Hearst Tower is the first 'green' high-rise office building in New York City. Its energy load is 26% lower than the minimum requirements for buildings. Private sector leadership plays a crucial role in advancing green technology. © *Foster + Partners*

MAKE A PLEDGE: CAPITALIZING THE GREEN CLIMATE FUND

The Green Climate Fund will channel climate finance flows to the developing world. These flows will primarily come from developed countries, but also from some developing countries, as well as from private investments.

In order to start funding proposals in 2015, the Green Climate Fund is seeking to secure significant pledges from contributing countries, foundations and individuals. Make your pledge.



Hydroelectric power station in Brazil. Hydroelectricity has high initial costs of facilities, but low operating costs, making it a competitive source of renewable energy. © UN Archives



ABOUT THE GREEN CLIMATE FUND LOGO

Rather than dividing the earth into continents and oceans, countries and topography, the logo of the Green Climate Fund unifies the image of the globe as one precious green sphere. It conveys a new perspective on low-emission, climate-resilient global development on our home planet.

The logo reflects key qualities of the Green Climate Fund: the Fund is a global, sustainability-driven, innovative, and multi-faceted organization that seeks to stabilize greenhouse gas concentrations in the earth's atmosphere. The multiple green facets visualize the many aspects of green climate finance strategies,

activities and solutions, the many stakeholders who contribute to the Fund's mission, and the co-benefits of multilateral green climate cooperation.

The earth is represented in an icosahedral model, using triangles, rather than the traditional latitude-longitude mesh: a globe tied to innovative climate science. The logo evokes the architectural look of diagrid construction that has become a hallmark of sustainability and energy efficiency, as popularized by Buckminster Fuller. The spherical shape of the Green Climate Fund logo indicates the indivisible oneness of our home planet and atmosphere.



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