

GREEN  
CLIMATE  
FUND

# THE GLOBAL SUBNATIONAL CLIMATE FUND (SnCF GLOBAL)

CATALYSING CLIMATE SOLUTIONS AT THE LOCAL LEVEL

## GOALS

- Catalyse private climate investment at the sub-national level;
- Structure and de-risk mitigation and adaptation action projects

## ESTIMATED PROGRAMME LIFESPAN

15 years

## FINANCING

**TOTAL:** USD 7500M  
**GCF FINANCING:** USD 168m (USD 150m in equity and USD 18m in technical support grants)

## GEOGRAPHIC FOCUS

Global: 42 countries including 21 LDCs or SIDS

## PARTNERS

Pegasus Capital Advisors

## PROJECT LINK

[greenclimate.fund/project/fp152](https://greenclimate.fund/project/fp152)

## BACKGROUND

Climate action means local action: 70% of climate solutions fall under the boundaries of sub-national authorities. But there is a chronic shortage of private finance for such local solutions, since investors prefer larger investments that are perceived as safer. Structuring and de-risking sub-national projects is essential to catalyse funding from both private and public investors.

## FUND DESCRIPTION

SnCF Global is a ground-breaking impact equity fund to provide equity investments for climate projects ranging from USD 5 to 75 million.

The USD 750 million Fund is anchored by a GCF investment of USD 150 million, providing first-loss coverage to crowd-in private institutional investors in particular.

The SnCF Global's business model is designed to attract primarily private institutional investment and to deliver certified climate and Sustainable Development impacts and Ecosystem-based Approaches at global scale (SDGs, EbA).

It is designed to overcome project-level barriers and limitations in attracting private investment that leads to chronic underfunding of bankable mitigation and adaptation projects at the sub-national level, specifically at the deal size of USD 5 million to 75 million. Thousands of high merit sub-national projects are bypassed by commercial financing because investors prefer perceived safer and larger investments. With GCF support, these investors have expressed willingness to co-invest.

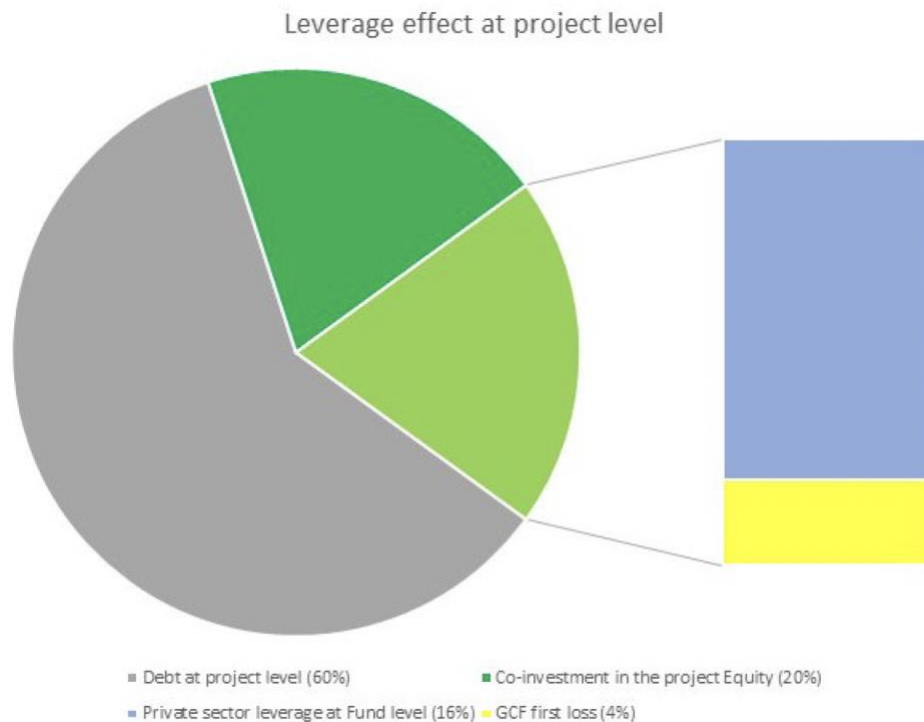
This is the first time an impact equity fund mobilizes public (20 %) and private sector (80%) funding at scale to de-risk sub-national middle scale infrastructure projects.

Alongside its USD 150 million equity investment, GCF is also creating a technical assistance facility with IUCN. A GCF grant of USD 18.5 million will provide support to develop bankable projects that could be the subject of investments by the Fund. It will support feasibility studies, capacity building, and the development of tools and metrics to identify, decide upon, and monitor investment opportunities. More details of this technical assistance component are here: [greenclimate.fund/project/fp151](https://greenclimate.fund/project/fp151)

# SNCF CASE STUDY: INVESTING IN CLIMATE-SMART AGRICULTURE

SnCF opens the door to investing in multiple low-emission, climate-resilient projects at the sub-national level – possibly around 35 projects. The Fund is exploring investment opportunities in climate resilience agriculture and ecosystem based approaches that can create new asset classes for investment, and is planning to take a 10-20% equity position in a pipeline of potential projects.

Each of these projects will have its own capital structure, with the Fund typically providing the equity portion (potentially with co-investors at the project level as well) and third parties providing the debt. As a result of this multiplier effect at both the Fund and project levels, each dollar of GCF's commitment to the Fund has the potential to generate as much as USD 25 in private funding, as illustrated in the chart below.



## GCF PORTFOLIO

GCF makes investments within 8 Strategic Result Areas, in line with country priorities. As of December 2021, our 190 projects in 127 countries are anticipated to help increase the climate resilience of around 612 million people and avoid the equivalent of 2.0 billion tonnes of CO<sub>2</sub> emissions. For a complete list of GCF projects please visit our website: [greenclimate.fund/projects](https://greenclimate.fund/projects)



Buildings, cities, industries and appliances



Ecosystems and ecosystem services



Forests and land use



Energy generation and access



Health, food, and water security



Livelihoods of people and communities



Infrastructure and built environment



Transport