Design of the GCF
Outcome of the “Johannesburg Consultation”

National, regional and international development and private finance institutions workshop
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A transformative and additional climate finance mechanism

- One component of broader global financial system that mobilises other forms of capital (private sector, asset management industry)
- Mobilising the full range of existing development banks and financial institutions
- Blending of resources with other forms of public and private capital
Bridge the gaps in the existing climate finance architecture

- Under country and/or regional ownership, enable direct and intermediated access through the widest possible array of financial institutions based at the community, national and regional levels.
- Investing in an enabling environment to support the urgent economic, social and environmental system changes required for development and business model.
- Promoting stronger coordination among existing financiers to reduce the risk of duplication of efforts, promote synergies and complementarities.
Acknowledge central role played by regional, national, and sub-national DFIs

- Alignment with national priorities
- Mainstreaming of low carbon and climate resilient interventions into national priorities
- Mobilisation of capital to leverage public and private finance directly at programme and project level
- Synergies and effectiveness of development and climate finance
Catalyze interventions at national (including sub-national) and regional level

- Shift from project to sectoral and **programmatic** approaches, and **policy** based interventions
- Invest in **institutional strengthening and capacity building** at all levels to prepare for the flow of resources from the GCF
- Increase absorptive capacity of **vulnerable countries and rural communities** through institutional strengthening and capacity building of domestic financial institutions + sufficient funding packages
Help DFIs develop a suite of financial instruments, by providing support to

- **Policy development**, and **risk** mitigation, sharing and absorption mechanisms, e.g. guarantees on low carbon technology performance, securing off take arrangements, infrastructure adaptation premium;
- Extension of **duration** of national and regional DFIs capital market issuances, to crowd in institutional investors;
- **Local currency** instruments to address hedging costs and currency fluctuations.
Encourage Parties to support and strengthen the role of the national and regional DFIs (mandate)

- **Mandate** to be given by constituency
- Including on **co-ordination** between all key national, regional and international climate finance channels
- Developing a **monitoring** and due diligence systems to enable the necessary level of **accountability**

Recognize ability of the national and regional DFIs to leverage the private sector

- Contribute to cover **residual risk** components of projects
- Create a sound **policy environment** for climate finance interventions
- Encourage Parties to provide policy certainty and directional clarity to the **private sector**, which in turn stimulates entrepreneurial investment.
Promote governance structure with strong technical competencies relevant to both climate change issues as well as issues of program and financial management.

Thank you ...