

Early Warning System

GCF-FP006

Energy Efficiency Green Bonds in Latin America and the Caribbean

Quick Facts

Countries	Mexico
Financial Institutions	Green Climate Fund (GCF), Inter-American Development Bank (IADB)
Bank Risk Rating	U
Voting Date	2015-11-11
Borrower	Inter-American Development Bank (IDB)
Sectors	Climate and Environment, Finance
Investment Type(s)	Guarantee
Investment Amount (USD)	$ 22.00 million
Project Cost (USD)	$ 334.50 million

Project Description

From the GCF:

This programme seeks to address demand-side energy efficiency in Latin America and the Caribbean through green bonds, by using the concept of aggregation to mobilize institutional funds at scale toward small and medium sized energy service companies.

The Programme addresses demand-side energy efficiency (EE), an area identified by the Intergovernmental Panel on Climate Change as comprising the greatest component of climate finance shortfall for mitigation. EE is one of the most competitive and cost efficient ways of responding to increasing energy demand, while reducing greenhouse gas emissions, lowering production costs and improving productivity. Lack of adequate financing is however a major barrier to private sector initiatives in energy efficiency.

In each targeted country, the Programme uses a two-phased approach to bridge that gap. It will, at first, fund energy efficiency projects using loans. Once a sufficient amount of projects are aggregated, the Programme will "bundle" them such that they will be used to underpin the issuance of partly guaranteed green bonds. In its initial phase, the Programme targets four Latin America and Caribbean countries - Colombia, the Dominican Republic, Jamaica and Mexico (as pilot country) - of which two are Small Island Developing States.

The Programme targets minimum emission reduction of 13.2 million tCO2e (2.5 million tCO2e in Phase I) and 780 million dollars (150 million dollars in Phase I) of private sector bond issuances with potential for further upscaling and replication in other developing countries.

Expected project benefits:
GCF results areas
Gender benefits

The Environmental and Social category for this project is I3.

Investment Description

- Green Climate Fund (GCF)
- Inter-American Development Bank (IADB)

During the eleventh Board Meeting, the Board approved the amount of USD 20 million of Partial Credit Guarantees for the (pilot) Phase I in Mexico and USD 2 million as a programme development grant to facilitate the replication of the financing structure for Phase I into other capital markets in Latin America and the Caribbean under Phase II of the Progamme. The Board also allocated USD 195 million for Phase II of the Programme to be committed, subject to funding approval by the Board, in several tranches over the course of the next five years.

The total project funding is USD 334.5 million. Additional financing comes in the form of an IADB loan of USD 50 million, an IADB guarantee for USD 56 million, a CTF guarantee for USD 19 million, private sector equity of USD 37.5 million, and private sector bonds for USD 150 million.

Contact Information

ACCESS TO INFORMATION

Requests for project information may be submitted using the IDP Request for Information by email to: disclosure@gcfund.org.

You can also submit an information request using this online form: https://www.greenclimate.fund/about/disclosure/form. Additionally, if information requested is denied, an appeal can be filed to the Information Appeals Panel: iap@gcfund.org. You can learn more about the Information Appeals Panel at: https://www.greenclimate.fund/about/disclosure/appeals.

ACCOUNTABILITY MECHANISM OF GREEN CLIMATE FUND

The Independent Redress Mechanism (IRM) addresses complaints by people who believe they are negatively affected or may be affected by projects or programmes funded by the Green Climate Fund (GCF). The complainant can raise issues related to any of GCF's policies and procedures, including those relating to social and environmental issues, indigenous peoples, gender, and information disclosure, among others. If you submit a complaint to the IRM, it may seek to address the issues raised by facilitating problem solving or conducting a compliance process. You can learn more about the Independent Redress Mechanism and how to file a complaint at https://irm.greenclimate.fund/.

You can access a video about the IRM (English) at: https://youtu.be/1LanbriVhfs.

A brochure about the IRM can be accessed in English, French, Spanish, Portuguese, Arabic, Mandarin, Mongolian, Vietnamese, Russian, Ukrainian, Korean, German, and Kiswahili at: https://irm.greenclimate.fund/.

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Bank Documents

- Funding proposal [Original Source]