Early Warning System

GCF-FP063

Promoting private sector investments in energy efficiency in the industrial sector

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Quick Facts

Countries	Paraguay
Financial Institutions	Green Climate Fund (GCF)
Status	Approved
Bank Risk Rating	U
Voting Date	2018-03-01
Borrower	Government of Paraguay
Sectors	Climate and Environment, Finance, Hydropower
Investment Type(s)	Grant, Loan
Investment Amount (USD)	$ 23.00 million
Loan Amount (USD)	$ 20.00 million
Grant Amount (USD)	$ 3.00 million
Project Cost (USD)	$ 43.00 million

Project Description

GCF's project description: In Paraguay, micro, small and medium-sized enterprises (henceforth SMEs for simplicity) have an inadequate access to medium and long-term finance to narrow technology gaps and boost productivity and growth. This inadequate financing access, coupled with the limited transmission network to access sources of affordable and readily available hydroelectricity, has restricted SMEs in key energy consuming sectors to develop energy efficiency investments projects, including: (i) the exchange of old equipment with new efficient equipment that reduces use of firewood, biomass and other fossil fuels ; (ii) the exchange of old equipment with new efficient equipment that replaces use of firewood, biomass and other fossil fuels by electricity from hydropower; and (iii) the retrofit of equipment with new efficient equipment that that reduces use of firewood, biomass and other fossil fuels. 2. Access to these investments1 could reduce energy consumption from non-renewable energy source, mainly biomass, and reduce greenhouse emissions by about 4 million tCO2eq over the project’s lifetime, in addition to promoting increased SME productivity gains. GCF reimbursable funding will help increase medium and long-term financing for energy efficiency (EE) projects in SMEs by supporting the structuring of financing mechanisms and instruments and improve local financial institutions (LFIs) and SMEs’ local technical capacity and knowledge on EE investments. Thus, GCF funding will increase energy efficiency in the SMEs industrial sector, with reduced GHG emissions through diminished demand of non-sustainable biomass and other fossil fuel energy sources. 3. GCF funding will be channeled through a sovereign-guaranteed loan from the Inter-American Development Bank (IDB), according to its own policies and procedures, to the Agencia Financiera de Desarrollo (AFD), a second-tier national development bank (NDB). The GCF reimbursable resources, which will be maintained in a dedicated account, will be blended with AFD’s own resources in order to provide a concessional line of financing available to first-tier local financial institutions (LFIs) so that they can, in turn, offer financing at adequate terms and conditions to SME firms interested in adopting eligible EE measures. And will support the Energy Ministry in enhancing the execution of its policies and legislation aimed at reducing the use of fuel wood and promoting the uptake of standards and technologies to ensure an efficient and sustainable use of biomass

Investment Description

- Green Climate Fund (GCF)

Financial Intermediary

Financial Intermediary: A commercial bank or financial institution that receives funds from a development bank. A financial intermediary then lends these funds to their clients (private actors) in the form of loans, bonds, guarantees and equity shares. Financial intermediaries include insurance, pension and equity funds. The direct financial relationship is between the development bank and the financial intermediary.

- Agencia Financiera De Desarrollo (Paraguay) (Financial Intermediary)

Contact Information

For more information about this project, contact:

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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/.

Bank Documents

- GCF - Project Proposal Doc

Media

- GCF - Project approval news doc