Early Warning System

GCF-FP197

Green Guarantee Company (“GGC”)

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Quick Facts

Countries	Brazil, Gabon, India, Indonesia, Laos, Philippines, Trinidad and Tobago
Financial Institutions	Green Climate Fund (GCF)
Status	Approved
Bank Risk Rating	B
Voting Date	2022-10-20
Borrower	MUFG Bank, Ltd.
Sectors	Climate and Environment, Energy, Infrastructure, Transport, Water and Sanitation
Investment Type(s)	Equity
Investment Amount (USD)	$ 40.50 million
Project Cost (USD)	$ 363.00 million

Project Description

The Green Guarantee Company (GGC) Program will mobilize more climate finance from the private sector to developing countries, being the first guarantee company with this specific objective. GGC's business plan envisions leveraging $405 million of capital to provide guarantees to mobilize $4 billion in green bonds and loans from global credit and capital markets for climate finance in developing countries, over a 10-year period.

GGC will provide guarantees for investments in sectors consistent with the GCF, following the following result areas: generation and access to energy (30%); low emission transport (20%); buildings, cities, industries and household appliances (30%); health, well-being, food and water security (10%); infrastructure and built environment (10%).

The business plan anticipates that GGC will be able to generate a return on equity that will be attractive to commercial investors by year 10 of operations. Consequently, GGC will seek to facilitate an exit for the founding shareholders, including the GCF.

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.

- MUFG Bank, Ltd. (Financial Intermediary)

Contact Information

MUFG: https://www.bk.mufg.jp/global/

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Republic of Korea
EMAIL CONTACT FORM

Independent Redress Mechanism:

https://irm.greenclimate.fund/case-register/file-complaint

Bank Documents

- Consideration of funding proposals – Addendum VII Funding proposal package for FP197
- Environmental and Social Analysis and Environmental and Social Management Framework
- Funding proposal