A partnership between:

Info Session: New Call for Applications

April 3rd, 2024
Agenda

The Catalytic Climate Finance Facility
- Carla Orrego, Climate Policy Initiative

Application process
- Trang Vandelis, Convergence

Successful applications
- Mauricio Rincon, Opportunity International
- Hussein Sefian, Acre Impact Capital
- Yihan Wang, Climate Policy Initiative
- Haysam Azhar, Climate Policy Initiative

Q&A
The Catalytic Climate Finance Facility
The climate finance funding gap is increasing …

... and investment levels are far behind what is needed

- Current flows represent about only 1% of global GDP. Climate finance must increase by at least five-fold annually.
- Public climate finance accounts for 51% of total flows, and DFIs represent 57%.
- Over 80% of total climate finance is going to developed markets and China.
- Private finance accounts for 49% of total flows and is mostly directed to the US and Western Europe.

Source: Global Landscape of Climate Finance 2021, Climate Policy Initiative (Dec 2021)
Key market challenges hinder the launch and scale-up of new, high-impact investment solutions

- Lack of funding for feasibility & development
- Lack of start-up capital, including concessional capital
- Lack of operational & strategic support
- High transaction costs
- Long transaction lead times
- Lack of access to scale-up partners
- Institutional investors’ low risk tolerance & understanding
- High transaction costs
- Long transaction lead times

Availability of commercial funding

Risk/return misalignment
The Lab and Design Funding

Feasibility & Design → Piloting → Early adoption → Scaling → Maturity

The Global Innovation Lab for Climate Finance

Design Funding

Risk/return misalignment

Availability of commercial funding
The Global Innovation Lab for Climate Finance

The Lab develops innovative financial instruments that can drive billions in private investments to action on climate change.

**Public-Private Collaboration**
Build capacity and knowledge to identify and deploy effective climate finance solutions.

**Innovation & Transformative Solutions**
Reduce risks and barriers to investments in sustainable development.

**Mobilizing Finance**
Catalytic finance enables piloting and implementation of transformative solutions.

**3 KEY PILLARS**

**$4.1B+**
CAPITAL MOBILIZED

**68**
INSTRUMENTS DEVELOPED

**90+**
MEMBERS
Convergence Design Funding & Market Acceleration Program

Convergence is the **global network for blended finance**. We exist to increase private investment in emerging markets and developing economies to advance the UN Sustainable Development Goals (SDGs) and Paris Agreement.

We are building the field of blended finance through **four key pathways**: Guiding, Educating, Connecting, Mobilizing.

**Guiding**
- Thought leadership
- Donor advisory services
- Deal insights & intelligence

**Educating**
- Member learning programs
- Customized capacity building
- Online learning modules

**Connecting**
- Networking
- Peer learning
- Multi-stakeholder working groups

**Mobilizing**
- Grants to design & develop early-stage financial structures
- Live deal flow

-$1.5B$ CAPITAL MOBILIZED

60+ STRUCTURES FUNDED

$16M+$ GRANTS AWARDED
The CC Facility is designed to address the acceleration gap through strategic and bundled deployment of grant funding and customized acceleration support.
Program focused on catalyzing sustainable climate finance globally

**CHALLENGE**
Critical market need for start-up capital and expert support to generate investable climate solutions and crowd in private capital

**SOLUTION**
Facility to fund and support early-stage innovative climate solutions in developing economies, aiming to accelerate implementation and achieve scalability

**INNOVATION**
Bundled grant funding, customized acceleration support, and a learning platform to address market barriers preventing development and mobilization of private capital

**LEADING ORGANIZATIONS IN CLIMATE AND BLENDED FINANCE**

**$100M**
PROGRAM SIZE

**~$12M**
FIRST ROUND RAISED

**4** ANCHOR DONORS
Applying to the CC Facility
The CC Facility aims to accelerate the implementation of climate finance solutions and build a market that will unlock the most innovative structures that can be scaled.

**Selection**
Viability Assessment

**Grant Funding**
Up to USD 500,000

**Acceleration Support**
Strategy, Fundraising, & Operations

- **Pipeline Origination**
  Source the most promising financing solutions

- **Start-up Capital**
  Provide funding subject to achieving milestones

- **Fast Track**
  Offer technical expertise and matchmaking capabilities

**Learning Hub**
Learning platform aggregating knowledge products & services
Selected vehicles will receive *grant-based funding* and *in-kind acceleration support*, plus additional benefits holistically provided during the life of the program.

**Grants**
- **Up to USD 500k**
  - Accelerates the launch and scale-up of blended finance structures for climate action
  - Performance-driven and based on achieving predetermined milestones and deliverables

**Acceleration Support**
- **Up to 70 days**
  - Customized technical assistance for 12-18 months
  - Services focused on strategy, fundraising, and operations
  - Proactively addresses key barriers to attracting private capital
### Key Characteristics

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<tr>
<th><strong>Investment Theme</strong></th>
<th>Blended finance structures addressing climate change mitigation and/or adaptation.</th>
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<td><strong>Sectors</strong></td>
<td>Broad range of sectors with focus on sectors that are severely under-financed globally relative to the impact they can deliver.</td>
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<td><strong>Geography</strong></td>
<td>Developing countries. Applicants do not need to be domiciled in a developing country, but end beneficiaries and target activities must.</td>
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<td><strong>Stage</strong></td>
<td>Market-ready blended finance structures that have already completed feasibility, proof of concept, pilot, or MVP.</td>
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<td><strong>Team &amp; local capacity</strong></td>
<td>Proven track-record and experience in targeted sector and geography, capacity, and willingness to engage with the program, and on-the-ground presence.</td>
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<td><strong>Entity type</strong></td>
<td>Organization or consortium of organizations, including advisory firms, foundations, not-for-profit, fund managers, and private enterprises.</td>
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Evaluation Criteria

**ADDITIONALITY**
Addresses climate finance barriers or a market failure in a new or more efficient way than existing solutions. Shows higher degree of additionality through the impact delivered.

**CATALYTIC POTENTIAL**
Demonstrates ability to achieve socioeconomic and environmental impacts, prioritizing enhancement of local capacity. Shows scalability and replicability potential and understanding of local context.

**GENDER EQUALITY**
Shows responsiveness to relevant gender risks and opportunities. Intentionally integrates gender considerations across operations and anticipates positive outcomes for gender equality.

**FINANCIAL SUSTAINABILITY**
Demonstrates likelihood of achieving financial close, including team’s ability to implement the solution and having a strategic plan for market viability.

**MOBILIZATION**
Demonstrates potential to mobilize private capital and attract participation from new segments of investors. Shows that vehicle is bankable/investable.
Selection process

**Stage 1**

**Screening**

1. **Concept Note:** eligibility screen  
   Due April 24

2. **Full Application:** eligible concept notes will be invited to submit a full application form  
   Due May 31

**Stage 2**

**Evaluation**

3. **Shortlist:** selected applicants will be invited to do a pitch presentation  
   June – September

4. **Due-diligence:** in-depth DD process

**Stage 3**

**Recommendation**

5. **Investment Committee & Final Approvals:** finalists recommended and approved  
   October

*Indicative
Successful applications
Climate Collateral Alliance
Opportunity International

A USD 75 million initiative that mobilizes blended capital to support smallholder farmers and agMSMEs implementing climate-smart practices in sub-Saharan Africa.
Acre Export Finance Fund I

Acre Impact Capital

A private debt fund investing in sovereign-backed climate-aligned essential infrastructure in Africa across four impact themes: renewable power, health, food and water scarcity, sustainable cities, and green transportation.
Q&A