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# Info Session: New Call for Applications

October 9, 2024

# Agenda



## **The Catalytic Climate Finance Facility**

- Joe Leavenworth Bakali, Climate Policy Initiative



## **Application process**

- Shriju Dhakal, Convergence



## **Q&A**



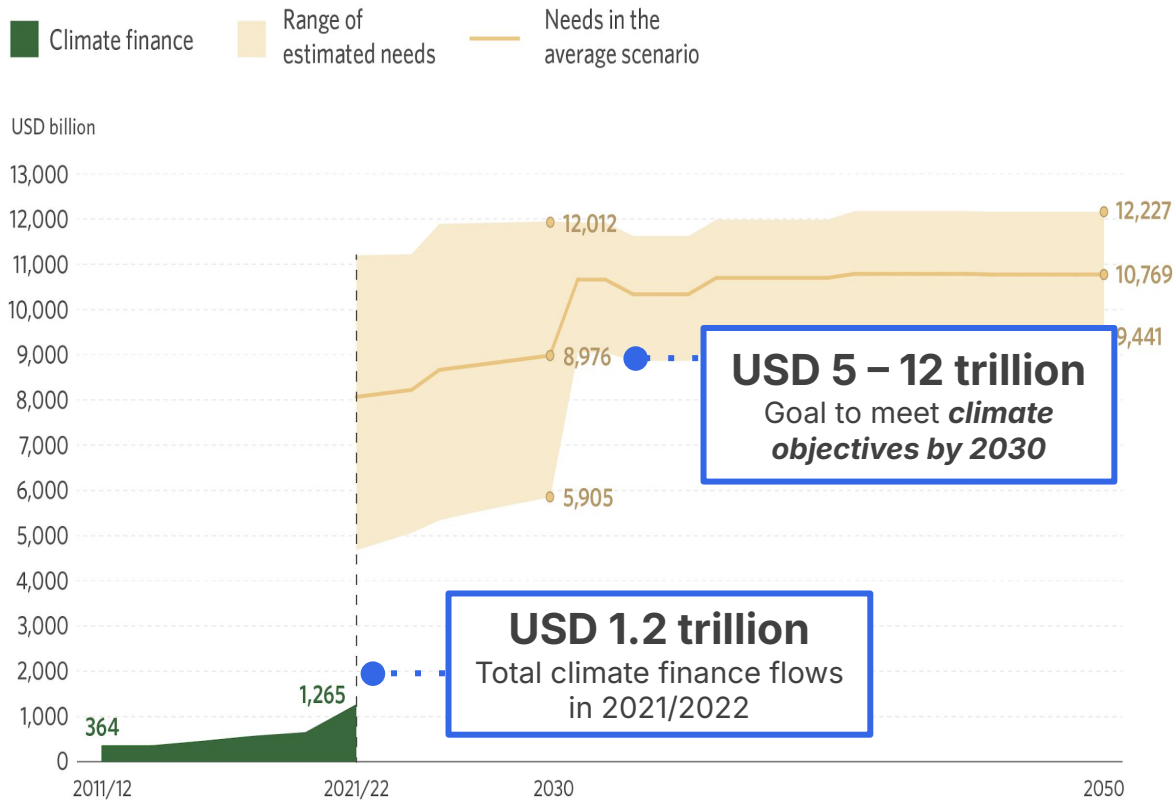




# The Catalytic Climate Finance Facility

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# The climate finance funding gap is increasing ...

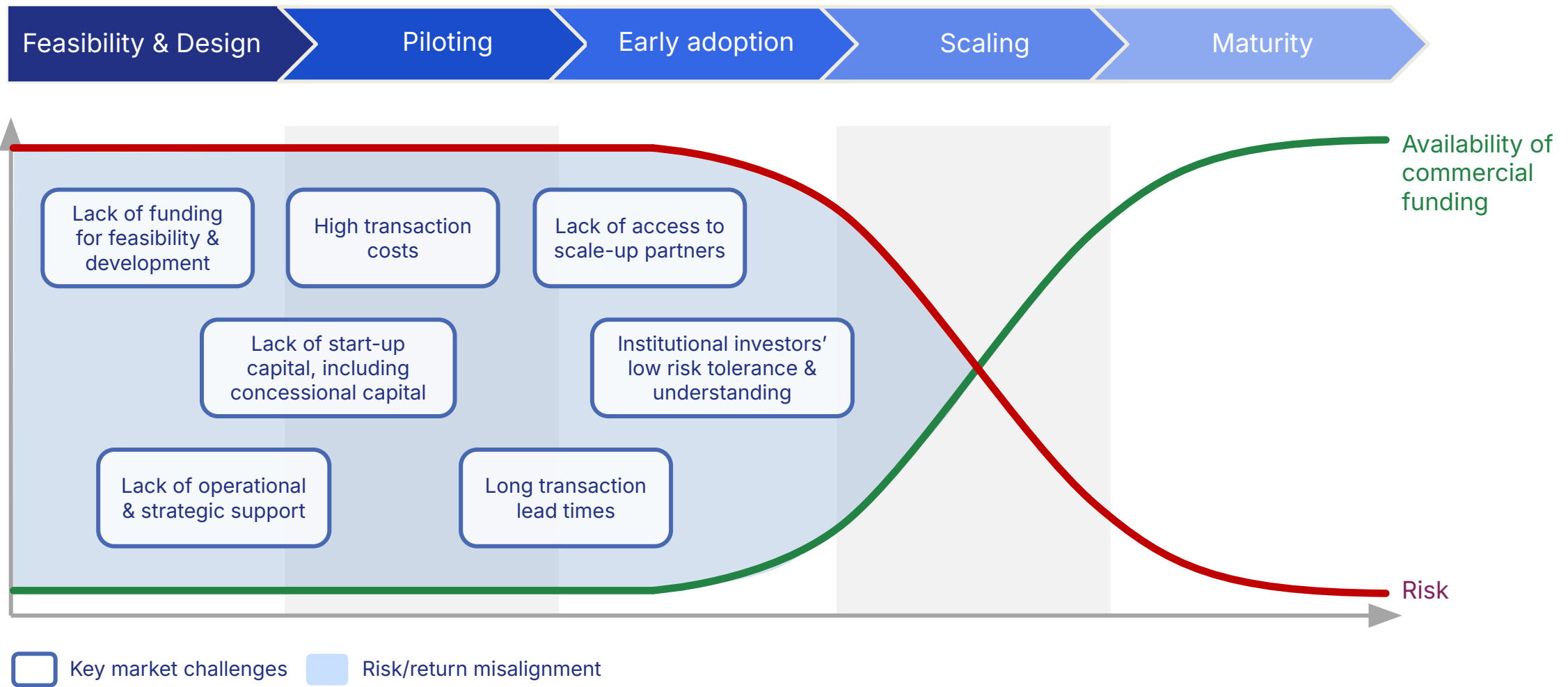


Source: Global Landscape of Climate Finance 2021, Climate Policy Initiative (Dec 2021)

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

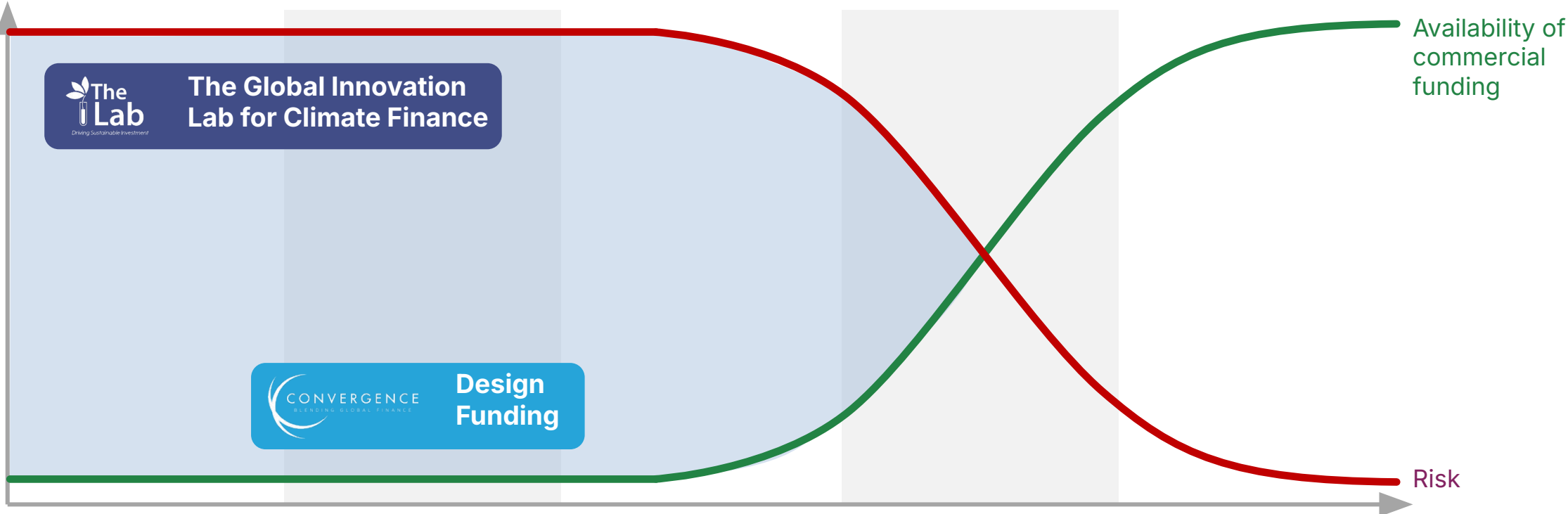
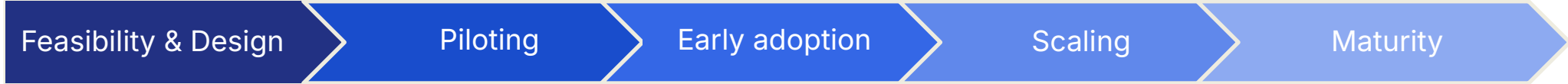
- Current flows represent about only 1% of global GDCP. Climate finance must increase by at least five-fold annually
- Public climate finance accounts for 51% of total flows, and DFIs represent 57%
- Over 80% of total climate finance is going to developed markets and China
- Private finance accounts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

# Key market challenges hinder the launch and scale-up of new, high-impact investment solutions





# The Lab and Design Funding



Risk/return misalignment

# 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

## 3 KEY PILLARS



### 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.

**\$4.1B+**

CAPITAL MOBILIZED

**78** INSTRUMENTS DEVELOPED

**100+** 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



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

## Connecting



- Networking
- Peer learning
- Multi-stakeholder working groups

## Educating



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

## Mobilizing



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



~\$1.9B

CAPITAL MOBILIZED

60+ STRUCTURES FUNDED

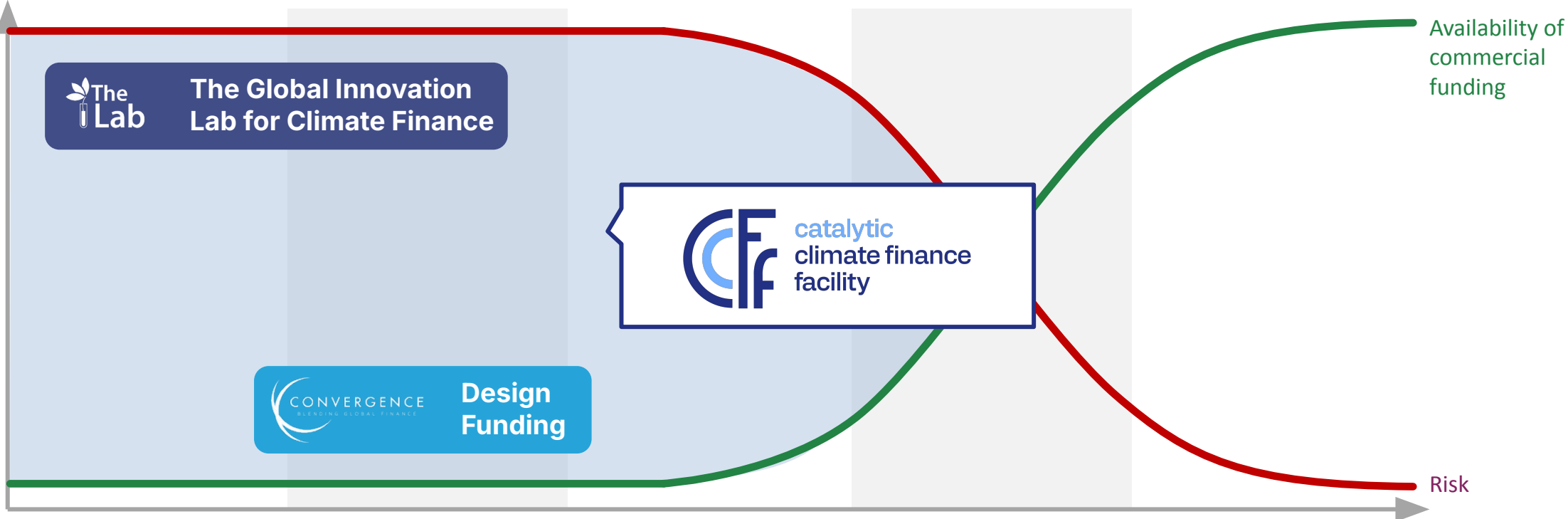
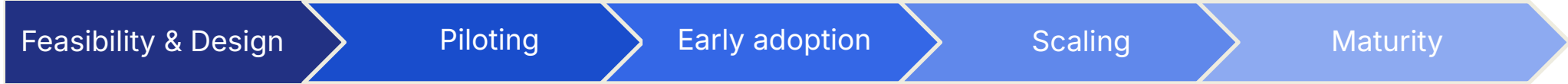
\$18M+

GRANTS AWARDED





# The CC Facility is designed to address the acceleration gap for later-stage, market-ready vehicles



Risk/return misalignment

# Catalytic Climate Finance Facility

The CC Facility funds and supports market-ready innovative climate solutions in developing economies, aiming to **accelerate implementation** and **achieve scalability**

## 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

Up to **USD 500k in grant funding** and **70 days in customized, in-kind acceleration support** to address market barriers and mobilize private capital

BILL & MELINDA  
GATES foundation

Canada

  
Australian Government  
Department of Foreign Affairs and Trade

 IDRC · CRDI

 The  
Rockefeller  
Foundation



LEADING ORGANIZATIONS  
IN CLIMATE AND BLENDED  
FINANCE

**\$100M**

PROGRAM SIZE

**~\$13M**

FIRST ROUND RAISED

**6** VEHICLES  
SUPPORTED

A blue-tinted photograph of a solar panel array on a roof. In the background, two workers wearing hard hats are visible, one of whom is kneeling on the roof. The image is overlaid with a white horizontal line.

# Applying to the CC Facility

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# The CC Facility is an accelerator for market-ready climate finance solutions



## Selection

Viability assessment

### Pipeline Origination

Source the most promising financing solutions



## Grant Funding

Up to USD 500,000

### Start-up Capital

Provide funding subject to achieving milestones



## Acceleration Support

Strategy, fundraising & operations

### Fast Track

Offer technical expertise and matchmaking capabilities



## Learning Hub

Evidence & best practices

### Knowledge Resources

Help build the field and reduce fragmentation in the ecosystem

Contribute to building a market that will unlock most innovative structures that can be standardized, replicated, and scaled



# The CC Facility provides responsive, demand-driven financial and technical support over 12-18 months

Rigorous individual needs assessments to inform key support areas and validate implementation feasibility and CC Facility value-add

## Milestone-based grants to bridge critical funding gaps

Up to **USD 500k**

- Working capital to cover key start-up and scale-up costs, including:
  - Establishment or finalization of legal structures
  - Refinement of capital structure and financial modeling
  - Market studies or analyses
  - Fundraising activities, including travel
  - Development of impact, gender, and financial frameworks

## Tailored, in-kind technical support to accelerate and enhance implementation

Up to **70 Days**

- Holistic support to build business capabilities and accelerate market rollout
  - Spans strategy planning, structuring & financial modeling, fundraising, and operations & governance support
  - Includes connections to relevant investors and legal firms (on a pro-bono basis)

# Differentiating Lab, Design Funding, and CC Facility support offerings



**Guide design, development, and feasibility testing for early-stage instruments** through:

- 7 months of intensive analysis and guidance from the Lab's extensive network of members institutions, experts and investors
- An additional 12 months of light touch assistance and analytical support
- Up to USD 200k in pre-seed capital investment



Provide **design funding grants** to blended finance practitioners at the feasibility, proof of concept, or expansion to develop and launch financial structures mobilizing private capital through various funding windows focused on different geographies and themes

Current Windows:

- Asia Climate Solutions Design Grant Window
- Gender Responsive Climate Finance Window



**Build capabilities of market-ready vehicles** to generate business traction, secure funding, and accelerate market rollout through:

- 12 months of customized technical support from a dedicated team as well as specialized experts
- Up to USD 500k in working capital to cover key vehicle start-up and scale-up costs

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## Key Characteristics

### Investment Theme

Blended finance structures addressing climate change mitigation and/or adaptation.

### Sectors

Broad range of sectors with focus on sectors that are severely under-financed globally relative to the impact they can deliver.

### Geography

Developing countries. Applicants do not need to be domiciled in a developing country, but end beneficiaries and target activities must.

### Stage

Market-ready blended finance structures that have already completed feasibility, proof of concept, pilot, or MVP.

### Team & local capacity

Proven track-record and experience in targeted sector and geography, capacity, and willingness to engage with the program, and on-the-ground presence.

### Entity type

Organization or consortium of organizations, including advisory firms, foundations, not-for-profit, fund managers, and private enterprises.

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## Key evaluation criteria

Seeking to identify high-quality teams with proven experience and track record in the target markets and/or asset class that are scaling solutions meeting the below 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(s).



### 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.





# How to determine stage of development fit with the CC Facility

Does your vehicle meet the following criteria?

Obtained the relevant investment license(s) or registration(s) necessary to deploy capital in your vehicle's target markets



Developed a financial model for your vehicle



Implemented at least one proof-of-concept transaction / pilot project for your vehicle



Engaged with prospective investors to validate the proposed vehicle structure and financing approach



# Selection process

		Steps	Timeline*
Stage 1	Screening	1 <b>Concept Note:</b> eligibility screen	Due October 24, 2024
		2 <b>Full Application:</b> eligible concept notes will be invited to submit a full application form	Due November 26, 2024
Stage 2	Evaluation	3 <b>Shortlist:</b> selected applicants will be invited to do a pitch presentation	December 2024 – March 2025
		4 <b>Due-diligence:</b> in-depth DD process	
Stage 3	Recommendation	5 <b>Investment Committee &amp; Final Approvals:</b> finalists recommended and approved	April 2025

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## Office Hours

### **Session 1:**

**Friday, October 11:** 10am-12pm UK time / 11am-1pm CET

### **Session 2:**

**Friday, October 11:** 9am-11am PST / 12pm-2pm EST

# Q&A

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# CC Facility

## Contact

[ccfacility.org](http://ccfacility.org)

 [info@ccfacility.org](mailto:info@ccfacility.org)

 [@ClimateFacility](https://twitter.com/ClimateFacility)

 [@catalytic-climate-finance-facility](https://www.linkedin.com/company/catalytic-climate-finance-facility)



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# Thank You