



# **GFANZ**

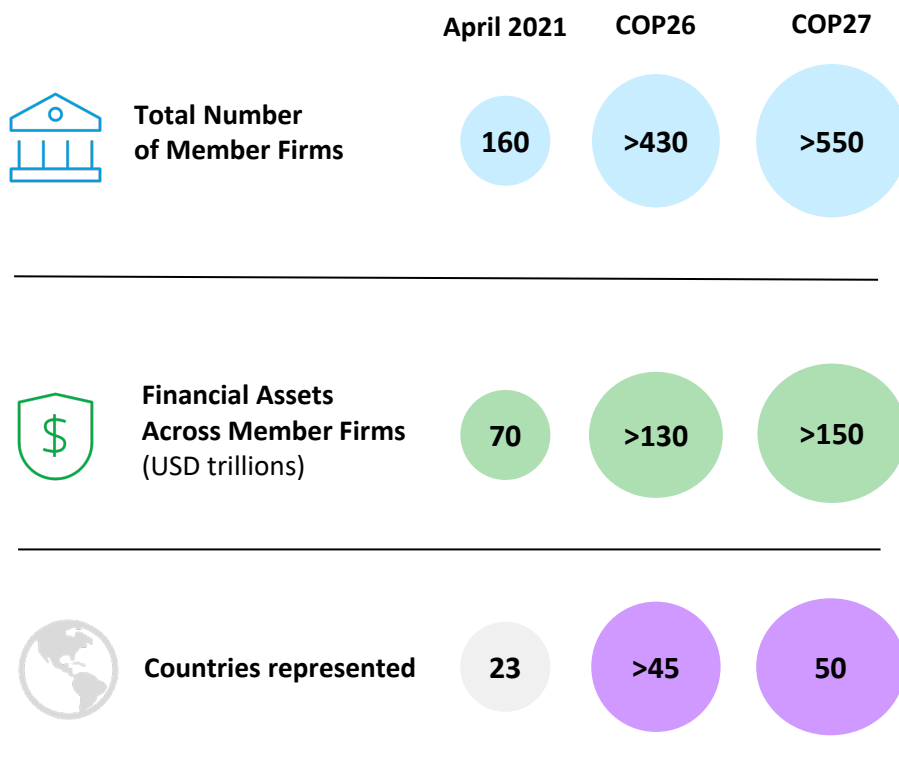
# **Mobilization of capital in EM&DEs**

November 2022

**GFANZ**  
Glasgow Financial Alliance for Net Zero

# GFANZ unites the global financial sector to accelerate the world's transition to net zero

## Growing membership in GFANZ sector-specific alliances



- Membership in GFANZ is through one of seven financial sector-specific net-zero alliances.<sup>1</sup>
- Commitment criteria vary across alliances, but at a minimum, GFANZ sector-specific alliance members commit to:
  - Use science-based guidelines to reach net-zero emissions across all emissions scopes by 2050
  - Set 2030 interim targets that represent a fair share of the 50% decarbonization required by the end of the decade
  - Set and publish a net-zero transition strategy
  - Commit to transparent reporting and accounting on progress against targets
- GFANZ supports the alliances by acting as a forum for addressing pan-financial sector challenges associated with the net-zero transition.
- It also facilitates collaboration between the financial community and experts from the scientific community, the official sector, and civil society to develop the necessary tools, data, and methodologies to implement net zero commitments.
- Building global representation through regional networks (APAC, Africa).

1. These alliances are the Net-Zero Asset Managers Initiative, the Net-Zero Asset Owner Alliance, the Net-Zero Banking Alliance, the Net-Zero Insurance Alliance, the Paris-Aligned Asset Owners, the Net-Zero Financial Service Providers Alliance, and the Net-Zero Investment Consultant Initiative

## **Indonesia's Just Energy Transition Partnership (November 2022) – \$20 billion over 3-5 years**

- Long-term partnership with G7 to help Indonesia pursue an accelerated and ambitious just energy transition
  - Renewable energy to comprise >34% of all power generation by 2030.  
Accelerating early retirement of coal power generation
- Partnership also include MDBs and GFANZ Working Group, including Bank of America, Citi, Deutsche Bank, HSBC, Macquarie, MUFG, and Standard Chartered
- Mobilizing \$20 billion over the next three to five years
  - \$10 billion by G7 members
  - \$10+ billion by GFANZ Working Group members: mobilize and facilitate private finance
- Establishment a country platform to manage some funds under PT Sarana Multi Infrastruktur (PT SMI), a Special Mission Vehicle (SMV) of the Ministry of Finance

## Egypt Country Platform for Nexus of Water, Food and Energy (NWFE) – Launched July 2022

- Builds on Egypt's National Climate Strategy 2050 (Ministry of Environment, 2022)
- Egypt committed to reduce emissions by 81 MtCO<sub>2</sub>e by 2030 relative to business-as-usual
- Platform integrates a set of high priority projects for adaptation and mitigation:
- The projects identified imply an **investment opportunity of USD 15 billion**
  - With USD 10 billion dedicated to replacing inefficient gas power plants with renewable energy
- Beyond this, an estimated USD 324 billion will be required by 2050 to achieve Egypt's NCCS targets, both for mitigation and adaptation
- The platform adopts a multi-stakeholder approach through deploying innovative forms of finance such as concessional loans, blended finance and debt swap programmes.

## GFANZ statement on Country Platforms (July 2022)



In this Private Sector Statement, GFANZ pledged its support and released recommendations for the implementation of major energy transition Country Platforms for Emerging Markets and Developing Economies (EM&DEs).

# Country Platform strategies

1. **Country-led** country platforms
  - with clear governance framework
2. **Develop decarbonization plan**, with support of Development Partners, that is:
  - tailored to the specific priorities and conditions of each lead country
  - sufficient ambition, in line with Paris commitments,
  - executable, will be pursued and supported

Political certainty and social license for private sector participation
3. **Develop Financing Roadmaps**, with DPs and private sector
  - send signal on where capital mobilization efforts by public and private finance and across asset classes and investor types will be concentrated.
  - concentrate public finance resources to achieve maximum impact.
4. **Independent authority to validate net-zero alignment of projects**, especially in high-emitting sectors. Private finance benefit from added support and credibility.

## UPSTREAM DE-RISKING: CREATE ENABLING CONDITIONS FOR PRIVATE CAPITAL

### 5. Developing bankable projects

- Policy reforms: Creating investment friendly environments
- Developing local capacity to bring more bankable net-zero projects to market. Involvement of local banks

### 6. Up-front transparency on project pipelines, standardized data & project documentation

Allow private sector to engage at start of project development

Not after Development Partners have negotiated a transaction and structure that may not be conducive to mobilizing private capital

### 7. Streamline approaches and products, with Development Partners

- Reduce transaction costs for private sector
- Improve speed to execution

**Grant funding** (public finance and/or philanthropic capital)

Dedicated technical assistance and project preparation facilities

- Develop business models – financial viability
- Assess & monitor impacts

## DOWNSTREAM DE-RISKING: DEVELOP EFFICIENT CHANNELS FOR BLENDED & COMMERCIAL CAPITAL

### 8. Pool concessionary capital & project pipelines

Think wholesale rather than retail

- Pooled vehicles with well-qualified, professionally managed investment and governance committees
- Drive scale and competition in opportunities for private finance
- Reduce cost to private sector and recipient countries

### 9. Encourage private finance to continue, operating outside Country Platforms

- Many private sector actors focus on near-term transactional opportunities via existing client relationships.

### 10. Improve international financial architecture





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