

## PROTOTYPE – FACT SHEET

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### Title

***Credit Guarantee Scheme for climate Investment Projects***

### Mission statement

*To provide credit guarantee facility to lending institutions for climate related investments*

### Briefly describe your prototype idea

*Banks in developing countries do not have specialized lending products for climate related investments as this sector is new and considered risky. This area is new to banks, therefore, they lack technical knowledge. This creates hurdles for banks in developing products streamlined with needs of the market, effective monitoring mechanisms and incorporation of risk mitigates in lending.*

*A credit guarantee facility aims to reduce this risk perception by sharing part of the risk with lending institutions/banks. This facility will not only result in opening up new avenues of business for banks but will also result in favorable lending rates for projects. Such facility is proposed to be established with funding from federal government or multilateral agencies.*

*This facility is proposed to be a short term measure for development of market for climate investments.*

*Once the banks are comfortable with the profitability potential of climate related projects and repayment capacity of sponsors, the facility may be closed.*

### Target group

*Climate related project sponsors*

### Potential partner(s) for implementation

*Please list enrolled partners, if available.*

*Federal or State Government*

*Multilateral Development Agencies*

*Financial institutions*

*Central Banks / Government Implementing Agency*

## Key challenges and opportunities

*Please list challenges and opportunities that might occur during the implementation process*

<i>Challenges</i>	<i>Opportunities</i>
<i>Stakeholder's agreement/buy-in on establishing credit guarantee facility.</i> <i>Funds commitment from Govt. / MLAs</i>	<i>Development of market climate related projects</i> <i>Reduction in GHG emissions</i>

## Next steps

*What would be the next steps to further develop your prototype?*

*Prepare detailed feasibility to set up a Credit Guarantee Facility*

*Approach Federal Government / Multilateral Agencies to solicit funding*

*Requesting multilaterals for technical assistance*

*Establishing credit Guarantee facility*