

Public-Private Solutions Sandbox

Green Fund example at UNHCR – The UN Refugee Agency

AVPN Virtual Conference 2020



Why Climate at UNHCR?

- Displacement / Location / Lack of energy
- **Tensions** host and refugee communities
- We have been **greening**, protecting, **reforesting**
- Huge **financial burden** (voluntary contributions)
- **Competes** with life saving activities.
- We need to **rethink parts of our financing!**



What is innovative finance at UNHCR?

Innovative finance is a toolkit that can help UNHCR bring more sustainable, efficient, and effective resources for the benefit of refugees, host communities, and its own finances.

What can innovative finance help do?

Working with partners (development banks, investors, donors, implementing partners), UNHCR can utilize financial tools to:



Scale up impactful programming by switching from 100% grant funding to a blend of grants and other funding sources



Build longer-term, higher-quality infrastructure, e.g., financing better and more cost-efficient water, energy, and sanitation systems over the medium- and long-term



Lower costs to free up funding for refugees: switch to more efficient arrangements with private sector to lower our costs and operational burdens



Invest in productive capacities of refugees and host communities, e.g., channeling social impact investments to spur local economic development

18 projects under development...

Greening the energy



 **UNHCR**
The UN Refugee Agency

Green Fund for diesel-to-solar conversions

Problem to be addressed

- UNHCR runs diesel generators in 30+ compounds in Africa, contributing to annual **greenhouse emissions**
- Financially, diesel is also more **expensive** than solar energy in many markets.

Green Fund project model

- Sida has provided a \$4 million seed grant to establish **an internal revolving fund**.
- The Green Fund will help us **contract clean energy as a service** via multi-year power purchase agreements with private sector. This will allow us to:
 - **Allocate technical and project risk** to the private sector rather than undertaking the design, ownership, operations, and maintenance of solar power system assets ourselves.
 - **Avoid significant up-front capital investments**.

Expected impact

- **Carbon savings** of ~400-500 tons of CO2 avoided annually per compound
- Recurring annual **financial savings of 15-30%** compared to diesel

Opportunities/Challenges/risks to be overcome & planned mitigation measures

- Being the UN, guarantees are easier to come by.
- We work at a large scale, impact is tangible.
- Uncertainty that we will occupy sites for the next ~10 years → *Appropriate contractual clauses; exploring modular technologies for sites that are more uncertain*
- Lack of internal technical capacity to design sophisticated tenders → *Contracting external capacity; leveraging partners' expertise*

Thank you

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