



Impact strategy of the Green for Growth Fund

GGF aims to mitigate climate change and promote sustainable economic growth, by investing in measures that reduce energy consumption, resource use and CO₂ emissions. This includes energy efficiency, renewable energy, and resource efficiency investments. The fund does so by channeling dedicated green financing to businesses and households through local financial institutions as well as through direct financing.

In working towards its mission, the fund focuses its activities on specific target regions and groups:

1. Target regions: GGF's activities target 19 markets in the European Neighbourhood Region, across Southeast Europe, Eastern Neighborhood, and the MENA region. Facing common challenges of higher energy intensities, industry in need of modernization, renovation demands for existing building stock, and lower levels of awareness related to energy and resource efficiency and its economic and environmental implications, the GGF's target countries can benefit greatly from investments that focus on green activities and measures.

2. Target groups: GGF's activities ultimately target businesses, households, renewable energy projects and public entities in the target regions, seeking to make investments related to the efficiency and sustainability of

their buildings, equipment or processes, or to produce or consume renewable energy. Financial institutions are the primary target group for GGF. Financial sectors in the target region are diverse and have a wide reach into the real economy which enables them to take a key intermediary role in providing green finance to the above final recipients.

Impact at an environmental and economic level

In line with its mission, the fund aims for a positive contribution in the following impact areas:



Climate change mitigation

Contribute to CO₂ emissions reduction through promotion of energy and resource efficiency and renewable energy



Sustainable economic development

Support mainstreaming sustainability in business practices, scaling the green economy and reorienting capital flows towards green investments

Impact on financial systems and real economy

Local **financial institutions** are key actors in the fund's impact approach as they play a vital role in mainstreaming energy and resource efficiency and renewable energy investments. Through a combination of dedicated financing and tailored technical assistance, GGF supports its partner institutions in building up a green portfolio and demonstrating the business case for delivering green finance. In doing so, the fund strives to increase access to green finance at scale while mainstreaming sustainability in business practices and operations, generating systemic impact and ultimately benefitting economies at large.

GGF also provides direct financing to the **real economy**, including renewable energy projects at utility scale, companies making eligible green investments within their facilities, producers and vendors of energy and resource efficient technologies, energy service and supply companies, or public sector entities for improved infrastructure and services. The renewable energy projects that GGF finances are often one of the first of their kind in their

country or region. Such lighthouse investments help to enable viable markets for commercial development of renewable energy.

Finally, the fund contributes to developing the wider **ecosystem** for a low-carbon economy, such as capacity building and training key sector players or raising awareness to embed and amplify the fund's strategic priorities, as well as attract additional public and private resources for sustainable economic development.

Contribution to the SDGs

GGF's activities have been mapped toward the Sustainable Development Goals (SDGs) at an SDG target level. Based on these, seven have been selected as core SDGs:

GGF contributes to ...



...financing and promoting practices that increase efficient water use across all sectors.



...financing investments related to the sustainable management of resources, circular business practices and reduced waste generation.



...financing and promoting energy saving measures and renewable energy across all sectors.



...driving climate change mitigation through its financing and technical assistance activities to build capacity and awareness.



...making industrial enterprises more energy and resource efficient as well as increasing the uptake of renewable energy.



...providing a platform to pool capital for sustainable development and bring together regulators, industries, and policy-makers for systemic change.



...financing and promoting energy efficient buildings, as well as supporting municipalities and cities to enhance sustainable transport and waste management systems.

The path to impact: Theory of Change

The Theory of Change (ToC) demonstrates how the fund's activities are expected to result in fulfilling its mission as described above. The focus here is on the "in-between," the mapping of processes that GGF's activities aim to trigger and how these ultimately lead to the intended impacts. These processes are interlinked and reinforce each other to drive transformation and systemic change in the market.



This level contains the fund's own activities – each with its own contribution towards achieving the impact target.

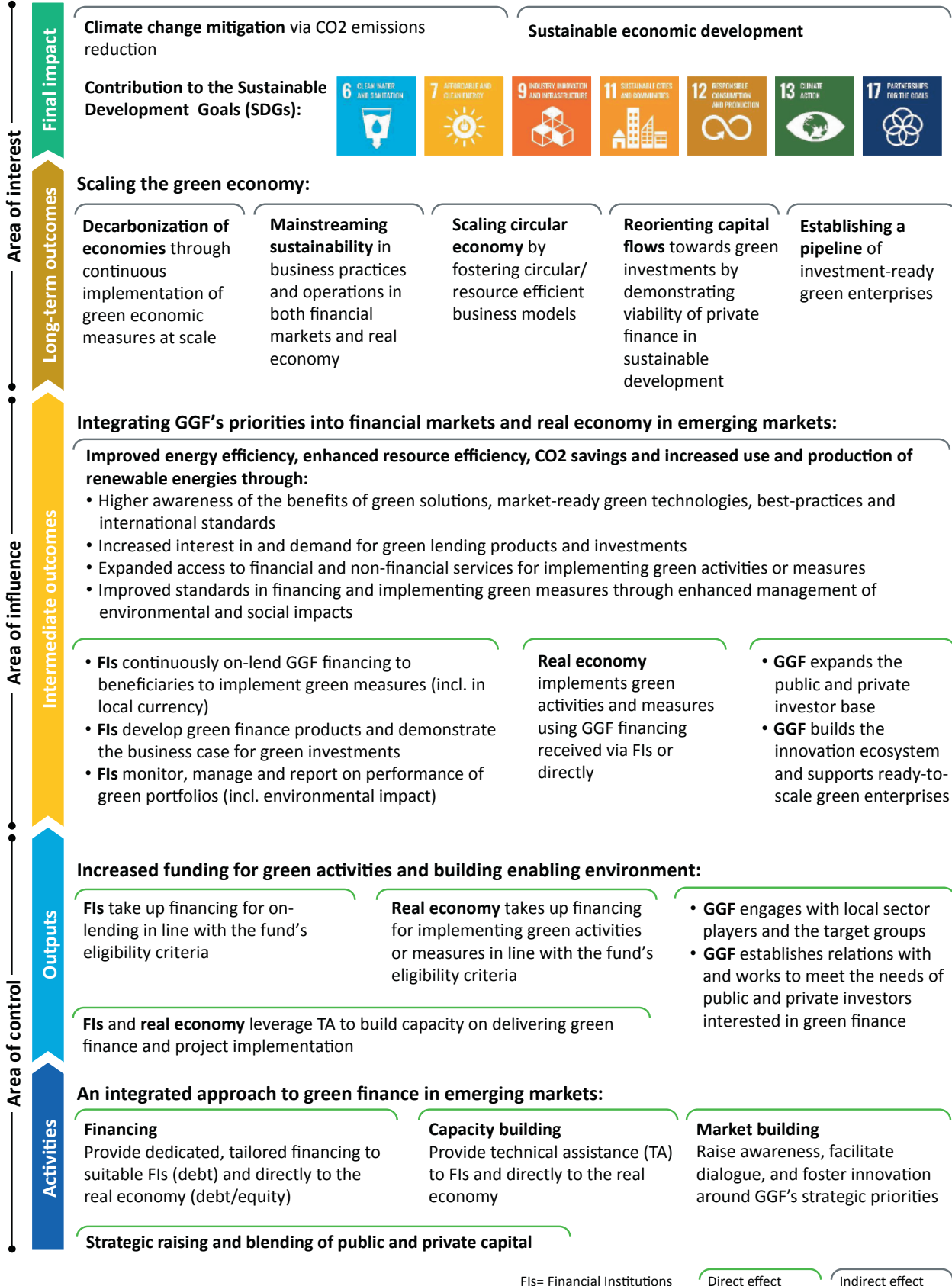
This level summarizes the tangible results that the fund's activities produce.

This level includes systemic changes that are expected to occur in the short and long-term based on the activity-induced outputs.

This level contains the final environmental impacts to which the fund aims to contribute.



Tackling climate change and fostering sustainable development in the Southeast Europe region, including Turkey, the European Eastern Neighborhood region and in the Middle East and North Africa





The ToC was constructed based on a causal analysis, drawing on available evidence, and is used to frame the fund's impact measurement and management efforts. Underlying assumptions are verified through GGF's impact assessment.

Elements outlined in the ToC can be, to a large extent, directly under the control of the fund or influenced by both the fund and external factors. This spectrum is indicated in the ToC as an "Area of control", "Area of influence", and "Area of interest".¹ Given the nature of the fund's work and the complex environments in which the fund's investees and stakeholders operate, GGF does not attribute the change happening at an outcome and final impact level solely to its contributions. The ToC therefore defines how the fund contributes to causing the observed outcomes and final impacts.



¹ This distinction is often used in defining ToCs to differentiate between attribution and contribution.

Fund Investors



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