



Date: 21 Aug 2015  
Reference: RFP 2015/PSF2

## **Request for proposals (RFP 2015/PSF2)**

### **For the Design and Establishment of an RFP Programme for Private Sector Funding of Micro, Small, and Medium Enterprise Activities**

#### **1. Background**

1.1 The Green Climate Fund (the “GCF”) was established in December 2010 with the purpose of making a significant and ambitious contribution to the global efforts towards attaining the goals set by the international community to combat climate change. In the context of sustainable development, the GCF will promote a paradigm shift towards low-emission and climate-resilient development pathways by providing support to developing countries to limit or reduce their greenhouse gas emissions and to adapt to the impacts of climate change.

1.2 The GCF was designated as an operating entity of the financial mechanism of the United Nations Framework Convention on Climate Change (“UNFCCC”). It is governed and supervised by a Board that has responsibility for funding decisions pursuant to the Governing Instrument for the Green Climate Fund. It is supported by an independent Secretariat, accountable to the Board, having management capabilities to execute day-to-day operations of the GCF, providing administrative, legal and financial expertise. The GCF’s headquarters are located in Songdo, Incheon City, Republic of Korea.

#### **2. Invitation**

2.1 Through this request for proposals (“RFP”), the GCF is seeking to employ a firm to design, promote and manage two pilot RFP programmes. The first, for selecting pilot programmes in support of funding micro, small, and medium enterprise activities that are climate sensitive (hereafter referred to as “RFP-MSME”). Proposals must be submitted to the Secretariat not later than 30 September 2015 at 3.00 pm Korean time.

2.2 The RFP includes the following annexes:

Annex 1	Terms of Reference
Annex 2	Requirement for Firm’s Financial Proposal
Annex 3	Evaluation Criteria
Annex 4	Company Profile Form
Annex 5	Acknowledgement Letter
Annex 6	Timeline



Annex 7	GCF's Investment Criteria and Impact Areas
Annex 8	Examples of GCF's Partners and Products
Annex 9	Examples of MSME Projects and Programmes

2.3 Please note that this document is an RFP and not an invitation to bid. The terms set forth in this RFP, including all the annexes listed above, will form part of a contract, should the Secretariat accept your proposal. Any such contract will require compliance with all factual statements and representations made in the proposal, subject to any modifications agreed to by the Secretariat in the context of any negotiations entered into it.

2.4 The GCF may, at its discretion, cancel the requirement in part or in whole. It also reserves the right to accept or reject any proposal and to annul the selection process and reject all proposals at any time prior to selection, without thereby incurring any liability to proposers/firms.

2.5 Proposers may withdraw the proposal after submission provided that written notice of withdrawal is received by the GCF prior to the deadline prescribed for submission of proposals. No proposal may be modified subsequent to the deadline for submission of proposals. No proposal may be withdrawn in the interval between the deadline for submission of proposals and the expiration of the period of proposal validity.

2.6 All proposals shall remain valid and open for acceptance for a period of 90 calendar days after the date specified for receipt of proposals. A proposal valid for a shorter period may be rejected. In exceptional circumstances, the GCF may solicit the proposer's consent to an extension of the period of validity. The request and the responses thereto shall be made in writing.

2.7 Effective with the release of this solicitation, all communications must be directed only to Procurement Specialist by email at [procurement@gcfund.org](mailto:procurement@gcfund.org). Proposers must not communicate with any other personnel of the GCF regarding this RFP.

2.8 This RFP is issued under the GCF Administrative Procurement Guidelines<sup>1</sup>. Information regarding to the guideline can be found at [http://www.gcfund.org/fileadmin/00\\_customer/documents/MOB201410-8th/GCF B.08 31 GCF Procurement Guidelines fin 20141005.pdf](http://www.gcfund.org/fileadmin/00_customer/documents/MOB201410-8th/GCF_B.08_31_GCF_Procurement_Guidelines_fin_20141005.pdf)

2.9 The Guidelines apply for the interpretation of this procurement process.

### **3. Request for Clarification of RFP documents**

3.1 A prospective proposer requiring any clarification of the solicitation documents may notify the GCF in writing via the GCF email address indicated in the RFP by the specified date and time mentioned in Annex 6. The GCF will respond in writing to any request for clarification of the

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<sup>1</sup> Annex II "Corporate Procurement Guidelines on the Use of Consultants"



solicitation documents that it receives by the due date published on Annex 6. Written copies of the GCF response (including an explanation of the query but without identifying the source of inquiry) will be sent to all prospective proposers that have received the solicitation documents.

3.2 If the RFP has been advertised publicly, the results of any clarification exercise (including an explanation of the query but without identifying the source of inquiry) will be posted on the GCF website.

#### **4. Amendments to RFP Documents**

4.1 At any time prior to the deadline for submission of proposals, the GCF may, for any reason, whether at its own initiative or in response to a clarification requested by a prospective proposer, modify the RFP documents by amendment. All prospective proposers that have received the RFP documents will be notified in writing of all amendments to the RFP documents. For open competitions, all amendments will also be posted on the GCF website in the opportunities section, procurement.

4.2 In order to allow prospective proposers reasonable time in which to take the amendment into account in preparing their proposals, the GCF may, at its sole discretion, extend the deadline for the submission of proposals.

#### **5. Language of Proposals**

5.1 The proposals prepared by the proposer and all correspondence and documents relating to the proposal exchanged by the proposer and the GCF, shall be written in English. Supporting documents and printed literature furnished by the proposer may be in another language provided they are accompanied by an appropriate translation of all relevant passages in English. In any such case, for interpretation of the proposal, the translation shall prevail. The sole responsibility for translation and the accuracy thereof shall be the responsibility of the proposer.

#### **6. Submission of Proposals**

6.1 Proposers shall submit their proposal by email. Technical and financial proposals must be submitted simultaneously but in separate documents with the RFP reference and the clear description of the proposal (technical or financial) by the date and time stipulated in Annex 6.

6.2 Proposals must be sent ONLY to the address detailed below. Proposals sent to other addresses or to individuals will put offerors' proposals at risk of being rejected.

6.3 Technical proposals shall be submitted in one email with the subject heading:

RFP No (RFP/2015/PFS2) – For the Establishment of the MSME RFP Programme



Technical proposals should be attached in pdf format with the document title:

RFP-2015-PSF2 - TECHNICAL PROPOSAL - (name of proposer)

Technical proposals should be attached in pdf format with the document title:

RFP-2015-PSF2 – FINANCIAL PROPOSAL- (name of proposer).

Copies must be delivered to the procurement specialist:

Email: [procurement@gcfund.org](mailto:procurement@gcfund.org)

All prospective proposers are kindly requested to return the completed Acknowledgement Letter of RFP receipt (Annex 5) by 25 September 2015, duly signed by an authorized representative advising whether it intends to submit a proposal by the designated closing date/time. Please also notify the Procurement Specialist immediately if any part of this RFP is missing and/or illegible.

## **7. Late proposals**

Any proposals received by the GCF after the deadline for submission of proposals prescribed in Annex 6 of this document, may be rejected.

## **8. Opening of Technical Proposals**

8.1 Proposals will be opened on 30 September 2015 at 3.00pm Korea time in the room designated for this purpose at the premises of the Secretariat. The purpose of this public opening is to record the names of proposers having submitted proposals by the due date and time. Only technical proposals will be opened at the public opening. The financial proposals will not be opened.

## **9. Opening of Financial Proposals**

After the technical evaluation is completed, the GCF shall notify those Proposers whose Proposals did not meet the minimum qualifying technical score that their Financial Proposals will not be opened. GCF shall simultaneously notify in writing those Proposers that have achieved the minimum qualifying technical score and inform them of the date, time and location for the opening of the Financial Proposals.

At the opening, the names of the Proposers, and their overall technical scores shall be read aloud. The Financial Proposals shall be then opened, and the total prices read aloud and recorded.



## **10. Corrupt, Fraudulent, Coercive, Collusive and other Prohibited Practices.**

The GCF requires that all GCF staff, proposers/bidders, suppliers, service providers and any other person or entity involved in GCF-related activities observe the highest standard of ethics during the procurement and execution of all contracts. The GCF may reject any proposal put forward by proposers, or where applicable, terminate their contract, if it is determined that they have engaged in corrupt, fraudulent, coercive, collusive or other prohibited practices.

## **11. Conflict of Interest**

In their proposal, proposers must (i) confirm that, based on their current best knowledge, there are no real or potential conflicts of interest involved in rendering Services for the GCF, and (ii) set out their policy on dealing with conflicts of interest should these arise.

## **12. Confidentiality**

Information relating to the evaluation of proposals and recommendations concerning selection of Firms will not be disclosed to Firms that submitted proposals.



## Annex 1 Terms of Reference

### A. Introduction

1. GCF's Private Sector Facility will engage a firm to oversee the design, dissemination, and management of a general call for proposals programme for engagement on climate-related MSME activity (RFP-MSME). The programme must be in line with GCF's eight strategic impact areas (Annex 7).
2. These terms of reference (TOR) seek to identify a firm that will undertake the design and management of the RFP-MSME by completing all tasks described in this TOR.

### B. Scope and focus of the assignment

1. **The scope of work under this RFP.** The objective of this assignment is to select the Firm which would complete background research, design the RFP-MSME, launch and promote it, manage the process of receiving proposals, and organize the selection committee meeting in to choose the pilot programme(s) for approval by the Board. The scope of the work conducted by the Firm will be divided in the following four "Phases":

Phase 1: Determine the scope of the RFP-MSME

Phase 2: Design the form and process of the RFP-MSME

Phase 3: Launch the RFP-MSME

Phase 4: Organize the selection committee

#### **Phase 1: Determine the Scope of the RFP-MSME**

2. The selected firm is expected to complete the following deliverables:
  - i. Conduct a review of the literature of studies related to funding MSME climate sensitive activities for both adaptation and mitigation. Produce a summary of findings.
  - ii. Conduct a scan of existing programmes or similar RFP-driven programmes from governments, local and international financial institutions, development banks, NGOs, etc aimed at facilitating access to financing (in the form of various instruments, such as grants, loans, equity, guarantees, etc) for MSMEs in developing countries. Programmes must fit within the scope of GCF's Investment Criteria and Strategic Impact Areas (see Annex 7). Provide a brief summary for these programmes, including
    - a. the purpose and outcomes of the programme
    - b. the type of instrument(s) deployed



- c. the structure of the programme
    - d. avenues for GCF's participation in a similar programme
  - iii. Identify sectors of activity to target in the RFP-MSME that would fit within GCF's range of instruments and accreditation framework process and that are complimentary to GCF's investment criteria and strategic impact areas (Annex 7).
  - iv. Based on the scope of the above findings, make a written recommendation of RFP design (scope of the RFP, target instruments or communities, types of activities, etc.).
3. The RFP-MSME structure should encourage projects and programmes that target African countries, LDCs and/or SIDS, and strengthen access to finance for companies that are owned by women, or that actively promote gender equity.
4. The identified opportunities should fit within GCF's priority areas. For some non-exhaustive examples of MSME activities that GCF might undertake please see Annex 9. Relevant opportunities for the RFP-MSMEs falling outside of this scope could also be encouraged after validation from GCF.
5. In mapping opportunities, the appointed Firm is expected to rely on various sources of information available to it, and to conduct relevant multi-stakeholder consultations with NDAs, Accredited Entities, civil society organizations, and financial intermediaries related to climate sensitive activity.
6. Results of findings and preliminary RFP structure recommendations are due according to the timeline indicated in this proposal.

## **Phase 2: Design the Form and Process for the RFP-MSME**

7. The selected firm is expected to complete the following Deliverables:
  - i. Based on GCF's conclusions on Phase I, draft the RFP-MSME (including relevant legal provisions), in line with GCF's Administrative Guidelines for Procurement and other relevant policies.
  - ii. Define the evaluation criteria, build the scoring table, and draft the review template for the RFP-MSMEs.
  - iii. Produce a final RFP-MSME document for Fund approval.
8. In completing these Deliverables, the appointed Firm will maintain an active multi-stakeholder dialogue with NDAs, Accredited Entities and active observer organizations accredited by GCF.
9. The RFP-MSME design should encourage those who submit a proposal to also undertake relevant multi-stakeholder consultations with local NDAs, Accredited Entities, civil society organizations, and financial intermediaries.



10. The RFP-MSME structure should encourage projects and programmes that target African countries, LDCs and/or SIDS, and strengthen access to finance for companies that are owned by women, or that actively promote gender equity.
11. The completed document is due to GCF according to the Schedule and Work Plan indicated in this proposal.

### **Phase 3: Launch the RFP-MSME**

12. The selected firm is expected to complete the following Deliverables:
  - i. Build an extensive list of international, regional, national or subnational, public, private or non-governmental institutions (i.e. organizations that would fit the profile of Accredited Entities, irrespective of their current accreditation status) that could potentially respond to the RFP-MSME.
  - ii. Promote the RFP-MSME to the above identified entities, as well as to country NDAs, and engage in dialogue about possible activities.

### **Phase 4: Organize the Selection Committee**

13. The selected firm is expected to complete the following Deliverables:
  - i. Receive the proposals submitted in response to the RFP-MSME, and handle questions regarding the process. Staff from GCF will be available to assist with questions concerning GCF's processes and guidelines.
  - ii. Plan, host, and manage the logistics of the GCF selection panel meetings for the evaluation and review of received proposals; and organize and manage the related review process.
  - iii. Invite GCF's appointed experts to join the selection panel.
  - iv. Assist in GCF's review of the received proposals using the Funding Proposals template submitted by RFP respondents.
  - v. Provide a recommendation on proposals to be funded under each Programme.
  - vi. Liaise and coordinate with finalists on recommendations made by GCF.

### **C. Monitoring and progress controls, including reporting requirements**

1. The selected firm shall work closely with GCF's Private Sector Facility team, to whom it will provide bi-weekly updates.

### **D. Duration of the consultancy**

1. This consultancy is expected to take up to a maximum of 12 months starting from the date of signature of the contract by both parties, subject to adjustments as required







## **Annex 2**

### **Requirements for Firm's Financial Proposal**

1. The Financial Proposal must provide a detailed cost breakdown by Phases. Provide separate figures for each functional grouping or category, including fees and cost-reimbursable expenses, which must be capped.  
Any estimates for cost-reimbursable items, such as travel and out-of-pocket expenses, should be listed separately and capped.
2. The Financial Proposal must articulate a payment structure that includes a base/administrative expense for undertaking the work, and a "success" payment structure which includes an amount only to be paid in the event that GCF approves and funds projects and accredited entities that come through the RFP-MSME Process. Please articulate the formula you will use for the "success" payment component. Financial proposals that are structured to demonstrate a lower base/administration expense and a higher success payment structure will be looked upon favorably.
3. The Proposer is required to prepare the Financial Proposal in a separate document from the Technical Proposal. Pricing information should not appear in any other section of the proposal. GCF will not be responsible for any costs incurred by bidders in the preparation of their submissions.
4. The Financial Proposal shall be expressed in United States Dollar ("USD").
5. Please note that applicants are encouraged to have Professional Indemnity Insurance.



## **Annex 3 Evaluation Criteria**

### **A. Acceptance of Submissions**

1. All proposers are expected to adhere to the requirements for submitting a proposal. Any proposals that fail to comply will be disqualified from further consideration as part of this evaluation. In particular:
  - Full compliance with the formal requirements for submitting a proposal;
  - Submission of all requested documentation

### **B. Evaluation and Comparison of Proposals**

A two-stage procedure will be implemented to evaluate the Proposals. In the first stage, the Technical Proposals will be evaluated before any Financial Proposal is opened and compared. Only those Financial Proposals of the offers that meet at least the minimum score in the evaluation of the Technical Proposals will be opened. Although price is obviously an important factor for the selection, GCF has decided to use weightings across a list of selection criteria for determining the best choice. The Technical Proposal will account for 70% of the evaluation score, and the Financial Proposal will account for 30% of the evaluation score.

All respondents to this RFP are expected to adhere to the formal requirements for submitting a Proposal and failure to do so will result in disqualification of the Proposal from consideration as part of this evaluation.

### **C. Evaluation of Technical Proposal**

The technical proposal will constitute 70% of the evaluation score. It should be structured in the following format. Proposals will be judged largely on the information provided under the following sections.

1. **Response to the Terms of Reference.** The bidder will provide a detailed description of the proposed work plan for the services covered by this RFP. It must include sufficient information to demonstrate, understanding of the requirements, GCF's capabilities for execution, and the bidder's capability to successfully complete the project.

This section should include an initial proposal summary, including key deliverables.

2. **Relevant Experience.** This section should describe the bidder's experience and ability to perform the required services. It should include the following information.
  - Size and geographic scope of the Firm, including office locations in Korea and developing countries
  - Relevant track record of carrying out similar tasks
  - Existing networks, relationships with financial intermediaries, developing



countries, NDAs, civil society organizations, etc.

- The ability to obtain information for the development of the RFP-MSME

3. **Key Personnel and Subcontractors.** The bidder should describe the role and responsibility of each member of the proposed team and the skills they bring to the development of the RFP-MSME. Include a description of the team’s experience of this type of work. GCF expects that all personnel proposed in the project will, in fact, conduct the work.

If some or all of the proposed work is to be subcontracted to another company or individual for any reason, the bidder must identify the work items that will be subcontracted, to whom, and the relevant experience and qualifications of the organization or individual. GCF reserves the right to approve all subcontractors.

4. **Awareness of Challenges (if any).** The bidder must describe what difficulties it anticipates in a project of this type (if any), and describe how it would avoid or overcome such potential difficulties.

5. **List of References.** The bidder shall provide a minimum of two references for similar types of engagements. Include a brief description of the work done as well as client names, titles, emails and phone numbers to enable GCF to contact the references.

6. **Schedule and Work Plan.**

The work plan for the RFP-MSME will be structured in four phases:

- |           |   |
|-----------|---|
| Phase I   | To be delivered no later than 2 October 2015                  |
| Phase II  | To be delivered no later than 9 October 2015                  |
| Phase III | To be delivered no later than 6 weeks after Phase II approval |
| Phase IV  | To be delivered by June 2016                                  |

A more detailed schedule and work plan is to be provided by the bidder detailing all deliverables and how they meet the above deadline.

A review committee established in the Secretariat will evaluate each Technical Proposal submitted. Each Technical Proposal will be evaluated on the basis of its responsiveness to the requirements detailed in this RFP, and will be assessed and scored according to technical evaluation criteria listed below:

Selection Criteria	Max. Points
A proposal detailing all work activity and how deliverables will be achieved	25
Relevant company experience in carrying out similar tasks	15

A list of proposed staff, including CVs, and areas of expertise they will oversee under the various Phases	10
Existing networks, relationships with financial intermediaries, developing countries, NDAs, civil society organizations	5
The bidder's size and geographic reach, including office locations in Korea and developing countries	5
A demonstrated understanding of and proven commitment to the goals of the Green Climate Fund	5
The ability to expand to take on additional RFP programmes for GCF as required	5
<b>TOTAL</b>	<b>70</b>

Only the top four submissions in the technical evaluation qualify for financial review.

**D. Evaluation of Financial Proposal.** The Financial Proposal will account for 30% of the evaluation score. It will be evaluated using the following criteria.

- 1. Fee Structure and Pricing for Services.** The proposal must detail the pricing for all services proposed, including any discounts. It must show a breakdown by Phases, and where relevant by RFP (RFP-MSME or RFP-MFS).
- 2. Transparency and Feasibility.** Transparency and feasibility of the pricing of services will be assessed. The pricing structure should include a fee estimate and cap for each Phase.
- 3. Billing and Invoicing.** Billing/invoicing procedures, including the proposer's policy for charging disbursements.
- 4.** All Proposals are evaluated as follows:

<b>Selection Criteria</b>	<b>Max. Points</b>
Fee structure/pricing for Services, including any discounts. Please show a detailed listing by Phase.	20
Transparency in, and feasibility of, the pricing of services	5
Billing/invoicing procedures, including the proposer's policy and timing of payments. Please note that the pricing should be inclusive of general office costs (not a separate line item).	5



<b>TOTAL</b>	<b>30</b>
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The proposals that qualify for financial review will be given the maximum score of 30 points.

**E. Consolidated Evaluation**

The total score of 100 points will consist of 70 points from technical evaluation 30 points from financial evaluation. Proposals that received below 60 points in total will NOT be considered as short-listed proposers.

**F. Award**

The Award will be made to the responsive proposer which achieves the highest combined technical and financial score, following negotiation of an acceptable contract. GCF reserves the right to conduct negotiations with the Proposer regarding the contents of their offer. The award will be in effect only after acceptance by the selected proposer of the terms and conditions and the technical requirements.



**Annex 4  
Company Profile Form**

Please respond to all questions.

**Company details - vendor's name**

<b>Name:</b>
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**General Information**

Primary contact this RFP	
Address	
	Postal Code:                      Country:
Telephone:	Fax:
E-mail:	Web site:
Parent company, if any	
Subsidiaries, Associates, and/or Overseas Rep(s), if any	
Year established	
Type of organization	Public enterprise                      ( ) Private company                      ( ) Organization sponsored (assisted by Government)                      ( ) Other (please specify): .....                      ( )
Type of Business	Financial Intermediary                      ( ) Consulting Company                      ( ) Other (please specify): .....                      ( )
Summary of main business activities	
No. of employees (by location)	
Staff turnover rate	
In-house working language (s)	







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**Conflict of interest**

<i>Are there any likely circumstances or contracts in place that may introduce a conflict of interest with the parties to this contract? If so, explain how this will be mitigated</i>
1
2

**Certification**

I, the undersigned, confirm that the information provided in this annex is correct. In the event of changes, details will be provided.

Name: \_\_\_\_\_ Title: \_\_\_\_\_

Signature: \_\_\_\_\_ Date: \_\_\_\_\_



**Annex 5  
Acknowledgment Letter**

Dear Sir/Madam,

We, the undersigned, acknowledge receipt of your Request for Proposal (RFP) No. 2015/PFS2 dated 25 September 2015, and hereby confirm that we:

INTEND                       DO NOT INTEND

to submit a proposal to the secretariat of the Green Climate Fund (GCF) by the deadline date of **30 September 2015**.

We acknowledge that this RFP is confidential and proprietary to the secretariat, and contains privileged information. Upon request, we will return this RFP or any part thereof, and all copies thereof, to the secretariat.

Name of Authorized Representative: \_\_\_\_\_

Signature: \_\_\_\_\_

Title: \_\_\_\_\_

Name and Address of Vendor: \_\_\_\_\_

\_\_\_\_\_

Telephone: \_\_\_\_\_

Facsimile: \_\_\_\_\_

If you do not intend to submit a proposal to the secretariat, please indicate the reason:

We do not have the capacity to submit a proposal at this time.

We cannot meet the requirements for this RFP.

We do not think we can make a competitive offer at this time.

Other (please specify): \_\_\_\_\_

Kindly return this acknowledgement letter immediately via e-mail to [procurement@gcfund.org](mailto:procurement@gcfund.org)

**NOTE: Due to current security arrangements, your authorized representative must present a completed copy of this letter in order to observe the public opening procedure.**



## Annex 6 Timeline

1. The Green Climate Fund will follow the timeline below for this RFP. Any changes to this timeline will be posted on the GCF website. Please note that the target dates and may be adjusted.

	<b>Event</b>	<b>Responsible Party</b>	<b>Date (and time, KST*)</b>
1	Posting of RFP	GCF	21 August 2015; 15.00
3	Last date for requests for clarification of the RFP	Tenderer	28 August 2015
4	Last date to reply to questions received/ Last date for amendment	GCF	31 August 2015
5	Return of Acknowledgement Letter	Tenderer	25 September 2015
6	Last date for submission of proposal	Tenderer	30 September 2015; 15.00
7	Notice of successful provider	GCF	5 October 2015
8	Contract signing	GCF/Tenderer	9 October 2015
9	Work start	Tenderer	As specified in the contract.

\* KST: Korean Standard Time (Seoul Time)

**Annex 7**  
**GCF's Investment Criteria and Impact Areas**

**A) GCF's Investment Criteria**

GCF's initial investment criteria are activity-based and composed of six criteria and 24 coverage areas, articulated in the table below. Activities should be consistent with the climate change mitigation and adaptation strategies and plans of targeted countries.

<b>Criterion</b>	<b>Definition</b>	<b>Coverage Area</b>
<b>Impact potential</b>	Potential of the programme/project to contribute to the achievement of GCF's objectives and result areas	<ul style="list-style-type: none"> <li>- Mitigation impact – promote low carbon development consistent with a temperature increase of less than 2 degrees Celsius.</li> <li>- Adaptation impact – promote resilience to climate change.</li> </ul>
<b>Paradigm shift potential</b>	Degree to which the proposed activity can catalyse impact beyond a one-off project or programme investment	<ul style="list-style-type: none"> <li>- Promote the potential for a project or programme to be scaled-up and/or replicated.</li> <li>- Engender knowledge and learning</li> <li>- Create an enabling environment</li> <li>- Contribute to the regulatory framework and policies</li> <li>- Contribute to climate-resilient development pathways</li> </ul>
<b>Sustainable development potential</b>	Wider benefits and priorities	<ul style="list-style-type: none"> <li>- Promote environmental co-benefits</li> <li>- Promote social co-benefits</li> <li>- Promote economic co-benefits</li> <li>- Encourage gender-sensitive development impact</li> </ul>
<b>Needs of the recipient</b>	Vulnerability and financing needs of the beneficiary country and population	<ul style="list-style-type: none"> <li>- Reduce the vulnerability of the country</li> <li>- Support vulnerable groups and gender aspects</li> <li>- Support the economic and social</li> </ul>

		<p>development level of the country and the affected population</p> <ul style="list-style-type: none"> <li>- Promote alternative sources of financing</li> <li>- Strengthen institutions and implement capacity</li> </ul>
<b>Country ownership</b>	Beneficiary country ownership of and capacity to implement a funded project or programme (policies, climate strategies and institutions)	<ul style="list-style-type: none"> <li>- Encourage development of a national climate strategy</li> <li>- Maintain coherence with existing policies</li> <li>- Improve the capacity of implementing entities, intermediaries or executing entities to deliver</li> <li>- Promote engagement with civil society organizations and other relevant stakeholders</li> </ul>
<b>Efficiency and effectiveness</b>	Economic and, if appropriate, financial soundness of the programme/project	<ul style="list-style-type: none"> <li>- Ensure cost-effectiveness and efficiency regarding financial and non-financial aspects</li> <li>- Increase the amount of co-financing</li> <li>- Assess programme/project financial viability and other financial indicators</li> <li>- Encourage industry best practices</li> </ul>

## **B) GCF's Strategic Impact Areas**

GCF provides concessional resources to adaptation and mitigation activities that achieve its mandate. GCF has identified eight strategic impact areas towards which it will channel its funding (decision B.07/04):

### **Mitigation strategic impacts areas:**

- Reduced emissions through increased low-emission energy access and power generation;
- Reduced emissions through increased access to low emission transport;
- Reduced emissions reductions from buildings, cities, industries and appliances;



- Reduced emissions from land use, deforestation, forest degradation, and through sustainable forest management and conservation and enhancement of forest carbon stocks;

**Adaptation strategic impact areas:**

- Increased resilience and enhanced livelihoods of the most vulnerable people, communities, and regions;
- Improved resilience of ecosystems and ecosystem services;
- Increased resilience in of health and well-being, and food and water security;
- Increased resilience of infrastructure and the built environment to climate change threats;

**C) GCF's Private Sector Priorities**

GCF aims to promote private sector investment in the above adaptation and mitigation activities throughout developing countries. It seeks to mobilize private capital and expertise at scale and in accordance with national plans and priorities.

GCF encourages the participation of private sector actors in developing countries, in particular local actors, including small and medium-sized enterprise and local financial intermediaries. Particular attention is paid to small island developing States (SIDS) and least developed countries (LDCs)

GCF seeks to invest and promote private investment in:

- Universal access to energy (on or off grid)
- Renewable energy
- Public transport
- Waste management and waste-to-energy
- Water treatment
- Agriculture, forestry, and fisheries
- Efficient irrigation
- Energy efficient buildings, city grids, and industry

GCF encourages initiatives that are cross-cutting, scalable and that can attract capital market financing. It is seeking initiatives that take a programmatic approach, that are replicable, and/or that could be financed through clubbed investments.



## **Annex 8**

### **Examples of GCF's Partners and Products**

#### **A) Types of Partner Institutions**

GCF is only able to transact with institutions that have completed the accreditation process. Institutions that have a potential project should be encouraged to apply for accreditation. Access to the accreditation can be found on GCF's online application system (<https://accreditation.gcfund.org>).

GCF is able to partner with any institution that is accredited, however for mobilizing resources at scale the following types of institutions are likely to have greatest reach and impact.

##### **1. Multilateral Development Bank**

Multilateral Development Banks (MDBs) are tailored to provide financing for national development. They have a global network of partner institutions, a mandate for assisting developing nations, and often are willing to take on more risk in pursuit of development goals than the private sector. They could employ a range of products, structures, and assistance from GCF, as found in section C below.

##### **2. Commercial Banks**

Commercial Banks have a significant ability to mobilize funds at scale for and on behalf of GCF. They have access to institutional investors, high net worth individuals, asset and investment managers, and retail deposits. They also have deep and comprehensive knowledge of their local markets. They could employ a range of products, structures, and assistance from GCF, as found in section C below.

##### **3. Impact Investors**

Impact capital firms focus on activities that are closely related to GCF's mandate. Their investments in impact businesses can increase access to basic services such as finance, healthcare, education, clean water, and energy. Impact capital can often attract third party investors that are willing to trade off some economic return for making a positive environmental and/or social impact.

##### **4. Investment Funds**

Investment funds are intermediaries who are willing to invest in equity and subordinated debt, which are instruments that are complimentary, but not well supplied by, the banking industry. International, local and regional investment funds could serve to crowd in third party capital that is more tolerant to risk and illiquidity.

This list is not all-inclusive, and other partner entities can be considered.



## B) Examples of GCF Products and Structures

### 1. Credit Support

- i. GCF could potentially provide credit and/or liquidity enhancement of an underlying bond or loan to make the investment more feasible to a wider group of investors.
- ii. GCF could potentially extend grace and repayment periods beyond what would otherwise be available in the market.
- iii. GCF could potentially provide lending to accredited financial institutions in the form of a programme.

### 2. Bonds

- i. GCF could potentially work through international, national and regional accredited entities to issue, underwrite and/or make a market for project specific bonds. These entities might ring fence one or more assets or projects in a special purpose vehicle, against which bonds can be issued.
- ii. GCF could also potentially add value by injecting credit and/or liquidity enhancing elements, such as a first or second loss mechanism or a pool of funds to one or more intermediaries.

### 3. Syndication or Club Deal

- i. GCF could potentially add value to private investors by providing support to enhance credit and/or improve the tenor profile. This might include GCF taking first or second loss guarantees, or bearing the risk on the residual portion of a loan that extends beyond 10 years.
- ii. GCF could potentially add value as the first mover or anchor investor on a deal. Such an anchor is often required to catalyze the participation of banks.

### 4. Equity Support

- i. GCF could potentially close a financing gap by providing early stage equity, allowing a project to come to full bankability and enable the crowding-in of other equity investors.

### 5. Guarantees

- i. GCF could potentially issue specific guarantees to make possible the crowding in of financiers that would not otherwise have invested.
- ii. GCF could potentially reduce risk of institutions and private investors, allowing projects that were previously considered too risky to attract private sector support.





- iii. GCF could also use guarantees to extend better terms and rates to the end recipients in developing countries by lowering the risk to the institutions that bank them.

This list is not all-inclusive, and other tools could be considered.



## **Annex 9**

### **Examples of MSME Projects and Programmes**

#### **A) Two Primary Areas of Focus for PFS Assistance to MSMEs**

##### **1. Greening the operations of MSMEs in all sectors**

GCF could consider assisting normal businesses green their operations in the following sectors:

- Trade
- Agriculture, forestry, and fishing
- Manufacturing

Solutions might include tailored MSME financing of technology and capital goods, along with related trainings that contribute to the following objectives:

- Reduce energy use by supporting the transition to energy efficient sources and uses
- Reduce waste by supporting the transition to improved packaging
- Reduce emissions by supporting the transition to renewable energy
- Reduce emissions by supporting a reduction in transportation or the transition to more efficient logistics or fleets
- Reduce water use and water pollution
- Reduce emissions by supporting the transition to efficient soil tilling
- Reduce water use by supporting the transition to modern irrigation techniques
- Reduce energy use by supporting transition to energy efficient practices and machinery

##### **2. Support for MSMEs providing climate technologies**

GCF could potentially assist MSMEs that operate with climate technology sectors or who provide operations and maintenance in the following sectors:

- Wastewater processing
- Small hydro
- Clean water solutions
- Onshore wind
- Solar PV (on grid, micro-grid and/or off grid)
- Cooking stoves

Solutions might include:

- Priority lending programmes for these MSMEs
- Tailored lending products
- Training for increased organizational capacity
- Match-making between investors and MSMEs
- Match-making between MSMEs and larger businesses



- Risk mitigation mechanism to promote investment and lower cost of lending to the MSMEs



## **Annex 10**

### **Examples of MFS Projects and Programmes**

While GCF has a wide range of areas where it may assist in mobilizing finance, the following have been identified by GCF's Private Sector Advisory Group as a potential, non-exhaustive list of opportunities:

1. Equity or debt investments into "YieldCos" or "total return companies" that acquire portfolios of renewable energy assets. Such investments could potentially enhance the industry's liquidity profile
2. A revolving fund or partial guarantee made available to Energy Service Companies (ESCOs) in developing countries. This could reduce the payback period of energy efficiency measures and make them more commercially attractive.
3. Foreign Exchange hedging solutions to mitigate currency risks that arise from making climate-relevant investments in countries with soft and illiquid currencies.
4. Seeding or funding adaptation innovation funds. Private sector climate finance is heavily weighted to mitigation opportunities. Assistance from GCF could encourage more adaptation activity.
5. Risk sharing agreements on "green" debt issued by organizations investing in emerging markets. This could incentivise the private sector to issue more green bonds in developing countries.
6. Green "discount windows" operated by local central banks or other institutions to inject liquidity into portfolios of green assets.
7. A commercial paper programme aimed at enhancing the liquidity of green assets and at attracting rolling short term investments made by treasuries.