

Funding Proposal

FP151: Technical Assistance (TA) Facility for the Global Subnational Climate Fund

Multiple Countries | International Union for Conservation of Nature (IUCN) | Decision B.27/01

9 December 2020



**GREEN
CLIMATE
FUND**

Funding Proposal

Project/Programme title:	Technical Assistance (TA) Facility for the Global Subnational Climate Fund (SnCF Global - Equity; submitted separately)
	<u>Africa</u> : Burkina Faso; Cameroon; Côte d'Ivoire; Democratic Republic of the Congo; Gabon; Guinea; Kenya; Mali, Mozambique; Nigeria; Rwanda; Senegal; South Africa; Togo; Uganda.
	<u>Asia- Pacific</u> : Cambodia; Fiji; Indonesia; Myanmar.
Country(ies):	<u>Latin America and the Caribbean</u> : Bahamas; Brazil; Chile; Costa Rica; Dominica; Dominican Republic; Ecuador; El Salvador; Guatemala; Haiti; Honduras, Jamaica; Mexico; Panama; Uruguay.
	<u>Mediterranean</u> : Albania; Jordan; Lebanon, Mauritania; Montenegro; Morocco; North Macedonia; Tunisia.
Accredited Entity:	International Union for Conservation of Nature and Natural Resources (IUCN)
Date of first submission:	[2019/12/30]
Date of current submission	[2020/10/21]
Version number	V.3



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Contents

Section A	PROJECT / PROGRAMME SUMMARY
Section B	PROJECT / PROGRAMME INFORMATION
Section C	FINANCING INFORMATION
Section D	EXPECTED PERFORMANCE AGAINST INVESTMENT CRITERIA
Section E	LOGICAL FRAMEWORK
Section F	RISK ASSESSMENT AND MANAGEMENT
Section G	GCF POLICIES AND STANDARDS
Section H	ANNEXES

Note to Accredited Entities on the use of the funding proposal template

- Accredited Entities should provide summary information in the proposal with cross-reference to annexes such as feasibility studies, gender action plan, term sheet, etc.
- Accredited Entities should ensure that annexes provided are consistent with the details provided in the funding proposal. Updates to the funding proposal and/or annexes must be reflected in all relevant documents.
- The total number of pages for the funding proposal (excluding annexes) **should not exceed 60**. Proposals exceeding the prescribed length will not be assessed within the usual service standard time.
- The recommended font is Arial, size 11.
- Under the [GCF Information Disclosure Policy](#), project and programme funding proposals will be disclosed on the GCF website, simultaneous with the submission to the Board, subject to the redaction of any information that may not be disclosed pursuant to the IDP. Accredited Entities are asked to fill out information on disclosure in section G.4.

Please submit the completed proposal to:

fundingproposal@gcfund.org

Please use the following name convention for the file name:

"FP SnCF TA - IUCN Global – 2020/03/20

A. PROJECT/PROGRAMME SUMMARY			
A.1. Project or programme	Programme	A.2. Public or private sector	Private
A.3. Request for Proposals (RFP)	<p>If the funding proposal is being submitted in response to a specific GCF Request for Proposals, indicate which RFP it is targeted for. Please note that there is a separate template for the Simplified Approval Process and REDD+.</p> <p>Mobilizing Funds at Scale (MFS)</p>		
A.4. Result area(s)	<p>Check the applicable GCF result area(s) that the <u>overall</u> proposed project/programme targets. For each checked result area(s), indicate the estimated percentage of <u>GCF budget</u> devoted to it. The total of the percentages when summed should be 100%.</p> <p>Mitigation: Reduced emissions from:</p> <p><input checked="" type="checkbox"/> Energy access and power generation:</p> <p><input type="checkbox"/> Low-emission transport:</p> <p><input checked="" type="checkbox"/> Buildings, cities, industries and appliances:</p> <p><input checked="" type="checkbox"/> Forestry and land use:</p> <p>Adaptation: Increased resilience of:</p> <p><input type="checkbox"/> Most vulnerable people, communities and regions:</p> <p><input type="checkbox"/> Health and well-being, and food and water security:</p> <p><input type="checkbox"/> Infrastructure and built environment:</p> <p><input type="checkbox"/> Ecosystem and ecosystem services:</p>		<p>GCF contribution:</p> <p><u>35%</u></p> <p><u>40%</u></p> <p><u>25%</u></p>
	A.5. Expected mitigation impact	77'634'432 tCO2 eq	A.6. Expected adaptation impact
A.7. Total financing (GCF + co-finance)	28 M USD for Technical Assistance	A.9. Project size	Small (Upto USD 50 million)
A.8. Total GCF funding requested	18.5 M USD <i>For multi-country proposals, please fill out annex 17.</i>		
A.10. Financial instrument(s) requested for the GCF funding	<p>Mark all that apply and provide total amounts. The sum of all total amounts should be consistent with A.8.</p> <p><input checked="" type="checkbox"/> Grant 18.5 M USD <input type="checkbox"/> Equity <u>Enter number</u></p> <p><input type="checkbox"/> Loan <u>Enter number</u> <input type="checkbox"/> Results-based payment <u>Enter number</u></p> <p><input type="checkbox"/> Guarantee <u>Enter number</u></p>		
A.11. Implementation period	7 years	A.12. Total lifespan	Minimum 20 years
A.13. Expected date of AE internal approval	<i>This is the date that the Accredited Entity obtained/will obtain its own approval to implement the project/programme, if available.</i> 4/30/2020	A.14. ESS category	<i>Project under this program will be limited to E&S category B and C</i>
A.15. Has this FP been submitted as a CN before?	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	A.16. Has Readiness or PAF support been used to prepare this FP?	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>

A.17. Is this FP included in the entity work programme?	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	A.18. Is this FP included in the country programme?	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
A.19. Complementarity and coherence	<p><i>Does the project/programme complement other climate finance funding (e.g. GEF, AF, CIF, etc.)? If yes, please elaborate in section B.1.</i></p> <p>Yes <input checked="" type="checkbox"/> No <input type="checkbox"/></p>		
A.20. Executing Entity information	<p><i>If not the Accredited Entity, please indicate the full legal name of the Executing Entity(ies) and provide its country of registration and ownership type. Note that there can be more than one Executing Entity. Also indicate if an Executing Entity is the National Designated Authority. Refer to the definition of Executing Entity in the Accreditation Master Agreement.</i></p> <p>Executing Entities:</p> <ul style="list-style-type: none"> - R20 Regions of Climate Action (R20) a Swiss association based in Geneva, Switzerland under the swiss association laws. - Gold Standard Foundation (GS) a non-profit association based in Geneva, Switzerland under the swiss association laws. - International Union for Conservation of Nature (IUCN), an international organization registered in Switzerland, and Accredited Entity by the GCF. 		
A.21. Executive summary (max. 750 words, approximately 1.5 pages)			

Provide an executive summary of the project/programme including:

1. *Climate change problem*
2. *Proposed interventions*
3. *Climate impacts/benefits*

The Paris Agreement, in which signatory countries pledge to keep global warming “well below” 2°C relative to pre-industrial levels and ideally to no more than 1.5°C, marked international political recognition of the urgent threat posed by global climate change. In the world’s developing countries, political progress and climate action are tied closely to sustainable economic transition, representing an investment opportunity of tens of trillions of dollars. Public development finance alone will not be sufficient to achieve the Paris Agreement’s objectives and the SDGs. Impact investing from the private sector is needed.

Subnational authorities have local responsibilities and local power. Indeed, decisions about renewable energy generation and energy efficiency retrofits, climate smart urban/rural design and solutions related to water and sanitation; restorative agriculture/aquaculture with the potential of adding nature based solutions are mostly taken at the sub national level. Such projects have clear climate mitigation effects, with adaptation as co-benefits. It is also locally that the social and environmental impacts of policies and programmes are first felt and where the greatest opportunity lies to create employment, stimulate the economy, and from the investor point of view, to manage risk.

Unless well-planned, even infrastructure projects that reduce greenhouse gas (GHG) emissions can also negatively impact ecosystems, habitats and biodiversity in ways that reduce resilience to climate change (see Annex 22 for illustrations on negative impacts of renewable energy on biodiversity), as well as sustainability co-benefits. In order to reconcile infrastructure design and implementation, investment projects need to be assessed in regard to reduced GHG emissions, rigorous safeguards, and ensure that the surrounding ecosystems where infrastructure is built enables the communities to increase their resilience, and the resilience of the infrastructure itself, in the face of climate change impacts. Ecosystem integrity must be maintained for climate resilience to be ensured.

The Global Subnational Climate Fund (“SnCF Global” or the “Fund”), and jointly with the Technical Assistance, herewith the **SnCF programme**, seek to achieve a paradigm shift in the model for demand-led climate finance. SnCF Global believes the anchor investment by the GCF together with technical assistance provided through IUCN (through a separate funding proposal) will unlock capital commitments to the Fund from private investors that will allow the Fund to invest through privately owned special purpose vehicles in a multitude of climate-resilient projects while providing a market rate of return to the private investors. The Fund will make equity investments into special purpose vehicles that manage projects at the sub-national level, where the Fund believes there is a significant investment gap, and therefore an opportunity to realize both impact and economic returns. GCF and other third-party investors will make equity commitments to the Fund, with a total target size of \$750-900 M USD, with GCF’s commitment representing 20% of the total. The Fund believes this target size is optimal to allow the Fund to invest in projects that address a broad array of the 8 impact areas identified by the GCF pursuant to Decision B.07/04.

The dedicated Technical Assistance part of the programme constitutes this project. It is designed to first, establish proof of concept in the form of investment projects structured in ways that build clear mitigation action, alongside climate resilience (blue prints) so that they can be used by investment actors (in the linked project led by Pegasus Capital in the programme) to promote replicability and scalability. Second, this project, in tandem with these proof of concept models, will develop distinct methods and granular tools to trace results so that they can be used by investment actors to track impact and synergies between mitigation adaptation co-benefits incorporating livelihood improvement and habitat protection considerations. The third part of the Technical Assistance is on capacity building, to ensure the relevant stakeholders (project developers, subnational authorities and regional investors) can participate in the necessary trainings and outreach activities of the project, thus further promoting replicability and scalability.

The premise of the project is to go beyond standard environment and social safeguard screening to purposely design infrastructure investments to have clear mitigation results while enhancing climate resilience and be highly additional as part of countries’ climate targets under the Paris Agreement. Other positive impacts are also key and include social¹ as well as environmental benefits such as gender equality,

livelihoods, access to services, and ecosystem health. The project thus certifies project impacts towards climate mitigation as well as co-benefits relating to resilience, SDGs, and uses Nature-based Solutions (NbS) in infrastructure to pro-actively protect ecosystems and habitats (see definition and list of examples in section B1).

The project therefore entails the designing, developing and implementing of a complete value chain around infrastructure that seeks to: i.) Allow sub-national actors to identify low carbon and climate resilient infrastructure projects, linked to NbS where feasible ii.) Enable technical assistance to get the project to bankability (technical, legal, economic, environmental and social) in order to be attractive for public and private investors and iii.) Structure with impact fund managers blended finance vehicles permitting through the linked Pegasus Capital project, public investors to de-risk the project and therefore secure private investors, the first vehicle being the SnCF Global. SnCF Global has been selected by the Global Innovation Lab for Climate Finance as the best city track project of 2020. The project thus is structured around three components:

1. **Feasibility Studies:** Development of feasibility studies on investment opportunities that enhance countries' climate mitigation as well as co-benefits relating to climate change adaptation: Those studies shall serve as the basis for SnCF Global's investment decision making.
2. **Capacity building:** Capacity building to enable countries build bankable projects that are centred around climate mitigation (as well as adaptation co-benefits): On a programmatic level for various stakeholders in need of knowledge transfer.
3. **Tools and Metrics:** Development foremost of climate change mitigation metrics as well as related Sustainable Development Goals ("SDG") and Nature-based Solutions ("Nature-based Solutions") metrics, tools and indicators. Those shall be applied to identify, decide on, and monitor investment opportunities.

IUCN will have the oversight functions for the technical assistance programme. R20 will be the main Executing Entity (EE), run the Project Management Unit (PMU), and be responsible for the implementation of Component 1. The Gold Standard will lead Component 3 and focus on the development of climate mitigation tools and indicators as well as related SDG and resilience related tools and indicators and apply related metrics into screening criteria for investment deal identification, selection and monitoring. These metrics shall go beyond "do no harm" and actively ensure that climate mitigation as well as safeguarding, resilience, SDG targets, and nature become an integral part of climate smart infrastructure investments to create additional climate mitigation, social, ecosystem and resilience gains. IUCN will also, via its regional offices, take responsibility for the implementation of Component 2, on capacity building.

The TA Component of the overall programme is critical for the feasibility and capacity building to make all projects bankable and allow for the equity injections and co-financing to be effectively implemented. Pegasus Capital will have overall responsibility for implementing, overseeing, and coordinating the SnCF programme. Pegasus Capital will also function as an observer to the project selection process of the TA (Component 1). Pegasus Capital's positive support will be central to TA intervention decision making. This is to ensure that the Technical Assistance will not invest in projects that are of no interest to the SnCF Fund.

The linked Pegasus Capital project, operates through an investment vehicle— the **Global Subnational Climate Fund (SnCF Global)** to blend public (MDBs, DFIs, Sovereign Funds ...) and even more importantly, private (philanthropies, private banks, private equities, pension funds, insurances funds, family offices) finance. The aim is to catalyze climate resilient, low carbon infrastructure as a new asset class in mid-size, infrastructure for private capital.

The Fund, as part of the linked Pegasus Capital led project, will complement this Technical Assistance project, to complete the infrastructure value chain by investing, in up to 45 sub national middle class (5 – 75

¹ <https://www.sciencedirect.com/science/article/pii/S2468312418300270?dgcid=author#fn1>

MUSD Project total financing) low carbon and climate resilient infrastructure projects. It will do so, across max 20 countries in Africa, Asia, Latin America including the Caribbean and the Mediterranean basin.

The SnCF is a multi-country Fund that is set to invest in up to 20 countries. Substantial effort has been dedicated to meet more than 40 NDAs, who have sent their NOLs already and some who will try to send the NOLs before the Board discussion; however, due to COVID-19 many NDAs have forwarded letter explaining that their processes are running slower than usual. Based on several positive feedback from these NDAs, it is reasonable to expect that more NOLs will be received before or shortly after the Board considers the FP.

Ultimately, climate finance will deliver win-win solutions that make for incorporate low carbon infrastructure into a climate resilient future, driven by country climate mitigation priorities and delivered by aligned subnational authorities.

B. PROJECT/PROGRAMME INFORMATION

B.1. Climate context (max. 1000 words, approximately 2 pages)

Climate change problem: Describe the climate change problem the proposal is expected to address. Describe the mitigation needs (GHG emissions profile) and/or adaptation needs (climate hazards and associated risks based on impacts, exposure, and vulnerabilities) that the proposed interventions are expected to address. Also describe the most likely scenario (prevailing conditions or other alternative) that would remain or continue in the absence of the proposed interventions. Include baseline information. The methodologies used to derive such information, including the mitigation and adaptation needs, should be included in the feasibility study.

Context: In describing the mitigation and/or adaptation needs, briefly describe the target region/area of the proposed interventions including information on the demographics, economy, topography, etc.

Related projects/interventions: Also describe any recent or ongoing projects/interventions that are related to the proposal from other domestic or international sources of funding, such as the Global Environment Facility, Adaptation Fund, Climate Investment Funds, etc., and how they will be complemented by this project/programme (e.g. scaling up, replication, etc.). Please identify current gaps and barriers regarding recent or ongoing projects and elaborate further how this project/programme complements or addresses these

Climate change is expected to increase risks to infrastructure at the subnational level given that extreme weather events, from hurricanes, droughts, flooding for instance are already negatively affecting infrastructure and livelihoods. The World Economic Forum, for instance, has recorded that infrastructure in most developing country contexts is not robust enough to withstand such climate impacts. In addition, infrastructure investments can also push up emissions of greenhouse gases. Cities, and other subnational actors, around the world are struggling to fund even basic infrastructure projects, let alone more complex investments in climate resilient systems or infrastructure investments that either increase energy efficiency or take advantage of renewable resources to reduce emissions further than originally envisaged. Cities, and other local actors have the potential to be at the front line of this transition, with estimated subnational mitigation potential in the range of 2-4 gigatons of CO₂e². The IPCC emphasizes the role of subnational actors in climate action.³

The sectors at subnational level targeted for bringing about more low carbon infrastructure are:

1. Water and sanitation;
2. Restorative agriculture/aquaculture;
3. Urban development solutions;
4. Waste optimization;
5. Renewable energy generation;
6. Energy efficiency retrofits.

This project aims to work within each of these categories of infrastructure to bring in climate mitigation measures, with adaptation as a co-benefit. These sectors are targeted on the basis that they offer the most opportunities for climate proofing and low carbon infrastructure to meet the needs of local authorities. The Funding Proposal of the Global Subnational Climate Fund (SnCF Global) – Equity elaborates on the climate mitigation and adaptation co-benefit needs that the proposed infrastructure interventions are expected to address.

² Global States and Regions Annual Disclosure, 2019. CDP and The Climate Group

³ IPCC 2018 Special Report

The potential climate mitigation benefits of nature in its different contexts is shown in Figure 1 below.

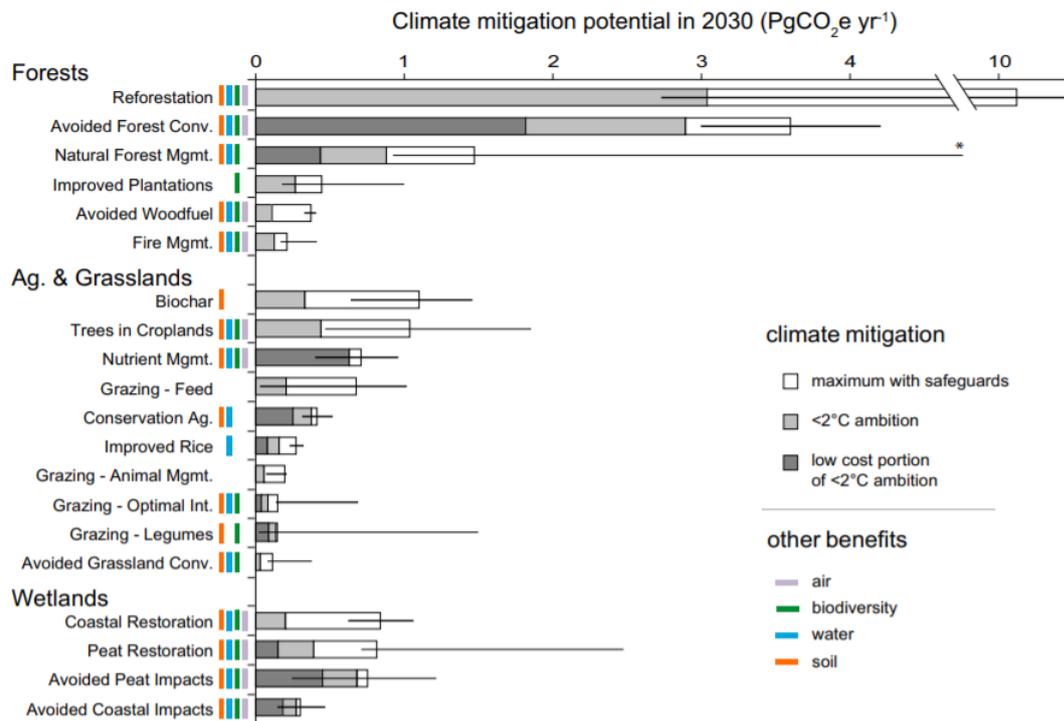


Figure 1. Climate Mitigation Potential of Nature (Griscom et al., 2017)

The following information of this Funding Proposal Technical Assistance Facility to the SnCF Global focuses specifically on the role and contribution of Nature-based Solutions as part of climate smart, low carbon infrastructure investments.

Investing in ways to make infrastructure less carbon intensive and more energy efficient can be enhanced through NbS, thus by making sure they become more climate resilient and thus have the potential for more sustainability in the long-term. There are already cases where Nature-based Solutions can make infrastructure more low carbon as well as long-term climate resilient.

Figure 2 below illustrates the integration of Nature-based Solutions into the design of infrastructure in a coastal zone. The design takes on a systems perspective, integrating the broader land and seascape to integrate nature based considerations to optimize low carbon green-grey infrastructure. Nature-based Solutions to protect the shoreline from extreme weather events in the illustration protect infrastructure inland, while also drawing in a return from the investment itself.

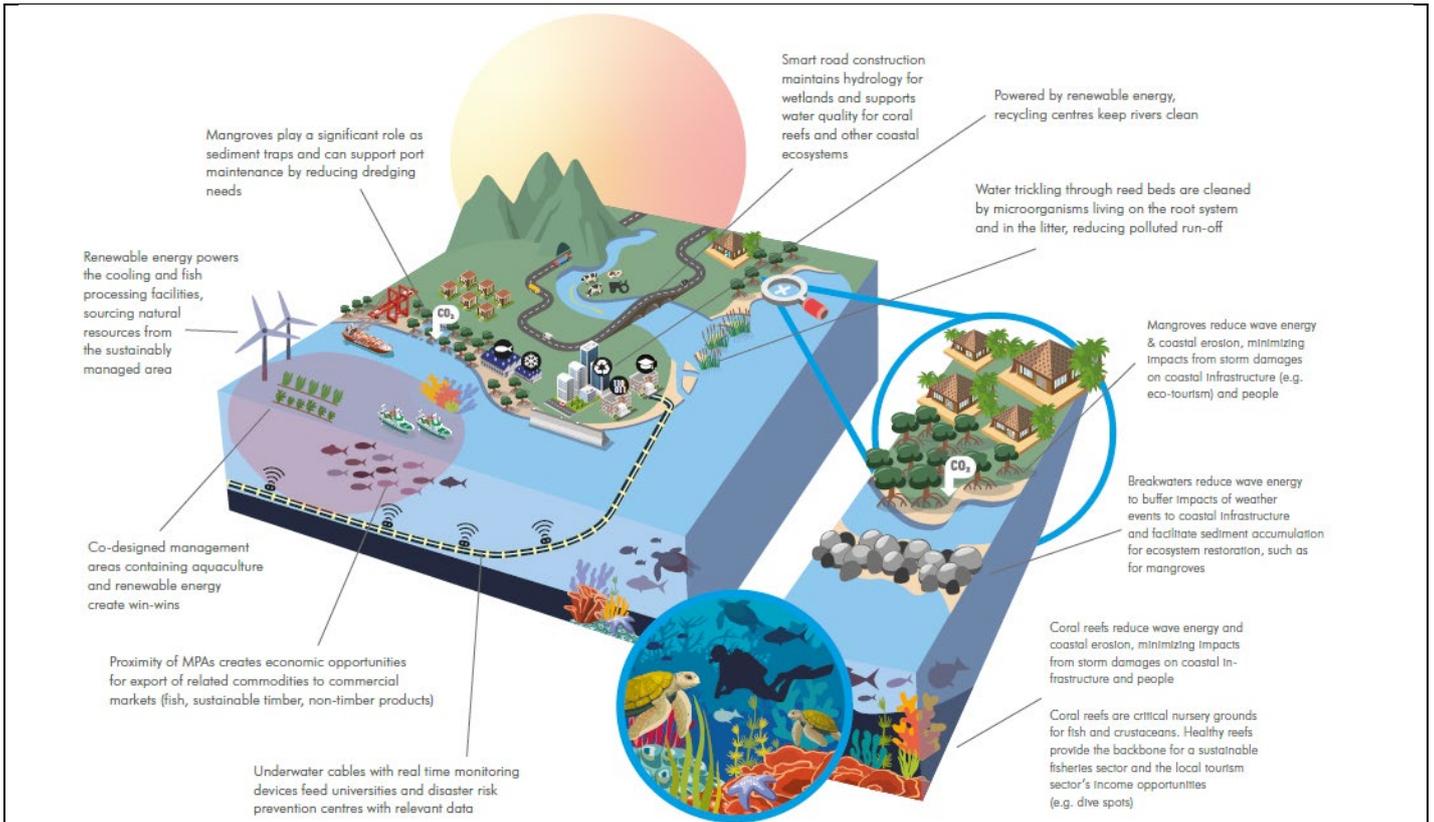
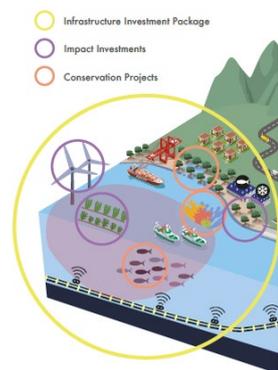


Figure 1. Blue Infrastructure Finance: A new approach, integrating Nature-based Solutions for coastal resilience. IUCN, Gland, Switzerland (Thiele et. al, 2020).



These interventions, often perceived as bringing only conservation benefits, are used to reduce climate risks such as from hurricane or flood impacts, thus protecting the climate mitigation actions from other sectors.

While SnCF focuses on mitigation action, the adaptation co-benefits, here illustrated with coastal zone example above include:

- a. Low-cost approaches to risk reduction in the face of rising sea levels, flooding and changes in storm frequency and intensity;^{4, 5}

⁴ IPCC (2012) Managing the Risks of Extreme Events and Disasters to Advance Climate Change Adaptation. A Special Report of Working Groups I and II of the Intergovernmental Panel on Climate Change. New York: IPCC.

⁵ Numerous case studies show that communities that are protected by mangroves suffer a lower death toll (e.g. Das et al., 2009), lower damage of assets and less loss in income value after the incidence of floods and tropical storms (e.g. Badola et al., 2005). Mangroves help to reduce coastal erosion by slowing water currents and holding sediments in place (UNEP, 2010). By building up sediments, some areas of mangroves have kept pace with moderate rates of sea level rise over thousands of years (Beitl, 2012).

- b. Reduction of expected damage from storms and flooding (40-60%);⁶
- c. Reduction of wave heights⁷ from storm surges and waves, on average 35-71% varying by habitat and site.⁸ Mangrove replanting has been reported leading to a 70-90% reduction in energy from wind-generated waves in coastal areas.⁹
- d. Shoreline stabilization and reduction of damage from erosion. Erosion protection is partly also due to the ability of mangroves to rise at similar rates as sea level rises¹⁰, referred to mangrove surface elevation.¹¹
- e. Protection of freshwater reservoirs close to the shoreline from saltwater intrusion.

They also create the opportunity for generating income generating opportunities for local communities. If planned adequately, these can then create new investment opportunities for the private sector.

Other examples of using Nature-based Solutions to enhance the climate resilience of infrastructure are:

- Wetlands, including mangroves, help reduce the impacts from tidal surges that have become more prevalent in many coastal zones in the face of climate change, thus protecting nearby physical infrastructure/assets such as ports and roads.
- Lakes and wetlands regulate flows and store water, and thus critical for reducing the impact of droughts exacerbated by climate change. Using lakes and wetlands for this water holding capacity can thus reduce the need for having higher water storage capacity in built reservoirs in the face of prolonged drought, hence cutting the cost of additional built water storage investments that would be needed over and above what would normally be required in a 'without-climate change' scenario. Wetland protection is used to avoid the risk of limited water supplies in the face of climate change in Kenya in the GCF approved project entitled 'project entitled *'TWENDE Towards Ending Drought Emergencies: Ecosystem Based Adaptation in Kenya's Arid and Semi-Arid Rangelands'*';
- Dams benefit from forests that stabilize soils and hold back erosion upstream where rainfall intensity and duration has increased in the face of climate change, thus protecting infrastructure and decreasing maintenance costs. This is being done in the GCF approved project for Sri Lanka entitled *'Strengthening Climate Resilience of Subsistence Farmers and Agricultural Plantation Communities residing in the vulnerable river basins, watershed areas and downstream of the Knuckles Mountain Range Catchment of Sri Lanka'*;
- Decreased re-insurance costs for coastal infrastructure for which Nature-based Solutions such as coral reef restoration, has decreased the risks of damage from climate-induced flooding impacts.
- Big cities are making substantial payments to upstream land managers in their watersheds to improve land-use practices and thereby ensure the provision of water for consumptive uses especially with a more rapid dwindling of water supplies than was being seen from poor land use practices in a 'without-climate change' scenario; Using such Nature-based Solutions have the added benefit of carbon sequestration.

⁶ Bresch, D., Müller, L. (2014) Economics of Climate Adaptation – Shaping climate-resilient development: A global overview on case studies with a focus on fast-growing communities. Zurich: Swiss Reinsurance Company Ltd

⁷ Wave height can be reduced by 13-66% over a 100 meter wide mangrove belt, and by 50-100% over a 500 meter wide belt.

⁸ Coral reefs 70%, salt marshes 72%, mangroves 31%, sea grass beds 36%

⁹ UNEP (2006) In the Front Line: Shoreline Protection and Other Ecosystem Services from Mangroves and Coral Reefs. Cambridge: United Nations Environment Programme World conservation Monitoring Center.

¹⁰ However, threshold rates of sea level rise are also likely to exist, beyond which mangrove surfaces are no longer able to keep up

¹¹ McIvor, A.L., Spencer, T., Möller, I. and Spalding, M. (2013) The response of mangrove soil surface elevation to sea level rise. Natural Coastal Protection Series: Report 3. Cambridge Coastal Research Unit Working Paper 42. The Nature Conservancy and Wetlands International.

Some mitigation oriented NbS measures, including in the coastal zone, such as restoration of natural ecosystems and soil carbon sequestration provide co-benefits such as improved biodiversity, soil quality, and local food security.

The majority of NDCs include Nature-based Solutions in one form or another. At least 66% of Paris Agreement signatories include Nature-based Solutions in some form to help achieve their climate change mitigation and/or adaptation goals¹². In acknowledgement of the significance of ecosystems for climate change mitigation and adaptation, as well as their broader societal value in general, the Paris Agreement explicitly recognises ‘the importance of the conservation and enhancement, as appropriate, of sinks and reservoirs of the greenhouse gases referred to in the Convention’ (Preamble). These include ‘biomass, forests and oceans as well as other terrestrial, coastal and marine ecosystems’ (UNFCCC Article 4.1 (d)).

Based on the review of the first round of NDC, one study concluded that 77% of NDCs reference current or planned efforts in the forest sector, including FLR. 74% of NDCs include forest-related mitigation targets, 20% of which are quantifiable, 8% expressed in tons of carbon dioxide equivalent. 55% of NDCs include forests as part of economy-wide mitigation targets. 65% of NDCs with forest targets have those that are conditional upon international support.¹³ More specifically for the coastal zone, 19% of Parties with coastal ecosystems include these habitats in the climate mitigation component of their NDCs, 39% in their adaptation component 32% of NDCs include conservation and restoration of coastal ecosystems as an adaptation strategy, 7% recognising mitigation co-benefits. 13% of NDCs reference planning or zoning-related efforts (i.e. integrated coastal zone management) while 9% of NDCs recognize coastal habitats as opportunities to enhance carbon sequestration and/or protect carbon sinks as climate mitigation effort.¹⁴

Box 1 provides examples of climate-proofed infrastructure that have the potential for wider replication and upscaling.

Box 1. Examples of climate-proofed infrastructure

Coastal hazards will be exacerbated by an increase in the average intensity, magnitude of storm surge and precipitation rates of tropical cyclones in the face of climate change, as the IPCC SROCC reports. Sustainable management of ecosystems can play an important role in integrated adaptation responses by local actors (IPCC SROCC).

Breakwater oyster reefs, Kutubdia Island, Bangladesh: Over four seasons, it was found that the 0.6metre high reefs attenuated wave energy by 95-100% when water levels were elevated up to 0.5m, whilst wave energy was partially dissipated with water levels of 0.5-1.0m depending on water level and wave height. Sediment accumulated on the landward side of the reefs, with erosion levels 54% lower than control sites. The protection of the reef to dissipate the higher than normal wave intensity enabled the coastal salt marshes to flourish, which further stabilised adjacent sediment. Sea level rise is projected to continue beyond 2100 in all RCP scenarios for the IPCC (IPCC SROCC). These **reefs are thus serving to reduce the risks of coastal infrastructure from tidal surges and flooding**. In addition the oyster reefs provided the additional benefit of species habitat, enabling more availability also of food. The reef also served to purify water. Studies have shown each one can filter 50 gallons of water each day ([Naturally Resilient Communities](#)) – in addition to the protection from storms.

¹² Seddon, N., Sengupta, S., García-Espinosa, M., Hauler, I., Herr, D. and Rizvi, A.R. (2019). Nature-based Solutions in Nationally Determined Contributions: Synthesis and recommendations for enhancing climate ambition and action by 2020. Gland, Switzerland and Oxford, UK: IUCN and University of Oxford.

¹³ IUCN and Climate Focus (2017). The Bonn Challenge and the Paris Agreement: How can forest landscape restoration advance Nationally Determined Contributions?

¹⁴ Herr and Landis (2017). Coastal blue carbon ecosystems Opportunities for Nationally Determined Contributions. Policy brief.

The North-East Kalimantan coastal area is increasingly vulnerable to sea-level rise and the more severe weather events exacerbated by climate change that are eroding embankments and causing flooding. The Tarakan area's **Selva Shrimp Indonesia** project, an IUCN supported initiative of its *Blue Natural Capital Finance Facility*, is changing the way shrimp is produced, using Nature-based Solutions. Instead of clearing mangroves, it is protecting the mangrove ecosystem in the shrimp farming area. The result is more climate resilient shrimp farm alongside carbon sequestration. Success at the 100ha test plot is paving the way for a roll-out in the entire region covering 150,000ha of mangrove forests. The climate change mitigation potential is estimated at 7,180t CO₂ within 3 years.

A risk assessment & geological survey of Haiti's coastline identifies as greatest climate risks (1) rising sea levels from climate change/extreme weather events, (2) cyclonic events & flooding and (3) severe droughts. The adjacent mangrove forests spreading over 8,000ha, protect the critical infrastructure that will require 35.8 MUSD of investments to be set-up. **Bioénergie Haiti is protecting a part of the Caribbean's largest mangrove forest, which in turn, protects its greenfield waste-to-energy infrastructure project from climate exacerbated weather events**, a project led by Montreal based engineering firm "Biothermica", thus also creating new income opportunities for local communities engaged in the mangrove restoration work.

The mangroves have long been a lifeline for **Colombia's** coastal communities, protecting them from storm surges and providing food and wood supplies to families. However, pressures from illegal farming, fishing and logging combined with climate change are threatening their existence. Conservation International's project is among the first globally to fully quantify blue carbon credits in both trees and soil, and is expected to **sequester 1 million tons of CO₂ over the project's lifetime**. It will be a model for **scaling carbon sequestration in global mangrove ecosystems and curbing emissions caused by deforestation** in these areas, while concurrently the mangrove ecosystem **protects the nearby infrastructure from storm surges**.

In **Phewa Lake watershed, Nepal**, there were 179 erosion events recorded along 129 km of rural roads, amounting to 1.5 erosion events recorded per kilometer of earthen roads or 70,133 m³ soil released in the watershed, higher than the rates of erosion seen in the past. Climate change is considered to be increasing the impacts of more intense precipitation and flooding events, although difficult to quantify the impacts of climate change over and above those caused from poor land-use practices alone. In Tilahar village, the bio-engineering works by the IUCN implemented *Ecosystems Protecting Infrastructure and Communities* project reduced soil losses from 30 m³ in 2014 to less than 2 m³ in 2016, thus **making the road infrastructure more climate resilient**.

While Box 1 illustrates a few examples of using Nature-based Solutions to climate proof infrastructure, there are a wider number of such investment opportunities for harnessing climate or conservation finance. For instance, the Conservation Finance Initiative (CFI), a conservation investment incubator, managed by IUCN uses GEF-financed non-grant funding to invest in deals with significant conservation benefits (e.g., biodiversity, land degradation, climate mitigation and adaptation, ecosystem and community resiliency etc.). The Initiative is to leverage at least an additional USD 50 million in private sector finance and serve as a unique learning opportunity for conservation finance through a Coalition for Private Investment in Conservation (CPIC). CFI also aims to improve knowledge, metrics, and recognition for conservation finance. In the long term, the Initiative will improve the management of 10,000,000 ha of terrestrial, marine and coastal habitat.

Other related initiatives include the Andgreen Fund (andgreen.fund), led by IDH, the sustainable trade initiative, to invest in deforestation-free commodity production with a focus on tropical forests and peat in Brazil, Indonesia and Liberia. NatureVest, the impact investing arm of The Nature Conservancy, has since 2014 closed six conservation investment deals totaling 200 M USD. The Conservation Finance Alliance has focused on the creation of fiduciary funds that bring public investment to priority areas to cover the recurrent costs of conservation, for instance in protected areas. The Althelia Climate Fund catalyzes investments in land use projects that deliver reduction in carbon emissions. Gold Standard has been

certifying projects that bring about greenhouse gas emission reductions for 15 years in 80 countries (see Table in the Fund Proposal for the Global Subnational Climate Fund (SnCF Global) - Equity, *Illustration of Gold Standard certified projects*).

The movement towards increased investment in nature is gaining momentum. However, many of these initiatives focus on leveraging conservation finance with biodiversity conservation as the main focus. For those that do tap into climate finance the emphasis has tended to be on renewable energy and energy efficiency. Investment opportunities that harness Nature-based Solutions to climate proof low carbon infrastructure (such as in Box 1 above), are not at a scale that can bring a paradigm shift.

A recent World Bank cost-benefit analysis showed that, based on 3,000 scenarios, that the cost of inaction, with respect to better land-use planning, **climate-resilient coastal infrastructure and sustainable management of natural infrastructure**, exceeds USD 2 trillion in 75 percent of the scenarios and that climate change makes the strengthening of infrastructure assets even more important, doubling the median benefit-cost ratio (World Bank 2019). Other analyses also show similar conclusions that nature-based infrastructure is not only possible and desirable, but feasible and ultimately more financially attractive¹⁵.

Zurich Flood Resilience Alliance is a multi-sectoral partnership focusing on finding practical ways to help communities in developed and developing countries strengthen their resilience to flood risk, especially given the additional risks of increased flooding in a 'with-climate change' scenario. They recommend that the first consideration when addressing flood risk is to consider Nature-based Solutions and green and blue infrastructure approaches, which emerging evidence suggests outperform grey-only infrastructure measures. They urge decision-makers to factor in the **co-benefits beyond flood risk reduction which green/blue infrastructure** provides but also advise avoiding creating new risks associated with building more assets in hazard-prone areas.

The potential thus exists to scale up the experiences of using Nature-based Solutions to climate proof low-carbon infrastructure, while also growing the pipeline of investable deals that can mitigate greenhouse gas emissions. This project will fill this gap. Its objective is thus to integrate climate mitigation solutions into infrastructure projects at the subnational level and where possible with adaptation co-benefits¹⁶.

While each sector of focus carries **unique barriers** (for the full list of barrier, please see the Fund Proposal for the Global Sub national Climate Fund (SnCF Global) – Equity) to implementation and access to finance, which prior projects demonstrate can be overcome, and serve as models for wider scale-up and adoption. Specific barriers for securing adequate resources to finance integrated Nature-based Solutions and infrastructure projects include:

- Lack of evidence to demonstrate how ecology and infrastructure interact or can interact (flooding and walls, wetlands and roads, and so on) to achieve synergistic outcomes;
- Lack of experience, standards and sufficient examples to overcome institutional emphasis in favour of purely conventional or 'proven' grey infrastructure; linked to
 - Confidence based on historic data globally that grey infrastructure will deliver required benefits;
 - Failure to recognize or tendency to underestimate long term maintenance or decommission costs and responsibilities, and

¹⁵ Thiele, T., Alleng, G., Biermann, A., Corwin, E., Crooks, S., Fieldhouse, P., Herr, D., Matthews, N., Roth, N., Shrivastava, A., von Unger, M. and Zeitlberger, J. (2020). Blue Infrastructure Finance: A new approach, integrating Nature-based Solutions for coastal resilience. IUCN, Gland, Switzerland.

¹⁶ Subnational here implies an administrative division, unit, entity, area or region, also referred to as a subnational entity, constituent unit, or country subdivision, is a portion of a country or other region delineated for the purpose of administration.

- Higher design tolerances of grey infrastructure potentially leading to long term project failure or unforeseen upgrade costs (e.g. reduced flood protection benefits of levees with higher rates of sea level rise or reservoir storage capacity driven by upstream water or sediment management);
- Lack of granular, site-specific knowledge of specific infrastructure risks and nature based risk mitigation strategies (such as to reduce flooding and the exposure to sea-level rise);
- Lack of confidence within the broader audience and the finance community in particular that Nature-based Solutions will provide the predicted protection and ecosystem benefits;
- Lack of dedicated finance facilities focusing on developing integrated Nature-based Solutions and infrastructure projects and offering blended finance solutions;
- Lack of institutional models and arrangements capable of channeling finance to stakeholders concerned; and
- Lack of partnership models for delivering those projects.

These barriers to investment in low carbon, climate resilient infrastructure at the subnational level can vary across countries, depending on their status of development.

Addressing these barriers calls for a number of measures to be supported from technical assistance funding:

- First, establishing proof of concept in the form of investment projects designed for clear mitigation action, alongside climate resilience (blue prints) so that they can be used by investment actors to promote replicability and scalability.
- Second, in tandem with these proof of concept models, the development of distinct methods and granular tools to trace results so that they can be used by investment actors to track measurable climate mitigation impact as well as climate resilience/adaptation co-benefits, , between digital solutions and early warning systems and between livelihood improvement and habitat protection.

Proof of concept from actual deals resulting from the technical assistance from this project are expected to showcase a better cost-benefit value for projects. This will change perceptions of investors and investees on what they now see as high cost, high risk and low benefit infrastructure deals. Actual investments will not only be a result of an analysis of return rates but also depend on the enabling environment for investment, there may be a situation where the enabling environment. Thus, the identification of adequate institutional support as well as public policies, regulatory frameworks and incentive mechanisms to promote integrated Nature-based Solutions and climate-resilient infrastructure investments are key and hence the project's engagement with local authorities is key. The project will also engage beneficiaries of inclusive measures in the wider society to ensure that project deals are indeed in line with societal needs. Ultimately, the project will create the momentum to scale the ability to grow investable deals to a level to which climate resilient, low carbon infrastructure becomes mainstream among local authorities in the participating countries, globally.

B.2. Theory of change (max. 1000 words, approximately 2 pages plus diagram)

The goal of the *Global Sub-national Climate Fund* (SnCF Global or the "Fund") is to catalyze climate mitigation and adaptation solutions at the subnational level through a transformative finance model. The model is designed to attract public and private investment and to deliver certified Climate and Sustainable Development impacts and Nature-based Solutions at global scale (climate, SDGs, NbS). The subnational

level is key: 70% of known climate solutions are located within the remit of subnational authorities¹⁷. Significant additional investment is needed in this sector to achieve the climate goals of the Paris Agreement. The SnCF Global presents a positive disruption on how subnational climate projects should be structured, de-risked, and funded by both public and private investors, while monitored and benchmarked at the highest level of rigour and quality.

The Fund is designed to overcome private investment and project-level barriers that lead to chronic underfunding of bankable mitigation and adaptation projects at the sub-national level, at the deal size of \$5-\$75 million project funding. Thousands of high merit sub-national projects are bypassed by commercial financing because investors prefer perceived safer investments. The Fund believes anchor funding from the GCF will unlock both public investors (MDBs, DFIs, Sovereign Funds ...) and even more important, private investors (pension funds, insurance funds, family offices, private banks, philanthropies, high net worth individuals, and other institutional investors) which are willing to invest in green finance products but do not have access to attractive investment vehicles to invest at sub-national level. This is the first time an impact equity fund mobilizes together public (20 %) and private sector (80%) funding at scale to de-risk sub-national middle scale infrastructure projects.

The Fund is designed to unlock significant new climate solutions and create scalable models for public and private capital, linking climate resilient technology with NbS. Especially the latter has become an area of increasing interest for capital investors for some time, but has yet to achieve its full potential. The readiness shown by the financiers of the SnCF Global (GCF, BNP Paribas, and other non-disclosed investors) to engage on NbS, and partner with IUCN as the global lead institution on NbS, shows the willingness and eagerness to ensure innovative finance solutions for NbS don't just remain limited to pilot projects. The Fund will be managed by Pegasus Capital Advisors, a GCF-accredited alternative investment manager. The consortium of the SnCF Global is completed by R20, engaged at cities and regions level to strengthen their role in the fight against climate change as well as the Gold Standard, a lead certifier to ensure project impacts achieve the highest levels of environmental integrity and sustainable development.

The SnCF Global creates additionality both at fund level and at project level. At Fund level, the use of a blended finance models, fund impact certification, exclusive sub-national and mid-size project focus are all designed to direct private capital to projects that otherwise would not receive investment. At project level, the standard inclusion of rigorous safeguarding and Climate, SDG and NbS impact in project design and selection will ensure that otherwise technically sound projects become bankable.

The ultimate beneficiaries of the SnCF are the citizens living in the subnational jurisdictions where investments will occur. They will gain access to improved services while benefiting from measurable positive impacts due to climate resilient infrastructure and improved ecosystems, in terms of waste management, air and water quality, as well as access to clean energy and energy efficiency.

Immediate beneficiaries are the sub-national authorities controlling procurement and project development. These stakeholders will also benefit from improved conditions and enabling environment that can attract long-term and stable green investments. The positive Climate and SDG impacts will link to and directly

¹⁷ 2009, June. United Nations Development Programme. "Charting a New Low-Carbon Route to Development". A Primer on integrated Climate Change Planning for Regional Governments. Issued for COP 15 2019, December. European Committee of the Regions. *Political messages of the European Committee of the Regions for the UNFCCC, COP25*

support host country Nationally Determined Contributions (NDCs) and Sustainable Development Goals (SDGs), amplifying impact beyond the sub-national level.

Secondary beneficiaries will be the project developers (primarily private sector entities, thus encouraging and empowering local developers) in terms of finance and technical support to advance sustainable, green infrastructure projects. Compliance with the SnCF ESMS criteria, rigorous safeguarding, gender framework, and climate, NbS and SDG impact design will build their capacity to engage other Funds. Other stakeholders engaged in the process are regional actors, such as regional banks, national banks and sovereign funds which have the means and opportunities to leverage more funding into projects such as targeted by the SnCF Global.

Inputs:

Public-private consortium: The Fund will be managed by GCF-accredited Pegasus Capital Advisors. The Technical Assistance (TA) will be managed by GCF-accredited IUCN. The TA will provide financial and technical support to i.) the international community with the project methodologies, indicators and tools to Measure, Report and Verify green sub national projects' impacts, thus helping NDC; ii.) national and sub-national governments to better understand the conditions to identify, design, develop and implement proper portfolio of projects and iii.) project developers to ensure their projects become commercially viable, adhere to strong environment and social safeguards, and integrate NbS where possible. R20 Regions of Climate Action will lead overall coordination. Gold Standard will lead Climate, SDG and NbS impact certification. BNP Paribas will be the depositary / Custodian Bank as well the distributor of the Fund. The Fund will have its first closing with the GCF as the anchor investor as soon as possible, and the remainder of the Fund will be capitalized by BNP Paribas and other private investors over the course approximately one year after the initial closing with GCF.

Together, the consortium members bring diverse and relevant expertise to achieve the Fund's objectives. Working together, the consortium can accelerate the development of projects: streamlining the length of the project development and financing value-chain, bringing together finance, engineering and conservation expertise, financial resources and cutting-edge knowledge, coordinating efforts of major players, and building capacity, understanding and trust.

Blended finance model to de-risk for private capital: Investment risk is greatly reduced with GCF becoming a public investor providing first-loss position on the Fund. There is a lack of development vehicles to de-risk projects, notably those that "blend" capital in such a way to match the risk and return that can be expected at each stage in the project development and investment value chain with the expectations of different categories of funding and investment capital. This is especially true for private finance into NbS. The lower risk profile is needed to attract private capital. Doing so is essential to achieve the Paris Agreement climate target of 2°C, and represents a 23 trillion USD investment opportunity up to 2030. Additional worldwide annual investments of 4 trillion USD will be needed to achieve the SDGs by 2030. The annual investment gap in developing countries is expected to remain high at around 2.5 trillion USD and public development finance alone will not be sufficient to achieve either the Paris Agreement Objectives or the SDGs.

Exclusive sub-national focus: There is an urgent need to scale climate and development finance at the sub-national level where there is pervasive underfunding of bankable mitigation and adaptation projects in cities, counties, regions and states. 50%-80% of needed climate mitigation opportunities are however at sub-national level. Decisions about water and sanitation, waste management, energy generation, energy efficient street lighting and local nature-based projects are mostly taken at local level. It is also at this level that positive social and environmental impacts are first felt. SnCF Global believes the greatest opportunities lie at the sub-national level to create employment, to stimulate the economy and, from the investor point of view, to manage project risk. The Fund will only invest in public – private sub-national climate projects for which there is a clear pathway to financial, social and environmental viability, alignment

and reportable impacts in support of country-driven priorities and can be integrated into national reporting on Nationally Determined Contributions (NDCs) and SDG. From a TA perspective, awareness, training and capacity building of public authorities will ensure that enabling conditions for green infrastructure investments are being advanced. They will also provide the sub-national authorities insight knowledge and tools to fast-track procurement and project development. This should create a longer, and more stable investment environment and conditions for other financiers to follow suit to the SnCF Global.

Mid-size project investment criteria: The Fund targets projects with a total cost of \$5-\$75 million dollars, the investment window for many sub-national projects. Too often, local green infrastructure projects fall below the \$100 million threshold of most public (MDB and DFIs) and most private climate finance, or are too large for the \$5 million grant threshold of most public funding. The transaction cost is considered too high compared to return on investment. The Fund fills this critical gap. The Fund is demand-driven; climate resilient infrastructure projects are highly requested by sub-national governments and investors, especially for “mid-size” projects, as well as making a tangible link to NbS

ESMS and global standards will backstop Fund design, project selection and impact: The Fund is designed from the outset to deliver, measure, and uniquely – to certify – climate mitigation, adaptation, and sustainability co-benefits. The Fund’s rigorous ESMS and certified design incorporate best-practice international standards for climate, SDGs, and safeguards including non-discrimination, decent work conditions, gender equality, anti-corruption, etc. These same criteria will be applied to project selection and investment decisions in addition to local registration, key financial data at company level, key competencies and liabilities at company level, policies, etc. Compliance and reporting will be accomplished ex-ante through certified project design documents, and ex-post. The Fund will limit itself to projects with ES B categorization.

Technical support to ensure high-integrity, bankable projects: Sub-national authorities and even project developers often lack the skills to design and implement green infrastructure projects with sufficient safeguarding, design for climate mitigation, resilience, and sustainable development and NbS impact, and other alignment with the real demands of the local population and investor requirements. The SnCF, grounded in the ESMS, via the work of the TA, will develop the tools, resources, and training to help stakeholders develop bankable projects from an investment standpoint, high-impact climate mitigation (SDG 13), and high-integrity projects with respect to mandatory safeguards and certified impact towards other SDGs (minimum 3 per project). TA materials will be public goods to ensure uptake by other investment funds. Capacity transfer will be sustained through the initial support in setting-up Technical Assistance Hubs.

Activities:

Investment: The main investment activities include fund raising for private capital investors into the Fund, deal sourcing through the project pipeline (supported via the TA), and investment decisions and management once deals are selected. Specific tasks may include:

- Develop dedicated blended finance allowing both public finance institutions such as sovereign funds, DFIs and MDBs and private investors such as philanthropies, family offices, pensions funds and private banks to invest according to their interest and risk-taking profile.
- Identify the proper portfolio of infrastructure projects, through bottom up approach directly with sub national, which maximize positive climate and SDG impact.
- Conduct feasibility studies to make sure proposed infrastructure projects meet the investors’ requirements so that they become bankable;
- Measure, Report and Verify the environmental, social and economic impacts thanks to Gold Standard, the Fund’s third-party climate and SDG certification partner.

Capacity Development: The SnCF will leverage the extensive expertise and resources of the consortium members to develop tools, awareness, training and other means of capacity transfer. TA resources will

target all but one of the eight GCF focus areas: AFOLU, buildings and cities, ecosystems and ecosystem services, energy mitigation, health productivity and water security, infrastructure adaptation, livelihoods and vulnerable communities adaptation. In-country awareness and training will be supported through the regional networks of IUCN and regional offices and UNITAR's CIFAL network centers. All materials and final reports will be public goods.

Impact - Certification: The Gold Standard, an international market standard used by 1,700 projects in 80 countries, will be used to support Fund and project design. The use of the standard, which is aligned with the Fund's ESMS, will ensure project safeguards, mitigation, and adaptation impacts (SDG) are incorporated into project design and selection. An independent, third-party will certify that safeguards were implemented, and that projected mitigation and adaptation/resilience impacts (SDGs 3, 5, 6, 7, 8, 11, 13, 14, 15) were achieved.

Scale – Sustained capacity transfer: The SnCF Program within the Technical Assistance will incubate 3-5 regional capacity centres in line with the geographic scope of the Fund. Already, the SnCF Global is positioned to engage regionally, through an active network of Latin America capital cities and regions committed to climate change, in the Caribbean, Africa, Mediterranean, the ASEAN and the 53-member Commonwealth, and in particular with southern national and regional certified GCF entities within which regional hubs for TA facilities are likely to be created. R20, Afrochampions and Fonerwa are already working, within the framework of the African Union with AfDB, Afreximbank, African Trade Development Bank, African Corporate Bank and other national foreign Funds to this end. The hubs will function as part of existing regional centres, rather than as stand-alone entities. The objective is to develop capacity for each region to independently develop bankable, high-integrity projects and to attract global climate finance.

SnCF Initiative Target High-Level Outputs:

1. *Investment:* \$750 million in blended public/private capital is invested in approx. 35 subnational projects in 20-25 countries.
2. *Capacity:* \$28 million is invested in Technical Assistance to support 35-50 high-integrity, bankable projects, integrating NbS, where feasible. *Note that this aspect of the SnCF will be undertaken as part of the separate TA funding proposal.*
3. *Impact:* Certified mitigation impacts of 76 MT CO₂e and adaptation/resilience through SDGs 3, 5, 6, 7, 8, 11, 13, 14, 15:
4. *Scale:* Measurable contribution towards host country NDCs and SDGs and 3-5 regional capacity hubs are established to sustain capacity transfer tailored to local regions.

SnCF Initiative Target High-Level Outcomes:

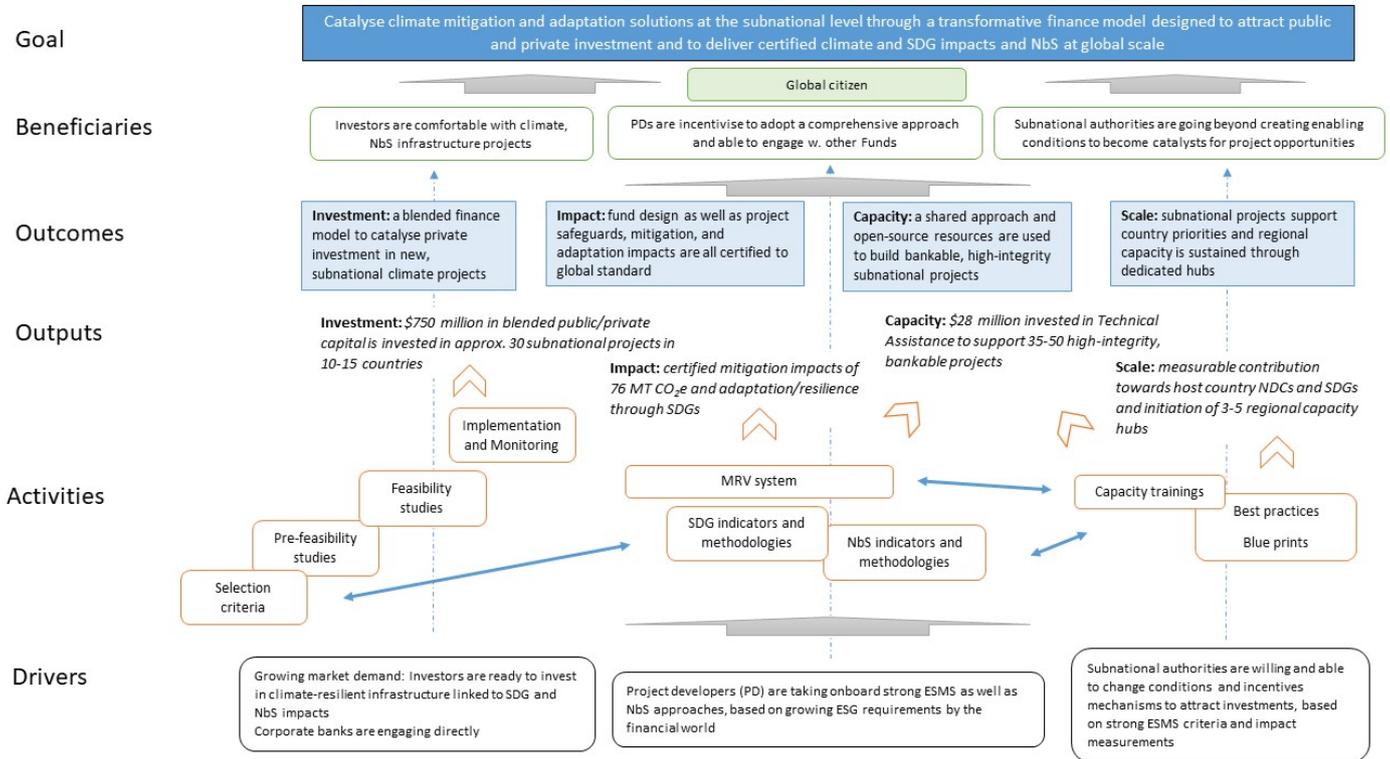
Financial: The SnCF blended finance model catalyzes private investment in new, subnational climate projects, integrating NbS. This creates an urgently needed pathway for private capital to support additional, high-impact projects linked to ecosystem conservation.

Technological: The SnCF shared approach and open-source resources and training build bankable, high-integrity sub-national projects, including IUCN's expertise and emphasis in NbS.

Climatic and Ecological: CO₂e, and water, soil, ecosystem and related NbS are achieved at scale. Impacts are certified to provide assurance for donors and proof of concept for future investors.

Gender and Social: Every SnCF project must implement, at minimum, a gender sensitivity framework (SDG 5) and rigorous safeguards into project design leading to climate impacts (SDG13), and at least two additional resilience / adaptation measures (SDGs 1,2,3,6,7,8,11,12), including those related to ecosystems and natural solutions (SDGs 14,15). Impacts will be verified by an independent 3rd party.

Institutional and Regulatory: Subnational projects support country priorities and regional capacity is sustained through dedicated hubs. The TA and hubs provide an opportunity for SnCF capacity transfer on technical elements, standards, policies and other best practice, and to learn about the same from regional and subnational partners.



Goal	Catalyze climate mitigation and adaptation solutions at the subnational level through a transformative finance model designed to attract public and private investment and to deliver certified climate and SDG impacts and NbS at global scale.			
Goal Statement	By demonstrating how to de-risk investment (blended finance, rigorous safeguards, bankable projects, and certified impact) the SnCF achieves a transformative level where private capital will reach additional, high-integrity subnational projects thereby reducing the barriers to investment, rewarding investors, certifying impacts, and building capacity to support future investment.			
Outcomes	Investment: a blended finance model to catalyze private investment in new, subnational climate projects	Capacity: a shared approach and open-source resources are used to build bankable, high-integrity sub-national projects	Impact: fund design as well as project safeguards, mitigation, and adaptation impacts are all certified to global standard.	Scale: subnational projects support country priorities and regional capacity is sustained through dedicated hubs
Outputs	Investment: \$750 million in blended public/private capital is invested in approx. 35 subnational projects in 10-15 countries: <ul style="list-style-type: none"> \$750M capital raised Sourcing, feasibility, risk analysis and due diligence Deals structured and investments managed Full compliance with best practice safeguards and international standards 	Capacity: \$28 million invested in Technical Assistance to support 35-50 high-integrity, bankable projects: <ul style="list-style-type: none"> TA anchored in ESMS that reflects best international safeguards and standards Training and capacity building leads to robust portfolio of projects leading to bankable, high-integrity projects TA tools and resources become a public good and could thus become standards 	Impact: certified mitigation impacts of 76 MT CO ₂ e and adaptation/resilience through SDGs 3,5,6,7,8,11,13, 14,15: <ul style="list-style-type: none"> Global standard applied at Fund and at project level Independent third-party certification of project safeguards, mitigation, and adaptation impacts (SDG) Long-term resilience and SDG relevance enhance through complimentary NBS component 	Scale: measurable contribution towards host country NDCs and SDGs and initiation of 3-5 regional capacity hubs: <ul style="list-style-type: none"> Create integrated reporting pathways from subnational projects to national level Strengthen regulatory and institutional capacity via methods and tools Sustain N/S and S/S capacity transfer via regional hubs
Key drivers	<ul style="list-style-type: none"> Growing market demand: Investors are ready to invest in climate-resilient 	<ul style="list-style-type: none"> Project developers are sufficiently incentivized to adopt 	<ul style="list-style-type: none"> Standard setting companies are able to cost-effectively certify SDG and NbS positive impacts 	<ul style="list-style-type: none"> Sub-national authorities are willing and able to provide the conditions and incentives mechanisms to

	<p>infrastructure linked to SDG and NbS impacts</p> <ul style="list-style-type: none"> Corporate banks are engaging directly 	<p>strong ESMS as well as NbS approaches</p>		<p>attract investments, based on strong ESMS criteria, impact measurements and reasonable Return on Investments</p>
Barriers and Risks	<ul style="list-style-type: none"> Transaction cost too high to manage such assets with a case by case approach at this level of CAPEX De-risking project per project at subnational level is too complex for private capital Global economic slowdown Innovative Clean Tech are still considered at risk for developing countries Currency fluctuations Socialize fund with investors 	<ul style="list-style-type: none"> Projects development without proper coordination with future investors ultimately doesn't deliver impact Lack of bankability and safeguards prevent sub-national projects from attracting climate finance 	<ul style="list-style-type: none"> Indicators developed needs to be pragmatic and usable by project proponents. Maintenance of standard to evolving global best practice 	<ul style="list-style-type: none"> Coordination and capacity challenges Unwillingness to undertake necessary conditions changes to address long-term environmental friendly technologies and investments

B.3. Project/programme description (max. 2000 words, approximately 4 pages)

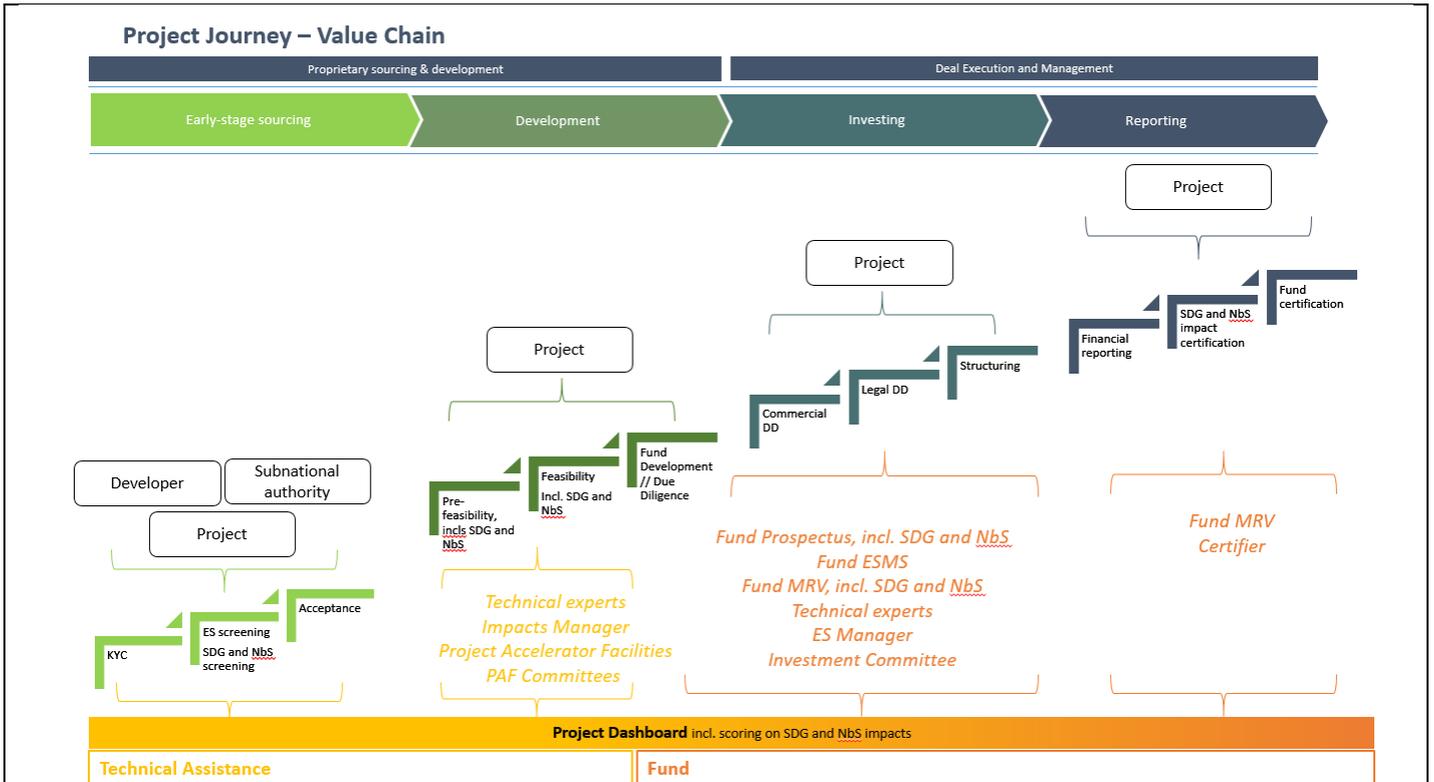
Define the project/programme. Describe the proposed set of components, outputs and activities that lead to the expected Fund-level impact and outcome results. Components should reflect the project/programme level outcomes.

This should be consistent with the financing by component in section C.2, the results and performance indicators provided in section E.5, and the implementation timetable in annex 5.

Referring to the feasibility study, describe why this set of interventions was selected instead of alternative solutions and how the project/programme can help unlock the needed support in a sustainable manner. Also identify trade-offs of the selected interventions, if applicable.

For Enhanced Direct Access (EDA) proposals and projects/programmes with financial intermediation (loans or on-granting), describe the selection criteria of the sub-project and types.

The SnCF programme comprises both the SnCF Fund project and the technical assistance project. Its main outcome is to enable the implementation of approximately 30-35 low carbon and resilient infrastructure projects through a direct equity investment via a dedicated blended investment vehicle, the SnCF Global. The programme's overall activities are focused on delivering the project pipeline (including via the Technical Assistance), de-risking investments through the structure of the Fund, measuring impacts (via metrics, tools and indicators developed via the Technical Assistance) and enable further replication at scale. This Technical Assistance project delivers the pipeline, which will include bankable projects that have climate resilience integrated into the project designs of measurable climate mitigation impact.



For further details regarding the process, actors and responsibilities between Fund and Technical Assistance in Annex 26 of the Funding Proposal for the SnCF Global – Equity. The Technical Assistance will distribute at the approx. same ratio as the Fund.

Project results framework:

Component TA1: Feasibility Studies

Development of feasibility studies on infrastructure investment opportunities that enhance countries’ climate mitigation action, with adaptation co-benefits: Those studies shall serve as the basis for SnCF Global’s investment decision making.

Outcome TA1. Climate mitigation infrastructure projects are additional, commercially viable, screened, and selected for a high levels of SDG impacts, ES safeguards and, where possible, include a Nature-based Solutions component. Work to deliver this outcome is led by R20.

Component TA2: Capacity Building

Capacity building to enable countries build bankable projects that are centred around climate change mitigation action, with adaptation co-benefits : On a programmatic level for various stakeholders in need of knowledge transfer.

Outcome TA2. Relevant stakeholders have the information and guidance needed to support the development of sound policy and incentive schemes that enable and fast-track green infrastructure projects on a subnational level, as well as to foster up-scaling and replication of investment deals. Work to deliver this outcome is led by IUCN.

Component TA3: Tools and Metrics

Development of Climate Mitigation, Sustainable Development Goals (“SDG”) and Nature-based Solutions (“Nature-based Solutions”) metrics, tools and indicators that promote climate resilience and mitigation. Those shall be applied to identify and support the design and development of bankable projects for component 1 and eventually by the SnCF Fund project to monitor investment results.

Outcome TA3. A MRV system for the monitoring of the SnCF Fund investment results is in place and integrates climate change mitigation as well as other benefits such as climate adaptation benefits and IUCN's standard on nature based solutions, led by Gold Standard.

In order to ensure clear responsibilities regarding implementation and deliverables, each outcome has a lead organization assigned to it. However, the technical expertise available throughout the three organizations will inform the different outcomes. E.g. IUCN will lend its technical Nature-based Solutions expertise to the feasibility work (Component 1) as well as for the development of a MRV system (Component 3). The Gold Standard will be instrumental in assuring that beneficiaries are trained (Component 2) on climate change, ES safeguard screening processes as well as SDG and Nature-based Solutions positive impact measuring. R20 will equally be responsible to ensure engineering and financial experts provide adequate input into the training materials.

Details on the outputs and activities to deliver the outcomes of each component are provided below (for further details, please refer to the Annex 26 of the SnCF Global – Equity Funding Proposal):

Component TA1: Feasibility Studies

Outcome TA1. Climate mitigation infrastructure projects are additional, commercially viable, screened, and selected for a high levels of SDG impacts, ES safeguards and, where possible, include a Nature-based Solutions component.

Output TA1: Project feasibility work has been conducted and project development supported

Output TA1.1 Projects are screened and early lessons learned incorporated into deal sourcing design

Activity TA1.1.1: Develop and agree on SnCF Technical Assistance selection criteria based on of existing Project Accelerator Facilities' work, investor needs¹⁸, compliance with safeguarding and other ESMS guidance, and related best practice and standards.

Activity TA1.1.2: Conduct market studies, strategies to remove barriers to efficient implementation of investment, and develop tools to simplify project submission from authorities and project developers.

Activity TA1.1.3: Select projects for technical assistance support, and get PA Committee approval for spending funds.

Activity TA1.1.4: Strengthen and streamline selection criteria based on early submissions and lesson learned

Output TA1.2 Conduct pre-feasibility assessments, studies and contractual arrangement

Activity TA1.2.1: Perform on site evaluation, stakeholders' meetings and pre-feasibility studies of selected projects

Activity TA1.2.2: Pre-feasibility studies are screened to evaluate further technical assistance support, additional project development support is identified, ToR of additional studies are drafted.

Activity TA1.2.3: Draft and negotiate contracts with project developer/owner for the technical assistance support

Output TA1.3 Perform technical, legal or economic feasibility assessment and studies

¹⁸ See FP SnCF Equity

Activity TA1.3.1: Procure and assign service contracts to technical/legal/relevant experts and evaluate results of commissioned feasibility studies

Activity TA1.3.2: Conduct ad-hoc working groups between the technical assistance team, the project developer/owner and contracted parties.

Output TA1.4 Perform additional ESIA and other related ESS assessment to comply with SnCF ESMS

Activity TA1.4.1: Support, where applicable, contracted parties to ensure stakeholders meeting and other ESS activities are performed according to Gold Standard best practices.

Activity TA1.4.2: Monitor the ESS work performed and consult between ad-hoc working groups between the technical assistance team, the project developer/owner and contracted parties.

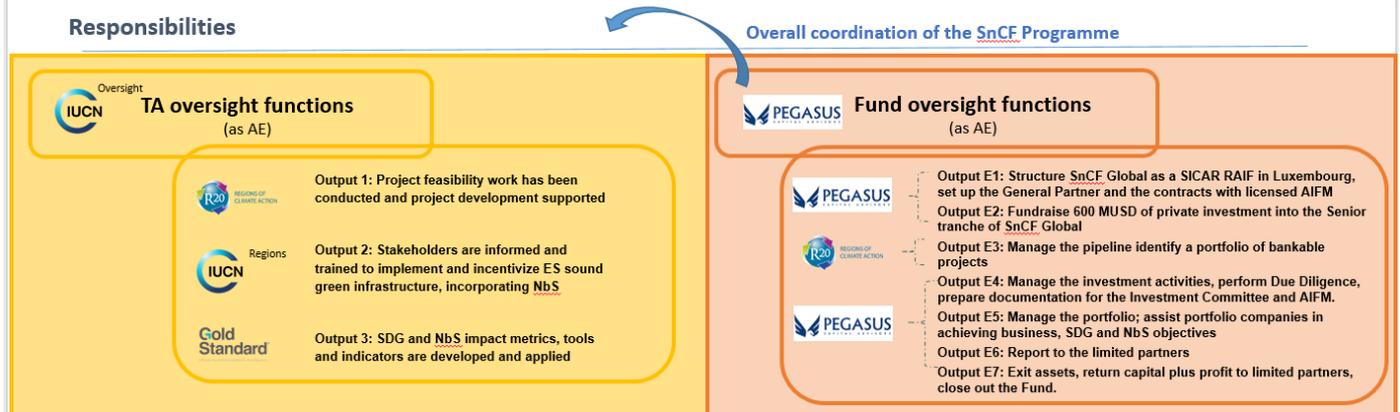
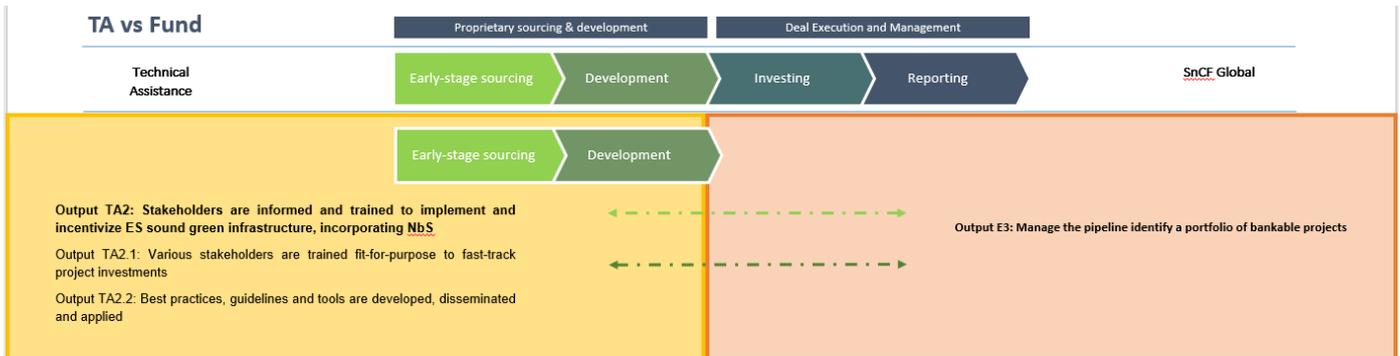
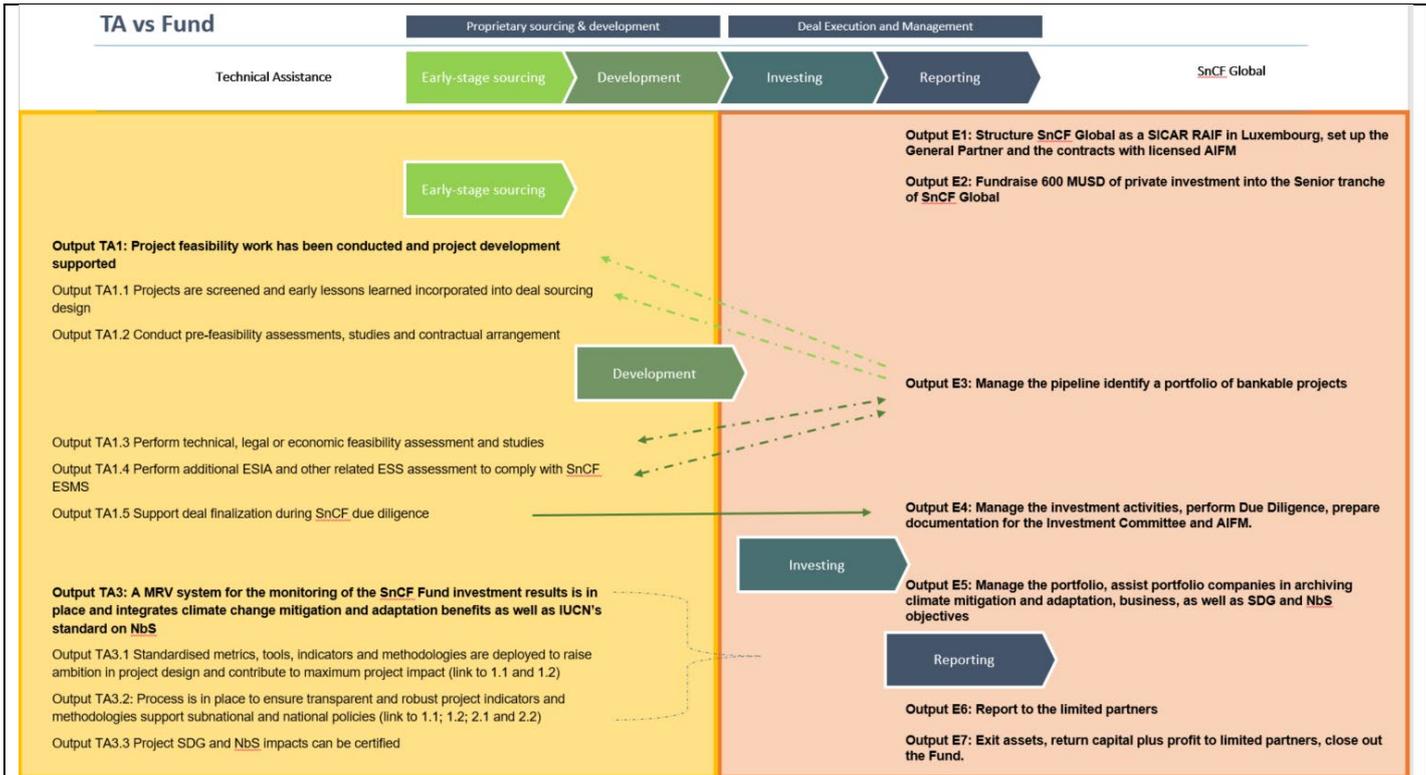
Output TA1.5 Support deal finalization during SnCF due diligence

Activity TA1.5.1: Submit screened projects to SnCF Global to continue with deal structuring phase and support Due Diligence

Activity TA1.5.2 Assist, when applicable, project owner and SnCF with key contracts (Off-takers, EPC, OM, concessions)

In terms of **project feasibility and development work**, the Technical Assistance foresees the assess and support up to 50 projects. This project aims to have 70% of the projects (approximately 35) to make it from the feasibility stage into the deal structuring phase¹⁹ (led by Pegasus Capital for the SnCF Global). The feasibility work falls primarily into the two first phases of the project development stages, namely early-stage sourcing and project development.

¹⁹ Any structuring done for the Fund is covered by Pegasus, general structuration done for the project development are done by the TA, or in other words the deal is developed with its technical elements, such as integrating NBS into the deal, by the TA, while financial structuring is part of the Fund.



a. Early stage sourcing

Main output: first-order screening and revised list of potential projects

The Technical Assistance team will screen project proposals (Screening Stage / Stage 1) to identify potential investments that fit the Fund's investment objectives, meeting first and foremost climate mitigation and adaptation co-benefits, and as well, bankability and, also include the rigorous ESMS,

safeguarding, SDG impact, and NbS criteria. Those screening indicators have been elaborated by the Funding Proposal of the SnCF Global Equity (section B3).

For the allocation and sign-off of actual funds from the Technical Assistance to conduct technical assistance support to subnational projects the selection criteria for the SnCF Technical Assistance support (short TA criteria) will be used. The TA criteria will be based to a large degree on the SnCF Global investment criteria (for details on the investment criteria, kindly refer to the Funding Proposal of the SnCF Global Equity B3) but as well meeting the ownership of beneficiary communities at local level. The selection criteria will be finalized latest in Q2 of the first year (see Annex 5).

A market study including potential country and sectoral barriers will be conducted. This effort will ensure that such a study is done in consultation with governments and other stakeholders (also related to Component 2 Capacity building) to ensure that barriers can be removed and that the enabling environment is made as optimal as possible to allow more efficient implementation of infrastructure deals and further scaling up of such deals in the countries.

The sourcing will rely mostly on communities with city and regions through existing networks and local offices of the partners. R20 will regularly organise a project identification campaign (the “100 Climate Solutions Projects Campaign”) in partnership with city and regional networks. The first edition identified more than 650 projects in 2016. IUCN is using its growing portfolio of Nature-based Solutions projects through efforts such as the Blue Natural Capital Financing Facility (BNCFF) as well as the Coalition for Private Investment in Conservation (CPIC). A first technical and legal screening is performed alongside the first Environmental and Social Impact Assessment.

R20 has developed a strong network of corporates partners and has since its inception partnered with several private project developers, both international and local. In addition, Gold Standard has worked in over 80 countries with 350 different project developers, both local and international. Please find a few examples below:

The SNCF programme collaborating partners will work with:

§ GASCA: A global alliance dedicated to develop smart city projects in Africa comprising large multinationals such as Signify, JC Decaux, Société Générale and ADS Solektra.

§ Akuo Energy: Akuo is the largest French independent renewable energy producer and partnered with R20 for the Kita project. The company is developing a portfolio and is willing to provide access vav the TA.

Projects will further be originated via the consortium existing network, including with:

§ ORU Fogar: Global network of geographical associations of Regions: Assembly of European Regions, Network of Regional Governments.

§ Global Covenant of Mayors: Initiated by the European Commission, Gcom is a worldwide network of municipalities committed for Climate Action in order them to develop Action Plans

§ 100 Resilient Cities: Network initiated by Rockefeller Foundation supported 100 cities to develop resilient infrastructure planning, this activity resulted in a project portfolio that can be accessed by the TA.

§ C40: Network of Capital Cities. C40 produce a portfolio of projects which has been shared with R20.

§ ICLEI: Historically the first network of sub national authorities dedicated to environment. They produce their own portfolio of projects which has been shared with R20.

For further information, kindly also consult the FP for the SnCF Global. None of the above listed partners will act as EE for the Technical Assistance. These partners will be engaged, free of charge, for activities such as dissemination of information. If these entities were to qualify to perform specific tasks beyond these activities, they would be subject to the Technical Assistance’s procurement rules.

Initial “Know Your Customer” (KYC) reviews are performed on project stakeholders at this stage.

Gold Standard will review project design to ensure rigorous safeguarding and alignment with methodologies will result in impact re climate mitigation, as well as adaptation and sustainability co-benefits. Projects will also be assessed for alignment of reporting with NDCs and SDGs, and compliance / integration with national climate and development strategies and associated reporting.

IUCN will support the early sourcing efforts through technical advice and screening of the project pipeline including possible Nature-based Solutions components.

A Project Accelerator Committee will decide on how the funds from the Technical Assistance will be spent. It is composed of R20 and IUCN, as voting members. A representative from the SnCF (legal entity to be confirmed) as well as Gold Standard will act as non-voting members, yet their recommendations will be captured in the proceedings for the PAF Committee meetings. Technical ad-hoc experts (guarantors of the technical know-how) will advise the decision-making process but not have any decision powers. They will join the respective technical discussions, e.g. waste expert(s) will join discussions on waste project proposals, etc. Terms of references and rules of procedures for the Project Accelerator Facilities (PAF) as well as Committee will be drafted.

The PAFs do not have decision power on what funds from the Technical Assistance will be spent on the project, but are pre-selecting (as per Activity TA1.1.3: Select projects for technical assistance support, and get PA Committee approval for spending funds) and then further conduct technical assessments, such as, for example related to Activity TA1.2.1: Perform on site evaluation, stakeholders’ meetings and pre-feasibility studies of selected projects. The

The Project Accelerator Committee will review and provide final approval regarding fund from the Technical Assistance on projects that have been originated and technically reviewed by the following (yet not exclusive list of) Project Accelerator Facilities (PAFs):

§ The WASTE Project Facility: works with EGIS, (a Public Caisse des Dépôts et Consignation company specialized in infrastructure projects).

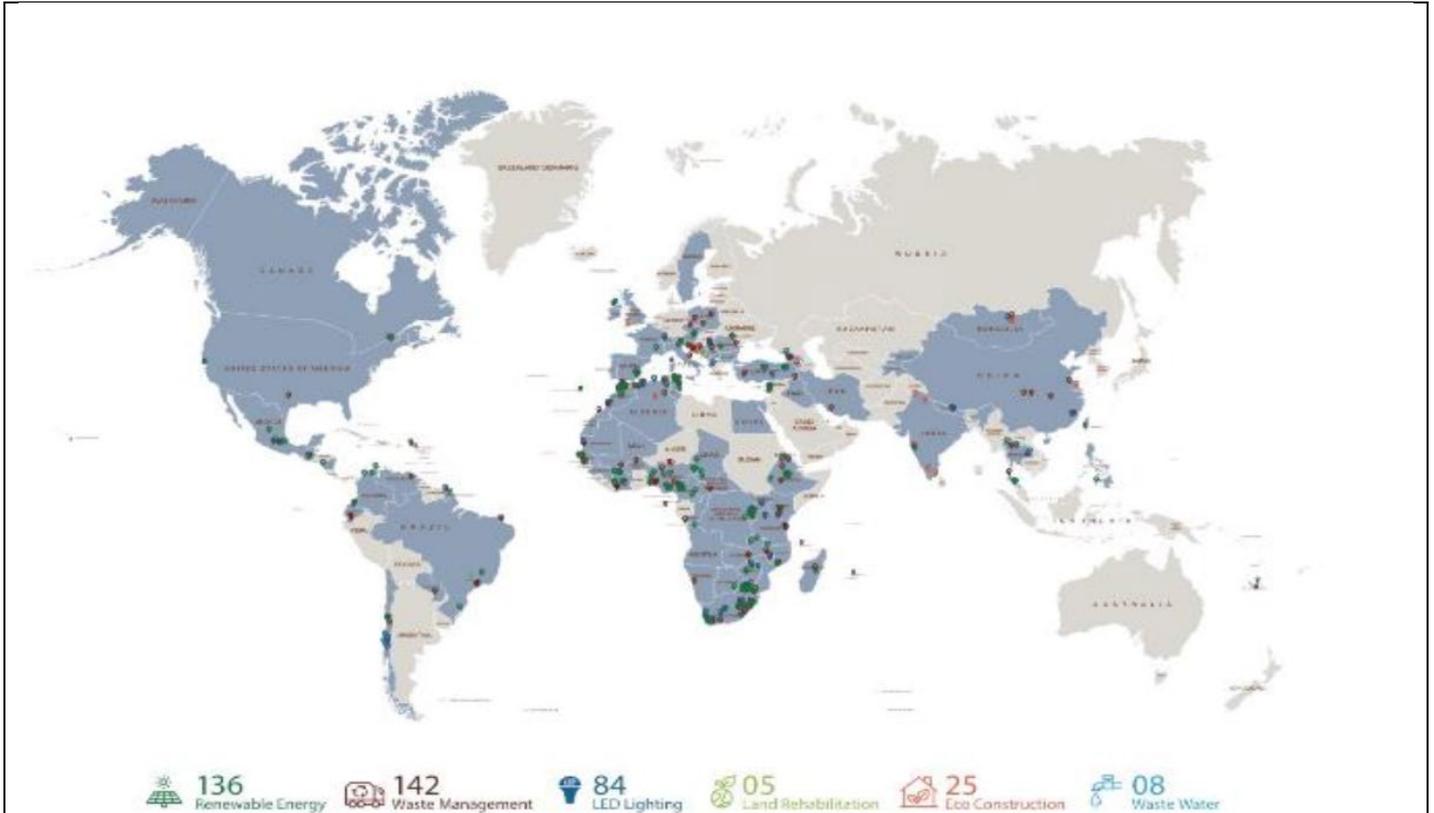
§ The ENERGY Project Facility: works with BG and Alpiq Swiss engineer companies specialised on renewable

§ The WATER Project Facility: with Waterpreneur which has a unique network of water developers

§ IUCN managed Blue Natural Capital Financing Facility (BNCFF) as well as the newly emerging Conservation Finance Initiative (CFI)

§ Similar Facility for Eco Smart Agriculture is being considered and designed

These are not legal entities in themselves, but merely technical groups which provide technical assessments of projects in their respective fields/sectors.



b. Development

Main output: second-order screening, feasibility studies and further narrowed down list of potential projects

R20's initially established Project Accelerator Facilities (PAFs) will be expanded on to ensure that identified projects meet bankability criteria and, thanks to Gold Standard's criteria, meet all safeguarding and ESMS criteria of the Fund. In 2017, R20 already launched the 'Waste Project Facilitator' a Project Accelerator Platform focused on waste optimisation projects (including recycling, compost, waste to energy etc.) in partnership with multinational engineering firm EGIS (75% owned by the French sovereign investor Caisse Des Dépôts et Consignation). R20 is further partnering with Swiss firms Alpiq (international energy utility) and BG Group (international energy engineering firm), to create the Energy Project Facility (EPF) a renewable energy and energy efficiency PAF. The Technical Assistance envisions to have 7 PAFs, one for each of the seven selected investment sectors.

PAFs will prioritise projects and deliver feasibility studies, presenting bankable projects to the SnCF Fund. The PA Committee selects the projects and provide technical guidance. They authorize the use of technical assistance funds for project development. It is important to note that EGIS, Alpiq, and BG have jointly with R20 financed the existing PAFs in the total amount of 2 MUSD to successfully develop project in the past years.

The technical assessment process of the PAFs has been designed to mitigate the risks of non-completion at every stage of the feasibility study. A funnel process with defined TA criteria for the selection of projects for the feasibility work – agreed upon on the one hand by R20 – Pegasus, IUCN and Gold Standard, and on the other hand by policy-makers, engineers and investors involved by the portfolio of projects – and regular screening from the PAF Committee ensure a best use of resources and selection of projects. This projects' partners will also ensure engagement with the SnCF Global Environmental and Social Management System (ESMS) to ensure proper implementation of the ESMS to the entire 'value chain' from the project concept through investment and asset management. This will meet the requirements of

public and private investors who invest in the SnCF Global for maximizing impact (environmental/social) in addition to seeking financial returns and provide investors with ESG ratings of the investment process.

The project team screens the project proposal, signs an exclusivity agreement for the feasibility study and accompanies the applicant to ensure the proposal meets all the requirements. Once it does, the team submits a request for feasibility to the respective PAF Committee who evaluates the project. If accepted, the PAF Committee sets up a field mission for technical experts to assess the situation on the ground and determine Terms of References for the feasibility study. A mission report is presented to the PAF Committee who re-evaluates the project and approves (or declines) the undertaking of the feasibility study and signs a contract agreement with the applicant. Experts and local consultants perform the feasibility study, which includes elements such as the technical-economic analysis, the pre-PPA, pre-concession, the EIA, identification of Nature-based Solutions components, land rights and detailed LOI from all stakeholders.

Strong focus is given to stakeholder's meetings, including civil society ensuring local acceptance. The PAFs use Gold Standard's consultation and engagement requirement guidelines to perform such meetings. Critically, each project will be assessed against GS safeguarding methodology. This ensures that project design includes gender sensitivity, water assessment, and SDG impact pathways, mandatory stakeholder consultation, assessment of community Health, Safety and Working Conditions, anti-corruption.

The two remaining stages of the project development cycle are:

c. Investing

This project is not engaged in the investment stages of the SnCF programme. However, technical assistance will still support, where needed, SnCF and the developer to ensure a smooth transition into SnCF Due Diligence.

This project could, when applicable, provide support for the off-takers contracts, EPC and OM agreements, especially ensuring proper procurement has been performed.

d. Reporting

This project is not engaged in the reporting stages of the SnCF programme. This project will however, in its early years, support the development of SDG and Nature-based Solutions impact metrics, tools and indicators, to be used and applied in the reporting stage of the Fund. (see Component 3 and related activities). Given also the shorter duration of the Technical Assistance with respect to the actual Fund, the Technical Assistance (this project) will not be active anymore once the Fund goes into the reporting stage.

Given the set-up of the whole programme, the actual SDG verification of the projects and the Fund, will be outside of the purview of the Technical Assistance. The verification will be paid by the projects budgets or by the Fund, and completed by a certified, third-party verification organisation.

Component TA2: Capacity Building

Outcome TA2. Relevant stakeholders have the information and guidance needed to support the development of sound policy and incentive schemes that enable and fast-track low-carbon infrastructure projects on a subnational level, as well as to foster up-scaling and replication of investment deals.

Output TA2: Stakeholders are informed and trained to implement and incentivize ES sound green infrastructure, incorporating Nature-based Solutions

Output TA2.1: Various stakeholders are trained fit-for-purpose to fast-track project investments

Activity TA2.1.1: Training of project developers to increase understanding of safeguard requirements, ESMS requirements, SDG and Nature-based Solutions criteria, and other investment requirements for high-integrity, bankable project design and delivery.

Activity TA2.1.2: Training of public authorities to, raise awareness, help identify potential projects and provide for enabling conditions for green infrastructure investments

Activity TA2.1.3: Training of regional financial actors to expand know how of the value chain and blended finance vehicles for large scale replication

Output TA2.2: Best practices, guidelines and tools are developed, disseminated and applied

Activity TA2.2.1: Production of best practices, guidelines and tools for replication and upscaling

A core component of the SnCF programme, implemented via its TA, is capacity building. It will focus on three hands-on activities:

1. Clustered technical workshops with project developers and intermediaries
2. Subnational workshop with local authorities
3. Regional workshops with regional financial actors

Capacity-building is at the center of the 2030 Agenda for Sustainable Development. Sustainable Development Goal Target 17.9 of the 2030 Agenda for Sustainable Development is the dedicated target to capacity-building and aims to "Enhance international support for implementing effective and targeted capacity-building in developing countries to support national plans to implement all the sustainable development goals, including through North-South, South-South and triangular cooperation". Within the 2030 Agenda for Sustainable Development, capacity-building is also mentioned by target 17.8 in the context of ensuring full operationalization of the "technology bank and science, technology and innovation capacity-building mechanism for least developed countries by 2017".

Furthermore, the 2030 Agenda deals with the means required for implementation of the Goals and targets. As reported in paragraph 41, these include the mobilization of financial resources as well as capacity-building and the transfer of environmentally sound technologies to developing countries on favourable terms, including on concessional and preferential terms, as mutually agreed.

Projects for the SnCF Global will need to adhere to specific environmental, social and commercial standards. Projects as envisioned by the SnCF programme will not be trivial, and will need dedicated support. In combination, the pre-requisite to adhere to high ES safeguards as well as to show financial viability will put a weight on project developers, that the technical assistance plans to accelerate project de-risking and scale up. This project will conduct training workshops targeted at project developers (PD) to ensure ES safeguard requirements and the potential to engage with ESMS requirements, SDG and Nature-based Solutions are understood. These trainings will also focus on key investment parameters, such as project structuring, financing, implementing and monitoring process. The location of the workshops will be selected based on geographical and thematic aggregation of project developers. These workshops are envisioned through the first years of the SnCF programme. When talking about trainings, this includes face-to-face training (short to medium-term trainings, workshops, courses), E-Learning courses or blended courses. The methods will include concept learning (presentations by practitioners, lectures, etc.), real world exposure (field visits) as well as experience sharing (discussion groups, expert's panels, etc).

The Technical Assistance, with the support from UNITAR, will administer a questionnaire at the conclusion of each activity to obtain participant reactions on a number of key measures, including job relevance, newness of information, intent to use, overall usefulness and the degree to which learning objectives have been met. Results from the monitoring and evaluation of the project will be communicated to all parties involved and in the form of a project completion report which will record findings, conclusions, and recommendations.

A second set of training workshops will be conducted with subnational actors, primarily with local authorities. Subnational workshops will be held to ensure an increased understanding of the SnCF

programme, its project pipeline and its overall approach. The goal is to work jointly with the local authorities to identify challenges, but primarily find means and solutions to create an enabling environment (e.g. laws and regulation, financial incentives etc) for new green, low carbon infrastructure investments. Workshop participants will learn how the SnCF programme applies a strong ES approach, how SDG and Nature-based Solutions fits into sustainable infrastructure projects and how positive impacts will be measured, reported and verified. As lessons learned become available through the programme, exchange learning will be included. UNITAR's CIFAL training centers²⁰, will be used for the knowledge sharing process to prepare cities and regions to replicate and scale up. As intermediary actors contracting with the PDs, the training with subnational actors will also include aspects of the PD training content. As stated in the TOC, one of the outcomes aims to help initiate 3-5 regional capacity hubs to continue and fast-track up-take and implementation. Ongoing collaboration by IUCN and other partners with, for example, FORNEWA, will be capitalized on.

§ The Case of FORNEWA in Rwanda.

With a number of African Public and Private Banks (IFC, AfDB, Afreximbank, ATDB, DBSA) and African National Sovereign Fund), R20, Afrochampions and FONERWA are working on establishing an African based Technical Assistance facility, based in Africa, with African experts, to be able to identify pipelines of projects, make them bankable and structure them with African public and private investors.

The third set of knowledge exchange targets regional actors, primary financial institutions including local banks. The goal is to ensure the know-how on the value chain and blended finance vehicles for large scale replication become mainstreamed, beyond the lifetime of the SnC. In order to find uptake knowledge, capacity and trust into the SnCF value-chain approach needs to be build. ES safeguard, SDG and Nature-based Solutions impact measurement will be equally part of such outreach measures. The overall lead for the implementation of the output 2 will be taken onboard by IUCN (regional). R20 will provide technical input via its network in engineering and financial experts. Gold Standard will provide content and training on methodology, particularly on the linking between climate mitigation, adaptation and SDGs. IUCN (technical) will contribute on Nature-based Solutions.

In order to ensure stakeholders are informed and trained to implement and incentivize ES sound green infrastructure, based on SDG and Nature-based Solutions, a second component of output 2 focuses on the write up of lessons learned during this project's implementation phase. These will be turned into blue prints, available for public use, with the goal to fostering upscaling and replication. The lessons learned from the actual investments into the projects will be provided by the SnCF Global.

Component TA3: Tools and Metrics

Outcome TA3. A MRV system for the monitoring of the SnCF Fund investment results is in place and integrates climate change mitigation as well as other co-benefits such as climate adaptation benefits and IUCN's standard on nature based solutions, led by Gold Standard²¹.

Output TA3: Climate, SDG and Nature-based Solutions impact metrics, tools and indicators are developed and applied

The Fund is designed from the outset to deliver, measure, and uniquely – to certify – climate mitigation, adaptation, and sustainability co-benefits including impacts derived from Nature-based Solutions (Nature-based Solutions). Quantified fund impacts will align with national priorities and can be integrated into

²⁰ UNITAR manages a Global Network of International Training Centres for Authorities and Leaders (CIFAL), to provide innovative training throughout the world. Each CIFAL Centre is a regional hub for capacity development bringing together public sector, private sector and civil society. They are located across Asia, Africa, Australia, Europe, the Americas and the Caribbean.

²¹ The metrics to be developed in Component 3 will ensure environmental integrity issues in relation to use/MRV of NbS.

national NDC and SDG reporting. Impact certification also becomes an added catalyst to attract private investment.

Output TA3.1 Standardised metrics, tools, indicators and methodologies are deployed to raise ambition in project design and contribute to maximum project impact.

Activity TA3.1.1: Ensure Gold Standard Climate Change indicators are fully aligned with SnCF ESMS, SDGs, international best practices (IFC, EIB,), investor, and host country criteria

Activity TA3.1.2: Incorporate Gold Standard Climate Change indicators and methodologies in ex-ante project design/selection, including for SDGs and Nature-based Solutions (as co-benefits)

Activity TA3.1.3: Support projects with clear implementation, compliance, and reporting pathways of SDG and Nature-based Solutions impact (as co-benefits)

Activity TA3.1.4: Develop additional methodologies, monitoring, and impact criteria as needed, including to evaluate health impact of sustainable infrastructure and Nature-based Solutions opportunities

Output TA3.2: Process is in place to ensure transparent and robust project indicators and methodologies support subnational and national policies.

Activity TA3.2.1: Align project design elements and outputs with NDC climate mitigation targets and related SDGs and national policy frameworks

Activity TA3.2.2: Align project design elements and outputs with prevailing subnational policies and regulations

Output TA3.3 Project Climate, SDG and Nature-based Solutions impacts are certified

Activity TA3.3.1: Ensure robust measurement and verification (MRV) process and infrastructure are developed and implemented

Activity TA3.3.2: Develop monitoring and reporting tools at project level.

Gold Standard will lead the development and deployment of standard metrics, tools, indicators and methodologies to raise ambition in project design and to lead to certified climate and SDG impact. IUCN will support Gold Standard to ensure adequate Nature-based Solutions considerations are taken into account. Based on best-in-class methodologies and adapted for each host country context, *Gold Standard for the Global Goals* will be used to guide project design, selection, and impact reporting for climate (SDG13) and additional SDG impacts (minimum two per project), including those derived from Nature-based Solutions. While this project will finance the development of the tools, and its use in identification and ensuring that bankable projects are put forward that integrate climate resilience and low carbon considerations, no grant funding will be provided to certify projects upon implementation. Certification will be remunerated from management fees from investments.

Additional guidance in the Standard, to be reinforced through the training and capacity building noted previously, includes support on sound GHG and SDG impact accounting, stakeholder consultation, environmental and social safeguards, etc.

National and subnational climate and development priorities, as defined by each host country, must inform the selection of SnCF projects. Projects must be designed to ensure they comply with and support these broader targets and objectives. The funds' high integrity, bankable project impacts can be directly integrated into host country NDC and SDG reporting while also ensuring compliance with investor requirements.

Gold Standard will ensure that projects are supported with adequate MRV and impact registry infrastructure. Project SDG impacts, including those derived from Nature-based Solutions, will be certified by independent third party SustainCERT (not funded by the Technical Assistance – kindly refer to details in

Annex 26 of the Funding Proposal for the SnCF Global – Equity, for process, actors and responsibilities between Fund and Technical Assistance). The project activities will provide a set of measured impact on the climate, SDGs and Nature-based Solutions of the project portfolio aggregated at Fund level. The impacts will be publicly reported.

Cross-cutting activity: Communication to foster replication

The programme as a whole, and this project in particular, seeks to ensure overall visibility of its activities (web, conferences and others). Thanks to its network of VIPs it seeks to actively showcase successful projects; lessons learned and encourage replications in other locations via development of investment blueprints. Blueprints will be published and lessons learned publicly shared.

Ultimately the SnCF programme can be replicated leading to the creation of other similar blended Funds for subnational investment with specific geographies or technologies. Similar, the technical assistance set-up can be replicated.

This Technical Assistance project is being implemented within 7 years and does not follow the same timeline as the broader programme because of the need to deliver bankable projects and associated feasibility studies, technical assistance and capacity building support in the earlier life of the programme. The SnCF Fund, on the other hand, will kick in its investments, once bankable projects are designed and structured for investment so its life is more important in the latter years of the broader programme. In this Technical Assistance project, pre- and full feasibility work will be done years 1 to 5, as well as capacity building. The work of Component 3 on MRV will be developed by year 7, so that the Fund and relevant partners, in the final years (beyond year 7) can properly apply the indicators and methodologies for reporting, verification, and certification, the application of these being funded from management fees from the Fund, rather than the Technical Assistance grant funding from this project.

B.4. Implementation arrangements (max. 1500 words, approximately 3 pages plus diagrams)

This technical assistance project will encompass the following governance arrangements:

- The **International Union for Conservation of Nature (IUCN)** as the Accredited Entity (AE). IUCN is a membership Union uniquely composed of both government and civil society organisations. It provides public, private and non-governmental organisations with the knowledge and tools that enable human progress, economic development and nature conservation to take place together. Created in 1948, IUCN has evolved into the world’s largest and most diverse environmental network. It harnesses the experience, resources and reach of its 1,300 Member organisations and the input of over 10,000 experts. IUCN is the global authority on the status of the natural world and the measures needed to safeguard it.

The project’s Executing Entities (EEs) are R20, IUCN and Gold Standard. Pegasus Capital will not receive funds from the Technical Assistance. R20 and Gold Standard will be engaged by IUCN under Subsidiary Agreements in the form of IUCN’s standard implementing agreements.

- **R20 Regions of Climate Action (R20)** is a not-for-profit international organization started by Arnold Schwarzenegger who as Governor of California, was encouraged at COP 15 by UNSG Ban Ki Moon, by President Obama and many Heads of regions from around the world, to replicate world-wide what he was able to implement in California: pro climate policies, regulations, programmes and investment.

Inspired by the environmental history of California, R20 was founded in 2011 as an Alliance of a number of leading Regions, the United Nations, Development Banks, Clean-Tech companies, Academia and a number of NGOs to support subnational authorities around the world to develop green infrastructure projects. R20 will coordinate the execution of the project and lead Component 1.

- Gold Standard (GS) – a not-for-profit that, since 2003, GS has been the assessment benchmark for over 1,700 high-impact climate and development programmes in 80 countries. Their flagship standard, Gold Standard for the Global Goals, sets a clear path from initial project design through final reporting. Best-in-class MRV quantifies high-integrity climate and sustainable development impacts which can be verified or certified, per client requirements. Gold Standard methodology can be used to assess fund/project climate mitigation potential and contribution to climate finance, NDCs, and the UN Sustainable Development Goals (SDGs), including alignment with reference frameworks required by investors, such as IFC safeguards or Article 9 of the Paris Agreement. Gold Standard will lead Component 3 of the project.
- IUCN will also play a role in leading the execution of Component 2 of the project.

Implementation arrangement

Oversight Unit

IUCN is the GCF AE and will take on the oversight role of the funds received for the TA. IUCN will further administer the GCF technical assistance funds and provide for the appropriate implementing arrangements with the EEs. The designated IUCN Task Manager (TM) will review project progress as reported by the Project Manager (PM), based in R20, to determine how best to maximize project performance. The TM will carry out a desk analysis that involves reviewing project progress against work plans, procurement and disbursement plans as submitted by the PM. The TM and team will use this review to lay the groundwork for supervisory missions involving a team with requisite skills that further analyse technical and financial issues. The TM will also serve as a support and resource function to the PM and the EE to discuss ways to strengthen implementation and ensure its direction enhances likelihood of achieving outcomes and impact, and efficiency. Finally, the TM clears progress reports.

Project Management Unit

The project will establish a Project Management Unit (PMU), coordinated and managed by R20.

The PMU will be responsible for the coordination of all project activities funded by the project and undertaken by the executing entities on the ground. The PMU is comprised of technical experts and will be constituted to perform the following functions:

1. Consolidate the annual work plans submitted by the executing entities.
2. Responsible for all tracking and monitoring funds flow as well as managing procurement
3. Ensure coordinated delivery of the agreed project components and respective outputs and activities through the coordination of all partners, stakeholders and suppliers involved in project delivery.
4. Overall monitoring, evaluation, learning and application of knowledge products with the support of relevant experts involved in the project delivery.
5. Ensure that the safeguards framework is used throughout the project and raise any potential safeguards violations.
6. Ensure operational staff and supervise their work programs.

The PMU will be composed as follows:

1. Project Manager - Full time (1 position)
2. Admin support - Full time (1 position)
3. Project Accountant (1 Position)

Technical implementation

R20 will be responsible for executing component 1. This will include the management of the PAFs. Technical engineering support has been established with the PAFs such as the Waste Project Facilitator with EGIS / Caisse des Dépôts et consignation France and the Energy Project Facilitator with Alpiq and BG, two Swiss best-in-class engineering companies.

R20 will be contracting to third parties, both in terms of external expert consultants, as well as additional implementing partners, such as UNITAR, to execute technical feasibility work as well as ESMS screening for selected projects. R20 will be following IUCN procurement rules for technical assistance related funding.

IUCN is undertaking a due diligence and financial capacity assessment based on IUCN policy.

The second major EE for this project is Gold Standard. The Gold Standard will lead Component 3 to focusing on the development of metrics, tools and indicators for climate and sustainability impact. Individual project impact will be certified by a third-party accredited entity, paid for outside of this project by investment funds. Gold Standard brings over 20 public methodologies that have been used to develop and certify 1,700 projects in 80 countries. The Gold Standard technical experts are located in Latin America, North America, Europe, and Asia.

IUCN is undertaking a due diligence and financial capacity assessment based on IUCN policy.

IUCN will also play two roles in the execution of the project, under the overall coordination of R20. Firstly, IUCN will lead Component 2 of the project. IUCN's regional offices will lead and lend support to the capacity building and training activities. IUCN has regional offices in more than 50 countries and will leverage its membership to actively engage in these activities. The combination of the IUCN conservation networks (both governments and civil society) with R20's outreach to leading technical experts and subnational authorities on the technology and infrastructure level will create unprecedented synergies. To build and reinforce capacity building in targeting countries, both Ecole Polytechnique Fédérale de Lausanne (EPFL) and the United Nations for Training and Research (UNITAR) will participate to in knowledge sharing and training activities.

Secondly, IUCN will act as a service provider to Components 1 and 3. In Component 1, it will lend its technical expertise to identify, assess and measure the climate and other environmental benefits of Nature-based Solutions as part of green infrastructure deals. In Component 3, it will work with the Gold Standard (which leads Component 3) to ensure climate mitigation, as well as adaptation co-benefits, and relevant SDG metrics include Nature-based Solutions and/or (if appropriate) standalone Nature-based Solutions metrics, tools and indicators will be developed. IUCN will introduce its new Global Standard on Nature-based Solutions²² into the programme. This technical work will also include the input from IUCN into the revision process of the ESMS.

The IUCN entities engaged in the capacity building as well as technical work will be different from those made responsible for the oversight of the TA, and the GCF funds.

Third parties will be primarily technical experts in the field of engineering, finance and Nature-based Solutions/conservation, which will conduct targeted analysis towards the feasibility work.

The selection of projects in the beneficiary countries will be the result of an extensive consultation project with the NDAs of each respective country. Inputs from NDAs will be crucial to ensure alignment of

²² <https://www.iucn.org/theme/ecosystem-management/our-work/a-global-standard-nature-based-solutions>

objectives and enhance the results of the SnCF programme and the cost-effectiveness of the GCF funding and technical assistance provided. Regional networks of cities and municipalities will also be consulted in the screening and selection of contracting partners.

Projects sourced, supported and implemented as described in this concept note will follow best-practice project-development and project-financing processes and standards, including climate, development and safeguarding guidelines. This also includes government licenses and concessions, tax and foreign exchange issues, project and sovereign insurance, transparency in industrial contracts, auditing and other.

Processes and procedures followed in the support of projects by the funds of the Technical Assistance are clearly defined and decision-making and the related governance is enshrined in distinct legal and fully audited entities.

Project Accelerator Committee

A Project Accelerator Committee will select projects and be guided by the technical assessments of the PAFs. The PA Committee will authorize the use of technical assistance funds to be spent on project development. Voting Members of the PA Committee are R20 and IUCN. Decision will be taken by unanimity. Gold Standard and SnCF (legally entity to be confirmed) will be (non-voting) observers. The sectoral experts of the Project Accelerator Facilities (e.g. waste: EGIS; energy: BG, Alpiq; Water: Waterpreneurs) will inform the decision making of the PAC.

Programme Steering Committee

A Programme Steering Committee (PSC) will be established to provide strategic-level project guidance, technical and policy advice to the Project Management Unit (PMU). This Committee will serve to steer both the grant project (with IUCN as AE) and the linked project with Pegasus Capital as AE to ensure that both projects are working in the most effective as well as in a timely and coordinated fashion.

The PSC will meet once per year and ad-hoc if and when needed. Meetings of the PSC will be convened by the Chief of Party who heads the PMU, housed by R20.

The PSC will review and advise on annual work plans and budgets submitted by the PMU. The PSC is responsible for making recommendations to strengthen project execution and the achievement of results targeted. PSC recommendations will be made in accordance with standards that shall ensure management for development results, best value for money, fairness, integrity, transparency and effective competition. The PSC will also monitor progress at the end of each agreed period based on annual project reports that the PMU submits to the PSC. The PSC is consulted on the planning of evaluations, and will receive the outputs from the mid-term evaluation. It will also be informed of the outcomes of annual supervision visits.

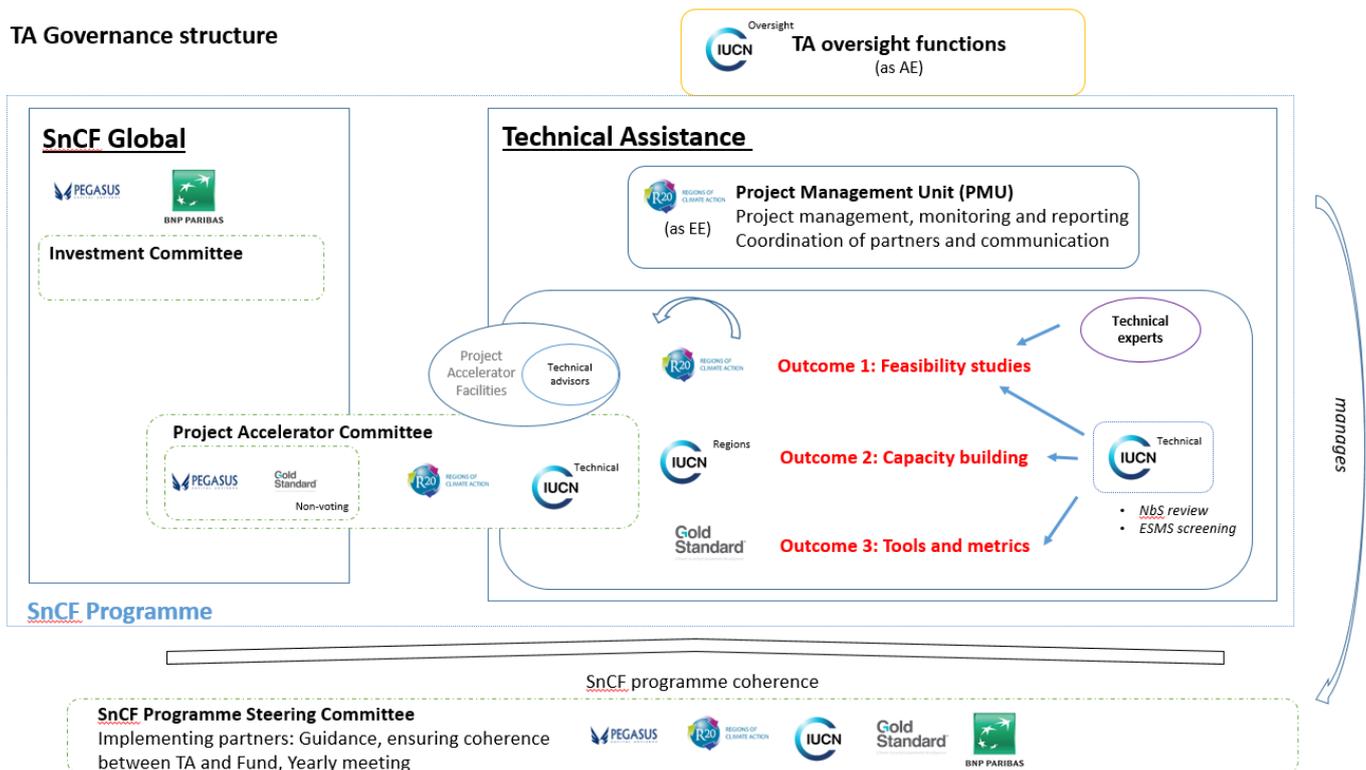
The PSC will be composed as follows:

- R20 as PMU, acting as the secretariat to the PSC, and executing entity for component 1 of this project
- IUCN (HQ/Global Marine Programme) in its role as AE for this project
- Pegasus Capital, in its role as AE for the linked project in this programme
- IUCN (technical department) in its role as executing entity for component 2 of this project
- Gold Standard, in its role as executing entity for component 3 of this project
- BNP Paribas as the depositary / Custodian Bank as well the distributor of the Fund.

The duties of the PSC will include (but are not limited to):

1. Provide advice to the AEs of the two projects of this programme ensure coherence and complementarity during implementation;
2. Provide advice to the PMU and project partners of the two interlinked projects (the technical assistance project and the linked SnCF Fund project) to help ensure project progress towards outcomes and impacts;
3. Consider and recommend approval of annual work plans and budgets;
4. Monitor progress through the review of progress reports by PMUs at the end of each agreed project period (yearly);
5. Monitor status of co-financing secured;
6. Receive the outputs from, periodic evaluations and outcomes of annual supervisory and the mid-term evaluations; and
7. Approve annual reports by respective PMU.

TA Governance structure



Financial flows

IUCN, as the project’s Accredited Entity (AE), will request funds to be transferred from the GCF based on the project disbursement plan. All Executing Entities (EE) will prepare project disbursement requests to the Project Management Unit (PMU), which is not an independent entity but rather a unit to manage the project within R20 at its headquarters in Switzerland. Other than the IUCN teams engaged in execution of the capacity building component (Component 2), each of the other Executing Entities (R20, Gold Standard) will have a Subsidiary Agreement with IUCN as the AE. It should be noted that neither the SnCF Fund Manager nor General Partner will receive funds from this project for execution of activities.

Each Executing Entity will enter into service agreements with service providers to be procured during the project implementation phase.

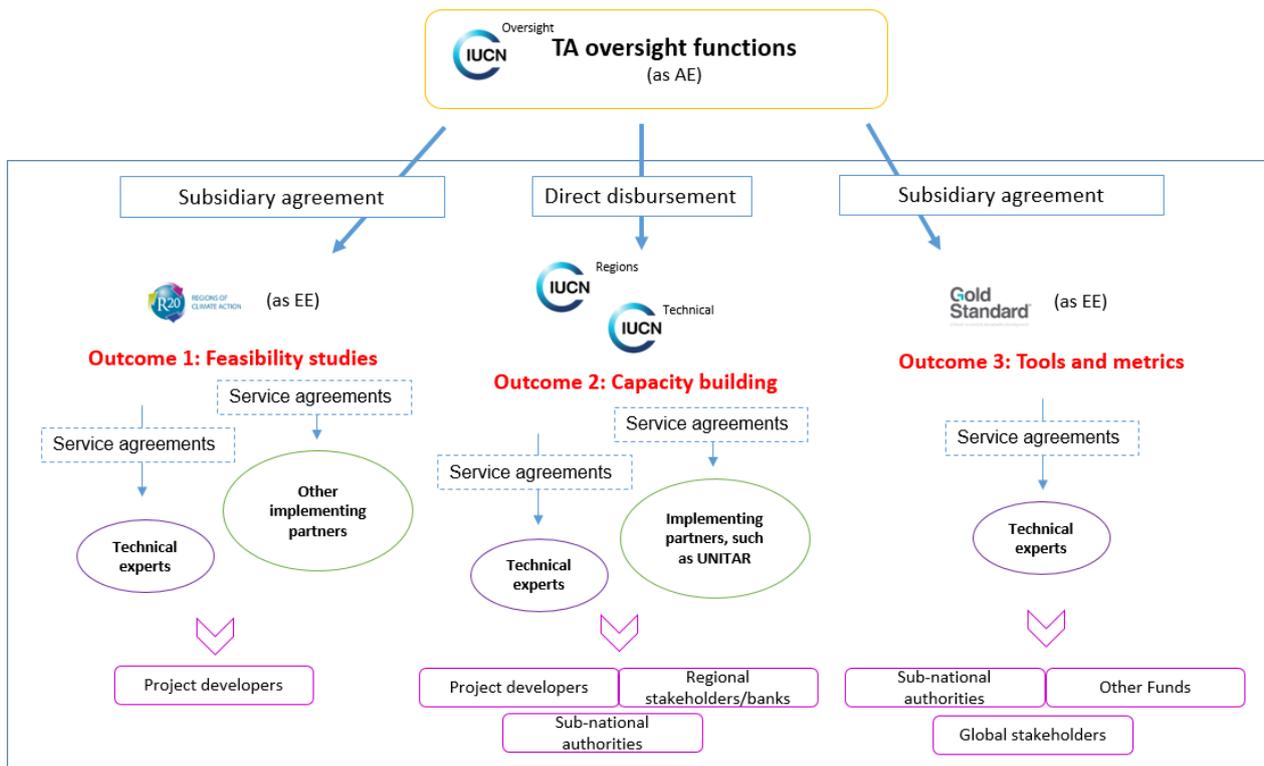
There will be three models of funds flow: fund flow through

a) Subsidiary Agreements to R20 (in its project coordination role and lead for component 1 and to Gold Standard (as lead for component 3) by IUCN in its role as an AE. All these institutions have been assessed and screened for financial and technical capacity. Once the project is approved, contractual arrangements with these institutions will be developed.

b) Direct disbursement to IUCN Technical and Regional, as lead for component 2) by IUCN (AE) and as service provider for parts of components 1 and 3.

c) Service agreements between EEs and service providers, which will be selected on competitive basis based on IUCN's procurement policy and under the oversight of IUCN. Some service providers have already been identified. These service providers include the following:

i) UNITAR.



Other partnerships and visibility

R20 and Pegasus Capital have developed both a value chain to identify, design, structure and invest in the portfolio of project (see Annex 26 of the SnCF Global – Equity Funding Proposal) but as well develop a consortium of various important stakeholders at political and technical level. This is result is a double level governance system.

At political level, IUCN and R20 is teaming up with regional organizations such as i.) the African Union and Afrochampions for Africa; ii.) ASEAN for Asia; iii.) COP 26 Presidency and CC35 for LATAM / LAC; iv.) The Union for Mediterranean for MED and; v.) the Commonwealth for Blue Economy. These organizations will not intervene at a technical level but will provide political support and promote the opportunities provided by this technical assistance project.

In addition to intergovernmental organizations, R20 will liaise with most important networks of cities and regions (C40, ICLEI, 100 Resilient cities, CC35, UCLG, ORU FOGAR, AER, FMDV ...). The objectives are to access their membership portfolio; to share best practices and knowledge from the SnCF programme and to fast track replication and scale-up.

B.5. Justification for GCF funding request (max. 1000 words, approximately 2 pages)

Explain why the project/programme requires GCF funding, i.e. Why is the project/programme not currently being financed by public and/or private sector? Which market failure is being addressed with GCF funding? Are there any other domestic or international sources of financing?

Explain why the proposed financial instruments were selected in light of the proposed activities and the overall financing package. i.e. What is the coherence between activities financed by grants and those financed by reimbursable funds? How were co-financing amounts and prices determined? How does the concessionality of the GCF financing compare to that of the co-financing? If applicable, provide a short market read on the prevailing of the pricing and/or financial markets for similar projects/programmes.

Justify why the level of concessionality of the GCF financial instrument(s) is the minimum required to make the investment viable. Additionally, how does the financial structure and the proposed pricing fit with the concept of minimum concessionality? Who benefits from concessionality?

In your answer, please consider the risk sharing structure between the public and private sectors, the barriers to investment and the indebtedness of the recipient. Please reference relevant annexes, such as the feasibility study, economic analysis or financial analysis when appropriate.

This program needs GCF support for three primary reasons:

- The geographies and the Subnational scope where these projects will be built represent emerging economies where many institutional capital providers will not operate (or will not operate without partners like GCF, which provide policy and programmatic validation along with financial risk mitigation)
- From a climate risk perspective, the world cannot wait for low-carbon development projects to scale up/out. GCF support allows these types of projects to be completed many years sooner. For example, retrofit of streetlights to energy-saving LEDs will happen worldwide in the decades to come, but by accelerating the timeline in developing countries, thanks to innovative finance vehicles that are supported by GCF, that transition (and the resulting pollution and GHG reductions) will take place at least a decade sooner.
- The GCF funding will help to support sustainable project design, including safeguarding, climate and sustainability impact MRV leading to new benchmark for such infrastructure.

Moreover, these projects are not currently being financed by the public and/or private sector because of several key dynamics and market failures:

- Uncertainties about the returns of investments, inadequate access to finance Investments in, for example, irrigation equipment, water-efficient technologies, stress-resilient plants or infrastructural improvements that could help to strengthen climate resilience, may be disproportionate to businesses' financial capacity, or have unattractive risk/return profiles. Benefits associated with such climate-resilient investments may only manifest over longer time frames, and the extent dependent on uncertain climate impacts. They may also be complex to evaluate when part of broader investments. Financial institutions may also be reluctant to lend to such investments, often due to incomplete information or higher perceived risks because of the lack of track record, borrowers' inadequate collateral, or lack of capacity in appraising and financing non-traditional technologies (and NbS).
- In the case of waste optimization, government policies have been slow to recognize the value in "waste" feedstocks and therefore allocated no funding for collection, sorting, recycling, and conversion; and/or the system found in developed countries has been adopted, i.e. awarding contracts to haulers and landfill operators, thereby incentivizing "out of sight, out of mind" burying or dumping.

- In the case of renewable energy generation, market and technological barriers have delayed project development, including cost (which only in recent years has become lower than fossil-fuel energy production) and base-load needs (i.e. solar and wind are intermittent compared to conventional fossil-fueled generation methods) and related unfamiliarity with harmonizing grid access of clean energy.
- In the case of energy efficiency retrofit, each building being upgraded requires an investment grade energy audit and bespoke retrofit technology solutions and contracting, for which contractors are not as numerous and experienced in developing countries. In addition, even when such retrofits pay for themselves with savings over time, access to finance has been challenging. For example, cities may want to retrofit streetlights with more efficient LED technology, but don't have capital to do so all at once, nor a willing partner to finance and fund a "repay from savings" capital model.
- In all of these cases, the lack of a significant price on carbon slows stakeholder prioritization of these projects and/or makes them less financially rewarding.
- Knowledge gaps: Understanding climate vulnerability and risks and opportunities is essential to integrating climate change risks (or opportunities) into investment or financing decision-making.
- Behavioral biases such as the tendency to apply short-term investment horizons (i.e. short payback periods) can also affect business appetite to invest in climate resilience and low carbon investments, as well as their ability to develop products or services that could help mitigate climate-related impacts. High discount rates dominate investment decision-making

Development finance institutions and conventional investors may be willing to finance projects in these categories, but there has been a lack of project developers to create the special purpose finance vehicles (SPVs) or other methods to effectuate such opportunities. For example, R20 and Pegasus Capital Advisors worked together on creating such an SPV in Brazil for cities to retrofit streetlights with LEDs and repay the loans from savings on energy and maintenance costs, guaranteed by each municipality's utility tax (a portion of which, by law, was allocated to operation of public streetlights). No public or private entity had initiated a similar financing mechanism; meaning investors had no opportunity to deploy capital in a sufficiently attractive risk-adjusted manner.

These dynamics also highlight the need for a mixture of grant funding via the TA and investment capital. In the Brazil streetlight retrofit example, grant funding was needed by R20 to work with stakeholders in government, technology, and finance to evaluate the cost-benefit opportunity; to train municipal asset managers in selection of technology providers; and to design the SPV before it could be offered to investors. In the case of utility-scale solar projects in Mali, grant funding was needed to support the work to train government stakeholders in the power purchase agreement (PPA) and procurement processes. Moreover, in each case, even well-understood policies and technologies require a feasibility study to evaluate whether the proposed project makes policy, technology, and financial sense.

One thing that becomes clear in these types of projects is the importance of concessionary finance in the capital structure. Energy efficiency retrofits, for example, typically generate financial returns below 10%, which make it a challenge to attract market capital without a first-loss investment partner and/or a credit enhancement partner. This dynamic also restricts the level of ambition of such projects. For example, retrofit of some energy uses in buildings might yield returns in 3 to 5 years and be very attractive to investors, but other uses might need up to 10 years or longer to repay the costs and be unattractive. The addition of concessionary capital ensures that more energy efficiency retrofits will be adopted and thus the co-benefit of more rapid GHG reduction.

Finally, when estimating the level of concessional finance needed in these types of projects it becomes clear that at least 20% of total committed capital is the most effective minimum contribution, because that level:

- Provides first-loss risk (junior to conventional investors) that is the minimum requirement to attract conventional investors;
- Provides a practical blended cost of capital to make these types of projects viable;

- The primary beneficiary of the concessionary capital is the municipality and its citizens, because these projects could not be undertaken without it or, at minimum, would not be undertaken for many years
- Investors also benefit, because every capital source today is looking for “green”, “sustainable”, “impact”, and “climate” finance opportunities, but are constrained by stakeholder limits on risk and other investment criteria, which are reasonable considering the capital often comes from pensions and other socially beneficial sources.

Moreover, the Global Sub-national Climate Fund is committed to additional *climate* and *financial* impacts within its own operations and in the projects in which it invests. SnCF projects will only be forwarded to the investment committee for their consideration after first being assessed for additionality of their climate mitigation, adaptation, and sustainable development impacts. Please refer to [Annex 30](#) for a comprehensive summary of the climate and financial additionality elements of the Fund.

In summary, the Fund is designed to deliver USD \$750 million to new climate mitigation and adaptation projects that to date have not been funded. Financial additionality is driven by the blended finance model in which GCF position at junior tranche level to reduce risk and leverage finance from private investors; the Fund’s focus at the subnational level that is often bypassed by conventional climate finance; and the Fund’s target project size (\$5-\$75 million) for which it is often difficult to attract climate finance. For each project, Gold Standard provides financial additionality tools developed by CDM and widely used across the carbon markets to assess if each project would be financially viable without investment revenue.

The Fund is likewise designed to create additional climate mitigation and adaptation impacts that go beyond business as usual in a credible, measurable way. Climate additionality is driven by use of ambitious reference benchmark standards for equipment, waste, energy, etc.; ex-ante quantification of project impacts for climate (SDG 13) and a minimum two other SDGs in which additionality must be quantified; ex-post certification of these impacts by an independent third party; the focus to Nature based Solution (NbS) with their vast potential to deliver additional climate mitigation and support adaptation / resilience; and by capacity-building and methodologies offered through Technical Assistance to projects that would not otherwise be available.

B.6. Exit strategy and sustainability (max. 500 words, approximately 1 page)

Explain how the project/programme sustainability (financial, institutional, social, gender equality, environmental) will be ensured in the long run after project closure, including how the project’s results and benefits will be sustained.

Include information pertaining to the longer-term ownership, project/programme exit strategy, operations and maintenance of investments (e.g. key infrastructure, assets, contractual arrangements). In case of private sector, please describe the GCF’s financial exit strategy through IPOs, trade sales, etc.

Provide information on additional actions to be undertaken by public and private sector or civil society as a consequence of the project/programme implementation for scaling up and continuing best practices.

The goal of the SnCF programme is to ensure that sustainable projects developed by it are financially self-sustaining and generate enough revenues regardless of potential additional environmental and social revenue (e.g. carbon credits) even after the Fund exit. Moreover, the strong stakeholder’s engagement embedded in the process is intended to ensure local appropriation safeguarding the Environmental and Social positive impact of the projects. The ESMS of the Fund also assumes that project SPV have their own compatible ESMS and ES manager allowing capacity building in that field.

Moreover, these projects will be undertaken with the build-own-operate-transfer (BOOT) model, conveying ownership and operation of the asset to local municipalities or other stakeholders:

- For renewable energy generation projects, the power purchase agreement (PPA) will include post-completion requirements concerning long-term ownership and operational requirements to ensure the facility continues to operate as designed (from technical, financial and social perspectives).
- For waste optimization projects, land and feedstock agreements with municipalities will include contractual obligations to maintain operations consistent with technical, financial, and social design goals.
- For energy efficiency retrofits, asset owners will be trained and provide assurances that projects are maintained to design specifications that include technical, financial and social goals.
- For all projects, the engineering, procurement, and construction (EPC) contracts will be awarded to credit-worthy contractors providing industry-leading performance guarantees and insurance wraps (around technology providers' individual warranties).
- Finally, our partnership with Gold Standard will ensure that project standards and goals are met through transparent measurement, reporting and verification (MRV) processes.

C. FINANCING INFORMATION

C.1. Total financing

Please see the last page of this Proposal for important information about the Fund's risks and objectives. There can be no guaranty that the target rate of return will be achieved. This is not an offering to sell any security. Any offering will only be made pursuant to a private placement memorandum, which should be read carefully and in its entirety before investing.

(a) Requested GCF funding (i + ii + iii + iv + v + vi + vii)		Total amount		Currency		
		18,500,000		million USD (\$)		
GCF financial instrument		Amount	Tenor	Grace period	Pricing	
(i)	Senior loans	Enter amount	Enter years	Enter years	Enter %	
(ii)	Subordinated loans	Enter amount	Enter years	Enter years	Enter %	
(iii)	Equity	Enter amount	Enter years			
(iv)	Guarantees	Enter amount	Enter years			
(v)	Reimbursable grants	Enter amount	Enter years			
(vi)	Grants	18,500,000	7			
(vii)	Results-based payments	Enter amount	Enter years			
(b) Co-financing information		Total amount		Currency		
		18,500,000		million USD (\$)		
Name of institution	Financial instrument	Amount	Currency	Tenor & grace	Pricing	Seniority
UK (DEFRA)/France (AFD)	Grant	1.500.000	million USD (\$)			
Germany (BMU/IKI)	Grant	500.000	million USD (\$)			
IUCN	In kind	1.000.000	million USD (\$)			
Gold Standard	Grant	100.000	million USD (\$)			
Gold Standard	In kind	400.000	million USD (\$)			
R20	Grants	6.000.000	million USD (\$)			
Click here to enter text.	Options	Enter amount	Options	Enter years Enter years	Enter%	Options
Click here to enter text.	Options	Enter amount	Options	Enter years Enter years	Enter%	Options
(c) Total financing (c) = (a)+(b)		Amount		Currency		
		28,000,000 plus		million USD (\$)		
(d) Other financing arrangements and contributions (max. 250 words, approximately 0.5 page)		<i>Please explain if any of the financing parties including the AE would benefit from any type of guarantee (e.g. sovereign guarantee, MIGA guarantee).</i>				
		<i>Please also explain other contributions such as in-kind contributions including tax exemptions and contributions of assets.</i>				
		<i>Please also include parallel financing associated with this project or programme.</i>				

	<p>One of the three work pillar of IUCN is on Nature-based Solutions, thus a suite of projects qualify as parallel financing. The most pertinent are listed here:</p> <p>Blue Natural Capital Financing Facility, funded by the Government of Luxembourg, 2 M EUR</p> <p>ADAPT: Nature-based Solutions for resilient societies in the Western Balkans, funded by the Swedish SIDA, 2.4 M EUR</p> <p>Mangrove PAPBio C1, European Union, 9.9 M EUR</p> <p>PREE, Partenariat Régional sur l'Eau et l'Environnement en Afrique de l'Ouest et du Centre; funded by the Swedish SIDA 5.1 M CHF</p> <p>EbA Facility, 20 M EUR, IKI Germany</p> <p>Friends of EbA (FEBA), IKI Germany</p> <p>The SnCF programme will also collaborate closely with the newly announced Conservation Finance Initiative (CFI), a conservation investment incubator, managed by IUCN. As a GEF-funded non-grant mechanism, the CFI will make blended public and private finance and invest in early deals with significant conservation benefits (e.g., biodiversity, land degradation, climate mitigation and adaptation, ecosystem and community resiliency etc.), to create and accelerate a pipeline of projects mature enough for more risk-averse private capital and larger ticket size investment. A portion of this project portfolio of the CFI is open for other Funds to invest in, and thus also accessible to the SnCF Fund. This will be of particular interest regarding investment sector 2 of the SnCF Global, namely restorative agriculture/aquaculture.</p>
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C.2. Financing by component

Please provide an estimate of the total cost per component and output as outlined in section B.3. above and disaggregate by source of financing. More than one co-financing institution can fund a single component or output. Provide the summarised cost estimates in the table below and the detailed budget plan as annex 4.

Component	Output	Indicative cost Options	GCF financing		Co-financing		
			Amount Options	Financial Instrument	Amount Options	Financial Instrument	Name of Institutions
Feasibility	Output TA1.1 Projects are screened and early lessons learned incorporated into deal sourcing design	2,777,900	2,495,900	Grant	282,000	Grant	Government
	Output TA1.2 Conduct pre-	3,153,800	2,086,300	Grant	1,067,500	Grant	Government

	feasibility assessments, studies and contractual arrangement						
	Output TA1.3 Perform technical, legal or economic feasibility assessment and studies	9,206,500	4,533,177	Grant	4,673,323	Grant	Government
	Output TA1.4 Perform additional ESIA and other related ESS assessment to comply with SnCF ESMS	2,241,930	1,390,930	Grant	851,000	Grant	Government
	Output TA1.5 Support deal finalization during SnCF due diligence	440,492	374,492	Grant	66,000	Grant	Government
Capacity building	Output TA2.1 Various stakeholders are trained fit-for-purpose to fast-track project investments	5,162,500	3,796,056	Grant	1,366,444	Grant/In-kind	Government
	Output TA2.2: Best practices, guidelines and tools are developed, disseminated and applied	1,252,800	702,500	Grant	550,300	Grant/In-kind	Government
Metrics	Output TA3.1: Standardised metrics, tools, indicators and methodologies are deployed to raise ambition in project design and contribute to maximum project impact.	1,474,800	1,394,800	Grant	80,000	Grant/In-kind	Government
	Output TA3.2: Process is in place to ensure transparent and robust project indicators and methodologies	516,600	476,100	Grant	40,500	Grant/In-kind	Government

	support subnational and national policies.						
	Output TA3.3 An MRV system for the monitoring of the SnCF Fund investment results is in place and integrates climate change mitigation as well as other benefits such as climate adaptation benefits and IUCN's standard on nature based solutions	380,700	351,200	Grant	29,500	Grant/In-kind	Government
PMU		1,391,978	898,545	Grant	493,433	Grant	Government/ Private
Indicative total cost (USD)		28 MUSD	18.5 MUSD		9.5 MUSD		

This table should match the one presented in the term sheet and be consistent with information presented in other annexes including the detailed budget plan and implementation timetable.

In case of a multi-country/region programme, specify indicative requested GCF funding amount for each country in annex 17, if available.

C.3 Capacity building and technology development/transfer (max. 250 words, approximately 0.5 page)

C.3.1 Does GCF funding finance capacity building activities? Yes No

C.3.2. Does GCF funding finance technology development/transfer? Yes No

If the project/programme is expected to support capacity building and technology development/transfer, please provide a brief description of these activities and quantify the total requested GCF funding amount for these activities, to the extent possible.

This Technical Assistance project has a dedicated component on capacity building: Relevant stakeholders have the information and guidance needed to support the development of sound policy and incentives schemes that enable and fast-track green infrastructure projects on a subnational level, as well as to foster up-scaling and replication of investment deals. Kindly refer to details in B.3.

With respect to technology development/transfer, this project intends to ensure that its work provides input into the UNFCCC's work in this area, none the least related to countries technology needs assessments

(TNA)²³. Many of the technologies needed to address climate change include renewable energies such as wind energy and solar power, projects to be invested in via the SnCF Global. The project will also address topics such as drought-resistant crops (via its restorative agriculture/aquaculture area), early warning systems and coastal resilience technologies (from seawalls to mangrove replanting). Overlaps between capacity building and technology development/transfer exist when as energy-efficient practices and training for using equipment is conducted.

²³ <https://unfccc.int/tclear/tna>

D. EXPECTED PERFORMANCE AGAINST INVESTMENT CRITERIA

This section refers to the performance of the project/programme against the investment criteria as set out in the GCF's [Initial Investment Framework](#).

D.1. Impact potential (max. 500 words, approximately 1 page)

Specify the mitigation and/or adaptation impact, taking into account the relevant and applicable sub-criteria and assessment factors in the Fund's [investment framework](#).

For the purposes of this estimation, we assumed that 35 projects will be invested in by the SnCF Global, and delivering the expected Climate and SDG impacts, with the following theoretical breakdown. The projects are all limited to ES B and C categorisation:

- 7 water and sanitation projects (each with a SnCF ticket of USD 20 million)
- 7 restorative agriculture projects (each with a SnCF ticket of USD 20 million)
- 7 solid waste optimisation projects (each with a SnCF ticket of USD 20 million)
- 7 renewable energy generation projects (each with a SnCF ticket of USD 20 million)
- 7 energy efficiency retrofit projects (each with a SnCF ticket of USD 20 million)

Additional assumption can be found on [Annex 22](#).

SnCF expects to deliver multiple impacts, thereby contributing to several SDGs through its fully invested portfolio. This includes SDG 3 (improved health), SDG 5 (Gender mainstreaming), SDG 6 (Clean water and sanitation), SDG 7 (access to clean energy), SDG 8 (job creation), SDG 11 (sustainable communities) and SDG 13 (climate action). Moreover, SnCF Global is looking to apply best in class screening system to ensure resilience of the infrastructure deployed. On that end, R20 is working actively with Rockefeller Foundation to incorporate the resilience infrastructure tool developed by the Foundation in its screening methodology and is seeking to promote NbS when applicable. Uniquely, the SnCF will measure, report and certify impact for both climate mitigation, adaptation and sustainability co-benefits (SDGs) using Gold Standard methodology. Reportable outcomes will be aligned with and support national level NDCs and SDGs.

Refer to figure below for a summary of total impacts.

The preliminary findings, estimated that the Fund will reduce 4 million tons of CO₂e per annum over the minimum 20-year life of the built infrastructure leading to a conservative reduction estimate of 81 million tones for the life of the infrastructure (understanding that for such long period baseline needs to be reassessed every 5 years). Furthermore, the SnCF will create up to 20'000 jobs (with a set minimum of 4'000 female employees for a target of 10'000) and provide 2.5 million people with access to clean energy. The SnCF will also enable up to 1,8 billion kWh of renewable power production per year (from waste-to-energy plus solar PV projects), as well as 406 million kWh saved per year (from LED street lighting projects and smarter urban services). Through these 35 projects we also expect over 17 million people in urban areas to have improved access to basic services (waste collection, access to energy, better urban services and street lighting).

The impact potential of this programme, via the Technical Assistance, is strengthened by using the capacities of IUCN as well as the EEs R20 and Gold Standard who have long standing experience in implementing climate change mitigation and adaptation subnational projects. It is these agencies working together that will bring in the support to develop bankable deals that bring mitigation benefits and adaptation co-benefits. Combined with the experience of Pegasus Capital as a manager of an investment

fund, this novel partnership harnesses what can be truly transformational by taking advantage of very different AE capacities combined with EE capacities. In addition, the EE Gold Standard will be helping to integrate climate mitigation and adaptation benefits in the certification of mitigation and adaptation results from investment deals thus adding to the capacity needed for this programme to run efficiently and with effectiveness. Climate change is indeed the core element in the project and within the programme, Pegasus is already in advanced discussions with senior investment professionals with extensive experience in mitigation and adaptation to climate change investment to join its team to ensure effective implementation.

D.2. Paradigm shift potential (max. 500 words, approximately 1 page)

Describe the degree to which the proposed activity can catalyze impact beyond a one-off project or programme investment. Describe the following, if applicable:

- *Potential for scaling up and replication*
- *Potential for knowledge sharing and learning*
- *Contribution to the creation of an enabling environment*
- *Contribution to the regulatory framework and policies*
- *Overall contribution to climate-resilient development pathways consistent with relevant national climate change adaptation strategies and plans*

- Potential for scaling-up and replication (e.g. multiples of initial impact size)

Successful implementation in Beneficiary Countries will make it easier to replicate in the Beneficiary country and ultimately in other countries. Pegasus and R20 have already reached out to a number of regional DFIs and there is high interest for the concept to be replicated with regional specific Sub-Funds. As well, existing southern accredited entities have been approached and are working with R20 to work on appropriation and mastering and the value chain and the blended finance impact vehicles as to be able to replicate and scale up.

Once we have proven a first operational model of the SnCF, we will begin to replicate the concept in other geographies. This means that lessons learned and key success factors will be shared with relevant governments and financial institutions in order to share best practices and to help the SnCF concept to widely proliferate. In terms of the SnCF's impacts, a first-in-class Measuring, Reporting and Verification (MRV) system will allow for impact reporting at both fund and project level, and will be linked to a new global online platform being set up by the UNFCCC and Gold Standard to publicly track SDG impacts.

The added market studies in the project enables the countries and sectors' market situation to be reviewed in consultation with each Government with the view to engaging with the Government to see how best to improve the enabling environment for investments that would benefit national and local authorities' priorities to take advantage of private sector interest and investment capabilities.

- Potential for knowledge and learning

There is a huge potential for knowledge and learning with this programme.

First of all, R20, Pegasus and IUCN plan to set up a first-of-its-kind impact measurement, reporting and verification (MRV) system that will be applied to the projects under the umbrella of the SnCF in partnership with Gold Standard. This MRV system will be linked to a new global platform being set up by the UNFCCC and Gold Standard for reporting project impacts towards climate change targets and related SDGs. Therefore, projects that get implemented under this programme may be publicly reporting their SDG impacts on a global, public platform that will foster knowledge exchange, high-level recognition and comparability, and inspire others to do the same.

Second, the infrastructure project undertaken by the Fund will be showcased and serve as blueprint for local replication, moreover as the project capacity will intensively include local consultants the technical, legal and financial know-how will remain in Beneficiary countries allowing further replication.

- Contribution to the creation of an enabling environment

The R20 value chain in itself is an enabling environment which seeks to eliminate barriers to low-carbon and climate-resilient project solutions. By working directly with local authorities R20 assists with project identification and formulation. Afterwards, R20 works with the most promising of those identified projects through 'project capacity' training workshops to help projects become more bankable. R20 also works with technology partners to fund the feasibility studies needed to make the projects investment ready. Even if projects are not immediately financed by the fund, the opportunity to attend a Source training, for example, is a golden opportunity for a public-sector user to dramatically improve his or her chances of accessing project finance by preparing their project in a way that is fully endorsed by the MDBs. This is knowledge that can have impact well beyond the preliminary targets of our programme.

- Contribution to the regulatory framework and policies

Objective is to create an enabling environment, demonstrate it is doable and encourage scaling-up through example (+ education / training). This is important to reduce implementation and operating risk, rendering the projects more attractive to the SnCF. The R20 value chain includes "training and capacity building" across all the different value-chain stages.

- Overall contribution to climate-resilient development pathways consistent with relevant national climate change adaptation strategies and plans

Private investments in NbS have so far been limited. With the SnCF programme, and IUCN as a partner, the programme aims to ensure that nature can contribute to the broader goals of climate adaptation, as well as mitigation. NbS is already part of many countries first round of NDCs and there is a growing interest to ensure NbS are part of the climate solutions (e.g. UN Climate Summit special track on NbS).

Preparation of detailed feasibility studies for climate change adaptation/mitigation projects is the direct scope of activities of many international financial institutions. This programme is however not creating the same type of project preparation facility. Rather, what makes this project unique is its focus on infrastructure deals at the subnational level, including those that bring in nature based solutions to protect infrastructure from climate change impacts and that bring mitigation benefits. While other preparation facilities exist, this preparation work's inclusion of nature based solutions for infrastructure offers a unique proposition in the climate mitigation and adaptation arena. It is also unique in how it brings into this space, actors such as BNP Paribas, Rockefeller Foundation, Edmond de Rothschild bank, whose engagement will create a paradigm shift in the way the infrastructure deals that receive technical support can be promoted. These players while using this Fund as a first will use it as a model for future large scale replication by Convergence and DFID, OECD DAC Countries with the Gates Foundation and Rockefeller Foundation as they seek to develop a multi billion umbrella blended climate finance initiative for COP 26. This is what is a key element in the paradigm shift that the technical facility will do as GCF's grant financing will leverage a shift in the way such deals are developed for future investment with actors that we aim to have mainstream this approach into their regular operations.

This approach has already gained some recognition, being selected as best climate finance city project of 2020 by the climate lab and selected by Convergence for their blended finance best-practice platform. Intergovernmental bodies such as the Commonwealth and the Union for Mediterranean and some national GCF-accredited Fund managers (such as FONERWA - Rwanda, FYNSA – Chile- ...) already expressed their interest in joining the consortium to learn and be able to replicate this unique strategy for respectively SnCF Islands, SnCF Med, SnCF sub Saharan Africa and SnCF LATAM, as they also recognise the great importance and opportunity for Subnational Climate Infrastructure on the one hand and blended finance mechanism such unlocking private investors which are looking for secured climate finance vehicles in emerging market. Thus, another difference from other preparation facilities is the way in which preparation of deals will take place as the aim is to have these institutions in the region sustain the approach and

replicate successful designs of deals, thus creating replication beyond a one-off preparation facility as is the case with many others that are in effect today.

D.3. Sustainable development (max. 500 words, approximately 1 page)

Describe the wider benefits and priorities of the project/programme in relation to the Sustainable Development Goals and provide an estimation of the impact potential in terms of:

- *Environmental co-benefits*
- *Social co-benefits including health impacts*
- *Economic co-benefits*
- *Gender-sensitive development impact*

As described in section D.1 we expect the SnCF (based on 35 projects) to contribute to several SDGs, notably SDG 3 (improved health), SDG 5 (Gender mainstreaming), SDG 6 (clean water and sanitation), SDG 7 (access to clean energy), SDG 8 (job creation), SDG 11 (sustainable communities), SDG 13 (climate action) and SDG 14/15 (biodiversity).

Beyond the SDG related impacts mentioned above, the SnCF will also generate wider co-benefits for which it is difficult to quantify at this stage. In terms of the broader economy, we know that energy, lighting and improved waste management practices enabled by projects provide the contexts necessary for the creation of local employment through small businesses, local associations and other informal means of generating economic activity and employment. For education, we know that access to energy and in particular LED city lighting can increase average school-leaving ages, attendance in schools and improve educational results by lengthening study-time for children after dark, in addition to making adult professional education an option for many parents. Regarding public health, we know that appropriate waste collection and treatment solutions can create multiple areas of positive impact, including reducing exposure of the wider public to air pollutants and water pollutants and reducing the exposure of those living close to waste or indeed coming into direct contact with it, to disease, toxins and other often fatal and/or debilitating effects (including for example malformation of children whose mothers are exposed to electronic waste during pregnancy).

Access to clean, reliable, safe water has a multitude of development co-benefits in addition to GHG reduction, including agricultural co-benefits (germination, erosion), health and well-being improvements, and particular gender-related co-benefits since the majority of water retrieval in the developing world is done by women and girls. Gold Standard has certified water project impacts against SDG 1, no poverty; SDG 3, good health; SDG 5, gender equity; and SDG 6, clean water. This year in the first ever Gold Standard certified “gender responsive” water project, women and children saved more than 2 hours a day on water collection, with 40% reporting that time saved was used for income-generation, leisure, religious and empowerment focused activities within the community. The project also measured – and approached – gender parity, with its Water Resource Committees comprised of 46% female to 54% male. Since the project started, no women have reported incidents of domestic violence related to water collection, compared to 35% prior to the project. And borehole users have reported an 85% reduction in incidents of bullying, intimidation and assault during water collection since the borehole was rehabilitated.

As for gender sensitive development, there is research showing that women and girls would benefit the most from access to improved energy services in developing countries.²⁴ Due to their traditional responsibilities for collecting fuel and water, which is time-consuming and physically exhausting, women and girls are seriously limited in their ability to engage in educational and income-generating activities. It is well known that in many developing countries, much of women's time is taken up with difficult and time-consuming chores related to producing and processing food without mechanical or electrical equipment, and in cooking with dirty fuels. A 2015 World Bank study, which focuses primarily on rural electrification, states that access to electricity can also reduce gender-based violence. For example, increased lighting increases women's sense of security and grants women increased mobility at night, which could help female-led small businesses to operate in the evenings. Television could also help reduce violence, particularly at the household level, by changing women's and men's perceptions of gender roles and relations and giving women a greater understanding of their legal rights.²⁵ In short, reduced drudgery for women and increased access to non-polluting power for lighting, cooking, household and productive purposes can have dramatic effects on women's levels of empowerment, education, literacy, nutrition, health, economic opportunities, and involvement in community activities.

D.4. Needs of recipient (max. 500 words, approximately 1 page)

Describe the scale and intensity of vulnerability of the country and beneficiary groups and elaborate how the project/programme addresses the issue (e.g. the level of exposure to climate risks for beneficiary country and groups, overall income level, etc.). Describe how the project/programme addresses the following needs:

- *Vulnerability of the country and/or specific vulnerable groups, including gender aspects (for adaptation only)*
- *Economic and social development level of the country and the affected population*
- *Absence of alternative sources of financing (e.g. fiscal or balance of payments gap that prevents government from addressing the needs of the country; and lack of depth and history in the local capital market)*
- *Need for strengthening institutions and implementation capacity*

In general, least Developed Countries, Developing Countries and Countries in transition face a significant demand in terms of access to basic services, such as health, education, energy, water and sanitation. The strongest demand amongst cities and regions is for energy, waste optimization and energy efficient city lighting services.

However, the low carbon, climate resilient infrastructure projects that must be implemented to meet this demand is far below the level that one might expect, primarily for two reasons.

Project Bankability

Projects are not being conceived, from the outset, to be "bankable" – i.e., projects that are:

- Properly structured in technical and financial terms: (amongst other) using appropriate reliable technologies, benefitting from the required permits and concessions, operated and serviced by reliable counterparties, appropriately insured and generating profits for investors;
- Conceived in full alignment with their operating context: (amongst other) the local community and its interests, local political and regulatory environments, national laws regulations and incentive schemes, and the international financial and political context.

²⁴ http://www.undp.org/content/undp/en/home/librarypage/environment-energy/sustainable_energy/energy_and_genderforsustainabledevelopmentatoolkitandresourcegui.html

²⁵ <http://documents.worldbank.org/curated/en/732581468194079700/pdf/940390ESM0P1490shop0Report0940390SN.pdf>

The challenge lies with the “project development value chain” and the limited degree of collaboration, understanding and interconnection of the different social, economic, political and regulatory, technology and financial players involved in project development and implementation. Almost invariably, key players do not fully understand what makes a project bankable, they do not understand each other’s interests, how their decisions can impact negatively on each other, and therefore on the bankability of projects.

Access to finance

There is also a lack of appropriate financing instruments to fund the development and implementation of appropriate projects, at scale.

If needs are to be met, this will overwhelmingly be by green infrastructure projects of an intermediate size, of between 5 and 75 MUSD, located near user-communities, and that can most easily be replicated by leveraging local experience and expertise. These projects represent the largest part of the potential market for green infrastructure in terms of number, aggregate investment opportunity and of potential for climate and SDG impact.

For projects of this size however, there is a significant “funding gap”, a lack of appropriate financial instruments to finance project identification development and implementation, that deliver upon the expectations of investors while ensuring that projects remain affordable and financially viable. The situation is distinct from that of smaller projects that have less difficulty in finding donor capital and local sources of funding, and from larger projects that tend to attract development finance investors and smaller institutional capital.

The 100 campaign:

This need has been strongly highlighted during the 100 Climate Solutions Projects Campaign undertaken by initially in 2016, with its latest update in 2019. Working through R20’s networks of cities and regions - approximately 5000 cities and regions globally -and through partner networks and associations of local/regional governments and private companies, the campaign consisted of an open call to submit potential projects for support. The accepted submissions included letters of mandate and support from municipal, regional or national government authorities, as well as high-level descriptions of the projects outlining basic market data. The inaugural edition of the campaign identified more than 650 potential projects, 450 of which submitted formal letters of mandate and political support.

Alignment with NDCs

The SnCF prioritizes the integration of sub-national climate and sustainability priorities with those at a national level, including but not limited to Nationally Determined Contributions (NDCs) and Sustainable Development Goal targets (SDGs). The fund will make use of a number of in-country tools to ensure that this alignment occurs. First is engagement with the relevant federal line Ministries, and participation where possible with their established agencies or working groups already established to ensure alignment between sub and national levels of climate action. In support of these public sector bodies, in-country delivery agencies regularly facilitate multi-level committees to identify, align, and flag any potential areas of potential misalignment. SnCF will participate directly or via partners as part of such bodies to ensure there is alignment and a clear reporting path between sub-national investment opportunities an national priorities. Finally, R20, IUCN and Gold Standard have extensive networks of project developers and in-country delivery agencies. SnCF will leverage this network in each host country to ensure contact is made and coordination occurs between subnational and national levels.

Gold Standard will play a particular supporting role as an implementing partner in the NDC-P. Through NDC-P, Gold Standard has access to government agencies and to the specific contacts responsible for each host country NDC development and implementation. In addition, every Gold Standard certified project must make a measurable contribution to climate (SDG 13 – Climate Action) and a minimum of two other SDGs (ex: SDG3 - Health and Well Being, SDG5 – Gender Equality, SDG6 – Clean Water and Sanitation, etc.). Project-level impacts are reported and can be rolled up into regional targets or national level SDG and NDC reporting.

The Annex 24 provide an analysis of the beneficiary countries' NDC with the scope of SNCF Global.

Barrier Analysis

The key barriers to financing mid-scale Subnational Climate Infrastructure have been analyzed in the beneficiary countries in the sector targeted by the SnCF. The analysis includes Pegasus, IUCN, Gold Standard, BNP and R20 field experience; inputs from countries NDAs and CSOs; and Multilateral Institutions. Further analysis will be conducted at both the TA stage and the due diligence stage of any potential equity investment.

Key barriers are summarized in the table below

Key barriers	Baseline	Alternative with the SnCF and GCF
Mid – Size (5-7 MUSD) Subnational Climate Infrastructure is underfunded.	<ul style="list-style-type: none"> Philanthropy and city to city cooperation usually does not fund projects with cost greater than 5 MUSD Traditional MDBs and DFIs ticket size does not cover projects with cost lower than 75 MUSD Many project developers struggle to find Equity partners and potential Debt providers request high Equity ratio due to the perceived risks. Transaction cost for such projects are critical and high transaction cost dramatically reduce bankability 	<ul style="list-style-type: none"> SnCF ticket size is dedicated to this type of high impact investments The SnCF will invest in Equity thus leveraging additional Debt at project level and filling the most needed capital for developers. The systemic approach of the SnCF initiative lowers transaction costs The GCF first loss provides a de-risking mechanism at fund level allowing a more suited risk management at project level thus reducing transaction costs.
Climate Infrastructure is underfunded by private capital	<ul style="list-style-type: none"> Risk for this type of asset is often perceived to high and therefore the risk/return ratio is often lower than private investor expectations Private investors are wary of greenwashing and many investment products have historically failed at delivering real positive impacts There is a general opinion that the issue is not a lack of capital but a lack of bankable projects 	<ul style="list-style-type: none"> The GCF First loss improves the risk/return ratio and provides conditions to crowd-in private investment. The Climate and SDG impacts will be certified. Most Fund are seeking larger deals size and competition among investors in those larger deals has led to excess capital offer than demand. However, for smaller transaction the exact opposite holds, and field experience has shown us that many smaller projects, even bankable, struggle to find Equity investors. The TA will support the creation of a bankable pipeline

<p>Projects are poorly designed and implemented</p>	<ul style="list-style-type: none"> • Projects are designed by an equipment provider and not always adapted to the exact needs of the territory • Participatory processes are often performed after the project design is completed and leaves low flexibility to citizens and local authority's inputs • ESIA are performed after project design and leaves low flexibility to design improvements. • Projects fails to be effectively implemented • Construction, Operation and Maintenance is challenging 	<ul style="list-style-type: none"> • The TA allows better project design and seeks solutions adapted to a given problematic. • The SnCF funnel process includes Environmental and Social safeguarding's at all steps and stakeholder engagement at early stage before the project is fully designed. • The SnCF is partnering with experienced private local projects developers. SnCF is also providing additional support thanks to the TA. • EPC and OM are performed with local partners selected for their robust experience, additional trainings and support will be provided by SnCF
<p>Specific barriers to Energy Efficiency projects</p>	<ul style="list-style-type: none"> • ESCOs models are not always compliant with public sector regulation • ESCOs models are not known and perceived as complex financial mechanisms • Energy prices are often subsidised • By nature, EE projects are often smaller than the 75MUSD threshold. 	<ul style="list-style-type: none"> • TA can support creation of adapted ESCO models and adapted ESCO contracts • The deal size is more adapted to these types of projects
<p>Specific barriers to Renewable Energy projects</p>	<ul style="list-style-type: none"> • Often lack of appropriate regulation • Often lack of clarity for IPP schemes • Often lack of bankable off-takers 	<ul style="list-style-type: none"> • The TA can support the authorities in designing a scheme for IPP and negotiate appropriate PPAs. • The counterparty risk is partially covered by the First Loss in the capital structure of SnCF • Project "smaller" size reduce counterparty risk as electricity needs and specific situation can be analysed in the DD.
<p>Specific barriers to Waste Optimisation projects</p>	<ul style="list-style-type: none"> • Lack of financial resources of municipalities • Weak regulation in the sector • Existing informal sector • Scattered cities and low waste volumes for traditional waste infrastructure in more "rural" areas 	<ul style="list-style-type: none"> • Smaller decentralised infrastructure can lower transport costs and is more adapted to generate value out of the recovered/transformed material rather than paying to get rid of it.

	<ul style="list-style-type: none"> • Transport costs to heavy to be supported by traditional business models • Difficulties to identify suitable land plots with heavy reluctance from neighbours 	<ul style="list-style-type: none"> • Stakeholder engagement includes the informal sector in the project design. • Smaller decentralised projects need less land and recycling and valorisation is more accepted than final disposal.
Specific barriers to Water and Sanitation projects	<ul style="list-style-type: none"> • Business models of wastewater mostly exclusively depending on municipalities and perceived expensive. 	<ul style="list-style-type: none"> • Nature-based Solutions and smaller decentralised infrastructure for wastewater are less capital intensive and reduce cost of treatment.
Specific barriers to Sustainable Agriculture projects	<ul style="list-style-type: none"> • Sector traditionally dominated by small enterprises with low creditworthiness. • Underdeveloped values chains and consumer demand for healthier food • Low local capacities and understanding of modern and environmentally friendly approach to agriculture 	<ul style="list-style-type: none"> • The TA can provide capacity building • The smaller deal size allows SnCF to invest in this sector dominated by SMEs • The solution driven approach will identify the most suitable crops for the local conditions and will be driven by the local demand.

D.5. Country ownership (max. 500 words, approximately 1 page)

Please describe how the beneficiary country takes ownership of and implements the funded project/programme. Describe the following:

- Existing national climate strategy
- Existing GCF country programme
- Alignment with existing policies such as NDCs, NAMAs, and NAPs
- Capacity of Accredited Entities or Executing Entities to deliver
- Role of National Designated Authority
- Engagement with civil society organizations and other relevant stakeholders, including indigenous peoples, women and other vulnerable groups

Every SnCF project will be undertaken with an official mandate from the relevant subnational authorities, and must also demonstrate alignment with country-driven priorities. Ensuring such alignment is a key element of project selection and due diligence, with specific focus on Nationally Determined Contributions (NDCs), national targets for Sustainable Development Goals (SDGs), NAMAs, prevailing gender policies, sustainability standards, and related national policies. As an NDC-P Associate, Gold Standard has contacts with all relevant Ministries related to national NDCs. Similarly, with 55 country offices, IUCN has direct access to relevant Conservation and Finance Ministries. For each host country from which SnCF receives an NOL, GCF will be consulted to ensure engagement and alignment with other GCF country programmes.

Country priorities will be reflected in the work of the regional Project Accelerator Facilities. The facility training programs will target sub-national stakeholders but will also provide training for regional and

national financial institutions and Accredited Entities to ensure capacity transfer. For example, Fonerwa is already working with the R20 on this specific model.

Training and project selection include safeguards, gender equity, stakeholder engagement, and environmental protection. This is mandatory for all projects. Please refer to the Gender Framework Annex and the detailed safeguarding elements in the Climate Rationale and Additionality section. These elements are compulsory, as stated in the ESMS, and reviewed by the Fund ES manager.

D.6. Efficiency and effectiveness (max. 500 words, approximately 1 page)

Describe how the financial structure is adequate and reasonable in order to achieve the proposal's objectives, including addressing existing bottlenecks and/or barriers, and providing the minimum concessionality to ensure the project is viable without crowding out private and other public investments. Refer to section B.5 on the justification of GCF funding requested as necessary.

Please describe the efficiency and effectiveness of the proposed project/programme, taking into account the total financing and mitigation/ adaptation impact the project/programme aims to achieve, and explain how this compares to an appropriate benchmark.

Please specify the expected economic rate of return based on a comparison of the scenarios with and without the project/programme.

Please specify the expected financial rate of return with and without the Fund's support to illustrate the need for GCF funding to illustrate overall cost effectiveness.

Please explain how best available technologies and practices have been considered and applied. If applicable, specify the innovations/modifications/adjustments that are made based on industry best practices.

GCF participation goes well beyond only increasing the ROI (return on investment) of the Fund as its focus is first and foremost to deliver climate mitigation and adaptation benefits. In addition, it will be monitored to ensure the efficiency and effectiveness of the fund, an issue to be taken up in each steering committee meeting, to ensure the project is managed in ways that continue to improve its efficiency and effectiveness throughout its implementation. Part of Component 3 on development and use of metrics and tools will focus on ensuring that efficiency and effectiveness are part of the subproject designs and also a key criteria for monitoring progress. Component 3 has also been clarified to show that its primary focus is on monitoring climate mitigation and adaptation benefits, thus aligning with GCF's primary focus with additional benefits, as requested by Governments on sustainable development goals.

E. LOGICAL FRAMEWORK

This section refers to the project/programme's logical framework in accordance with the GCF's [Performance Measurement Frameworks](#) under the [Results Management Framework](#) to which the project/programme contributes as a whole, including in respect of any co-financing.

E.1. Paradigm shift objectives

Please select the appropriated expected result. For cross-cutting proposals, tick both.

- Shift to low-emission sustainable development pathways
 Increased climate resilient sustainable development

E.2. Core indicator targets

Provide specific numerical values for the GCF core indicators to be achieved by the project/programme. Methodologies for the calculations should be provided. This should be consistent with the information provided in section A.

This section is made for the SnCF global Fund and doesn't include the Technical Assistance which has a marginal effect on the ratios.

E.2.1. Expected tonnes of carbon dioxide equivalent (t CO ₂ eq) to be reduced or avoided (mitigation and cross-cutting only)	Annual	3'881'722 t CO ₂ eq
	Lifetime	77'634'432 t CO ₂ eq
E.2.2. Estimated cost per t CO ₂ eq, defined as total investment cost / expected lifetime emission reductions (mitigation and cross-cutting only)	(a) Total project financing	<u>750'000'000</u> USD
	(b) Requested GCF amount	<u>150'000'000</u> USD
	(c) Expected lifetime emission reductions	77'634'432 t CO ₂ eq
	(d) Estimated cost per t CO₂eq (d = a / c)	<u>9,661</u> USD / t CO ₂ eq
	(e) Estimated GCF cost per t CO₂eq removed (e = b / c)	<u>1,932</u> USD / t CO ₂ eq
E.2.3. Expected volume of finance to be leveraged by the proposed project/programme as a result of the Fund's financing, disaggregated by public and private sources (mitigation and cross-cutting only)	(f) Total finance leveraged	<u>600'000'000</u> USD
	(g) Public source co-financed	___ Choose an item.
	(h) Private source finance leveraged	<u>600'000'000</u> USD
	(i) Total Leverage ratio (i = f / b)	<u>4</u>
	(j) Public source co-financing ratio (j = g / b)	___
	(k) Private source leverage ratio (k = h / b)	<u>4</u>
	In addition, each individual projected funded by the Fund is expected to have 2-4x leverage (whether by debt or third-party equity), which would result in a total leverage ratio of 8-16x GCF's investment.	
E.2.4. Expected total number of direct and indirect beneficiaries, (disaggregated by sex)	Direct	20'000 jobs created 50 % of female
	Indirect	17'000'000 citizens with improved living conditions 50 % of female
<i>For a multi-country proposal, indicate the aggregate amount here and provide the data per country in annex 17.</i>		
E.2.5. Number of beneficiaries relative to total population (disaggregated by sex)	Direct	Not relevant (Expressed as %) of country(ies)
	Indirect	Not relevant (Expressed as %) of country(ies)
<i>For a multi-country proposal, leave blank and provide the data per country in annex 17.</i>		



E.3. Fund-level impacts

Select the appropriate impact(s) to be reported for the project/programme. Select key result areas and corresponding indicators from GCF RMF and PMFs as appropriate. Note that more than one indicator may be selected per expected impact result. The result areas indicated in this section should match those selected in section A.4 above. Add rows as needed.

Expected Results	Indicator	Means of Verification (MoV)	Baseline	Target		Assumptions
				Mid-term	Final	
M1.0 Reduced emissions through increased low-emission energy access and power generation	M1.1 Tonnes of carbon dioxide equivalent (t CO ₂ eq) reduced or avoided - gender-sensitive energy access power generation	Certified reduction at projects levels (tCO ₂ eq)	0	2'997'322	8'991'965	7 projects of renewable energy Only 1/3 of impact will be archived at mid term due to construction times See Annex 22 for further assumptions
M3.0 Reduced emissions from buildings, cities, industries and appliances	M3.1 Tonnes of carbon dioxide equivalent (t CO ₂ eq) reduced or avoided - buildings, cities, industries, and appliances	Certified reduction at projects levels(tCO ₂ eq)	0	12'529'565	37'588'694	See Annex 22 for further assumptions
	Social and economic co-benefits in terms of citizens benefiting from better public services (energy access, street lighting and better sanitation) (Linked to outcomes M5, M6 and M7)	Number of citizens benefiting from better public services (energy access, street lighting and better sanitation)	0	5'700'000	17'000'000	On average 480'000 citizens affected per projects 35 projects
	Social and economic co-benefits in terms of citizens benefiting from better waste management systems, access to water and local sustainable agriculture (Linked to	Number of citizens benefiting from better waste management	0	3'360'000	10'080'000	On average 480'000 citizens affected per projects 7 waste projects, 7 water projects

	outcomes M5, M6 and M7)	t systems, access to water and local sustainable agriculture				and 7 agriculture projects
	<i>Social and economic co-benefits in terms of solid waste facility, sewage treatment plant and restorative agriculture projects built (Linked to outcomes M5, M6 and M7)</i>	Number of solid waste facility, sewage treatment plant and restorative agriculture projects built	0	21	21	7 solid waste projects, 7 water projects, 7 agricultural projects

E.4. Fund-level outcomes

Select the appropriate outcome(s) to be reported for the project/programme. Select key expected outcomes and corresponding indicators from GCF RMF and PMFs as appropriate. Note that more than one indicator may be selected per expected outcome. Add rows as needed.

Expected Outcomes	Indicator	Means of Verification (MoV)	Baseline	Target		Assumptions
				Mid-term)	Final	
M 5.0 Strengthened institutional and regulatory systems for low-emission planning and development (stemming from the training and capacity building)	<i>M5.2 Number and level of effective coordination mechanisms</i>	Survey after trainings to National AE	0	2	4	Existing regional investment structure similar to SnCF
M6.0 Increased number of small, medium and large low-emission power suppliers	<i>M6.3 MWs of low-emission energy capacity installed, generated and/or rehabilitated as a result of GCF support</i>	Direct monitoring of renewable power capacity commissioned	0	140 MW	140 MW	In average 20 MW per projects 7 RE projects
M 7.0 Lower energy intensity of buildings, cities, industries, and appliances	<i>M7.1 Energy intensity/Improved efficiency of buildings, cities, industries and appliances as a result of Fund support.</i>	#Kw/h saved	0	1'927'632'000	4'882'896'000	In average 406'908'000 kwh/y saved

E.5. Project/programme performance indicators

The performance indicators for progress reporting during implementation should seek to measure pre-existing conditions, progress and results at the most relevant level for ease of GCF monitoring and AE reporting. Add rows as needed.

Expected Results	Indicator	Means of Verification (MoV)	Baseline	Target		Assumptions
				Mid-term	Final	
Climate mitigation infrastructure projects are additional, commercially viable, screened, and selected for a high levels of SDG impacts, ES safeguards and, where possible, include a NbS component	Number of viable climate mitigation infrastructure projects	Submissions from project developers, TA assessments, Feasibility studies, Decisions made by the PA Committee	0	15	40	
Relevant stakeholders have the information and guidance needed to support the development of sound policy and incentives schemes that enable and fast-track green infrastructure projects on a subnational level, as well as to foster up-scaling and replication of investment deals	Number of stakeholders	List of participants of trainings and workshops	0	100	360	
A standard certification and MRV methodology and system are in place to raise ambition and to monitor the impact of SnCF Fund investment, integrating IUCN's standard on NbS	Number of MRV system (including SnCF MRV criteria, reporting pathways, and impact registry)	Project-level impact data	0	1	1	

E.6. Activities

All project activities should be listed here with a description and sub-activities. Significant deliverables should be reflected in the implementation timetable. Add rows as needed.

Activity	Description	Sub-activities	Deliverables
Activity TA1.1.1: Develop and agree on SnCF Technical Assistance selection criteria based on of existing Project Accelerator Facilities' work, investor needs, compliance with safeguarding and other ESMS guidance, and related best practice and standards.	Perform gap analysis on existing criteria's and develop an adapted set for the type of projects we are doing	<ul style="list-style-type: none"> * Gather relevant background documentation * Convene consultations with relevant SnCF core team partners * Review input * Finalize criteria 	* Final set of criteria
Activity TA1.1.2: Conduct market studies, strategies to remove barriers to efficient implementation of investment deals, and	Conduct market studies, strategy development for barrier removal; Develop an IT tool and	<ul style="list-style-type: none"> * Conduct market studies and develop country strategies for barrier removal * Develop guiding material (print version) 	<ul style="list-style-type: none"> * Available market study * Printed guiding material * IT tool

develop tools to simplify project submission from authorities and project developers.	guideline to support project submission	<ul style="list-style-type: none"> * Develop user friendly IT tool with easy-to-reference dashboard * Support the update by project developers 	
Activity TA1.1.3: Select projects for TA support, and get PA Committee approval for spending funds.	The sourcing will rely mostly on communities with city and regions through existing networks and local offices of the partners	<ul style="list-style-type: none"> * Review project submissions * Conduct committee review meetings * Announce results and set-up next steps 	<ul style="list-style-type: none"> * List of screened projects * Evaluation reports
Activity TA1.1.4: Strengthen and streamline selection criteria based on early submissions and lesson learned	Issues that will arise in later stages are analyzed and criteria's that could have avoided the late issue are added/ refined to ensure such issue won't happen in the future	<ul style="list-style-type: none"> * Gather new background documentation * Convene consultations with relevant SnCF core team partners * Review input * Update criteria, if needed 	<ul style="list-style-type: none"> * Final set of criteria (revised)
Activity TA1.2.1: Perform on site evaluation, stakeholders' meetings and pre-feasibility studies of selected projects	Teams are sent on the project site to asses if the project is viable and if stakeholder are favorable to the proposed project.	<ul style="list-style-type: none"> * Field visits & local consultations * Conduct technical pre-feasibility work * Hold additional consultations with relevant subnational stakeholders 	<ul style="list-style-type: none"> * Field visit reports * Feasibility studies * Outcome stakeholder consultations
Activity TA1.2.2: Pre-feasibility studies are screened to evaluate further TA support, additional project development support is identified, ToR of additional studies are drafted.	Gold Standard will review project design to ensure alignment with methodologies will result in impact re climate mitigation, adaptation and sustainability co-benefits. Projects will also be assessed for alignment of reporting with NDCs and SDGs, and compliance / integration with national climate and development strategies and associated reporting. IUCN will support the early sourcing efforts through technical advice and screening of the project pipeline vav possible NbS components. Project Accelerator Facilities are taking selection and disbursement decisions.	<ul style="list-style-type: none"> * Review exercise and convening of group for consolidation * Convening of Committees * Drafting of ToRs 	<ul style="list-style-type: none"> * Assessment reports * Committee reports * ToRs
Activity TA1.2.3: Draft and negotiate contracts with project developer/owner for the technical assistance support	The TA signs an exclusivity agreement and ensure right of first offer for SnCF investment in the finalized deal. The TA team screens the	<ul style="list-style-type: none"> * Work with the respective project developers to finalize agreements 	<ul style="list-style-type: none"> * Contracts

	project proposal, and accompanies the applicant to ensure the proposal meets all the requirements. Once it does, the team submits a request for feasibility to the respective PA Committee who evaluates the project.		
Activity TA1.3.1: Procure and assign service contracts to technical/legal/relevant experts and evaluate results of commissioned feasibility studies	Experts and local consultants perform the feasibility study, which includes elements such as the technical-economic analysis, the pre-PPA, pre-concession, the EIA, identification of NbS components, land rights and detailed LOI from all stakeholders.	<ul style="list-style-type: none"> * Hire additional technical experts * Assess and combine reports on a project by project basis 	* Feasibility studies
Activity TA1.3.2: Conduct ad-hoc working groups between the TA team, the project developer/owner and contracted parties.	The TA team screens the results of the feasibility studies. And closely communicates with the PDs.	<ul style="list-style-type: none"> * Review of the feasibility studies * Communication with the PD and other relevant parties 	* Assessment of the feasibility studies
Activity TA1.4.1: Support, where applicable, contracted parties to ensure stakeholders meeting and other ESS activities are performed according to Gold Standard best practices.	The SnCF Global Environmental and Social Management System (ESMS) is designed to ensure proper implementation of the ESMS to the entire 'value chain' from the project concept through investment and asset management.	<ul style="list-style-type: none"> * PDs are supported, using available tools (see above) and best practices (see below) to ensure project requirements are met 	* Draft ESMS documentation
Activity TA1.4.2: Monitor the ESS work performed and consult between ad-hoc working groups between the TA team, the project developer/owner and contracted parties.	Each project will be assessed against GS safeguarding methodology. This ensures that project design includes in addition to core climate indicators, gender sensitivity, water assessment, and SDG impact pathways, mandatory stakeholder consultation, assessment of community Health, Safety and Working Conditions, anti-corruption.	<ul style="list-style-type: none"> * Evaluation of documentation received, one project at a time * Input from technical experts on climate change and as well including on SDG and NbS 	* ESMS documentation
Activity TA1.5.1: Submit screened projects to SnCF Global to continue with deal structuring phase and support Due Diligence	Each project developed will be submitted to SnCF and the TA teams will ensure a smooth transition with the Due Diligence teams answering theory questions.	<ul style="list-style-type: none"> * Provide screened documentation to SnCF team 	* Final project documentation
Activity TA1.5.2 Assist, when applicable, project owner and	Some projects owner may have difficulties in the legal	<ul style="list-style-type: none"> * Identify TA appropriate activities that may still need 	* Additional activities that needs TA support, if any

<p>SnCF with key contracts (Off-takers, EPC, OM, concessions)</p>	<p>structuration of the projects, the TA teams will provide ad-hoc support to ensure the legal setting is robust and will be considered as bankable</p>	<p>"hand-holding" to get accepted by SnCF Global to start their due diligence process</p>	
<p>Activity TA2.1.1: Training of project developers to increase understanding of safeguard requirements, ESMS requirements, SDG and NbS criteria, and other investment requirements for high-integrity, bankable project design and delivery of climate change results.</p>	<p>The TA will conduct training workshops targeted at project developers (PD) to ensure ES safeguard requirements and the potential to engage with ESMS requirements, SDG and NbS are understood alongside the core climate change focus. These trainings will also focus on key investment parameters, such as project structuring, financing, implementing and monitoring process.</p>	<ul style="list-style-type: none"> * Background research and collection of available information * Adjusting/drafting relevant CVs for the training, identify content etc * Identify appropriate experts to help on technical topics * Identify the groupings for the workshop (regional or theme based) * Organize logistics (online course, webinar, face-to-face, field visit etc) * Document outcomes and collection lessons learned for next workshop * Communication and outreach 	<ul style="list-style-type: none"> * Training CVs * Workshop documentation
<p>Activity TA2.1.2: Training of public authorities to provide for enabling conditions for green infrastructure investments</p>	<p>Sub-national workshops will be held to ensure an increased understanding of the SnCF programme, its project pipeline and its overall approach. The goal is to work jointly with the local authorities to identify challenges, but primarily find means and solutions to create an enabling environment (e.g. laws and regulation, financial incentives etc) for new green infrastructure investments.</p>	<ul style="list-style-type: none"> * Background research and collection of available information * Adjusting/drafting relevant CVs for the training, identify content etc * Identify appropriate experts to help on technical topics * Identify the groupings for the workshop (regional or theme based) * Organize logistics (online course, webinar, face-to-face, field visit etc) * Document outcomes and collection lessons learned for next workshop * Communication and outreach 	<ul style="list-style-type: none"> * Training CVs * Workshop documentation
<p>Activity TA2.1.3: Training of regional actors to expand know how of the value chain and blended finance vehicles for large scale replication</p>	<p>The third set of knowledge exchange targets regional actors, primary financial institutions. The goal is to ensure the know-how on the value chain and blended finance vehicles for large scale replication become</p>	<ul style="list-style-type: none"> * Background research and collection of available information * Adjusting/drafting relevant CVs for the training, identify content etc * Identify appropriate experts to help on technical topics 	<ul style="list-style-type: none"> * Training CVs * Workshop documentation

	mainstreamed. In addition to core climate change indicators, ES safeguard, SDG and NbS impact measurement will be equally part of the workshops.	<ul style="list-style-type: none"> * Identify the groupings for the workshop (regional or theme based) * Organize logistics (online course, webinar, face-to-face, field visit etc) * Document outcomes and collection lessons learned for next workshop * Communication and outreach 	
Activity TA2.2.1: Production of best practices, guidelines and tools for replication and upscaling	In order to ensure scale-up and wider application, best practices, blue prints and other tools are being produced and made publically available. They will be promoted at international events or other (online) fora.	<ul style="list-style-type: none"> * Work with technical experts and TA team to develop draft documentation * Engage in review process * Finalization of documents, including layout etc * Dissemination through various means and channels 	<ul style="list-style-type: none"> * Blue prints * Best practices * Other tools
Activity TA3.1.1: Ensure Gold Standard indicators are fully aligned with SnCF Climate Change focus, as well as ESMS, international best practices (IFC, EIB,), investor, and host country criteria	In the consortium, Gold Standard will lead the development and deployment of standard metrics, tools, indicators and methodologies to raise ambition in project design and to lead to certified SDG impact.	<ul style="list-style-type: none"> * Work with technical experts and TA team to develop draft metrics, tools, indicators and methodologies * Engage in review process * Finalization of documents, including layout etc * Dissemination through various means and channels 	<ul style="list-style-type: none"> * <i>metrics</i> * <i>tools</i> * <i>indicators</i> * <i>methodologies</i>
Activity TA3.1.2: Incorporate Gold Standard climate change indicators and methodologies in ex-ante project design/selection, including for Nature-based Solutions and SDGs	ESMS-anchored Gold Standard safeguards - stakeholder consultation, gender sensitivity, SDG impact forecasting, ecosystem and water framework, cultural and heritage assessment, etc. checklists - ensure inclusion in project design, along with NbS	<ul style="list-style-type: none"> * Engage with the project developer * Support project documentation 	<ul style="list-style-type: none"> * Revised project documentation
Activity TA3.1.3: Support projects with clear implementation, compliance, and reporting pathways of climate, as well as co-benefits relating to SDG and NbS impact	Additional guidance in the Standard, to be reinforced through the training and capacity building noted previously, includes support on sound GHG and SDG impact accounting, stakeholder consultation, environmental and social safeguards, etc.	<ul style="list-style-type: none"> * Engage with the project developer * Support project documentation 	<ul style="list-style-type: none"> * Guidance documentation
Activity TA3.1.4: Develop additional methodologies, monitoring, and impact	new methodologies require stakeholder consultation, scoping, developing, capacity	<ul style="list-style-type: none"> * Engage with technical experts to draft new methodologies 	<ul style="list-style-type: none"> * New Methodologies

criteria as needed, including to evaluate health impact of sustainable infrastructure and NbS opportunities	building, testing and sign off from an independent technical body	* Review and consultation process * Publishing and dissemination	
Activity TA3.2.1: Align project design elements and outputs with climate change (particularly NDC targets) as well as SDG targets and related national policy frameworks	In SnCF project countries align subnational impacts and reporting with national and regional climate change targets particularly NDCs but also SDGs and policy targets	* Advice on NDC alignment and reporting * Review project documentation	* Revised project documentation
Activity TA3.2.2: Align project design elements and outputs with prevailing sub-national policies and regulations	In SnCF project countries align subnational impacts and reporting with national climate change targets (particularly NDCs) as well as SDG, and policy targets	* Advice on sub-national policies * Review project documentation	* Revised project documentation
Activity TA3.3.1: Ensure robust measurement and verification (MRV) process and infrastructure are developed and implemented	Establish minimum SnCF MRV criteria, reporting pathways, and impact registry (domestic or offshore)	* Engagement with MRV experts * Review * Finalization of criteria	* MRV criteria and overall reporting system
Activity TA3.3.2: Develop monitoring and reporting tools at project level.	Support stakeholders regarding MRV criteria, reporting pathways, and impact registry (domestic or offshore)	* Engage with the PD and other project stakeholder via the SnCF MRV systems * Consult on and develop tools	* MRV reporting tool(s)

E.7. Monitoring, reporting and evaluation arrangements (max. 500 words, approximately 1 page)

Besides the arrangements (e.g. annual performance reports) laid out in AMA, please give a summary of the project/programme specific arrangements for monitoring and evaluation. Please provide the types of interim and final evaluations. Describe Accredited Entity (AE) project reporting relationships, including to the NDA/Focal Point and between AE and Executing Entity (EE) as relevant, identifying reporting obligations from the EE to the AE. This should relate to the frequency of reporting on project indicators, implementation challenges and financial status.

The monitoring, reporting and evaluation arrangements of the Technical Assistance project is as follows:

Project level monitoring and evaluation will be undertaken in compliance with the IUCN 2015 Monitoring and Evaluation Policy, Accreditation Master Agreement (AMA) between GCF and IUCN and the IUCN Access to Information Policy.

Project monitoring will measure achievement of the performance indicators and report on the implementation progress of GCF project while it is being implemented. Performance indicators are identified according to the principles established in the GCF Initial Results Management Framework linking time-bound sets of activities to a set of agreed results. IUCN maintains a standard list of technically well-informed indicators aligned to its donors core indicators, including GCF. IUCN aims to develop its standard indicators for each programmatic area with afferent measurement tools to ensure effective data collection and harmonized reporting. IUCN's Programme and Project Portal allows efficient and timely data management and project information disclosure.

A project inception workshop will be held after the project document is signed by all relevant parties to: a) re-orient project stakeholders to the project strategy and discuss any changes in the overall context that influence project implementation; b) discuss the roles and responsibilities of the project team, including reporting and communication lines and conflict resolution mechanisms; c) review the results framework, re-assess baselines as needed, and discuss reporting, monitoring and evaluation roles and responsibilities and finalize the M&E plan; d) review financial

reporting procedures and mandatory requirements, and agree on the arrangements for the annual audit; e) plan and schedule SnCF Steering Committee meetings and finalize the first year annual work plan. R20 will prepare the inception report no later than one month after the inception workshop. A final inception report will be submitted to the GCF Secretariat.

Project mid-term (MTE) and final (FE) evaluations will be commissioned and managed by the IUCN Planning, Monitoring, Evaluation and Risk Unit – IUCN’s independent evaluation office. Independent evaluators under the oversight of PMER will be contracted to conduct these evaluations. The evaluation criteria are aligned to the GCF IEU Evaluation Criteria. The MTE will assess (1) the relevance, effectiveness, efficiency and likelihood of impact and sustainability, (2) the coherence in climate finance delivery, (3) gender equity and social inclusion (minorities), (3) and country ownership. The FE will assess (1) the relevance, effectiveness, efficiency and likelihood of impact and sustainability, (2) the coherence in climate finance delivery, (3) gender equity and social inclusion (minorities), (3) and country ownership, (4) innovativeness in result areas, and (6) replication and scalability. The evaluation will apply a process tracing methodology. Data collection will include stakeholder interviews, site visits and documentary reviews. The IUCN management response will be reviewed by the SnCF Steering Committee. Evaluation reports and management responses will be made available to the public through the IUCN Evaluations Database.

IUCN will retain all M&E records for this project for up to six years after project financial closure in order to support ex-post evaluations. A detailed M&E budget, monitoring plan and evaluation plan will be included in the proposal and ESMS framework.

The Executive Entities, which are R20, Gold Standard and IUCN, will be responsible to lead the presentations of the progress for the outputs and activities they are responsible for. Under the facilitation of the EE the contracted organizations for each sub-activities (that are in line with the project TOC and the budget) will be presented the progress. Any bottlenecks will be exposed and discussed at the SnCF Steering Committee.

For the monitoring, reporting and evaluation of the SnCF Global, kindly refer Funding Proposal of the SnCF Global – Equity.

F. RISK ASSESSMENT AND MANAGEMENT

F.1. Risk factors and mitigations measures (max. 3 pages)

Please describe financial, technical, operational, macroeconomic/political, money laundering/terrorist financing (ML/TF), sanctions, prohibited practices, and other risks that might prevent the project/programme objectives from being achieved. Also describe the proposed risk mitigation measures. Insert additional rows if necessary.

For probability: High has significant probability, Medium has moderate probability, Low has negligible probability

For impact: High has significant impact, Medium has moderate impact, Low has negligible impact

Prohibited practices include abuse, conflict of interest, corruption, retaliation against whistleblowers or witnesses, as well as fraudulent, coercive, collusive, and obstructive practices

Each project in the Fund portfolio will have its own Risk Assessment and Management performed at feasibility stage. At Due Diligence stage, the Fund teams will toughly review and asses the risk and take appropriate mitigation measures before submitting any project to the Investment Committee.

Main Risks and Risks at Fund level may be summarized as following

Selected Risk Factor: Cost / Delay of construction

Category	Probability	Impact
Technical and operational	Medium	Medium

Description

Please describe the risk to the best of your knowledge at this point in time.

They are inherent risks to constructions among which the most common are unforeseen additional costs and delay in the process. Such risks can ultimately reduce the Return On Investment of a project and ultimately affect the financial performance of the Fund

Mitigation Measure(s)

Please describe how the identified risk will be mitigated or managed. Do the mitigation measures lower the probability of risk occurring? If so, to what level?

In its Due Diligence, the Fund will put a strong emphasis on the selection process of the EPC partner and even assist with its Technical Assistance project sponsors in the procurement process and the ToR review of the EPC selection. Moreover, the Fund will ensure that EPC contracts have proper clauses for financial compensations for such risks.

Selected Risk Factor: Low technical performance of the infrastructure

Category	Probability	Impact
Technical and operational	Low	

Description

Please describe the risk to the best of your knowledge at this point in time.

The projects may not be performing as planned in the feasibility studies. Poor performance may lead to decrease of production and treatment capacities, ultimately leading to lower income as planned.

Mitigation Measure(s)		
<p><i>Please describe how the identified risk will be mitigated or managed. Do the mitigation measures lower the probability of risk occurring? If so, to what level?</i></p> <p>The technological risk mitigation is key in the Fund Technical Assistance design. The purpose of the Technical Assistance is to ensure technology neutral feasibility studies providing best in class expertise. Furthermore, asset allocation is setting caps by type of technology mitigating global technological risk.</p>		
Selected Risk Factor: Operations not performing as planned		
Category	Probability	Impact
Technical and operational	Medium	Medium
Description		
<p><i>Please describe the risk to the best of your knowledge at this point in time.</i></p> <p>Operations are critical for the smooth ruing of the projects. Poor operation management, employees' qualifications, knowledge transfer can lead to low performance reducing incomes and misconducts against the ESMS policies.</p>		
Mitigation Measure(s)		
<p><i>Please describe how the identified risk will be mitigated or managed. Do the mitigation measures lower the probability of risk occurring? If so, to what level?</i></p> <p>In its Due Diligence, the Fund will assess the operation teams and, when applicable, promote contracting an OM partner. The Technical Assistance will assist the project sponsor in the procurement process and the ToR review of the OM selection. Moreover, again, the Fund will ensure that OM contracts have proper clauses for financial compensations covering operational risks.</p>		
Selected Risk Factor: Currency risk		
Category	Probability	Impact
Forex	High	Low
Description		
<p><i>Please describe the risk to the best of your knowledge at this point in time.</i></p> <p>Given the geographical scope of the Fund, incomes of the projects will be generated in various local currencies. Incomes will subsequently be affected by different exchange rates.</p>		
Mitigation Measure(s)		
<p><i>Please describe how the identified risk will be mitigated or managed. Do the mitigation measures lower the probability of risk occurring? If so, to what level?</i></p> <p>The Fund is promoting sources of incomes in hard currencies, for its assets under management. The Fund strategy is favorizing off-taker agreements signed in USD. Moreover currencies risks are evaluated for each project in the portfolio and if estimated to high, specific mitigation insurances will be subscribed by the Fund.</p>		

Selected Risk Factor: Climate Change mitigation benefits and other co-benefits such as resilience and SDG impacts lower than expected		
Category	Probability	Impact
Other	Low	
Description		
<p><i>Please describe the risk to the best of your knowledge at this point in time.</i></p> <p>If the Climate change mitigation, and other co-benefit relating to adaptation, SDG impacts foreseen are not reached, it would result in a lower “impact per invested dollar” result. Lower impact result could affect investor confidence and slow the replication process</p>		
Mitigation Measure(s)		
<p><i>Please describe how the identified risk will be mitigated or managed. Do the mitigation measures lower the probability of risk occurring? If so, to what level?</i></p> <p>As stated in the ESMS specific Environmental and Social Monitoring, Reporting and Verification are set up with dedicated staff. Gold Standard methodologies and the robust monitoring will support the Fund decision to ensure proper impact are meet.</p>		
Selected Risk Factor: Population acceptance of the projects		
Category	Probability	Impact
Other	Low	
Description		
<p><i>Please describe the risk to the best of your knowledge at this point in time.</i></p> <p>The primary environmental and social risks faced by the Fund is associated with the degree of acceptance and support for projects by local populations and stakeholders. By way of example, should a solar PV power project that may connect to the national electricity grid, not also meet the needs of a local population, the risk to the project could result in either no investment (and therefore no implementation of the projects) or even financial failure of the project (undermining the sustainability of the overall Programme).</p>		
Mitigation Measure(s)		
<p><i>Please describe how the identified risk will be mitigated or managed. Do the mitigation measures lower the probability of risk occurring? If so, to what level?</i></p> <p>The SnCF Global will focus on “inclusive” sustainable projects building upon a bottom-up approach where communities at sub-national level are the initiators of the projects. The Programme further mitigates such risks by integrating sustainable impact criteria into the entire value chain from project conception, through implementation and operation, applying a best-in-class impact measurement, reporting and verification tool developed in partnership with the Gold Standard foundations.</p>		

G. GCF POLICIES AND STANDARDS

G.1. Environmental and social risk assessment (max. 750 words, approximately 1.5 pages)

Provide the environmental and social risk category assigned to the proposal as a result of screening and the rationale for assigning such category. Present also the environmental and social assessment and management instruments developed for the proposal (for example, ESIA, ESMP, ESMF, ESMS, environmental and social audits, etc.). Provide a summary of the main outcomes of these instruments. Present the key environmental and social risks and impacts and the measures on how the project/programme will avoid, minimize and mitigate negative impacts at each stage (e.g. preparation, implementation and operation), in accordance with GCF's ESS standards. If the proposed project or programme involves investments through financial intermediations, describe the due diligence and management plans by the Executing Entities (EEs) and the oversight and supervision arrangements. Describe the capacity of the EEs to implement the ESMP and ESMF and arrangements for compliance monitoring, supervision and reporting. Include a description of the project/programme-level grievance redress mechanism, a summary of the extent of multi-stakeholder consultations undertaken for the project/programme, the plan of the Accredited Entity (AE) and EEs to continue to engage the stakeholders throughout project implementation, and the manner and timing of disclosure of the applicable safeguards reports following the requirements of the GCF [Information Disclosure Policy](#) and [Environmental and Social Policy](#).

Describe any potential impacts on indigenous peoples and the measures to address these impacts including the development of an Indigenous Peoples Plan and the process for meaningful consultation leading to free, prior and informed consent, pursuant to the GCF [Indigenous Peoples Policy](#).

Attach the appropriate assessment and management instruments or other applicable studies, depending on the environmental and social risk category as annex 6.

As part of its commitment to sound E&S risk management, responsible operations and sustainable development, the SnCF will operate an Environmental and Social Management System (ESMS) in conformity with the requirements and standards of Development Finance Institutions (DFIs) and in particular those of the Green Climate Fund and IFC Performance Standards. The SnCF Global will aim to be certified compatible with climate change mitigation targets, including as well the SDGs, developing projects in-line with the Gold Standard for Global Goals (GS4GG), and reporting performance against project-specific impact criteria. The Fund will thus contribute to several Sustainable Development Goals ("SDGs"), in particular SDG 13, (Climate Action), SDG 6 (clean water and sanitation), SDG 7 (access to clean energy), SDG 8 (job creation), SDG 11 (sustainable communities) and SDG 3 (good health and well-being)

SnCF is committed to maintaining, implementing and continuously improving its ESMS to ensure implementation of this policy throughout the value chain (project identification, development, investment, monitoring and reporting). The ESMS includes an E&S categorization system that is consistent with the equivalent practices of the GCF, the International Finance Corporation (IFC), the European Investment Bank (EIB) and other Development Finance Institutions (DFIs).

The framework of the ESMS includes the following elements:

- E&S Policy
- Procedures, which are fully integrated with the fund's overall investment cycle
 - Transaction screening (incl. exclusion list)
 - Risk categorization
 - E&S due diligence
- Tools
- Guidance materials and reporting protocols

The full set of procedures that will be followed includes a process for screening of potential investments against the Exclusion List prior to a Go/No Go decision, to ensure that no investment is made in projects or companies that are operating with excluded activities. The screening process permits the provisional categorization of proposed projects into higher, medium and lower risk (Category A, B or C respectively) projects and that then determines the level of E&S due diligence required and the actions to be taken to minimize potential impacts. All projects financed by SnCF shall comply with host country regulatory requirements, the relevant IFC Performance Standards and good industry practice, respectively the EHS Guidelines of the World Bank Group.

G.2. Gender assessment and action plan (max. 500 words, approximately 1 page)

Provide a summary of the gender assessment and project/programme-level gender action plan that is aligned with the objectives of GCF's [Gender Policy](#). Confirm a gender assessment and action plan exists describing the process used to develop both documents. Provide information on the key findings (who is vulnerable and why) and key recommendations (how to address the vulnerability identified) of the gender assessment. Indicate if stakeholder consultations have taken place and describe the key inputs integrated into the action plan, including: how addressing the vulnerability will ensure equal participation and benefits from funds investment; key gender-related results to be expected from the project/programme with targets; implementation arrangements that the AE has put in place to ensure activities are implemented and expected outcomes will be achieved, monitored and evaluated.

Provide the full gender assessment and project-level gender action plan as annex 8.

The main objective of the SnCF Gender Policy is to strengthen the project's responsiveness to the multiple, culturally-derived principles of gender equality and women's empowerment and to address and account for the links between gender equality, natural resources management and environmental sustainability. Global literature makes clear that women's participation in design, distribution, management and production of environmental solutions and in access to and management of financial resources is (a) underrepresented and (b) recognised as indispensable to realising the climate change targets as well as sustainable development goals (SDGs).

The SNCF Gender Policy applies to the fund itself and to all projects participating in the SnCF. The policy outlines the principles for achieving gender responsiveness, and through supporting technical guidance on gender, solidifies the operational requirements for stakeholder involvement and partnership in the design, implementation, and evaluation of projects. Gender mainstreaming will be considered in all stages of the project cycle (design, formulation, implementation, monitoring, and evaluation) by integrating 'gender mainstreaming' procedures, checklists and forms throughout the Environmental & Social Management System (ESMS). This includes the following:

- Gender questions in the E&S screening checklists in initial project screening stage, and in monitoring forms
- Inclusion of a 'gender assessment' as part of ESIA (Environmental & Social Impact Assessment) for each project
- Use of gender-specific stakeholder consultation requirements and safeguards, based on Gold Standard Gender Equality Guidelines & Requirements. Specifically designed for project implementation, the requirements form the body of this policy document.

The SnCF will put in place processes to ensure that projects align with prevailing national gender strategy (if host country has one) or other public policy for gender equality and women's empowerment, and will seek to align the project with other national development strategies that promote equal opportunities, whether in the intervention region or the sector. The policy incorporates elements of several gender frameworks (see Definitions and Resources section, immediately following). The framework incorporates many elements from The Committee on the Elimination of Discrimination against Women (CEDAW).

Gender-related outputs	SnCF Targets
Gender and social inclusion policy at fund level	Endorsement of gender and social inclusion policy by fund management committee
Gender procedures and checklists incorporated in fund's Environmental and Social Management System (ESMS)	Comprehensive ESMS with updated gender procedures
Engagement and consultation of women in all stages of project cycle	At least 40% representation of women in all stakeholder consultations, with separate meetings for women if necessary
Recruitment of women in projects	At least 20% of employees will be female
Creation of community-based women's empowerment initiatives	At least 1 empowerment initiative per project (eg. women attending skills-based training programme related to project technology)
Recruitment of women in monitoring teams	At least 20% of project monitoring teams will be female teams

DEFINITIONS*

Term	Definition
Agency	The capacity to make decisions about one's own life and act on them to achieve a desired outcome, free of violence, retribution, or fear.
Empowerment	The ability and agency of every woman to shape her own destiny, exercise her rights and make her own choices. Women's empowerment has five components: women's sense of self-worth; their right to have and to determine choices; their right to have access to opportunities and resources; their right to have the power to control their own lives, both within and outside the home; and their ability to influence the direction of social change to create a more just social and economic order, nationally and internationally.
Gender	Gender refers to the social, behavioural, and cultural attributes, expectations, and norms associated with being male or female.
Gender equality	As enshrined in international and national constitutions and other human rights agreements, refers to equal rights, power, responsibilities and opportunities for women and men, as well as equal consideration of the interests, needs and priorities of women and men. Gender
Gender equity	Refers to the process of being fair to women and men. To ensure equity, measures often need to be taken to compensate (or reduce) disparity for historical and social disadvantages that prevent women and men from otherwise operating on an equitable basis. Equity leads to equality.(UNDP 2017)
Gender responsive	Refers to the consideration of gender norms, roles and relations and to addressing inequality generated by unequal norms, roles and relations through remedial action beyond creating gender awareness.
Gender sensitive	Refers to raising awareness and consideration of gender norms, roles and relations but does not necessarily address inequality generated by unequal norms, roles or relations through remedial action beyond creating gender awareness.
Social Inclusion	Refers to the process of improving the terms for individuals and groups to take part in society, and the process of improving the ability, opportunity, and dignity of those disadvantaged on the basis of their identity to take part in society.(World Bank)

* If not otherwise indicated, relevant definitions are drawn and adapted from the GCF gender policy or the Annex to the GEF Gender Equality Action Plan (GEAP)

G.3. Financial management and procurement (max. 500 words, approximately 1 page)

Describe the project/programme's financial management including the financial monitoring systems, financial accounting, auditing, and disbursement structure and methods. Refer to section B.4 on implementation arrangements as necessary.

Articulate any procurement issues that may require attention, e.g. procurement implementation arrangements and the role of the AE under the respective proposal, articulation of procurement risk assessment undertaken and how that will be managed by the AE or the implementing agency. Provide a detailed procurement plan as annex 10.

The financial management and procurement of the Technical Assistance project is as follows:

1. The financial management of the Technical Assistance project to the SnCF programme will be guided by IUCN's internal financial rules and regulations which are part of the IUCN Finance Manual. In situations where the government rules give clear cost advantages, they will take precedence over the IUCN rules. To ensure that project funds are used effectively and efficiently in accordance with the approved budget, monthly review of project expenditures will be conducted. The project will apply IUCN financial reporting template that caters to provide information of "actual versus budget" data for desired period of reporting. The report can also group and present expenses/transactions pertaining to the activities described in project budget.
2. The procurement aspects of this project will be guided by IUCN's, 'Policy and Procedure on Procurement of Goods and Services' (<https://www.iucn.org/procurement>), that is a standard professional procurement policy and elaborate standard procedures which ensure that IUCN obtains value for money in all its procurement activities and that procurement is conducted in an efficient and cost effective manner that respects sustainability, the environment and ethical principles.
3. The project will be audited in accordance with the International Standards on Auditing (ISA). This project will form part of the annual statutory audit undertaken by IUCN's corporate auditor, Price Waterhouse Coopers. In terms of the project specific audit, R20, with cleared Terms of References by IUCN in its capacity of EA (oversight) will appoint the auditors and the audit will be scheduled around end of the project and conducted in line with ISA. To supplement these audits, periodic financial reviews will be conducted as part of regular monitoring.

G.4. Disclosure of funding proposal

Note: The Information Disclosure Policy (IDP) provides that the GCF will apply a presumption in favour of disclosure for all information and documents relating to the GCF and its funding activities. Under the IDP, project and programme funding proposals will be disclosed on the GCF website, simultaneous with the submission to the Board, subject to the redaction of any information that may not be disclosed pursuant to the IDP. Information provided in confidence is one of the exceptions, but this exception should not be applied broadly to an entire document if the document contains specific, segregable portions that can be disclosed without prejudice or harm.

Indicate below whether or not the funding proposal includes confidential information.

No confidential information: The accredited entity confirms that the funding proposal, including its annexes, may be disclosed in full by the GCF, as no information is being provided in confidence.

With confidential information: The accredited entity declares that the funding proposal, including its annexes, may not be disclosed in full by the GCF, as certain information is being provided in confidence. Accordingly, the accredited entity is providing to the Secretariat the following two copies of the funding proposal, including all annexes:

- full copy for internal use of the GCF in which the confidential portions are marked accordingly, together with an explanatory note regarding the said portions and the corresponding reason for confidentiality under the accredited entity's disclosure policy, and
- redacted copy for disclosure on the GCF website.

The funding proposal can only be processed upon receipt of the two copies above, if containing confidential information.

H. ANNEXES

H.1. Mandatory annexes

Annexes marked in yellow below are specific for this funding proposal whereas other annexes are relevant to the broader programme.

- Annex 1 NDA no-objection letter(s) ([template provided](#))
- Annex 2 Feasibility study - and a market study, if applicable
- Annex 3 Economic and/or financial analyses in spreadsheet format
- Annex 4 Detailed budget plan ([template provided](#))
TA only
- Annex 5 Implementation timetable including key project/programme milestones ([template provided](#))
TA only
- Annex 6 E&S document corresponding to the E&S category (A, B or C; or I1, I2 or I3): I3
[\(ESS disclosure form provided\)](#)
 - Environmental and Social Impact Assessment (ESIA) or
 - Environmental and Social Management Plan (ESMP) or
 - Environmental and Social Management System (ESMS)
 - Others (please specify – e.g. Resettlement Action Plan, Resettlement Policy Framework, Indigenous People’s Plan, Land Acquisition Plan, etc.)
- Annex 7 Summary of consultations and stakeholder engagement plan
- Annex 8 Gender assessment and project/programme-level action plan ([template provided](#))
- Annex 9 Legal due diligence (regulation, taxation and insurance)
TA only
- Annex 10 Procurement plan ([template provided](#))
- Annex 11 Monitoring and evaluation plan ([template provided](#))
TA only
- Annex 12 AE fee request ([template provided](#))
TA only
- Annex 13 Co-financing commitment letter, if applicable ([template provided](#))
TA only
- Annex 14 Term sheet including a detailed disbursement schedule and, if applicable, repayment schedule

H.2. Other annexes as applicable

- Annex 15 Evidence of internal approval ([template provided](#))
- Annex 16 Map(s) indicating the location of proposed interventions
- Annex 17 Multi-country project/programme information ([template provided](#))
- Annex 18 Appraisal, due diligence or evaluation report for proposals based on up-scaling or replicating a pilot project
- Annex 19 Procedures for controlling procurement by third parties or executing entities undertaking projects financed by the entity

- Annex 20 First level AML/CFT (KYC) assessment
- Annex 21 Operations manual (Operations and maintenance)
- Annex 22 Other references; Negative impacts of renewable energy on biodiversity
TA only
- Annex 23 Log Frame
TA only
- Annex 24 Explanation regarding SnCF TA feasibility costs
TA only
- Annex 25 Explanation regarding SnCF TA feasibility costs
TA only

** Please note that a funding proposal will be considered complete only upon receipt of all the applicable supporting documents.*