Funding Proposal

FP164: Green Growth Equity Fund

India | Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N.V. (FMO) | Decision B.28/04

6 April 2021
Funding Proposal

Project/Programme title: Green Growth Equity Fund
Country(ies): India
Accredited Entity: FMO, Netherlands
Date of first submission: 2020/05/18
Date of current submission: 2020/12/10
Version number: V.03
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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-{Accredited Entity Short Name}-{Country/Region}-{YYYY/MM/DD}”
**A. PROJECT/PROGRAMME SUMMARY**

<table>
<thead>
<tr>
<th>A.1. Project or programme</th>
<th>Programme</th>
<th>A.2. Public or private sector</th>
<th>Private</th>
</tr>
</thead>
</table>

| A.3. Request for Proposals (RFP) | 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+. Not applicable |

<table>
<thead>
<tr>
<th>A.4. Result area(s)</th>
<th>Check the applicable GCF result area(s) that the overall proposed project/programme targets. For each checked result area(s), indicate the estimated percentage of GCF budget devoted to it. The total of the percentages when summed should be 100%.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mitigation: Reduced emissions from:</td>
<td>GCF contribution:</td>
</tr>
<tr>
<td>☒ Energy access and power generation:</td>
<td>33%</td>
</tr>
<tr>
<td>☒ Low-emission transport:</td>
<td>23%</td>
</tr>
<tr>
<td>☒ Buildings, cities, industries and appliances:</td>
<td>44%</td>
</tr>
<tr>
<td>☐ Forestry and land use:</td>
<td>0%</td>
</tr>
<tr>
<td>Adaptation: Increased resilience of:</td>
<td></td>
</tr>
<tr>
<td>☐ Most vulnerable people, communities and regions:</td>
<td>0%</td>
</tr>
<tr>
<td>☐ Health and well-being, and food and water security:</td>
<td>0%</td>
</tr>
<tr>
<td>☐ Infrastructure and built environment:</td>
<td>0%</td>
</tr>
<tr>
<td>☐ Ecosystem and ecosystem services:</td>
<td>0%</td>
</tr>
</tbody>
</table>

| A.5. Expected mitigation impact | 166 mn t CO2eq (at a fund size of USD 700 mn, over implementation period of the Fund – includes impact from GGEF equity investment only) |
| A.6. Expected adaptation impact | Indicate total number of direct and indirect beneficiaries |
| A.7. Total financing (GCF + co-finance) | 944,500,000 USD |
| A.8. Total GCF funding requested | 137,000,000 USD |
| For multi-country proposals, please fill out annex 17. |

| A.9. Project size | Large (Over USD 250 million) |
| A.10. Financial instrument(s) requested for the GCF funding | Mark all that apply and provide total amounts. The sum of all total amounts should be consistent with A.8. |
| ☒ Grant | USD 4.5 million |
| ☐ Loan | Enter number |
| ☐ Guarantee | Enter number |
| ☒ Equity | USD 132.5 million |
| ☐ Results-based payment | Enter number |

| A.11. Implementation period | 10 years (subject to two consecutive one-year extensions) |
| A.12. Total lifespan | 10 years which may be extended for a further two consecutive one-year periods |

| A.13. Expected date of AE internal approval | This is the date that the Accredited Entity obtained/will obtain its own approval to implement the project/programme, if available. Q1 2021 |
| A.14. ESS category | Refer to the AE’s safeguard policy and GCF ESS Standards to assess your FP category. I-1 |

| A.15. Has this FP been submitted as a CN before? | Yes ☒ No ☐ |
| A.16. Has Readiness or PPF support been used to prepare this FP? | Yes ☐ No ☒ |

| A.17. Is this FP included in the entity work programme? | Yes ☐ No ☒ |
| A.18. Is this FP included in the country programme? | Yes ☐ No ☒ |
### A.19. Complementarity and coherence

*Does the project/programme complement other climate finance funding (e.g. GEF, AF, CIF, etc.)? If yes, please elaborate in section B.1.*

<table>
<thead>
<tr>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>☒</td>
<td></td>
</tr>
</tbody>
</table>

### A.20. Executing Entity information

**Investment Manager of the Domestic Fund (India)**  
EverSource Capital Private Limited (“ECPL” or “EverSource”)  
Address: One Indiabulls Centre, Tower 2A, 16th Floor, Elphinstone (W), Mumbai 400013  
Registration: ECPL is a private limited company incorporated under the laws of India and has been designated as the external Alternative Investment Fund Manager (AIFM) of Green Growth Equity Fund, for the purposes of the Alternative Investment Fund Managers Directive (AIFMD). As an AIFM, the Investment Manager is responsible for the portfolio and risk management of the Fund.

**The Offshore Fund**  
Green Growth Feeder Fund Pte. Ltd. (“GGFF”)  
163 Penang Road  
#08-01  
Winsland House II  
Singapore (238463)

**Investment Manager of the Offshore Fund (Singapore)**  
Everstone Capital Asia Pte. Ltd. (“ECA”)  
163 Penang Road  
#08-01  
Winsland House II  
Singapore (238463)

Institutional investors prefer well-established jurisdictions with robust regulatory standards. Everstone Capital Asia is a reputable manager domiciled in Singapore and regulated by the Monetary Authority of Singapore, as will be the Offshore Fund.

### A.21. Executive summary (max. 750 words, approximately 1.5 pages)
India faces a major climate change challenge. During the last century, India's average temperature increased by around 0.7°C (1901–2018), largely on account of anthropogenic Greenhouse Gas (GHG) emission-induced warming (see mitigation profile of India under section B.1, as well as discussions under section B.2). By the end of the twenty-first century, these temperatures are projected to rise by approximately 2.4°C to 4.7°C. Extreme weather events and natural hazards will increase in frequency and severity in the coming decade, putting pressure on the country's critical natural resources such as water, damaging infrastructure and threatening livelihoods of its population (see climate impact trends in section B.1). In the absence of rapid and far-reaching mitigation and adaptation measures, the impacts of climate change are likely to pose challenges to the country's economic development - India can lose the equivalent of 1.8% of GDP by 2050.

To date, India has proactively pursued mitigation and adaptation activities and achieved a reduction in emission intensity of GDP by 21% over the period 2005-2014. India is on track to meet its Copenhagen commitments, however, to meet its Paris commitments and fully implement its Nationally Determined Contributions (NDCs) in a timely manner, India requires enhanced new and additional financial, technological and capacity building support\(^2\). Total investment needs to ensure low carbon and climate resilient pathways is estimated at USD 2.5 trillion over 2016-2030\(^3\). A study by Climate Policy Initiative (CPI) finds that India is mobilizing less than 25% of the investment needed to reach this target (CPI, 2020). The mitigation and adaptation gaps are especially evident in the infrastructure sector, with the government facing budgetary constraints and limited capacity to structure and deliver green infrastructure projects.

The proposed programme blends equity and grant capital to accelerate the uptake of green infrastructure projects in India. For the purposes of this funding proposal, the term green infrastructure involves investments into the energy value chain\(^4\), water, waste and transport sectors that promote low carbon and climate resilient initiatives in line with India's climate objectives and sustainable development goals.

This proposal seeks USD 132.5 million in Equity and USD 4.5 million in technical Assistance (TA) Grant from the Green Climate Fund. The proposed programme is hence structured under 2 components (Refer to section B.3. for details).

**Component I**: Equity investment into Green Growth Equity Fund (GGEF) - an alternative investment fund with a mandate to mobilize public and private sector capital at scale for long-term, equity investments into India's green infrastructure projects. The targeted fund size is up to USD 940 million; with equity funding of up to USD 132.5 million from the Green Climate Fund with a de-risking feature to catalyze new and additional finance from institutional investors.

**Component II**: Technical Assistance ("TA") Grant funding to set up a complimentary USD 4.5 million Technical Assistance Facility at GGEF to address capacity, knowledge and policy gaps hindering uptake of green infrastructure projects in India.

The programme is innovatively structured to provide additional finance, which is complimentary to existing initiatives in India, while providing necessary technical assistance support to create an enabling environment for uptake of green infrastructure projects (refer to section B.2 for theory of change). This integrated approach to finance enables acceleration of the transfer of low-carbon technologies as well as innovative business models in targeted sectors, while contributing to a systematic shift towards green infrastructure project planning and deployment through capacity building, policy dialogue and knowledge building activities.

The programme is well aligned with India's NDCs and National Climate Action Plan (NAPC), as well various policy and regulatory incentives (see additionality of the programme to respond to India's mitigation and adaptation needs under section B.1). In particular, this programme through its investments across the energy sector value chain, transport and waste sectors is well positioned to reduce Green House Gas (GHG) emissions, while increasing access to alternative water resources in India through investments into wastewater treatment and desalination plants. The total emission reduction expected from the equity investment of the programme is 166 million tons equivalent of CO\(_2\), while treating and generating additional 5,700 million m\(^3\) of water from alternative resources for use by households, farmers and businesses.

The programme also contributes to sustainable development goals, across economic, environmental and social dimensions. In particular, the programme contributes to job creation and increased economic activity, as it results in transfer and creation of new resources, services and assets that stimulate sustainable economic growth. This stimulus is particularly timely now, in a covid-19 pandemic environment, which is threatening India with economic slowdown, job losses and negative implications for businesses. The programme contributes to environmental sustainability through pollution prevention, water conservation and health benefits. It is also noteworthy, that the Executing Entities under guidance of the Accredited Entity promotes strong corporate governance standards in line with GCF policies as well as...
international best practices for climate impact planning and monitoring, environmental and social management and gender mainstreamed approach at a level of the Fund (GGEF) and projects to be financed by GGEF. The programme promotes a participatory approach to infrastructure project planning, while advancing societal needs through increased access to affordable infrastructure (e.g. electricity, water, transport) and income generation as a result of job/business creation (See section D.2 and D.4 for details).

1 Source: Assessment of Climate Change over the Indian Region, chapter 2, table 2.9. Available online: https://www.springer.com/gp/book/9789811543265
3 Climate Policy Initiative (CPI), 2020. A more up to date data by IFC indicates a need of US$ 3.1 trillion climate investment for India in key sectors between 2018 and 2030, to fully meet its NDCs (IFC, 2017).
4 Investment strategy into energy sector involves whole value chain, such as renewable energy, waste to energy, transmission and distribution systems such as smart grids, energy efficiency into buildings and industry, and energy storage.
B. PROJECT/PROGRAMME INFORMATION

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

India faces a major climate change challenge. During the last century, India’s average temperature increased by around 0.7°C (1901–2018), largely on account of anthropogenic Greenhouse Gas (GHG) emission-induced warming (See mitigation profile of India below, as well as section B.2). By the end of the twenty-first century, these temperatures are projected to rise by approximately 2.4°C to 4.7°C. Extreme weather events and natural hazards will increase in frequency and severity in the coming decade, putting pressure on the country’s critical natural resources such as water, damaging infrastructure and threatening livelihoods of its population (see climate impact trends below). In the absence of rapid and far-reaching mitigation and adaptation measures, the impacts of climate change are likely to pose profound challenges to the country’s economic development – India can lose the equivalent of 1.8% of GDP by 2050.

To date, India has proactively pursued mitigation and adaptation activities and achieved a reduction in emission intensity of GDP by 21% over the period 2005-2014. India is on track to meet its Copenhagen commitments, however, to meet its Paris commitments and fully implement its NDCs in a timely manner, India requires enhanced new and additional financial, technological and capacity building support. Total investment needs to ensure low carbon and climate resilient pathways is estimated at USD 2.5 trillion over 2016-2030. An upcoming study by Climate Policy Initiative (CPI) finds that India is mobilizing less than 25% of the investment needed to reach this target (CPI, 2020). The mitigation and adaptation gaps are especially evident in the infrastructure sector, with the government facing budgetary constraints and limited capacity to structure and deliver green infrastructure projects. The proposed programme aims to mobilize public and private institutional capital at scale (GGEF has a target of raising equity capital up to USD 940 million, which does not include a GCF TA Grant of USD 4.5 million) in the following green infrastructure sectors: renewable energy, transport, resource efficiency and energy services. The GGEF funding will be complimented by a USD 4.5 million TA Facility to ensure required capacity building, knowledge transfer and policy dialogue (see section B.3). The programme is well aligned with India’s NDC and National Climate Action Plan, as well various policy and regulatory incentives (see additionality of the programme to respond to India’s mitigation and adaptation needs below).

Greenhouse Gas (GHG) Emission Profile of India

GHG emissions in India are the third largest in the world, contributing to 7% of global emissions and temperature rise. Total annual GHG emissions have seen an increasing trend in India, mainly driven by energy and agriculture sector as indicated in figure B.1.1 below.

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5 Investment strategy into energy sector involves whole value chain, such as renewable energy, waste to energy, transmission and distribution systems such as smart grids, energy efficiency in to buildings and industry, and energy storage.

6 Up to date data by IFC indicates a need of US$ 3.1 trillion climate investment for India in key sectors between 2018 and 2030, to fully meet its NDCs (IFC, 2017).

7 It is estimated that India needs to spend 7-8% of GDP annually on infrastructure, USD 5 trillion by 2030. Spending on infrastructure is currently at 4-5 % of GDP (source: Green Investment Architecture for India, Observer Research Foundation (ORF)).

8 The energy industry is dominated by fossil fuel combustion activities, comprising of energy industries (60%), manufacturing industries (20%), transport (13%) and other (9%), accounting 98% of total emissions from the energy sector. Fugitive emissions contributed 2% to the total GHG emissions from the energy sector. Power generation is mostly coal based, industry and transport are mostly oil based residential heating and cooking uses biomass (source, IEA 2019).
In 2014, India emitted 2,607,488.12 Gg of CO2e (2,607.49 million tonne of CO2e) greenhouse gases from Energy, Industrial Process (IPPU), Agriculture and Waste sectors. Of this, the Energy sector contributed the most with 1,909 CO2e MT followed by the Agriculture sector 417.2 CO2e MT, IPPU – 202.3 CO2e MT, and the sector Waste with 78.2 CO2e MT. Land use, land-use change and forestry (LULUCF) activities remained a net sink in 2014. Considering emissions and removals from LULUCF activities, net emissions were 2,306,295.43 Gg of CO2e. See summary below on detailed breakdown of emissions.

The increasing trend has been also observed in 2018 (2,993 MtCO2e excluding LULUCF) and is projected to persist until 2030 to grow emissions to 4,382-4,478 MtCO2e as indicated in table B1.1. It is noteworthy, that B.1.1 projections are based on current policy projections of a target of (1) 40% share for non-fossil generation as a share of cumulative power generation capacity and (2) target of 33% to 35% below its 2005 emissions intensity of GDP. Even with these ambitious targets, the numbers indicate 46–50% increase in emissions from 2010 levels by 2020 and a more than doubling of 2010 levels by 2030.

### Table B.1.1: Future GHG emission scenarios
(Values in the table are in MtCO2e, excluding LULUCF)

<table>
<thead>
<tr>
<th>Graph label</th>
<th>Sector/Type</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
<th>2024</th>
<th>2025</th>
<th>2026</th>
<th>2027</th>
<th>2028</th>
<th>2029</th>
<th>2030</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current policy projections min</td>
<td>Total, excl LULUCF</td>
<td>3,198</td>
<td>3,300</td>
<td>3,419</td>
<td>3,538</td>
<td>3,657</td>
<td>3,776</td>
<td>3,895</td>
<td>4,016</td>
<td>4,138</td>
<td>4,260</td>
<td>4,382</td>
</tr>
</tbody>
</table>

Source: [https://climateactiontracker.org/countries/india/](https://climateactiontracker.org/countries/india/)

These projections come with a caveat that India should facilitate necessary finance, incremental technology transfer and capacity building to meet its mitigation needs as outlined in NDC, NACP and various policy commitments. However, to date India’s mitigation actions have been largely financed by domestic resources and it is suggested that required technology transfer and capacity needs have not yet been facilitated (Biennial Update Report 2 “BUR 2”, 2018). Also, these projections are based on GDP growth assumptions of 7% on average in the period 2017–2027. The Indian Government aimed for higher GDP growth of around 8% per year in its 12th Five Year Plan (Government of India, 2013) and NDC (Government of India, 2015), with rapid economic development, industrialization and population growth resulting in much higher GHG emissions and consequently in higher than projected temperature rise in India. This assumption is consistent with RCP 8.5 scenario that indicates with high confidence (uncertainty of 7.4%) that temperature warming in India will reach 4.7 C. Urgent and far-reaching mitigation actions are needed across the energy, transport, waste and energy efficiency sectors to ensure India’s low carbon pathways and limit the temperature rise.

### Climate Change trends and impacts

India is ranked 5th in Global Climate Risk Index; with climate change affecting the country’s 1.5 billion population among which 30% are below the poverty line. The section below briefly summarizes the key climate change trends, while also analyzing its impacts on the water and energy sector given its relevance to the proposed programme.

### Table B.1.2: Climate change trends and impacts

<table>
<thead>
<tr>
<th>Climate Change Trends</th>
<th>Impacts</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increased temperature</td>
<td>Extreme Weather events</td>
</tr>
<tr>
<td>Shifts in precipitation patterns</td>
<td>Water Sector</td>
</tr>
<tr>
<td>Increased hydrological variability</td>
<td>GHG emissions from energy</td>
</tr>
</tbody>
</table>

9 [https://climateactiontracker.org/countries/india/](https://climateactiontracker.org/countries/india/)
The observed and projected climate change is summarized below:

- **Increased Temperature**: The annual mean near-surface air temperature over India has warmed by around 0.7 °C during 1901–2018, with the post-1950 temperature rise attributable largely to anthropogenic GHG, aerosol radiative forcing and changes in land use and land cover (LULC). The mean temperature rise over India by the end of the twenty-first century is projected to be in the range of 2.4–4.4 °C across greenhouse gas warming scenarios relative to the average temperature over 1976–2005. There is however an increasing evidence suggesting a 4.71 °C (± 0.35 °C) warming for annual mean of daily minimum surface air temperature by the end of the twenty-first century under RCP8.5 scenario; These studies are deemed as highly reliable as it is associated with the lowest uncertainty (of 7.4%). By the end of the twenty-first century, the frequencies of occurrence of warm days and warm nights are projected to increase by 55% and 70%, respectively, relative to the reference period 1976–2005, under the RCP8.5 scenario. The frequency of summer (April–June) heat waves over India is projected to be 3 to 4 times higher by the end of the twenty-first century under the RCP8.5 scenario, as compared to the 1976–2005 baseline period. Already in 2018, temperatures in India reached as high as 50°C. The average duration of heat wave events is also projected to approximately double. India is particularly vulnerable to extreme heat due to low per capita income, social inequality and a heavy reliance on agriculture. Thus far, the worst hit regions have also been among India’s poorest. A study by the International Labour Organization concludes that by 2030, India could lose 5.8% of its working hours due to heat stress (equivalent of 34 million jobs).

- **Shifts in precipitation patterns**: The summer monsoon precipitation (June to September) over India has declined by around 6% from 1951 to 2015, with notable decreases over the Indo-Gangetic Plains and the Western Ghats. Multiple date sets and climate models suggest that the radiative effects of anthropogenic aerosol forcing over the Northern Hemisphere have considerably offset the expected precipitation increase from GHG warming and contributed to the observed decline in summer monsoon precipitation. There has been

| Increase from 2.4°C to 4.4°C under Representative Concentration Pathway (RCP) 4.5 and RCP 8.5 respectively. | Increase in the summer monsoon mean rainfall from 6% to 8% under RCP 4.5 and RCP 8.5. | The effect of increased temperatures will result in further thermal expansion of seawater and the melting of glaciers (especially in the Himalayas). | Storms, heat waves, droughts, cyclones and floods are predicted to increase both in frequency as well as intensity under future climate change scenarios, resulting in considerable losses and damages to infrastructure, as well as loss of life. | Increase in temperature and intensification of hydrological cycles is expected to result in water stress, affecting supply of ground and surface water. Further, climate change is expected to impact water quality as well as water variability. | Hotter temperatures are likely to increase energy demand due to increased air conditioning requirements & consequently increase GHG emission given India’s energy mix. Extreme climate events can damage infrastructure and disrupt livelihoods. |

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11 Refer to “Chapter 2: Temperature Changes in India” on information related to observed and projected mean annual temperature trends in India. The projected scenarios referenced in this document are detailed under table 2.9 of the chapter. The chapter also includes trends across various climatic zones of the country: Available online: https://www.springer.com/gp/book/9789811543265.
a shift in the recent period toward more frequent dry spells (27% higher during 1981–2011 relative to 1951–1980) and more intense wet spells during the summer monsoon season. The frequency of daily precipitation extremes with rainfall intensities exceeding 150 mm per day increased by about 75% during 1950–2015. Urbanization and other land use, as well as aerosols, likely contributed to these localized heavy rainfall occurrences. During 21st century, climate models project an increase in summer monsoon mean rainfall (6-8% under RCP 4.5 and RCP 8.5 respectively) as well as increased frequency of heavy rain occurrences over most parts of India. The interannual variability of summer monsoon rainfall is projected to increase too. Such change patterns are expected to trigger much more severe and longer droughts as well as greater flooding in large parts of India that can disrupt livelihoods, infrastructure and adversely impact water availability in India.

- **Increased hydrological variability:** Increasing temperature in India has resulted in further thermal expansion of sea and glacier temperatures. Sea surface temperature (SST) of the tropical Indian Ocean has risen by 1°C on average during 1951–2015, markedly higher than the global average SST warming of 0.7°C, over the same period. Ocean heat content in the upper 700 m (OHC700) of the tropical Indian Ocean has also exhibited an increasing trend over the past six decades (1955–2015), with the past two decades (1998–2015) having witnessed a notably abrupt rise. During the twenty-first century, SST and ocean heat content in the tropical Indian Ocean are projected to continue to rise by 1.2-1.6 °C under RCP 4.5 scenario and by 1.6-2.7°C under RC 8.5 scenario. In similar manner, the Hindu Kush Himalayas (HKH) experienced a temperature rise of about 1.3°C during 1951–2014. Several areas of HKH have experienced a declining trend in snowfall and also a retreat of glaciers in recent decades. Melting glaciers and the loss of snow cover over the Himalayas are expected to threaten the stability and reliability of northern India’s primarily glacier-fed rivers, particularly the Indus and the Brahmaputra. By the end of the twenty-first century, the annual mean surface temperature over HKH is projected to increase by about 2.8°C under RCP 4.5 and 5.2°C under the RCP 8.5.

- **Extreme Weather Events:** Consequences of current warming in India already manifested in recurrent extreme weather events such as floods, droughts, glacial regression, cyclones, and heat waves that put a heavy toll on both life, infrastructure and adversely affects the country’s economic growth. For example, the Kerala floods of 2018 — the worst in 100 years —took 324 lives, damaged 20,000 houses and 80 dams. 20,000 people were forced to migrate. India suffered an economic loss of $37 billion only in 2018, which is nearly 50% of what India lost in ($79.5 billion) between 1998-2017. It is noteworthy, that 65% of India’s landscape is drought prone, 12% is flood prone, and 8% is susceptible to cyclones. The future projections of regional as well as global climate models indicate a high likelihood of an increase in frequency, intensity and impact area of extreme weather events under both RCP 4.5 and RCP 8.5 scenarios.

**Water and Energy sector are currently one of the most sensitive sectors impacted by rapid temperature warming, changes in increased hydrological variability and extreme weather events:**

- **Water Sector:** The impact of climate change on the availability of fresh water is a key area of concern for India. Water availability in India is largely dependent on precipitation, glaciers and snow melt and ground water abstraction. The growing propensity for droughts and floods because of changing rainfall patterns caused by climate change would be detrimental to surface and groundwater recharge, posing threats to the country’s water security. It is noteworthy, that already in 2016 (April/May), the groundwater level data for the pre-monsoonal period (April/May 2016), indicates a decline of 65% in the groundwater level, up to 2 meters. As noted above, Himalayan glaciers, which form the main source of water for Indus and Brahmaputra rivers, will continue to retreat, diminishing flows of the aforementioned rivers and leading to severe water shortages. Rising sea levels will lead to salt intrusion into coastal fresh water sources, thus threatening water availability as well as quality. With socio-economic development and the increasing population, the demand for water...

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12 Refer to Chapter 6 and 7 on frequency of droughts and floods, as well as storms under current and projected scenario on a following link: https://www.springer.com/gp/book/9789811543265.

13 Climate model projections indicate a high likelihood of increase in the frequency (>2-3 events per decade), intensity and area under drought conditions in India by the end of the twenty-first century under the RCP 4.5 and 8.5 scenario, resulting from the increased variability of monsoon precipitation and increased water vapour demand in a warmer atmosphere. Refer to Chapter 6 on frequency of droughts available online: https://www.springer.com/gp/book/9789811543265


15 As sea levels rise, it’s likely to affect cause coastal erosion and contaminate potable water
is likely to increase while water availability is impacted by climate change. The per capita availability of freshwater in India is expected to drop from around 1,545 Cubic Meters (2011 data) to below 1,000 cubic meters by 2050 as a result of the combined effects of climate change and population growth.

- **Emissions from Energy sector and Impact on Infrastructure:** Rising temperatures will increase energy demand for space cooling, which if met by thermal power would contribute further to global warming by increasing GHG emissions. Warmer air and water temperatures may decrease the efficiency of nuclear and thermal power plant generation in India, which require substantial amounts for water for cooling to generate electricity. Increased demand for water by power plants would directly compete with water withdrawal for agricultural and domestic consumption, particularly in water stressed areas of India. Extreme climate events such as heavy rain and floods, may damage critical energy infrastructure and supply.

It is noteworthy, that India's long coastline, where some of its largest cities are located, is among the most densely populated regions of the planet, making it vulnerable to the impacts of sea-level rise. Potential coastal risks include loss of land due to increased erosion, damage to coastal projects and infrastructure such as buildings, roads, monuments, and power plants, salinization of freshwater supplies and a heightened vulnerability to flooding. Higher sea levels and receding coastlines escalate the destructive potential of storm surge associated with cyclonic storms. These impacts of sea-level rise may be additionally compounded by land subsidence occurring in parts of the country due to factors such as the declining water table depth.

**Programme Additionality to meet India's mitigation and adaptation needs**

India needs USD 2.5 trillion to finance its mitigation and adaptation needs and fully implement its NDC targets; To date only 25% of this finance has been provided (CPI 2020). India in its first Biannual Update Report (BUR-1) provided a detailed list of technology related needs in renewable, transport, waste, water and energy efficiency sectors. However, according to the Second Biannual Update Report (BUR-2), most of these technologies were not made available and significant technology gaps remain, mainly due to limited affordability and availability of financial instruments. The domesticbudgetary resources (which are currently further constrained by COVID19 needs) are insufficient, while the private sector finance lags behind due to high perceived risk of green infrastructure projects. There is also a limited capacity to structure bankable and scalable green infrastructure projects; the capacity is identified as one of the foremost gaps to ensure transition to low carbon and climate resilient economy in BUR2.

The proposed programme aims to pool up to USD 940 million (excluding GCF TA Grant of USD 4.5 million) from public and private investors in GGEF to invest in renewable energy, transport, resource efficiency (water, waste) and energy service sectors. The programme will provide long-term and patient equity capital that is essential to bring green infrastructure projects from early development to full operations. The GGEF will be complimented by USD 4.5 million technical assistance facility, that will contribute to capacity building, knowledge sharing and policy development. At the core of the programme strategy is to provide investment into the scalable platforms backed with adequate capital and operational value-add (brought by technology, capacity & knowledge) to invest in high climate impact and innovative projects. The total GHG emission reduction anticipated from the programme is ~166 tCO2eq; however, as the platforms scale up the equity from GGEF is expected to mobilize additional ~USD 890 million of equity co-investment and ~USD 18

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16 With 5% population of the country, Gujarat has accessibility to just 2% of the country's water resources. While the state is unable to draw ground water because of the rocky profile of a widespread terrain, the variation in rainfall adds to the woes of the populace. As per the report of Comptroller and Auditor General (CAG) audit on National Rural Drinking Water Programme of 2018 covering Banaskantha, Bhavnagar, Junagadh, Mehsana, Narmada, Navsari, Panchmahal, Surat, Surendranagar and Vadodara districts of Gujarat, "collected water sample test results (2012-17) of 73 habitations from 20 Talukas from water testing District and Taluka laboratories and found that 146 out of 700 samples taken were contaminated due to presence of excess fluoride and nitrates." The audit also observes that 142 villages out of 945 covered in seven districts, for a time period between 2012 and 2017, were not getting water due to technical problems such as low water pressure at tail end villages, non-availability of necessary infrastructure and lack of internal pipeline network in the village. In three out of the ten selected districts, 17,47,075 thousand litres of water was supplied through tankers to 4 to 193 villages during 2012-13 to 2016-17, due to non-availability/insufficient availability of potable water.

17 Power plants sited around the coast that use sea water for cooling are vulnerable to damage from sea-level rise, cyclones, and storm surge. In short, climate change could impact the reliability of the country's energy infrastructure and supply.

18 The first opportunity to co-invest is typically given to the Fund's Anchor Investors (and others investing at the same scale), including their affiliates, and then to the rest of the Fund's investors. If demand from Fund investors is insufficient or they are unable to meet the financing deadline, other private equity firms or suitable sources of capital may be considered. However, there may be a situation where a strategic partner could provide further benefits to the Portfolio Company or where EverSource is required to build consortiums to complete a transaction. In such cases the Firm would consider the overall return that could be achieved by working with the various parties and will select the co-investor that is able to add the greatest amount of value to the Investment/ portfolio company.
To scale each of the portfolio investments or the platform companies, GGEF would require additional capital which is envisaged to be brought in by way of co-investment from other like-minded investors, especially considering GGEF is a closed ended fund with limited capital to commit. The investment team has made an estimate of the amount of capital including equity and debt that each platform would require to scale up. Based on target allocations to each of the sectors, allocations have been made to each of the platforms from the equity capital of the Fund. The capital shortfall will be raised as co-investments. Depending on the sector varying leverage ratios have been assumed for debt for each of the portfolio investments. These numbers for individual platforms envisaged are available in the Annex 22 (Impact Calculations).

The programme is well aligned with country’s NDC and National Climate Action Plan, as well various policy and regulatory incentives. India’s mitigation and adaptation needs across the targeted 4 key sectors is summarized below:

Table B.1.3: Mapping of India’s mitigation and adaptation needs, results achieved and additionality of the programme

<table>
<thead>
<tr>
<th>Sector</th>
<th>Mitigation Need</th>
<th>Results Achieved</th>
<th>Adaptation Need</th>
<th>Additionality of the proposed programme</th>
</tr>
</thead>
<tbody>
<tr>
<td>Energy Sector</td>
<td>Contributes to 73% of GHG emissions in India</td>
<td>Increase total cumulative electricity generation from non-fossil energy sources to 40% by 2030</td>
<td>Diversification of energy mix via renewables to decrease demand for water from country’s key electricity generation source-thermal power plants.</td>
<td>Contributes to country’s mitigation and adaptation needs by investing in greenfield or brownfield solar, wind, hybrid and storage projects with emission reduction potential at scale.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>175 GW installed renewable energy (RE) capacity by 2022 (100 GW solar, 60 GW wind and 15 GW other RE) and 425 GW by 2030.</td>
<td>(10.4 GW installed Capacity, 151+ million tCO2eq)</td>
<td>Introduces innovative business models to improve risk-return profile of projects.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>20% of 425 GW RE target (to be achieved by 2030)</td>
<td>Better planning during transport infrastructure development to minimize vulnerability to climate impacts and Environmental and Social Standard (ESS) risks, as well as ensure that mobility goals are met</td>
<td>Makes available much needed, patient equity capital, while also providing TA for project preparation, capacity building and reporting &amp; monitoring of GHG emissions.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>86 GW installed RE capacity as of Dec 2019 (34 GW solar, 38 GW wind and 14 GW other)</td>
<td></td>
<td>Facilitates incremental technology transfer by investing at scale in EE and EV charging infrastructure.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>(1.82+ million tCO2eq reduced)</td>
</tr>
<tr>
<td>Transport Sector</td>
<td>Contributes to 13% of emission from energy sector, mainly from road transport.</td>
<td>Focus on low carbon infrastructure and public transport systems to reduce emissions from the sector.</td>
<td>Various policy and concessional schemes promoting low-carbon transportation and manufacturing are in place, however, technology gaps remain particularly in EV Infrastructure, as well as development of Low cost EV charging infrastructure (source: BUR-2, 2018).</td>
<td>Develops innovative business models that contribute to mass and shared mobility, as well</td>
</tr>
</tbody>
</table>

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19 To scale each of the portfolio investments or the platform companies, GGEF would require additional capital which is envisaged to be brought in by way of co-investment from other like-minded investors, especially considering GGEF is a closed ended fund with limited capital to commit. The investment team has made an estimate of the amount of capital including equity and debt that each platform would require to scale up. Based on target allocations to each of the sectors, allocations have been made to each of the platforms from the equity capital of the Fund. The capital shortfall will be raised as co-investments. Depending on the sector varying leverage ratios have been assumed for debt for each of the portfolio investments. These numbers for individual platforms envisaged are available in the Annex 22 (Impact Calculations).
**Waste Sector**

| GHG emission reduction through solid waste and wastewater technologies; Efficient waste disposal, including hazardous waste, biomedical, construction and demolition waste, municipal solid waste and plastic waste. Focus on waste to energy. | Various laws and public programmes, supporting efficient waste management\(^20\). However, India faces significant technology gaps in low-carbon waste technologies. Limited awareness, huge financial requirements, unskilled labor, lack of innovative approaches to improve economics of waste management and lack of proper monitoring are some of the key issues (BUR-2) | Adaptation co-benefit as waste collection and disposal facilities are critical to protecting human health and local recourse (particularly water and soil)\(^21\). Provides much needed equity finance at scale for climate-friendly solid waste and wastewater technologies, as well as necessary human resources and knowledge transfer to institutionalize innovative and commercially feasible solid waste management business model-including for construction and demolition waste. Provides long term capital as enhanced traffic management through digital platforms. **Contributes to capacity building, as well as policy dialogue (see section B.3 on TA projects)** |

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**Water Sector**

| Resource efficiency from efficient water technologies, including RE based desalination plants. | Laws targeting water conservation, studies to analyze impact of climate change on water resources (e.g. rivers) and pilot programmes targeting uptake of cost-effective water desalination technologies\(^22\). | Identified need to balance the water availability in depleted regions and the areas likely to be affected due to climate change. Particular focus on coastal areas and cities \(^23\). Alternative water sources such as desalination plants are needed to meet demand. GGEF invests patient equity capital in RE based desalination plants at scale (270 MLD of additional water provided), mainly focused in areas with overexploited groundwater resources and prone to climate impact - Render large scale implementation of municipal waste to energy projects and elimination of PM2.5 particle issue arising from burning of stubbles in the fields by farmers. |

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\(^20\) Swachh Bharat Abhiyan (SBA) aims to achieve 100% collection, transportation, processing and disposal of municipal solid waste in all statutory towns in a phased manner. It also provides financial assistance of up to 35% of total cost.

\(^21\) Existing literature, including from World Health Organization suggests that improper waste management can have negative impacts on public health. Negative impacts can be due to different handling and disposal activities resulting in soil, water and air pollution. Inadequately disposed of or untreated waste may cause serious health problems for populations surrounding the area of disposal. Leaks from the waste may contaminate soils and water streams and produce air pollution through emissions of e.g. heavy metals and persistent organic pollutants (POPs), ultimately creating health hazards. See also example from India’s Kolkata, that evidences health impact of existing solid waste disposal in India: [https://www.sciencedirect.com/science/article/pii/S1878029616301700](https://www.sciencedirect.com/science/article/pii/S1878029616301700)

\(^22\) ADB pilot

\(^23\) The overall impact of climate change on water resources is anticipated in terms of the rise in extremes, thereby increasing flood and drought frequency and reducing groundwater recharge.
### Energy Efficiency

- To reduce energy consumption in energy intensive industries.
- To reduce cost and energy consumption from buildings.
- Energy efficiency and GHG emission reduction per KWH in power projects through upgrade of old plants/investment in innovative technologies.

### Initiatives and Policies

- Initiatives and Policies to enable industries to reduce their energy consumption (e.g. PAT SCHEME).
- Green Building codes and Energy Efficient Building Programme.
- Smart Cities mission, where ICT-driven area-based development and resource efficiency is central to cities development.

### Reductions

- Reduce energy bills for commercial users of electricity leading to better economics and profitability.

### Creation of the largest pan-India Energy Service Company (ESCO) focused on providing comprehensive and cost-effective energy efficiency solutions to Commercial & Industrial (C&I) customers.

- Eversource has mapped critical sectors which have the highest potential of benefiting from energy efficiency measures.
- 28 million tCO2eq reduced; energy savings of 42 million MWh.

### Other Benefits

- Makes available much needed, patient equity capital, while also providing TA for project preparation and capacity building.

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24 Residential and commercial sectors consume over 35% of India’s electrical energy, and these sectors’ energy consumption is rising by 8% annually. The Energy Efficient Building Programme is focused on large-scale transformation of retrofit commercial buildings in India into energy efficient complexes; investment need however is US$ 154 million.
Assumption 1: Energy sector contributes to 73% of GHG emissions in India

Energy sector contributes to 73% of GHG emissions in India, with power generation contributing to ~50% of CO₂ emissions from the energy sector. India’s energy system is largely based on the use of coal for power generation. To meet government of India’s ambitious target of 450 GW renewable energy capacity by 2030 as well as its NDC target for 50% of non-fossil fuel-based energy resources, there is an urgent need to introduce alternative RE technologies - solar and wind are prioritized by the government along with innovative energy storage technologies.

Assumption 2: Transport contributes to 13.1% of total emissions from energy sector

Transport sector is largely oil based, contributing to 13.1% of the total emission from the energy sector with road transport contributing to 90% of GHG emissions from the sector. Recent report from International Energy Agency (IEA) highlights that there is a trend towards greater individual motorization; passenger vehicle ownership in India has tripled over last decade. This trend is also contributing to increasing GHG emissions in the country. To reduce GHG emissions from the sector, the government of India plans to introduce policy frameworks to ensure that more than 30% of vehicles in India by 2030 are electric. As mentioned in section B.1, the focus is on creating policy-driven demand for EV and EV charging infrastructure.

Assumption 3: Increasing population, urbanization and industrialization contributes to increased GHG emission from waste, industry and buildings sectors - especially from cities

India’s population has been growing at CAGR of 2.5%, which is leading to rapid urbanization and industrialization, and hence increasing GHG emissions from the waste, industry and building sectors. The UN estimates that India will become the most populated country by 2024, while urban population is likely to increase from current 300 million to 800 million in 2030. Rapid transition to energy efficiency in buildings & industry, management of solid waste, modal shift to public e-transport and waste-water treatment will be critical to reduce GHG emissions in India by 2030.

Assumption 4: Increasing anthropogenic GHG emissions and associated temperature rise, will disrupt precipitation patterns and hydrological cycle, thus impacting water availability in India

The impact of climate change on the availability of fresh water is a key concern for India; the per capita availability of freshwater in India is expected to drop from around 1,545 Cubic Meters (2011 data) to below 1,000 cubic meters by 2050 as a result of the combined effects of climate change and population growth. Availability of alternative water supply technologies is critical to ensure access to water for rural and urban areas with water stress.

To address the above climate challenges, the Indian government has mapped a detailed list of technology-related needs in renewable energy, transport, waste, energy efficiency and water sectors. However, according to BUR-2, most of these technologies were not made available and significant technology gaps remain - mainly due to limited affordability and availability of financial instruments. Capacity, knowledge and policy gaps also remain that hinder full transition of sectors to low-carbon and climate resilient pathways. See below for a snapshot of the key barriers (B) and activities (A).

Barrier 1: Limited access to Adequate Finance

Limited access to finance for green infrastructure is one of the most significant barriers hindering transfer of necessary low-carbon and climate resilient technologies in India. Given the large capex requirement of such infrastructure as well as high perceived risks of many of green infrastructure sectors (given their nascent stage), to date, such assets have...
been largely financed by the government resources, along with support from selected DFI’s and commercial banks. However, this support is not sufficient to meet yearly investment needs of USD 200 billion in green infrastructure. Importantly, the provided capital to date is also not adequate given long-term repayment horizon of many infrastructure assets. There is a need for patient, early stage and growth equity capital to leverage additional debt finance. For example, banks typically require 30-50% equity contribution to finance a project as well as collateral. Such equity capital is typically limited in India for infrastructure projects since the capital markets are relatively underdeveloped in India. There is not enough local institutional capital available with a mandate to invest in green infrastructure. There is an urgent need for innovative financial solutions to de-risk institutional investors, pool funds at scale and provide much needed patient, equity capital for green infrastructure projects in India.

Activity 1: The proposed GGEF is in fact a much-needed innovative solution, as it is uniquely structured to de-risk institutional investors through blending of public and private sector resources at a pooled fund level; the targeted size of the Fund is up to USD 940 million. The financial instrument offered by the Fund is early and growth stage equity for scalable, green infrastructure assets. At the core of the GGEF investment strategy is also the value creation, bringing necessary sectorial expertise and resources to build scalable platforms with innovative business models thereby enhancing risk/return profiles and bankability of the projects. At a project level, the equity provided by GGEF is expected to mobilize additional USD 3.8 billion in the form of co-investments and debt during the programme lifetime.

Barrier 2: Capacity and knowledge gaps hindering technology transfer and uptake

The second most important factor hindering the uptake of green infrastructure projects in India is capacity and knowledge gaps, especially with regards to de-risking projects through appropriate capital structuring, institutionalizing best practice operational and governance standards as well as innovative business models28 - all that are necessary to design and scale up commercially feasible infrastructure platforms. It is noteworthy, that many of the critical technologies required to facilitate low-carbon transition is still at a nascent stage in India; For example, in the area of energy storage or electric vehicle charging infrastructure, there is a need to build local sectoral expertise through feasibility studies, local/international collaborations, trainings and knowledge transfers both in public and private sector. Such type of actions are necessary to de-risk projects, make them economically feasible and drive private sector capital into those sectors.

Activity 2: The grant component requested for this programme is targeted to address the above capacity and knowledge gaps, by providing necessary technical assistance to perform feasibility studies, training and knowledge transfer activities for portfolio companies as well as for key stakeholders across the value chain. See B.3 and TA pipeline provided in Annex 29 for details. It should be noted that the TA Facility to be managed by the Eversource team is based on the additionality principle and ensures that only incremental needs are financed by the TA. In addition, at the core of the Eversource team investment strategy is value creation. The Investment Manager (Domestic Fund Manager) provides on-going guidance, support and knowledge transfer to its portfolio companies as part of its day-to-day portfolio development activities (see section C.3 for further details).

Barrier 3: Limited policy implementation - need for specific regulatory frameworks to increase economic feasibility of nascent green infrastructure sectors

The government of India has initiated various laws and regulations in renewable energy, energy efficiency, waste and water sectors, however, there is an identified need for further policy dialogue between private and public sector to develop necessary frameworks that could further increase attractiveness of these nascent, climate-focused infrastructure sectors.

Activity 3: Technical Assistance to support policy dialogue is included in the programme, with a key aim to increase “policy-driven” demand for targeted sectors and increase commercial feasibility of the sectors for further investment.

The key transformational potential of the proposed programme is that it takes an integrated approach to finance by uniquely blending equity and grant instruments to address the financial, technical, policy and knowledge gaps. The programme through its equity and grant components is well positioned to reduce GHG emissions across the energy value chain and increase access to safe water resources in India. Importantly, investments made by GGEF are envisioned to bring triple impacts: positive climate impact at scale, commercial viability and sustainable development.

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28 Infrastructure projects in India are largely capex based; while there is a need to shift infrastructure projects from capex to opex to make them more agile and cost effective. GGEF investment strategy includes implementation of innovative business models, including to facilitate shift from capex to opex business models.
Therefore, it will have a strong demonstration effect and is expected to facilitate further investments into green infrastructure assets in the long-term. Please see the theory of change diagram below for a summary.

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

GGEF is a climate focused Fund with the objective to mobilize significant volume of patient institutional capital into the Indian green growth sector through a distinctive strategy of investing in rapidly scalable, green and sustainable businesses.

The main focus of GGEF is to **reduce the impact of climate change** by deploying capital across two key areas:

- **Decarbonization of energy**. Its uses (which includes renewable energy, energy efficiency, energy storage O&M and e-mobility) and associated value chains; and

- **Resource or environment conservation**, adding to low carbon and circular economy (which includes water and waste management – both effluents and emissions and carbon capture (CCU/CCS)).

The key tenets of the GGEF’s investment strategy will be **rigorous and active control** approach to investing through the owner-operator model, creating rapidly scalable platforms with high performing teams, value creation through early mover or distinct business models, leveraging technology while pursuing strong operational expertise and access to low cost capital; and greenfield platforms and acquisitions based on commercially sustainable business models that will work in India. EverSource has the capabilities to execute this strategy by blending the experience of its Sponsors - Lightsource bp (LSbp) - a leading renewables company with the capabilities of Everstone - a leading Indian private equity investment manager with several successful infrastructure investments.

The programme is uniquely designed to address financial, technical, policy and knowledge gaps hindering the uptake of innovative technologies and business models required for the transition to low carbon and climate resilient pathways in India. In particular, the programme consists of two components (I) Equity and (II) Grant. The programme is in line with India’s Nationally Determined Contribution (NDC), as well as local policy initiatives as outlined in section B.1.

**Component I: Equity investment into Green Growth Equity Fund**, to leverage public and institutional capital at the fund level for further investments into green infrastructure projects in India. The key output of the programme is long-term investment of equity capital in renewable energy, e-mobility, energy services and resource efficiency projects with strong climate impact and innovation potential. These sectors correspond to following GCF result areas (M1) Energy access and power generation, (M2) Low-emission transport, and (M3) Buildings, cities, industries and appliances.

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29 Top 15 Global Utility Solar PV Developers, GTM Research, December 2017
### B.3.1: Information on Green Growth Equity Fund

<table>
<thead>
<tr>
<th><strong>Legal Status of the Fund</strong></th>
<th>GGEF is a Securities and Exchange Board of India (SEBI) registered Category II – Alternative Investment Fund (AIF-II).</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Target Fund Size</strong></td>
<td>Up to USD 940 Million. The anchor investors are NIIF(^{30}) and DFID (^{31})</td>
</tr>
<tr>
<td><strong>Geographic Focus</strong></td>
<td>India</td>
</tr>
<tr>
<td><strong>Target Sectors</strong></td>
<td>The sectors being targeted (“Target Sectors”) and target portfolio construct: Renewables (33%), e-Mobility (23%), energy services (21%) and resource efficiency (23%)</td>
</tr>
<tr>
<td><strong>Investment Focus</strong></td>
<td>Equity investment into scalable, greenfield and brownfield(^{32}) opportunities in its Target Sectors that shall have high climate impact and innovation potential(^{33}). In line with private equity best industry practices, the Fund has appropriate limits on investments and industry concentration (the concentration limits are set out in the “Investment Strategy” section) to ensure risk-diversification. GGEF shall invest in its portfolio companies through a judicious mix of equity, equity linked instruments (including warrants and preference shares) as well as convertible and/or non-convertible securities depending on the investment structure, efficiency for upstreaming capital and tax optimization.</td>
</tr>
</tbody>
</table>
| **Investment Eligibility Criteria** | EverSource developed its strategy to invest in rapidly scalable green infrastructure assets, infra-services and other green businesses in India with a **private equity mindset of taking control positions** by buyouts of operating businesses and build outs of new platforms in India. The criteria set out below are the indicative criteria and will be finalized prior to execution of the FAA. The Domestic Fund shall only invest in rapidly scalable green infrastructure assets, infra-services and other green businesses with a **Private Equity mindset** of taking control positions by buyouts of operating businesses and build outs of new platforms in the Host Country which:

(a) Have a target average ticket size per investment of USD50,000,000 to USD80,000,000 (excluding co-investments);
(b) Have an investment holding period of four to six years;
(c) Can demonstrate rapid scalability;
(d) Offer opex solutions\(^{34}\) (reducing the need for high upfront capex to be deployed by end-users);
(e) Offer value created through early mover or tech / product advantage, strong operational expertise, leveraging technology and access to low cost capital; |

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\(^{30}\) The GGEF fund was initiated by a commitment of India and UK government, following a press release issued by Ministry of Finance of Government of India in 2017. National Infrastructure Investment Fund (NIIF – India's sovereign wealth fund) and DFID both committed GBP 120 million to the Fund. Eversource, was selected after a rigorous selection process based on RFP administered by NIIF.

\(^{31}\) In September 2020, DFID merged with and the Foreign and Commonwealth Office (FCO) and is now known as Foreign, Commonwealth & Development Office (FCDO) of the UK Government.

\(^{32}\) In some of the sectors (e.g. renewable energy generation) it is important to build scale rapidly, hence, GGEF would also need to acquire brown field assets. Also, sometimes brown field assets are available at good value. The majority of the fund, however, would be investing in green field opportunities.

\(^{33}\) Investment portfolio/pipeline is provided in Annexes 30 and 31.

\(^{34}\) Examples of Opex Model: The upfront capex of buying an EV is high, however GreenCell mobility provides the end-user (Client) the ability to pay on a per km basis. Similarly, in the case of C&I solar and energy efficiency GGEF portfolio companies allow the end-user to gain benefit of cheaper/cleaner power and energy savings respectively on a pay per unit basis instead of providing the upfront capex.
(f) Build value using high standards of climate impact, ESG, assembling superior talent, creating agile organizations and remain focused on value accretive exits;

(g) Have a climate impact outcome which leads to measurable, additional and verifiable mitigation impact (GHG emission reductions) by comparison (in the range of $\star ^{35}$ to be achieved) to the impact calculations agreed on with GCF (as per annexure 22 to the Funding Proposal) in the following Target Sectors:

(a) Renewables: CO2 abatement (tons/MW)

(b) E-Mobility: CO2equivalent emissions avoided (tons)

(c) Energy Efficiency (part of Energy Services): Energy saved per INR million

(d) And if possible with climate change adaptation co-benefits, in the Target Sector of Resource Efficiency (which includes, Waste and Water and Waste Water)

GGEF's investment focus is pan-India, however each portfolio company will identify their preferred locations for projects under execution based on the specific requirements of the business plan. Examples include i) renewable energy projects – availability of land, credit rating of counterparties, regulatory / policy support etc. ii) for e-mobility - credit rating of counterparties, favourable policy support, suitable power infrastructure, etc. are critical to selection of project location.

The location selection criteria and contributing factors shall be identified by the deal team and approved by the Investment Committee (IC) and reviewed by the Risk Committee at the time of the IC approval.

**Investment Manager or General Partner**

Eversource has a team of 20 dedicated professionals based in Mumbai with strong track record in private equity and infrastructure investment in India, with cumulative transaction experience of 100 transactions and ~USD 2.8 billion in value. While the climate focused investment is an emerging field and GGEF is the first climate focused fund in India of its kind, the key investment team of the Investment Manager has solid Renewable Energy (RE) investment experience and a familiarity with green investment principles.

The Chief Investment Officer and Head of Impact and Environmental & Social Governance (ESG) have a track record in climate investments and they will be primary responsible for assessing and monitoring the climate and ESG impact of the Fund, by providing respective support to the investment teams and portfolio companies. In addition, each of the portfolio companies will have a dedicated climate impact and ESG personnel/ team who will be responsible for climate impact and ESG monitoring. Capacity building will be provided by Eversource team to portfolio companies, especially with regard to climate impact monitoring. The Eversource team has access to strong on the ground network and best-in-class expertise in procurement, O&M, project finance, through the Sponsors, the joint venture partners (JV partners or Sponsors) and senior advisors.

**Governance**

The GGEF will have an IC whose main responsibility is to approve investments and divestments. Further the EverSource Capital Board considers the proposed investment / divestment decision made by the IC and votes to approve the same. Board approval requires sign off from members representing both the Sponsors (Everstone and LSbp) $^{36}$.

The Investment Manager applies its fiduciary duties as per Private Equity industry best practices: it reports on Fund Performance quarterly and annually to Limited Partners (investors). The audit of annual financial statements is performed by an independent auditor, to ensure transparency and control of flow of funds. Impact reporting will be performed annually in house, with the two GCF specific programme independent evaluations (mid-term and final) to be undertaken by the AE and shared with GCF. Environmental and Social Governance (ESG) as carried out as per

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$^{35}$ Note: The final threshold and / or the range will be agreed in the FAA.

$^{36}$ Decisions subject to IC and Board Approval are provided in term-sheet.
**Investment Strategy**

Under the programme, the GGEF shall invest to build new platforms and in operating businesses with proven business models and technologies in GGEF’s Target Sectors, with a focus on investment targets that can demonstrate rapid scalability, use Industry 4.0 technologies as part of its business construct or as a tool to improve key performance indicators (KPIs), offer opex solutions to clients and offer control positions or co-control positions to the GGEF.

Programme’s investment strategy is focused on 3 pillars unique to GGEF: (1) Investment into green infrastructure projects with controlling interest, thereby enabling Investment Manager to quickly bring required management, governance and operational practice improvements necessary for platform growth (2) Investment into rapidly scalable and replicable greenfield or brownfield platforms, with an identified niche market opportunities to grow organically or inorganically (through acquisitions) and (3) Institutionalizing innovative business models, enabling cost-effective technology transfer and shift from existing capex based infrastructure models to more agile opex models.

This investment strategy will contribute to increased commercial viability of green infrastructure assets in India, thus signaling to the market that such climate friendly and sustainable investments can be profitable.

The GGEF shall make 6-8 investments over its lifetime, including platforms and build value using high standards of ESG, assembling superior talent, creating agile organizations and remaining focused on value accretive exit opportunities. To implement its strategy EverSource has built deep operating capabilities by adding senior and experienced operating leads to its roster. EverSource will follow a strategy of deep operational engagement in its investments to ensure significant influence and control on the growth path and scalability of the businesses. Given the EverSource expertise, the Fund will also look to acquire underperforming assets available at attractive valuations, requiring significant operational and financial involvement. The Fund could consider a platform to provide “last mile” funding to support joint development partners to deliver project, portfolio or platform-level pipelines.

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37 “Industry 4.0” refers to the fourth industrial revolution, which affects every manufacturing domain and comprises advanced manufacturing technologies that capture, optimize, and deploy data. Industry 4.0 makes factories “smart.” Such technologies as the industrial Internet of Things, artificial intelligence, and cyber-physical systems interact seamlessly, communicating and adjusting continuously. Businesses that fully understand and capture the value of these advantages will be best positioned to take on the challenges that lie ahead.
The Fund also expects to look at the acquisition of individual assets or small portfolios of assets that could generate attractive returns due to (i) potential yield improvement through enhanced technical asset management, O&M and repowering / component replacement; (ii) asset life extension through technical optimization; (iii) refinancing; and (iv) yield compression on a sale achieved from scaled portfolios.

The Fund intends to focus on originating investment opportunities that convert existing CAPEX-led, asset-intensive business models into fee-for-service, asset-light business models, with higher risk-adjusted returns for asset owning service providers due to higher uses of the assets amongst multiple users. Such opportunities could use pools of co-invest capital from LPs to bridge the large capital requirements.

The Investment Manager - EverSource shall always seek rights such as Board seats, drag & tag rights, and veto rights on major business decisions. EverSource may also utilize structures such as convertible notes with guaranteed returns and downside protection in order to mitigate potential risks where necessary. However, the portfolio companies may use leverage during the ordinary course of business. This is necessary for companies requiring significant capital expenditure or in the case of utility scale renewable energy projects. In such cases, the investment team carefully monitors debt levels to ensure they remain at conservative levels.

GGEF is generally expected to participate in subsequent financing rounds if investee companies are progressing satisfactorily and where it is felt that additional value could be generated for investors. The decision to participate in a follow-on round will be made on a case-by-case basis following the assessment of several factors. These include, among others:

- the valuation of the company at the new financing round
- the amount of dilution that would occur by not participating
- perceived future growth prospects of the company
- anticipated time until exit
- the availability of capital to be able to invest

Key Outputs from Component I

Output 1: Fund Formation

Output 2: Increased installed RE capacity from innovative business models

Output 3: Clean and affordable transportation becomes available to masses

Output 4: Enhanced infrastructure and Water and wastewater treatment and management

Key Activities under Component I

Executing Entity: The Offshore Manager, the Domestic Manager and the Offshore Fund

Activity 1.1: Pipeline development, due-diligence and investment approval:

Eversource investment team will identify deals based on GGEF’s investment strategy, impact criteria and Environmental and Social Management Framework (ESMF) requirements. Climate impact is taken into consideration during this stage as deals will be identified based on their impact criteria (climate impact potential, see impact criteria under table B.3.1 above) and the process will be led by the Head of ESG & Impact.

Sub Activity A: Deal Sourcing

The EverSource team sources deals primarily through the Sponsors’ proprietary network (proactive deal sourcing) and through their intermediary network (reactive sourcing) to develop a strong pipeline in accordance to the GGEF’s investment strategy.

The Sponsors (Everstone and LSbp) bring with them large network of relationships in the Indian infrastructure investment landscape, the experience of senior professionals and geographic presence in India, UK, US, Australia & Singapore. This network offers GGEF the exposure to a significant number of proprietary investment opportunities. Everstone has an on-the-ground advantage in sourcing opportunities with around 25 dedicated private equity
professionals, together with an Indian and global network of the portfolio companies, providing significant relevant market access. For Everstone’s two prior funds, 73% of all capital invested was through exclusively sourced transactions, of which 49% was sourced on a fully proprietary basis, and 26% through an intermediary where Everstone was the only party involved in the process.

EverSource has a competitive sourcing advantage owing to the scale of the Sponsors’ presence in India. Scale is important in India where brand recognition increases overall visibility, and therefore also the perception of credibility of EverSource. This standing is further reinforced by the Sponsors’ complementary real estate and industrial warehousing funds which provide both additional scale and real benefits to portfolio companies; increasing the Fund’s visibility in the market resulting in regular inbound approaches from intermediaries and businesses.

**Sub Activity B: Investment Process**

The dedicated investment team shall undertake respective investment due-diligence (DD) and upon positive DD findings, the project team will make recommendations to the IC. The IC shall review prepared investment documentations and shall make a decision on whether to approve the project. This is a key stage in the investment cycle, the investment team must be confident that proposed programme meets GGEF investment strategy, Impact and ESG requirements.

The deal team led by the Deal Captain (MD/ED/SVP) drives the diligence process starting from scratch until the final IC and deal execution. For various stages of diligence, the finance, legal and ESG heads are involved from time to time. The Chief Investment Officer oversees the entire process and is updated at regular intervals to provide feedback and suggestions.

The due diligence and investment decision process employed by the Investment Manager involves the following steps:

**Screening and pipeline development:** At this first stage, the deal team reviews deal collaterals and presents the initial analysis to a wider group at deal pipeline meetings. The deals are assigned the indicative categorizations - green, yellow or red - depending on the perceived attractiveness of the opportunity for the Fund.

**Compliance Checklist**

*At the screening stage, the deal teams evaluate the potential investment opportunity against a compliance checklist to ensure the investment opportunity conforms to the 'Investment Eligibility Criteria' as per GGEF’s mandate and priorities. The items covered on the compliance checklist are the following:*  

- **Sector Eligibility** – to confirm if the opportunity aligns with GGEF’s climate action goals and Target Sectors  
- **Geographical Focus** – to confirm if the opportunity is focused on Indian green infrastructure development  
- **Investment Limits** – whether any co-investment is required  
- **Restriction on investments** – whether there shall be any limits to investment by GGEF including promoter ask, size of company funding round, deal structure, etc.  
- **Regulatory Restrictions** – whether they may be any regulator concerns to evaluate  
- **Preliminary E&S Screening and Project Categorization** – preliminary screening to ensure the opportunity meets GGEF’s ESG standards

At this stage, any opportunity that doesn’t confirm to GGEF’s climate mitigation or adaptation priorities or meets the E&S screening criteria, is rejected.

The Fund shall refrain from taking minority positions in investee companies (except in exceptional cases with control rights). The Fund shall also not invest in companies that do not comply with the Fund’s ESG standards (assessed in the detailed due diligence stage).

**Soft Diligence:** At this stage, the deal team spends approximately 30 days on research and further understanding the opportunity including conducting preliminary meetings and desk top analysis of the deal. If the opportunity continues to be attractive and the team wishes to materially increase staffing or spend money on diligence, the team presents the preliminary findings, key areas for diligence and budget for approval to the Right to Spend Committee (“RTS”).
**Pre-IC:** Prior to submission of any non-binding term sheet, the detailed analysis of the deal, key valuation parameters, investment thesis, exit scenarios and key clauses of the term sheet are presented by the Deal Team to the Pre-IC in an internal pre-IC meeting.

Any non-binding term sheet is reviewed by the legal team and approved by the Chief Investment Officer before sending to any counterparty or advisor. The deal team presents the opportunity and detailed risk analysis to the Pre-IC group (includes all senior investment and operating team professionals) based on the interim analysis / due diligence findings. The Pre-IC raises questions to be addressed during the finalization of the due diligence. The team can return to the Pre-IC as many times as required. It is recommended that the teams engage early with the Pre-IC to ensure alignment and efficient use of resources.

**Detailed Due Diligence:** This entails a comprehensive review of the potential opportunity that results in an Investment Committee memo. The diligence scope includes the following.

**Commercial Diligence**
- accounting due diligence, through a combination of in-house capabilities and one of the “Big Four” accounting firms to review all financial statements, financial controls and processes;
- tax due diligence conducted generally by one of the “Big Four” accounting firms to review and identify all direct and indirect tax matters;
- business due diligence, including physical visits to sites of the target companies to verify and evaluate people and facilities. In certain cases, external consultants may be used to focus on areas such as market studies, competitive analysis, technical assessment, specialized areas or to provide additional bandwidth, expertise and speed to the process; internal models and bottom-up financial projections using external data as well as internal research;
- legal due diligence conducted generally by law firms with in-house review and inputs to review and identify legal and regulatory risks and mitigants for the proposed transaction;
- background checks, using formal channels as well as the business relationships and networks of the senior professionals;

**Climate Impact and ESG Diligence**
- Onboard an external advisor to review and assess all climate impact, environmental, social and governance matters including technical due diligence to review and validate specific matters related to technology / processes / IPR etc.
- Understanding the target’s business ecosystem including growth plan, proposed service areas, suppliers, partnerships, franchises, permits, regulatory compliances, etc. from a climate impact standpoint and identify ESG and EHS risk exposure
- Provide a rating of the target company’s climate action plan and E&S standards with recommendations for an assessment framework for future expansion, provide SOP and checklist guidelines aligned to best practices and requirements of GGEF’s investment section criterion & the potential opportunities for value enhancement; such as any user safety initiatives etc. – include plan on possible sites that can be used for deploying stations
- Based on the above recommendations, develop an action plan, with timelines, costs and responsibilities, establish frequency for future evaluation, to address any gaps or issues that need to be managed by the target company – which will be conditions precedent or conditions subsequent to closing of the transaction
- Provide a rating of the target company’s E&S standards based on the assessment as per DFID toolkit 12, with recommendations for an assessment framework, for future expansion – framework to provide E&S SOP and checklist guidelines aligned to best practices

**Risk Committee:** Prior to any Final IC meeting, the Risk Committee will be required to sign off on legal, financial, technical, ESG and other diligence items. Based on the recommendations of the Risk Committee, the deal team shall prepare an Action Plan, for any actions required pre-signing or post-completion. Risk Committee recommendations, the Action Plan shall be part of the Final IC memo.

**Final IC:** Final investment decision, includes a review of the final IC memo, action plan and due diligence reports. Quorum is defined as a minimum of two Everstone Capital appointees and two Lightsource bp appointees. In certain
cases, an IC meeting prior to Final IC will be held to take views of IC members on the deal construct and diligence framework.

Board Decision: Subsequent to an approval by the Investment Committee, the Board of the Investment Manager shall review and vote on the investment opportunity. The approval of the Board of the Investment Manager is required for any investment/divestment decision to be implemented.

Activity 1.2: Value Creation during project implementation period

EverSource typically takes a four to six-year view on its investments which is the amount of time it believes is generally required effectively to execute its strategy and create material value in its investments. The value creation process is very structured and consists of the following distinct stages:

Pre-investment: Prior to the completion of an investment, the investment Deal Team determines the growth strategy in conjunction with the entrepreneur or the Platform CEO designate, as the case may be. Agreement on the strategy is a prerequisite before EverSource completes an investment as it minimizes the potential for disagreement with the entrepreneur/CEO post-investment and provides EverSource with greater comfort over the potential for growth and operational improvement over the life of the investment. A critical part of the pre-investment evaluation is integration of climate mitigation targets, framework for their routine assessment and implementation plan to ensure that the portfolio companies delivers on its climate mitigation targets.

Years 1-3: During this period, performance enhancement is focused entirely on top line growth, typically at the expense of margins, as EverSource concurrently puts in place the systems and processes that will permit the company to deal with such rapid growth safely. The investment Deal Team throughout the value creation process, relies on a lot of research to be able to make more informed decisions on areas for potential growth. Even during the rapid expansion phase, strict adherence to the portfolio companies’ climate action plan and ESG standards is monitored by EverSource.

Years 3-5: During these years, EverSource will begin to prepare the company for exit by focusing on key financial and operating metrics, while taking into consideration the type of exit anticipated. EverSource will focus on generating high, maintainable earnings to attract potential purchasers, but which can be sustained beyond EverSource’s investment in the company.

Years 4-6: Exiting the investment via sale to a strategic purchaser, public market listing, or sale to a financial investor. Along with the sustainable earnings potential, EverSource believes that a demonstrable positive climate impact and adherence to highest E&S standards will help secure a higher premium at exit.

While EverSource seeks to adhere to the structure above, the actual holding period of each investment will always be dependent upon factors specific to each individual set of circumstances. In its portfolio companies, EverSource is involved in the following initiatives

- influenced strategy and implementation of the highest standards of climate action plan, corporate governance, ESG, HSE practices and quality of project execution
- high level oversight with representation on the board and relevant committees
- implementation of investment processes, risk matrices and climate impact assessment for all portfolio companies are mapped with the EverSource frameworks
- for new platforms built out like Radiance (GGEF’s commercial & industrial RE platform) and GreenCell (GGEF’s e-mobility platform), EverSource is involved with hiring the leadership team, organization build out, processes, compliances and business development till it reaches steady state of business
- the portfolio companies have been given access to the wider financing ecosystem in the EverSource network to secure favourable cost of capital
- rigorous portfolio management process through monthly MIS and reporting
- access to global procurement networks and collaboration with industry leaders

Activity 1.3:
**Post-Investment Monitoring:**

After the investment approval, the main function of the Investment Manager (EE) is to monitor portfolio performance against targets undertaken during investment stage (this includes financial, climate, SDG and ESG impacts). The monitoring is undertaken by full-time investment team, who sit on Boards of individual portfolio companies and receive on-going updates from the portfolio company through direct communication with the management team, site visits and reporting. Based on this on-going communication, the Investment Manager then prepares quarterly and annual reports to its Investors.

EverSource is highly active within its portfolio companies, and their post monitoring process reflects this high level of engagement. The Deal Teams work closely with the portfolio companies in the post-investment phase and receives detailed management reports with various metrics on a regular basis.

EverSource follows the core guiding principles of corporate governance, that is, an empowered and effective Board and management team, operational checks and balances, effective systems of internal control and risk management, promoting a ‘governance culture’ of transparency and accountability, and putting in place remuneration policies that reward achievement of corporate objectives and long-term shareholder value creation.

Once a month the deal team and Pre-IC meets to discuss updates / progress within the portfolio, as well as any potential areas of risk within the portfolio companies. Appropriate strategies and next steps are then agreed upon and implemented by the portfolio company.

EverSource undertakes the following activities following the conclusion of an investment:

- One of the Big Four accounting firms to be the preferred auditor for portfolio companies;
- Set up internal (Board) committees as required (depending on the size of the company), capex, and audit; and secure pro-rata representation on these committees;
- Ensure adherence (irrespective of whether it is a private or public company) to industry’s best practices regarding corporate governance;
- Ensure that the CFO / Head (Finance) is a qualified professional, and implement information systems for operational and financial oversight;
- Implement / strengthen critical processes such as internal audit, cash control and anti-money laundering policies;
- EverSource has adopted UNSGD goals which are mapped to its target sectors along with climate goals and the metrics to evaluate the impact of investee companies are identified. EverSource portfolio companies adopt the identified impact metrics which will be used for evaluating the Fund’s impact metrics

EverSource also set out operational metrics for each company and subsequently carry out quarterly reviews which involves a comparison of those metrics against actual performance.

Depending on the relationship or the nature of the oversight required, EverSource typically places either a Senior Member of the Investment or Deal Captain with requisite experience on the Board of the portfolio company.

**Reporting Frequency**

EverSource has put in place a process to receive monthly MIS reports from the portfolio companies - including cash flows, project progress, any audit reports (statutory / internal) received, reports received from the project management company, etc.

The information received from the portfolio companies is used to prepare the quarterly and annual report providing an update on the industry/market trends, summary of the investments and divestments in the previous quarter/ year and a status report on each investment with an internal valuation and summary of key assumptions.

**News tracking about project, investee company / group**
EverSource team tracks all the news on every portfolio company, and the partners and reports any news on daily basis.

Periodic Board Meetings

EverSource insists on Board representation in GGEF’s portfolio companies, which is driven by its views on corporate governance. With the Sponsors’ background of investing experience in the infrastructure sector in India and on a global scale, EverSource places the highest priority on adherence to best practice corporate governance policies and strict enforcement of these policies, both internally and within portfolio companies.

Ensuring compliance with shareholders agreement

The investment team oversees compliance with the shareholder agreement for each deal and works closely with its the legal team to ensure all applicable regulatory frameworks are adhered to.

There will be 2 designated officials (the Chief Investment Officer and Head of Impact / ESG) responsible for monitoring of climate impact at a Fund level, while providing respective support to investment team and portfolio companies. Climate Impact reporting will be performed annually in house, with 2 independent evaluation (mid-term and final) also undertaken during the programme implementation period.

Activity 1.4: Exits

At the core of the GGEF’s business model is to drive sustainable growth of portfolio companies to further exit upon investment maturity (typically investments are held for 4 to 6 years once investment in the portfolio company has been committed). GGEF’s exit strategy is based on selling shares to another investor (“follow-on” investor) through sale to strategic buyers, sale to financial buyers, initial public offering, or management team of the investee company “management buyout”. GGEF seeks to create sustained, positive impact through their investments, even after exit. This is achieved by building sustainable business model with positive impact mandate and seeking out potential buyers with commitment to continue such a mandate.

Component II: TA Facility to address capacity building, knowledge and policy gaps identified under section B.2, the GGEF’s equity instrument will be complimented by grant instrument to finance incremental capacity building, knowledge transfer and policy dialogue needs in targeted sectors of renewable energy, e-mobility, resource efficiency and energy services. The component is divided into following activities:

Executing Entity: All activities to be conducted by the Domestic Manager (in its capacity as Investment manager of the Domestic Fund).

Output 1: Knowledge and capacity building within targeted sectors of GGEF investment

Many of the technologies required to facilitate low-carbon transition are still at a nascent stage, facing capacity and knowledge constraints. In addition, to making investments commercially viable there is a need to better understand both market opportunities and technology needs. The eligible activities under this output are activities that contribute to incremental capacity and knowledge building that enable faster adoption of low-carbon technologies in targeted sectors. Activities to be financed are additional, such as those benefiting from availability of grant finance vs equity.

Activity 2.1.1: Feasibility and technical studies targeted to identify niche market and technologies for investment facilitation

Activity 2.1.2: Capacity building to institutionalize best practice at a GGEF portfolio company level, in line with GGEF’s investment strategy and impact mandate.

Activity 2.1.3: Capacity building activities that contribute to knowledge transfer across the value chain in sectors financed by the GGEF. See indicative example in tables below for e-mobility sector.

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38 A strategic buyer acquires another company in the same business to capture synergies so that the whole becomes greater than the sum of the parts. Such an acquirer has the intent to integrate the purchased entity for long-term value creation, which may entail certain cost cuts in overlapping areas. [https://www.investopedia.com/terms/s/strategic-buyer.asp](https://www.investopedia.com/terms/s/strategic-buyer.asp)
Activity 2.1.4: Awareness raising and knowledge sharing activities that contribute to the uptake of the low-carbon technologies and innovative business models financed by the GGEF. The eligible expenditures include but are not limited to workshops, trainings, information campaigns and materials that build consumer awareness.

The targeted beneficiaries are portfolio companies (direct) and key stakeholders across the value chain of sectors to be financed by the GGEF.

The recipients of the TA grant would be the service providers (in case of the direct commissioning of projects by EverSource, the EE for TA) and portfolio companies undertaking the above enumerated activities (2.1.1 to 2.1.4).

<table>
<thead>
<tr>
<th>Sector</th>
<th>Indicative Pipeline</th>
</tr>
</thead>
<tbody>
<tr>
<td>E-mobility</td>
<td>Technical study to identify various intercity bus routes which can be easily transitioned to e-routes without any support of subsidy. Study shall also recommend phase wise transition to these routes. based on estimated reduction in the cost of e-buses.</td>
</tr>
<tr>
<td>Knowledge building through technical study</td>
<td>Technical assistance to develop training programme and train e-vehicle drivers (under platform and beyond) on energy efficient and safe driving cycle, thereby institutionalizing &quot;golden standards&quot; in e-mobility industry and contributing to long-term GHG emission reduction and passenger and drivers’ safety.</td>
</tr>
</tbody>
</table>

Output 2: Policy dialogue and regulatory framework development

The success of the programme in terms of its paradigm shift potential will partially depend on the programme’s ability to contribute to favorable policy frameworks in targeted sectors. To this end, a specific TA amount is set-aside to support GGEF’s efforts in policy dialogue and regulatory framework development.

Activity 2.2.1: Policy dialogue that promotes stakeholder engagement and public/private sector dialogue that enable development of markets that GGEF portfolio companies operate in. The eligible expenditures include but are not limited to creating working groups, financing roundtables and workshop discussions for stakeholder engagement, producing policy papers or regulatory frameworks.

Activity 2.2.2: Policy advocacy with efforts to achieve policy change. The eligible expenditure under this activity include but are not limited to analysis of strengths and weaknesses of existing policies, holding policy advocacy campaigns, producing policy papers and/or white papers for suggested changes to regulatory frameworks.

TA Eligibility Criteria

The Domestic Manager will be responsible for selecting all the activities to be funded under Component II in accordance with the indicative eligibility criteria set out below (which will be finalized as part of the TA Operational Manual):

1. Sector eligibility: The project/ studies/ policy initiatives etc. being considered for funding under Component II should be related to the target sectors of the Domestic Fund which are as follows (the “Target Sectors”):
   a. Renewable Energy Generation Platforms and Services and associate value chain – generation, transmission, distribution, trading and use cases thereof e.g. Green Hydrogen, solar energy, wind energy etc.
   b. E-Mobility and associated value chain – Mobility as a service, charging infrastructure etc and cloud control platforms thereof
   c. Energy services – Energy efficiency services (ESCO/RESCO), energy storage and use cases thereof e.g. power conditioning, peak shaving, transitioning to firm Renewable Energy
   d. Resource efficiency - Water and waste water management i.e. effluent treatment plants (ETPs), sewage treatment plants (STPs), desalination, water distribution/ conservation and asset/operation management software thereof; waste management i.e. waste to energy, waste recycling, waste to bio CNG, composting etc. and asset/management software thereof.
2. **Eligibility by the type of output**

   a. **Output 1: Knowledge and capacity building within Target Sectors of GGEF investment**: The selected project should be transformational in nature and meet one or more of the following criteria:
      i. Contribute to jump starting or leapfrogging of existing user solutions/technologies
      ii. Proving and identifying new business models/technologies to lead to their adoption and scale up
      iii. Creating better solutions to accelerate transition in the Targeted Sector
      iv. Build capacity to make the Targeted Sector more efficient and robust
      v. Lead to education of stakeholders so that they are more open to uptake of new technologies
      vi. Introduces innovative business models

   b. **Output 2: Policy dialogue and regulatory framework development**: The Policy being targeted should be beneficial to the sector and all stakeholders. The selected projects should meet one or more of the following criteria:
      i. Create new policy/policies to strengthen functioning of businesses in Target Sectors
      ii. Will identify and address the identified policy gaps in the Target Sectors of GGEF
      iii. The policy improvements being targeted would improve the functioning of the Target Sectors and make businesses more efficient

   c. **Output 3: Monitoring, reporting and verification of GHG emissions**: Support the creation of standards and mechanisms for monitoring of GHG emissions, as well as building capacity at GGEF and its portfolio level. The selected projects should meet one or more of the following criteria
      i. Lead to creation of more robust climate change impact data and its tracking
      ii. Will help GGEF use better and verifiable climate data to establish baseline and measure climate impact
      iii. Create capacity at GGEF and its portfolio company for efficient tracking, measurement and reporting of climate impact
      iv. Create efficient and user-friendly tools for climate impact measurement.

3. **Additionality**:

   a. The selected projects should be additional in nature focusing on financing only incremental needs;
   b. The selected project or part of the project would not have been possible to execute in a de-risked manner without funding under Component II;
   c. The selected project need is established due to the absence of adequate and verifiable baseline data or availability of a viable business model etc.; and
   d. The outcome of the projects should contribute to the impact potential identified for each of the GGEF’s focus sectors including various social impacts.

<table>
<thead>
<tr>
<th>Sector</th>
<th>Indicative Pipeline</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>E-mobility</strong></td>
<td>Technical assistance to propose regulatory changes (Electricity Act, Motor Vehicle Act &amp; Banking regulations) to enable and accelerate adoption at scale of renewable energy for charging/battery-swapping infrastructure, while also enabling financing of such infrastructure &amp; Electric Vehicles (EVs) with fixed batteries or battery swapping provision.</td>
</tr>
</tbody>
</table>
The targeted beneficiaries for this output are portfolio companies (direct) and all key public and private sector stakeholders in sectors targeted by the GGEF that benefit from the policy dialogue and regulatory framework development.

Output 3: Monitoring, reporting and verification of GHG emissions

The output supports creation of standards and mechanisms for monitoring of GHG emissions, as well as building respective capacity at a portfolio level.

Activity 2.3.1: Updating Monitoring, Reporting and Verification framework of GHG emission of the GGEF programme. The initial framework is included in Annex 22 and 23 of this document.

Activity 2.3.2: Developing user-friendly impact measurement tools to enable portfolio companies to measure their GHG emission reductions.

Activity 2.3.3: Enhance capacity of portfolio companies to measure climate impact. This includes but is not limited to recruitment of expertise to support with institutionalization of impact measurement at a portfolio level, including consultancy, training and development of user-friendly tools to measure and verify GHG.

Activity 2.3.4: Reporting and verification of climate impact. The eligible expenditures include yearly climate impact measurement to establish baseline for monitoring and if required, revisit climate impact related programme targets. Mid-term (Year 5) and final (Year 10) independent audit of the programme level GHG emission reduction.

The targeted beneficiary for this output is GGEF and its portfolio companies.

The recipients of the TA grant would be the service providers (in case of the direct commissioning of projects by EverSource, the EE for TA) and portfolio companies undertaking the above enumerated activities (2.3.1. to 2.3.4).

For more examples and details on the TA Grant, please refer to Annex 29 of this document.

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

GGEF Structure and Flow of Funds chart

The GGEF structure and Flow of Fund chart above is explained below:

GGEF is settled as a Trust pursuant to the provisions of the Indian Trusts Act, 1882 and is registered with the Securities and Exchange Board of India (SEBI) as a Category II – Alternative Investment Fund (Category II AIF). The various categories of shares issued by GGEF are as follow:

- The Investors in the GGEF hold and are issued **Class A Units** against their capital contributions to the Fund.

**Class A1 Units** have been issued to each of NIIF Fund of Funds –I and DFID, UK as the Anchor Investors and to such other investors with Capital Commitments equal to or greater than the Anchor Investors

**Class A2 Units** are proposed to be issued to Investors with Capital Commitments of less than INR 10,800 million (equivalent to approximately £120 million)

**Class A3 Units** are proposed to be issued to the Singapore based Offshore Fund

- The **Class B Units** are issued to the Sponsors of the Fund (Everstone Capital and Lightsource bp) against the sponsor commitment made by the Investment Manager and/or its affiliates in an amount equal to at least INR 1,800 million (equivalent to approximately £20 million)

**Class C Units** are issued to the Investment Manager against the Carry.
Catalyst Trusteeship Limited, a company incorporated under the Indian Companies Act acts as the trustee of the Fund (“Trustee”). The Trustee under the investment management agreement (executed between the Trustee and the Investment Manager) has appointed EverSource Capital Private Limited to act as the Investment Manager of the Fund and has pursuant to such agreement exclusively granted all of the powers and privileges conferred on the Trustee with respect to the Fund, except as specifically limited by applicable law, to the Investment Manager. The Trustee has also granted to the Investment Manager, full power and authority, in the name of the Fund and/or the Trustee, as applicable, to execute and perform all such acts and deeds, and to execute all such documents on behalf of the Trustee and/or the Fund as may be incidental or consequential to the discharge of its functions and responsibilities. Some of the key responsibilities of the Investment Manager inter alia include the following:

a. acquire, manage, fund, pledge, sell, transfer, convey, assign, grant options with respect to, dispose of or otherwise deal in and transact any activities with respect to investments in the portfolio companies of the Fund, including the power to acquire or dispose of such investments;

b. cause the Fund to, through special purpose vehicle(s), offer bonds, commitment letters or guarantees; and

c. to do such acts in relation to the Fund as may be provided in the Fund Documents and/or mandated by the AIF Regulations, 2012

Further, some of the additional key roles of the Trustee are as follows: a. Appointment of the Investment Manager, b. Along with the Investment Manager, monitor maintenance of the beneficiary register; c. Adhering to Regulatory Report submissions; d. Maintenance of confidentiality. The Trustee will not be responsible for project implementation.

- The GCF will enter into Funded Activity Agreement (FAA) with the AE (FMO), which will detail key implementation arrangements, commercial terms and legal obligations, including obligation of AE to pass down GCF policies to GGEF. These key terms are summarized under Annex 15 (Term Sheet).
- The AE on behalf of GCF shall channel funds to GGEF through the Offshore Fund domiciled in Singapore. FMO will enter into Share Subscription Agreement and a [Shareholder/Charter Documents] in the Offshore Fund in respect of GCF and its own commitment. The Subscription Agreement will detail terms of investment, in line with the FAA signed between GCF and FMO.
- The Offshore Fund consists of 3 investor classes: A, B and C. Investors in Class A benefit from capital protection provided by Class B. The Class A shall target public and private sector risk-averse investors with

![Diagram of Proposed GGEF Structure](image-url)
The governments of India and UK in 2017 each committed GBP 120 million to Green Growth Equity Fund, selecting Eversource as its Investment Manager. The Class C shareholders will be the Offshore Manager or an affiliate of the Offshore Manager, for the purposes of receiving carried interest distributions from the Offshore Fund.

- FMO acting as the AE for GCF’s commitment will be the Class B investor that will absorb higher risk of underlying GGEF fund performance and thereby provide required capital protection to de-risk and mobilize institutional investors under Class A. Such structure is in line with industry best practices for private equity funds that invest into relatively riskier asset class. See section B.1 for discussion of the programme and GCF additionality.
- The AE has analyzed the Funding Proposal’s (FP) compliance with GCF’s business model by reviewing several documents, provided by the Executing Entities, during the due diligence process. For details please refer to Annex 9 of the FP.
- The Offshore Fund shall subscribe to Class A3 of the GGEF (AIF II), domiciled in India. The Offshore Fund will sign a contribution agreement with GGEF. It is noteworthy, that Anchor investors (DFID and NIIF) and the Sponsors have invested directly into GGEF. The GCF investment through Offshore Fund structure is proposed to ensure that GCF investment will de-risk only additional investors participating in the Offshore Fund based on additionality principle and shall not provide capital protection to existing, anchor investors (DFID, NIIF and General Partner) of GGEF. Investment through an Offshore Fund is standard practice and is also in line with AE’s operational practice.
- The equity capital invested into GGEF by the investors will be then invested into the portfolio companies across Target Sectors. The proceeds collected from the process of exiting the portfolio companies will be distributed to the investors (Limited Partners) of GGEF on a pro-rata basis. The proceeds received by the Offshore Fund will be distributed by as per its specific distribution waterfall that ensures capital protection of Class A investors by Class B investors in terms of capital distribution. See term sheet for distribution waterfall and commercial returns. Also refer to Annex 32 - GGEF proposed structure with GCF for the distribution waterfall in the Offshore Fund.

### Flow of Funds

The GCF shall provide equity investment to Green Growth Equity Fund (GGEF), that will in turn invest into high-impact potential projects across Target Sectors in India. The GCF funds will be channeled by the AE (FMO) as follows:

### Equity

**Fund Flows for investments**

1. The GCF and FMO will contractually agree that the GCF will commit an X amount of funding with the single and stated purpose of FMO investing those funds on behalf of the GCF in a first loss equity tranche of the (Singapore) Offshore Fund, on the terms agreed in the FAA. FMO will request the GCF to remit funds to its fiduciary GCF account on a (bi)-annual basis (up until commitment X has been reached). For the avoidance of doubt, the GCF

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39 The governments of India and UK in 2017 each committed GBP 120 million to Green Growth Equity Fund, selecting Eversource as its Investment Manager. The Investment Manager has been fundraising for GGEF since its appointment, however, due to high perceived risks associated with green infrastructure sectors targeted by GGEF the fundraising has been slow. The COVID19 pandemic has further adversely impacted fundraising activity in India. For example, as per Crisil survey, 90 per cent of the private equity (PE) and venture capital (VC) investors are not expected to raise money while new investors may find it difficult to raise money as limited partners would prefer to stay with existing and experienced investors. Source: https://www.financialexpress.com/industry/sme/pe-vc-capital-piles-up-due-to-fewer-deals-by-investors-amid-covid-fundraising-to-stay-muted-this-year/2016073/. The proposed structure that provides capital protection to Class A investors improves risk-return profile of the fund, so to catalyse participation of investors that would otherwise not have participated.
funds for the purpose of the GGEF will be kept on a separate account without being commingled with any other funds.

2. FMO (on behalf of the GCF) will make a capital commitment of size X to the Offshore Fund and subscribe to shares of the Offshore Fund via a Share subscription agreement and the Offshore Fund will in turn make a capital commitment to the Indian AIF and subscribe to Units of the Indian AIF.

3. Once a potential portfolio investment has been identified by the Indian AIF manager (Investment Manager) for the Indian AIF (GGEF), the Indian AIF will issue a drawdown notice to the Offshore Fund, to the extent of its pro rata share (as a contributor in the Indian AIF) reckoned against aggregate unfunded commitments of all investors in the Indian AIF, and the Offshore Fund will in turn issue a drawdown notice to FMO (as a shareholder in the Offshore Fund).

4. Upon the receipt of a drawdown notice from the Offshore Fund by FMO, FMO will remit the funds to the Offshore Fund from its fiduciary GCF account, which in turn will remit the funds to the Indian AIF and then the Indian AIF will utilize the funds received to make the portfolio investment.

Fund Flows for distribution

1. Upon a partial or full divestment of a portfolio investment by the Indian AIF, or any interim income received by the Indian AIF from its portfolio investments, the Indian AIF will remit the funds to the Offshore Fund as per the distribution waterfall mechanics in the documents of the Indian Fund towards the contributions and preferred return of the Offshore Fund with respect to FMO, and the Offshore Fund will then make distributions to FMO as per the distribution waterfall mechanics in the Offshore Fund documents towards contributions and preferred return of FMO. FMO will promptly pay the GCF its funding from its fiduciary GCF account.

*Any AE fees between FMO and the GCF are to be separately detailed.*

**TA Services – flow of funds and contractual arrangements**

**TA Grant Flow of Funds**

1. The GCF will commit USD 4.5 million of funding with the single and stated purpose that FMO will transfer these funds to the Indian AIF Manager on the term agreed in the FAA. FMO will request the GCF to remit funds to its fiduciary account on an annual basis.
EverSource Capital Private Limited (EverSource) is a company registered in India and a 100% subsidiary of EverSource Management Holdings (EMH), a company formed in Mauritius. EMH is held 50% by Everstone Infrastructure Holdings and 50% by Lightsource India Holdings (Mauritius) Limited. Everstone and Lightsource bp Sponsor commitment comes in EMH and then ECPL. ECPL is issued Class B units against such contribution in GGEF.

2. FMO will enter into a TA Services agreement with the Indian AIF Manager (EverSource). The Indian AIF Manager will issue annual drawdown notices to FMO. FMO will remit the funds to the Indian AIF Manager until USD 4.5 million has been spent. The Indian AIF Manager will then spend the funds according to the pre-agreed procurement and budget plans.

3. Please refer to the diagram above for the TA flow of funds

Roles and responsibilities of AE and EE

Accredited Entity
FMO, in its role of AE will oversee the programme implementation and will ensure that relevant GCF policies are passed down to the Fund level and portfolio company-level. Specifically, it will dedicate full-time team members to monitor EE’s compliance with FAA and AMA obligations, including retro-active policy compliance to the GCF’s policies, to analyze quarterly and annual performance reports, to disburse GCF equity proceeds and represent the GCF on GGEF Advisory Board. It will assess achievement of programme, targeted outcomes and results as per log-frame, while commissioning independent interim and final evaluation reports as per GCF’s requirements.

Executing Entities
The Executing Entities (EE) for the programme are:

a. EverSource Capital Private Limited (“EverSource”) which is also the Investment Manager of the Domestic Fund (GGEF) – will act as the EE for both the equity and grant component
b. Green Growth Feeder Fund Pte Ltd. (“the Offshore Fund”) for channeling the GCF proceeds to GGEF - will act as the EE for the equity component
c. Everstone Capital Asia (the Investment Manager of the offshore fund) - will act as the EE for the equity component

The contractual relationships between the AE and Executing Entity are governed by the Share Subscription Agreement (SSA) and Side Letters.

Roles and responsibilities of EEs

EE1: EverSource Capital Private Limited (EverSource): EverSource is the investment manager of GGEF and is responsible for investing the fund corpus and also manage the day-to-day activities of the Fund. The detailed role and responsibilities have been enumerated in the fund documents.

EE2: Green Growth Feeder Fund Pte Ltd. (GGFF): GGFF is the offshore fund set up in Singapore. The sole purpose of GGFF is to pool in capital from international investors and to invest the entire corpus in the Indian Fund (GGEF).

EE3: Everstone Capital Asia Pte Ltd. (ECA): ECA is the investment manager of the offshore fund (GGFF) in Singapore. ECA will be responsible for the day-to-day activities of the offshore fund, manage capital calls, manage return of capital, amongst other administrative activities.

EverSource’s Selection as the Investment Manager for GGEF
EverSource was selected to be the Investment Manager for GGEF through a rigorous selection process run by NIIF and DFID. In April 2017, the Ministry of Finance (Government of India) issued a press release announcing GGEF and reaffirming the Indian Government and the UK Government’s commitment to anchor invest up to GBP 120 million each in the Fund to be established under the NIIF framework. The selection process has been summarized in the diagram below:

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40 EverSource Capital Private Limited (EverSource) is a company registered in India and a 100% subsidiary of EverSource Management Holdings (EMH), a company formed in Mauritius. EMH is held 50% by Everstone Infrastructure Holdings and 50% by Lightsource India Holdings (Mauritius) Limited. Everstone and Lightsource bp Sponsor commitment comes in EMH and then ECPL. ECPL is issued Class B units against such contribution in GGEF.
<table>
<thead>
<tr>
<th>Stage 1</th>
<th>Pre-Qualification</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>August 2017:</strong> NIIF and DFID issued the RFP for Stage 1 – Pre-Qualification</td>
<td></td>
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<tr>
<td><strong>September 2017:</strong> Bidders submitted and presented their proposals</td>
<td></td>
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<tr>
<td><strong>Bidders shortlisted based on experience, investment strategy and track record of mobilizing institutional capital</strong></td>
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<table>
<thead>
<tr>
<th>Stage 2</th>
<th>Invitation to Tender</th>
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<tbody>
<tr>
<td><strong>October 2017:</strong> Invitation to Tender for shortlisted bidders from Stage 1</td>
<td></td>
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<tr>
<td><strong>November 2017:</strong> 16 bidders submitted and presented final proposals</td>
<td></td>
</tr>
<tr>
<td><strong>Five bidders shortlisted based on alignment of interest, technical and commercial evaluation</strong></td>
<td></td>
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</tbody>
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<table>
<thead>
<tr>
<th>Stage 3</th>
<th>Preferred Bidder</th>
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</thead>
<tbody>
<tr>
<td><strong>December 2017:</strong> Term-sheet negotiations with short-listed bidders</td>
<td></td>
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<tr>
<td><strong>February 2018:</strong> EverSource selected the Preferred Bidder</td>
<td></td>
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<tr>
<td><strong>March 2018:</strong> Detailed due diligence</td>
<td></td>
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<tr>
<td><strong>March 2018:</strong> Finalization of documents and approvals</td>
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<tr>
<th>Stage 4</th>
<th>Final Selection &amp; Initial Close</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>April 2018:</strong> PPM finalized, and Fund documents signed</td>
<td></td>
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<tr>
<td><strong>18th April 2018:</strong> EverSource appointed the Investment Manager for the Green Growth Equity Fund with</td>
<td></td>
</tr>
<tr>
<td><strong>Initial Close of INR 2,340 million (USD 340 million)</strong></td>
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</tbody>
</table>

EverSource and GGEF are governed by the Investment Management Agreement (IMA) signed by GGEF and EverSource.

**Operational Governance of the Green Growth Equity Fund**

**Advisory Committee (AC):** The Green Growth Equity Fund has an AC, which is composed of Limited Partners (LPs). The Advisory Committee will be comprised of 5 members. The role of the Advisory Committee is to provide (1) general oversight of Fund performance. Limited Partners do not participate into day to day business of the Fund, but their role is to provide general oversight and ensure transparency through review of financial and other reporting data received quarterly and annually, as well as participating in regular Advisory Committee Meetings (2) act as a decision making body with respect to conflict of interest between the LPs and the General Partner in the course of the life of the fund and (3) reviewing and approving any major changes to Limited Partnership Agreement. The rights and responsibilities of Advisory Committee are governed by the Limited Partnership Agreement.

**Investment Manager:** The day-to-day operations of the Fund is managed by the Investment Manager (EverSource). The contractual relationship is governed by the IMA signed between GGEF and EverSource. The Investment Manager reports to the LPs of the GGEF through quarterly and annual reports (including financial statements). The Investment Manager also updates AC through Advisory Committee meetings held 4 times annually.

The Governance Structure is detailed in the Annex 24.

The governance of the Investment Manager is robust, with respective committees responsible for investment or divestment decisions, risk assessment and management (including climate and ESG), integrity checks and compliance monitoring:

**Risk Committee:** Prior to any final IC meeting, the Risk Committee is required to confirm approval of the deal including sign off on legal, financial, technical, ESG and other diligence items. If actions are required pre-signing or post-completion, then the deal team prepares a Corrective Action Plan, completion of which becomes a condition for final IC approval. Approvals and Corrective Action Plans are recorded prior to final IC by the deal team.

**Internal Compliance Committees:** EverSource has established policies, procedures and governance structures to identify and manage investment management and operational risks. It prioritizes adherence to the highest standards of corporate governance, compliance and ESG policies and strict enforcement of those policies. These policies cover issues from anti-bribery and anti-corruption, prevention of sexual harassment at the workplace, anti-money laundering, insider trading and conflict of interests. Eversource has also adopted certain codes for whistle-blowers and fair play and equal opportunities for employees etc. In this regard, the Investment Manager has formed various committees to ensure monitoring and due and proper implementation of the said policies. For instance, an Internal Committee, as mandated by law has been formed under ‘The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013’ as a complaints redressal mechanism.
Corporate Compliances: All fund related compliances are outsourced to a law firm. For the Fund, Investment Manager and Portfolio companies, corporate secretarial compliances are outsourced to a Company Secretary (CS) firm. These are overseen by Eversource’s Compliance and Finance function.

Investment Approval/Divestment Process: It is noteworthy, that Investment Manager applies a three-tier approach to investment and divestment approval. The investment team together with the respective risk and internal compliance committees perform due diligence of investments or assessment of exits, that is put forward for Investment Committee approval. Investment Committee compromises of 6 members. GGEF only invests in projects that meet investment requirements of the GGEF as defined in the legal documentation of the GGEF. The most important criteria include: (1) Investment strategy (see PPM), (2) Environmental and Social safeguards, as per ESMF included in the FP package and (3) Impact Criteria (see B.3 and log-frame). Investment or divestment decisions taken by the Investment Committee are then put for up for the final approval of the Board of Directors of EverSource.

The outline of the Investment Manager’s investment process, from investment screening to exits is provided in Annex 25.

Internal Compliance Process (Anti-Money Laundering and Anti-Corruption Policy)

EverSource takes into consideration the potential risks of money laundering and corruption in local projects by developing robust anti-money laundering and anti-corruption policies and assessing potential risks already in investment due-diligence stage. The continues monitoring of risks is ensured by the respective policies as follows:

- Anti-Money Laundering: EverSource has anti-money laundering policy, which is designed as per local legislation and industry best practices. The ultimate supervision of policy is under the responsibility of Board of Directors, while the Money Laundering Reporting officer oversees the implementation of the policy through compliance with the provisions of the Act and other requisite procedures. The policy gives importance to identification of investors and identification through scrutiny in order to check which investor poses money laundering risk. Transactions which are suspicious in nature (the source of which is unclear or involving large cash investments) shall be taken into account as part of the anti-money laundering policy.

- Anti-Corruption Policy: The policy is applicable to EverSource and all personnel employed by it or acting for or on behalf of EverSource wherever they are located such as any advisors /representatives hired by the EverSource. The policy also provides for development of anti-corruption and sanctions, diligence procedures, where such procedures are “gate-checking” requirements for potential transactions and include restricted party screening, anti-corruption checklists, and mechanisms for heightened compliance review. IDD/ Business Integrity checks on are undertaken by independent agencies, which reports are submitted to the Head of Operations along with the relevant Deal Captains for review.

Track Record of AE and EE

AE Track Record: FMO has more than 50 years of experience in investing in developing markets and a current portfolio of ~EUR 10.4 billion. FMO focuses on three different sectors: Agribusiness/Food/Water, Energy and Financial Institutions. It was granted a banking license by the Dutch Central Bank and is AAA rated by Fitch Ratings and Standard & Poor's. FMO makes private equity (PE) investments directly and indirectly and currently has more than EUR 3.4 billion of PE exposure. FMO has always invested in India, with a current exposure of well-above EUR 800 million. FMO was accredited by the GCF in 2016, signed its AMA in 2018 and its first project (Climate Investor One or CIO) was approved by GCF in 2019. The CIO proposal was a multi-country blended finance facility (11 countries) that received USD 100 million investment from the GCF (with a total fund size of USD 850 million.). The CIO was one of the first PE funds that the GCF has invested in and showcases FMO’s capabilities of implementing such programs with the GCF.

FMO has been associated with GCF as an AE for a number of important climate change related projects. FMO has also been active as a DFI in funding and supporting projects in India across Agriculture, Food & Water, Financial Institutions and Energy. Additionally, FMO is also evaluating GGEF to invest an amount of up to USD 30 million alongside GCF’s proposed investment.

EE Track Record: Eversource is a joint venture between Everstone Group (“Everstone”) and Lightsource bp Renewable Energy Investments Limited (“Lightsource bp”). Everstone: is India’s leading private equity and real estate investment firm, with over USD 5 billion of assets across 70+ deals in private equity and industrial warehousing infrastructure in India. The Everstone team has proven expertise of building scaled and successful platforms, namely
At a fund size of USD 340 million, GGEF will be able to invest in a maximum of four areas (three of which are already completed) – RE (utility scale), RE (C&I Distributed Energy), e-Mobility and waste management. The waste management platform may only be scaled across a couple of sub-sectors and not be an integrated, scaled waste management platform. At a fund size of USD 700 million or greater, GGEF will be able to invest into other areas like water management, energy efficiency, energy storage, O&M services and emissions controls.

Supporting GGEF in reaching a critical scale to ensure an efficient fund structure and fund size leading to an ideal portfolio diversification and creating larger impact in the GGEF’s investment sectors is a priority and jumpstarts several nascent sub-sectors in the green infrastructure space in India.

Investment Manager’s (EE) Sector Experience
EverSource has put in place a dedicated team with diverse, deep and relevant experience to effectively manage GGEF. The details of its experience in target sectors is provided in Annex 26.

For further details on the Investment Manager, please refer to the following Annexures:
- Annex 24 - EverSource Governance Structure
- Annex 25 - EverSource Capital Investment Process
- Annex 26 - EverSource Capital - Sector expertise
- Annex 27 - Target Sectors Investment Rationale and Approach
- Annex 28 - EverSource Team

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

The programme introduces innovative financial mechanism, to de-risk institutional investors and mobilize much needed equity capital to scale up investments into the green infrastructure asset class in India. GCF equity and grant investments into the programme are critical to bring required scale to the Fund, de-risk institutional investors through concessional financing and address market, policy and knowledge gaps hindering investments into green infrastructure.

GGEF has faced challenges in raising capital beyond the initial contribution of anchor investors and GP contribution of USD 340 million, while the required fund size to address climate challenge at scale and diversify risks inherit in targeted sector is up to USD 940 million (excluding GCF TA Grant of USD 4.5 million).

The main barriers hindering investments into GGEF have been limited local financial market capacity and low-risk appetite of international institutional investors for India’s green infrastructure asset class (mainly due to high perceived risk profile of green technologies/business models, concerns over the macroeconomic environment, country risk, policy support and GGEF being a first-time fund). To close the financing gap, it is necessary for the Investment Manager to find new sources of public, concessional finance that will leverage additional public and private sector investors in the Fund. Covid-19 has further adversely impacted investment activity in India, with institutional investors becoming all the more risk averse and the major DFIs operating in India redirecting its concessional capital flows to more economically vulnerable regions such as Africa, Small Island Developing States and Latin America and Caribbean.

To this end, the Investment Manager has approached the GCF to seek required “capital protection” to de-risk public and private institutional investors and mobilize much needed investment at scale to complete the funding for GGEF. The consultation with potential investors in GGEF pipeline revealed that GCF equity investment is expected to catalyze roughly three times the invested GCF capital at the Fund (GGEF) level, as it will improve risk-return profile of the Fund and leverage investors that would not have participated in the Fund without capital protection offered by GCF. In a post Covid-19 environment, where 90% of PE funds are not expected to raise funds (source; Crisil Survey), mobilizing three times capital in India for each dollar invested by GCF highlights the importance and additionality of GCF investment to mobilize required capital for green infrastructure assets with high climate impact potential.

The GGEF is the first, climate-focused fund targeting the green infrastructure asset class in India. Therefore, investment by GCF and FMO is expected to also create market confidence into the investment thesis and the Investment Manager. This is especially important for first time investment managers like GGEF, who will struggle with fundraising given

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41 At a fund size of USD 340 million, GGEF will be able to invest in a maximum of four areas (three of which are already completed) – RE (utility scale), RE (C&I Distributed Energy), e-Mobility and waste management. The waste management platform may only be scaled across a couple of sub-sectors and not be an integrated, scaled waste management platform. At a fund size of USD 700 million or greater, GGEF will be able to invest into other areas like water management, energy efficiency, energy storage, O&M services and emissions controls.

Supporting GGEF in reaching a critical scale to ensure an efficient fund structure and fund size leading to an ideal portfolio diversification and creating larger impact in the GGEF’s investment sectors is a priority and jumpstarts several nascent sub-sectors in the green infrastructure space in India.
newness of asset class, team and the investment concept in the market environment which is expected to experience short-term slow down due to Covid 19 economic stress.

Another significant additionality of GCF is availability of grant instrument, that enables GGEF to establish complimentary TA Facility to address technical, policy and knowledge gaps, thereby creating an enabling environment to facilitate the rapid deployment of innovative green technologies and business models in India.

It is noteworthy, that availability of GCF equity and grant financing allows the Investment Manager to use financial resources in a transformative way and unlock further climate financing in India’s green infrastructure sector. As the programmatic approach enabled by GCF allows the Investment Manager to (1) pioneer innovative business models demonstrating that green infrastructure projects can have not only attractive financial returns, but also the low operational risk profile that fit within acceptable range of investment risk for many institutional investors and (2) create conducive policy environment, build local technical capacity and address information asymmetry to reduce “perceived risks” and enhance commercial feasibility of the relatively nascent green infrastructure projects. For example, The Investment Manager assumes that capital provided by GGEF can mobilize additional USD 890 million of co-investment and ~USD 2.9 billion of debt in the target sectors for climate mitigation with adaptation co-benefits, thereby improving the efficiency and effectiveness of each equity dollar committed by GCF taking the multiplier effect manifold higher.

Concessionality of GCF Equity Investment:

Under the intended investment structure, the proposed GCF equity investment of USD 132.5 million will be used as “first loss” capital protection for new institutional investors in GGEF. The capital protection provided by GCF shall de-risk institutional investors as GCF will be absorbing the higher risks in case of the Fund’s underperformance. This capital protection will catalyze participation of institutional investors (both public and private investors) with low risk tolerance. Such structure is in line with industry best practices in private equity. The requested concessionality is additional, the following reasons -

- The requested concessionality is provided only through first-loss cushion (“capital protection”), to catalyze investment from risk-averse investors that would have otherwise not participated in the Fund. Such investors include DFIs and Pension Funds with commercial return appetite and low risk tolerance, private sector investors such as asset managers, insurance companies, endowment funds and family offices. The requested USD 132.5 million capital protection also reflects investors’ appetite, based on investor engagement and as supported by various scenario analyses in the financial model included in this FP package.

- The GCF equity capital will only de-risk new investors in the Offshore Fund, the existing anchor investors and investors investing directly into the domestic fund will not benefit from capital protection. By catalyzing new investors into the GGEF at scale, the GCF shall contribute to investments into green infrastructure assets.

The investment volume provided by GCF investment at a co-financing ratio of 1:3 at the offshore fund level will enable GGEF to reach the required fund size to achieve risk-adjusted returns and drive climate impact at scale in India. It is expected, that by catalyzing patient equity capital at scale towards green infrastructure assets, GCF shall contribute to post coronavirus pandemic recovery in India as those investments are uniquely positioned to deliver climate impact, health benefits, as well as longer term productivity and economic gains through innovative business models and job creation. It is noteworthy, that the programme is a first of its kind climate impact fund to bring much needed equity capital in India’s green infrastructure sector and accelerate transition to low-carbon and climate resilient pathways. The Indian government estimates that country needs up to USD 200 billion of green infrastructure each year (equivalent of 7-8% of GDP), USD 1 trillion by 2030. Currently infrastructure spending averages USD 100 billion which is far less than what is required to be spent on green infrastructure alone. IFC identified 7 high climate impact potential sectors with catalytic impact on low carbon transition of which 6 fall under green infrastructure assets (renewable energy, urban water, waste, e-vehicles, transport infrastructure and green buildings). The total investment needs for these 6 sectors as per IFC is approximately USD 2.8 trillion.

The GGEF is expected to address this financing gap, by bringing required capital at scale to all the 6 high-impact potential sectors identified by IFC for India. The programme is complimentary to existing initiatives in the market, as green infrastructure is largely financed by the public sector, selected DFI’s and local private sector. The dominant financial instrument in infrastructure finance is debt. However, as indicated above, the volume of capital available for green infrastructure assets is limited. GGEF brings much needed equity capital at scale (up to USD 940 million) to catalyze green infrastructure investments. The equity capital is complemented by the TA facility to create enabling environment to address existing barriers which hinder the uptake of green infrastructure investments and adoption of innovative technologies and business models that are profitable, climate friendly and sustainable.

42 E.g. capex to opex business model is at the core of the GGEF’s investment strategy.
B.6. Exit strategy and sustainability (max. 500 words, approximately 1 page)

As described in Section B.3., being India’s first climate focused fund, GGEF is focused on some emerging sectors and working to demonstrate proof of concept through innovative business models. In other sectors, such as waste and Commercial & Industrial (C&I) distributed RE, GGEF is looking to build scaled, sustainable and well-capitalized businesses. A sustainable path for the sectors depends on the execution of a few critical elements which then lay the foundation for a successful, sustainable pathway for the development of the businesses and sectors even after GGEF exits the initial investments (which are expected to be funded by GCF and other investors in the first GGEF fund). These factors and the virtuous dynamic caused by successful implementation of these factors is described below.

Building sustainable skills (including technical) in the target sectors: GGEF’s team and Sponsors have relevant experience of building successful platforms and unique business models which lead to scaled players with enhanced skill development and nurturing of an ecosystem in those sectors. This takes place through (i) training of the workforce, (ii) training of suppliers, vendors and other service providers in the sector, (iii) outsourcing of development/operating activities in certain markets/regions to local players in order to expand quickly and cost-effectively through various franchise models, and (iv) partnerships with technical experts from overseas to bring in much needed expertise through joint ventures.

Instilling best practice governance: Once the investment is made, EverSource maps its own practices to its portfolio companies and institutes the core guiding principles of strong corporate governance. These include having an empowered and effective Board and management team, operational checks and balances, effective systems of internal control and risk management, promoting a ‘governance culture’ of transparency and accountability, and putting in place remuneration policies that reward achievement of corporate objectives and long-term shareholder value creation. Another critical part of governance is the active monitoring of the operational and impact metrics.

EverSource will actively manage GGEF’s portfolio companies, and its post-investment monitoring process will reflect a high level of engagement. The EverSource team works closely with the portfolio companies and receives detailed management reports with relevant metrics on a regular basis. Once a month the investment team meets to discuss updates / progress within the portfolio, as well as any potential areas of risk within the portfolio companies, review of financial performance and overall governance aspects of the investments. Appropriate strategies and next steps are then agreed upon and implemented by the respective teams. There is also a comprehensive quarterly review of each portfolio company.

The monitoring of each portfolio investment is facilitated by
- Monthly reporting
- News tracking
- Periodic Board meetings
- Ensuring compliance with shareholders agreement
- Impact data gathering and annual tracking of actuals versus expected

Success attracts mainstream financing and scaling of the sector: Based on the Sponsors’ experience, it is expected that there will be point when a critical mass of expertise and talent in confluence with the success of the GGEF-funded company/platforms (driven by strong ESG principles), will catalyze investments from other industry entrants and lenders. The new entrants will hire talent which will bring the strong governance principles of the pioneers.

Successful exits ensure continuity of best practices and impact: Given GGEF’s strategy to control/ co-control investments, EverSource will evaluate multiple exit options at the time of investment and will continue to evaluate the exit strategy throughout the life of the investment and monitor the market to optimize the exit. GGEF is building platforms/companies with the highest standards of ESG which eventually will be attractive for other prospective players in the market to acquire. Most of the renewable and resource efficiency (water and waste water management) projects have a life span of 25 years and have long-term offtake agreements. Hence the continuity and impact of the projects will continue even after GGEF exits and other investors take over.

Re-investing in the sectors: Once GGEF exits its investments in the first fund, it expects to raise follow-on private green infrastructure funds. GGEF will reinvest in the sectors it has been successful in and contribute to the further
scaling up and growth of these sectors with the same highest standards of ESG, further strengthening the best practices it had instilled in the pioneer platforms/companies.

**Sustainability of ESG and impact in Portfolio companies**

GGEF seeks to introduce and build high standards of ESG in its portfolio investments. GGEF believes that apart from the positive impact created, high levels of ESG also makes financial sense leading to better financial metrics. It will be GGEF’s endeavor to find buyers with high sensitivity to ESG matters at exit for its portfolio investments in order to assure continuity of ESG systems and processes built. Such investors would also be willing to pay a better value for businesses which incorporate robust standards of sustainability, impact and governance.

The investment sectors and projects identified through GGEF’s mandate are inherently impact oriented and aimed at benefiting people through sustainability of their performance. As mentioned above, most of the renewable and resource efficiency (water and waste water management) projects have a life span of 25 years and have contract agreements for long term continuity under the PPP model. So even after GGEF exits and other investors take over, the continuity and impact will continue across the life span of the projects.

EverSource plans to build companies with high standards of ESG incorporated right from the beginning. There will be a governance arrangement and resource allocation to ensure that ESG management is self-sustaining within these companies. The status of the ESG aspects at the time of exit, will be presented to the buyer for valuation related to ESG risks as well as can be used by the new management for sustained performance on ESG aspects.

GGEF’s strategy is to primarily invest into control / co-control opportunities. Only in exceptional situations will the Fund be a significant minority investor. By being a majority shareholder and by structuring transactions with strong governance rights (such as board seats, affirmative rights and the appointment of CEO/CFO/COO functions), GGEF expects to have the ability to exercise meaningful influence and control over a portfolio company’s business to promote best management practices, appropriate financial controls and policies and control the exit. The strong foundations laid for the portfolio companies should allow future owners to build on these strengths and make these best-in-class companies for their respective sectors.

Given GGEF’s strategy to control/ co-control investments, EverSource will evaluate multiple exit options at the time of investment and will continue to evaluate the exit strategy throughout the life of the investment and monitor the market to optimize the outcome of the exit. Typical exit paths considered would be a sale to a strategic buyer, a sale to a financial buyer, initial public offerings (India and international), and could also include share buybacks or sale to other shareholders in the portfolio companies.

Each of the investments will typically be held for a period of 4 to 6 years. At the beginning of the investment period of a particular investment or strategy, upfront overall commitment will be made to the investment however actual investment/ capital will be drip fed over the life of the investment through the use of GGEF’s capital, co-investments and debt. The exit may be in full or partial over a period of time depending on the individual circumstance of the investment and the best method of obtaining optimum value from the exit.
## C. FINANCING INFORMATION

### C.1. Total financing

#### (a) Requested GCF funding

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<th>Currency</th>
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<td>million USD ($)</td>
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<table>
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<th>Amount</th>
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</tr>
</thead>
<tbody>
<tr>
<td>(i) Senior loans</td>
<td>Enter amount</td>
<td>Enter years</td>
<td>Enter years</td>
<td>Enter %</td>
</tr>
<tr>
<td>(ii) Subordinated loans</td>
<td>Enter amount</td>
<td>Enter years</td>
<td>Enter years</td>
<td>Enter %</td>
</tr>
<tr>
<td>(iii) Equity</td>
<td>Up to 132.5</td>
<td>10 years</td>
<td>Enter years</td>
<td>Enter %</td>
</tr>
<tr>
<td>(iv) Guarantees</td>
<td>Enter amount</td>
<td>Enter years</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(v) Reimbursable grants</td>
<td>Enter amount</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(vi) Grants</td>
<td>4.5</td>
<td>10 years</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(vii) Results-based payments</td>
<td>Enter amount</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

#### (b) Co-financing information

<table>
<thead>
<tr>
<th>Total amount</th>
<th>Currency</th>
</tr>
</thead>
<tbody>
<tr>
<td>807.5</td>
<td>million USD ($)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Name of institution</th>
<th>Financial instrument</th>
<th>Amount</th>
<th>Currency</th>
<th>Tenor &amp; grace</th>
<th>Pricing</th>
<th>Seniority</th>
</tr>
</thead>
<tbody>
<tr>
<td>Anchor Investors (Department for International Development (DFID) + National Investment &amp; Infrastructure Fund (NIIF) + GP Commitment)</td>
<td>Equity</td>
<td>340.0</td>
<td>million USD ($)</td>
<td>10 years</td>
<td>Enter</td>
<td>senior</td>
</tr>
<tr>
<td>Other Institutional investors (Please refer to table below for break up)</td>
<td>Equity</td>
<td>467.5</td>
<td>million USD ($)</td>
<td>10 years</td>
<td>Enter</td>
<td>senior</td>
</tr>
</tbody>
</table>

#### (c) Total financing

<table>
<thead>
<tr>
<th>Amount</th>
<th>Currency</th>
</tr>
</thead>
<tbody>
<tr>
<td>944.5</td>
<td>million USD ($)</td>
</tr>
</tbody>
</table>

#### (d) Other financing arrangements and contributions (max. 250 words, approximately 0.5 page)

Following the first close in 2018 at USD 340 million (see table below), the immediate focus was to develop details around the investment strategy, target sectors and the build out of the team.

**First close investors**

<table>
<thead>
<tr>
<th>Name</th>
<th>Category</th>
<th>Commitment Amount</th>
<th>Tenor</th>
</tr>
</thead>
<tbody>
<tr>
<td>National Investment and Infrastructure Fund (NIIF)</td>
<td>Sovereign Wealth Fund</td>
<td>USD 155 million (INR 10,800 million)</td>
<td>10 years</td>
</tr>
<tr>
<td>Department for International Development (DFID)</td>
<td>Government</td>
<td>USD 155 million (GBP 120 million)</td>
<td>10 years</td>
</tr>
<tr>
<td>EverSource Capital Private Limited</td>
<td>GP</td>
<td>USD 30 million (INR 1,800 million)</td>
<td>10 years</td>
</tr>
<tr>
<td>Total (A)</td>
<td></td>
<td>USD 340 million</td>
<td></td>
</tr>
<tr>
<td>Additional commitment from bp plc in November 2020</td>
<td>Corporate</td>
<td>USD 70 million</td>
<td></td>
</tr>
<tr>
<td>Total (B)</td>
<td></td>
<td>USD 410 million</td>
<td></td>
</tr>
</tbody>
</table>

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43 In September 2020, DFID merged with and the Foreign and Commonwealth Office (FCO) and is now known as Foreign, Commonwealth & Development Office (FCDO) of the UK Government.

44 Please refer to Table below for the break up. The conversion rate used USD = INR 70.
By the end of the first quarter of CY2019, EverSource attained multiple milestones in terms of the team build out, detailed development of the investment strategy and a well-defined and visible deal pipeline and also made its debut investment in a utility scale renewable energy generation platform. All of this acted as a foundation for the fund-raising efforts.

Several categories of investors like sovereign wealth funds (SWF), endowments and foundations, pension funds, development finance institutions (DFIs), insurance companies and impact funds were approached. Few of such investors are at various stages of approvals and diligence. The table below provides a break-up of such category of investors with the total prospective commitment amounts.

**Other Investors (subsequent closures)**

**Tier I LPs (currently in various stages of diligence and approval process)**

<table>
<thead>
<tr>
<th>Category</th>
<th>Type</th>
<th>Expected commitment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Asset Manager</td>
<td>Private</td>
<td>USD 15 million</td>
</tr>
<tr>
<td>Development Finance Institutions (DFI)</td>
<td>Public</td>
<td>USD 50 million</td>
</tr>
<tr>
<td><strong>Total (C)</strong></td>
<td></td>
<td><strong>USD 65 million</strong></td>
</tr>
</tbody>
</table>

There are several other LPs in active discussion for prospective commitment in GGEF on the back of the proposed GCF commitment and structure. Please refer to Annex 33 for the latest update on the GGEF co-finance.

Additionally, at the portfolio level, financing will be mobilized at the individual platform level either in the form of equity from co-investors or as mezzanine or debt. Whilst the final exact amounts of this funding may vary at each portfolio company, it is expected that up to a similar or more amount to that of GGEF’s funding will be attracted at the platform level from other sources.

<table>
<thead>
<tr>
<th>Nature of Capital Mobilized</th>
<th>Expected mobilization (USD million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Co-investment at portfolio level</td>
<td>890</td>
</tr>
<tr>
<td>Debt at portfolio level</td>
<td>2,918</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>3,808</td>
</tr>
</tbody>
</table>

**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 I: Equity investment into Green Growth Equity Fund | Output 1.1: Fund formation | USD 940 million | USD 132.5 million | Equity | USD 807.5 million | Equity | Anchor Investors (DFID and NIIF), bp Other public and institutional investors, investor pipeline can be shared upon request. |
| Component II: Technical Assistance Facility to address capacity building, knowledge sharing and policy gaps | Output 2.1: Knowledge and capacity building within targeted sectors of GGEF investment | USD 2.37 million | Grants |
| | Output 2.2: Policy dialogue and regulatory framework development | USD 2.04 million | Grants |
| | Output 2.3: Monitoring, reporting and verification of GHG emissions | USD 0.09 million | Grants |
| Indicative total cost (USD) | 944.5 million | USD 137.0 million | USD 807.5 million |

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 ☐ |
The programme through its 2 components (Component I: Equity Investment into Green Growth Equity Fund) and Component II: (Grant funding to support Technical Assistance activities) will support capacity building and knowledge transfer as follows:

**Component I: Equity Investment into Green Growth Equity Fund**

- GGEF will invest at scale in greenfield and brownfield green infrastructure projects, thereby enabling the leapfrogging of technological innovation in sectors that are still nascent in India, such as energy storage or e-mobility.

- It will accelerate business model innovation that could de-risk the green infrastructure projects and make it financially more viable for investment. As noted under section B.2, the infrastructure investments in India are largely CAPEX based. GGEF’s investment strategy targets transformation from CAPEX to OPEX based business models, therefore making green infrastructure projects more operationally independent of fixed assets and financially sound. For example, the e-mobility platform - GreenCell Mobility shall provide opportunity to existing operators to transition to e-mobility by introducing long-term, fee for service (no capex) contracts thereby leading to lower total cost of ownership for e-vehicles versus traditional fuel-based vehicles. Through GGEF’s support, this e-mobility platform is targeted to contribute to stronger use of electric public transport (e-buses) as well as increased ride sharing activities.

- It will utilize digital and cloud-based technologies to improve information flow, reduce operational costs as well as provide enhanced customer experience. For example, the utility scale renewable energy platform Ayana Renewable aims to become the lowest cost power producer utilizing innovative information technologies to decrease costs and increasing efficiencies via operating a digital and cloud-based platform, in-house analytics and artificial intelligence, which will enable self O&M, as well as more precise scheduling and predictive maintenance.

**Component II: Technical Assistance Facility to address capacity building, knowledge and policy gaps**

**Output 1: Knowledge and capacity building within targeted sectors of GGEF investment**

At the core of the GGEF’s investment strategy is to de-risk projects and facilitate sustainable exits through value creation. As noted under section B.2, one of the most important factors hindering uptake of green infrastructure projects in India is capacity and knowledge gaps, especially with regards to de-risking projects through appropriate capital structuring, institutionalizing best practice operational and governance standards as well as innovative business models, which are all necessary to design and scale up commercially feasible infrastructure platforms. It is noteworthy, that for each investment to be made by the GGEF, the Executing Entity’s team will contribute to capacity building and knowledge transfer through its own transactional experience by enhancing financial and operational structures, establishing a highly professional management team at a portfolio company level and institutionalizing best practice governance standards (e.g. gender mainstreamed operations, ESG performance, climate impact assessment and monitoring). Each portfolio company will have a designated representative (Board Member) from Executing Entity, with strong sectoral experience who will provide overall guidance and support to enhance project level (portfolio level) capacity through GGEF’s in-house expertise or on an as-needed basis, leverage additional technical or managerial expertise through their networks.

**Output 2: Policy dialogue and regulatory framework development:** As reflected in section B.2, many of the critical green infrastructure technologies required to facilitate low-carbon transition are still at a nascent stage in India. To this end, targeted TA activities under the grant component will contribute to building local sectoral expertise through feasibility studies, local/international collaborations, trainings and knowledge transfers both in public and private sector.

a. **Address the need to build local sectorial expertise and encourage the adoption of the nascent technologies across green infrastructure value-chain:** The grant financing from GCF will be utilized to finance feasibility and technical studies targeted to identify niche market and technologies for investment facilitation and trainings to institutionalize best practices in line with GGEF funds impact mandate. These project level feasibility and technical studies will be translated in knowledge accessible to wider public, thus contributing to increased understanding of the sector on how to align to low-carbon and climate resilient pathways in India in line with the country’s NDC. The GGEF shall also develop case studies to explain technological and business
b. Foster policy dialogue between private and public sector and initiate discussions on regulatory frameworks to accelerate uptake of green infrastructure investments at scale in India: This output contributes to capacity building and knowledge sharing, as Executive Entity intends to participate in working groups to develop regulatory framework or policy papers, initiate roundtables and workshops to promote stakeholder engagement and facilitate dialogue among public/private sector, as well as organize webinars and other venues for information dissemination. For example, the Investment Manager plans to initiate a policy dialogue to design measures to mitigate payment security risk for Energy Service Companies (ESCO)- thereby creating environment conducive for energy efficiency uptake.

Example of GGEF’s role in facilitating knowledge transfer and capacity building in a portfolio company:

**GreenCell Mobility** is a platform being built by GGEF which aims to be an e-MaaS platform focused on mass/shared mobility that is customer centric and focused on service quality. It aims to expand into B2C intercity market utilizing the cost advantage provided by EVs in high utilization cases. It will be a tech enabled platform to enable smaller operators and OEMs via partnership structures.

The Investment Manager through its transactional experience enhanced capacity of GreenCell Mobility management team to structure financially and operationally sound business model that is likely to facilitate interest of DFI’s and Indian banks on a project level. Furthermore, as a preliminary project build out strategy, The Investment Manager quickly supplemented GreenCell management with a bid advisory team to support its preparation and negotiation efforts This resulted in knowledge transfer that will enable the GreenCell Mobility team to negotiate pre-bid arrangements with OEMs and operators. It has already secured a B2G bid of 50 intercity buses and has an acquisition pipeline of another 600 buses.

Once infrastructure platform is operational, the Investment Manager will support GreenCell Mobility management to institutionalize the effective operational governance practices, including gender mainstreamed approach to project planning and design, institutionalizing environmental and social governance, as well as climate impact

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**Output 3: Monitoring, reporting and verification of GHG emissions**

There has been found to be a lack of active measurement and monitoring of GHG emissions/reductions. The output supports creation of standards and mechanisms for monitoring of GHG emissions, as well as building respective capacity to carry out these activities at a portfolio level. This will be done through updating the monitoring, reporting and verification framework of GHG emission of the GGEF programme; developing user friendly impact measurement tools to enable portfolio companies measure its GHG emission reduction; enhancing capacity of portfolio companies to measure climate impact. This would include but is not limited to recruitment of expertise to support with institutionalization of impact measurement at a portfolio level, including consultancy, training and development of user-friendly tools to measure and verify GHG and reporting and verification of climate impact. The eligible expenditures include yearly climate impact measurement to establish baseline for monitoring and if required, revisit climate impact related programme targets.
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)

GGEF through its fund’s size of up to USD 940 million (excluding GCF TA Grant of USD 4.5 million) will in turn bring in co-invest and debt mobilizing ~USD 3.8 billion of capital into the Indian green infrastructure space.

GGEF along with co-invest and debt additionality will target generation of ~480 billion units (kWh) of renewable energy resulting in ~452 million tons of CO₂ abatement through e-mobility services, energy efficiency services and RE generation across the lifetime of the projects. The Fund will indirectly contribute to adaptation measures by treating ~287 million tons of waste and ~5,700 million-cubic-meters of water over the lifetime of the projects. Its investments will lead to the creation of potentially ~20,000 new jobs. Of the ~480 billion units of renewable energy generated and ~452 million tons of CO₂ abated, GEEF’s share through fund’s direct equity (minus co-invest and debt) accounts to ~41 billion units and ~45 million tons respectively over the lifetime of the projects.

The following is the impact potential (and the underlying assumptions) by Target Sectors for GGEF over the lifetime of the projects.

<table>
<thead>
<tr>
<th>Impact potential</th>
<th>Impact Assumptions</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>E- Mobility</strong></td>
<td></td>
</tr>
<tr>
<td>Mitigation impact potential:</td>
<td>• Avoiding 5+ million tons of CO₂ emission (using India Specific Road Transport Emission Factors methodology by India GHG Program).&lt;sup&gt;45&lt;/sup&gt;</td>
</tr>
<tr>
<td></td>
<td>• Deployment of 1000+ e-buses, 175,000 e-three wheelers and 125,000 e-two wheelers which will result in 60+ billion kilometer (km) traversed over 10 years</td>
</tr>
<tr>
<td></td>
<td>• Distance covered of 300 kms/day for e-buses, 100 kms/day for e-three wheelers and 40 kms/day for e-two wheelers</td>
</tr>
<tr>
<td></td>
<td>• Avoid the utilization of 500+ million tons of diesel and 1500+ million tons of CNG</td>
</tr>
<tr>
<td><strong>Energy Services</strong></td>
<td></td>
</tr>
<tr>
<td>Mitigation impact potential:</td>
<td>• Avoiding ~17+ million tons of CO₂ emissions&lt;sup&gt;46&lt;/sup&gt; (using International Financial Institution (IFI) Framework for a Harmonized Approach to Greenhouse Gas Accounting).</td>
</tr>
<tr>
<td></td>
<td>• Energy savings of ~25 million MWh across average equipment lifetime of 13 years</td>
</tr>
<tr>
<td></td>
<td>• Energy saving assumed based on an average payback period of 2.5 years and electricity tariff of INR 6/kwh for the units saved</td>
</tr>
<tr>
<td><strong>Resource Efficiency - Waste Management</strong></td>
<td></td>
</tr>
<tr>
<td>Adaptation impact potential:</td>
<td>• 280+ million tons waste managed across lifetime of the projects varying from 15 to 25 years across all types of waste such as municipal, construction &amp; demolition (C&amp;D) and disposal options of collection and transportation to scientific landfills, waste to energy, compost, and construction &amp; demolition plants</td>
</tr>
<tr>
<td></td>
<td>• Assumes 0.55 kg/per capita/day of municipal waste generation and 0.21 kg per capita per day of C&amp;D waste management</td>
</tr>
<tr>
<td><strong>Resource Efficiency - Water and Waste Water Management</strong></td>
<td></td>
</tr>
<tr>
<td>Adaptation impact potential:</td>
<td>• 5,700 million m³ of treated water</td>
</tr>
<tr>
<td></td>
<td>• Assuming ~500 million litres per day (MLD) Sewage treatment capacity and 300 MLD of desalination capacity across 25-year life of the projects</td>
</tr>
<tr>
<td><strong>RE Generation - Utility Scale</strong></td>
<td></td>
</tr>
</tbody>
</table>

<sup>45</sup> Emission avoided assuming charging infrastructure powered by renewables and inclusion of solar storage batteries and emission factors referred from India Specific Road Transport Emission Factors by India GHG Program (https://shaktifoundation.in/wp-content/uploads/2017/06/WRI-2015-India-Specific-Road-Transport-Emission-Factors.pdf)

<sup>46</sup> The IFI Dataset of Default Grid Factorsv.2.0 -n the basis of the methodological approaches to GHG Accounting for Emissions from grid-connected RE and EE projects, https://unfccc.int/sites/default/files/resource/Harmonized_Grid_Emission_factor_data_set.pdf
Mitigation impact potential:
 Avoiding 360+ million tons CO₂ emissions across 25 years (using International Financial Institution (IFI) Framework for a Harmonized Approach to Greenhouse Gas Accounting).

6+ GW generation capacity resulting in ~410 billion units of non-polluting energy at an AC Plant Load Factor (PLF) of 27%.

**RE Generation - Commercial and Industrial (C&I)**

Mitigation impact potential:
 Avoiding ~52 million tons CO₂ emissions across lifetime of 25 years (using International Financial Institution (IFI) Framework for a Harmonized Approach to Greenhouse Gas Accounting).

~1,500 MWh generation capacity resulting in ~59 billion units of non-polluting energy at a DC PLF of 18%.

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

To meet India’s Paris Objectives, major investments into low carbon and climate resilient assets with particular focus on Renewable Energy, Resource Efficiency (water, waste), Transport and Energy Service infrastructure are required. The total annual green infrastructure investment needs are 7-8% of GDP, however, meeting these investment needs is challenging, given budgetary constraints as well as perceived unattractive risk-return profile of such assets for institutional investors. In addition, investment in low-carbon projects is hampered by specific market failures such as high technological and policy risks, capacity and information gaps among potential project developers and investors. There is a general awareness of these obstacles in India and as discussed under section B.1, various policy measures and initiatives are already in place to address these problems. However, there is much room to improve. The proposed programme is designed keeping these challenges in mind and proposes the integrated approach to finance by uniquely blending equity and grant instrument to address the financial, technical, policy and knowledge gaps to ensure long-term sustainable impact on India’s climate mitigation and adaptation needs.

**Potential for scale up and replication:** The GGEF has been designed to ensure scalability of the projects to be financed by it, with strong replication potential as lessons learned by GGEF and positive demonstrative impact brought by GGEF investments is likely to be replicated across India and other Asian countries where green infrastructure is prioritized but which face market failures and barriers similar to that of India. In particular, there are several venues for scalability and replication as detailed below:

- At the core of the GGEF investment strategy is to enhance value of its portfolio companies by providing necessary financial, capacity and knowledge resources to rapidly scale it up during its investment period. These efforts are likely to result in successful growth of GGEF portfolio companies and exits, therefore signaling to the market that investments into infrastructure projects can deliver profits, positive climate impact and sustainability. These successful investments will essentially function as triggers to other investors and local players in India (and Asia) to branch into green infrastructure asset class.

- Investments to be made by GGEF will result in leapfrogging of low-carbon technologies and business models that can be rapidly scaled up in future by GGEF portfolio companies as well as replicated by other players in India and in Asia. For example, the investment into energy efficiency sector will introduce an opex based business model (fee for service with no capex required on the client’s part) for energy saving projects, thereby pioneering the cost-effective business model that will accelerate decarbonization of energy use. The investment into O&M platform will improve the delivery of energy generation from renewable sources and will contribute towards RE asset’s life extension, bringing down the cost for its clients and enhancing generation thereby adding to their financial sustenance. Carbon Capture and Use – will contribute to making emission reductions economically viable for industries and transportation.

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47 The IFI Dataset of Default Grid Factorsv.2.0 -n the basis of the methodological approaches to GHG Accounting for Emissions from grid-connected RE and EE projects, https://unfccc.int/sites/default/files/resource/Harmonized_Grid_Emission_factor_data_set.pdf
48 GGEF is building platforms/companies which eventually will turn out to be successful businesses for other prospective players in the market to acquire. Once these platforms/companies reach a certain scale, these will be attractive targets for players with adequate capital to acquire the company and use it as a means of entry into the sector, as GGEF investments will be pioneers in the sector by introducing innovative business models or leapfrogging technologies. This will give GGEF the opportunity to successfully exit its investments and generate attractive return for its investors, while bringing positive climate impact and SDG benefits.
• GGEF is innovatively structured to de-risk the investors and projects by catalyzing and providing access to much needed patient, equity capital for green infrastructure projects. A complementary TA facility shall also address many market failures, thereby this integrated approach to finance and innovative design of GGEF can be replicated in India and across Asian countries—where public budget alone is not sufficient to accelerate transition to green infrastructure. It is noteworthy, that upon successful fundraising and operationalization of the GGEF, the Executing Entity will be better positioned to raise follow-on climate-focused funds and contribute to further scaling up of green infrastructure asset class in India.

Potential for knowledge sharing and learning: Transfer of expertise and capacity building is at the core of the programme design both through equity and grant component. By pioneering unique to India business models and encouraging uptake of low-carbon technologies, the investments made by GGEF will lead to enhanced skills development and nurturing of ecosystems for those sectors. In particular, the capacity building will take place through several avenues: (1) training of the workforce (2) training of suppliers, vendors and other service providers in the sector (3) outsourcing of development/operating activities in certain markets/regions to local players in order to expand quickly and cost-effectively through various franchise models (4) partnership with technical experts from overseas to bring in much needed expertise in India and (5) trainings to institutionalize best practice governance, such as impact monitoring, environmental, social and governance system gender equality. Provided the scale and long-term nature of GGEF investments, it is expected that the programme will create a critical mass of expertise and talent which in confluence with the success of the GGEF-funded projects, will catalyze investments from other industry entrants. This virtuous cycle will lead to the growth of nascent green infrastructure sectors into mainstream investable sectors, thereby significantly scaling of the mitigation and adaptation impacts.

The knowledge sharing and learning will be facilitated through creating knowledge products and disseminating knowledge through various venues, as per output 1 of the component II.

Contribution to the regulatory framework and policies: GGEF can make significant contribution to the implementation of many of the India’s policy objectives in targeted sectors especially with regards to its climate objectives as per Nationally Determined Contribution (NDC) and National Action Plan for Climate (NAPC). However, to create enabling environment and accelerate uptake of green infrastructure investments at scale in India, it will encourage policy dialogue between public and private stakeholders to identify any gaps thereof and design respective regulatory frameworks or policy measures. This activity will be supported by the output 2 of the Component II of the programme.

Contribution to the creation of an enabling environment: The programme through its equity and grant components is designed to contribute to enabling environment by providing much needed finance at scale for green infrastructure projects, while addressing policy, knowledge and capacity building barriers that hinder uptake of low-carbon technologies and business models in India.

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

GGEF has identified and adopted the following UN SDGs and has mapped each of its Target Sectors to them:

(a) Contribute primarily to climate action (SDG 13)
(b) Affordable clean energy (SDG 7)
(c) Clean water and sanitation (SDG 6)
(d) Sustainable cities and communities (SDG 11)
(e) Industry, innovation and infrastructure (SDG 9)
(f) Responsible consumption and production (SDG 12)

GGEF’s secondary contribution will be towards Gender Equality (SDG 5) and Decent work and economic growth (SDG 8) through operations of all its portfolio companies. For each of the adopted SDGs the relevant metrics for impact generated by the portfolio companies have been identified and will be routinely measured and monitored.

GGEF shall have the ability to leverage the quantum of investment for developing social infrastructure in both rural and urban areas, creating employment opportunities in these regions, strengthening payment mechanisms and using capex to opex models for reducing counterparty risks. GGEF shall affect alignment of its investee companies with the highest governance and performance standards and strengthen compliance with the above UN SDGs.
Some of the sustainable goals of GGEF and their impact can be enumerated as below:

- **Providing affordable and clean sources of energy:**
  a. **Bring greater economic sustenance to an energy import dependent country like India and freeing up exchequer’s resources due to reduced energy import bill for other uses including for climate mitigation measures.** Every million units of RE generation helps free up USD 41,600 from energy imports for India. At 10.5 GWp capacity Ayana (GGEF’s investment in a utility-scale RE platform) will free up USD 686 million annually towards alternate uses including, climate mitigation.
  b. **Current RE tariffs are at 40-50% discount to average cost of conventional power thereby reducing cost of power purchase which reduces the power bill for consumers.** Flexibility to establish plants near consumption centers will help in reducing transmission losses which in turn reduce end-user bills.
  c. **Contribute nearly USD 30 million to local area development at locations where the power projects will be set up, resulting in 24,000+ job years**

- **Waste treatment projects benefiting 40+ million people annually**

- **Water treatment projects benefiting 4.5+ million people/day supplying 135 litre/capita/day**

- **GGEF will be instrumental in generating ~20,000+ new jobs.** This will be tracked for both female and male employment. In the midst of the Covid-19 pandemic, the Sponsors and EverSource have quickly adapted to flexible working arrangements for their employees and those of the portfolio companies. Female participation in the workforce has been shown to increase when women can work from home or find jobs near their homes. With a focus on diversity and gender balance in the workforce, GGEF’s portfolio companies hope to generate higher female workforce participation than the average levels in the sectors in which they operate.

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

**India’s Vulnerabilities**

India’s average temperature has increased by around 0.7°C (1901–2018), resulting in extreme weather events and putting pressure on the country’s key natural resources such as water, damaging infrastructure and threatening livelihoods of its population. Already in the year 2018, prolonged drought and resultant widespread crop failures, compounded by a water shortage, brought about conflict and increased migration in southern India. Changes in monsoonal patterns and changes in sea level can threaten coastal cities. The flooding in Kerala (the coastal state in India) in the same year, has destroyed 80 dams and resulted in migration of over 220,000 people.

The average temperatures in India are projected to rise by approximately 2.4°C to 4.7°C under RCP 4.5 and 8.5 scenarios, with extreme weather events and natural hazards increasing both in terms of spatial extent, as well as intensity and frequency in different parts of India. India can lose the equivalent of 1.8% of GDP by 2050 (for details, see climate impact trends under section B.1).

The degree of adverse impacts caused by natural events is not only influenced by magnitude and intensity of hazards, but also by the level of vulnerability of affected society. India is a lower-middle income country with wide disparities amongst its people and regions. Around 364 million people (28% of the population) live below the national poverty line of USD 1.90 per person per day, about 1.77 million people are homeless and 4.9% of the population (aged 15 years and above) are unemployed. The per capita electricity consumption stands low at 917 kWh, which is barely one third of the world’s average per capita electricity consumption. India already ranks as #13 on the World Resource Institute’s (WRI) National Water Stress Rankings Across Globe, with climate impact to further increase water insecurities. Within the impacted society, women, children and the elderly are amongst the most vulnerable to climate impacts, such as flood and droughts. Lack of access to paid employment affects youth and women disproportionately. Many households have inadequate provision of basic infrastructure and services, such as access to electricity, safe water and mobility. Given these factors, there is an urgent need to undertake low carbon and climate resilient infrastructure investments in India.

The investment needs required to meet India’s climate objective as per Nationally Determined Contribution is USD 2.5 trillion. The public budget alone is not sufficient to mobilize required funding for climate action. While the government of

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49 Source: Global Climate Risk Index 2020 https://www.germanwatch.org/en/17307

50 Refer to “Chapter 2: Temperature Changes in India” on information related to observed and projected mean annual temperature trends in India. The projected scenarios referenced in this document are detailed under table 2.9 of the chapter. The chapter also includes trends across various climatic zones of the country. Available online: https://www.springer.com/gp/book/9789811543265.

India has doubled its spending on green projects from 2016, its public budget is increasingly focused on socio-economic development activities. Furthermore, the crisis created by the combination of Covid-19 pandemic, national lockdown and job losses will put a strain on the government of India’s public budget as it needs to be directed to provide a “safety net” for those in need. In a post Covid-19 scenario, there is even greater need of private sector mobilization for green infrastructure finance. However, the country's credit environment is becoming fragile, with local banks likely to face surge in bad debts and corporate defaults. In such an environment, the equity financing at scale offered by the GGEF is particularly timely as it can provide long-term, patient equity capital that responds to long-term investment horizon needs of infrastructure projects. Furthermore, the GGEF is an innovatively structured financial vehicle, that can de-risk institutional investors thus making investments into green infrastructure projects more attractive for both local and international investors. See sections B.2. and B.3. of Funding Proposal for more details.

Below is the short snapshot of how the projects to be financed by the GGEF shall respond to various recipient’s needs:

| Country Needs | Provides adequate capital at scale to finance critical green infrastructure needs in India in line with NDCs and country’s strategic priorities. The GGEF will strengthen 4 critical sectors for provision of utility services in India: energy, water (including waste water), waste and transport. The financing provided by the GGEF is complimentary to existing financing provided by the banks, DFI’s and public-sector entities (such as NIIF). As the country’s economy may face slowdown in view of the post-covid environment, the investments in infrastructure may revive economy through job creation and increased tax payments, as well as positive domino effect on businesses across the supply chain. |
| Population |  
|  |
| • Gender mainstreamed and inclusive approach in planning for infrastructure projects, taking into consideration views of various stakeholders including minority groups, woman and indigenous people. See section G.2 of this FP for details.  
|  |
| • Access to clean, reliable and affordable energy through investments into renewable energy sources as well as energy efficiency measures/services. GGEF shall also provide financial support to update distribution and transmission services and scale up digital intervention (e.g. smart grids) to provide reliable energy at scale at a reduced cost to direct beneficiaries being the households and businesses.  
|  |
| • Enhanced mobility and access to clean transport for 20 million citizens in India, through enhanced infrastructure for e-vehicles (fleet, charging stations) as well as promotion of ride sharing. This will lead to reduced emissions from the transport sector.  
|  |
| • Improved Waste management (recycling, treatment) with potential to benefit 40 million citizens. GGEF’s waste management projects will cater to both urban and semi-urban population, providing health, economic and environmental benefits.  
|  |
| • GGEF’s investments in the water sector are estimated to benefit 4.5+ million people per day. These beneficiaries will range from rural population without access to regular supply of water to industries where the treated water from the sewage treatment plants can be supplied. This will in turn prevent drawing of fresh water for industrial usage thus saving freshwater depletion |
| Project Developers, Equipment Manufacturers, Service | As GGEF will acquire and build businesses it will encourage and catalyse the growth of the various organisations involved in asset development (e.g.: EPC contractors), equipment suppliers (e.g.: electric vehicle manufacturers and module manufacturers) and service providers (e.g.: O&M service providers). This will lead to a development of the value chain in the sectors of operation of GGEF especially in the more nascent sectors such as e-Mobility. GGEF’s investments will also lead to |

52 Source: KPMG, Catalysing the national infrastructure pipeline in India https://assets.kpmg/content/dam/kpmg/in/pdf/2020/08/catalysing-the-national-infrastructure-pipeline-project-india.pdf

53 Some Indian cities today have basic form of public transport such as metro lines and some rely only on bus services. Many cities and most towns do not have either. The last-mile connectivity in cities which have metros/buses is provided by rickshaws/autos (three wheelers). In cities and towns which do not have metros lines or buses, the only public transport available are the three wheelers. Early conversion of these vehicles to Electric Vehicles (EV) using Lithium-ion batteries will provide clean transport to a large number of people.

54 Presently, collection of waste in Indian cities is not very evolved. Only 19% of municipal waste in India is treated scientifically. Consequences of India’s cities producing untreated waste which is largely not segregated and treated are tangible and troubling. Multiple published studies link asthma, bronchitis, heart attack and emphysema to garbage burning and improper solid waste management. The scientific waste disposal targeted by GGEF investments (including waste to energy projects) will reduce pollution from waste treatment, contribute to formal employment in the sector as well as bring enhanced health benefits of communities living nearby the open waste.
Providers across the value chain

employment generation – directly in the platforms it is developing and indirectly in the ecosystem of the sectors it will operate in.

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

India's Climate Change policy which has been articulated through two key documents:

1. National Action Plan on Climate Change (NAPCC) adopted on June 30, 2008, which identified 8 National Missions - National Missions on Solar Energy, Enhancing Energy Efficiency, creating a Sustainable Urban Habitat, Conserving Water, Sustaining the fragile Himalayan Eco-system, creating a Green India through expanded forests, making Agriculture Sustainable and creating a Strategic Knowledge Platform for serving all the National Missions. These missions incorporate India’s vision of ecologically sustainable development and steps to be taken to implement it. Further, for inter-related policy and coordinated action has India adopted the 17 UN Sustainable Development Goals (SDGs). The NAPCC acknowledged the need for making a strategic shift from its current reliance on fossil fuels to a pattern of economic activity based progressively on cleaner energy sources. Such a shift would enhance India’s energy security and contribute to dealing with the threat of Climate Change.

2. Intended Nationally Determined Commitments (INDCs) submitted to the UN Framework Convention on Climate Change (UNFCCC) on October 2, 2015. The INDC is a statement of intent on Climate Change action announced in the run up to the Paris Climate Change summit held in December 2015. India ratified the Paris Agreement exactly one year after the submission of its INDC, on October 2, 2016. Since India did not submit an NDC prior to ratification, the INDCs became its first NDC. India’s NDCs have a strong focus on climate change mitigation.

As part of its NDCs, India has committed to reduce emission intensity to 33-35% and achieve 40% of its cumulative electric power of around 350GW installed capacity from non-fossil fuel-based energy resources (mainly renewable power) by 2030. GGEF shall substantially contribute to each focus area of NDCs like (a) Enhancing energy efficiency; (b) Waste to wealth; (c) Safe smart and sustainable green transportation network; (d) Mobilize funds towards climate mitigation and adaptation and (e) Promotion of Clean Energy.

GGEF’s Investment Strategy is aligned to India’s Nationally Determined Contribution (NDC)

The GGEF programme will make equity investments in the green infrastructure space, specifically in platforms/companies in the Target Sectors of E-mobility, Resource Efficiency, Energy Services and Renewable Energy (RE) with a goal of contributing to India’s GHG emissions reductions (and generating secondary health and productivity benefits from access to cleaner water and air) coupled with employment generation.

Provided below is a summary of GGEF’s activities and sector-specific investments which align with India’s Nationally Determined Contribution (NDC). Please refer to Annex 38 on GGEF’s alignment to India’s NDCs. The specific impacts of these investments are discussed further in Section B.2.

- **Mobilizing Co-financing**: GGEF will raise capital to fund its investments by raising equity commitments and will also assist its portfolio companies to raise debt to fund their growth and operations. It is expected that a large portion of this finance will come from the private sector in developed nations and from India through investors such as commercial banks, investment managers, impact-focused funds etc.

**NDC targets aligned with:**
- Mobilising Finance

- **E-Mobility**: GGEF’s incubation of an e-mobility platform focused on the mass/shared mobility segment, will be important towards reducing overall emissions including NOx & particulate matter and promote low-emission public transport mode.

**NDC targets aligned with:**
- Cleaner Economic Development
- Reducing Emission intensity of GDP
- Technology Transfer and Capacity Building
• Resource Efficiency
  
  i. Waste Management: GGEF will invest in a waste management company diversified across associated segments of municipal solid waste, collection and transportation, construction and demolition of waste, etc.

  ii. Water Management: There is a lack of a well-capitalized, large scale water services owner and operator, to address industrial as well as municipal demand. GGEF sees this as an opportunity to build a platform, through acquisitions and greenfield development, focused on water and waste water infrastructure such as desalination plants, sewage treatment and other water recycling projects.

  **NDC targets aligned with:**
  - Sustainable Lifestyles
  - Adaptation

• RE and Energy Efficiency: The Government of India (GoI) has set an ambitious target of 175 GW RE capacity by 2022, comprising 100 GW from solar power, 60 GW from wind power, 10 GW from bioenergy and 5 GW from small hydropower. GGEF’s investment in utility scale, commercial and industrial (C&I) distributed RE generation and energy efficiency will help in meeting the energy needs of the country in a sustainable manner. Also, the shift in the grid mix is a must for transitioning to e-mobility to avoid shifting the pollution load from the roads to the grid.

  **NDC targets aligned with:**
  - Cleaner Economic Development
  - Reducing Emission intensity of GDP
  - Increasing the Share of Non-Fossil Fuel Based Electricity
  - Technology Transfer and Capacity Building

Stakeholder engagement

• Since the Fund will invest in various projects during its lifetime the stakeholder engagement with respect to each investee project will be undertaken at the time of the investment.

• The Programme will invest in category A, B and C projects. SEP (Stakeholder Engagement Plan) Framework is provided in Annex 6 (E&S document). The SEP will also reflect an importance of fully and effectively engaging with indigenous peoples affected in the design, development and implementation of the strategies and activities to be financed by the programme, while respecting their rights. The Executing Entity will disclose on its website appropriate E&S information for each Project under the programme as per GCF Information Disclosure Policy.

• Engagement with the National Designated Authority (NDA) has been ongoing with the AE and EE staying in regular touch with the NDA to provide information on the various aspects of the programme. On the NDA’s request a process and format of the information that the EE will provide to the NDA prior to the utilization of GCF’s funding for a potential investment has been proposed.

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

**Funding multiplier effect and Estimated cost per tCO₂e**

GGEF’s investment in its Target Sectors shall have a multiplier effect of attracting ~USD 890 million of co-investment (at direct platform level) and ~USD 2.9 billion of debt (total funding of ~USD 4.7 billion, including the GGEF equity funding) in the target sectors for climate mitigation and adaptation co-benefits, thereby improving the efficiency and effectiveness of each equity dollar invested by GGEF. Of this ~USD 4.2 billion will be invested towards climate mitigation related investments. It is estimated that a total of ~452 million tons of CO₂ emissions will be avoided directly over the lifetime of the project cycle. **Hence, the estimated cost of per t CO₂e (total investment cost/ expected lifetime CO₂e emission reductions) (USD 4.7 billion/452 million tons of CO₂ emissions) is estimated to be USD 10.39.**

GGEF’s share through its direct equity (without accounting for co-investments and debt) would lead to ~153,353 GWh of renewable energy generation and ~166 million tons of CO₂ avoided.

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55 The resulting E&S category of the project to be financed by the GGEF shall also determine the institutional requirements for disclosure in accordance with GGEF ESGMS, which has been updated to reflect GCF Information Disclosure Policy.
GGEF along with co-investment and debt additionality will target generation of ~480 billion units of renewable energy resulting in ~452 million tons of CO₂ abatement through e-mobility services, energy efficiency services and RE generation across the lifetime of the projects. It will indirectly contribute to adaptation measures by treating ~280+ million tons of waste and ~5,700+ million-cubic-meters of water. Its investments will lead to the creation of potentially ~20,000+ new jobs.

**GCF mobilization mechanism**

Green Climate Fund to commit up to USD 132.5 million (not including the TA Grant of USD 4.5 million). GCF capital to help mobilize additional capital to the Fund in the mobilization ratio of 1:3. The mobilization mechanism will be as follows:

- GCF commits (through FMO as AE) capital to Green Growth Feeder Fund (Offshore Fund) in Singapore;
- It will subscribe to Class B shares (junior equity) of the Offshore Fund;
- For every 1 dollar of GCF, the Offshore Fund will mobilize additional 3 dollars of capital commitment from other investors;
- Other investors to subscribe to Class A (senior tranche with capital protection) of the Offshore Fund;
- At any point in time, GCF will not exceed 25% of the Offshore Fund corpus;
- GCF mobilization ratio will always be at 1:3;
- Maximum Offshore Fund target close – USD 530 million;
- Maximum GCF commitment therefore will be USD 132.5 million (25% of the Offshore Fund)

<table>
<thead>
<tr>
<th>Total Target Fund Corpus (A)</th>
<th>USD 940.0 million</th>
</tr>
</thead>
<tbody>
<tr>
<td>Anchor + Sponsor commitment</td>
<td>USD 340.0 million</td>
</tr>
<tr>
<td>Commitment from new investor</td>
<td>USD 70.0 million</td>
</tr>
<tr>
<td>Total corpus as on date (B) at Indian fund</td>
<td>USD 410.0 million</td>
</tr>
<tr>
<td>Total target corpus at Offshore Fund (Singapore) (C)</td>
<td>USD 530.0 million</td>
</tr>
<tr>
<td>GCF Commitment 25% of C</td>
<td>USD 132.5 million</td>
</tr>
<tr>
<td>Other investors 75% of C</td>
<td>USD 397.5 million</td>
</tr>
<tr>
<td>Total Fund corpus (B+C)</td>
<td>USD 940.0 million</td>
</tr>
<tr>
<td>GCF mobilization ratio (397.5/132.5)</td>
<td>1:3</td>
</tr>
</tbody>
</table>

Additionally, there is potential to generate good equity and social IRRs in portfolio companies of GGEF, driven by its selection criteria, which require rapid scalability, use of Industry 4.0 technologies in business models, offering OPEX solutions to avoid CAPEX by client and control transactions with high quotient of ESG.

**Efficiency and effectiveness by Target Sectors:**

1. **Renewable Energy Generation**

   **Utility Scale RE**
   - Potential to generate good equity and social IRRs
   - Co-investment potential of USD 300+ million

   **C&I RE**
   - Potential to generate 25-30% savings, relative to grid power
   - Potential to generate good equity and social IRRs
   - Co-investment potential of USD 75 million

2. **E- Mobility**

   - Potential to generate good equity and social IRRs

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56 Social IRR captures the socio-economic value created during the investment time frame which includes a host of possible benefits, such as improved productivity, better health, more social cohesion and more informed and effective citizens.
• Co-investment potential of USD 80 million

3. Energy Services

Energy Efficiency
• Highly effective and able to generate commercially sound returns with low to medium payback period
• Potential to generate good equity and social IRRs
• Co-investment potential of USD 60 million

Independent Service Provider
• Potential to generate significant IRRs of ~30% and above. Potential to reduce cost of generation
• Potential to generate good equity and social IRRs
• Co-investment potential of USD 100 million

Carbon Capture and Use
• No company of scale / commercial deployment in India in this sector

Energy Storage
• No company of scale in India in this sector

4. Resource Efficiency

Waste Management:
• Potential to create viable businesses with requisite tipping fee and policy support
• Potential to generate good equity and social IRRs
• Co-investment potential of USD 70 million

Water and Waste Water
• Low/No competition for well-funded, pure-play water owner-operator
• Potential to generate good equity and social IRRs
• Co-investment potential of USD 100 million

Across all its portfolio investments, GGEF intends to collaborate with global technology leaders.

GGEF’s financial structure and its effectiveness

GGEF is a SEBI registered AIF following a determinate trust structure wherein investments are made through a pooling mechanism at the trust level and the capital pooled from investors is deployed across the portfolio through equity / equity like instruments. The AIF (passthrough) structure allows the investors to invest in the portfolio companies with minimal leakages. The structure also makes it possible for GGEF to raise debt (including issuance of bonds, etc.) and raise co-invest at the portfolio companies instead of the pooling vehicle.

GGEF is investing in niche sectors (and focusing on strengthening the energy value chain) to create viable business models that would help crowd in more investments in climate mitigation and adaptation. This would be of interest to alternative public and private sources of capital.

GGEF’s investment in its Target Sectors shall have a multiplier effect of attracting ~USD 890 million of co-investment and ~USD 2,918 million of debt in the target sectors for climate mitigation thereby improving the efficiency and effectiveness of each equity dollar invested by GGEF.

GGEF shall have the ability to leverage the quantum of investment for developing social infrastructure in both rural and urban areas, creating employment opportunities in these regions, strengthening payment mechanisms and using capex
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.

The concessionary terms of the GCF investment in GGEF will through its unique structure catalyze substantial investor interest leading to commitments to GGEF. The GCF first-loss waterfall structure will alleviate concerns around the risks of investing in a single emerging market country focused strategy, currency depreciation, a first-time investment manager and a strategy to invest in some of the sunrise sectors/sub-sectors. In addition, the rigorous technical evaluation and feedback provided by GGEF will instill confidence in the investment thesis and its scalability and associated impact and the capability of the Investment Manager.

LPs are keen to understand the terms around the GCF concession and within a very short time frame EverSource has been able to develop a pipeline of interest of LPs of over USD 500 million for commitment to GGEF.

GCF’s commitment in GGEF is expected to be 25% of the fund corpus capped at USD 132.5 million. With USD 340 million already committed, EverSource has set a target of every dollar committed by GCF catalyzing three (3) times the commitment from other investors committing to the Offshore Fund. This additional funding is expected to come from both private and public sources.

A scaled GGEF allows catalytic investments into “sunrise” sectors essential for climate change mitigation

A scaled fund in excess of USD 940 million (does not include GCF TA Grant of USD 4.5 million) will help in attaining the additional platform level co-investment and debt targets.

At the current fund size, GGEF will be able to invest in a maximum of four areas (three of which are already committed) – Renewable Energy generation (utility scale), Renewable Energy generation (C&I Distributed Energy), e-Mobility and waste management. In addition, GGEF will be limited in its ability to impact the scale and scope of the investment in these sectors. For example, the waste management platform will likely only be scaled across a couple of sub-sectors and not be an integrated, scaled waste management platform.

At a fund size of up to USD 940 million (excluding GCF TA Grant of USD 4.5 million) mobilized by the GCF investment and terms:

1. GGEF will be able to invest into other areas like water management, energy efficiency, energy storage, O&M services and emissions controls
2. GGEF will reach a critical scale leading to an ideal portfolio diversification (further de-risking the investments by investors into GGEF)
3. Lead to a larger impact in climate change mitigation and adaptation co-benefits in GGEF’s investment sectors
4. Jumpstart several nascent sub-sectors in the green infrastructure space in India
5. Mobilize larger amounts of co-investments and project level debt into the target sectors
### 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 appropriate 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.

<table>
<thead>
<tr>
<th>E.2.1. Expected tonnes of carbon dioxide equivalent (t CO₂ eq) to be reduced or avoided (mitigation and cross-cutting only)</th>
<th>Annual</th>
<th>13 million t CO₂ eq</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lifetime</td>
<td>166 million t CO₂ eq</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>E.2.2. Estimated cost per t CO₂ eq, defined as total investment cost / expected lifetime emission reductions (mitigation and cross-cutting only)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) Total project financing</td>
</tr>
<tr>
<td>(b) Requested GCF amount</td>
</tr>
<tr>
<td>(c) Expected lifetime emission reductions</td>
</tr>
<tr>
<td>(d) Estimated cost per t CO₂ eq (d = a / c)</td>
</tr>
<tr>
<td>(e) Estimated GCF cost per t CO₂ eq removed (e = b / c)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>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)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(f) Total finance leveraged</td>
</tr>
<tr>
<td>(g) Public source co-financed</td>
</tr>
<tr>
<td>(h) Private source finance leveraged</td>
</tr>
<tr>
<td>(i) Total Leverage ratio (i = f / b)</td>
</tr>
<tr>
<td>(j) Public source co-financing ratio (j = g / b)</td>
</tr>
<tr>
<td>(k) Private source leverage ratio (k = h / b)</td>
</tr>
</tbody>
</table>

#### E.2.4. Expected total number of direct and indirect beneficiaries, (disaggregated by sex)

Direct: 283,532 new jobs created over respective lifetime of projects. Note this considers data for Utility, C&I and e-Mobility.

While there is a clear focus to render incremental women’s employment through GGEF’s investments, quantitative data on expected total number of jobs for women/ vulnerable gender will be received from respective investee companies as they progress with their operations. Refer Annex 8 for details on Gender Assessment and Gender Action Plan.

Indirect: 28,635 beneficiaries. Note this considers data for Water and e-mobility.

48% female population

For a multi-country proposal, indicate the aggregate amount here and provide the data per country in annex 17.

#### E.2.5. Number of beneficiaries relative to total population (disaggregated by sex)

Direct: -(expressed as % of country’s population)

Indirect: Click here to enter text. (expressed as % of country’s population)

For a multi-country proposal, leave blank and provide the data per country in annex 17.
### 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.

<table>
<thead>
<tr>
<th>Expected Results</th>
<th>Indicator</th>
<th>Means of Verification (MoV)</th>
<th>Baseline</th>
<th>Target</th>
<th>Assumptions</th>
</tr>
</thead>
</table>
| M2.0 Reduced emissions through increased access to low-emission transportation | **M2.1 Tonnes of carbon dioxide equivalent (t CO2eq) reduced or avoided - low emission gender-sensitive transport** | Portfolio company data and regular independent verifications. | 0        | ≈ 2.5 million tCO2eq | ≈ 5 million tCO2eq | Methodology: CDM Version AMS III C  
Project Lifetime: 10 years  
Midterm is assumed to be FY 25 (between the final close April 2021 to FY 28)  
Annual emission reductions: 0.5 million tCO2eq  
Lifetime Emission Reductions: 5 million tCO2eq |
| M3.0 Reduced emissions from buildings, cities, industries and appliances | **M3.1 Tonnes of carbon dioxide equivalent (t CO2eq) reduced or avoided - buildings, cities, industries, and appliances** | Portfolio company data and regular independent verifications. | 0        | ≈ 23 million tCO2eq | ≈ 46 million tCO2eq | Methodology: IFI Approach to GHG Accounting for Energy Efficiency Projects  
For waste management, estimates are based on the CDM Tool 04 Emissions from Solid Waste Disposal Sites |
### Project Lifetime
- 13 years
- Annual emission reductions: 2.1 million tons
- Lifetime Emission Reductions: 28 million tCO2eq
- Mid-term is FY 25

### Portfolio company data
- Emissions in 2014: 1,871,709 Gg CO2e
- 94.96% from electricity production

### 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.

<table>
<thead>
<tr>
<th>Expected Outcomes</th>
<th>Indicator</th>
<th>Means of Verification (MoV)</th>
<th>Baseline</th>
<th>Target</th>
<th>Assumptions</th>
</tr>
</thead>
<tbody>
<tr>
<td>M8.0 Increased use of low-carbon transport</td>
<td>M8.1 Number of additional female and male</td>
<td>Portfolio company data like Annual</td>
<td>0</td>
<td>Total number of passengers</td>
<td>GGEF will finance development of the largest</td>
</tr>
</tbody>
</table>

58 Choice of emission factors and other relevant assumption used in calculation are reporting in Annex 22 of this FP.
60 Life span of a typical solar panel is 25 years before it starts to degrade.
<table>
<thead>
<tr>
<th>M7.0 Lower energy intensity of buildings, cities, industries and appliances</th>
<th>M7.1 Energy intensity/improved efficiency of buildings, cities, industries and appliances as a result of Fund support</th>
<th>Portfolio company data like Annual Reports and independent energy audits</th>
<th>Energy savings of ~12.5 million MWh across average equipment lifetime of 13 years</th>
</tr>
</thead>
<tbody>
<tr>
<td>passengers using low-carbon transport as a result of Fund support</td>
<td>passengers to be benefitted through e-buses is 8.58 million male population and 7.92 million female population, e-3 wheelers is 818.5 million male population – 756.5 million female population</td>
<td>to be benefitted through e-buses is 33 million – 15.85 million female population, e-3 wheelers is 3,150 million – 1,513 million female population</td>
<td>operator(s) of e-buses and shared electric transport in India. Will start with State Transport Utility for intracity tenders and then achieve scale through intercity contracts. Expand platform to include e-2 wheelers once suitable products are available.</td>
</tr>
<tr>
<td>passengers to be benefitted through e-buses is 8.58 million male population and 7.92 million female population, e-3 wheelers is 818.5 million male population – 756.5 million female population</td>
<td>e-2 wheelers is 78 million male population and – 72 million female population</td>
<td>e-2 wheelers is 300 million – 144.12 million female population</td>
<td>On the basis of Statisticstimes.com, in absolute terms, India has 48.04% female population compared to 51.96% male population. This proportion has been assumed while calculating target impact outcome numbers.</td>
</tr>
<tr>
<td>passengers to be benefitted through e-buses is 8.58 million male population and 7.92 million female population, e-3 wheelers is 818.5 million male population – 756.5 million female population</td>
<td>e-2 wheelers is 78 million male population and – 72 million female population</td>
<td>e-2 wheelers is 300 million – 144.12 million female population</td>
<td>Through the Energy Efficiency platform, GGEF will focus on replacement of energy consuming equipment such as motors, O&amp;M / process optimization and large-scale projects such as waste heat recovery.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>M6.0 Increased number of small, medium and large low-emission power suppliers</th>
<th>M6.3 MWs of low-emission energy capacity installed, generated and/or rehabilitated as a result of GCF support</th>
<th>Portfolio company data using agreed methodology of EverSource Capital and independent surveys</th>
<th>Total Installed power generation capacity in India -371 GW out of which 87.6 GW is RE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Installed power generation capacity in India -371 GW out of which 87.6 GW is RE</td>
<td>Total Power generated in India (units)</td>
<td>3+ GW of low-emission energy capacity installed</td>
<td>Through the Utility scale platform, GGEF is creating ample opportunity for in-country utility-scale and C&amp;I players</td>
</tr>
<tr>
<td>Total Installed power generation capacity in India -371 GW out of which 87.6 GW is RE</td>
<td>Total Power generated in India (units)</td>
<td>6+ GW of low-emission energy capacity installed</td>
<td>Through the Utility scale platform, GGEF is creating ample opportunity for in-country utility-scale and C&amp;I players</td>
</tr>
</tbody>
</table>

*Note: The table continues with more entries, but the provided snippet is sufficient to illustrate the format and content.*
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.

<table>
<thead>
<tr>
<th>Expected Results</th>
<th>Indicator</th>
<th>Means of Verification (MoV)</th>
<th>Baseline</th>
<th>Target</th>
<th>Assumptions</th>
</tr>
</thead>
<tbody>
<tr>
<td>GGEF provides equity and quasi-equity instruments to</td>
<td>Development of pipeline for deals</td>
<td>Investment Manager reports</td>
<td>0</td>
<td>250</td>
<td>300</td>
</tr>
<tr>
<td>finance low-carbon and climate resilient infrastructure projects in India</td>
<td>Number of platform investments</td>
<td>Investment Manager reports</td>
<td>0</td>
<td>4</td>
<td>6</td>
</tr>
<tr>
<td>Reporting on investment performance and value addition in portfolio companies</td>
<td>Annual independent evaluation of the fund performance. To be shared with Investors by way of Quarterly and Annual Reports</td>
<td>Reports already prepared</td>
<td></td>
<td>Quarterly and Annual reports</td>
<td>Quarterly and Annual Report s.</td>
</tr>
<tr>
<td>Successful exits as indicated by positive IRR, demonstrating commercial viability of green infra assets</td>
<td>Investment Manager reports (Quarterly and Annual)</td>
<td>0</td>
<td>0</td>
<td>All portfolio companies</td>
<td>All portfolio companies</td>
</tr>
<tr>
<td>Climate impact and environmental and social impact from GGEF investments</td>
<td>Number of jobs created</td>
<td>Portfolio company data</td>
<td>0</td>
<td>100-1000</td>
<td>~1000</td>
</tr>
<tr>
<td></td>
<td>E-miles powered</td>
<td>Portfolio company data</td>
<td>0</td>
<td>15 Million Kms</td>
<td>~40 Million Kms</td>
</tr>
<tr>
<td></td>
<td>Waste treated</td>
<td>Portfolio company data</td>
<td>0</td>
<td>10 - 50 Million tons</td>
<td>100-150</td>
</tr>
</tbody>
</table>
Waste water treated for reuse and made accessible to public (Desalination and STP)

<table>
<thead>
<tr>
<th>Million tons</th>
</tr>
</thead>
<tbody>
<tr>
<td>Desalination: 200 million m³</td>
</tr>
<tr>
<td>Desalination: 600 million m³</td>
</tr>
<tr>
<td>STP: 400 million m³</td>
</tr>
<tr>
<td>STP: 1000 million m³</td>
</tr>
</tbody>
</table>

Gender Mainstreaming

<table>
<thead>
<tr>
<th>Progress made and results achieved in relation to GGEF’s Gender Action Plan.</th>
</tr>
</thead>
</table>

GGEF supports market transformation, through knowledge transfer, capacity building and policy dialogue.

<table>
<thead>
<tr>
<th>Volume of technical assistance provided in key sectors targeted by the Fund.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accredited Entity reports to GCF</td>
</tr>
</tbody>
</table>

USD 3.15 million

USD 4.5 million

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.

<table>
<thead>
<tr>
<th>Activity</th>
<th>Description</th>
<th>Sub-activities</th>
<th>Deliverables</th>
</tr>
</thead>
<tbody>
<tr>
<td>Component I (Equity investment)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Activity 1.1: Pipeline development, Due-diligence and Investment approval.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1.1.1. Identifying potential investment opportunities</td>
<td>EverSource investment team identifies potential investment opportunities, conducts soft diligence and present the opportunity to the entire investment team along with the head of legal, finance and ESG.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1.1.2 Due Diligence</td>
<td>EverSource investment team to conduct a comprehensive review of the potential opportunity through detailed Commercial, Financial and Legal due diligence by the appointed advisors.</td>
<td>Deal Captain presents the opportunity and detailed risk analysis to the Pre-IC Committee based on the interim DD findings.</td>
<td></td>
</tr>
<tr>
<td>1.1.3 Investment approval</td>
<td>Final Investment Committee approval followed with the EverSource Capital Board approval</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1.1.4 Definitive documentation and Closing</td>
<td>Definitive documents to include sign off from Legal and ESG</td>
<td>Deal closing to include and have sign off from HoO, Head Legal &amp; Compliance and VP Finance</td>
<td></td>
</tr>
<tr>
<td>1.1.5 Capital Calls</td>
<td>Based on portfolio company requirement</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### Activity 1.2: Value Creation during project implementation period

Control investments are core to GGEF’s strategy in order to be able to leverage the EverSource value addition at every stage to create sustainable scalable businesses.

| 1.2.1 Initial Stage (incubation or early acquisition stage) | EverSource Capital is deeply involved in:
- supporting in management team and organization buildout
- support in the building the initial business rollout and firming up the business plan
- support in implementation of strong governance, reporting and monitoring processes
- alignment of business targets to GGEF’s climate goals and impact metrics
  
1.2.2 Scale-up / Growth Stage |
- Support in identifying and closing portfolio buildout / acquisitions for inorganic growth to scale
- Strategic partnerships through Sponsor and EverSource team network
- Support in generating leads for BD
- Support in accessing low cost debt through DFI network and Sponsor credit-worthiness
- Access to global procurement networks and pricing power

| 1.2.3 Exit Ready | EverSource shall work with the management teams during the lifetime of the investment to make them exit ready by creating a sustainable business model with positive impact mandate; and seeking out potential buyers with commitment to continue such a mandate |

### Activity 1.3: Post-Investment Monitoring of portfolio companies

Monitor portfolio performance by building a collaborative relationship with the management team and instituting an effective reporting protocol.

| 1.3.1 Monthly MIS | Portfolio team shall prepare and send a monthly MIS to the EverSource team which is reviewed by the Deal Team and Pre-IC members at the monthly portfolio review |

| 1.3.2 Quarterly and Annual Reports prepared on the basis of information received from the portfolio companies | Update on the industry / market trends, summary of the investments and divestments in the previous quarter / year and a status report on each investment with an internal valuation and key updates on ESH, ESG and governance. |

| 1.3.3 Periodic Board meetings | EverSource members participate in periodic board meetings to ensure compliance with EverSource Capital’s governance standards, compliance with shareholder’s agreement, add value on key governance matters and support portfolio team on key decision making |

| 1.3.4 Impact Assessment | The Chief Investment Officer and Head of Impact / ESG are responsible for monitoring of climate impact and providing support to investment team and portfolio companies. Climate Impact reporting will be performed annually in house, with 2 independent evaluation (mid-term and final) also undertaken during the programme implementation period. |
| Activity 1.4: Exits | EverSource Team exits out of the portfolio companies GGEF negotiates and executes the exit documentation. The exit proceeds are received | 1.4.1. Identifying exit potentials and narrowing down on options<br>The Team assesses potential exit channels<br>Negotiation of terms and decisions for final exits | 1.4.2. Closure of transaction<br>Negotiation and execution of all exit documentation<br>Receipt and subsequent distribution of the exit proceeds |

**Component II (Address capacity building, knowledge and policy gaps through the Technical Assistance Grant)**

<table>
<thead>
<tr>
<th>Activity 2.1.1</th>
<th>Feasibility and technical studies targeted to identify niche market and technologies for investment facilitation</th>
<th>The Executing Entity’s team will contribute to capacity building and knowledge transfer through its own transactional experience by enhancing financial and operational structures, establishing a highly professional management team in a portfolio company level and institutionalizing best practice governance standards (e.g. gender mainstreamed operations, ESG performance, climate impact assessment and monitoring). To contribute to knowledge and capacity building within targeted sectors</th>
<th>Appropriate capital structuring, institutionalizing best practices operational and governance standards as well as innovative business models, which are all necessary to design and scale up commercially feasible infrastructure platforms.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Activity 2.1.2</td>
<td>Capacity building to institutionalize best practice at a GGEF portfolio company level, in line to GGEF’s investment strategy and impact mandate.</td>
<td>Each portfolio company will have a designated representative (Board Member) from Executing Entity, with strong sectoral experience who will provide overall guidance and support to enhance project level (portfolio level) capacity through GGEF’s in-house expertise or on a need basis, leverage additional technical or managerial expertise through their networks.</td>
<td></td>
</tr>
<tr>
<td>Activity 2.1.3</td>
<td>Capacity building activities that contribute to knowledge transfer across the value chain in sectors financed by the GGEF. See indicative example in tables below for e-mobility sector.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Activity 2.1.4</td>
<td>Awareness raising and knowledge</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Activity 2.2.1</td>
<td>Reporting from the Fund on GHG emissions and other impact numbers.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>---------------</td>
<td>-------------------------------------------------------------------</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Policy dialogue, that promotes stakeholder engagement and public/private sector dialogue that enable development of markets that GGEF portfolio companies operate</td>
<td>GGEF shall develop case studies to explain technological and business model innovation undertaken by the support of its investment and demonstrate viability of low-carbon investments.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Activity 2.2.2</td>
<td>The opportunities for knowledge sharing will be further fostered through participation and/or organization of various sectorial events that contribute to knowledge dissemination.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Policy advocacy, with efforts to achieve policy change.</td>
<td>For example, GGEF team plans to initiate a policy dialogue to design measures to mitigate payment security risk for Energy Service Companies (ESCO)-thereby creating environment conducive for energy efficiency uptake.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Activity 2.3.1</td>
<td>Reporting from the Fund on GHG emissions and other impact numbers.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Updating Monitoring, Reporting and Verification framework of GHG emission of the GGEF programme.</td>
<td>The initial monitoring and reporting framework is included in Annex 22 of this document.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Activity 2.3.2</td>
<td>The targeted beneficiary for this output is GGEF and its portfolio companies.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Developing user friendly impact measurement tools to enable portfolio companies measure its GHG emission reduction</td>
<td>Monitoring, reporting and verification of GHG emissions</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Activity 2.3.3</td>
<td>Monitoring, reporting and verification of GHG emissions</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Recruitment of expertise to support with institutionalization of impact measurement at a portfolio level, including consultancy, training and development of user-friendly tools to measure and verify GHG</td>
<td>Reporting from the Fund on GHG emissions and other impact numbers.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Yearly climate impact measurement to establish baseline for monitoring and if required, revisit climate impact related programme targets.</td>
<td>The initial monitoring and reporting framework is included in Annex 22 of this document.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mid-term (Year 5) and final (Year 10) independent audit of the programme level GHG emission reduction</td>
<td>The targeted beneficiary for this output is GGEF and its portfolio companies.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Enhance capacity of portfolio companies to measure climate impact.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>---------------------------------------------------------------</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Activity 2.3.4</strong> Reporting and verification of climate impact.</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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

**Reporting to Investors**

**Financial Reporting:**
All investors of Green Growth Equity Fund shall receive:
(a) within 180 calendar days of the end of the relevant Accounting Period, annual audited accounts of the Fund for each Accounting Period prepared in accordance with the accounting principles agreed with the Auditors which shall include, without limitation, a balance sheet, profit and loss account, statement of changes in Investors’ capital for such period, summary of the financial information received from or in respect of Investments, summary of material risks and their management and such other information as required under the SEBI – Alternative Investment Fund (AIF) Regulations;
(b) half-yearly reports within 60 calendar days of September 30th of each year containing details of the Investments, including their cost, performance and valuation; and
(c) quarterly reports within 30 calendar days of the end of each calendar quarter providing an update on the performance of Investments, summary of investment activity, an update on the industry/ market trends, a statement of drawdowns and distributions, anticipated capital calls during the next quarter, details of related party transactions etc.

**ESG Reporting**
GGEF investors will receive an annual report on the ESG performance of its investee companies. The deal teams will take inputs from relevant teams and compile the annual report for applicable reporting period as required by investors.

**Climate Impact Reporting**
The annual climate impact reporting will be performed in-house, while the independent mid-term and final year verification of climate impact to be undertaken by the independent provider.

**Monitoring and Evaluation arrangements**
With regards to monitoring and evaluation of the mid-term (FY 25) and final impact numbers, an independent evaluator will be appointed during FY25 and FY28, respectively.

**Midterm Evaluations**
At the time of the midterm evaluation, it is not expected that significant development results will have been achieved, since the portfolio will not have reached full maturity. Therefore, the implementation of the investment strategy will be the focus of the evaluation and will also cover aspects like the number of portfolio companies invested by the Fund, projects developed & implemented, GHG avoidance, energy production, installed capacity, private sector capital catalysed and amount of people served.

**Final Evaluation**
For the final evaluation (at 10 years) it is expected that development effects will have been fully realized. Therefore, the external agency who will be hired will conduct evaluation of various aspects like relevance, effectiveness, efficiency, impact and sustainability.
- **Relevance:** the extent to which the investments are suited to the priorities and policies of GGEF
- **Effectiveness:** the extent to which the objectives of GGEF were achieved
- **Efficiency:** the extent to which activities were cost-efficient and timely
Impact: determining the positive and negative changes produced by GGEF, directly or indirectly, intended or unintended
- The focus will be on local social, economic, environmental and other development indicators as mentioned in the previous section (at output, outcome and impact level)
- Baseline and end line data will be used.
- It will be evaluated to the extent that these results can be attributed to the Fund. There will be other factors which influence the results which may need to be mapped.
- If applicable, investments might be benchmarked against other similar investments in the region.

Sustainability: the extent to which the investments of GGEF are likely to continue operating after GGEF has exited its investments.

Methodology for Calculation of The GHG Emission Reduction

List of Methodologies for GGEF’s Key Focus Sectors:

<table>
<thead>
<tr>
<th>Sectors</th>
<th>Methodology</th>
<th>Link</th>
</tr>
</thead>
<tbody>
<tr>
<td>E-Mobility</td>
<td>CDM Methodology AMS-III.C., version 15</td>
<td><a href="https://unfccc.int">CDM: Emission reductions by electric and hybrid vehicles --- Version 15.0</a></td>
</tr>
<tr>
<td>Utility and C&amp;I</td>
<td>CDM Methodology AMS – I.D., version 18</td>
<td><a href="https://unfccc.int">CDM: Grid connected renewable electricity generation --- Version 18.0</a></td>
</tr>
<tr>
<td></td>
<td>Or ACM0002, version 20 for projects above 15MW</td>
<td><a href="https://unfccc.int">https://cdm.unfccc.int/methodologies/DB/XP2LKUSA61DKUQC0IPWPGWDN8ED5PG</a></td>
</tr>
</tbody>
</table>

Notes:
- The grid emission factor will be based on the default values published by the IFI TWG on harmonization of GHG emission accounting standards. [https://unfccc.int/sites/default/files/resource/Harmonized_Grid_Emission_factor_data_set.xlsx](https://unfccc.int)
- These methodologies are not only the basis for the ex-ante emission reduction calculations but also for ex-post monitoring and GHG emission reduction reporting.
F. RISK ASSESSMENT AND MANAGEMENT

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

Investments made into GGEF are subject to market fluctuations and subject to the risks inherent in all investments. Accordingly, no assurance can be given that the investment objective of GGEF will be achieved. The risk factors related to GGEF can be categorized as fund risks and as risks related to investing in emerging markets and GGEF’s sectors of focus. No exhaustive list of these risks can be given, a detailed list is available in section VI of GGEF’s private placement memorandum (PPM).

Specific risk factors are continuously assessed throughout the entire investment process and are strictly monitored. Appropriate mitigation strategies are analyzed and implemented proactively from the earliest stage possible.

<table>
<thead>
<tr>
<th>Selected Risk Factor 1</th>
<th>Development Cycle Risk</th>
</tr>
</thead>
<tbody>
<tr>
<td>Category</td>
<td>Probability</td>
</tr>
<tr>
<td>Technical and operational</td>
<td>Medium</td>
</tr>
</tbody>
</table>

Description

Early-stage and development-stage companies often experience unexpected problems in the areas of product development, manufacturing, marketing, financing and general management, which, in some cases, cannot be adequately solved. In addition, such companies may require substantial amounts of financing which may not be available through institutional private placements or the public markets. The percentage of companies that survive and prosper may be small.

Mitigation Measure(s)

- Invest in projects with shorter build-out cycle
- Lock in capital cost and hedge currency
- Key development risks to be tied up at the beginning of the contract - Land, Permits etc.
- Leverage Everstone and LSBP relationships for business arrangements including JVs

<table>
<thead>
<tr>
<th>Selected Risk Factor 2</th>
<th>Capital Risk</th>
</tr>
</thead>
<tbody>
<tr>
<td>Category</td>
<td>Probability</td>
</tr>
<tr>
<td>Credit</td>
<td>Low</td>
</tr>
</tbody>
</table>

Description

The Portfolio Companies can be expected to require additional financing to satisfy their working capital requirements or acquisition strategies. The amount of additional financing needed will depend upon the maturity and objectives of the particular Portfolio Company. Each round of financing (whether from GGEF or other investors) is typically intended to provide a Portfolio Company with enough capital to reach the next major valuation milestone. If the funds provided are not sufficient, such Portfolio Company may have to raise additional capital at a price unfavorable to the existing investors in such Portfolio Company, including GGEF. In addition, GGEF may make additional debt and equity investments or exercise warrants, options or convertible securities that were acquired in the initial investment in such Portfolio Company in order to preserve GGEF’s proportionate ownership when a subsequent financing is planned or to protect the assets of GGEF when such Portfolio Company’s performance does not meet expectations. The availability of capital is generally a function of capital market conditions that are beyond the control of GGEF or any Portfolio Company. There can be no assurance that the Portfolio Companies will be able to predict accurately the future capital requirements necessary for success or that additional funds will be available from any source, or available at prices that are favorable to the Portfolio Company.

Mitigation Measure(s)

- Leverage GGEF’s Sponsors and investors network to raise capital for investee companies
- **GGEF** to catalyze channeling of green capital from domestic and international investors

## Selected Risk Factor 3  Environmental, Social and Governance Risk

<table>
<thead>
<tr>
<th>Category</th>
<th>Probability</th>
<th>Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>Governance</td>
<td>Medium</td>
<td>Medium</td>
</tr>
</tbody>
</table>

**Description**

There can be no guarantee that all costs and risks regarding compliance with environmental laws and regulations can be identified. Moreover, failure to comply with any such requirements could have a material adverse effect on a Portfolio Company and there can be no assurance that Portfolio Companies will at all times comply with all applicable environmental laws, regulations and permit requirements. Past practices or future operations of Portfolio Companies could also result in material personal injury or property damage claims. Any noncompliance with these laws and regulations could subject the Fund and its Portfolio Companies to material administrative, civil or criminal penalties or other liabilities. The Fund may experience material losses due to these risks.

**Mitigation Measure(s)**

- Apply EverSource’s ESG framework
- Align companies to impact assessment framework
- Training of employees to sustain strong ESG practices

## Selected Risk Factor 4  Technology / Innovation Risk

<table>
<thead>
<tr>
<th>Category</th>
<th>Probability</th>
<th>Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>Technical and operational</td>
<td>Medium</td>
<td>Medium</td>
</tr>
</tbody>
</table>

**Description**

A portion of the GGEF Assets may be invested in companies in highly competitive markets or product segments dominated by firms with substantially greater financial and technical resources than the Portfolio Companies in which GGEF invests. Portfolio Companies in which GGEF invests may operate in product segments that face technological changes and/or may be dominated by other firms or organizations. These and other inherent business risks could affect the performance of the Portfolio Companies and affect the value of Fund equity investments, thereby affecting GGEF as a whole due to its involvement in Portfolio Companies.

**Mitigation Measure(s)**

- Use of Industry 4.0 technologies, agile organisations and adaptive technology-based business construct
- Shorter payback models to de-risk future projects against any disruptive innovation
- Long term contracts

## Selected Risk Factor 5  Pricing / Market Risk

<table>
<thead>
<tr>
<th>Category</th>
<th>Probability</th>
<th>Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>Credit</td>
<td>Medium</td>
<td>Medium</td>
</tr>
</tbody>
</table>

**Description**

The investments that will be acquired by GGEF have not yet been identified. The activity of identifying, completing and realizing attractive investments is highly competitive and involves a high degree of uncertainty. Since GGEF will compete with other investors for investments in Portfolio Companies, this may result in fewer attractive investment opportunities. In addition, such competition may have an adverse effect on the length of time required to fully invest the Fund. To the extent the Fund has already drawn down capital from Investors, pending investment in Portfolio Companies, these funds may be retained in cash or may be invested in Temporary Investments. Such investments may substantially reduce the Fund’s overall return.

The Investment Manager believes that the Fund’s investment program and research techniques moderate this risk through a careful selection of Portfolio Companies. No guarantee or representation, however, is made that the Fund’s program will be successful, and investment results may vary substantially over time.
Many of the investments made by the Fund will be illiquid, and there can be no assurance that GGEF will be able to realize profits on its investments in a timely manner.

Mitigation Measure(s)

- Either secure long term contracted cashflows to cover life of the project or invest in large market opportunity to mitigate demand risk
- Invest in creating market leading solutions that are suitably priced
- Carry out careful due diligence on potential Portfolio Investments

### Selected Risk Factor 6 Exit Risk

<table>
<thead>
<tr>
<th>Category</th>
<th>Probability</th>
<th>Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other</td>
<td>Medium</td>
<td>Medium</td>
</tr>
</tbody>
</table>

### Description

Most of the investments made by GGEF will be in unlisted companies whose securities should be considered illiquid. These investments may be difficult to value and to sell or otherwise liquidate, and the risk accompanying an investment in such companies is much greater than the risk of investing in publicly traded securities. Moreover, these unlisted companies are not regulated by the same disclosure and investment protection norms that apply to listed companies. Therefore, the Fund may make investment decisions and monitor such investments on the basis of inadequate information in comparison to a publicly listed company.

It is expected that the companies in which GGEF invests will eventually either have their securities listed on an Indian stock exchange or such securities may be sold through a private sale or a merger / acquisition route (among other exit options that may be available), as a means of creating liquidity for that investment. However, there can be no assurance that the security may ever be disposed of or publicly traded. Furthermore, there can be no assurance that the listing of these securities will provide a viable exit mechanism, as these securities may suffer from low trading volumes and low market capitalization at the time of intended disposal. Besides, regulations / guidelines in certain jurisdictions generally impose a lock-in period on promoters’ holdings in companies seeking listing through IPOs, which would reduce secondary market liquidity. GGEF will endeavor to avoid or minimize such lock-ins on its shareholding in its Portfolio Companies to the extent possible. However, there can be no assurance that it will be in a position to do so.

GGEF may make investments which may not be advantageously disposed of prior to the date of dissolution of the Fund, either by expiration of the Fund’s term or otherwise. Although the Investment Manager expects that investments will be disposed of prior to dissolution or be suitable for in kind distribution at dissolution and the Investment Manager has a limited ability to extend the term of the Fund, the Fund may have to sell, distribute, or otherwise dispose of investments at a disadvantageous time as a result of dissolution. In addition, although upon the dissolution of GGEF, the Investment Manager (or the relevant liquidator) will be required to use reasonable efforts to reduce to cash and cash equivalents such assets of the Fund as the Investment Manager or such liquidator deems it advisable to sell, there can be no assurance with respect to the time frame in which the winding-up and the final distribution of proceeds to the Investors will occur.

Mitigation Measure(s)

- Rapid scale-up
- Multiple Exits business construct
- Control, pedigree of shareholders, appropriate leverage & exit readiness

### Selected Risk Factor 7 Government Regulatory Risk

<table>
<thead>
<tr>
<th>Category</th>
<th>Probability</th>
<th>Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sanctions</td>
<td>Medium</td>
<td>Medium</td>
</tr>
</tbody>
</table>

### Description

The value of the GGEF’s investments may be adversely affected by potential political and social uncertainties in India. Certain developments, beyond the control of the Fund, such as the possibility of nationalization, expropriations,
confiscatory taxation, political changes, government regulation, social instability, diplomatic disputes or other similar developments, could adversely affect the Fund’s investments.

India is a country which comprises diverse religious and ethnic groups. It is the world’s most populous democracy. Ethnic issues, religious conflicts and border disputes could adversely affect economic conditions in India and consequently the Fund’s investments.

While fiscal and legislative reforms have led to economic liberalization and stabilization in India over the past 10 years, the possibility that these reforms may be halted or reversed could significantly and adversely affect the value of investments in India. GGEF’s investments could also be adversely affected by changes in laws and regulations or the interpretation thereof, including those governing foreign investment, anti-inflationary measures, rates and methods of taxation, and restrictions on currency conversion, imports and sources of supplies.

Although India has experienced significant growth and is projected to undergo significant growth in the future, there can be no assurance that such growth will continue. Adverse economic conditions or stagnant economic development in India could adversely affect the value of the Fund’s investments.

Mitigation Measure(s)

- Invest in businesses that are/ will be commercially viable without subsidies
- Align business construct to leverage robust regulatory support & sustainability

Selected Risk Factor 8  Partner Risk

<table>
<thead>
<tr>
<th>Category</th>
<th>Probability</th>
<th>Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reputational</td>
<td>Medium</td>
<td>Medium</td>
</tr>
</tbody>
</table>

Description

Instances of fraud and other deceptive practices committed by senior management of Portfolio Companies in which GGEF invests may undermine the Investment Manager’s due diligence efforts with respect to such companies and, if such fraud is discovered, negatively affect the valuation of the GGEF’s investments. In addition, when discovered, financial fraud may contribute to overall market volatility that can negatively impact the GGEF’s investment program.

GGEF may be a minority investor and might not always be in a position to protect its interests effectively, particularly if management teams of Portfolio Companies pursue objectives which are inconsistent with those of the Fund. However, as a condition of investment in a Portfolio Company, GGEF expects that appropriate shareholder and supervisory rights will generally be negotiated to protect the its interests. GGEF will rely significantly on the existing management and boards of directors of such companies, which may include representatives of other investors with whom GGEF is not affiliated and whose interests or views may conflict with the views of the Fund.

Mitigation Measure(s)

- Secure control / co-control across all investments
- Partner with credible entities with strong ESG standards

Selected Risk Factor 9  Foreign exchange risk

<table>
<thead>
<tr>
<th>Category</th>
<th>Probability</th>
<th>Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>Forex</td>
<td>Medium</td>
<td>Medium</td>
</tr>
</tbody>
</table>

Description

The currency of the Fund will be in INR. Investors will make a commitment to the Fund of an INR amount. Drawdowns by the Fund from its Investors shall be made pro rata to Total Commitments on such a Drawdown Date and will be an INR amount. A significant change in the currency exchange rate between the Indian Rupee and the currency of the jurisdiction of an investor may have a material impact on the overall commitment amount of such investor. The Fund will be under no obligation to engage in any hedging transactions.

Mitigation Measure(s)
- Lock in capital cost and hedge currency
- Drip feeding of capital into investments which acts as a natural hedge to the currency volatility

### Selected Risk Factor 10: Compliance (AML/CFT) risk

<table>
<thead>
<tr>
<th>Category</th>
<th>Probability</th>
<th>Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reputational</td>
<td>Low</td>
<td>Medium</td>
</tr>
</tbody>
</table>

**Description**

Instances of fraud and other deceptive practices committed by senior management of the Fund or its portfolio companies which may undermine the Investment Manager’s due diligence efforts with respect to such companies and, when such fraud is discovered, negatively affect the valuation of the Fund’s investments. In addition, when discovered, financial fraud may contribute to overall market volatility that can negatively impact the Fund’s investment program.

**Mitigation Measure(s)**

- Policies and procedures with respect to Compliance, AML etc. are in place to avoid these risks. These have been described in section B4 of the FP and in Annex 24
- Strong risk management and governance structures followed by the Investment Manager which have been described in section B4 of the FP and in Annex 24
- GGEF is regulated by the Securities Exchange Board of India (SEBI) regulated and follows SEBI’s rules and guidelines which have been instituted to protect the interest of investors
### G. GCF Policies and Standards

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

The Executing Entity has adopted a comprehensive Environmental, Social and Governance Policy and put in place Environmental, Social and Governance Management System (ESGMS) for Green Growth Equity Fund, that has been designed in line IFC Performance Standards and updated as per request of AE to ensure alignment with GCF Environmental and Social Policy, as well as Information Disclosure Policy and Indigenous People Policy.61

The ESGMS is presented under Annex 6 of this Funding Proposal. The ESGMS has been developed to ensure that the projects to be financed by the Programme will be designed and implemented in a sustainable manner. It also ensures that GCF ESS policies are passed down from Accredited Entity to GGEF (Fund level) and to the projects financed by the GGEF (Investee level).

The ESGMS consists of following key parts:

At the core of GGEF’s ESGMS is to identify potential environmental and social governance risks prior to investment disbursement and to institutionalize the monitoring mechanisms at an Investee level to supervise ESG performance during the term of the GGEF’s investment.

As per ESGMS document, the following procedures are incorporated in GGEF’s investment process to ensure that ESS risks are assessed and mitigated:

<table>
<thead>
<tr>
<th>ESG Integration in Investment Process</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Screening of project eligibility to GGEF’s ESG Policy</strong></td>
</tr>
<tr>
<td>The projects in the GGEF pipeline will be screened for “eligibility” to</td>
</tr>
<tr>
<td>GGEF’s ESG Policy. In particular, project activities will be screened</td>
</tr>
<tr>
<td>against GGEF ESGMS exclusion list to ensure that no activities under this</td>
</tr>
<tr>
<td>list is financed. During this stage, the Executing Entity’s team shall</td>
</tr>
<tr>
<td>assess proposed investment activates to determine the environmental and</td>
</tr>
<tr>
<td>social impacts and classify project environmental and social governance</td>
</tr>
<tr>
<td>risk as per “high”, “medium” and “low” risk categories.</td>
</tr>
<tr>
<td>Category A (High risk category): Activities with potential significant</td>
</tr>
<tr>
<td>adverse environmental and/or social risks and impacts that, individually</td>
</tr>
<tr>
<td>or cumulatively, are diverse, irreversible, or unprecedented.</td>
</tr>
<tr>
<td>Category B (Medium risk category). Activities with potential limited</td>
</tr>
<tr>
<td>adverse environmental and/or social risks and impacts that individually</td>
</tr>
<tr>
<td>or cumulatively, are few, generally site-specific, largely reversible,</td>
</tr>
<tr>
<td>and readily addressed through mitigation measures; and</td>
</tr>
<tr>
<td>Category C (Low risk category). Activities with minimal or no adverse</td>
</tr>
<tr>
<td>environmental and/or social risks and/or impacts.</td>
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<tr>
<td>The resulting category for a project (s) to be financed by the GGEF</td>
</tr>
<tr>
<td>shall further inform the level of E&amp;S due diligence to be implemented in</td>
</tr>
<tr>
<td>the subsequent stage below.</td>
</tr>
<tr>
<td><strong>Conduct environmental and social governance due diligence (ESGDD) of</strong></td>
</tr>
<tr>
<td><strong>projects that passed initial screening stage</strong></td>
</tr>
<tr>
<td>During ESGDD stage, the Executing Entity’s team shall assess potential</td>
</tr>
<tr>
<td>ESG risks of proposed project as well as environmental and social</td>
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<tr>
<td>governance practiced by the potential investee company prior to the</td>
</tr>
<tr>
<td>GGEF’s investment. GGEF shall identify appropriate mitigation measures</td>
</tr>
<tr>
<td>(if any required) in Environmental and Social Action Plan (ESAP); by</td>
</tr>
<tr>
<td>also specifying Investee companies’ responsibilities and timeline for</td>
</tr>
<tr>
<td>implementing preventive, mitigation and compensation measures in ESAP.</td>
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<tr>
<td><strong>Incorporating Investee company’s obligation to institutionalize</strong></td>
</tr>
<tr>
<td>The ESAP developed during the due-diligence stage will be part of</td>
</tr>
<tr>
<td>shareholder agreement between GGEF and the respective investee company,</td>
</tr>
<tr>
<td>therefore the investee will be legally required to implement ESAP.</td>
</tr>
</tbody>
</table>

61 The Executing Entity with the guidance of Accredited Entity has prepared Resettlement Policy Framework and Indigenous Peoples Planning Framework (IPPF) in line with GCF ESS requirements, as well as updated its information disclosure requirement to match requirements of GCF. Please refer to Annex 6 for details. The Exclusion List has been updated to include GCF ESS, as well as other IFI’s (e.g. FMOs) requirements.
Environmental and Social Governance into legal agreements

Post investment, the Investee companies will be monitored on a [quarterly] basis by the Programme Environmental, Social and Governance (ESG) Head Officer for projects ESG performance against the ESAP. The monitoring will involve site visits, regular communication with investee company management team and submission of reports. It is noteworthy, that at the investee level, the companies will be required to institutionalize ESG governance as per GGEF ESG policy requirement-so the GGEF will directly promote institutionalization of good practice environmental and social governance in India and will set a positive demonstrative effect for other companies within the industry.

The Programme will invest in category A, B and C projects as indicated in above table. Therefore, the stakeholder engagement plan (SEP) Framework in Annex 6 will also reflect an importance of fully and effectively engaging with indigenous peoples affected in the design, development and implementation of the strategies and activities to be financed by the programme, while respecting their rights. The Executing Entity will disclose on its website appropriate E&S information for each Project under the programme as per GCF Information Disclosure Policy.

In case, where projects to be financed under the programme will involve land acquisition-the projects will be guided by the Resettlement Policy Framework which has been developed as per GCF ESS Policy Requirement and is included in Annex 6. This will ensure compliance to national laws and international best practices.

The Investment Manager will report on an annual basis on ESG performance of the fund and its portfolio companies to investors, including GCF. For additional details on environmental and social governance, please refer to Annex 6.

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

The Executing Entity has performed a programme level gender assessment to identify gender specific vulnerabilities and risks in India and sectors targeted for investment by the Programme. The detailed assessment is included in Annex 8 of this FP, the key vulnerabilities are summarized below:

- Lack of inclusive design in planning for infrastructure projects, that ensures that infrastructure works for everyone including women and disadvantaged groups. It is noteworthy, that stakeholder consultations in India is often limited to engagement of woman and disadvantaged groups which results in non-inclusive project design.
- Lack of gender inclusive policies in private sector companies, resulting in gender gaps in employment and operationalization of infrastructure projects.
- Disproportional access to resources, skills and education by different gender groups.

Based on this assessment, the Executing Entity has made its commitment to mainstream gender considerations in its investment decision making and address gender gaps at the Fund level and at the level of projects financed by it (investee level).

The Executing Entity shall update the current Gender Assessment and Gender Action Plan on an annual basis and incorporate inputs from the portfolio companies starting two years from commencing implementation. This shall explore including action plans for wider benefits and priorities of the programme in relation to the potential gender-sensitive development impacts.

Specifically, the executing entity will implement following actions:

62 The resulting E&S category of the project to be financed by the GGEF shall also determine the institutional requirements for disclosure in accordance with GGEF ESGMS, which has been updated to reflect GCF Information Disclosure Policy.
### GGEF Gender Action Plan

#### Fund Level

GGEF’s existing governance and operational processes enhanced to include comprehensive gender mainstreamed approach.

For details, please refer to actionable items of GGEF Gender Action Plan in Annex 8 of this FP.

- **Gender Policy at the Fund level adopted** to signal commitment to gender equality and equity, as well as gender inclusiveness in terms of investment design for green infrastructure projects.
- **Gender inclusive practices introduced at a Fund Level.** This includes but is not limited to (1) updates to existing GGEFs HR guidelines and hiring criteria to address any gender based inequality and incrementally improve woman participation in the workplace and in decision making roles (2) Collect and use of gender-disaggregated data at a Fund level, to inform the delivery of Gender Policy (3) updates to Fund’s operational procedures to allow for planning, monitoring and reporting on gender equality on an investee level.
- **Relevant competencies and resources allocated to implement Gender Action Plan.** This includes assigning responsible persons to implement GAP, providing respective capacity building activities and training for staff, allocating budget for required institutional enhancements.
- **Knowledge generation and communication to build internal capacity, capacity of portfolio companies (investees) and the external capacity.** This will include in-trainings for GGEF staff, as well as in-house workshops for investee companies. In addition, during the programme implementation period, the Executing Entity will prepare case studies for wider groups of stakeholders on lessons learned on mainstreaming gender-inclusive project design and participate in external thought leadership events related to raise awareness on gender inclusive approach.

#### Investee Level

- **Institutionalize Gender Equality in existing governance system of portfolio companies**.
- **Incorporate Gender Inclusive approach during stakeholder consultations at project locations and during project impact assessment, so to ensure that SEP voices risks and benefits of men, women and vulnerable groups.** Minimum quorum requirements by gender will be set for the meetings. This will ensure inclusive design in planning for infrastructure projects.
- **Community Based Initiatives at Portfolio Company/ Project level.** The Executing Entity will require companies to disclose and report upon intended benefits of the project to community, women and men, with a timeline and monitoring indicators for outcome. It will also encourage companies to explore the need for gender inclusive capacity development and other interventions in the targeted investment sectors, that promote gender inclusiveness.

#### Note on Project specific GAP

Executing Entity will perform project specific gender assessment for each project to be financed by the GGEF which shall determine project specific gender vulnerabilities and risks. The executing entity team shall identify appropriate mitigation measures in project specific Gender Action Plan (GAP), by also specifying Investee companies’

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63 This includes the updates to the company’s investment process, such as incorporating gender assessment during investment due-diligence stage for each project and developing project specific Gender Action Plan to mitigate any gender related vulnerabilities and risks identified during the gender assessment stage. Monitoring results of project specific GAP and reporting to investors on an annual basis on GAP implementation.

64 To ensure that GGEF’s Gender Policy is passed down and implemented at a portfolio level, GGEF team will closely collaborate with portfolio company representatives to enhance their capacity and improve gender equality. The Investment Manager shall first perform Gender Assessment during the investment due-diligence stage, following to which it will collaborate with portfolio companies to develop Gender Action Plan addressing any gender vulnerabilities and risks and any gaps in governance system. It will also provide support with Gender Action Plan implementation through capacity building and knowledge sharing.
responsibilities and timeline for implementing preventive and mitigation measures in GAP.

The GAP developed during the due-diligence stage will be part of shareholder agreement between GGEF and the respective investee company, therefore the investee will be legally required to implement GAP.

The Programme level Gender Action Plan is included in Annex 8 of this document and has been designed to ensure alignment to GCF Gender Policy. The progress on GAP implementation will be actively monitored by the Accredited Entity and reported to GCF as part of APRs.

The relevant gender-related outcome as a result of Programme level GAP implementation includes:

- Deeper mainstreaming of gender considerations into investment decision making and when planning for green infrastructure projects.
- Building relevant competence and capacity both at the Fund and Investee level to implement Gender Action Plan.

A better understanding of the relevance of gender in green infrastructure investments, as GGEF plans to contribute to knowledge sharing and dissemination activities both to key programme stakeholders as community. Furthermore, the GGEF’s portfolio companies are likely to create positive demonstrative impact in the industry by incorporating gender-inclusive planning for green infrastructure projects.

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

After the investment approval, the main function of the Investment Manager (EE) is to monitor portfolio performance against targets undertaken during investment stage (this includes financial, climate, SDG and ESS impacts). The monitoring is undertaken by full-time investment team, who sit on Boards of individual portfolio companies and receive on-going updates from portfolio company through direct communication with management team, site visits and reporting.

The team works closely with the portfolio companies and receives detailed management reports with relevant metrics on a regular basis. Once a month the investment team meets to discuss updates / progress within the portfolio, as well as any potential areas of risk within the portfolio companies, review of financial performance and overall governance aspects of the investments. Appropriate strategies and next steps are then agreed upon and implemented by the respective teams. There is also a comprehensive quarterly review of each portfolio company.

Portfolio performance is monitored through building collaborative relationship with management and reporting as follows:

- Monthly reporting from portfolio companies
- News tracking
- Periodic Board Meetings and on-going communication with management team to build company’s value.
- Site visits
- Ensuring compliance with shareholders agreement
- Performance reviews by the Investment Manager investment team against targets (both commercial and impact related).

Based on above monitoring process, the Investment Manager submits following reports to GGEF investors:

- Quarterly reports on Fund performance (which shall include information on individual company performance)
- Annual audited statements
- Annual ESS report
- Annual climate and sustainability impact report

The Investment Manager applies fiduciary duties as per PE industry best practices: It reports on Fund Performance quarterly and annually to Limited Partners (investors). The audit of annual finance statements is performed by independent provider, to ensure transparency and control of flow of funds. Impact reporting will be performed annually in house, with 2 GCF specific programme independent evaluation to be undertaken by AE and shared with GCF. Environmental and Social Governance is carried out as per GCF ESS Policy and IFC Performance Standards.
<table>
<thead>
<tr>
<th>G.4. Disclosure of funding proposal</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Note:</strong> 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.</td>
</tr>
</tbody>
</table>

*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

| ☒ 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]) |
| ☒ Annex 5 | Implementation timetable including key project/programme milestones ([template provided]) |
| ☒ Annex 6 | E&S document corresponding to the E&S category (A, B or C; or I1, I2 or I3): ([ESS disclosure form provided]) |
| ☐ Annex 6 | Environmental and Social Impact Assessment (ESIA) or |
| ☐ Annex 6 | Environmental and Social Management Plan (ESMP) or |
| ☒ Annex 6 | Environmental and Social Management System (ESMS) |
| ☒ Annex 6 | Others (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) |
| ☒ Annex 10 | Procurement plan ([template provided]) |
| ☒ Annex 11 | Monitoring and evaluation plan ([template provided]) |
| ☒ Annex 12 | AE fee request ([template provided]) |
| ☒ Annex 13 | Co-financing commitment letter, if applicable ([template provided]) |
| ☐ 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 | Impact sheet description |
| ☒ Annex 23 | Impact calculations |
| ☒ Annex 24 | EverSource Governance Structure |
| ☒ Annex 25 | EverSource Capital Investment Process |
| ☒ Annex 26 | EverSource Capital - Sector expertise |
* Please note that a funding proposal will be considered complete only upon receipt of all the applicable supporting documents.