GREEN CLIMATE FUND

Meeting of the Board
17– 20 October 2018
Manama, Bahrain
Provisional Agenda Item 17

GCF/B.21/10/Add.17

26 September 2018

Consideration of funding proposals – Addendum XVII

Funding proposal package for FP095

Summary

This addendum contains the following three parts:

a) A funding proposal summary titled "Transforming Financial Systems for Climate" submitted by the Agence Française de Développement;
b) No-objection letters issued by the national designated authorities or focal points; and
c) Environmental and social report(s) disclosure;

These documents are presented as submitted by the accredited entity and the national designated authority(ies) or focal point(s), respectively. Pursuant to the Comprehensive Information Disclosure Policy of the Fund, the funding proposal titled "Transforming Financial Systems for Climate" submitted by the Agence Française de Développement is being circulated on a limited distribution basis only to Board Members and Alternate Board Members to ensure confidentiality of certain proprietary, legally privileged or commercially sensitive information of the entity.

The funding proposal package for FP095 was formerly submitted for the Board's consideration at its twentieth meeting and it is noted that changes have been made to the:

a) Funding proposal; and

b) Environmental and social report(s) disclosure.

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Funding Proposal

Version 1.1

The Green Climate Fund (GCF) is seeking high-quality funding proposals.

Accredited entities are expected to develop their funding proposals, in close consultation with the relevant national designated authority, with due consideration of the GCF's Investment Framework and Results Management Framework. The funding proposals should demonstrate how the proposed projects or programmes will perform against the investment criteria and achieve part or all of the strategic impact results.

Programme Title:	Transforming Financial Systems for Climate (The "TFSC programme")
Country/Region:	Multiple countries
Accredited Entity:	Agence Française de Développement (AFD)
Date of Submission:	26.09.2018

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Contents

Note to accredited entities on the use of the funding proposal template
• Sections **A, B, D, E** and **H** of the funding proposal require detailed inputs from the accredited entity. For all other sections, including the Appraisal Summary in section F, accredited entities have discretion in how they wish to present the information. Accredited entities can either directly incorporate information into this proposal, or provide summary information in the proposal with cross-reference to other project documents such as project appraisal document. • The total number of pages for the funding proposal (excluding annexes) is expected not to exceed 50.

Please submit the completed form to:

fundingproposal@gcfund.org

Please use the following name convention for the file name:

"[FP]-[Agency Short Name]-[Date]-[Serial Number]"

A.1. Brief Project / Programme Information	
A.1.1. Project / programme title	**Transforming Financial Systems for Climate** (The “TFSC programme”)
A.1.2. Project or programme	programme
A.1.3. Country (ies) / region	17 countries • Benin • Burkina Faso • Cameroon • Côte d’Ivoire • Ecuador • Egypt • Kenya • Madagascar • Mauritius • Morocco • Namibia • Nigeria • Senegal • South Africa • Tanzania • Togo • Uganda
A.1.4. National designated authority (ies)	**NDAs as designated on the GCF website**
A.1.5. Accredited entity	**Presentation** **Agence Française de Développement (AFD) / French Development Agency** AFD is a financing company and a public industrial and commercial institution, acting as financer, advisor, partner and implementer to mobilize finance and expertise for development projects in emerging and developing countries. It is the main implementing agency for France’s official development assistance to developing countries and overseas territories. In 2017 alone, AFD engaged a record volume of EUR 10.5 billion of commitments (8.3 bn in 2015 and 9.6 bn in 2016). Fifty percent (50%) of these commitments are designed for positive impact on the climate. Through a network of 85 field offices, AFD currently finance, monitor, and assist more than 2,500 development projects in 108 countries. Since October 2017, AFD has chaired the International Development Finance Club (IDFC), a network of 23 national and regional development banks from the North and the South. IDFC Members have a proven track record of outstanding successes, innovation and competence in the area of development finance and the Club focuses its activities on climate finance. Through this partnership, IDFC members unite global expertise and innovation with in-depth local knowhow and total assets of more than USD 3.5 trillion. Furthermore, AFD is one of the initiators and lead donor of the “Climate Action in Financial Institutions” Initiative which promotes the systematic integration of climate change

considerations across strategies, programmes and operations.

Climate Strategy

AFD was one of the first international donors to integrate the fight against climate change into its practices. This approach, initiated more than a decade ago, is based on the principle that the fight against climate change is inextricably linked to the trajectory and development policies of countries, in terms of opportunities and threats, as well as the involvement of economic, institutional and civil society actors. AFD's first climate strategy dates from 2005.
Since then and in line with its national positioning and its involvement in ecological and climate diplomacy, France has devoted a large part of its official development assistance to climate finance. The AFD Group has thoroughly adjusted its intervention strategy and committed more than EUR 29 billion between 2005 and 2017 to projects and programmes designed to provide climate co-benefits.
AFD's climate strategy has thus become a strong marker of its identity, with three main aspects: (i) systematically measuring the carbon footprint of the operations financed (carbon balance) and assessing their potential benefits in terms of adaptation to the effects of climate change, (ii) an ambitious quantitative commitment to financing 50% of projects with climate co-benefits, and (iii) selectivity of projects in terms of impact on climate, taking into account the level of development of the countries concerned. This strategy has profoundly transformed AFD's portfolio and methods, far beyond the operational sphere, and has also shaped its partnership strategy.
This strong position has contributed to the AFD Group's significant visibility on climate issues at both national and international levels. It is actively involved in most major initiatives undertaken with its peers and civil society actors. AFD was particularly involved in issues of accounting and deployment of climate finance, metrics in terms of impact, risk approaches, economic modelling, and issues of strategic integration of climate dimensions by financial actors.

The new international momentum, transcribed in the SDGs and the Paris Agreement, requires AFD to support fundamental and rapid changes in the development models of countries and economic actors even more ambitiously.
Moreover, through the setting up of its Climate Plan in July 2017, the French government wishes to speed up the implementation of the Paris Agreement not only in France but also at the international level. This provides AFD with a framework that extends its mandate by affirming that AFD will become the first development bank with an explicit mandate to implement the Paris Agreement across its entire portfolio. AFD must therefore continue the transformation of its methods and instruments, launched within the framework of its previous climate strategies.

Three strategic challenges have been identified concerning the role and place of AFD in climate action in the years to come: ensuring that the Group's activities are consistent with the Paris Agreement, in support of low-carbon and climate-resilient development and related public policies; maximizing the impact of its actions in this regard, notably in terms of leverage effects; and strengthening AFD's role as a platform for France's international financial commitment to climate and its positioning as a reference on climate and development among international finance institutions.

The new AFD Climate and Development Strategy for 2017–2022 thus proposes four major commitments: (ɪ) ensure activities are 100% Paris Agreement compatible, (ɪɪ) increase the volume of climate finance, (ɪɪɪ) contribute to redirecting finance and investment flows, and (ɪv) co-build solutions and bring influence to bear on standards.

In terms of parameters and scope, the first commitment entails a fundamental evolution of the AFD Group's approach to climate issues. This involves progressing from an approach mainly based on an assessment of projects' climate benefits towards an approach that includes seeking compliance of all interventions with low-carbon and climate-resilient development pathways.

In terms of volume of climate finance, as characterized by the methodology tested by the previous Climate Change Strategy and shared internationally, the 50% objective of commitments to projects with climate co-benefits is being extended to the entire AFD Group. This will lead to an absolute increase in the volume of such commitments, with a special funding effort for adaptation and the African continent.

Financial markets strategy

In 2017, AFD Group adopted a new strategic framework for Financial Systems. This strategy is structured around three areas of intervention: a) Access to financial systems, b) Supporting transitions to sustainable financial and economic models, and c) Strengthening financial systems.

The first area of intervention aims at promoting access to an adapted and diversified financial offer, especially for vulnerable populations living in remote areas or those particularly exposed to economic shocks. In addition, a specific approach will be implemented to ease access to financial systems for MSMEs considering the numerous obstacles they face in order to get financial services in appropriate conditions.

The second area of intervention proposes to support the transformation of financial actors' practices to promote sustainable development models. In different segments of financial activity (strategy, risk management, marketing, etc.), AFD Group will support any transformation process that would allow financial actors to finance sustainable investments as a core activity. Environmental and social transitions will be specifically targeted in a favorable international context (Paris Agreement, SDGs, etc.)

Finally, the third area of intervention has been designed in the post-2008 financial crisis context. AFD Group will support public authorities (Government, supervisors, central banks, etc.) in strengthening the financial system structure in order to ensure its stability. This support can be structured to accompany the evolution of financial regulation, enhance supervisors' capacity to monitor and control financial activities, or to finance comprehensive reforms of the financial sector.

AFD's added-value for this operation

For many years, AFD has been engaged in an active partnership with financial institutions in its countries of operation. AFD provides its expertise and appropriate financial resources in order to make investments happen, while financial institutions provide their knowledge of the local context, their network, and their clients' confidence. This rich and diversified experience, which makes AFD one of the most dynamic donors for this type of financing, has made it possible to develop the SUNREF initiative (Sustainable Use of Natural Resources and Energy Finance) in 2006 in order to promote investments in energy and environmental services in developing countries. AFD has therefore a long history and a strong track record in the worldwide implementation of this financial tool. To date, 53 SUNREF projects have been successfully implemented in partnership with about 70 local banks in more than 30 countries of operation, for a total commitment of over EUR 2.6bn of loans allocated by AFD, including EUR 1.9bn already disbursed.
SUNREF's key objective is to contribute to the development of a low carbon economy that is essential in the fight against global warming. SUNREF offers an integrated approach as it provides a range of tools and services which are intended to meet the demand at all levels: financial incentives, technical assistance, support for the creation of a new organization in local financial institutions, etc. SUNREF offers benefits to actors involved in the ecological

	transition (access to new markets related to green growth, dedicated financing and consulting services, etc.) and prioritizes partnership innovations (credit lines with tailored tariffs for “green” investments, capacity building, supporting the public policies of governments, etc.). **The aim of this Programme is to build on this experience and go beyond the SUNREF programme by diversifying its portfolio with additional adaptation projects in sectors like agriculture, water, and sustainable housing. In parallel, the proposed Programme will enhance its commitments on the mitigation side through additional and innovative projects in green infrastructure, waste management, forestry, and energy efficiency in buildings. Through this approach, AFD will continue to assist local financial institutions to scale up their access to climate finance.**
A.1.5.a. Access modality	☐ Direct ☒ International
A.1.6. Executing entity / beneficiary	<u>Executing Entities</u>: • The **AFD team** in our local agencies and in Paris headquarters will be responsible for the structuration, implementation, and global monitoring of the Programme. As **Proparco** is an AFD affiliate dedicated to the private sector, Proparco will implement the Programme in countries where Local Financial Partners (LFPs) are private financial institutions. All AFD’s obligations included in the AMA will be passed down to Proparco. <u>Implementing entities</u>: • **Local Financial Partners (LFPs)** (including public and private financial institutions, microfinance institutions, etc.), as the main financiers of the local economy, can play a key role in financing the ecological transition. LFPs will on-lend the funds provided under the Programme to final beneficiaries (most of the time private companies). LFPs will identify the investment potential and the most promising thematic areas (renewables, energy efficiency, adaptation to climate change such as agro-forestry projects, water management projects, etc.) among their existing clients or prospects in accordance with a set of eligibility criteria in line with the local public policy and climate change priorities. They will assess the creditworthiness of these potential eligible investments and structure a financial offer in line with the needs of green projects to reduce the barriers to investment in the targeted country. The loans will be made directly to the LFP; • The **project management entity in charge of the Technical Assistance (TA)** and acting as implementing entity for the grants is most of the time the LFP (mostly for public financial institutions or development banks), a local institution (Ministry, local association supporting private sector, chamber of commerce/other business networks, etc.), or, occasionally, a procured consulting company directly. This entity shall i) ensure that the TA is operational from the start (in order to support the local stakeholders from the early stages of the investment) and ii) contribute to institutional changes in the country (through a policy dialogue); • **Consultants** will be responsible for providing financial and technical assistance to the LFPs and final beneficiaries by working closely with all of the stakeholders under the supervision of the project management entity and AFD team. <u>Beneficiaries</u>: **Companies** operating in the targeted countries investing in low-carbon/adaptation/resource-efficient project and innovations. They are central to the transition towards a more sustainable economic model. Depending on the countries’ needs and local context, the Programme will be targeting: • specific companies (e.g. small and medium size companies, managed or owned by women),

	• industrial sectors (e.g. water, agriculture, power) • geographies (e.g. remote or underserved areas) • or communities (e.g. vulnerable communities, women, young people) **Cooperatives** in the agriculture sector. On a case by case basis, **individuals** can be targeted (mostly in the case of microfinance institutions), as well as **municipalities**.	
A.1.7. Project size category (Total investment, million USD)	☐ Micro (≤10) ☐ Medium (50<x≤250)	☐ Small (10<x≤50) ☒ Large (>250)
A.1.8. Mitigation / adaptation focus	☐ Mitigation ☐ Adaptation ☒ Cross-cutting	
A.1.9. Date of submission	26.09.2018	

A.1.10. Project contact details	Contact person, position	Mrs. Béryl Bouteille, Project Manager, Financial institutions Mrs. Audrey Rojkoff, Deputy Head of the Climate Change Division
	Organization	Agence Française de Développement (AFD)
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	Telephone number	+33 1 53 44 42 21 +33 1 53 44 61 77
	Mailing address	5 rue Roland Barthes, 75012 Paris, France.

A.1.11. Results areas *(mark all that apply)*

Reduced emissions from:

☒ Energy access and power generation
(E.g. on-grid, micro-grid or off-grid solar, wind, geothermal, etc.)

☐ Low emission transport
(E.g. high-speed rail, rapid bus system, etc.)

☒ Buildings, cities and industries and appliances
(E.g. new and retrofitted energy-efficient buildings, energy-efficient equipment for companies and supply chain management, etc.)

☒ Forestry and land use
(E.g. forest conservation and management, agroforestry, agricultural irrigation, water treatment and management, etc.)

Increased resilience of:

☒ Most vulnerable people and communities
(E.g. mitigation of operational risk associated with climate change – diversification of supply sources and supply chain management, relocation of manufacturing facilities and warehouses, etc.)

☒ Health and well-being, and food and water security
(E.g. climate-resilient crops, efficient irrigation systems, etc.)

☒ Infrastructure and built environment
(E.g. sea walls, resilient road networks, etc.)

☐ Ecosystem and ecosystem services
(E.g. ecosystem conservation and management, ecotourism, etc.)

A.2. Project / Programme Executive Summary (max 300 words)

Delivering the large investment flows needed to address climate change can only be achieved by leveraging the resources and capabilities of the financial sector. Local financial partners (LFPs), as the main financers of the private sector in developing countries, can play a key role in financing this transition. However, market barriers continue to hold back investment at scale, including insufficient access to finance, low internal capacity and a limited pipeline of bankable projects.

The TFSC Program aims to engage LFPs to scale up private sector climate finance. The Program builds on over a decade of experience in implementing the AFD SUNREF initiative (Sustainable Use of Natural Resources and Energy Finance) in 30 countries.

The goal of the Program is to create a market for investments in climate technologies in 17 countries by removing the financial and technical barriers faced by LFPs to enable borrowing by, mainly, the private sector. The Program will facilitate project funding (through credit lines) in the target countries and will develop the capacity of LFPs and project developers to scale up climate finance.

The project will deliver GHG reductions estimated at 36 million tCO_2e over the 20-year lifetime of the mitigation investments, and increased resilience for an estimated 200,000 people from investments in increased resilience (total beneficiaries 1 million). Co-benefits include green jobs and business growth (880 SMEs). The total project cost is EUR 653 million, of which EUR 240 million of GCF financing and EUR 413 million of co-financing from AFD. The GCF finance, comprising EUR 31 million in grants and EUR 209 million in concessional loans will leverage additional private sector financing of approximately EUR 615 million (EUR 246 million from LFPs and EUR 613 million as equity from end-borrowers) on both mitigation and adaptation.

A.3. Project/Programme Milestone

Expected approval from accredited entity's Board (if applicable)	January/February 2019 (final approval by AFD Board 120 days after the GCF Board approval)
Expected financial close (if applicable)	N/A (programmatic approach)
Estimated implementation start and end date	Start of Programme implementation: Q2 2019 (expected effectiveness date of the Funded Activity Agreements (FAA) between GCF and AFD) Programme implementation end date: Q2 2026 (expected)
Project/Programme lifespan	Total lifespan of the Programme : 20 years from the last date for AFD's approval to LFPs (to take into account the monitoring of impacts)

B.1. Description of Financial Elements of the Project / Programme

The Programme will (i) provide LFPs and their clients with **credit lines** with tariffs/incentives tailored to climate investments needs; (ii) provide **grants** to build LFPs' capacities and assist companies in structuring their climate investments through the technical assistance provided, and (iii) feed into the public policies of the governments concerned (also through the **grants** dedicated to technical assistance).

Therefore, these financial elements of the Programme aim at alleviating the following most important barriers and failures of the market: (i) information barriers both at the level of the sponsors and the LFPs, (ii) lack of innovation/risk aversion, and (iii) liquidity constraints/interest rates that are too high for the final beneficiaries. The liquidity constraint and high interest rate are addressed by the concessional/long term loans, while the other qualitative barriers are addressed by the technical assistance. The investment is therefore triggered both by the financial conditions and the associated technical support.

A substantial leverage effect is anticipated: the AFD and GCF credit lines will also mobilize funding brought by LFPs and equity investment brought by private end-borrowers. Thus, it is assumed that LFPs will provide additional loan amounts (20% of the AFD's and GCF's credit line) to end-borrowers. In addition, end-borrowers will bring another 30% of the credit line amounts as equity investments.

Please find below the tables summarizing the Total Programme costs and the breakdown of the different costs by component.

Total Programme costs and GCF financing by component

Component	Total amount	Currency	GCF	AFD
1.Credit line	**615**	MEUR (or USD equivalent)	209	406
2.Technical assistance	**38**	MEUR (or USD equivalent)	31	7
Total Programme finance	**653**	**MEUR (or USD equivalent)**	**240**	**413**

Breakdown of cost by sub-component

Component	Sub-Component	Total amount	Currency	GCF	AFD
1.Credit line	Mitigation (60%)	369	MEUR (or USD equivalent)	125	244
	Adaptation (40%)	246	MEUR (or USD equivalent)	84	162
Component 1 total		**615**	**MEUR (or USD equivalent)**	**209**	**406**
2.Technical assistance	Project origination and bankability (45%)	17	MEUR (or USD equivalent)	14	3
	Climate strategy (15%)	6	MEUR (or USD equivalent)	5	1
	E&S management (30%)	11	MEUR (or USD equivalent)	9	2
	Gender mainstreaming	2	MEUR (or USD equivalent)	1.5	0.5

	(5%)					
	Communication and marketing (5%)	2	MEUR (or USD equivalent)	1.5	0.5	
Component 2 total		**38**	**MEUR (or USD equivalent)**	**31**	**7**	
TOTAL		**653**	**MEUR (or USD equivalent)**	**240**	**413**	

B.2. Project Financing Information

	Financial Instrument	Amount	Currency	Tenor	Pricing
(a) Total project financing	**(a) = (b) + (c)**	**653**	MEUR (or USD equivalent)		
(b) GCF financing to recipient	**(i) Senior Loans** *(ii) Subordinated Loans* *(iii) Equity* *(iv) Guarantees* *(v) Reimbursable grants* **(vi) Grants**	**209** 0 0 0 0 **31**	MEUR (or USD equivalent) MEUR (or USD equivalent)	According to AFD's standard conditions Not applicable	As outlined in Term Sheet Not applicable
	Total requested (i+ii+iii+iv+v+vi)	**240**	million euro (€)		

	Financial Instrument	Amount	Currency	Name of Institution	Tenor	Pricing	Seniority
(c) Co-financing to recipient	Senior loan	406	MEUR (or USD equivalent)	AFD	According to AFD's standard conditions		
	Grant	7	MEUR (or USD equivalent)	AFD and/or			

				other bilateral and multilateral donors	Not applicable
	Lead financing institution: AFD				
(d) Financial terms between GCF and AE (if applicable)	As outlined in Term Sheet				

B.3. Financial Markets Overview (if applicable)

Despite countries' commitment to fight against climate change in their NDC and a number of initiatives supported by Governments and bilateral/multilateral donors, climate finance market is still nascent in many countries. This is due to the presence of a number of market barriers that hold back investment at scale: The lack of climate finance is the main barrier and it is partially due to an unattractive risk-return because of high (real or perceived) levels of risk or insufficient risk taking capacity of LPFs and to limited local capital which contributes to a conservative outlook. Together, these translate into inadequate sources of necessary long-term debt finance. In addition, LFPs usually have insufficient internal capacity to assess the financial and technical feasibility of climate related loan applications and investment proposals, especially from SMEs.

The number of local financial institutions with a dedicated climate strategy and climate portfolio is still very limited. Most of the existing climate lending capacity is focused on a small number of big companies with high creditworthiness. The majority of SME currently have very limited access to lending from the local banking sector. Addressing the barriers to climate finance is crucial to unlock the climate investment potential.

The Programme is designed to remove or reduce the financial and technical barriers faced by local project sponsors. The Programme will provide a long tenor in order to finance projects that have a long amortization period, especially renewable energy, environmental, and forestry projects.

In some identified countries, depending on the financial gap and the local needs, the Programme will provide concessional loans with a lower interest rate to the LFPs that will then be in a position to propose attractive financing conditions to their clients. The objective of this incentive is to grow their market offer by adding an attractive offer for climate investment and thus allow a financing demand to emerge.
Finally, the Programme will provide technical assistance and a significant grace period to allow financial institutions to build a pipeline of eligible projects, invest in internal capacities, design a dedicated marketing strategy, and finance the first eligible projects in good conditions.

C.1. Strategic Context

To address climate change, the international community is converging towards a common agenda that recognizes the need to build a model with a reduced carbon footprint in order to achieve the Sustainable Development Goals and the objectives of the Paris Agreement.

Historically, the Paris Agreement marks the recognition by countries in the global North and South of the need to change current development models. Three long-term objectives have been defined in the Article 2: keep the increase in the global average temperature to well below 2°C above pre-industrial levels and pursue efforts to limit the temperature increase to 1.5°C above pre-industrial levels. These aims recognize that this would significantly reduce the risks and impacts of climate change; increase the ability to adapt to the adverse impacts of climate change and foster climate resilience and low greenhouse gas emissions development in a manner that does not threaten food production; **and make financial flows consistent with a pathway towards low greenhouse gas emissions and climate-resilient development.**

The achievement of these objectives concerns all Parties and, even in a context of differentiated responsibilities, a sharp reduction of emissions will be required in many AFD intervention countries. At the same time, many countries in which AFD operates are the most vulnerable to the effects of climate change.

In addition to the Agreement, one of the key results of COP21 is that all countries have published their nationally determined contributions (NDCs) to reduce greenhouse gas (GHG) emissions and the vulnerabilities to the effects of climate change. While these are indeed very crucial initial national references in terms of emissions targets, the targets defined by the current NDCs (conditional or non-conditional) are not yet in line with a 2°C target (reduction deficit of 15-17 Gt of CO2- equivalent per year in 2030, which would lead to a warming of 3–3.5°C).

Local financial institutions have a key role to play in scaling up climate finance for local private investments. However, despite the dynamism and profitability of these sectors, investors still face numerous obstacles: lack of awareness on the potential benefits, overestimation of risks due to a lack of technical knowledge, lack of access to appropriate funding, etc. Contributing to removing these technical and financial barriers would allow these institutions to finance transformational change towards climate compatible investments.

Therefore, AFD **has for many years been engaged in an active partnership with many LFPs, notably through the SUNREF initiative, in order to promote climate change mitigation and adaptation investments in developing countries. AFD has launched the SUNREF initiative in 2006. To date, 50 SUNREF projects have been successfully implemented in partnership with 70 local banks in more than 30 countries,** for a total commitment of over EUR 2.6bn of loans allocated by AFD, including EUR 1.9bn already disbursed.

SUNREF has been a successful “green finance” label. It is an innovative integrated approach to environmental finance through a combination of financial and technical support. It provides a range of tools and services for this, which are intended to meet the demand of all actors: financial incentives (lower interest rate, longer tenors, investment grants), support to structure green investments, assistance in the implementation of an environmental and social management system and a gender policy, and valorization of the results achieved (e.g. energy savings, ha of agro-forestry, CO_2 emissions avoided, etc.).

Building on this experience, AFD wishes to take the SUNREF initiative further by increasing and diversifying its scope worldwide. More specifically, the aim of the Programme is to redirect financial flows towards more diversified private sector projects to better serve the low-carbon and resilience transition through:

- **the financing of more adaptation projects in agriculture/land use, water management, and infrastructures/buildings resilient to climate change;**
- **more green infrastructure, energy efficiency projects, forest programmes, and waste management on**

the mitigation side;

- **targeting vulnerable populations or less served beneficiaries, including women and individuals in remote areas.**

All the participating countries to the Programme have ratified the Paris Agreement. They have all expressed, in their Nationally Determined Contributions (NDCs), the need for private sector involvement. Additional flows of international climate finance in these countries will have transformational effects on their economies by addressing the need for sustainable financial systems.

Based on this joint approach, the Programme will provide differentiated responses according to every local need. The strategic context of each country in which the Programme will be deployed is described in the attached country forms.

Each country form presents:

- A brief description of the programme application and targeted results areas
- The stakeholder consultation process
- The project description in the country, including the strategic context and market potential, experience in climate finance, project's objectives and description, the expected paradigm shift, and the potential and sustainable development potential
- The timeline and financial elements of the project

C.2. Project / Programme Objective against Baseline

Emission baseline and objective of change

The Programme targets diverse contexts of carbon intensity: from 0.64 ktCO2eq/capita (Kenya, WRI/CAIT, 2014) to 9.74 mtCO2eq/capita (South Africa, WRI/CAIT 2014). It aims to target companies in a wide range of climate-relevant sectors, as well as in a wide range of economic contexts. Mitigation achievements will rely mainly on the demand of the final beneficiaries themselves: the Programme will guide eligibility criteria but will adapt to local demand. This flexible approach does not allow for an exact calculation of CO2eq emissions that will be offset. Nevertheless, based of AFD's track record with the SUNREF mechanism across the target countries in the last decade, it is estimated that the whole Programme has the potential to cut around 1,800,000 tCO2eq/year compared to the baseline scenario.

Per capita emission in beneficiary countries, including agriculture and forest sectors (WRI/CAIT, 2014)

Beneficiary	tCO2e per capita
Africa :	
Benin	2.29
Burkina Faso	1.85
Cameroon	8.84
Côte d'Ivoire	1.74
Egypt	2.97
Kenya	0.64
Madagascar	2.1
Mauritius	4.62
Morocco	2.34
Namibia	8.29
Nigeria	2.79
Senegal	2.09
South Africa	9.74
Tanzania	5.48
Togo	1.88

Beneficiary	tCO2e per capita
Latin-America :	
Ecuador	5.94

Uganda	1.54		

Vulnerability baseline and objective of change

According to the ND-GAIN index ranking, 10 target countries are in the first quartile in terms of resilience, i.e. among the least resilient countries worldwide (Benin, Burkina Faso, Cameroon, Côte d'Ivoire, Kenya, Madagascar, Nigeria, Tanzania, Togo, and Uganda – ND-GAIN, 2016). Four countries are in the second quartile (Ecuador, Egypt, Namibia, and Senegal). The remaining eight countries are in the third quartile.

Most of the target countries are therefore severely vulnerable to climate change, which mean there are potential opportunities for the private sector in terms of adaptation investments. The medium vulnerable recipient countries have climate policies in some cases, which will act as an enabling environment for the Programme. They also have significant market sizes (for example Mauritius, and Morocco). In this context, the Programme aims to boost emerging climate resilient business by plugging additional money into the banking services to accelerate investment in the climate sector and to demonstrate additional business opportunities in a changing climate, both for companies and financial service providers. Given the average size of the projects supported in the SUNREF portfolio and the preliminary pipeline identified in the country notes, it is estimated that more than 350 companies will develop climate resilience investment and services, which will contribute to the resilience pathway of their local economy. The total number of beneficiaries from increased resilience is estimated to be 1 million.

Key barriers and challenges

Depending on the local context, a number of obstacles can hold back the implementation of climate investments. These are:

- **Policy and regulatory barriers**: lack of legal structures and systems to push the market and open up the sector; lack of climate and environmental regulation and legal binding targets which is often a hindrance to progress in the sector; lack of incentives for climate investments; lack of planning, policy and regulation capacity in: energy planning and modelling integration of RE into energy planning, and capacity in integrated climate resilience issues into policy frameworks; Target setting; Grid integration; Policy frameworks for mini grids; Support for regulatory frameworks (PPAs etc); Market regulation particularly for equipment standardization; etc.
- **Financial barriers**: high perceived risk of climate related investments, limited or inappropriate financial instruments (interest rate and tenor) to incentivize investments, preference for short-term benefices rather than long term benefices, lack of attractiveness of climate finance resources, lack of financing structures and systems, high cost of capital, etc.;
- **Technical barriers**: limited access to technology; insufficient experience of LFPs and private sector companies in originating commercially viable climate related projects; lack of technical knowhow among LFPs and private sector companies to assess the financial and technical feasibility of climate related loan applications and investment proposals; lack of awareness among LFPs and private sector companies about the benefits of climate related projects; lack of awareness about energy costs saving opportunities and of the positive impacts that sustainable energy production and consumption have on energy security, environmental benefits, health and livelihoods in general.

Consequently, the specific objectives of the Programme will:

1. **For the LFP, to scale up climate finance in the countries targeted by the Programme by:**

- addressing *financial barriers*:
  - financing pilot and innovative projects and ensuring a significant dissemination for such projects
- addressing *technical / institutional barriers*:
  - building the capacity of LFPs for the identification and implementation of adaptation and mitigation projects
  - promoting sound environmental and social risk management and gender policy in operations
  - building LFPs' climate marketing and communication strategies
- addressing *policy and regulatory barriers*:
  - helping LFPs in taking an active stance in the national/regional/international dialogue on climate finance

2. For the end beneficiaries, to have a structural effect to ensure their mobilization in the long run by:

- addressing *financial barriers*:
    - addressing the private sector needs (the demand) with adapted tools (including financial and technical innovation)
- addressing *technical / institutional barriers*:
    - increasing competitiveness of the private sector thanks to up-to-date technologies and/or regulatory compliance
    - creating new job opportunities in the green economy
    - disseminating technical know-how and good practices, thus ensuring technological transfer and ownership
    - reducing the negative impacts on the population and on the local and global environment by building a resilient economy and reducing CO_2 emissions

3. For the local Governments, to serve key public climate-related policies and NDCs implementation by:

- addressing *policy and regulatory barriers*:
    - supporting delivery of NDCs and the global 2°C target
    - contributing to giving feedback to governments to ensure improvement in public policies (reduction of grants of subsidies to fossil fuels, financial and technical support to the private sector, etc.)
    - participating in institutional debates and policy dialogue on climate finance, to support, example work with local regulators to create simplified regulatory frameworks / support the national regulatory and legal frameworks to drive investment in low emission technologies.

C.3. Project / Programme Description

The Programme will have two complementary components:

Component 1. Credit facilities to local financial partners with adapted financial incentives and eligibility criteria tailored to foster the best local climate investments. The funds provided under the Programme to the LFP will be on-lent to the final beneficiaries for financing investments that fit with these defined eligibility criteria.

The financial and technical eligibility criteria will be refined according to :

- The TFSC Programme's objectives;
- The logical framework and associated impact indicators detailed in Section H;
- The indicative list of climate technologies eligible for investment through the TFSC Programme (in Annex A);
- The national context of each country of intervention (existing market barriers, legal framework for green investments, bank appetite for specific sectors, etc.).

The list of eligibility criteria will be defined by AFD teams in coordination with LFPs during the appraisal process. They will ensure that investments have maximum climate and development impacts in line with the local public policies and NDCs.

Similarly, financial incentives may include longer tenure, grace periods, lower interest rates, or investment premiums depending on the local needs. The financial gap to close can be very different across countries and sectors, LFPs, and project developers. For instance, in most of the SUNREF programmes, this concessional/grant portion is essential to maintain the attractiveness of the climate eligible investments and to ensure the fulfilment of high requirements in terms of impacts and outputs for such projects.

Component 2. Dedicated technical assistance (TA) programmes. This component will predominantly be assigned to the credit facility to support and expand the financing market for climate investments. The technical assistance of the Programme aims at removing technical barriers at the level of both LFPs and project developers. Technical assistance includes:

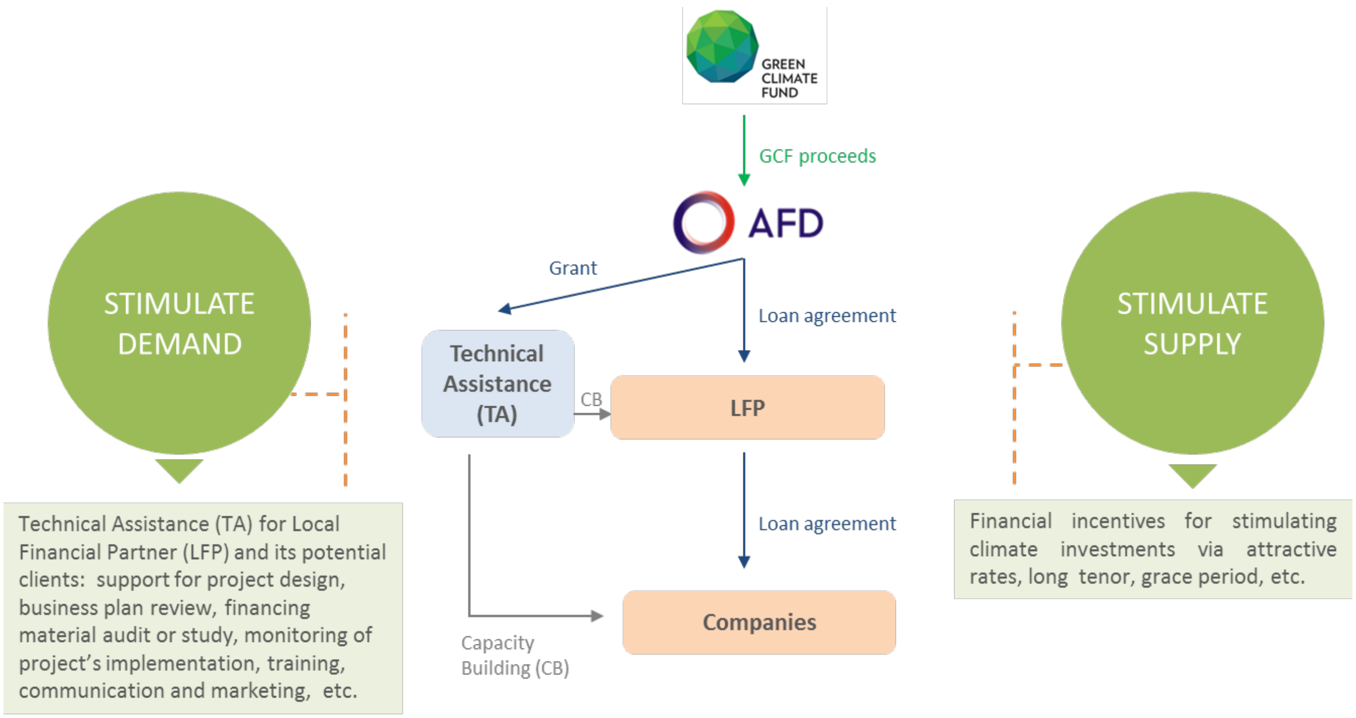
a. ***support for the identification and development of eligible and bankable climate-related projects***: building of the LFPs' pipeline of projects and programmes, eligibility assessment of sponsors' projects, review and improvement of projects' business models carried by project developers, etc. The TA is tailored to the size and complexity of the project and can be provided at all project stages for both LFPs and project developers (feasibility study for developing a project idea, support with the loan application, technical-financial assessment of the project, monitoring of implementation, and verification);
b. ***support in the definition and implementation of LFPs' climate strategies***: definition of climate objectives/indicators within the LFP in line with the public policy, setting up of dedicated operational procedures, strategies and internal organization of the team, establishment of assessment tools for climate related projects (CO_2 measurement, etc.), knowledge transfer on climate-related technologies, etc.;
c. ***assistance in the management of environmental and social risks***: assessment of the financial, reputational and legal risks in sectors that can have significant E&S impacts, measuring the resilience of companies to climate change to anticipate and mitigate the risk of environmental non-compliance, etc.;
d. ***support in the definition and implementation of a gender policy***: gender diagnosis within the LFPs and development of related action plan, formalisation of gender policy and gender standards, training about gender equality to raise awareness among the LFPs' employees, etc.;
e. ***support for marketing and communication activities***: structuring a climate offer, defining a related marketing plan, providing leaflets and communication tools for LFPs to promote the offer, etc. with the aim to develop the visibility of LFPs' climate offers among the public, stimulate the demand for such offers, and therefore bridge the gap between supply and demand for climate-related financial tools.

The capacity building activity will benefit approximately 1 200 bank officers that will develop skills in the identification of and support for climate relevant projects even beyond the time span of the Programme.

For more details on the TA activities, please refer to Section C.7. Institutional / Implementation Arrangements.

The TA is often essential for the success and sustainability of the Programme: strengthening capacities and raising awareness of local financial institutions and their clients, as well as other key local stakeholders (governments, professional organizations, etc.), is needed to create a favourable environment and to ensure the development of climate finance in the long run. AFD's approach to TA is complementary to that of other international financial institutions, as AFD systematically looks for a local institution to be responsible for the TA. The local institution responsible for TA will be selected based on the expertise needed to support the project, and the synergies this institution could generate with associated local networks and local authorities. The aim is to select a local institution able to draw from the experience of the project implementation to nurture policy dialogue and structure a lasting pool of expertise.

The following illustration summarizes the implementation scheme of the Programme to be deployed in each country.

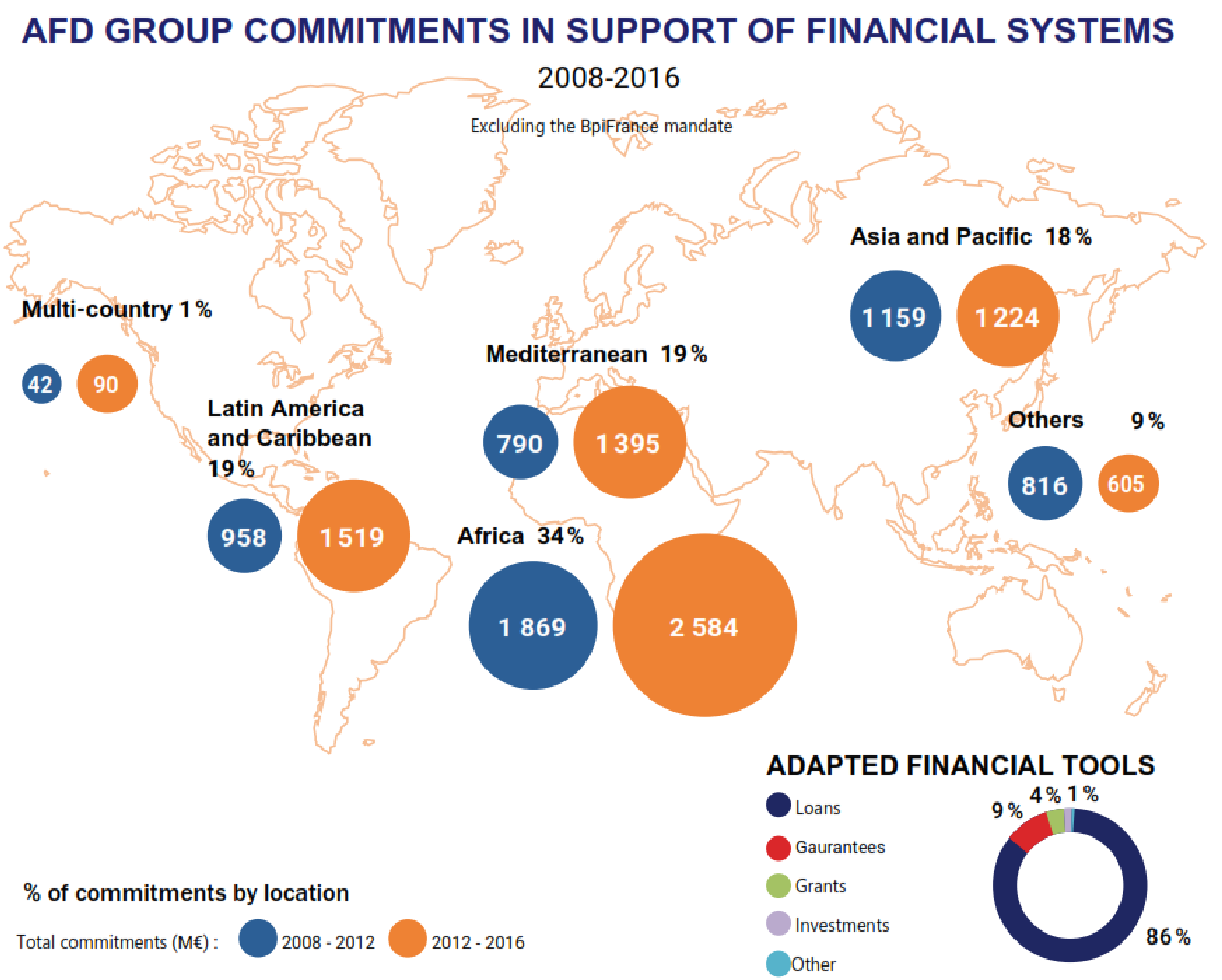


An operational manual will be built at the Programme level to further detail, (i) the context of the Programme, (ii) the role of the main stakeholders, (iii) the eligibility of investments and (iv) the operational monitoring schemes, etc. TFSC operational manual will be built in particular considering the GCF specific objectives, the TFSC logical framework and impact indicators, and the indicative list of climate technologies eligible for investment.

C.4. Background Information on Project / Programme Sponsor (Executing Entity)

AFD has local-offices in each target country and has therefore extensive and comprehensive knowledge of the local context (incl. climate policies and targets, subsidies and pricing structures, etc.), which will be leveraged in the framework of the Programme's implementation to assess the market potential and address the financial and technical barriers to climate finance in the targeted countries. More specifically, AFD local offices have a strong knowledge and experience of LFPs as AFD is already in a business relationship with many of them and can therefore capitalize on the feedback and lessons learned from previous experiences.

AFD has been very active in the target regions as indicate in the figure below.



AFD has a number of existing programmes including SUNREF, Agreenfi, Adapt'Action and ARIZ upon which the GCF

Programme will build.

Background information on SUNREF

AFD has launched the **SUNREF initiative** in 2006. To date, 50 SUNREF projects have been successfully implemented in partnership with 70 local banks in more than 30 countries, for a total commitment of over EUR 2.6bn of loans allocated by AFD, including EUR 1.9bn already disbursed.

Here below are two short video that explain the structuration and implementation of a SUNREF project:

SUNREF: How is a green finance project structured?

SUNREF: How is a green project implemented?

Below is a map of SUNREF's ongoing or achieved programmes:

Concrete **examples of SUNREF programme** are:

- *Success story 1: Mitigation project in Kenya turning avocado waste into green energy (2015)*

The objective of the project "Olivado Biogas" was to turn avocado pulp into biogas and to use the resultant biogas to run the oil factory Olivado, an avocado oil production company based in Kenya. Due to the need for sustainable energy supply, Olivado ventured into biogas production with the financial support of SUNREF East Africa, using the avocado waste to produce biogas. Olivado has installed 2 digesters financed by SUNREF East Africa to produce 300 KW of renewable energy, which allows to power the entire factory. The project resulted in the production of 460 MWh/year of green energy, which has led to 1031 tCO_2 emission reductions on an annual basis, providing important mitigation efforts. The total project cost was USD 1.7 million, of which AFD contributed to USD 1.5 million as a part of the Chase Bank SUNREF credit facility.

Thanks to SUNREF East Africa, Olivado was able to access financing in order to invest in the construction of a biogas power plant in Kenya. AFD's role was to validate the technical choices proposed in the design of the project, to ensure that Olivado purchased performant equipment at affordable prices, as well as to make sure that production and consumption of energy was optimised. This technical assistance was highly valued as biogas investments are a typically technically complex form of renewable energy. AFD's support also gave confidence to the partner bank, Chase Bank to move forward with the project.

The project results in additional co-benefits. Environmental co-benefits include landfill waste avoidance, as previously 90% of avocado pulp was wasted during the oil production process. This resulted in the reduction of methane emissions. The biogas plant also provides a stable and consistent source of electricity which is important as Olivado was suffering significant losses as a result of frequent power cuts which negatively impacts the avocado ripening process. The project also provides social benefits to the community as the company operates under fairtrade principles. This means a premium paid by consumers is available to be invested into community development projects such as schools, basic infrastructure such as water wells. The produced electricity powers the factory and the excess energy is used for powering tractors of local farmers. Olivado guarantees employment and a market to local communities for the abundant avocado crop, ultimately providing long-term benefits to the local economy.

- *Success story 2: Adaptation project on Mauritius Island in the agriculture sector at Omnicane (2015)*

Omnicane, one of the largest sugar producer and refinery company on Mauritius Island, specialises in growing sugar cane and in producing refined sugar and has now diversified into energy production thanks to the financial and technical support provided by the SUNREF programme. The project objective was to use the waste products from the sugar cane industry to produce ethanol and sustainable energy. The project involved the construction of an ethanol production plant from the distillation of molasses. All the company's energy needs are provided through the combustion of bagasse (fibre residue from sugar cane).

For a total project cost of EUR 15.6 million, AFD contributed to EUR 3.5 million through their partner bank SBM. AFD also provided technical assistance to ensure that the environmental benefits were fully optimised, and to support Omnicane to define their MAAS (Multi Annual Adaptation Strategy) for the sugar industry. The project resulted in the emission reduction of 24,000 tCO2 per year.

The project provides a good example of a closed-loop production as a number of the by-products are used as a revenue-generating output as opposed to being wasted. The by-projects produced by the ethanol distillery include bioethanol, natural fertilizers (72,000 tons per year) and alimentary CO2 to supply the local gas-drink market. Benefits for the environment include a reduction of imports of chemical fertilisers and fossil fuel dependence. This operation is well aligned with the government's ambition to transition the sugar industry towards greener production.

- *Success story 3: Mitigation project in Benin using solar mini grid to electrify a poultry farm (2016)*

In order to cut its diesel consumption and secure its energy supply, the Beninese company PA CONSEILS benefited from the support of AFD through SUNREF program. Thanks to financial investments and a tailor-made support, PA CONSEILS was able to supply solar energy to its poultry farm.

The company Productions Animales Conseils (PA CONSEILS) is a consulting agency in livestock production based in Cotonou. As the farm is located four kilometers away from energy grid, it required the development of an autonomous and reliable solution to cover its energy needs in a stable and continuous way, in particular to supply its incubators, which must operate 24/7.

To respond to these energy supply needs, and for economic and environmental reasons, PA Conseils decided to invest in an autonomous solar photovoltaic facility to supply electricity to its farm. This project consists in building a 11 kWp rooftop solar power station, in setting up a battery system of 200 Ah (16 batteries), and in building an underground mini grid of 400 meters.

Thanks to SUNREF, PA Conseils benefited from financial and technical support through specialized experts to realize this renewable energy project. Orabank Benin, SUNREF West Africa partner bank, granted a €30,000 credit to finance the building of a photovoltaic mini power station in one of its farms and to cover nearly 80% of the project financial requirements.

In addition to financial support, the experts of SUNREF West Africa technical assistance conducted an overall project assessment: the identification of investment opportunities, the set-up and follow-up of the project, the selection of the most adapted technologies and the follow-up of environmental and social impacts of the investment.

The 11kWp photovoltaic power station will be able to produce around 10,7 MWh of green energy per year. It already supplies energy to the two farm incubators 24/7, which energy needs are evaluated to 9,36 MWh per year. The available energy surplus will supply the other farm installations through the underground mini grid built in the framework of the project.

Thanks to SUNREF West Africa, PA Conseils could acquire quality, efficient energy equipment at attractive conditions and benefited from the support of experts to get advice on its investment selection.

Other success stories can be found here below with testimonies from our local financial partners and projects developers in South Africa and Mauritius:

SUNREF: Encouraging green energies in South Africa

SUNREF: Financing solar energy in Mauritius

Overall, SUNREF projects have contributed to :

- 15 million CO2 teq saved per year
- 1.1 billion kWh saved per year
- 670 MW of new green capacity
- 2.5 million MWh of green energy generated per year

Alongside its operational programmes, AFD also wishes to provide its partner banks with an opportunity to exchange experiences and best practices across continents and topics, institutions and methods, and operations and risk management. The SUNREF Club is a community whose members all share the same goals and challenges in order to implement a successful ecological transition. AFD is strongly convinced this community can play a key role to bring innovative ideas to international policy makers on green finance. The first SUNREF Club workshop took place in Marseille in June 2016 and the second workshop in the Republic of Mauritius in November 2017. The workshops allowed for successful technical exchanges among participants on methods, processes, and tools to better mainstream green finance.

More information on SUNREF's existing projects and partners can be found here:

www.sunref.org/projet/

https://www.sunref.org/en/partenaires/banques/

Background information on AGREENFI

AGREENFI supports the transformation of the practices of partner financial institutions to promote financing for economic activities, including agricultural activities, in rural areas. These activities mainly focus on family farms, producers' organizations, cooperatives, as well as microenterprises and small and medium-sized enterprises.

Thanks to a range of financial services tailored to the needs of local financial institutions, as well as customized institutional and technical assistance, AGREENFI also supports the implementation of local public policies for agriculture and rural territories. The ultimate objective is to facilitate access to appropriate financial services and technical, financial and management assistance for rural and agricultural actors. AGREENFI thereby stimulates the development of productive agricultural activities and their integration into value chains, basic services and non-agricultural income-generating economic activities.

AGREENFI is based on four main operating methods which increase and improve the local range of services (tailored to the specific nature of agricultural and rural activities) and reduce risks for actors who contribute to financing the sector. The four methods are as follows:

Appropriate financial resources for local financial institutions

- A guarantee mechanism for financial institutions
- Support for capacity building for financial partners and actors in the agricultural and rural sector
- A possible investment grant mechanism for project initiators.

AGREENFI has been supporting the development of the practices of financial actors and helping countries address development challenges since 2008. 64 projects and EUR 682m have been committed for sustainable investments to:

- Promote access for rural actors to financial services and thereby allow them to protect themselves against economic shocks
- Develop non-agricultural economic activities in rural areas and support the processing of agricultural products

- Support the structuring of sectors and contract farming
- Help agribusinesses upgrade to health standards
- Promote the protection of natural resources, as well as climate change adaptation and mitigation
- Assist actors in sustainable forest management

By ensuring the viability of production systems and developing productive agricultural practices, AGREENFI contributes to reducing vulnerabilities and to improving incomes and living conditions for rural populations. The program also helps the agriculture sector strengthen its resilience to climate change by its contribution to preserving ecosystems and building its adaptation capacities.

More information and projects details can be found here: *AGREENFI AFD's agricultural finance label*

Here below a short video summarizing the structuration and implementation of an AGREENFI project:

AGREENFI: How is an agriculture finance project structured?

Adapt'Action

AFD has launched **Adapt'Action** to support countries seeking technical assistance for the institutional, methodological and operational implementation of their commitments in relation to climate change.

With an objective of EUR 30 M over a four-year period, Adapt'Action is supporting 15 countries with a priority focus on Africa, the least developed countries (LDCs), and Small Island developing States (SIDS), which are among the most vulnerable countries to climate change.

The Adapt'Action programme aims to bring about climate projects that can be financed by AFD and international climate finance. Priority is given to adaptation to the impacts of climate change, a field for which the most vulnerable countries have expressed a specific need for assistance.

This facility ultimately aims at giving countries the technical and institutional tools they need to strengthen climate governance and mobilize international climate finance (such as GCF) and bi/multilateral banks (such as AFD) to scale up their action and therefore produce a leverage effect.

Adapt'Action is based on the three following areas of intervention (complementary and carried out simultaneously):

- Support for climate capacity building and governance for the consolidation, implementation, and supervision of the NDCs;
- Support for a better integration of the commitments made in the NDCs into sectoral public policies, particularly in the field of adaptation to climate change (water resource management, agriculture, management of extreme climate events, etc.);
- Support for the preparation of structural programmes in the field of adaptation to climate change with the view to help access international climate finance.

As of February 2017, eight identification missions had been conducted in the first beneficiary countries of the Adapt'Action Programme: the Comoros, Niger, the Dominican Republic, Tunisia, Madagascar, Mauritius, Guinea Conakry, and the Congo. These missions analyzed the specific vulnerabilities to climate change of each country, identified the priority sectors, and determined potential areas of technical assistance and capacity building to be deployed by Adapt'Action. While continuing the ongoing work with our first country partners, seven additional countries are being considered for 2018.

The implementation of the Adapt'Action Programme will pave the way for the GCF Programme implementation, as it will help strengthen the intervention framework in the countries that are part of the two programmes:

- Memoranda of understanding have already been signed with Madagascar and Mauritius;
- Senegal, Côte d'Ivoire, and Cameroon are included in the 2018 work programme.

Background information on Proparco

Proparco's strategic orientations are fully in line with the UN's SDGs and, as far as climate is concerned, the operational mandate entrusted by Proparco's board specifically incorporates SDG #13 "climate action", SDG #7 "affordable and clean energy", and SDG #12 "responsible consumption and production".

In terms of climate finance, Proparco has pledged to deploy €2bn between 2017 and 2020. In 2017 itself, Proparco committed €647 M of new climate financing, i.e. over 150% of the annual target set out for 2017. Climate activities accounted for 47% of Proparco's total operations in 2017. In 2016, Proparco had engaged €504m of new climate financings, representing 39% of its total commitments.

Financial intermediation represents on average about 40% of Proparco's climate activities.

Over the last 10 years, Proparco has deployed over €1bn of climate loans through financial intermediation with partnerships forged with more than 25 banks in 20 countries. Proparco's offer to banks in this area typically consists of a financial component at market conditions and, when needed, a non-financial component such as technical support.

A typical example is the long-term partnership forged with Garanti Bank in Turkey. Proparco helped set up a sustainability approach/department within the bank back in 2009, while encouraging Garanti Bank to finance renewable energy projects. The first two financings granted to Garanti Bank (in 2009 and 2011) enabled the bank to (i) finance 10 wind and hydro projects, representing an installed capacity of almost 600 MW and (ii) become the largest financier of wind farms in Turkey with an estimated market share of 40%. In 2016, Proparco sanctioned a third climate loan to Garanti Bank for 100 M EUR. The latter included both more restrictive eligibility criteria and a commitment from the bank to shift towards more innovative projects.

In 2016 and 2017, Proparco implemented innovative projects, contributing to:
- structuring the first North African FI green bond (in Morocco);
- fostering green sustainable buildings in the textile sector (in Bangladesh);
- structuring first investments in the off-grid sector (in Africa);
- launching the world's largest green bond fund.

The strong experience of AFD and Proparco in climate finance will be employed and leveraged throughout the Programme implementation.

C.5. Market Overview (if applicable)

A market overview and potential are provided in the country forms in the Annex with detailed information on:

- relevant national policies to ensure the project enables the investment environment in the relevant sectors;
- capacity of appropriate intermediaries in the region to support the Programme;
- investment potential, evidence of demand and flow of suitable subprojects to finance, potential project developers, and identification of the barriers that impede investment financing;
- identification and availability of the necessary products and services;
- the financial and technical assistance framework necessary to create the investment opportunities;
- types of projects to be targeted and their anticipated financing.

C.6. Regulation, Taxation and Insurance (if applicable)

All operations financed by AFD are required to comply with the national regulations of the country where the operation is implemented, including regulations for financial and accounting, anti-money laundering, environmental and social issues, and operating licenses and permits needed.

In addition, since regulations in the countries where AFD operates are sometimes incomplete or being developed, AFD uses a number of rules, good practices, and directives produced by international standard-setting organizations as a reference.

In particular, in the framework of the credit facility agreement, LFPs will commit to:

- apply the procedures of implementation of vigilance with respect to its customers, in accordance with the Financial Action Task Force (FATF) standards on money laundering;
- promote compliance with the World Bank's Environmental and Social standards and fundamental conventions of the International Labour Organization ("ILO").

Describe applicable taxes and foreign exchange regulations. Provide details on insurance policies related to project/programme.

Usually, AFD is exempted from taxation. However, this shall be analyzed for each country using legal and TA services. For Foreign Exchange regulations, the LFP shall answer to the local regulations set out by the Central Bank.

C.7. Institutional / Implementation Arrangements

1. Agreement between GCF and AFD

The Programme is a multi-product offering (financial and technical assistance) to financial institutions in different countries and therefore needs to be multi-faceted, taking into account the provisions of the Accreditation Master Agreement.Drawing on the experience of the AFD in designing such operations, the proposed structure is guided by the partnership arrangements, the scope of operations, and the need to ensure flexibility, effectiveness, transparency, and accountability. Important considerations taken into account during the structuring of the Programme include: (i) compliance with current AFD operational policies and procedures; (ii) simplicity in implementation; and (iii) acceptability of the structure to partners.

The AFD will oversee the implementation and monitoring of the Programme and take corrective action as necessary. The supervision and monitoring procedures of the Programme will follow normal AFD requirements and will be in line with the GCF Results Management Framework (RMF) and Performance Management Framework (PMF). Each LFP will be required to provide adequate periodic reporting to indicate progress on fund utilization as well as development outcomes, which will be complemented by regular supervision and monitoring on-site visits.

The AFD team in the local agencies and in the Paris headquarters will be responsible for structuring, implementation and global monitoring of the Programme.

2. Credit Facility Agreement between AFD and LFPs

Loan agreements will be signed with each of the selected LFPs. The loan agreement will specify the eligibility criteria, including the targeted final beneficiaries (see the description of operational arrangements below).

The selection of the LFP depends on multiple criteria such as their credit risk, their strategy regarding climate finance, their appetite for such activities, the availability of staff who could be dedicated to climate finance (for instance if there is a coordinator engaged on the topic). The selection will also be based on their client portfolio (if it is energy-intensive or in a strategic sector which contribute to climate impacts in the country, if it is more focused on small and medium-scale loans), their internal procedures from the identification of projects at the level of commercial branches to the final execution of the loan (including their credit risk appraisal process). **This selection is crucial to ensure a strong involvement of the LFP in the Programme (including in the long run).** It is possible to only work with one financial institution if the selection process doesn't end up with other institutions fitting the criteria. In addition, in some emerging countries, certain local financial institutions have developed strategies/actions to finance climate investments (marketing, trainings, internal strategy, capacity building to their clients, etc.). They can bring this added value and go further with the adapted tools proposed by the Programme (developing new green loan products, further develop their portfolio of targeted clients, etc.).

LFPs will identify the investment potential and the most promising thematic areas (renewables, energy efficiency, adaptation to climate change such as agro-forestry projects, water management projects, etc.) within their existing clients or prospects in accordance with a set of eligibility criteria in line with the local public policy and climate change priorities. They will assess the creditworthiness of these potential eligible investments and structure a financial offer in line with the needs of green projects to reduce the barriers to investment in the targeted country.

In addition, AFD, as a financial institution, is subject to the French Banking Law and is bound by the French Monetary and Financial Code (art. L561-2 and onwards), which governs notably the fight against money laundering and -terrorist financing (AML/CFT) in all French financial institutions.

Due to the specific nature of its activities and linked counterparts (which might differ from "conventional" banks i.e. : no deposit accounts of individuals or companies, no payment means nor fund transfer services), AFD set up an adapted internal AML/CFT procedure using a risk-based approach in accordance with French and EU regulations . These procedural texts list a certain number of control points that AFD operational team must verify at every stage in the project life cycle in order to prevent and detect any AML/CFT risk or breach of national, UN or EU financial and trade sanctions. The extent of controls depends on the degree of AML/CFT risk posed by the counterpart, which is based on the AML/CFT risk classification matrix. The purpose of these control points is to ensure that AFD has extensive and up-to-date knowledge on the counterpart throughout the business relationship. They are reflected in a set of due diligence efforts that must be carried out, which aim to identify and verify the identity of the counterpart and its ultimate beneficial owners before beginning the business relationship ("Know Your Customer" or KYC efforts). The frequency at which this data is updated depends on the level of risk that the counterpart represents with regards to money laundering and terrorist financing as sets out in AFD'S AML/CFT internal procedures.

Under the Programme the AFD team will carry out due diligence and assessments on each project in line with AFD's AML/CFT procedure. More specifically, AFD team will identify and verify the identity of and conduct due diligence on all LFPs and relevant shareholders in order to identify the beneficial owner of the LFPs before entering in a business relationship and during the course of the business relation with the LFPs. AFD will also conduct mandatories financial and economical sanction lists' screenings on its LFPs and relevant shareholders. In addition to these measures, AFD also set up in all its conventions specific clauses addressing AML/CFT, integrity and sanctions issues. For LFPs already in relationships with AFD, the Agency has filed existing LFPs background checks and exposure to risk with regards to AML/CFT, tax and other integrity issues.

3. Grant agreement between AFD and the local entity responsible for the TA

Once the LFP is selected, a grant agreement will be signed between AFD and the local programme entity responsible for the TA. The project management entity in charge of the TA will be in most cases the LFP (mostly for public financial institutions or development banks) or a local institution (Ministry, local association supporting private sector, chamber of commerce/ other business networks, etc.) or in some other cases, directly a consulting company. This entity shall i) ensure that the TA is operational from the start (in order to support the local stakeholders from the early stages of the investment) and ii) contribute to institutional changes in the country (through a policy dialogue).

One consortium of consultants or several consultants responsible for the TA shall then be procured by the local entity. The consultants will provide a significant diversity of expertise and ensure follow-up of the projects financed by the LFP from the project idea until its implementation. The TA will also oversee the LFP's climate strategy's implementation and provide feedback to local authorities on the lessons learned from the implementation of the Programme. The TA will ensure a day-to-day implementation transverse follow-up of the different project's aspects, whereas AFD will perform supervision missions regularly as requested in the credit agreements.

Assistance to prepare the portfolio of investments

The TA will provide marketing and technical support to push for the identification and implementation of climate

investments in close coordination with the local partner responsible for the implementation of the TA and the LFP (if different). The purpose is not only to create an initial pipeline of projects, but also to stimulate the continuous emergence of high quality sub-projects to ensure the sustainability of the Programme.
The TA will also support potential investors, providing technical input for their feasibility studies/project business plan/structuring and input for preparing their loan application if needed. The TA will support investors throughout the sub-project process, from inception to completion.

Selection of the investments financed by the Programme
The TA will control the project compliance to eligibility criteria. After reviewing the relevant information provided, the TA will confirm whether the project meets the eligibility criteria for allocation of the project to the Programme. The TA will also confirm whether the proposed performance indicators and expected values are relevant (MW installed, ha of agro-forestry, energy savings, reduction of CO_2 emission…). The TA will base its appraisal on the review of supporting documentation, including feasibility studies. On this basis, AFD will provide or withhold its approval on the use of funds under the Programme and approve the disbursement of its loan, which will be on-lent by the LFP.

Capacity building and transfer of knowledge, policy dialogue
The TA will disseminate technical knowledge to allow new projects to be financed (replication effect), it shall liaise with local authorities to provide feedback on how public policy can be improved to catalyze the private sector leverage effect towards sustainable climate financing and investments. The TA will ensure the gradual empowerment of the local partners (including the LFP) to ensure the sustainability of these activities after the end of the project. This gradual empowerment will be implemented through actions such as: (i) assisting the LFP in establishing a strategy for climate financing; (ii) building a sustainable green offer (including marketing, an Environmental and Social management system, and a gender policy); (iii) providing standardized documentation to recruit expertise; (iv) advice on human and financial matters which can be dedicated by the local financial institutions after the end of the project; (v) providing trainings, etc.
This shall strengthen the local partners' appraisal skills for specific projects likely to be funded through the Programme. This will help develop a better understanding of existing technologies and a better awareness of the profitability of these investments, which will ensure the sustainability of their project appraisal practices once the Programme terminates.

Monitoring and evaluation of the Programme
The TA will ensure the administrative, technical (key performance indicators such as greenhouse gas emission reductions in teq CO_2, total amount of investments financed), and financial monitoring of the Programme as a transverse task applying to each TA sub-component. It will ensure the verification of project implementation through site visits and control of contractual documents/justifications on a sample basis. At the end of the Programme, an ex-post evaluation will be conducted to build on the lessons learned from this experience and further improve the Programme's standards.

Development of a climate finance community
In parallel to the SUNREF programme, AFD has made a dedicated platform available to climate finance actors (local financial institutions, companies, donors, and public authorities) which allows them to share, disseminate, and capitalize on best practices. This website gives an additional understanding of the green finance projects implemented, SUNREF's innovative approach and its benefits, its partners, and the types of eligible financing. The website also provides brochures and videos, documentation and toolkits on green finance and E&S management (for further information, see www.sunref.org). In addition, in 2016, AFD initiated a SUNREF club which gathers its local financing partners and aims at creating an ecosystem for climate finance. Every year a three-day seminar is organized to provide actors in the sector with feedback on innovative and effective operational approaches, to present innovative pilot projects and technologies, to share experiences on the implementation of the SUNREF programme, to participate in site visits, and to deal with specific issues related to climate finance (e.g. green bonds issuance, risk management, etc.). Webinars are being implemented to promote dialogue and community animation – some of them have been designed in cooperation with IDB.

The Programme will benefit and add value to this community by engaging more local financial institutions and local stakeholders. The objective is to scale up and boost the climate finance community in the Southern countries.

C.8. Timetable of Project/Programme Implementation

The table below provides a tentative timeline for the implementation of the Programme:

Start of Programme implementation: Q2 2019 (expected effectiveness date of FAA between GCF and AFD)

Last date for AFD's approval to LFPs: up to three years from the date of effectiveness of the FAAs (expected Q2 2022)

Total lifespan of the Programme: 20 years from the last date for AFD's approval to LFPs (taking into account the monitoring of impacts)

Components and activities			2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041
Component 1. : Loan Sub-component: Mitigation/Adaptation																									
Output 1. : Commercially viable climate-related and sustainable projects are identified, financed and implemented	Activity 1.1: Providing loans supporting the financing of climate and sustainable investments (adaptation and mitigation)	Commitment	Q2			Q2																			
		Drawdown	Q2						Q2																
		Repayment			Q2																				Q2
Component 2. : Grant																									
Output 2. : Climate-related and sustainable projects technical and financing skills are successfully integrated	Activity 2.1: Identification & bankability		Q2							Q2															
	Activity 2.2: Climate strategy		Q2							Q2															
	Activity 2.3: E&S risk management		Q2							Q2															
	Activity 2.4: Gender mainstreaming		Q2							Q2															
	Activity 2.5: Communication &marketing		Q2							Q2															

The table below presents the typical timeline of a project to be financed under the Programme, from appraisal to completion:

1. Project appraisal a. Selection and assessment of the LFP (incl. risks management, AML policy, E&S management system, activities and strategies regarding climate finance, etc.) b. Structuration of the Programme in the selected country (financial and technical approach to be put in place) c. AFD's Board Approval **2. Formalisation of the agreements** a. Signing of the credit facility agreement(s) b. Signing of the grant agreement in case there is a TA programme	*Usually from 8 to 12 months*
3. Early stages of implementation a. Recruitment of consultants b. First Technical Assistance actions: pipeline consolidation, projects appraisals c. First disbursement of the credit facility	*Usually from 6 to 14 months*
4. Follow up on Programme implementation Follow-up on disbursements and instalments Monitoring of the TA action plan, impacts measurement, pursing dialogue with public bodies	*Usually from 2 to 8 years*
5. End of the Programme Ex-post evaluation	*Usually 6 months*

Please refer to the country forms for additional information at country level.

D.1. Value Added for GCF Involvement

i. The GCF has a crucial role to play in mobilizing private sector investments in climate mitigation and adaptation in developing countries. The GCF's involvement in supporting the proposed Programme will directly allow AFD: to diversify/increase sectors of intervention and areas, strengthening the involvement of private sector (MSMEs, riskier projects). This will have a particularly positive impact in climate resilience that are perceived by the private sector as expensive and complex because the environmental advantage of more resilient investments and practices is not well recognized. TA and the promotion of concessional loans will give final beneficiaries the comfort to try innovative practices. The GCF funds, through the financing of TA, will help determine the best technical options, provide support for developing and appraising projects and remove non-financial barriers. Softening the financial conditions through a lower interest rate will cover the high upfront costs induced by new and innovative equipment and practices and allow the private sector to take more risks on projects often seen as non-priority investments. Therefore, the provided GCF tools will contribute to supporting a nascent green market.
ii. to target new geographical areas where climate finance usually does not flow
iii. to provide a wider range of financial instruments with the view to respond all of types of needs
iv. to target smaller and less served beneficiaries: small enterprises, women, individuals in remote areas, and more vulnerable communities.
v. to accompany second-tier banks
vi. to structure a deeper public dialogue through local public entities about different areas of impacts (financial regulation, fiscal policy, budgetary support mechanisms, etc.)
vii. to provide additional grants for TA to counterparts in countries where AFD is not able to provide grants, to build banks' capacities in mobilizing and managing international climate finance and to support the sustainability and transformational effect of the Programme
viii. to increase the volume of climate financing and fill the market gap thanks to concessional funding where necessary

Without GCF's contribution, it would take considerably longer for existing market barriers to be removed. In the meantime, access to finance for climate investments would remain limited to a certain number of borrowers and remain too costly for many others. GCF's contribution will unlock the considerable potential for climate mitigation and adaptation in many countries.

More specifically, the added value of the GCF funding will help to operationalize the commitments made by the countries in the Paris Agreement and to serve as a concrete example of actions which can be implemented in the private sector.

D.2. Exit Strategy

The GCF contribution will strengthen the LFPs' capacity to identify, evaluate and finance climate change adaptation and mitigation projects by identifying markets, developing knowledge and structuring innovative financial products. The objective of the Programme is to sustainably increase the LFPs' market share of climate change adaptation and mitigation projects. Providing capacity building to different stakeholders will ensure the benefits will continue beyond the life of the project. The TA will contribute to the LFPs' strategy to become greener banks and to increase the portion of their portfolio on such projects. By combining both financing and technical skills, the Programme gives an outstanding advantage as it strengthens LFPs' capacity to develop more complex products that need to be commercially viable to be implemented in the market.

TA to LFPs and project investors in how to prepare and appraise eligible projects will create favourable conditions for the emergence of the corresponding markets in the longer run, ensuring a widespread roll-out of investments. Moreover, the profitability requirements of the credit line instrument will be ensured, which will guarantee the replicability of the investment. With enhanced understanding of the climate change sectors and their profitability in particular for mitigation projects, LFPs are expected to continue to provide finance to the private sector. Following the successful track-record in lending to these projects, it is expected that there will be a greater demand for financing climate projects and that LFPs will start using their own resources for climate lending.

The Programme will also disseminate its results through policy dialogue to increase awareness on replicable projects and contribute to the improvement of public policies.

Lastly, the implementation of environmental and social risk management systems will enable the LFPs to disseminate good practices (Equator Principles) within financial institutions and will encourage the regulators to make these procedures mandatory. The Programme will have institutional impacts on the financial sector (environmental and social risk management system) and on the operationalization of national environmental policies in the long run.

E.1. Impact Potential

Potential of the project/programme to contribute to the achievement of the Fund's objectives and result areas

E.1.1. Mitigation / adaptation impact potential

As part of its new Climate Strategy for 2017-2022, AFD's first commitment is to ensure a 100% Paris Agreement-compatible activity: making all interventions consistent with low-carbon and climate-resilient development and supporting countries in their formulation of low-carbon and climate-resilient development trajectories.

AFD responds as a donor to countries' transition challenges and to the expectations of the Paris Agreement, which requires the enhancement of its approach to the climate-development nexus. Therefore, AFD is shifting its approach based on the direct impacts of projects, towards an approach that actively seeks the consistency of all interventions with low-carbon and climate-resilient development pathways.

With regards to operational diligence processes, this evolution will be based on the implementation of specific modalities that complement those already deployed within the Group:

➔ For all countries, an analysis of their public policies, NDCs, prospects for low-carbon and climate-resilient long term trajectories, and the inclusion of these analyses into the country intervention strategies.

➔ A systematic analysis, within the framework of the Group's sustainable development assessment, of the coherence of interventions with the countries' low-carbon and resilient transition trajectories, as well as how they play on the redirection of investments.

A specific tool for the analysis of project consistency with low carbon and climate-resilient trajectories will be incorporated into the sustainable development assessment analysis framework in use at AFD. Consistency will be assessed on criteria including alignment with climate policies, the effects on public policies, mobilization of financial and private actors, virtuous knock-on effects or, conversely, virtuous lock-in effects, and the management of uncertainty.

Country and project analysis along these dimensions will allow de facto for selectivity of operations, in line with the objective of all interventions being consistent with long-term low-carbon and climate-resilient development.

In accordance with the local context and climate policy of the country being targeted by the Programme, the funds will aim at financing various climate-friendly technologies and sectors, including: RE production, EE, Housing, Water and Waste management, Agriculture and Forestry.

Consequently, the main mitigation and adaptation indicators used to monitor the Programme's impacts will be as follows:

Investment criterion	
Impact potential - MItigation	The Programme supports the achievement of a transition towards a low carbon development pathway in participant countries through significant mitigation co-benefits: • 1,800,000 tons of CO_2 eq to be avoided or reduced per annum • 200,000 individuals (males and females) with improved access to low-emission energy sources • 280 MWs of low-emission energy capacity installed, generated and/or rehabilitated • 200 GWh energy intensity/improved efficiency of buildings, cities, industries and appliances • 40,000 hectares of land or forests under improved and effective management that contributes to CO_2 emission reductions • 14 institutional and regulatory systems that improve incentives for low emission

	planning and development and their effective implementation
Impact potential - Adaptation	The Programme supports the achievement of a transition towards a resilient development pathway in participant countries through sizeable investment in climate resilient activities for local companies: • 1 million expected total number of direct and indirect beneficiaries • 1 million of males and females benefiting directly and indirectly from the adoption of diversified, climate-resilient livelihood options (including fisheries, agriculture, tourism, etc.) • 344 M€ of physical assets made more resilient to climate variability and change, considering human benefits • 170,000 males and females with year-round access to reliable and safe water supply despite climate shocks and stresses • 38,000 food-secure households (in areas/periods at risk of climate change impacts) • 6,500 males and females made aware of climate threats and related appropriate responses • 880 companies using of climate information products / services in climate-sensitive sectors • 14 institutional and regulatory systems that improve incentives for climate resilience and their effective implementation

It should be noted that the climate impacts will be monitored at project level through a set of mitigation/adaptation indicators, defined in cooperation with the LFPs and in accordance with the projects and targeted sectors through the credit line, in line with the GCF's Performance Measurement Frameworks.

The final impacts are not known ex ante, as they will depend on the portfolio of eligible projects that the LFPs will present to the Programme in line with the set of eligibility criteria proposed. The TA will be in charge of measuring and controlling these impacts.

Expected impact targets are provided in section H.1

E.1.2. Key impact potential indicator

Provide specific numerical values for the indicators below.

GCF	*Expected tonnes of carbon dioxide equivalent (t*	*Annual*	1,800,000

core indicators	*CO_2 eq) to be reduced or avoided (Mitigation only)*	*Lifetime*	36,000,000
	• *Expected total number of direct and indirect beneficiaries, disaggregated by gender (reduced vulnerability or increased resilience);* • *Number of beneficiaries relative to total population, disaggregated by gender (adaptation only)*	*Total*	200,000 direct beneficiaries and 800,000 indirect beneficiaries (among whom 50% of women)
		Percentage (%)	0.15% (number of direct and indirect beneficiaries to total population of the targeted countries)
Other relevant indicators	900 bank officers trained to develop technical and financing skills adapted to climate-related and sustainable projects 530 companies successfully developing low carbon investment or service 350 companies successfully developing climate resilience investment and services		

Describe the detailed methodology used for calculating the indicators above.

Details of the GHG methodology applied by AFD are given in Annex B. A sectoral breakdown (e.g. renewable energy, EE, waste, etc.) of the Programme's total financing (excluding the grant component) has been elaborated based on the pre-defined sectors to be financed under the Programme (Cf. country forms in the Annex).

Average performance indicators (tCO_2eq avoided or reduced/M EUR invested) were calculated for each sector based on:

- 2014-2016 SUNREF track record for EE/RE projects. In this case, impacts have been assessed ex ante by the partner banks with the support of the TA and subsequently consolidated and verified by the AFD team responsible for the SUNREF programme;
- AFD carbon footprint assessment for sustainable land use sectors (agriculture and forestry) and waste management. In this case, carbon balances have been carried out by AFD climate experts and/or an independent third party for direct project financing in the related sectors (please refer to Annex B "AFD carbon footprint")

The expected metric tons of carbon dioxide equivalent (tCO_2 eq) to be reduced or avoided have been calculated by assuming that 60% of the Programme would be dedicated to mitigation projects, including RE (35%), EE (20%), and waste management projects (5%). The calculation also includes the projects dedicated to agriculture (25%) and forest (5%) sectors as cross-cutting investments. Investments in the water sector (10%) are excluded from the calculation, as they are considered mainly as adaptation.

Finally, results have been analysed considering that impacts have been anticipated for both the project's lifespan and afterwards, namely 20 years.

On the adaptation side, direct beneficiaries of the Programme correspond to the number of people employed by the companies developing climate-resilient investments or services through adaptation projects and benefiting from the Programme. Adaptation projects represent 40% of the total financing Programme and are related to water management (10%), agriculture (25%), and forest sectors (5%).

Indirect beneficiaries are the households who benefit from the services of the companies financed by the Programme, which is rather conservative since the calculation doesn't include the clients of the stakeholders of the companies benefiting from the Programme.

It is estimated that 50% of the direct and indirect beneficiaries will be women, since the projects aim at addressing sectors and local issues involving men and women indiscriminately. Please refer to the Annex Gender Equality Approach and Strategy.

Describe how the project/programme's indicator values compare to the appropriate benchmarks (i.e. the indicator values for a similar project/programme in a comparable context).

As an illustration, below are some of the cumulated impacts measured for all SUNREF programmes between 2006 and 2016:

- Over 50 projects successfully implemented by AFD since 2006
- Over 70 partner financial institutions
- Over EUR 2.6 bn of loans allocated by AFD, including over EUR 1.9 bn already disbursed
- Annual reduction of 15 M tons of CO_2 equivalent
- Annual saving of over 1.1 bn KWh
- Creation of a new green capacity of 670 MW
- Annual generation of 2.5 M MWh of green energy

E.2. Paradigm Shift Potential

Degree to which the proposed activity can catalyze impact beyond a one-off project/programme investment

E.2.1. Potential for scaling up and replication (Provide a numerical multiple and supporting rationale)

The Programme is innovative because it represents the first opportunity to invest at this scale in both mitigation and adaptation and to harness AFD's lessons learned from implementing SUNREF since 2006. This will allow catalyzing at scale climate related investments by unlocking access to financing source through appropriate terms regarding investment size and risk-return profiles for private sector. The Programme will support the rapid development of banking products targeting local companies, thus helping to leverage financing for similar projects and ensuring a widespread roll-out of investments: scalability is a core objective of the Programme.

The Programme will leverage AFD's networks with LFPs and link together private sector actors and local financial institutions for the benefit of scaling up low carbon investments worldwide. The rationale is that only the local financial sector has the reach and capacity to deliver climate finance to service the demand for investments in climate related solutions. Delivering these investments requires mechanisms that can identify, develop, finance and deliver large numbers of relatively small projects implemented in and by hundreds of private sector actors.

AFD financial strategy aims to build inclusive, sustainable and responsible financial systems around the world through an intervention strategy with 3 priority objectives: to promote access to financial systems, to consolidate financial systems and to support the emergence of a new model of sustainable finance. The proposed GCF programme is aligned with the AFD financial strategy and should enable financial systems to play a key role in speeding up the changes in the energy and environmental transitions.

We estimate a replication multiple of at least 3 based on the large potential market size in the countries in which the Programme will be implemented, the strong demonstration effect of the financial instruments, and the technical assistance activities that will deliver change at a systemic level (institutional within LFPs and policy dialogue with governments). We have referred to the GEF indirect bottom-up "replication" and top-down "causality factor" methodologies (GEF STAP March 2013). We estimate that the "causality factor" is 40% (modest).

Financial intermediation is an efficient tool to build capacity, raise awareness among LFPs and sub-borrowers and enable large scale uptake of new product lines such as climate-related technologies. The transformational benefits of the Programme will include:

- **Implementing and adapting public policies to private companies**: having a demonstration effect on how the private sector can serve the public policy and contribute to the improvement of these policies towards the private sector by participating to institutional debates and policy dialogue on climate finance and environmental protection.
- **Accessing and developing new markets related to the climate transition** by providing dedicated financing and consulting services,
- **Creating new job opportunities in the green economy**
- **Structuring a sustainable banking offer** around the green economy
- **Disseminating technical know-how, good practices and building local expertise** through the local entities that will implement the technical assistance
- **Ensuring regulatory compliance on climate and environmental issues** (anticipation of future regulations, compliance with the requirements of international clients, carbon avoidance, etc.);
- **Improving the competitiveness of the private sector** (companies and individuals) by upgrading production facilities and giving access to new climate-related technologies at affordable costs,
- **Increasing societal recognition and demand by clients**, employees, civil society and financial partners.

LFPs and businesses have limited involvement in the development of low carbon and resilient pathways because of their low capacities to identify climate relevant investment (low awareness, idea of complexity, lack of proportionate advisory service) and to access finance for such investment (no thematic financial products, low awareness on opportunities among LFPs, upfront cost such as vulnerability assessments). The project aims to unlock this by providing specific TA to build capacity within LFPs in identifying bankable climate projects through eligibility lists and screening tools to offset upfront cost and simplify climate action for LFPs in the target countries. In addition, the project will add additional and thematic resources to increase the offer of climate financing and attract demand from the banking sector at affordable rates. Given the size of the Programme, momentum will be given to climate credit line relevancy. The tools and approach developed for the Programme will still be operable after the project has ended and will sustain the offer and identification of projects aligned with the low carbon and resilient development pathway. The combination of TA and additional thematic finance to unlock the current situation and pave the way for autonomous scaling up of LFP financing towards low carbon and resilient business is the theory of change developed by this Programme.

The Technical Assistance programme will ensure a dissemination of the Programme's results to increase awareness on replicable projects based on the monitoring and evaluation of the activities financed. Demonstration projects will be used to illustrate the benefits of this type of operations and to build a framework of technologies and projects. The dissemination of the Programme's results aims at increasing awareness on replicable projects and instigating a self-sustaining market for climate investments.

In addition, the **profitability requirements** of the LFPs and the objective to **increase local companies' profitability /competitiveness** through climate investments make sound economic sense and foster good perception of such markets, thus increasing the sustainability of such projects through their replication. For instance, reducing energy costs contributes to investments with relatively short periods for the return on investment in the energy efficiency sector, which guarantees the reproducibility of the investment.

The **snowball effect on entrepreneurship and LFPs** of a wave of projects successfully developed and supported **through the incentives of the Programme** is also an important element for ensuring sustainability.

Last but not least, despite the proposed incentives of the Programme, it is expected that over time, as relevant technologies become more widespread and accepted and as climate investments become more and more familiar to LFPs and sub-borrowers, the latter would become increasingly more willing to invest in and finance climate-related projects with a reduced concessional component.

The theory of change of the Programme is presented in annex C.

E.2.2. Potential for knowledge and learning

The TA will be designed to **provide training to LFPs and final beneficiaries in how to prepare and appraise climate-related projects.** This shall **create favourable conditions for the emergence of a dedicated climate market** which is often considered as a new market and which still encounters technical barriers.

The Programme is expected to transfer and build expertise related to green investments among financial institutions and sub-borrowers.

Most local LFPs are not familiar with financing green projects and do not have in-house capacity for an appraisal of such projects. The programme will enhance their understanding of evaluating climate investments and change the risk perceptions towards these new financing opportunities. The TA will work with the LFPs to contribute to the structuring of their climate strategies, the development of their climate loan offer, and/or their internal processes associated to this change (creation of a climate unit and/or dedicated products). Coordinators dedicated to climate financing will be identified at the early stage of the Programme. The programme will deliver trainings on business development and risk management in the climate related technologies. This will include increase knowledge on the opportunities and benefits for lending such projects, on the potential of energy saving projects, on how to structure and analyze climate mitigation business proposals, etc. LFPs will therefore become more familiar with the appraisal and financing of such investments.

Advisory support to investors will include recommendations on new technologies, business models, and shifts in the processes as needed. Beneficiaries will benefit from technical support on how to structure climate business plans to make them bankable, on the requirements of loan applications, on how to conduct feasibility studies or energy audits, on the risks associated and the financial returns of such investments, on the eligibility assessment against the lists of best available technologies, etc. The sub-borrowers are expected to become more familiar with climate financing opportunities and financial institutions' requirements for climate-related projects.

E.2.3. Contribution to the creation of an enabling environment

The Programme will contribute to creating an enabling environment for climate related investments through targeted capacity building, awareness raising activities and connecting a diverse range of private sector stakeholders. Activities will include organizing networking opportunities as well as consultation with local stakeholders in the climate finance sector. By raising awareness among a diverse range of private sector stakeholders about the green issues and the benefits of climate technologies at market levels and building the capacity of the private sector actors, the Progamme will stimulate demand for climate investments and directly contribute to the creation of markets for these products in the targeted countries.
The Programme will also support the enabling environment for climate investment through AFD's on-going policy dialogue activities with host governments where AFD has local offices to improve the regulatory environment.

E.2.4. Contribution to regulatory framework and policies

To address legal market barriers in the target countries, AFD will maintain a close relationship with host governments through policy dialogue activities that will aim to identify policy and regulatory bottlenecks. AFD will carry out policy dialogue activities, not as part of the Programme but in parallel, that will be informed by the activities of the Programme. Regular feedback on the Programme implementation will be provided by AFD and the TA to local authorities to ensure a link and constant alignment with the regulatory framework for climate protection. The lessons learned from the implementation of the Programme will be shared with the respective Governments and shall contribute to improving the public policies of the respective country. The implementation of the Programme will support the national regulatory and legal frameworks to systematically drive investment in climate technologies or activities. Finally, the successful performance of the project will encourage national and local authorities to prioritise policy improvement in the mitigation and adaptation sectors.

E.3. Sustainable Development Potential

Wider benefits and priorities

E.3.1. Environmental, social and economic co-benefits, including gender-sensitive development impact

In addition to the climate benefits described in sections E.1 and H.1, the expected co-benefits of the Programme in terms of Sustainable Development are the following:

1. **Sustainable economic development:**

- Strengthening of local economic development through financing of sustainable infrastructures, improved access to sustainable energy, and energy efficiency for industries,
- Creation of jobs, with particular attention to women and youth employment
- Development of income-generating activities, with particular attention to women and young people
- Support for LFPs in the development of a financing offer, taking into consideration sustainable development issues and particularly climate impact and E&S risk management,
- Reduction of the dependence on fossil fuel and of the related burden on public finance, companies' competitiveness, and household budget (increased purchasing power),
- Development of green value chains and green markets led by local financiers and investors through (i) developing better risk awareness and management to encourage LFPs to finance sustainable projects and develop green financing offers and (ii) capacity building of investors thanks to the dissemination of technical knowledge on such projects,
- Development and strengthening of local expertise in evaluation and development of climate projects.

2. **Social wellbeing of populations and reduction of social inequalities**

- Sound social risk management to avoid negative social impacts of projects,
- Improved and more sustainable access to basic services such as energy and water,
- Improved living conditions through green and energy efficient housing, reduction of negative impacts of pollution on health, etc.,
- Creation of jobs,
- Sound stakeholder engagement in Programme activities.

3. **Gender equality**

- Reduction of women's vulnerability to climate change and increase of women's participation in adaptation and mitigation projects through a gender-specific analysis of exposure to climate change,
- Capacity building of LFPs and other Project partners on gender-related topics,
- Support for women's economic participation through the promotion of gender equality activities in the workplace for LFPs and their clients, support for women's entrepreneurship and financial inclusion, etc.,
- Equal access to services such as energy, water, and housing, with specific attention to female-headed households and taking into account domestic chore allocation and specific related burdens on women.

4. **Biodiversity conservation and preservation of natural resources**

- Sound environmental risk management to avoid negative impacts on biodiversity and natural resources,
- Development of sustainable environmental practices in agriculture and forestry, preserving agricultural diversity, and integrated natural resource management,
- Reduction of polluting emissions,
- Sound waste management,
- Improved management of natural resources (water in particular),
- Reducing fossil fuel consumption and the related greenhouse gases emissions of private companies and households due to energy savings and renewable energy supply.

5. Sustainable governance

- Promoting sound E&S risk management and gender integration in all LFPs' operations and therefore participating in the dissemination of good E&S and gender practices within the private sector,
- Development of a participatory approach, stakeholder consultation, and engagement on financed projects.

E.4. Needs of the Recipient

Vulnerability and financing needs of the beneficiary country and population

E.4.1. Vulnerability of country and beneficiary groups (Adaptation only)

The target countries do not have the same vulnerability to climate change. Though metrics on adaptation and resilience are still under discussion, some cutting-edge work such as the Notre Dame Global Initiative on Adaptation (ND-GAIN) are providing transparent data to approach country vulnerability and allow for preliminary comparability across 181 countries. The table below gathers the country resilience ranking of our target countries. This ranking presents the intrinsic vulnerability score and the readiness of countries in terms of implementing adaptive actions.

	ND-GAIN rank (2016) /181	Quartile
Africa		
Benin	155	1
Burkina Faso	164	1
Cameroon	137	1
Côte d'Ivoire	147	1
Egypt	98	2
Kenya	151	1
Madagascar	33	1
Mauritius	50	3
Morocco	73	3
Namibia	103	2
Nigeria	145	1
Senegal	130	2
South Africa	77	3
Tanzania	150	1
Togo	143	1
Uganda	155	1

	ND-GAIN rank (2016) /181	Quartile
Latin-America		
Ecuador	110	2

The Programme will mainly target countries from the first and second quartiles in terms of resilience, i.e. extremely and highly vulnerable countries with very low readiness capacity. In these countries, the services provided by the Programme are particularly relevant as they are responding to absolute needs. In the countries in the third quartile, though they are only moderately vulnerable, there is a potential higher demand due to better readiness capacity and more conducive business opportunities, i.e. an expanded pool of tentative clients. In other words, the Programme will cover a vast typology of vulnerable countries with needs but different capacities.

Besides these absolute vulnerability considerations, the Programme has undertaken a country-by-country diagnosis to assess the main vulnerabilities companies are struggling with (cf. country form). These preliminary studies underlie the preliminary eligibility list annexed. The list and the individual country diagnosis show the sectoral needs and the sectoral demands are rather similar in nature, even if we expect different sizes in terms of investments and intensity of the sectoral needs. This is confirmed by the alignment of the Programme key sectors with the priority areas of the NDCs of the different countries (see section E.5.1).

One particularity and innovation of the proposal is that the beneficiaries are companies rather than households or individuals. Since the Programme adopts a demand-based approach, it is not possible to assess the individual vulnerability of each beneficiary ex ante. By supporting the company and the company's clients' resilience to climate change, the overall vulnerability of the country is being reduced.

The Programme, mainly loan-based, does not aim to target the lowest income level and the most vulnerable people. Nevertheless, by creating momentum for climate investment by companies and reducing the country's overall vulnerability to shocks, the Programme promotes a transition that will have spillover effects on income level by nudging climate-resilient economy and jobs.

The following box is an example of an adaptation project in the Mauritius Islands which has been support by SUNREF and which could be replicated for the GCF programme.

- *Success story: Adaptation project funded by SUNREF in Mauritius Island*

For over a century, "Médine Investment" has been active in the domains of real estate and agriculture. In 2015, the society benefited from financial support from the SUNREF Indian Ocean programme through a loan provided by a partner bank, MBC for a total sum of USD 564,644 million. The funds were invested in the construction of a primary school of over 300 students, where energy and water efficiency measures were implemented.

The project consisted of integrating bioclimatic architecture measures and construction principles that provides substantial improvement to the level of comfort within building – in a way that avoids the use of mechanical air conditioning.

This approach has resulted in energy savings of an estimated 93,000 kWh/year, and an emission reduction of an estimated 91 tCO_2eq per year. The key innovations of the project include the installation of vertical sun-shades, verandas and deep eaves to avoid direct sunlight, improved natural ventilation by altering heights of the ceiling and the position of openings, as well as a placing a layer of reflective and isolating material on the roof.

The reduction of electricity consumption linked to lighting was also implemented (movement detectors, LED lamps, openings to improve natural lighting), as well as the installation of a solar water heating system.

To save on water, two reservoirs collect rain water and is then used for watering purposes within the school. This system also serves as a pedagogical tool to raise awareness amongst students about water usage and saving. Additionally, a double-flush function and push-taps results in an automatic interruption of the water flow, resulting in substantial savings.

Thanks to SUNREF, the Médine Society benefited from financial support as well as technical assistance to realise these green investments. This project is aligned with the GCF programme objectives through its contributions to protecting the environment as well as the replicability of the measures available to other school buildings.

Adapt'Action

As already developed in Section C.4, AFD has launched Adapt'Action to support countries seeking technical assistance for the institutional, methodological and operational implementation of their commitments in relation to climate change. The Adapt'Action programme aims to bring about climate projects that can be financed by AFD and international climate finance. Priority is given to adaptation to the impacts of climate change, a field for which the most vulnerable countries have expressed a specific need for assistance. This facility ultimately aims at giving countries the technical and institutional tools they need to strengthen climate governance and mobilize international climate finance (such as GCF) and bi/multilateral banks (such as AFD) to scale up their action and therefore produce a leverage effect.

The implementation of the Adapt'Action Programme will pave the way for the GCF Programme implementation, as it will help strengthen the intervention framework in the countries that are part of the two programmes:

- Memoranda of understanding have already been signed with Madagascar and Mauritius;
- Senegal, Côte d'Ivoire, and Cameroon are included in the 2018 work programme.

E.4.2. Financial, economic, social and institutional needs

For **local financial institutions** which are evolving in a very competitive environment, their need is to meet the demand, to distinguish their offer compared to their peers, and to improve their image/societal recognition: access to new markets related to green growth is therefore very important for them and will also prevent them from ending up with stranded assets.

However, local financial institutions generally lack expertise to assess and finance climate investments and do not always have a realistic view of the risks associated. Climate-related projects are still viewed as complex, risky, and having high transaction costs. Therefore, these investments are only slightly funded and when they are, the requested collaterals are significant and represent a heavy burden for private companies (especially SMEs).
In addition, climate investments need mid- to long-term loans that LFPs may have difficulties to propose.

For many **companies**, the needs are to develop new production methods strengthening the resilience of their company to external shocks and increasing their competitiveness. More and more companies realize the need to manage environment-related risks to be more adapted to their environment, to reduce the cost of their energy/water/waste bill, and to reduce their risks of being non-compliant with environmental protection rules thanks to a better anticipation.

However, project investors do not always have sufficient skills to offer attractive and bankable projects. Most of the time, audits and feasibility studies are needed but represent a significant cost.

To overcome these barriers, the GCF contribution is needed to set up a TA programme for LFPs and companies and to develop concessional funding/financial incentives to trigger their investment. GCF contribution will allow addressing financial barriers by providing LFP with long-term capital (green credit lines). This funding will be allocated on favorable terms on the basis of certain criteria (maturity of green financing market, type of investment, target client base) in order to reduce the cost of borrowing for companies. The outcome will be an increased access to more affordable lending by commercial banks in the target countries for climate related projects.

The purpose of the Programme is also to answer indirectly to other needs of **investors** such as (i) the access to low-cost new technologies, (ii) the use of renewable energies, which are often the only way for isolated households to access energy, and (iii) the use of more environmentally friendly and less harmful solutions to adapt to climate change

E.5. Country Ownership

Beneficiary country (ies) ownership of, and capacity to implement, a funded project or programme

E.5.1. Existence of a national climate strategy and coherence with existing plans and policies, including NAMAs, NAPAs and NAPs

The country notes (see the Annexes) describe how the Programme will contribute to existing climate policies in each target country. A cross comparison of the priorities of the NDCs and the target sectors of the Programme (including renewable energy, energy efficiency, water management, waste management, green building, climate smart agriculture and sustainable forestry, urban transportation) shows a good alignment in all target countries.

This summarized view prioritizes NDCs since they are usually the documents that consistently deal with adaptation and mitigation in each of the target countries (adapted from ClimateWatchData, 2017):

Programme priorities vs. NDC priorities			
	Matching rate		**Matching rate**
Africa		**Latin-America**	
Benin	86%		
Burkina Faso	100%		
Côte d'Ivoire	86%	Ecuador	86%
Egypt	86%		
Kenya	100%		
Madagascar	100%		
Mauritius	86%		
Morocco	100%		
Namibia	71%		
Nigeria	71%		
Senegal	100%		
South Africa	71%		
Tanzania	100%		
Togo	86%		
Uganda	86%		

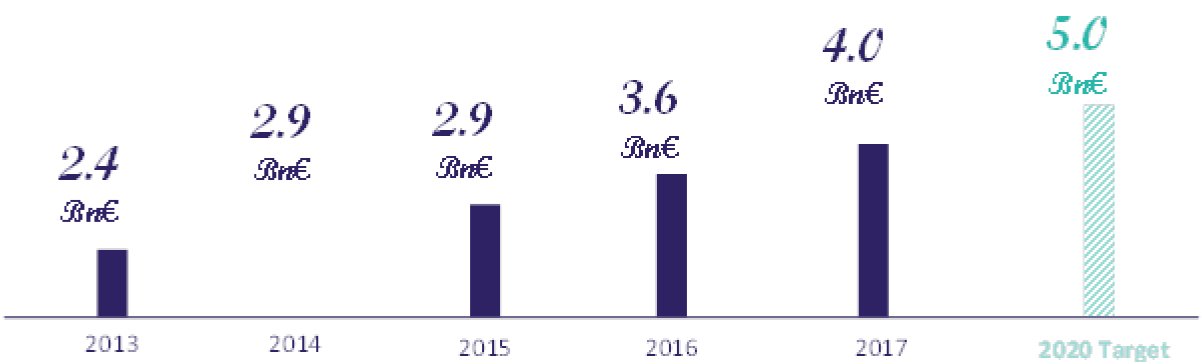
There is an overall match between the Programme key investment sectors and the priority sectors for climate investment. The Programme will contribute directly to addressing the countries' priority needs and will contribute to the achievement of their climate action engagement. By providing companies with resources for low carbon and resilient development on the one hand and by building climate financing capacities of local financial partners on the other, the project contributes to the implementation of national policies geared towards the achievement of the Paris Agreement.

E.5.2. Capacity of accredited entities and executing entities to deliver

Track record in climate activities: overview

Since 2009, AFD has channelled on average 2.6 bn EUR of climate finance per year and this trend is rising (more than 3 bn EUR in 2016 and 4 bn EUR in 2017). France's Presidential commitment is to reach 5 bn EUR per year by 2020. Adaptation activities have represented 20% on average since 2009, but there is an increasing trend and the new climate strategy of AFD aims to reach 1.5 bn EUR per year for adaptation and 3.5 bn EUR for mitigation by 2020.

In 2017, the climate activity of the AFD GROUP in developing countries reached a level of 50% on new commitments in a context of a 10%/year increase in the group's commitments.



Evolution of Climate Financing of the AFD Group since 2013

With more than 3 bn EUR per year, AFD is an experienced manager of climate projects, both using its own resources and as an implementing agency of external climate finance resources such as the EU and more recently the GCF (two projects granted to date).

As a member of IDFC, AFD is using the MDB-IDFC Common Principle for climate finance tracking and is used to designing and identifying climate-relevant activities for investment programmes. AFD has also developed specific tools for ex ante mitigation assessments (Carbon footprint software *Bilan Carbone AFD*) and for identifying climate vulnerability of projects (Climate screening AFD). This track record of nearly 10 years in the area of metrics and ex ante assessment of climate risk/benefits is shared with partners, including LFPs. The private sector branch of AFD, Proparco, is also supporting many climate relevant investments worldwide for companies and the group is using the same corporate tools. Then AFD has unique tools and experience to support climate mainstreaming within partner institutions such as local banks and companies.

As for the type of innovative activities proposed in this Programme, AFD has been managing the SUNREF activities for many years. Since 2006, SUNREF has invested over EUR 2.6 nb of loans in approx. 50 projects in over 70 LFP. These investments have led to an annual reduction of 15 million tons of CO_2 equivalent. The current proposal will expand the financing capacities of AFD and explore new vulnerable countries and thematic investments, but AFD's track record proves its ability to undertake this ambitious Programme in an efficient manner. In addition, AFD country offices are present in most of the target countries and will be in a position to act timely for the best implementation of the Programme. Finally, AFD has extensive experience in mobilizing TA to support climate finance operations, particularly specific expertise to ensure smooth and efficient disbursement of climate credit loans.

Thematic track record on adaptation financing

In 2016, the sectoral breakdown of financial commitments for climate change adaptation in AFD was dominated by a large number of financial allocations to improve water resources management and the security of water supply in regions marked by a risk of water stress exacerbated by climate change (over half the Group's adaptation activity). The agriculture and biodiversity sector was the Group's second main area of operation for adaptation (almost a third of commitments in 2016 if the agricultural credit line to IFAD is included). This financing in particular promoted the development of agricultural practices adapted to the impacts of climate change, mainly in Sub-Saharan Africa and the Mediterranean, and actions to preserve natural capital, particularly in Asia. The Programme presented to the GCF will obviously build on this extensive experience.

Thematic track record on climate change mitigation

In 2016, the Group's mitigation activity was marked by a sharp increase in the amount of financing for public transport, following a significant decline in 2015. The eight projects in this sector accounted for 35% of mitigation financing (i.e. close to 1 billion EUR) and financed the construction of the Nagpur metro in India, the extension of the metro lines of Mexico City and Istanbul, and the upgrade of Alexandria's tramway in Egypt. There was a sharp increase in the volume of direct financing for renewable energy projects (all technologies taken together), which accounted for almost a third of the Group's mitigation activity in 2016 (ratio stable compared to 2015). These projects have contributed to increasing water production capacity in Pakistan and Côte d'Ivoire and to solar energy development in Bolivia, Benin, and Central America, for example. The creation of the African Renewable Energy Scale-Up (ARE-Scale Up) Facility will also contribute to the implementation of ReN projects in Africa. Energy efficiency projects, which saw a decline compared to 2015, involved upgrading power transmission and distribution grids in Sri Lanka, Brazil, and Pakistan. Support for renewable energies and energy efficiency via banking intermediation continued to be a major trend for the Group's mitigation activity in 2016, although there was a slight decrease in volume compared to 2015. This type of financing is more effective in reaching key actors in the energy transition: small and medium-sized enterprises, industries, and local authorities. The amounts earmarked for mitigation in the fields of solid waste management and sanitation (biogas development) and biological sequestration (carbon storage in soils and vegetation) stood at 96 M EUR and 155 M EUR this year, respectively. AFD has thus extensive experience in financing the sectors targeted in the current proposal.

Instruments mobilized to finance climate projects

In 2016, 61% of the Group's climate activity was financed via sovereign or non-sovereign concessional loans, which accounted for some 2.2 bn EUR, a sharp rise compared to 2015. However, the Group's level of climate activity financed via non-concessional and non-sovereign instruments fell by 30% compared to the previous year, despite the increase in PROPARCO financing and in 2016 stood at over 1 bn EUR (i.e. 31% of climate allocations). Finally, despite the fact that the proportion of grants earmarked for climate projects remains relatively low compared to total Group commitments (8%), the amount more than doubled compared to 2015, with some 300 M EUR. This is due to the increasing effort to mobilize external resources delegated to AFD and to the creation of various climate project preparation funds (such as Ciclia, Euroclima+). In 2016 and 2017, AFD also obtained its first two Green Climate Fund financing of 15 M EUR and 20 M EUR to support a flood risk control programme for urban areas in Senegal and provide sustainable irrigation to improve the climate resilience of subsistence oasis farming and larger-scale date and olive agriculture within the Boudnib Valley in Morocco, respectively.

A new and ambitious climate strategy

The new AFD Climate Strategy for 2017-2022 is built on four key objectives to which the current proposal is fully aligned:

<u>Objective 1</u>: Make the entirety of financing consistent with low carbon and resilient development and support the construction of low-carbon and resilient long-term trajectories by countries. The portfolio should be then 100% aligned with Paris Agreement objectives.

<u>Objective 2:</u> Enhanced level of climate financing:

- 5 bn EUR /year in 2020 for climate action (1.5 bn EUR for adaptation and 3.5 bn EUR for mitigation)
- 50% of AFD group commitments should have climate co-benefits

<u>Objective 3:</u> Contribute to redirecting financial flows

Develop operational partnerships to contribute to the redirection of financial flows towards green investments:

- Develop climate policy loans
- Develop partnerships with local financial actors (SUNREF)
- Mobilize co-financers and dedicated climate windows (GCF, EU…)

Objective 4: Co-construct solutions and standards
Develop new partnerships with a view to enhance AFD's role and contribution

For the additional experience and track record of the accredited entity (AFD) and executing entities (AFD and Proparco), please refer to paragraph C.4

E.5.3. Engagement with NDAs, civil society organizations and other relevant stakeholders

Consultations at appraisal

Stakeholders' consultations have been carried out during the Programme appraisal phase at country level to ensure the alignment of the Program's objectives with the governments' climate policies and countries' NDCs. Stakeholders involved in the country consultations include governmental and non-governmental organizations, representatives of the private sector, potential project developers and civil society and financial institutions. The table below outlines AFD engagement with each actor and describes the initial stakeholder consultations that took place in all target countries. AFD local offices have engaged in dialogue through bilateral or multilateral meetings with the NDAs of all target countries and have organised in some countries workshops involving, more broadly, all stakeholders and potential beneficiaries.

Country	Stakeholder consultations
Africa	
WAEMU Area – Benin, Burkina Faso, Ivory Coast, Senegal, Togo	A country by country stakeholder consultation has been carried out in the five West African countries involved in the GCF Programme. Each NDA has been consulted, which led to broader consultations within the Ministries or with other local stakeholders. The different processes in the countries had their own specifics but they systematically followed the same purpose: making sure the GCF Programme will fully associate national authorities with the initiative. AFD agencies in the WAEMU area are used to work with local stakeholders, including with the different NDAs, sometimes as part of former projects designed in close collaboration (such as in Senegal where a GCF project has already been funded, or in Togo where local authorities were associated with an AFD's project related to flood management in Lomé). Thus, the consultation process came to an end and the non-Objection Letters (NOLs) were signed by each NDA. Several banks have also expressed their interest for the financing of climate-related projects under the GCF Programme that could benefit from the SUNREF experience (including Oragroup, Ecobank or BOA groups which have national subsidiaries in several countries of the area)
Cameroon	In April 2017, the Agency met the Director of Renewable Energies and Energy Management for a presentation of the SUNREF project to finance investments related to renewable energies, energy efficiency and sustainable forest management. Following on from this meeting, the Agency received a request for assistance from the Ministry of Water and Energy in the context of the development and financing of the activities of the energy efficiency action plan in the electricity sector in Cameroon (PNEE). In the context of the same project, the Agency met the Ministry of the Environment for a presentation of the environmental competitiveness component of the SUNREF project, and in order to find synergies with the projects led by this Ministry. Finally, the Agency met NDA, from the Ministry of Environment, Nature Protection and Sustainable Development, to which the outline and future stages of the project were explained. NDA's no objection has been sent to headquarters.
Ivory Coast	As part of the various programs financed by AFD in the country, the agency interacts on a regular basis with the Ministry of Salubrity, Environment and Sustainable Development ("MINSEDD") which prepared the INDC document, and is in charge of monitoring the implementation of measures to meet the INDC and hosts the NDA in its premises. AFD and Proparco have been in contact with the NDA in order to discuss the GCF proposal.
Egypt	AFD Cairo office has met several times the climate change unit at the Egyptian Environmental Affairs Agency (EEAA), focal point of the GCF in Egypt. AFD discussed the implementation of the GCF Programme with the Egyptian GCF Steering Committee in February 2018 which included representatives of the Ministry of Environment, Ministry of Agriculture, Ministry of Energy, Ministry of Water Resources and Irrigation among others. The appetite of Egyptian banks for climate financing has been assessed during the discussions held under the

	implementation of the Sustainable Energy Financing Facility, targeting the financing by local banks of renewable energy and energy efficiency investments. Further talks were carried out in April and May 2018 to refine the scope of the Programme. During these meetings, AFD and EEAA reached the common agreement to focus the program on sustainable tourism and waste management, specifically targeting SMEs. The Egyptian country form has been updated to reflect the discussions between the parties and the Egyptian authorities have approved the program based on the proposal and its annexes.
Kenya	The programme has been presented to the National Treasury of Kenya in October 2017. A presentation has been also done during the Stakeholders' Consultative Workshop on Kenya's GCF Strategy on October 11th 2017 with a number of stakeholders attending including representatives of the Kenyan ministries, of local banks and of bilateral and multilateral donors.
Madagascar	During the identification phase of a SUNREF Madagascar project, AFD met the major banks in the country: BNI MADAGASCAR, BFV-Société Générale, BOA, BMOI (BPCE group) and Mauritius Commercial Bank (MCB MADAGASCAR). AFD also had meetings with : - ADER, the agency for the promotion and development of rural electrification - Donors involved in the field of renewable energy such as GIZ, WORLD BANK, European Union - Non-governmental Organizations such as GRET - Civil societies, employer's organizations : SIM, FIVMPAMA - Private sector : MADO, SOCOLAIT, STAR. AFD also met and presented the project to the local NDA (Bureau National de Coordination contre le Changement Climatique) which gave its no objection on October 2017 to include the project in the funding proposal.
Mauritius	The NDA, the Ministry of Finance and Economic Development, has shown a strong interest for the GCF Proogramme, Transforming Finance System for Climate project, and has issued the Non Objection Letter, on the 6th of October 2017. Other Mauritian stakeholders are also involved in climate change mitigation actions that could be linked to this programme: such as the Ministry of Energy and Public Utilities, the Mauritian utility Central Electricity Board (CEB), the private sector represented by Business Mauritius, Private Banks participating to SUNREF credit lines: Mauritius Commercial Bank (MCB) and State Bank of Mauritius (SBM) are the ones which expressed strong interest to be part of the project.
Morocco	The GCF Programme "Transforming Financial Systems for Climate" program, has been discussed with the Moroccan NDA, M. Nbou, Director of Climate Change, Biodiversity & Green Economy. An abstract of the project summary together with the concept note have been provided to the NDA in support of this discussion. It is worth to mention that the NDA expressed its support on the program by sending the non-objection letter on October 12th 2017.
Namibia	All relevant stakeholders have been consulted at an early stage of the preparation of the programme, and further consultations will be organized along the preparation and appraisal of the programme, to ensure local ownership of the programme, alignment with national objectives and strategies. a) Commercial banks (Nedbank Namibia, Bank Windhoek and FNB Namibia), as the beneficiaries of SUNREF Namibia, currently in implementation, have engaged discussions with AFD on the possibility of developing a second phase of SUNREF in Namibia, with higher ambitions in terms of impacts (increased focus on adaptation issues, higher share of MSME financing, focus on less mature technologies). All commercial banks have shown a strong interest in working on a second phase for SUNREF, to increase their portfolio in these sectors, as they are seen by the banks as critical to further development of their business in Namibia. b) The NDA and the Environmental Investment Fund of Namibia (EIF) have been consulted mid-2017. AFD shared the concept note of GCF programme to be developed in Namibia, as a second phase of SUNREF. Overall feedback from the NDA and EIF was positive, provided the objectives and target sectors of the programme were aligned with the priorities of the Namibian Government with regard to the fight against climate change. c) AFD was also asked to build the GCF programme on the basis of the lessons learned from the SUNREF programme in Namibia, currently under implementation.
Nigeria	The stakeholders consulted range across a wide set of players: from government bodies (Federal Ministry of Energy, Rural Electrification Agency, States' governments), potential investors from the private sector (for on grid and off grid projects), other development and donor institutions who are supporting the development of renewable energy in Nigeria (GIZ; World Bank; EU with whom AFD is already co-financing projects in the power sector).
South Africa	Informal consultations have been held with representatives of the Department of Environmental Affairs to inform them of AFD's willingness to apply to GCF funding to support key climate change projects in South Africa. Valuable feedback was provided by these officials. In particular, it has been highlighted that applications to GCF should be aligned with the priorities of the South African Change Response Policy, and more particularly with the Climate Change Flagship Programmes.

Tanzania	In order to assess the relevance and potential of its climate and private sector programmes, AFD has consulted all major stakeholders in Tanzania. AFD has met most Tanzanian financial institutions in bilateral meetings, from commercial and development banks to microfinance institutions. AFD also has close relations with other development partners (international donors) in order to gather their opinions and benefit from their experience in the targeted sectors when relevant. AFD is a key player in Tanzania in the renewable energy and energy efficiency through its programme SUNREF. To present the GCF programme, AFD has organized a workshop in January 2017 with the Bank of Africa-Tanzania (BOATanzania), the Confederation of Tanzanian Industries, the Ministry of Energy (AFD's partner). The workshop gathered 80 representatives of the Tanzanian industries, local banks (CRDB, NMB, DTB Tanzania…), donor institutions (GIZ, KFW, WB, AFDB, JICA), Tanzania Electricity Supply Company (TANESCO) and Rural Electrification Agency (REA). Finally, AFD also consulted public entities, non-profit organizations, and sector associations. Among them, The Permanent Secretary – Office of the Vice President, as the NDA who organized a stakeholders meeting on 28th November 2017, including: local banks (NMB, CRDB, Akiba bank…), Ministry of environment, Ministry of agriculture, Ministry of finance and planning. The NDA issued the no objection letter on 27th December 2017 after these consultations.
Togo	Taking into account the early-stage of the project and because AFD Lomé is willing not to develop high expectations among stakeholders that could be disappointed in case of not implementation, stakeholders consultation has been limited so far. AFD is currently working with the NDA on another project in Togo related to flood management in Lomé and maintains good relations with the NDA. The NDA has welcomed the opportunity of a new project with AFD and the GCF that has materialized in a no-objection letter. The West African Development Bank (BOAD) is a strong and long term partner of AFD. AFD has implemented a large number of projects with this counterpart, including projects within agricultural sector and energy sector. AFD has also contributed to the realization of the CRRH project, which provides a finance solution to promote property access. AFD is also currently working with the BOAD on a waste landfill facility under construction. The BOAD has not been consulted on this particular project so far but AFD is confident that the BOAD would be willing to join this project, as it answers to the BOAD's need for more opportunity to work with AFD in climate oriented financings. Indeed, the BOAD has engaged discussions with AFD on experience sharing in climate finance that started during the last "Journée AFD-BOAD" that took place in Paris in October 2017. In terms of private financial institutions, AFD Lomé has been working with Oragroup since 2014 through SUNREF initiative (Please refer to the WEAMU regional form), which is about to end in 2018. Orabank Togo, Oragroup Togolese subsidiary has expressed a need in agricultural sector financial support in order to endorse the financial of both seasonal credit and investment loans. Société Générale Togo could be interested in developing new climate-related financial products, such as Ecobank, a current financial partner. Finally, Bank of Africa has recently expressed to AFD its ambition towards climate friendly projects.
Uganda	In the rural and agricultural sector, AFD has initiated a study carried out in 2017 in order to fully grasp the needs for financing, technical assistance and capacity building. This study compiles the findings from consultation of 17 key stakeholders in the sector. A restitution of the study was organized in October 2017 with all entities. Bilateral discussions are still ongoing with key identified stakeholders. AFD is a key player in Uganda in the renewable energy and energy efficiency through its programme SUNREF. For this programme, AFD has organized many workshops with local financial institutions such as DTB-U (AFD's partner) or Barclays. Therefore key stakeholders and current partners are regularly consulted including financial institutions, Uganda Manufacturers Association (UMA) and the Ministry of Energy and Mineral Development (MEMD).
Latin-America	
Ecuador	Meetings have been organized with: 1) each targeted public financial institutions ie: • BDE (Banco de Desarrollo del Ecuador) which finances the municipalities of Ecuador • CFN (Corporacion Financiera Nacional) which finances the private sector / industry/ production activities • BanEcuador which finances finances the agriculture sector • Banco del Pacifico which finances the private sector on a commercial basis 2) the Ecuatorian NDA ie Ministry of Environment (on the global program, and more focused on water & sanitation as well as transports)

3) the CONGOPE/Association of Provinces in Ecuador
4) the AME Association of Municipalities in Ecuador
5) the Ministry of Agriculture and Livestock - the Ministry of Industry and Productivity
6) the Ministry of Water and corresponding authority for water regulation (SENAGUA and ARCA/ Agencia de Regulación y Control del Agua)
7) the Ministry of Electricity and Renewable Energy - the Ministry of Finance

All of these partners confirmed their strong interest in the GCF program.

Consultations throughout the Programme's implementation

Ensuring that projects are effective and sustainable requires partnerships with civil society and/or consultation during the preparation, implementation, and evaluation of projects. In this respect, AFD ensures in all its operations that the views of local authorities, affected populations, and local NGOs are taken into account concerning the impacts of projects that are submitted for financing, particularly when they carry a high environmental and social risk. Accordingly, AFD's project cycle requires that AFD receives a request letter from a local authority or company in the case of non-sovereign operations, specifying the amount of funding needed for the operation and a short description of the project. This requirement ensures the alignment of the proposed project with the national and local strategies and priorities.

In addition, in the case of AFD's country intervention frameworks, a dialogue with stakeholders (local authorities, donors, private sector, NGOs, etc.) is systematically conducted prior to the drafting of AFD's strategic areas of operation. This dialogue is facilitated by AFD's local-offices network of 85 agencies worldwide, which are in daily contact with our local stakeholders, especially state entities.

This strong local base will be leveraged throughout the implementation of the Programme, for engaging in dialogue with NDAs and respective governments, thus ensuring the adequate country ownership and sustainability of the Programme.

In the framework of the Program and in line with GCF's approach to stakeholder engagement, AFD will also require LFPs to ensure the effective engagement of communities, vulnerable populations, groups and individuals, indigenous peoples, local communities, and other marginalized groups of people and individuals that are affected or potentially affected by Program activities.

Finally, AFD Group prioritizes partnerships and dialogue with the other development actors: donors, private sector organizations, academic institutions, and think tanks. For several years, AFD has been scaling up partnerships with the other development finance institutions (bilateral/multilateral and regional) with the objective to strengthen technical and financial cooperation in order to increase its impacts on development.

Engagement with potential future GCF Direct Access Entities (DAEs)

AFD, as an international entity, committed through its AMA signed with the GCF to support potential subnational, national and regional entities to meet the accreditation requirements of the GCF in order to enhance country ownership.

Through the implementation of the TFSC Programme, which includes a TA component aiming at strengthening the capacities of the LFPs targeted by the Programme, AFD will play this role. While the financial component will provide additional climate finance flows to the countries, the TA component is designed to remove the barriers preventing the financial institutions from financing climate investments. Through this specific and tailor-made technical support, the implementation of the TFSC Programme will help the LFPs wishing to directly access the GCF resources, to develop their capacities, awareness, operational track record, climate strategies and E&S standards, all required in the GCF accreditation process.

In addition, peers dialogue between LFPs and AFD teams could take place during the implementation of the Programme on climate finance, E&S standards and risk management, compliance and fight against money laundering and terrorism financing or procurement process.

E

E.6. Efficiency and Effectiveness

Economic and, if appropriate, financial soundness of the project/programme

E.6.1. Cost-effectiveness and efficiency

The Programme is built on high standards of effectiveness with estimated impacts expected to be significant across sectors. The GCF cost per tonne of CO2 avoided has been estimated at US$ 7,1 taking into account the high value and diversity of projects and associated co-benefits.

The Programme is designed to address efficiently the various bottlenecks restraining green investments: lack of funding, human or material resources and technical skills to significantly invest in segments which are perceived as risky. The use of concessional/long term loans will encourage the private sector to engage into green sectors, while grants will fund TA that will support LFPs in structuring a green offer in the long run.

Regarding the substantial anticipated impacts that will be generated by the Programme and its potential to generate systemic and self-sustained effects, and given the rather low GCF cost per tonne of CO2 avoided, the Programme's costs represent a sound investment.

Please also refer to section F.1.

E.6.2. Co-financing, co-leveraging ratio and mobilized long-term investments

The co-financing ratio is calculated based on the GCF and AFD financing amount. Hence, AFD will bring almost twice the GCF total amount, in order to leverage enough funds to generate systemic effects.

	Co-financing (AFD)	GCF	Co-financing ratio
M EUR	413	240	1.72

The co-leveraging ratio is calculated based on the methodology described in Part B.1 by integrating the top-up funding brought by the LFPs and the equity investments brought by end beneficiaries. In addition, equity investments can be multiplied by a revolving factor: a revolving factor should be applied to reflect that the credit line may be revolving (because of a longer tenor of the credit line relative to the average tenor of the sub-loans and reflows). Please refer to the full methodology in the Annex for further details.
Below, the projections anticipated for LFPs and project sponsors co-leveraging.

	Co-leveraging (AFD loans + LFPs top-up + equity)	GCF	Co-leveraging ratio
M EUR	1,272	240	5.3

Please refer to E.6.5 Expected volume of finance to be leveraged.

E.6.3. Financial viability

At project level (LFP level)

As far as the selection of LFPs is concerned, AFD will apply the same procedures and criteria as for any lending operation it currently implements.

The process for project appraisal is summarized here below:

1- Identification: The identification process is a critical step during which AFD will select project ideas that are in line with AFD's strategy and sustainability objectives, GCF's investment framework and the Programme's objectives.

The identification and selection of LFPs will depend on multiple criteria such as their credit risk, their strategy regarding climate finance, their appetite for such activities, the availability of staff who could be dedicated to climate finance. The selection will also be based on their client portfolio, their internal procedures from the identification of projects at the level of commercial branches to the final execution of the loan (including their credit risk appraisal process). This selection is crucial to ensure a strong involvement of the LFP in the Programme.

The main objectives of this step will be:

- To define the general framework of the project, in particular the indicative amount of assistance and the proposed product (grant, concessional/non-concessional loan)

- To identify and prioritize risks and issues related to the project and define accordingly the necessary procedures and due diligence that needs to be carried out to address various types of risks (and opportunities) such as financial, environmental, social, etc.

- To conduct preliminary analysis and seek expert's advice on technical, financial and any other topic that could have an impact on the GCF-AFD Programme and the project (anti-money laundering and terrorist financing, financial situation of the counterpart, etc.).

- To secure the resources that are deemed necessary for the carry on project instruction, to determine its timing, to appoint a project manager and team and ensure that there are no conflicts of interest.

AFD's Committee of Identification will meet at the end of the Identification period and will determine whether the project can enter the Instruction phase or has to be abandoned.

2- Instruction: This step will consist in deepening and broadening the research and work started in the identification phase and in defining the terms of the agreement with the LFP before they are presented to AFD's Credit Committee.

Experts from other departments or from the AFD project team will be called upon all along this step to review various aspects of the project, in particular:

- A deep financial analysis of LFPs will be conducted by the AFD team, which will lead to an internal rating. Depending on this rating and the targeted operation, AFD will be able to fine tune the financial conditions provided to the LFPs for loans and their impact on the normative balance of the AFD, as well as management arrangements;

- The compliance of the project, including anti-money laundering and terrorist financing; a thorough investigation will be conducted to identify potential fiduciary risks related to potentials LFPs;

- Environmental and social issues (cf. E&S framework for the Programme);

- Climate and Sustainable development issues;

- Specific issues in supporting capacity building.

AFD project manager will have to collect experts' advice before the Credit Committee. The members of the Credit Committee will take these opinions into account and decide whether or not the project should be presented to AFD Board.

3- Funding/Board decision: during this phase, AFD project manager will be responsible for finalizing the structuration of the project with the assistance of the financial expert, responsible for the counterpart analysis and the financial aspects (financial structuring, drafting and negotiation, term sheet and financial agreement) and the sectorial expert, responsible for the technical and sectorial parts. The project will be presented to the Board who then will make the decision on whether to fund the project.

In addition, all the standard conditions applying to the international senior loans legal framework will be deployed in order to ensure the financial viability of AFD operations under the Programme (pari passu, Acceleration of Credit, Events of Default, etc.).

At sub-project level

LFPs will identify the investment potential and the most promising thematic areas (renewables, energy efficiency, adaptation to climate change such as agro-forestry projects, water management projects, etc.) within their existing clients or prospects in accordance with a set of eligibility criteria in line with the local public policy and climate change priorities. They will assess the creditworthiness of these potential eligible investments and structure a financial offer in line with the needs of green projects to reduce the barriers to investment in the targeted country.
The TA will also support LFPs in the identification and definition of projects to ensure their bankability and improve their profitability.

Please refer to section D.2 for GCF exit strategy.

E.6.4. Application of best practices

Technical Evaluation on each sub-project will be conducted by the LFP with the support of the TA team. The TA programme will be designed to help the project promoter to select the most appropriate technology available in the market to build a robust financing plan and increase climate impacts before submitting it to the LFP. The TA team will consist of local or international experts who can be mobilized on demand depending on the complexity of the technology considered. On a case-by-case basis, but without burdening the appraisal process, it can be proposed that local entities emit "Certificates of eligibility" to ensure LFPs that the investments submitted to their approval are correctly designed and the technical evaluation has been regularly implemented.

Overall, the Programme will seek to ensure that best available technologies are promoted and used. An indicative list of technologies eligible to the Programme is provided in Annex A. This list may evolve depending on market development and local needs identified during the Programme implementation.

E.6.5. Key efficiency and effectiveness indicators

	Estimated cost per t CO_2 eq, defined as total investment cost / expected lifetime emission reductions (mitigation only)
GCF core indicators	see below

	With finance leveraged (GCF/AFD/top-up/equity)	*GCF/AFD only*
(a) Total project financing (mitigation)	US$ 1,604,000,000	US$ 693,500,000
(b) Requested GCF amount (mitigation)	US$ 254,900,000	US$ 254,900,000
(c) Expected lifetime emission reductions overtime	36,000,000 tCO_2eq	23,600,000 tCO_2eq
(d) Estimated cost per tCO_2eq (d = a / c)	**US$ 44.6 / tCO_2eq**	**US$ 29.4 / tCO_2eq**
(e) Estimated GCF cost per tCO_2eq removed (e = b / c)	**US$ 7.1 / tCO_2eq**	**US$ 10.8 / tCO_2eq**

Calculations consider the exchange rate of September 21, 2018 : 1 EUR= 1.18 USD

Indicators (d) and (e) were calculated based on the Programme's expected lifetime emission reductions (c), which result from the sectoral breakdown of the Programme's pipeline and related performance indicators (tCO2 avoided or reduced per M EUR for each sector). These performance indicators were based on AFD carbon balance assessments and the 2014-2016 SUNREF track record. Please refer to Section E.1.2 for further details.

As a comparative benchmark, from 2006 to 2016, the annual reduction of the SUNREF Programme reached 15 million metric tons of CO_2 equivalent for EUR 1.9 billion of loans disbursed.

Expected volume of finance to be leveraged by the proposed project/programme and as a result of the Fund's financing, disaggregated by public and private sources

It is expected that the Programme will contribute to around 50% of the debt financing of the underlying projects; 20% is mainly brought by the private and public LFPs. Around 30% of equity will be brought by project developers, which then can be multiplied by a revolving factor.

Total	**GCF**	**AFD**	**LFPs**	**Equity including RF**
1,512 MEUR	240 MEUR	413MEUR	246 MEUR	613 MEUR

Volume of private finance to be leveraged by GCF on mitigation	**Volume of private finance to be leveraged by GCF/AFD on mitigation**
175 M EUR	515 M EUR

**** The information can be drawn from the project/programme appraisal document.***

F.1. Economic and Financial Analysis

The economic and financial analysis of the blended operations that will be implemented in partnership with LFPs through the Programme will be conducted as follows:

1. The LFP selects a set of eligible projects based on a technical and financial assessment. This assessment phase can be implemented with the support of the TA team. However, the LFP will select the eligible projects according to its own financial criteria, including requirements of collaterals if needed. In the markets where the financing barriers are too high, the concessionality of GCF loans and the TA will enhance the bankability of climate-related projects. Considering this “package”, the LFP will submit to its Board a set of eligible and bankable projects in accordance with its own appraisal procedures.
2. The projects approved by the LFP’s appraisal committee will then be submitted to AFD for non-objection. AFD will only check that proposed projects comply with eligible criteria defined for the Programme.

Note: AFD Group has set up a framework for the use of concessionality in blended operations dedicated to the private sector. Provided that the project has positive externalities in terms of sustainable development or public interest, concessionality can be mobilized to target the following objectives:

- Catalyze private investment by making the risk/profitability trade-off acceptable for LFPs;
- Lower negative externalities linked to social exclusion that could occur from an operation implemented at market conditions (especially in education and health sectors);
- Support private actors that undertake a mission of public interest;
- Support emerging technologies that have a positive effect on a specific community or a given category of population;
- Facilitate the replication of projects that have a strong demonstrative effect;
- Ease the development of a nascent market;
- Support the effective deployment of a public policy through private actors;
- Accelerate or reach higher impacts in terms of environment protection or social inclusion.

Concessional funding is a critical tool to spur investment in climate-proof technologies. Hence, transferring concessionality and all “positive” terms of AFD/GCF funding provided to LFPs for the benefit of end-beneficiaries is key. On that respect, AFD has a long practical experience on negotiating such transfer.

To be fully well-designed, the use of concessionality for private actors has also to be in line with the following principles:

- The amount of concessionality mobilized is adapted to the targeted investments and the market conditions;
- The mobilization of concessionality should not have any crowding out effect on private actors. On the contrary, concessionality has to be used to ensure private sector participation.
- Concessionality tools need to allow the Programme to reach development results that could not be achieved without these resources.
- Exit strategies need to be designed and discussed with the stakeholders at the beginning of the Programme;
- The use of public resources is precisely monitored and justified over the duration of the Programme.

This approach will be used in the course of the Programme, which will ensure an efficient and appropriate use of GCF and AFD concessionality.

F.2. Technical Evaluation

Please refer to section E.6.4 and Annex A on the indicative list of climate technologies.

F.3. Environmental, Social Assessment, including Gender Considerations

An Environmental and Social Management Framework has been developed for the Programme, based on AFD and GCF's safeguard standards and approach to E&S risk management. The approach to E&S risk management for the Programme is based on capacity building of LFPs and the development and implementation of sound E&S Management Systems (ESMS) to ensure E&S risks are properly mitigated on subprojects.

The E&S due diligence process will be based on the project life cycle, following the steps below:

- **Identification:** the LFP portfolio and the expected Project activities are screened against AFD's Exclusion List to ensure no activity on this list will be financed. Then, the AFD E&S expert considers the LFP's existing management system and portfolio for E&S and classifies the Project as FI-A (High-risk portfolio), FI-B (Medium-risk portfolio), or FI-C (Low-risk portfolio). This category defines the E&S due diligence to be implemented in the subsequent stages.
- **Instruction:** in-depth analysis of the LFP ESMS is conducted by an AFD E&S Expert through a review of E&S existing documentation and, where necessary, through exchange sessions with the LFP teams, integration of E&S aspects to be addressed by the feasibility study, and analysis of specific sectoral and/or country-specific E&S aspects. A gap analysis is conducted against AFD-GCF requirements and, as required, an E&S Action Plan (ESAP) is defined for LFPs in need of strengthening their ESMS. E&S contract clauses, including the ESAP, are drafted.
- **Commitment:** E&S clauses are finalized and integrated into the credit facility agreement.
- **Supervision:** where applicable, AFD E&S Expert follows up the technical assistance activities dedicated to E&S support through definition of the TA programme, meetings and exchange sessions, and a documentation review. For all Projects, the AFD E&S Expert monitors ESMS operational aspects through at least the review of E&S annual monitoring report and, if necessary, on-site visits of subprojects and review of subprojects' documentation.

Gender-related aspects are considered through a specific gender analysis of Projects and Subprojects, aiming at ensuring men and women benefit from the Programme in an equal manner. Gender analysis is systematically conducted on Projects and gender is integrated into E&S due diligence for Projects and Subprojects. The possibility and opportunity of defining gender equality objectives in Projects is considered during project appraisal, in line with AFD's gender equality strategy and the related methodology. Where necessary, TA programmes will be defined in order to cover E&S risk management and gender-related topics and to strengthen LFPs' capacity on such topics.

F.4. Financial Management and Procurement

<u>Financial Management</u>

At Programme level:

The detailed provisions regarding financial management of the GCF resources by AFD will be described in the two FAAs: one related to the grant component and one related to the loan component. Reporting will be provided by AFD to the GCF specifying among others:

- The amounts already committed and disbursed by AFD to local partners, by country and by instrument;
- The remaining amount on the different GCF accounts;
- A provisional disbursement schedule on a one-year rolling horizon;
- For the loan component, if any, a list of the incidents recorded during the repayment period of the loans

provided to LFPs.

At LFP level:

A credit risk monitoring will be carried out by AFD through the assessment of the financial statements of LFPs, monitoring of financial covenants, etc. Audits may also be performed to assess the use of the funds under the Programme.

Procurement

AFD's Procurement rules are in line with international standards provided by the World Bank Group. The AFD Procurement guidelines will apply to local partners that will be in charge of implementing the Programme. For instance regarding the grant component, in accordance with these guidelines, the TA Consultant will be recruited by local partners through an international bidding process. For a detailed presentation of AFD Procurement rules, see the Procurement Guidelines for AFD Financed Contracts in Foreign Countries available on AFD's website (https://www.afd.fr/sites/afd/files/2017-09/directives-passation-marches-etats-etrangers-english-version.pdf).

G.1. Risk Assessment Summary

The main risk factors are related to (see below for a more detailed presentation):

- The implementation of the technical aspects of the Programme: slow uptake of the Programme because of technical barriers, ability of LFPs to identify climate-related projects and monitor results, etc.;
- The financing of subprojects: ability of LFPs to closely assess credit risk, to monitor financial performance of eligible investments, to manage forex risks, etc.;
- The correct use of GCF and AFD Funds: in each country of deployment, AFD will have to establish an explicit and precise set of eligibility criteria, with LFPs checking the process for eligible investments, etc.
- The environmental and social risks: given the variety of sectors targeted (agriculture, infrastructure, forestry, water, etc.) and the typology of projects (greenfield, rehabilitation, etc.) financed under the Programme, the Programme may be exposed to E&S risks on financed activities through LFPs.

Thanks to the experience on the SUNREF Programme, AFD has a solid track record in efficiently mitigating these different types of risks.

G.2. Risk Factors and Mitigation Measures

Please describe financial, technical and operational, social and environmental and other risks that might prevent the project/programme objectives from being achieved. Also describe the proposed risk mitigation measures.

Selected Risk Factor 1

Description	Risk category	Level of impact	Probability of risk occurring
The main technical risk identified is the slow uptake of the Programme by the LFPs (being early adapters in a new field of lending) due to the need for building new skills and products within the LFPs and due to the timeline for some projects' maturation related to regulatory constraints (biofuels, net metering for PV electricity, etc.).	Technical and operational	Medium (5.1-20% of project value)	Low

Mitigation Measure(s)

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

These risks will be mitigated by the eligibility criteria, the pipeline identification, and the planned awareness training sessions of the TA programme. The technical assistance also ensures that the relevant sub-borrowers have the capacity to implement and operate the projects.

The technical assistance will have a key role to support the identification of a diversified portfolio of eligible projects by LFPs. Specific attention will be paid to the variety of projects and sectors in order to build a constant deal flow for LFPs. In addition, the TA will have to be available at the early stage of the Programme implementation in the different countries in order to make sure that there will not be any latent period for LFPs.

Selected Risk Factor 2			
Description	Risk category	Level of impact	Probability of risk occurring
Appropriation of climate-related reporting and accountability framework by LFPs.	Technical and operational	Low (<5% of project value)	Medium
Mitigation Measure(s)			
One of the main challenges of the Programme will be to mainstream climate-related strategies within financial institutions, some of which are not very familiar with this topic. The capacity building of the TA programme will be of major importance to support the implementation of climate-oriented portfolio management habits within LFPs, including climate and gender specific issues. At the beginning of the Programme, some of the LFPs could have difficulties in identifying eligible investments due to a lack of a simple benchmark or toolkits that could allow commercials to rapidly identify investments with positive impacts on the climate.			
Selected Risk Factor 3			
Description	Risk category	Level of impact	Probability of risk occurring
LFPs will be exposed to credit risk once they finance subprojects through the Programme. As these projects can be quite innovative or rely on new technologies or specific financial structuring, LFPs will have to pay attention to the decision-making process and the tools they mobilize to monitor this specific portfolio.	Financial	Medium (5.1-20% of project value)	Low
Mitigation Measure(s)			
The TA team will be in charge of supporting the LFPs at each stage of the decision process to make sure that all required technical information regarding the sub-project is available and reliable. In addition, the TA can provide the LFPs with dedicated monitoring tools in order to secure the correct implementation of subprojects and the effectiveness of expected results (energy consumption reduction for example). The track record on the SUNREF Programme shows that subprojects have only rarely met difficulties during the implementation phase that had significant consequences on the repayment capacity of the borrower.			
Selected Risk Factor 4			
Description	Risk category	Level of impact	Probability of risk occurring
Risk of misuse of the GCF Funds by LFPs.	Technical and operational	Medium (5.1-20% of project value)	Low
Mitigation Measure(s)			
AFD's process to select and target eligible investments is now well established. The selection of LFPs relies on (i) their interest for the climate change topic, (ii) their willingness to deploy a specific strategy to finance climate-related			

projects, and (iii) their financial ability to do so. In addition, the eligibility criteria will be explicitly specified in the loan contracts between AFD and LFPs. On a case-by-case basis, a specific monitoring process is implemented by AFD to ensure that subprojects are eligible for GCF and AFD funding. At least, all subprojects are subject to eligibility analysis after each disbursement to LFPs and before the Programme ends.			
Selected Risk Factor 5			
Description	Risk category	Level of impact	Probability of risk occurring
The main stakeholders of the Programme (LFPs, ministries, public entities, industry associations, ESCOs, etc.) often highlight the relevance of SUNREF's approach at a crucial time for the ecological transition. The major risk often remains the effective and coordinated implementation of these positive intentions expressed by the local authorities.	Other	High (>20% of project value)	Low
Mitigation Measure(s)			
The Programme will be implemented over a long time period, therefore leaving time to serve more ambitious public policies. The experience of AFD on SUNREF programmes – more broadly related to dialogue with public entities and a strong coordination between all the stakeholders involved – will help mitigate this risk. AFD local offices will maintain close relationship with host governments through policy dialogue activities that will aim to identify policy and regulatory bottlenecks.			
Selected Risk Factor 6			
Description	Risk category	Level of impact	Probability of risk occurring
The sub-loans granted under the Programme will be either in hard or local currencies whereas the Programme's credit lines will either be in EURO or USD. In these conditions, the LFPs will have to bear a temporary currency mismatch in their balance sheet.	Financial	Medium (5.1-20% of project value)	Medium
Mitigation Measure(s)			
The management of foreign exchange risk by the LFPs (through hedging mechanisms) is always deeply analysed and is a condition for implementing such programmes. In emerging countries, most often, this is a risk that local financial institutions are used to managing. Besides, the credit risk of the sub-loans will be mitigated by LFPs' due diligence prior to the approval of each loan and by setting adequate loan conditions. In certain conditions, other foreign exchange risk mitigation tools can be implemented if needed (TCX, currency swap with local institutions, etc.).			
Selected Risk Factor 7			
Description	Risk category	Level of impact	Probability of risk

			occurring
Specific E&S risks according to the sectors financed,[1] such as poor labor and working conditions, land acquisition and involuntary displacements, pollution and negative impacts on biodiversity and natural resources, impacts on community health and safety, poor engagement of communities and stakeholders, and negative impacts on indigenous peoples and cultural heritage.	Social and environmental	Medium (5.1-20% of project value)	Medium
Mitigation Measure(s)			
Every Project to be financed under the Programme will comply with AFD and GCF E&S and gender requirements, as per the Programme E&S Framework. The Programme will ensure LFPs' capacity to ensure E&S risk management on their portfolio, so as to ensure E&S risks are properly managed and mitigated on subprojects. In order to mitigate E&S risks, LFPs will be supported in the development and/or strengthening of ESMS, in order to ensure E&S due diligence in their portfolio. For each subproject, the level of E&S risk will be identified, appropriate E&S evaluation will be conducted (e.g. through E&S Impact Assessment), and mitigation measures will be defined (E&S Management Plan). This approach will significantly lower the risks. E&S risks will be avoided, minimized or, if this is not possible, compensated. Additional information can be found in section F.3 and in the Programme's E&S Framework.			

Other Potential Risks in the Horizon
Potential market distortion risk through the incentives proposed by the Programme Such risks will be mitigated by including several LFPs within the same country in the Programme to ensure competition on the loan market. Besides, the design of an incentives scheme is always linked to the performance of subprojects (minimum required performance standard level), which represent a niche market at the time of the Programme's implementation.

[1] E&S potential risks on Programme funded sectors are detailed in the E&S framework.

H.1. Logic Framework.

Please specify the logic framework in accordance with the GCF's Performance Measurement Framework under the Results Management Framework.

H.1.1. Paradigm Shift Objectives and Impacts at the Fund level[2]	
Paradigm shift objectives	
	Targeted paradigm shifts: Increased climate-resilient sustainable development and shift to low-emission sustainable development pathways. Financial intermediation is an efficient tool to build capacity, raise awareness among LFPs and sub-borrowers, and enable large scale uptake of new product lines such as climate-related technologies. It may appear to be more uncertain concerning impacts when compared to direct financial support, but it brings though significant additional value in shifting paradigms since it generates: - Better stakeholders ownership since LFPs and borrowers are directly involved. - Better replication effects, since both LFPs and borrowers learn about opportunities and get a better understanding of their benefits; and - More systemic impacts, as borrowers are motivated to use funds cost effectively; Therefore, the Programme's financial intermediation scheme will leverage substantial transformational benefits feeding into increased climate-resilient and low-emission sustainable development pathways, by: • **Implementing and adapting public policies to private companies**, having a demonstration effect on how the private sector can serve public policy and contribute to the improvement of these private sector policies by participating in institutional debates and policy dialogue on climate finance and environmental protection; • **Accessing and developing new markets related to climate transition** by providing dedicated financing and consulting services; • **Creating new job opportunities in the green economy**; • **Structuring a sustainable banking offer** around the green economy; • **Disseminating technical know-how and good practices and building local expertise** through the local entities that will implement the TA; • **Ensuring regulatory compliance on climate and environmental issues** (anticipation of future regulations, compliance with the requirements of international clients, carbon avoidance, etc.); • **Improving the competitiveness of the private sector** (companies and individuals) by upgrading production facilities and giving access to new climate-related technologies at affordable costs • **Increasing societal recognition and demand** by clients, employees, civil society, and financial partners.

[2] Information on the Fund's expected results and indicators can be found in its Performance Measurement Frameworks available at the following link (Please note that some indicators are under refinement): http://www.greenclimate.fund/documents/20182/239759/5.3_-_Performance_Measurement_Frameworks__PMF_.pdf/60941cef-7c87-475f-809e-4ebf1acbb3f4

Expected Result	Indicator	Means of Verification (MoV)	Baseline	Target		Assumptions[3]
				Mid-term (if applicable) Q3 2022	Final	
Fund-level impacts						
Shift to low emission sustainable development pathway						
M1.0 Reduced emissions through increased low-emission energy access and power generation	1.1 Tonnes of carbon dioxide equivalent (t CO_2eq) reduced or avoided	LFP and / or Verification consultant (ex ante calculation at sub-project level to be financed under the AFD-GCF Programme) AFD local office (first level control) AFD Project manager (second level control) AFD Climate division (on a case by case basis) Independent auditor (on a case by case basis)	0	3,600,000 tCO_2eq	10,850,000 tCO_2 eq	Assuming 35% of financing in the RE sector Assuming AFD achieves the programme's investment targets Assuming projects deliver intended carbon savings Assuming 20-year asset life
M3.0 Reduced emissions from buildings, cities, industries and appliances	3.1 Tonnes of carbon dioxide equivalent (t CO_2eq) reduced or avoided		0	3,150,000 TCO_2eq	9,400,000 TCO_2 eq	Assuming 5% of financing in the waste management sector and 20% of financing in the EE sector Assuming AFD achieves the programme's investment targets Assuming projects deliver intended carbon savings Assuming 20-year

[3] Calculations consider the exchange rate of September 21, 2018 : 1 EUR= 1.18 USD

						asset life
M4.0 Reduced emissions from land use, reforestation, reduced deforestation, and through sustainable forest management and conservation and enhancement of forest carbon stocks	4.1 Tonnes of carbon dioxide equivalent (t CO_2eq) reduced or avoided		0	5,250,000 TCO_2 eq	15,500,000 TCO_2 eq	Assuming 30% of financing in the forestry and agriculture sector Assuming AFD achieves the programme's investment targets Assuming projects deliver intended carbon savings Assuming there is sufficient buy-in from communities to ensure sustained delivery of interventions
Increased climate resilient sustainable development						
A 1.0 Increased resilience of health and well-being, and food and water security	1.2 Number of males and females benefiting from the adoption of diversified, climate-resilient livelihood options (including fisheries, agriculture, tourism, etc.)	Same as above	0	330,000	1,000,000	Assuming 30% of financing in the agriculture and forestry sector Assuming AFD achieves the programme's investment targets Assuming there is sufficient buy-in from communities to ensure sustained delivery of interventions

A 2.0 Increased resilience of health and well-being, and food and water security	2.2 Number or food-secure households (in areas/periods at risk of climate change impacts)	Same as above	0	12,500	38,000	Assuming 25% of financing in the agriculture sector Assuming AFD achieves the programme's investment targets Assuming there is sufficient buy-in from communities to ensure sustained delivery of interventions
A 2.0 Increased resilience of health and well-being, and food and water security	2.3 Number of males and females with year-round access to reliable and safe water supply despite climate shocks and stresses	Same as above	0	55,000	170,000	Assuming 10% of financing in the water management sector Assuming AFD achieves the programme's investment targets
A3.0 Increased resilience of intrastructure and the built environment to climate change	3.1 Value of physical assets made more resilient to climate variability and change, considering human benefits (reported where applicable)	See above	0	115M€	344M€	Assuming 40% of financing in adaptation Assuming AFD achieves the programme's investment targets

H.1.2. Outcomes, Outputs, Activities and Inputs at Project/Programme level						
Expected Result	**Indicator**	**Means of Verification (MoV)**	**Baseline**	**Target** Mid-term (if applicable)	Final	**Assumptions**
Project/Programme outcomes	**Outcomes that contribute to Fund-level impacts**					
M5.0 Strengthened institutional and regulatory systems	5.1. Institutional and regulatory systems that improve incentives for low emission planning and development and their effective implementation	AFD local office TA AFD Climate division National publications (statistics, decree, etc.)	0	3	14	Assuming at least 1 project implemented in each country targeted by the Programme Assuming political ambition to foster development and climate change mitigation strategies Assuming that dialogue and consultations carried out with public authorities will enable to strengthen institutional and regulatory systems in the end Assuming sufficient buy-in from the institutional counterparts (success rate of 80%)

M6.0 Increased number of small, medium and large low-emission power suppliers	6.2 Number of individuals (males and females) with improved access to low-emission energy sources	LFP and / or Verification consultant (ex ante calculation at sub-project level to be financed under the AFD-GCF Programme) AFD local office (first level control) AFD Project manager (second level control) AFD Climate division (on a case by case basis) Independent auditor (on a case by case basis)	0	70,000 individuals	210,000	Assuming 35% of financing in the RE sector, excluding rehabilitation. Assuming AFD achieves the programme's investment targets Assuming no major change in energy prices.
M6.0 Increased number of small, medium and large low-emission power suppliers	6.3 MWs of low-emission energy capacity installed, generated and/or rehabilitated		0 MW	90 MW	280 MW	Assuming 35% of financing in the RE sector, excluding rehabilitation. Assuming AFD achieves the programme's investment targets
M7.0 Lower energy intensity of buildings, cities, industries and appliances	7.1 Energy intensity/improved efficiency of buildings, cities, industries and appliances	Same as above	0 GWh/year	67 GWh/year	200 GWh/year	Assuming 20% of financing in the EE sector Assuming AFD achieves the programme's investment targets
M9.0 Improved management of land or forest areas contributing to emissions reductions	9.1 Hectares of land or forests under improved and effective management that contributes to CO_2 emission reductions	Same as above	0			Assuming 30% of financing in the agriculture and forestry sector Assuming AFD achieves the programme's investment targets Assuming

				14,000	40,000	communities are cooperative and adopt enhanced practices Assuming extreme weather events do not happen during the project implementation Calculation assumptions are based on projects tackling drip irrigation and reforestation with high value species only
Additional mitigation outcome	Number of companies successfully developing low carbon investment or service	AFD local office TA	0	175	530	Assuming 60% of financing in mitigation Assuming AFD achieves the programme's investment targets
A5.0 Strengthened institutional and regulatory systems for climate-responsive planning and development	5.1 Institutional and regulatory systems that improve incentives for climate resilience and their effective implementation	AFD local office TA AFD Climate division National publications (stasitics, decree, etc.)	0	3	14	Assuming 40% of financing in adaptation Assuming at least 1 project implemented in each country targeted by the Programme Assuming institutional ambition to foster development and climate change adaptation strategies Assuming that dialogue and consultations

						carried out with public authorities will enable to strengthen institutional and regulatory systems in the end Assuming sufficient buy-in from the institutional counterparts (success rate of 80%)
A6.0 Increased generation and use of climate information in decision-making	6.2 Number of companies using climate information products / services in climate-sensitive sectors	AFD local office TA AFD Climate division	0	370	880	Assuming 40% of financing in adaptation Assuming AFD achieves the programme's investment targets
A8.0 Strengthened awareness of climate threats and risk-reduction processes	8.1 Number of males and females made aware of climate threats and related appropriate responses	AFD local office TA	0	2,150	6,500	Assuming 40% of financing in adaptation Assuming 880 companies use climate information products / services in climate-sensitive sectors Assuming sufficient buy-in from the companies' employees (success rate of 66%)
Additional adaptation outcome	Number of companies successfully developing climate resilience investment and services	Same as above	0	115	350	Assuming 40% of financing in adaptation Assuming AFD achieves the

						programme's investment targets
Project/Programme outputs	**Outputs that contribute to outcomes**					
1. Loan component: Commercially viable climate-related and sustainable projects are identified, financed and implemented	Volume of financing (MEUR)	LFPs Monitoring report AFD monitoring report Independent audit report (if relevant)	0	287	860	Financial and technical resources deployed in the course of the Programme will enable the emergence of climate-related projects Assuming that GCF and AFD co-financing will leverage 246MEUR of top-up funding from LFPs
2. Grant component: Climate-related and sustainable projects technical and financing skills are successfully integrated	Number of people trained Number of climate strategies implemented or strengthened Number of E&S and gender policy implemented or strengthened Number of marketing strategy and communication campaigns	LFPs Monitoring report AFD monitoring report Independent audit report (if relevant)	0 0 0 0	300 10 10 10	900 30 30 30	Around 30 people trained per LFP Around 30 LFPs financed under the Programme
Activities	**Description**		**Inputs**		**Description**	
Output 1. Loan component	Providing credit facilities to local financial partners with adapted financial incentives and eligibility		Financial resources to finance adaptation and		Mobilisation of financial	

Activity 1.1:Financing of climate and sustainable investments (adaptation and mitigation)	criteria tailored to foster the best local climate investments: appraisal process of LFP, structuring project in line with eligibility criteria, execution of relevant loan agreements with LFPs, monitoring and reporting, project evaluation	mitigation projects	resources with adapted conditions (tenor, grace period, interest rate)
Output 2. Grant component Activity 2.1: Supporting the identification and development of eligible and bankable climate-related projects	Building LFPs' pipeline of projects, eligibility assessment of sponsors' projects, reviewing and improving projects' business models, assessing technical and financial risks of projects	Financial and technical expertise deployed to develop, assess, and report on projects	Mobilisation of technical and financial experts to support LFPs and projects sponsors in the following sectors: renewables, energy efficiency, water, waste, forestry, agriculture
Output 2. Grant component Activity 2.2: Supporting the definition and implementation of climate strategies	Defining climate strategies, defining climate objectives/indicators, setting up of dedicated operational procedures, establishment of assessment tools for climate related projects (CO2 measurement, etc.), knowledge transfer on climate-related technologies.	Expertise and skills transfer for LFP's capacity enhancement on climate	Mobilisation of Climate experts Implementation of climate policy, procedures and assessment tools Internal training Field visits / Sharing of experience

Output 2. Grant component Activity 2.3: Capacity building: management of environmental and social risks	Supporting LFPs in defining and implementing an E&S management system, training LFP on how to assess, reduce, mitigate E&S risks, raising awareness on E&S issues in different sectors.	Expertise and skills transfer for LFP's capacity enhancement on E&S risk management	Mobilisation of E&S experts Implementation of E&S risk management policy and procedures Implementation of sector-specific guidelines Internal training Field visit / Sharing of experience
Output 2. Grant component Activity 2.4: Supporting the definition and implementation of a gender policy	Supporting LFPs in defining a Gender diagnosis and Gender action plan, training of LFPs' employees, raising awareness within the LFPs through events, information sharing.	Expertise and skills transfer for LFP's capacity enhancement on gender	Mobilisation of gender experts Implementation of gender policy and sector-specific guidelines Internal training Field visit / Sharing of experience
Output 2. Grant component Activity 2.5: Supporting marketing and communication activities	Supporting LFPs in structuring a green climate offer, defining a related marketing plan, designing leaflets and communication tools for LFPs to promote the offer.	Marketing and communication event using internal and/or external resources	Mobilisation of marketing, communication and web-design experts Mobilisation of training engineering experts

H.2. Arrangements for Monitoring, Reporting and Evaluation

Besides the arrangements laid out in AMA, please provide project/programme specific institutional setting and implementation arrangements for monitoring and reporting and evaluation. Please indicate how the interim/mid-term and final evaluations will be organized, including the timing. Please provide methodologies for monitoring and reporting of the key outcomes of the project/programme.

<u>At project level</u>

During the disbursement period, AFD will receive reports from LFPs implementation to track progress and identify potential issues as well as improvement opportunities. In this document, LFPs will report on a semi-annual or annual basis on performance indicators (e.g. MW installed capacity, TeqCO2 avoided, etc.), as well as qualitative information (climate strategy, training, growth of green portfolio, etc.), as defined in the AFD-LFP credit facility agreement.

AFD local agencies will ensure the day-to-day monitoring by overseeing the implementation of projects, meeting with LFPs on a regular basis, ensuring coordination with TA, exchanging with local government, etc. Every semester, they will review projects' performance and assess any potential risks. The local agency staff will be able to check the validity and robustness of the projects' results thanks to their proximity, strong knowledge of the situation on the ground, and these regular exchanges and visits.

Project Managers (based in AFD's Paris headquarters) or accredited consultants will visit projects and meet LFPs on average once in a year. Following this mission, a project implementation report will be shared with all the project stakeholders (e.g. LFPs, local authorities, and other parties involved). Project Managers will be responsible for overseeing project implementation and for approving funding disbursements. On a yearly basis, all projects will be assessed through an internal quality review process based on several indicators (technical implementation, disbursement, procurement, outcomes, etc.). Red flag projects that meet any kind of difficulties are subject to a specific monitoring process before returning to a regular implementation pathway.

Controls will be performed before every disbursement so as to continuously oversee the correct implementation of projects. In particular, AFD will ensure that the required conditions have been fulfilled before proceeding with a disbursement. Accounting and financial audits could also be conducted by the Group AFD or an independent third party.

At the end of the disbursement period, AFD will prepare a project completion report summarizing the main events of the implementation phase, the results achieved, and the lessons learned. This report will also provide recommendations for future improvement.

During the repayment period, a biannual monitoring of the use of funds will be carried out by the local agencies and at corporate level by the middle office.

In addition, about a year after the drafting of the project completion report, the Evaluation department of AFD may conduct an ex-post evaluation of projects or appoint a local consultant to do so. In most cases, AFD prefers to select a local consulting firm based in the country where the project is located. This allows the Agency to take advantage of deep contextual knowledge and to help develop local evaluation skills.

The consultant will be tasked with evaluating the impact of the project (economic, environmental, etc.) and writing a report that will be shared with all relevant stakeholders (central and local governments, companies, NGOs, etc.) and could also be made public.

It is worth noting that the evaluation function within AFD refers to the same evaluation principles and criteria developed by the OECD Development Assistance Committee (DAC) and its evaluation protocols are similar. AFD adheres to its principles for evaluation, which are impartiality and independence, credibility, usefulness, participation (of local partners) and coordination (with other donors). The evaluations aim to improve future projects and programmes by deriving lessons from experience and to find ways to make aid more effective.

At Programme level

An Annual Performance Reports (APR) will be submitted to the GCF following reporting requirements under the AMA and FAAs, in parallel to performance and financial information at country and LFP-level. In particular, the APR will include a narrative report on the implementation progress based on the logical framework, considerations on the ongoing performance of the Programme, updates on the indicators, and a report on ESS as well as gender.
The APR will be submitted to the Secretariat on an annual basis for the period ending on 31 December within 60 days after the end of the relevant annual period. The first APR will be submitted following the end of the calendar year after the Parties have entered into the relevant FAA and the last APR will be submitted within six months of the end of the relevant reporting period.

The implementation reporting period of the Programme will start from the date of effectiveness of the FAAs until the Programme implementation end date. Financial reporting will continue until full repayment of the loans.

The mid-term and final independent evaluation of the Programme will be organized and managed by the Evaluation department, on the same basis as any project funded under the Programme.

I. Supporting Documents for Funding Proposal

☒ NDA No-objection Letter

☒ Feasibility Study (if available) : See the country forms

☐ Integrated Financial Model that provides sensitivity analysis of critical elements (xls format, if applicable) – non applicable

☒ Confirmation letter or letter of commitment for co-financing commitment (If applicable)

☒ Project/Programme Confirmation/Term Sheet (including cost/budget breakdown, disbursement schedule, etc.) – see the Accreditation Master Agreement and Term-sheet

☒ Environmental and Social Impact Assessment (ESIA) or Environmental and Social Management Plan (cat I-1 Programme) :

https://www.afd.fr/fr/cadre-environnemental-et-social

https://www.afd.fr/en/environmental-and-social-framework

https://www.afd.fr/es/marco-ambiental-y-social

https://www.afd.fr/sites/afd/files/2018-02-12-10-22/Environmental-social-framework-arabic-version.pdf☐ Appraisal Report or Due Diligence Report with recommendations (If applicable) – Non applicable

☐ Evaluation Report of the baseline project (If applicable) – Non applicable

☒ Map indicating the location of the Project/Programme – cf. section A.1.3

☒ Timetable of Project/Programme implementation – cf. section C.8

☒ Programme procurement plan

☒ Gender action plan

☒ Indicative list of eligible climate technologies (Annex A)

☒ AFD carbon assessment methodology (Annex B)

☒ AFD methodology approach for estimating private climate finance mobilized by credit lines

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

ANNEX A: INDICATIVE LIST OF CLIMATE TECHNOLOGIES

This list is indicative and may evolve depending on the market developments and local needs identified during the implementation of the Programme. The Programme will seek to ensure the use of best technologies available in each market.

Key:

Mitigation technologies are shown in green

Adaptation technologies (to be confirmed according to the local context / vulnerability assessment) are shown in red

Category	Sub-category	Type of Climate Technologies
1. Renewable Energy	1.1 Electricity Generation	Wind power
		Geothermal power (only if net emission reductions can be demonstrated)
		Solar power (concentrated solar power, photovoltaic power, solar home system (SHS))
		Biomass, biofuel or biogas power with positive carbon balance that does not threaten food security • Rehabilitation/construction of biomass units for heat and/or electricity generation (combustion, pyrolysis, gasification, etc.) • Rehabilitation/construction of biofuels plants (biodiesel, ethanol, etc.) • Rehabilitation/construction of biogas valorization plants (cogeneration, purification, etc.) in waste treatment plants (landfill, organic waste treatment plants, etc.)
		Ocean power (wave, tidal, ocean currents, salt gradient, etc.)
		Small and Medium Hydropower plants (only if net emission reductions can be demonstrated) with environmental and social impacts' mitigation
		Renewable energy power plant retrofits
	1.2 Heat Production or other renewable	Solar water heating and other thermal applications of solar power in all sectors

	energy application	Thermal applications of geothermal power in all sectors
		Wind-driven pumping systems or similar
		Thermal applications of sustainably/produced bioenergy in all sectors, incl. efficient, improved biomass stoves • Plantations of products or sub-products to produce biofuels (wood, charcoal, pellets, etc.) • Fabrication/distribution of biofuels from biomass (wood, agricultural or industrial sub-products, etc.) • Conception/construction/distribution of improved cook stoves for biofuels
	1.3 Transmission and distribution systems, greenfield	New transmission systems (lines, substations) or new systems (e.g., new information and communication technology, storage facility, etc.) to facilitate the integration of renewable energy sources into grid
		Green mini-grid systems or off-grid solutions (including, hybrid system of solar PV and diesel generator)
		Improving existing systems to facilitate the integration of renewable energy sources into grid
2. Lower-carbon and efficient energy generation[4]	2.1 Transmission and distribution systems	Retrofit of transmission lines or substations and/or distribution systems to reduce energy use and/or technical losses, excluding capacity expansion
		Smart metering : rehabilitation/installation of smart and/or communicating meters
		Demand-side Management (DSM) : rehabilitation/installation of infrastructure and control software for distribution networks Installation of equipment toward a better network management (service interruption management, loss reduction,…)
	2.2 Power Plants	Renewable-energy based hybrid system (e.g. including a renewable energy generation component)
		Hybridization of existing power plants through adding a renewable-energy based component
		Conversion of existing fossil-fuel based power plant to co-generation technologies that generate electricity in addition to providing heating/cooling
		Waste heat recovery improvements.

[4] only if net emission reductions can be demonstrated

3. Energy efficiency[5]	3.1 Brownfield energy efficiency in industry	Industrial energy-efficiency improvements though the installation of more efficient equipment, changes in processes, reduction of heat losses and/or increased waste heat recovery
		Installation of co/generation plants that generate electricity in addition to providing heating/cooling
		More efficient facility replacement of an older facility (old facility retired)
	3.2 Brownfield energy efficiency in commercial, public and residential sectors (buildings)	Energy-efficiency improvement in lighting, appliances and equipment
		Substitution of existing heating/cooling systems for buildings by co/generation plants that generate electricity in addition to providing heating/cooling
		Retrofit of existing buildings: Architectural or building changes that enable reduction of energy consumption
	3.3 Brownfield energy efficiency in public services	Energy-efficiency improvement in utilities and public services through the installation of more efficient lighting or equipment
		Rehabilitation of district heating systems
		Utility heat loss reduction and/or increased waste heat recovery
		Improvement in utility scale energy efficiency through efficient energy use, and loss reduction
	3.4 Vehicle energy efficiency fleet retrofit	Existing vehicles, rail or boat fleet retrofit or replacement (including the use of lower-carbon fuels, electric or hydrogen technologies, etc.)
	3.5 Greenfield energy efficiency in commercial and residential sectors (buildings)	Use of highly efficient architectural designs, energy efficiency appliances and equipment, and building techniques that reduce building energy consumption, exceeding available standards and complying with high energy efficiency certification or rating schemes
	3.6 Energy audits	Energy audits to energy end-users, including industries, buildings, and transport systems
4. Agriculture, forestry and land-use	4.1 Agriculture	Agroecology, conservation agriculture with in minimal soil disturbance, permanent soil cover and crop rotations
		Land project development (soil protection, water protection,

[5] only if net emission reductions can be demonstrated

		earthwork, etc.)
		Adaptable / Climate-resilient species (resistant to drought, flooding, high temperatures, salinity, etc)
		Reduction in energy use in traction (e.g. efficient tillage), irrigation, and other agriculture processes
		Rural energy (mill, solar pumping, other renewables)
		Agriculture projects that do not deplete and/or improve existing carbon pools (Reduction in fertilizer use, rangeland management, collection and use of bagasse, rice husks, or other agricultural waste, low tillage techniques that increase carbon contents of soil, rehabilitation of degraded lands, etc.)
	4.2 Afforestation and reforestation, and biosphere conservation	Afforestation (plantations) on non-forested land, Agroforestry Reforestation on previously forested land
		Sustainable forest management activities that increase carbon stocks or reduce the impact of forestry activities
		Biosphere conservation projects (including payments for ecosystem services) targeting reducing emissions from the deforestation or degradation of ecosystems
	4.3 Livestock	Livestock projects that reduce methane or other GHG emissions (manure management with biodigestors, etc.)
		Wind / Solar electric fence
		Rehabilitation of degraded grazing area in agricultural or wooded area
	4.4 Biofuels, Biomass[6]	Plantations of organic products or sub-products to supply bioelectricity/biofuel/biogas production (including biodiesel and bioethanol)

[6] Only if biomass project does not threaten the food security and biodiversity of the concerned area and does not imply important population displacement; project's energy balance and carbon footprint must be assessed ; multi-purposes project (food and non-food project) should be preferred, fair and equitable benefit-sharing amongst the project's stakeholders (incl. gender equality).

5. Non-energy GHG reductions	5.1 Carbon capture and storage	Projects for carbon capture and storage technology that intend to prevent release of large quantities of CO_2 into the atmosphere from process emissions in industries
	5.2 Air conditioning and refrigeration	Retrofit of existing industrial, commercial and residential infrastructure to switch to cooling agent with lower global warming potential
	5.34 Industrial processes	Reduction in GHG emissions resulting from industrial process improvements and cleaner production, excluding carbon capture and storage
6. Water	6.1 Integrated water resources management	Strengthening meteorological and hydrological services Providing support for concertation tools, participative water management and fair and sustainable water sharing (ex. Basin Authorities) Develop integrated information system on hydro-meteorology
	6.2 Water use efficiency	Optimized irrigation techniques Installation of rainwater harvesting system Installation of water re-use/recycling system Rehabilitation of water distribution networks to reduce water leakages Diversification of water provision resources and installation of water production installation ensuring an efficient and sustainable use of water
	6.3 Fight against saltwater intrusion	Coastal zone protection investments (dykes, protective works,etc.)
7. Waste and wastewater	7.1 Wastewater	Treatment of wastewater if not a compliance requirement (e.g. performance standard or safeguard) as part of a larger project that reduce methane emissions (only if net emission reductions can be demonstrated)
	7.2 Waste to energy	Waste management and waste-to-energy projects that reduce methane emissions and generate energy (e.g. incineration of waste, landfill gas capture, and landfill gas combustion)
	7.3 Recycling or reuse	Waste-recycling projects that recover or reuse materials and waste as inputs into new products or as a resource (only if net emission reductions can be demonstrated).

8. Infrastructures and urban development	Resilient infrastructure / Buildings	Dikes to protect economic infrastructures against sea level rise and loss and damage due to storms and coastal flooding
		Building protective works, resilient infrastructures to reduce exposure to risks and to mitigate impacts of extreme weather events
		Early warning systems enable to improve natural disasters management and reduce loss/damages
		Housings to response to climate change
9. Transport	9.1 Urban transport modal change	Urban mass transit. Non-motorized transport (bicycles and pedestrian mobility)
	9.2 Transport oriented urban development	Integration of transport and urban development planning (dense development, multiple land-use, walking communities, transit connectivity, etc.), leading to a reduction in the use of passenger cars
		Transport demand management measures to reduce GHG emissions (e.g., speed limits, high-occupancy vehicle lanes, congestion charging/road pricing, parking management, restriction or auctioning of license plates, car-free city areas, low-emission zones).
	9.3 Inter-urban transport	Railway transport ensuring a modal shift of freight and/or passenger transport from road to rail (improvement of existing lines or construction of new lines)
10. Low-carbon technologies	10.1 Products or equipment	Projects producing components, equipment or infrastructure dedicated for the renewable and energy efficiency sectors
	10.2 R&D	Research and development of renewable energy or energy efficiency technologies
11. Cross-cutting issues	11.1 Support to national, regional or local policy, through technical assistance or policy lending, fully or partially dedicated to climate change policy or action	Mitigation and adaptation national, sectorial or territorial policies/planning/action plan policy/planning/institutions
		Energy sector policies and regulations (energy efficiency standards or certification schemes; energy efficiency procurement schemes; renewable energy policies)
		Systems for monitoring the emissions of greenhouse gases
		Efficient pricing of fuels and electricity (subsidy rationalization, efficient end-user tariffs, and efficient regulations on electricity generation, transmission, or distribution),

		Education, training, capacity building and awareness raising on climate change adaptation/mitigation/sustainable energy/sustainable transport; adaptation and mitigation research
		Other policy and regulatory activities, including those in non-energy sectors, leading to climate change adaptation, mitigation or mainstreaming of climate action
	11.2 Other activities with net greenhouse gas reduction	Any other activity not included in this list for which the results of an ex ante greenhouse gas accounting (undertaken according to commonly agreed methodologies) show emission reductions

ANNEX B: AFD Carbon Footprint

I.1. The AFD Carbon Footprint Tool's general principles

A. The AFD Carbon Footprint Tool's guiding principle

The AFD Carbon Footprint Tool's accounting method uses a project's or an activity's operational data to estimate its GHG emissions. A carbon footprint calculation is created by making an inventory of a project's activities, using physical data inputs, e.g., kilowatt-hours (kWh) of electricity and/or tonnes of diesel consumed; quantities of cement, steel and/or plastic used; amount of waste produced or the number of people transported, etc. The quantities are entered in a spreadsheet that directly computes each item's emissions in carbon dioxide equivalents (CO_2e) via a scientifically determined 'emission factor' embedded in the spreadsheet. As it multiplies the activity's 'observable' physical data values by this emission factor, the spreadsheet instantly converts each physical value into its CO_2e using kilograms and/or metric tonnes as a unit of measure.

Some examples of emission factors follow:

- 1 kWh of electricity consumed in China equals 0.74 kilograms (kg) of CO_2e emissions (source: International Energy Agency, 2009).
- Producing one metric tonne of cement emits 862 kg CO_2e.
- A short-haul 500-kilometer (km) airplane flight in business class generates 330 kg CO_2e.

When using the Tool calculator it is important to keep in mind the relatively high or low levels of certainty for each emission factor: the calculated result remains an approximation. The AFD Carbon Footprint Tool aims for flexibility and ease of use more than accuracy so that information representing orders of magnitude can inform pre-project analyses and support decision-making.

B. Gases measured

The AFD Carbon Footprint Tool's emissions inventory counts the six main greenhouse gases identified in the Kyoto Protocol:

- **Carbon Dioxide** (CO_2), which results primarily from combusting fossil fuels and from producing aluminium, steel, cement and glass.
- **Methane** (CH_4), which results from burning and/or decomposing biomass (organic material) and from producing and/or refining gasoline and natural gas.
- **Nitrous Oxide** (N_2O), which results from incinerating solid waste, spreading fertilizers, and/or various transportation means.
- **Hydrofluorocarbons** (HFC), which occur as a by-product of industrial processes making insulation, refrigeration and air conditioning.
- **Perfluorocarbons** (PFC), which occur as a by-product of aluminium production.
- **Sulphur hexafluoride** (SF_6), which is used for insulation and current interruption in electricity transmission and distribution equipment and electronic systems.

- In addition, the Tool counts GHG emissions from air travel, such as water vapour trails in the stratosphere, various forms of condensed water, nitrogen oxides (NO_x), and methane, which combined create **Ozone** (0_3): these gases are included in the emission factors.
-

C. CO_2 equivalent: a common measurement unit for GHG impacts

Each type of greenhouse gas has a different potency and atmospheric global warming potential. For instance, sulphur hexafluoride is the most potent greenhouse gas in existence. It has a global warming potential 23,900 times greater than carbon dioxide; one-half kilo of SF_6 has the same global warming impact as 11 tonnes of carbon dioxide.

To reconcile the differences between the warming potentials of various gases and have a consistent measure for varying warming impacts, a specific measurement unit – the **tonne CO_2 equivalent** or **tCO_2e** – is used. It expresses the equivalency of one metric tonne of GHG to the number of metric tonnes of CO_2 needed to generate the same warming effect over one-hundred years. (For more information, see the 2007 Intergovernmental Panel on Climate Change (IPCC) Fourth Assessment Report, page 36: http://www.ipcc.ch/pdf/assessment-report/ar4/syr/ar4_syr.pdf)

D. Sources of emissions

AFD's methodology and the AFD Carbon Footprint Tool use the same sources of emissions and nomenclature as the ISO 14069 standard for the 'Carbon Footprint of Organisations'. Emissions are separated into two distinct categories according to the project's phase – construction vs. operation – and further sub-categories, as follows:

- Project 'Construction Phase' emissions sources:
  - Clearing: deforestation
  - Construction materials: production of cement, steel, metals, etc.,
  - Construction energy consumption: fuel and electricity used during construction

- Project 'Operating Phase' emissions sources:
  - Fuel consumption: combustion of fossil fuels
  - Electricity/heat consumption
  - Other process emissions: includes non-energy producing processes, especially decarbonation from cement clinker production, methane released from mining and dam reservoirs, methanization of organic waste and wastewater, nitrous oxide released by spreading fertilizer or from industrial gases, particularly coolants
  - Purchase of goods and services: includes the production of products consumed due to the project's activity, especially metals, plastics, glass, paper and cardboard, and chemical and agricultural products
  - Freight: moving commodities, inputs and/or finished products by road, rail, air or ocean
  - Passenger transport
  - Waste and wastewater
  - Land use: changing how land is used, resulting in emissions from biomass and soil
  - Utilisation: people's use of utilities and infrastructure and/or factories or other buildings. Includes the mix of their use of transportation, electricity, fuels, products, etc., and their waste

- End of life: disposing of built or produced objects

I.2. AFD's principles for measuring its projects' climate impacts

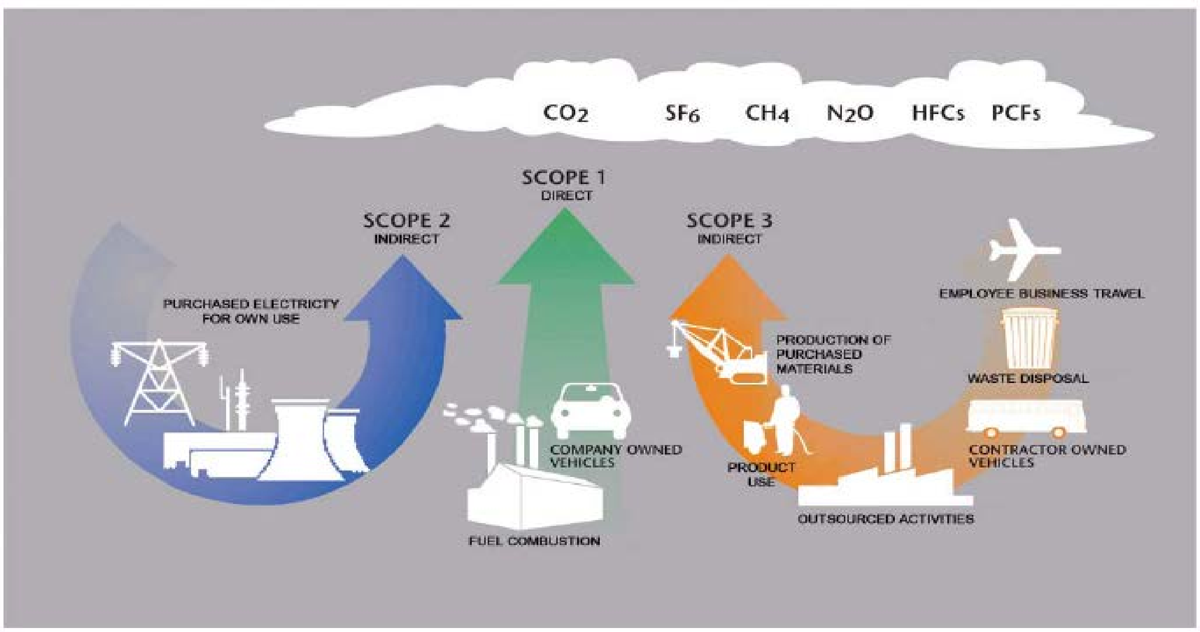
A. Transparency

A common thread ties the AFD Carbon Footprint Tool methodology together: the principle of transparency. The assumptions and data sources used for a project's carbon footprint calculations must be explained clearly to ensure a transparent audit trail from the operational data, through the assumptions, to the resulting estimates.

B. Scope of emissions

The AFD Carbon Footprint Tool calculation is compatible with the definition of 'Scopes' 1, 2 and 3 in the GHG Protocol[7] (see Figure 1).

Figure 1. GHG Operational Boundaries and 'Scopes'



Source: Greenhouse Gas Protocol, *Corporate Accounting and Reporting Standard*, Chapter 4 'Setting Operational Boundaries' (April 2004)

Scope 1 = Direct GHG emissions, from sources directly related to a project's activity, e.g., combustion, etc.

[7] AFD's methodology draws from Chapter 4 (Setting Operational Boundaries) in the *Corporate Accounting and Reporting Standard* of the Greenhouse Gas Protocol Initiative. http://www.ghgprotocol.org/standards/corporate-standard

Scope 2 = Electricity indirect GHG emissions, from the generation of purchased electricity and/or heat needed for the project's activity.

Scope 3 = Other indirect GHG emissions, from the production of materials purchased from other parties and used in the project's activity, e.g., production and/or extraction of purchased materials, waste disposal, and use of sold products and services.

The methodology used to measure the GHG emissions of AFD-financed projects accounts for direct and indirect emissions, both up- and downstream from a project, as per Scopes 1, 2 and 3.

The scope of a project's indirect emissions can be quite large, and the difficulty of obtaining suitable data can hamper including them in an AFD Carbon Footprint Tool calculation. The Tool helps resolve these issues as follows:

- All emissions sources that can be quantified with a reasonable effort are included in the calculation's scope
- Indirect sources that are too difficult to quantify are not included in the calculation, but can be the subject of a complementary qualitative analysis
- The factsheets in the last section of this guide indicate which direct and indirect emissions sources are deemed critical to include – and which are not – for each primary project type

Why measure direct and indirect GHG emissions?

Measuring indirect emissions can pose problems: the risk of double counting, no 'ownership' or control over them, and regulatory frameworks that only cover direct emissions, such as the European Union Emission Trading System.

Notwithstanding these issues, AFD's choice to measure carbon footprints using the largest scope is in line with its goal to clarify the link between development and the climate, and follows a widespread trend:

- in the same way that a project's development impacts are measured via indirect effects, e.g., the number of children in school or extent of road or air traffic, etc., understanding a project's emissions must include its indirect emissions, e.g., vehicle or airplane emissions, final energy use, etc.

- a project's vulnerability to higher costs for fuel and/or tonne of CO_2 is tied to direct emissions and to the upstream and downstream value chain, e.g., a carbon-intensive supplier and/or changes in demand due to such price increases.

For example, in the transportation sector, it would not be pertinent to assess a project's carbon footprint without accounting for the emissions that would result once the infrastructure project was built. Thus the AFD Carbon Footprint calculation for a proposed airport or road project includes data about the airport's or road's activity, i.e., the plane or vehicle traffic that serves as the main source of the project's emissions.

C. Certainty and accuracy

The AFD Carbon Footprint Tool's purpose lies in providing an order-of-magnitude accounting for the GHG emissions that a future project will create or abate. An approximate accounting is sufficient; the inherent uncertainties in some emission factors – as indicated in the AFD Carbon Footprint Tool – and the uncertainty of data means it is sometimes hard to determine precise values, especially since the calculation is made *ex ante*. However, for most projects, usually the main emissions sources are limited in number so any quantitative uncertainty will not affect their relative ranking and should not impede taking action in any way. Consequently, for each primary project type financed by AFD, the Tool's calculation accounts for only the main GHG emissions sources; they are indicated later in this document.

A carbon footprint measurement – even if approximate – helps AFD analyse projects and guides investment and financing decisions; an order-of-magnitude accounting suffices for that.

D. Conservativeness

AFD, similarly to the GHG Protocol,[8] uses a 'conservative' approach in measuring the carbon footprints of the projects it finances. The assumptions and values used to calculate the carbon footprint must tend towards overestimating emissions and underestimating reductions, especially if data inputs are uncertain.

E. Project lifetime

The calculation of GHG emissions resulting from a project covers the project's entire lifetime, which the AFD Carbon Footprint Tool user determines. The project lifetime includes both construction and operating phases:

- Construction phase: If building the project will generate negligible emissions, its construction phase is not included in the accounting. If the project's construction proves emissive, the Tool uses a one-year duration by default.
- Operating phase: For ease of comparison, standardised lifetimes for each type of project are suggested below; the Tool user can change them on a case-by-case basis as needed. The standard lifetimes are set as:
    - 50 years for dams
    - 30 years for transportation infrastructure
    - 20 years for other projects

[8] See *The GHG Protocol for Project Accounting*, December 2005, Chapter 4, GHG Accounting Principles, p.22.

Annual GHG emissions are determined by dividing the project's total lifetime (construction + operation) emissions by the total lifetime of the project.

F. Emissions aggregated over time

A project's carbon footprint calculation is presented as follows:

- Emissions generated during the construction phase in tCO_2e
- Emissions generated or abated annually during the operating phase in tCO_2e per year

To aggregate data and compare different projects, the values for the construction and/or operating phases will be added together to show the **average annual emissions over the project's lifetime**. No discount rate is applied to annual emissions.

G. Measurable projects

AFD's Tool for measuring carbon footprints can be used only for a certain type of project, i.e., a 'measurable' and 'significant' project, as defined in the third category below.

AFD categorises projects in three ways:

- **Projects that *cannot* be measured with the AFD Carbon Footprint Tool**

  This category includes budget support, some financial intermediation, budgetary financing for local governments, and capacity-building projects. In the future, changes to the Tool or new methodologies may allow measurement of these types of financing, but at present, the Tool can be used only with 'direct' financing.

  AFD is currently developing tools and methods to measure emissions for its intermediated financing operations; the difficulty of accurately attributing funds to one project or another poses a challenge.

- **Projects that *can* be measured with the AFD Carbon Footprint Tool that have a *negligible* carbon footprint**

  This category includes projects in sectors that AFD has identified as being weakly emissive that AFD chooses not to measure, to avoid slowing down the project cycle. Among such projects, the following sectors stand out:
    - Healthcare
    - Education

- **Projects that *can* be measured and that have a *significant* carbon footprint**

  Other qualified project types are measurable and generate emissions significant enough to justify calculating their carbon footprint. This category includes any project that will reduce more emissions than it generates during its lifetime (see Box 1)

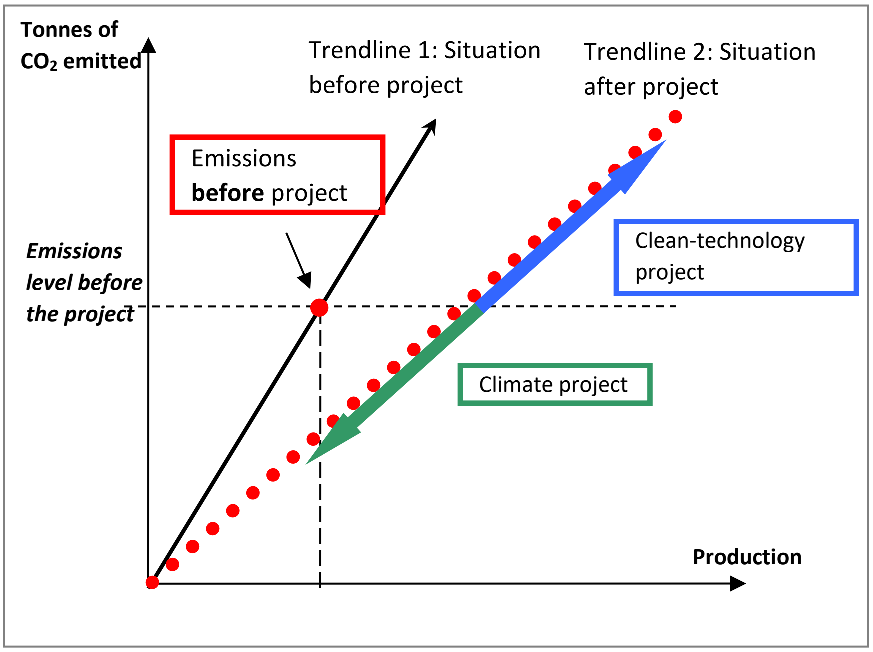
- *H. Project typology and designation*

AFD has adopted a definition for GHG emissions mitigation projects to improve the transparency of climate-friendly actions:

A project contributes to mitigating GHG emissions when the emissions it reduces are greater than the emissions it generates over its lifetime.

This definition helps clarify the border between projects that reduce GHG emission in absolute terms and those that improve an activity's carbon intensity – especially by using more efficient 'clean' technology – but which increase emissions overall, as seen in Box 1 below.

Box 1: Moving from a carbon-intensive to a low-carbon technology.



AFD qualifies projects as 'climate' projects when total GHG emissions reach a lower level after the project is implemented than was reached before.

If GHG emission levels are higher after a project is implemented, e.g., after an increase in production capacity, AFD does not give it the 'climate' project label.

If the carbon-intensity of the project is lower, AFD labels it a 'clean-technology' project.

I. Emissions attributions

To remain consistent with current carbon footprint measurement methodology, all emissions or emission reductions related to AFD-financed projects are counted without being pro-rated to the amount of funding AFD commits and without regard to the funding beneficiary's emissions' ownership or scope, i.e., including Scope 3 indirect emissions. AFD uses the AFD Carbon Footprint Tool to measure a project's total carbon footprint to understand a project's whole impact, not just that part of it attributable to AFD's financing activity.

J. Definition and selection of baseline (reference situation)

Since the objective in measuring a project's carbon footprint is to estimate the emissions that it will generate or abate, the scenario where the project is financed, built and operated must be compared to a 'reference situation', i.e., a baseline that estimates what would happen if the project didn't exist.

The reference situation is defined as the most likely situation to occur in the project's absence.

Since it is possible to construct a multitude of scenarios, AFD proposes some standardised ones so that the results can be compared internally and decisions made about the best strategy to follow. A standardised scenario will be used as the reference situation unless a special case justifies a customised scenario; in such cases, the AFD Carbon Footprint Tool user must signal use of a customised reference situation and explain its basis.

Note: The scope for calculations in the reference situation is the same as for the project.

Generally, **the standard reference situation represents a situation without the project**. (See Figure 1) EXCEPT for renewables, energy efficiency and transport (in line IFI's agreed methodology)

Choosing such reference situations makes projects aim for an ambitious counterfactual; this shows AFD's ambition to be a strong actor in addressing climate change, one who shuns 'greenwashing' and/or underestimating the emissions of projects it finances.

For example, if a factory-refurbishing project increases energy efficiency, it is expected GHG emissions will be reduced, but if the project also increases the factory's production capacity, it is expected GHG emissions will increase accordingly. Hence, the AFD Carbon Footprint Tool calculation will account **for both of the project's effects**, i.e., not only the emission reductions. Figure 2 illustrates this case:

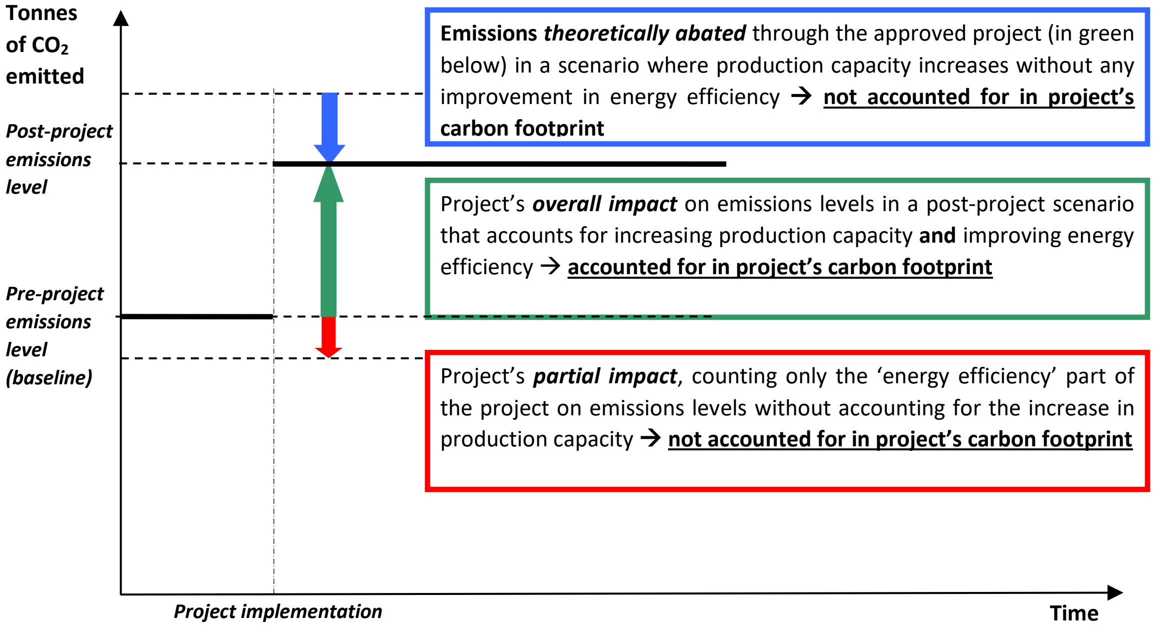
1) the red arrow only accounts for the effects of energy efficiency improvements, but not increased production (the red arrow shows the decrease in emissions);

2) the blue arrow accounts for the theoretical effect of the increased efficiency on post-project production capacity;

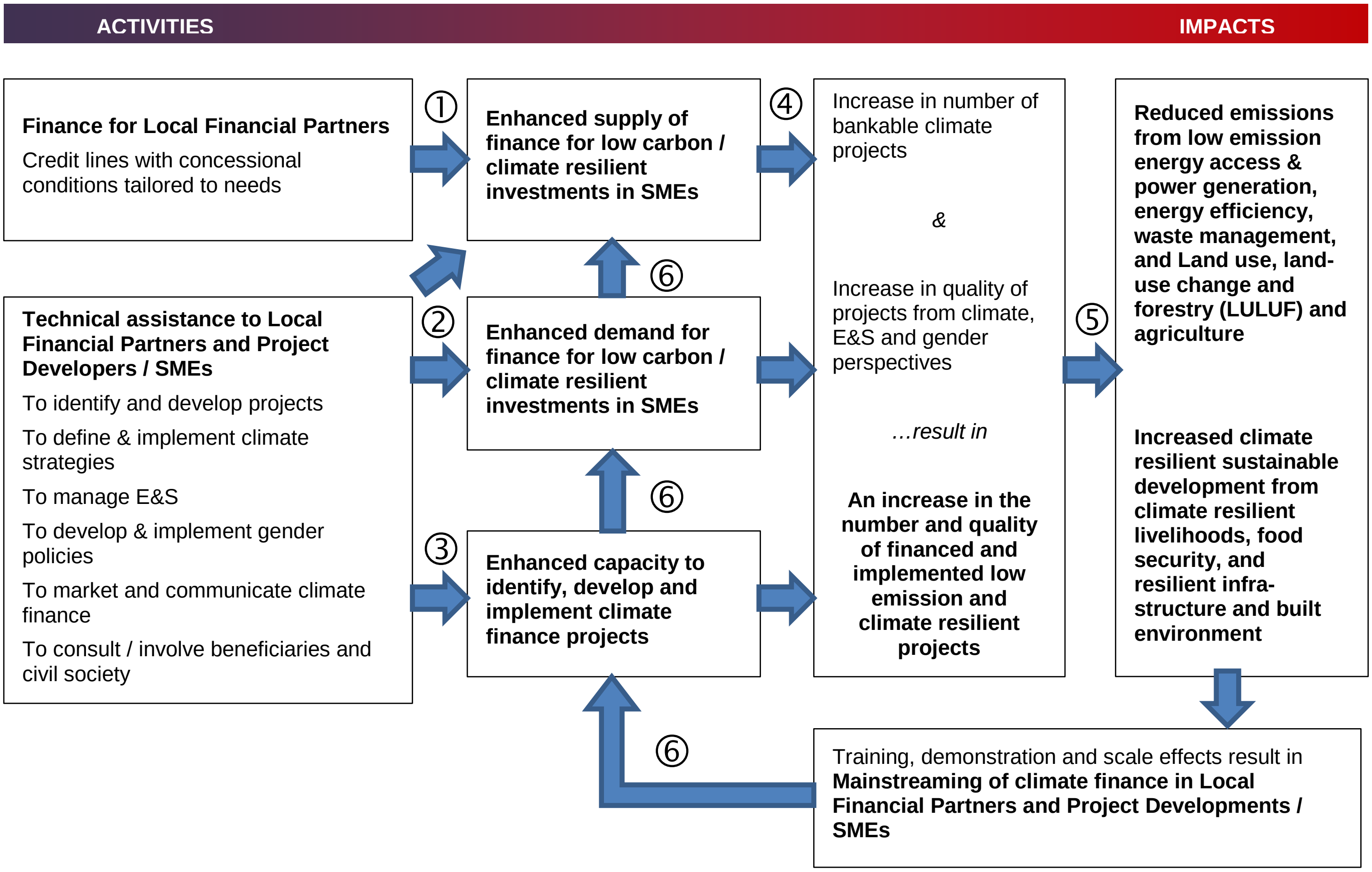
3) the green arrow shows the net change in GHG emissions and therefore accounts for both effects, the effect of energy efficiency improvements *and* production capacity increases

In this example, the reference situation adopted by AFD implies that the carbon footprint of the project is equal to the green arrow i.e., the difference between the 'before project' situation and the 'after project' situation)

Figure 2. Examples of baselines for an energy efficiency + increased production project and AFD's choice of baseline


Tonnes of CO_2 emitted
Post-project emissions level
Pre-project emissions level (baseline)
Project implementation
Time
Emissions *theoretically abated* through the approved project (in green below) in a scenario where production capacity increases without any improvement in energy efficiency → **not accounted for in project's carbon footprint**
Project's ***overall impact*** on emissions levels in a post-project scenario that accounts for increasing production capacity **and** improving energy efficiency → **accounted for in project's carbon footprint**
Project's ***partial impact***, counting only the 'energy efficiency' part of the project on emissions levels without accounting for the increase in production capacity → **not accounted for in project's carbon footprint**

ANNEX C: Theory Of Change



The theory of change diagram above outlines the theoretical logic of the project. Starting at ①, the project theory assumes that LFPs do not already create the proposed financial products because a) they do not recognize the sector as viable, b) their current capacity to develop and grow lending in the sector is insufficient, and/or c) when they are given support they are willing and able to grow the market sector. The evidence base linking the supply of credit lines to enhanced supply is high. Experience from AFD and other IFIs working on these instruments (i.e. green credit lines) shows that Local Financial Partners (LFPs) have a high desire to create such financial products.

At ② and ③ the Programme provides technical assistance to LFPs and project developers and this enhances capacity and demand for such products. At ② and ③ the evidence base can be considered to be of a medium-high level. AFD's experience, including in the SUNREF Programme, shows that technical assistance does effectively contribute to the creation of demand. Assuming that supply is enhanced and that demand and capacity are sufficient to generate bankable projects at the credit conditions that LFPs provide to end-borrower, this will result in climate projects (see the link at ④) that deliver the GCF impacts (see ⑤). The financing provided has a demonstration effect and this, coupled with the training of LFP and project developers, will lead to mainstreaming of climate finance in both stakeholder groups (see ⑥). Assuming that there is a positive experience in the Programme from LFPs and developers / SMEs and that they realise a competitive return on investment, and given Programme activities to communicate and market the Programme benefits, this will catalyse impact beyond the Programme by mainstreaming capacity, demand creation and supply of finance.

MINISTERE DU CADRE DE VIE
ET DU DEVELOPPEMENT DURABLE

REPUBLIQUE DU BENIN

01 BP 3502 - 01 BP 3621
Cotonou
Tél. : + 229 21 31 80 45
dgecmcvdd@gmail.com

Cotonou, Benin, October 11, 2017

N°801 DGEC/MCVDD/SA

To: The Green Climate Fund ("GCF")

Re: Funding proposal for the GCF by AFD and its subsidiary Proparco regarding GCF-AFD co-financing programme "Transforming Financial Systems for Climate "

Dear Madam, Sir,

We refer to GCF-AFD co-financing programme "**Transforming Financial Systems for Climate " (hereafter the "Programme**") in **BENIN** as included in the funding proposal submitted by AFD and its subsidiary Proparco to us on October 11, 2017.

The undersigned is the duly authorized representative of AÏNA Martin Pepin, the National Designated Authority/focal point of **BENIN**.

Pursuant to GCF decision B.08/10, the content of which we acknowledge to have reviewed, we hereby communicate our no-objection to the Programme as included in the funding proposal.

By communicating our no-objection, it is implied that:

(a) The government of **Benin** has no-objection to the Programme as included in the funding proposal;
(b) The Programme as included in the funding proposal is in conformity with **Benin**'s national priorities, strategies and plans;
(c) In accordance with the GCF's environmental and social safeguards, the Programme as included in the funding proposal is in conformity with relevant national laws and regulations.

We also confirm that our national process for ascertaining no-objection to the Programme as included in the funding proposal has been duly followed.

We also confirm that our no-objection applies to all projects or activities to be implemented within the scope of the Programme.

We acknowledge that this letter will be made publicly available on the GCF website.

Kind regards,

Name: Mr. AÏNA Martin Pepin
Title: Ministry of Living and Sustainable Development

PRIME MINISTRY

CABINET

SECRETARIAT GENERAL

NATIONAL DESIGNATED AUTHORITY OF THE GREEN CLIMATE FUND

BURKINA FASO
Unité-Progrès-Justice

Ouagadougou, le 27 Mars 2018

N°2018-02/PM/SG/AND-FVC

The Focal Point

To

The Green Climate Funds
G-Tower, 175 Art Center-daero, Yeonsu-gu, Incheon 406-840, Republic of Korea

Subject: Funding proposal for the GCF by AFD and its subsidiary Proparco regarding GCF-AFD co-financing programme "Transforming Financial Systems for Climate "

Dear Madam, Sir,

We refer to GCF-AFD co-financing programme "Transforming Financial Systems for Climate " in Burkina Faso as included in the funding proposal submitted by AFD and its subsidiary Proparco to us on 14 March 2018.

The undersigned is the duly authorized representative of Mr Mamadou HONADIA, the National Designated Authority of Burkina Faso.

Pursuant to GCF decision B.08/10, the content of which we acknowledge to have reviewed, we hereby communicate our no-objection to the Programme as included in the funding proposal.

By communicating our no-objection, it is implied that :

(a) The government of Burkina Faso has no-objection to the Programme as included in the funding proposal ;

(b) The Programme as included in the funding proposal is in conformity with Burkina Faso's national priorities, strategies and plans;

(c) In accordance with the GCF's environmental and social safeguards, the Programme as included in the funding proposal is in conformity with relevant national laws and regulations.

We also confirm that our national process for ascertaining no-objection to the Programme as included in the funding proposal has been duly followed.

We also confirm that our no-objection applies to all projects or activities to be implemented within the scope of the Programme.

We acknowledge that this letter will be made publicly available on the GCF website.

Kind regards,

AND - FONDS VERT CLIMAT
Le Point Focal
PREMIER MINISTERE

Mamadou HONADIA

REPUBLIQUE DU CAMEROUN
Paix – Travail – Patrie

Ministère de l'Environnement, de la Protection de la Nature et du Développement Durable
----

REPUBLIC OF CAMEROON
Peace – Work – Fatherland

Ministry of Environment, Protection of Nature and Sustainable Development
----

N° 007 /L/MINEPDED/IG/I1

Yaoundé, le 11 OCT 2017

To: The Green Climate Fund ("GCF")

Re: Funding proposal for the GCF by AFD and its subsidiary Proparco regarding GCF-AFD co-financing programme "Transforming Financial Systems for Climate "

Dear Madam, Sir,

We refer to GCF-AFD co-financing programme "Transforming Financial Systems for Climate " (hereafter the "Programme") in Cameroon as included in the funding proposal submitted by AFD and its subsidiary Proparco to us on october 9th, 2017.

The undersigned is the duly authorized representative of Ministry of MINEPDED, the National Designated Authority/focal point of Cameroon.

Pursuant to GCF decision B.08/10, the content of which we acknowledge to have reviewed, we hereby communicate our no-objection to the Programme as included in the funding proposal.

By communicating our no-objection, it is implied that:

(a) The government of Cameroon has no-objection to the Programme as included in the funding proposal;
(b) The Programme as included in the funding proposal is in conformity with Cameroon's national priorities, strategies and plans;
(c) In accordance with the GCF's environmental and social safeguards, the Programme as included in the funding proposal is in conformity with relevant national laws and regulations.

We also confirm that our national process for ascertaining no-objection to the Programme as included in the funding proposal has been duly followed.

We also confirm that our no-objection applies to all projects or activities to be implemented within the scope of the Programme.

We acknowledge that this letter will be made publicly available on the GCF website.

Kind regards,

Green Climate Fund
GCF
Focal Point
CAMEROUN

Name: WAGNOUN TCHONKAP Valentin
Title: Point Focal Fonds Vert Climat

Ministry of Healthiness, Environment and Sustainable Development

----

Republic of Cote d'Ivoire

Union – Discipline – Work

To: The Green Climate Fund ("GCF")

Abidjan, 17th march, 2018

Re: Funding proposal for the GCF by the Agence Française de Développement (AFD) regarding "Transforming financial systems for Climate programme".

Dear Madam, Sir,

We refer to the programme **"Transforming financial systems for Climate"** in Cote d'Ivoire as included in the funding proposal submitted by the Agence Française de Développement (AFD) to us on 15th march, 2018.

The undersigned is the duly authorized representative of the Ministry of Healthiness, Environment and Sustainable Development, the National Designated Authority of Cote d'Ivoire.

Pursuant to GCF decision B.08/10, the content of which we acknowledge to have reviewed, we hereby communicate our no-objection to the programme as included in the funding proposal.

By communicating our no-objection, it is implied that:

(a) The government of Cote d'Ivoire has no-objection to the programme as included in the funding proposal;
(b) The programme as included in the funding proposal is in conformity with Cote d'Ivoire's national priorities, strategies and plans;
(c) In accordance with the GCF's environmental and social safeguards, the programme as included in the funding proposal is in conformity with relevant national laws and regulations.

We also confirm that our national process for ascertaining no-objection to the programme as included in the funding proposal has been duly followed.

We also confirm that our no-objection applies to all projects or activities to be implemented within the scope of the programme.

We acknowledge that this letter will be made publicly available on the GCF website.

Kind regards,

ASSIE

Ministère de la Salubrité de l'Environnement et du Développement Durable — Programme National Changement Climatique — Le Coordonnateur

Name: Agre Mathieu Richemond ASSIE

Title: UNFCCC & GCF NFP, Coordinator of the National Climate Change Programme

Ministerio del Ambiente

GOBIERNO NACIONAL DE LA REPUBLICA DEL ECUADOR

Oficio Nro. MAE-MAE-2018-0388-O

Quito, D.M., 15 de marzo de 2018

Asunto: Funding proposal from the CGF by the French Development Agency regarding "Engaging local financial institutions and their client in the climate transition through the financing of climate-related adaptation and mitigation projects"

Mr.
Howard Bamsey
Executive Director
GREEN CLIMATE FUND
En su Despacho

Dear Mr. Bamsey:

We refer to GCF-AFD co-financing programme "Transforming Finance Systems for Climate" (Engaging local financial institutions and their client in the climate transition through the financing of climate-related adaptation and mitigation projects) in Ecuador as included in the funding proposal submitted by AFD to us on 28th of February. The goal of this programme will be to develop an integrated innovative approach to environmental financing through a combination of technical and financial support for local financial institutions developed by the French Development Agency (AFD).

The undersigned is the duly authorized representative of the Ministry of the Environment, the National Designed Authority of Ecuador. Pursuant to GCF decision B.08/10, the content of which we acknowledge to have reviewed, we hereby communicate our no-objection to the Programme as included in the funding proposal.
By communicating our no-objection, it is implied that:

1. The government of Ecuador has no objection to the program as included in the funding proposal;
2. The programme as included in the founding proposal is in conformity with Ecuador´s national priorities, strategies and plans;
3. In accordance with the GCF' environmental and social safeguards, the programme as included in the founding proposal is in conformity with relevant national laws and regulations.

We also confirm that our national process for ascertaining no-objection to the programme as included in the funding proposal has been fully followed and that our no-objection applies to all projects or activities to be implemented within the scope of the programme.

We acknowledge that this letter will be made publicly available on the GCF website.

Kind Regards,

Ministerio del Ambiente

GOBIERNO NACIONAL DE LA REPUBLICA DEL ECUADOR

Oficio Nro. MAE-MAE-2018-0388-O

Quito, D.M., 15 de marzo de 2018

Documento firmado electrónicamente

Lcdo. Tarsicio Granizo Tamayo
MINISTRO DEL AMBIENTE

Copia:
Señora Licenciada
Maria Victoria Chiriboga Nielsen
Subsecretaria de Cambio Climático

Señor Ingeniero
Christian Roberto Dávila Cadena
Coordinador General de Planificación Ambiental

rp/gv/dg/mc

Papel Ecológico

Calle Madrid 1159 y Andalucía
Quito – Ecuador
Código Postal: 170109
Teléfonos: (593 2) 3 987600
www.ambiente.gob.ec

Arab Republic of Egypt
Ministry of Environment

To: The Green Climate Fund ("GCF")

Cairo, June 6th, 2018

Re: Funding proposal for the GCF by Agence Française de Développement - AFD regarding Transforming Financial Systems for Climate (The "TFSC programme")

Dear Sir/Madam,

We refer to the programme "Transforming Financial Systems for Climate" in Egypt as included in the funding proposal submitted by Agence Française de Développement - AFD to us on May 10th, 2018.

The undersigned is the duly authorized representative of [name NDA/focal point], the National Designated Authority/focal point of [country].

Pursuant to GCF decision B.08/10, the content of which we acknowledge to have reviewed, we hereby communicate our no-objection to the project [or programme] as included in the funding proposal.

By communicating our no-objection, it is implied that:

(a) The government of Egypt has no-objection to the programme as included in the funding proposal (attached);
(b) The programme as included in the funding proposal is in conformity with Egypt's national priorities, strategies and plans;
(c) In accordance with the GCF's environmental and social safeguards, the programme as included in the funding proposal is in conformity with relevant national laws and regulations.

We also confirm that our national process for ascertaining no-objection to the programme as included in the funding proposal has been duly followed.

We acknowledge that this letter will be made publicly available on the GCF website.

Kind regards,

Yasmine Fouad

Dr.Yasmine Fouad
Green Climate Fund Focal Point and Adviser to the Minister of Environment
Ministry of Environment

REPUBLIC OF KENYA

THE NATIONAL TREASURY

Telegraphic Address: 22921
FAX NO. 310833
Telephone: 2252299

THE NATIONAL TREASURY
P O BOX 30007 – 00100
NAIROBI

When Replying Please Quote

Ref: ZZ/MOF/257/05/ (08)

Date: October 30, 2017

Mr. Howard Bamsey
Executive Director
Green Climate Fund
G-Tower, 24-4 Songdo-dong
Yeonsu-gu
Incheon City, Republic of Korea

Dear Mr. Bamsey

Re: Funding proposal for the GCF by the Agence Française de Développement (AFD) regarding 'Transforming Financial Systems for Climate.'

We refer to the project **"Transforming Financial Systems for Climate"** as included in the funding proposal submitted by the Agence Française de Développement (AFD) to us on October 16, 2017.

The undersigned is the duly authorized representative of the National Treasury, the National Designated Authority of Kenya.

Pursuant to GCF decision B.08/10, the content of which we acknowledge to have reviewed, we hereby communicate our no-objection to the project as included in the funding proposal.

By communicating our no-objection, it is implied that:

(a) The Government of Kenya has no-objection to the project as included in the funding proposal;
(b) The project as included in the funding proposal is in conformity with Kenya's national priorities, strategies and plans;

(c) In accordance with the GCF's environmental and social safeguards, the project as included in the funding proposal is in conformity with relevant national laws and regulations.

We also confirm that our national process for ascertaining no-objection to the project as included in the funding proposal has been duly followed. Further, we confirm that our no-objection applies to all projects or activities to be implemented within the scope of the programme.

We acknowledge that this letter will be made publicly available on the GCF website.

Yours Sincerely

DR. KAMAU THUGGE, CBS
<u>PRINCIPAL SECRETARY/NATIONAL TREASURY</u>

REPOBLIKAN'I MADAGASIKARA
Fitiavana - Tanindrazana - Fandrosoana

Antananarivo, May 28, 2018

No-objection letter for the
"Transforming Financial System for Climate" Programme

To: The Green Climate Fund ("GCF")

Re: Funding proposal for the GCF by AFD regarding the Programme "Transforming Financial Sysetm for Climate"

Dear Madam/ Sir,

I undersigned, Nivohary Ramaroson, GCF National Focal Point of Madagascar, refer to the Programme **"Transforming Financial Sysetm for Climate"** as included in the funding proposal submitted by AFD to us on Avril 2018.

Pursuant to GCF decision B.08/10, the content of which we acknowledge to have reviewed, we hereby communicate our no-objection to the programme as included in the funding proposal. By communicating our no-objection, it is implied that:

(a) The Government of Madagascar has no-objection to the programme as included in the funding proposal;
(b) The programme as included in the funding proposal is in conformity with the Madagascar national priorities, strategies and plans;
(c) In accordance with the GCF's environmental and social safeguards, the programme as included in the funding proposal is in conformity with relevant national laws and regulations.

We also confirm that our national process for ascertaining no-objection to the programme as included in the funding proposal has been duly followed.

We also confirm that our no-objection applies to all projects or activities to be implemented within the scope of the programme.

We acknowledge that this letter will be made publicly available on the GCF website.

Kind regards,

Name: Nivohary Ramaroson
Title: National Focal Point, Madagascar

AGENCE FRANÇAISE DE DÉVELOPPEMENT
Arrivée le 05 JUIN 2018
N° 1256

المملكة المغربية
ⵜⴰⴳⵍⴷⵉⵜ ⵏ ⵍⵎⵖⵔⵉⴱ
Royaume du Maroc

Secrétariat d'Etat auprès du Ministre de l'Energie,
des Mines et du Développement Durable,
Chargé du Développement Durable

كتابة الدولة لدى وزير الطاقة والمعادن
والتنمية المستدامة المكلفة بالتنمية المستدامة

To: The Green Climate Fund (GCF)

Rabat, 23 March 2018

Re: Funding proposal for the GCF by AFD and its subsidiary Proparco regarding GCF-AFD co-financing programme "Transforming Financial Systems for Climate ".

Dear Madam, Sir,

We refer to GCF-AFD co-financing programme "Transforming Financial Systems for Climate" (hereafter the "Programme") in Morocco as included in the funding proposal submitted by AFD and its subsidiary Proparco to us on March 2018.

The undersigned is the duly authorized representative M. Nbou Mohamed, the national focal point of Morocco.

Pursuant to GCF decisions B.08/10, the content of which we acknowledge to have reviewed, we hereby communicate our no-objection to the proposed Programme as included in the funding proposal.

By communicating our no-objection, it is implied that:

(a) The government of Morocco has no-objection to the Programme as included in the funding proposal;
(b) The Programme as included in the funding proposal is in conformity with Morocco's national priorities, strategies and plans;
(c) In accordance with the GCF's environmental and social safeguards, the Programme as included in the funding proposal is in conformity with relevant national laws and regulations.

We also confirm that our national process for ascertaining no-objection to the Programme as included in the funding proposal has been duly followed.

We acknowledge that this letter will be made publicly available on the GCF website.

Kind regards,

Directeur des Changements Climatiques, de la Biodiversité et de l'Economie Verte

Mohamed NBOU

Name: Mohamed NBOU
Title: GCF National Focal Point / Director of Climate Change, Biodiversity and Green Economy, State Secretariat in charge of Sustainable Development, Morocco

MINISTRY OF FINANCE AND ECONOMIC DEVELOPMENT
Government Centre, Port Louis, Mauritius

In reply please quote: **CF/50/70/85 V4**

Date: **6 March 2018**

Mr Howard Bamsey
Executive Director
Secretariat of the Green Climate Fund
Songdo Business District
175 Art centre-daero
Yeonsu-gu, Incheon City 22004
Republic of Korea

Re: Funding proposal by Agence Française de Développement (AFD) regarding the project "Transforming financial systems for Climate"

Dear Sir,

We refer to the project "Transforming financial systems for Climate" in Mauritius as included in the funding proposal submitted by Agence Française de Développement (AFD) to us on 1st March 2018.

Pursuant to GCF decision B.08/10, the content of which we acknowledge to have reviewed, we hereby communicate our no-objection to the project as included in the funding proposal.

By communicating our no-objection, it is implied that:

a) The Government of Mauritius has no-objection to the project as included in the funding proposal and
b) The project, as included in the funding proposal, is in conformity with national priorities, strategies and plans of the Republic of Mauritius.

We also confirm that our national process for ascertaining no-objection to the project as included in the funding proposal has been duly followed.

We acknowledge that this letter will be made publicly available on the GCF website.

Yours faithfully,

G. Bussier
Deputy Financial Secretary &
National Designated Authority for GCF

Courrier arrivé le : 07/03/18

	VISA	ACTION
	MD → TC	
C.		
V.I		
V.I		

REPUBLIC OF NAMIBIA

MINISTRY OF ENVIRONMENT AND TOURISM

Tel. No. 061 – 2842568
Fax. No. 061 - 229936
E-mail: Petrus.Muteyauli@met.gov.na

Cnr of Dr. Kenneth David Kaunda Street
& Robert Mugabe Avenue
Private Bag 13306
Windhoek
14 May 2018

The Secretariat
Green Climate Fund
G-Tower, 24-4 Songdo-dongo,Yeonsu-gu Incheon
Republic of Korea

RE: Funding proposal for the GCF by AFD and its subsidiary Proparco regarding GCF-AFD co-financing programme "Transforming Financial Systems for Climate"

Dear Sir/ Madam,

We refer to GCF-AFD co-financing programme "Transforming Financial Systems for Climate" in Namibia as included in the funding proposal submitted by AFD and its subsidiary Proparco to us on February 27th, 2018.

The undersigned is the duly authorized representative of the Ministry of Environment and Tourism, the National Designated Authority of Namibia. Pursuant to GCF decision B.08/10, the content of which we acknowledge to have reviewed, we hereby communicate our no-objection to the project as included in the funding proposal.

By communicating our no-objection, it is implied that:

(a) The government of the Republic of Namibia has no objection to the project as included in the proposal;

(b) The project as included in the funding proposal is in conformity with Namibia's national priorities, strategies and plans;

(c) In accordance with GCF's environmental and social safeguards, the project as included in the funding proposal is in conformity with relevant national laws and regulations.

We also confirm that our national process for ascertaining no objection to the project as included in the funding proposal has been duly followed. We acknowledge that this letter will be made publicly available on the GCF website.

Yours Sincerely,

MINISTRY OF ENVIRONMENT AND TOURISM
DEPARTMENT OF ENVIRONMENTAL AFFAIRS
14 -05- 2018
Private Bag 13306
WINDHOEK, NAMIBIA

P. Muteyauli
GCF Focal Point for Namibia

FEDERAL MINISTRY OF ENVIRONMENT

HEADQUARTERS, MABUSHI, ABUJA

Ref No. FMENV/DCC/GCF/007/28 Date 20 October, 2017

The Green Climate Fund (GCF)

Re: Funding Proposal for the GCF by AFD and its subsidiary Proparco regarding GCF-AFD co-financing programme "Transforming Financial Systems for Climate"

I refer to GCF-AFD co-financing programme "Transforming Financial Systems for Climate" (hereafter the "Programme") in Nigeria as included in the funding proposal submitted by AFD and its subsidiary Proparco to the Ministry on 29th September, 2017.

2. The undersigned is the duly authorised representative of Federal Ministry of Environment/Department of Climate Change, the National Designated Authority/Focal Point of Nigeria.

3. Pursuant to GCF decision B. 08/10, the content of which we acknowledge to have reviewed, we hereby communicate our no-objection to the programme as included in the funding proposal. The no objection implies that;

a) The government of Nigeria has no-objection to the Programme as included in the funding proposal;
b) The Programme as included in the funding proposal is in conformity with Nigeria's National priorities, strategies and plans;
c) In accordance with GCF's environmental and social safeguards, the Programme as included in the funding proposal is in conformity with relevant national laws and regulations.

4. I also wish to confirm that the national process for ascertaining no-objection to the Programme as included in the funding proposal has been duly followed.

5. I also confirm that our no-objection applies to all projects or activities to be implemented within the scope of the Programme.

6. I acknowledge that this letter will be made publicly available on GCF website.

7. Please accept the assurances of the Honourable Minister's warm regards and best wishes.

Dr. Yerima Peter Tarfa
NDA/Director, Department of Climate Change
Federal Ministry of Environment, Nigeria

AFD
AGENCE FRANÇAISE
DE DEVÉLOPPMENT
23 OCT 2017
ARRIVAL N° 793
NAME Richard B. Jorsu
SIGN

JL

environmental affairs

Department:
Environmental Affairs
REPUBLIC OF SOUTH AFRICA

Private Bag X447, Pretoria, 0001, Environment House, 473 Steve Biko Road, Pretoria, 0002 Tel: +27 12 399 9000, Fax: +27 86 625 1042

Ref: EDMS 172865
Enquiries: Shahkira Parker
Tel: 012 399 9240 **Fax:** 012 310 3541 **Email:** sparker@environment.gov.za

The Green Climate Fund
Songdo Business District
175 Art center-daero
Yeonsu-gu
INCHEON
22004
Republic of Korea

Email: fundingproposal@gcfund.org

Dear Sir/Madam

PROPOSAL FOR THE GREEN CLIMATE FUND BY THE AGENCE FRANÇAISE DE DEVELOPPMENT/FRENCH DEVELOPMENT AGENCY REGARDING THE TRANSFORMING FINANCIAL SYSTEMS FOR CLIMATE PROGRAMME

The department refers to the Financial Systems of Climate Programme as included in the funding proposal submitted by the Agence Française de Developpment/French Development Agency (AFD) submitted on 26 February 2018.

The undersigned is the duly authorised representative of the Department of Environmental Affairs, the National Designated Authority/focal point for South Africa.

Pursuant to GCF decision B.08/10, the content of which this department acknowledges to have reviewed, it is hereby communicate its no-objection to the Programme as included in the funding proposal.

By communicating the no-objection, it is implied that:

- the government of South Africa has no-objection to the Program as included in the funding proposal;
- the Program as included in the funding proposal is in conformity with South Africa's national priorities, strategies and plans; and
- in accordance with the GCF's environmental and social safeguards, the proposed project as indicated in the funding proposal is in conformity with relevant national laws and regulations.

The department also confirms that its national process for ascertaining no-objection to the Programme as included in the funding proposal has been duly followed.

PROPOSAL FOR THE GREEN CLIMATE FUND BY THE AGENCE FRANÇAISE DE DEVELOPPMENT/FRENCH DEVELOPMENT AGENCY REGARDING THE TRANSFORMING FINANCIAL SYSTEMS FOR CLIMATE PROGRAMME

It is acknowledged that this letter will be made publicly available on the Green Climate Fund website.

Yours sincerely

Ms Nosipho Ngcaba
DIRECTOR-GENERAL
DATE: 07/06/2018

République du Sénégal
Un Peuple - Un But - Une Foi
....
MINISTERE DE L'ENVIRONNEMENT
ET DU DEVELOPPEMENT DURABLE
....
DIRECTION DE L'ENVIRONNEMENT
ET DES ETABLISSEMENTS CLASSES

N° 08 MEDD/DEEC/DCC

Dakar le 25 AVR. 2018

To: The Green Climate Fund ("GCF")

Mr Howard Bamsey

Executive Director

G-Tower, 24-4 Songdo-dong, Yeonsu-gu

Incheon City, Republic of Korea

Re: Funding proposal for the GCF by "Agence Française de Développement "on " Transforming Financial Systems for Climate"

Dear Sir,

We refer to the GCF-AFD co-financing programme "Transforming Financial Systems for Climate " in Senegal as included in the funding proposal submitted by AFD and its subsidiary Proparco to us on 30 th January 2018 .

The undersigned is the duly authorized representative of the National Designated Authority of Senegal.

Pursuant to GCF decision B.08/10, the content of which we acknowledge to have reviewed, we hereby communicate our no-objection to the programme "Transforming Financial Systems for Climate"as included in the funding proposal.

By communicating our no-objection, it is implied that:

a) The government of Senegal has no-objection to the programme "Transforming Financial Systems for Climate" as included in the funding proposal;

b) The programme " Transforming Financial Systems for Climate" as included in the funding proposal is in conformity with Senegal's national priorities, strategies and plans;

c) In accordance with the GCF's environmental and social safeguards, the programme as included in the funding proposal is in conformity with relevant national laws and regulations.

We also confirm that our national process for ascertaining no-objection to the programme as included in the funding proposal has been duly followed.

We also confirm that our no-objection applies to all projects or activities to be implemented within the scope of the programme " Transforming Financial Systems for Climate"

We acknowledge that this letter will be made publicly available on the GCF website.

Kind regards,

Madeleine Diouf SARR

AND Senegal

Direction de l'Environnement et des Etablissements Classés DEEC

UNITED REPUBLIC OF TANZANIA
VICE PRESIDENT'S OFFICE

Telegraphic address: **"MAKAMU"**,
Telephone: **+255 222113857/2116995**
Fax. No.: **+255 222113856**
E-mail: ps@vpo.go.tz
In reply please quote:
Ref. BD.38/49/01/R/30

LAPF Building 7th Floor,
P.O. BOX 2757
40474 **DODOMA**

27th December , 2017

The Executive Director,
Green Climate Fund,
Sondo Business District,
175 Art Centre-daero,
Yeonsu-gu, Incheon 22004
Republic of Korea

RE: FUNDING CONCEPT NOTE FOR THE GCF BY AGENCY FRANCIES DE DEVELOPMENT - AFD REGARDING THE PROJECT TITLED TRANSFORMING FINANCIAL SYSTEM FOR CLIMATE PROGRAMME

Dear Madam/Sir,

Reference is made to the project titled Funding Concept Note for the GCF by Agency Francies de Development - AFD of France regarding the project titled "Transforming Financial system for climate programme" as included the funding proposal submitted by Agency Francies de Development - AFD.

The undersigned is the dully authorized representative of the Vice President's Office, the National Designated Authority of the United Republic of Tanzania.

Pursuant to GCF decision B.08/10, the content of which we acknowledge to have reviewed, we hereby communicate our no-objection to the project titled "***Transforming Financial system for climate programme***" as included the funding concept note.

By communication our no-objection, it is implied that:

(a) the government of the United Republic of Tanzania has no objection to the project as included in the funding proposal;;

(b) the project is in conformant with Tanzania's national priorities, strategies and plans and;

(c) In accordance with the GCF's environmental and social safeguards, the project is in conformity with relevant laws and regulations.

We also confirm that our national process for ascertaining no-objection to the project titled "***Transforming Financial system for climate programme***" as included in the funding proposal has been duly followed. We confirm that our no- objection applies to all activities to be implemented within the scope of the project.

We acknowledge that this letter will be made publicly available on the GCF website.

Eng. Joseph K. Malongo
PERMANENT SECRETARY

MINISTERE DE L'ENVIRONNEMENT
ET DES RESSOURCES FORESTIERS

SECRETARIAT GENERAL

DIRECTION DE L'ENVIRONNEMENT

REPUBLIQUE TOGOLAISE

Travail – Liberté – Patrie

To: The Green Climate Fund ("GCF")

Lomé , le 15 OCT 2017

Re : Funding proposal for the GCF by AFD its subsidiary Proparco regarding GCF-AFD co-financing programme "transforming financial systems for climate "

Dear Madam, Sir,

We refer to GCF-AFD co-financing programme "transforming financial systems" (here after the "programme") in Togo as included in the funding proposal submitted by AFD and its subsidiary proparco to us on 11October, 2017.

The undersigned is the duly authorized representative of AGRIGNAN Esso Sam Abdou Rassidou, the focal point of Togo.

Pursuant to GCF decision B.08/10, the content of which we acknowledge to have reviewed, we hereby communicate our no-objection to the Programme as included in funding proposal.

By communicating our no-objection, it is implied that:

(a) The government of Togo has no-objection to the programme as included in the funding Proposal;
(b) The programme as included in the funding Proposalis in conformity with Togo's national priorities, strategies and plans; and
(c) In accordance with the GCF's environmental and social safeguards, the programme as included in the funding proposal is in conformity with relevant national laws and regulations.

We also confirm that our national process for ascertaining no-objection to the programme as included in the funding proposal has been duly followed.

We are also confirm that our no objection applies to all projects or activities to be implemented within the scope of the programme.

We acknowledge that this letter will be made publicly available on the GCF website.

Kind regards,

NAME: AGRIGNAN Esso Sam Abdou Rassidou

TITLE:National Focal Point of Togo

Ministère de l'Environnement et des Ressources Forestières
Direction de l'Environnement

Telephone : 256 41 4707 000
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Website : www.finance.go.ug

In any correspondence on
this subject please quote No. EDP 79/251/03
141/324/01

THE REPUBLIC OF UGANDA

Ministry of Finance, Planning &
Economic Development
Plot 2-12, Apollo Kaggwa Road
P.O. Box 8147
Kampala
Uganda

October 19, 2017

The Executive Director
Green Climate Fund
Songdo International Business District
175, Art Center-Daero
Yeonsu-gu, Incheon 22004
Republic of Korea

Re: Funding proposal for the GCF by the French Development Agency (AFD) regarding "Transforming Financial Systems for Climate Change" Project

We refer to the project "Transforming Financial Systems for Climate Change" project in Uganda as included in the funding proposal submitted by the French Development Agency (AFD) to us on October 10, 2017.

The undersigned is the duly authorized representative of the Ministry of Finance, Planning and Economic Development, the National Designated Authority (NDA)/focal point of Uganda.

Pursuant to GCF decision B.08/10, the content of which we acknowledge to have reviewed, we hereby communicate our no-objection to the project as included in the funding proposal.
By communicating our no-objection, it is implied that:

(a) The Government of Uganda has no-objection to the project as included in the funding proposal;
(b) The project as included in the funding proposal is in conformity with Uganda's national priorities, strategies and plans;
(c) In accordance with the GCF's environmental and social safeguards, the project as included in the funding proposal is in conformity with relevant national laws and regulations.

We also confirm that our national process for ascertaining no-objection to the project as included in the funding proposal has been duly followed.

We acknowledge that this letter will be made publicly available on the GCF website.

Keith Muhakanizi
PERMANENT SECRETARY/ SECRETARY TO THE TREASURY/NDA FOCAL POINT PERSON FOR UGANDA TO THE GCF

Copy to: The Resident Representative, French Development Agency (AFD), KAMPALA

Environmental and social report(s) disclosure

Basic project/programme information	
Project/programme title	Transforming Financial Systems for Climate
Accredited entity	Agence Française de Développement (AFD)
Environmental and social safeguards (ESS) category	Intermediation 1 (I1)

Environmental and Social Impact Assessment (ESIA) (if applicable)	
Date of disclosure on accredited entity's website	Not Applicable
Environmental and Social Management Plan (ESMP) (if applicable)	
Date of disclosure on accredited entity's website	Not Applicable
Resettlement Action Plan (RAP) (if applicable)	
Date of disclosure on accredited entity's website	Not Applicable
Any other relevant ESS reports and/or disclosures (if applicable)	
Description of report/disclosure	Environmental and Social Management Framework (ESMF)*
Date of disclosure on accredited entity's website	2018-02-01
Language(s) of disclosure	English, French, Spanish, Arabic, Chinese, Portuguese and Indonesian
Link to disclosure	English: https://www.afd.fr/en/environmental-and-social-framework French: https://www.afd.fr/fr/cadre-environnemental-et-social Spanish: https://www.afd.fr/es/marco-ambiental-y-social Arabic: https://www.afd.fr/sites/afd/files/2018-09-05-40-59/cadre-environnemental-social-climat-version-arabe.pdf Chinese: https://www.afd.fr/sites/afd/files/2018-02-12-12-30/Environmental-social-framework-chinese-version.pdf Portuguese: https://www.afd.fr/pt-pt/quadro-ambiental-e-social Indonesian: https://www.afd.fr/sites/afd/files/2018-03-10-09-20/Environmental-social-framework-indonesian-version.pdf A Environmental and Social Management System (ESMS) consistent with the requirements for a category I-1 programme is contained in the Environmental and Social Management Framework (ESMF).

* Subsequent to the disclosure of this form to the Board and active observers on 2 March 2018, the following minor change has been made to the ESMF: Reference to guarantee component has been removed in the ESMF for English, French, Spanish, and Arabic versions, in accordance with changes to the Funding Proposal. The Chinese, Portuguese and Indonesian language ESMFs are no longer relevant as respective countries are not in the programme.