



**GREEN
CLIMATE
FUND**

Meeting of the Board
6 -8 July 2019
Songdo, Incheon, Republic of Korea
Provisional agenda item 18

GCF/B.23/12/Add.04

21 June 2019

Review of the initial modalities for the Private Sector Facility – Addendum IV

Review of the micro, small and medium-sized enterprise pilot programme

Summary

This document reviews the micro, small, and medium-sized enterprise pilot programme, summarizing its implementation status, reflecting on lessons learned and proposing a way forward.

I. Introduction

1. At the fourth meeting of the GCF Board, as part of its deliberations on the business model framework of the GCF, the Board acknowledged the need to actively support the participation of micro, small and medium-sized enterprises (MSMEs) and to design modalities to that end (decision B.04/08, paragraph (c)). The Board also decided that the Private Sector Facility (PSF) will operate efficiently and effectively under the guidance and authority of the Board as an integral component of the GCF, including in relation to the results areas and specific core performance indicators, where relevant (decision B.04/08, paragraph (a)). The Board further decided that the PSF will promote the participation of private sector actors in developing countries, in particular local actors, including MSMEs.
2. At its tenth meeting, the Board decided to allocate over the course of the initial resource mobilization period, in several tranches, up to USD 200 million for the MSME pilot programme (decision B.10/11 paragraph (b)). It also decided to review the implementation and scale of the initial phase of the MSME pilot programme two years from the date on which the request for proposals (RFP) is made (decision B.10/11 paragraph (i)).
3. At its thirteenth meeting, the Board decided to limit participation of the GCF in the first pilot programme to USD 100 million (decision B.13/22 paragraph (d)). The Board also requested the Secretariat to prepare terms of reference for one or more RFPs for the remainder of the MSME pilot programme, taking into account lessons learned from the first phase, and to present it for Board consideration (decision B.13/22 paragraph (f)).
4. The Board, in decision B.13/22, paragraph (b), endorsed the draft RFP for the MSME pilot programme. The RFP invited existing and potential accredited entities (AEs), or qualified financial institutions that have the capacity to work with an entity accredited by the GCF, to propose approaches that deploy financial solutions for MSMEs in support of mitigation and adaptation activities in developing countries.
5. Through its decision B.22/02, the Board adopted its updated workplan for 2019, thereby initiating the review of the initial modalities of the Private Sector Facility, including a review of the MSME pilot, and the presentation of terms of reference for RFPs for the remainder of the allocation for the MSME pilot programme.

II. Scope

6. The purpose of this review is to analyse the process that supported the operationalization of the MSME pilot programme and the challenges experienced by the Secretariat during implementation. Lessons learned will be gathered for recommended actions and to inform the revised terms of reference for the second phase.

III. Status and outcomes of the pilot programme

7. The MSME RFP was launched on 8 July 2016 and closed on 30 August 2016. It attracted 30 concept notes with requests for GCF financing of over USD 739 million. These requests included submissions from international and direct access entities, regional and local agencies, private equity funds, private companies and foundations.
8. The Secretariat subsequently undertook a detailed, two-level evaluation process, under the terms of reference specified within the RFP. The first-level review was a preliminary review on completeness, followed by an in-depth second-level review of the concept notes based on Board-approved scorecards.

9. Of the 30 proposals received, 13 did not have an associated AE. The Secretariat encouraged the applicants to engage with its AE partners. The Secretariat also provided the project proponents with feedback and explanations of the GCF standards and procedures, and assistance in finding an AE partner, preferably one with which they had an existing or previous relationship.

10. Seventeen concept notes were submitted through AEs. Among these, seven were from executing entities which had no prior engagement with GCF, but which partnered with AEs in their submissions to GCF. Four were identified as public sector projects and were moved to the public sector pipeline for review, out of which two were withdrawn by the AEs and one was inactive. The remaining one was revised and evolved into a new concept note, which focused on the private sector, and hence was transferred back to the PSF as a regular proposal. That project, titled Climate Finance Facility, was approved at the twenty-first meeting of the Board (B.21) with GCF financing of USD 55.61 million.

11. In October 2016, the Secretariat’s evaluation committee was formed for second-level evaluation and selected 7 concept notes, out of the 17 backed by AEs, for potential GCF investments. Proposals that did not make the shortlist under the RFP for the MSME pilot programme have been considered as part of the wider pipeline of the GCF. Figures 1–3 below present the geographical and thematic distribution as well as the distribution by financial instrument of the requested GCF amount for the seven concept notes selected from the RFP for the MSME pilot programme. Table 1 also presents a summary of the status of these 7 shortlisted proposals.

Figure 1 : Regional distribution of selected concept notes in GCF funding (%)

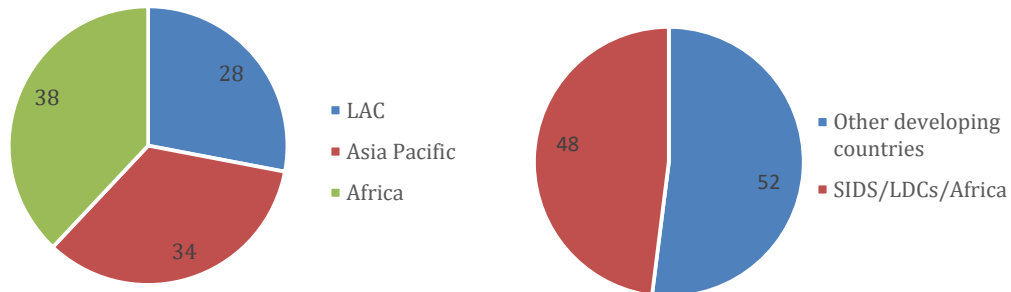


Figure 2 : Total requested GCF Amount by instrument (%)

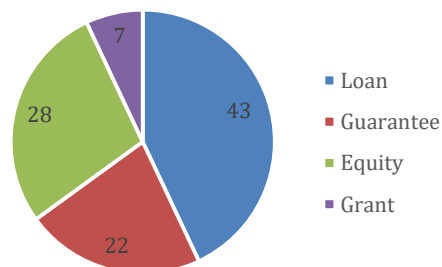
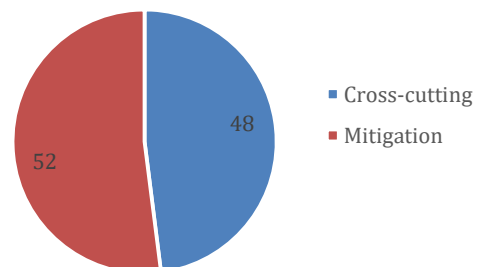


Figure 3 : Total requested GCF Amount by theme (%)



Abbreviations: LAC = Latin America and the Caribbean, LDCs = least developed countries, SIDS = small island developing States.

Table 1: Status summary of the 7 shortlisted proposals

#	Proposal	Status
1	Business loan programme for GHG emissions reduction (FP028)	Approved at B.15
2	SCF Capital Solutions (FP029)	Approved at B.15 but subsequently lapsed
3	Low-Emission Climate Resilient Agriculture Risk Sharing Facility for MSMEs (FP048)	Approved at B.18
4	Program on Affirmative Finance Action for Women in Africa (AFAWA): Financing Climate Resilient Agricultural Practices in Ghana	To be presented for Board approval at B.23
5	Shortlisted proposal	Inactive as respective AEs are no longer interested in proceeding
6	Shortlisted proposal	
7	Shortlisted proposal	Inactive due to the AE's limited accreditation scope

12. Among the 7 shortlisted proposals, three had been approved by the Board for a total GCF funding of USD 52.2 million. One of them, the “SCF Capital Solutions” project (FP029), was initially approved at USD 12.2 million for the Development Bank of Southern Africa (DBSA), but lapsed in October 2017, as DBSA did not wish to extend the relevant deadline to execute the funded activity agreement in accordance with the Board’s approval.

13. Therefore, the total commitment of the Board for the MSME pilot programme was USD 40 million for two projects, comprising USD 20 million for the “Business loan programme for GHG emissions reduction” proposal (FP028) submitted by Mongolia-based XacBank to which GCF has disbursed its total commitment of USD 20 million, and another USD 20 million for the “Low-Emission Climate Resilient Agriculture Risk Sharing Facility for MSMEs” proposal (FP048) submitted by the Inter-American Development Bank to be implemented in Guatemala and Mexico, to which GCF has disbursed USD 2.14 million.

14. FP028 promotes the use of energy-efficient and renewable energy solutions in the Mongolian MSME market. The programme aspires to foster gender-equal access to funding by ensuring that women-led MSMEs are a core focus of the loan activities. As such, by the end of the third year of the programme, the facility’s portfolio is expected to be made up of at least 50 per cent women led MSMEs, who will also benefit from more concessional loan terms. It aims to achieve the following key objectives:

- (a) A reduction in annual greenhouse gas (GHG) emissions by 149,290 tonnes of carbon dioxide equivalent (tCO₂eq); and
- (b) Mainstreaming energy efficiency and renewable energy in the local MSME market.

15. FP048 is structured as a risk-sharing facility that aims to unlock innovative and scalable financial instruments to support investments in low-emission and climate-resilient agriculture in the MSME market, targeting Guatemala and Mexico. The facility will target agricultural MSMEs that demonstrate environmentally sustainable practices and support them to engage lenders for the longer-term loans needed for climate investments. It aims to achieve the following key objectives:

- (a) A total reduction in GHG emissions of 9.2 million tCO₂eq;
- (b) Approximately 802,980 beneficiaries from the adoption of diversified, climate-resilient livelihood options; and

- (c) An increase in productivity (yield/hectare) in the region of 10 per cent by enabling MSME producers to cope more efficiently with the adverse effects of climate change.
16. The Secretariat may present another proposal under the MSME pilot programme in 2019.
17. The three remaining proposals that were submitted by AEs and shortlisted are inactive. For two of these, the sponsoring AEs were no longer interested in proceeding. The Secretariat had tried to match the proposals with other existing AEs, however, such efforts did not lead to meaningful outcomes in moving the concept notes forward. The other proposal became inactive due to the AE's limited accreditation scope: the AE was not accredited for the requested financial instrument. This case emphasizes the need to review the current accreditation framework and make necessary adjustments.
18. There is no further active pipeline for MSME as of May 2019. Taking into account lessons learned from the first phase, the Secretariat plans to launch the second MSME RFP in 2020.

IV. Challenges

19. The main challenge that has hindered the presentation of further projects from this MSMEs pilot for Board approval relates to the status of project proponents. Many of them as well as project developers in particular, who are not AEs, have had difficulties with achieving accreditation or partnering with existing AEs, despite the Secretariat's efforts in actively seeking to connect them with suitable AEs. This challenge suggests that reforms to the accreditation process are crucial to unlock the full GCF potential to work with MSMEs. Another limitation is related to the lack of diversity, as well as innovation and quality of the proposals received, predominantly energy related for mitigation and agriculture for adaptation. Although, these are important sector for climate change in general, there is a need to ensure the projects submitted under the RFP are better tailored to address climate needs, building on the potential of MSMEs in developing countries.

V. Lessons learned and a way forward

20. In the first phase of the MSME RFP, the Secretariat gained knowledge of the potential for and the challenges related to working in the MSME segment with various entities.
21. The potential is localized, with innovative technologies and high community impact due to the local entities' strong connections to their communities.
22. The first MSME RFP has proven to be a useful channel to bring in market expertise and projects for GCF funding. For example, the Agence Française de Développement's (AFD) "Transforming Financial Systems for Climate" (FP095) was first submitted under the MSME pilot programme. Given the potential to scale up across the region, the proposal was transferred to the regular window and approved at B.21, for EUR 240 million targeting 17 countries.
23. The first MSME RFP was constrained by a limited pool of AEs that work with micro, small and medium-sized enterprises. Since then, a number of AEs have been accredited with an MSME focus.
24. A proposal to launch a second tranche of the MSME RFP is currently under preparation. The draft terms of reference for this second phase are attached as annex I to this document for consideration by the Board.
25. The main changes in the revised draft terms of reference for the second phase compared with those for the first RFP are highlighted in the draft and are presented as follows:

- (a) The eligibility of the entities to submit proposals has been restricted to existing AEs. However, depending on the conclusion of the Board's consideration of items such as the project-specific assessment approach (PSAA) or a direct investment modality, the scope shall be accordingly enhanced to reflect latest changes; and
- (b) The evaluation criteria have been calibrated by increasing the scoring weightage of the criteria relating to the proposed programme's benefits to the "bottom of the pyramid", with a view to ensuring there is a balanced representation of proposals prioritizing adaptation and vulnerable communities and countries.

26. The Secretariat is currently considering the relevance of specifically including priority sectors that could be targeted under the revised terms of reference, with the view to attract proposals presenting high climate impact and paradigm shift. Such considerations include, but not limited to, prioritization of private sector actors that are most vulnerable to the impacts of climate change, including those in the smallholder agriculture sector. A large proportion of this group are engaged in business activities. By virtue of the small scale of their businesses, their relative financial and social poverty, their marginalization and location in some of the most climate-challenged regions of already fragile States, they constitute one of the most vulnerable private sector groups. Considerations will therefore be given to ways to systemically help increase the resilience of these small-scale farmers to climate impacts, including supporting systemic changes in financial planning, investment and implementation, as well as building the capacity of the most vulnerable peoples and communities to adapt and build resilience to current and future climate shocks and stresses.

27. The second RFP will also explore ways to incentivize MSMEs in delivering innovative solutions to address climate change impacts on agricultural commodities projected to be negatively impacted, with spill-over effects on the value of agricultural sector output and growth of the domestic economy in vulnerable countries.

28. A progress report on implementation, complemented by an updated version of the draft terms of reference for the second phase, taking into account deliberations on this matter at the 23rd meeting of the Board, as well as a request for approval for the allocation of the remaining envelope of the initially approved USD 200 million with the view to launch the second phase of the programme, will be submitted at the twenty-fifth meeting of the Board.

Annex I: Draft terms of reference for the second phase of the micro, small and medium-sized enterprise pilot programme

GREEN CLIMATE FUND

PRIVATE SECTOR FACILITY

Micro, small and medium-sized enterprise pilot programme

Draft request for proposal from accredited entities

I. Introduction

1. At its tenth meeting, the Board of the Green Climate Fund (GCF) established a pilot programme to support micro, small and medium-sized enterprises (MSMEs) (hereinafter referred to as the Programme) in order to address adaptation and mitigation.
2. The Board allocated up to USD 200 million for the Programme over the course of the initial resource mobilization period, in several tranches. The GCF Secretariat will seek to allocate at least USD 100 million for developing countries that are particularly vulnerable to the adverse effects of climate change, including least developed countries (LDCs), small island developing States (SIDS) and African States, over the course of the Programme.
3. The first request for proposal (RFP) issuance was limited to USD 100 million as a first allocation under the Programme and was launched on 8 July 2016 with a closing date of 30 August 2016. It attracted 30 concept notes with GCF-requested financing of over USD 739 million.
4. This RFP will be limited to USD [TBD] million as a second allocation under the Programme, such that the cumulative amount (including the first allocation) under the Programme is up to USD 200 million.
5. The RFP seeks to identify existing accredited entities that will undertake the design, implementation and management of strong, high-impact projects and programmes in support of MSMEs in the climate space.

II. Scope and focus of the assignment

6. **Scope and focus.** The GCF invites existing accredited entities, to propose approaches that deploy financial solutions for MSMEs in support of mitigation and adaptation activities in developing countries. Proposals should be consistent with the GCF investment criteria and be in accordance with the GCF mandate to mobilize funding at scale towards developing countries and to contribute to the paradigm shift towards low-emission and climate-resilient development.

7. **Submission.** Proposals should be submitted through the existing channels of the GCF.¹ Submissions should be in the form of a concept note² (to be submitted by the closing date, see below) to be sent as an email to fundingproposal@gcfund.org with the subject heading:
RFP No (RFP2020/PSF/001) – MSME Programme – Tranche II
8. Proposals should be attached to the email with the document title:
RFP No (RFP2020/PSF/001) – MSME Programme – Tranche II (name of proposer).
9. The submitters of concept notes that score above the eligible pass mark will be invited to develop a full-fledged funding proposal.
10. Proposals should meet the evaluation criteria and the special considerations listed below (section 2.1) in addition to meeting the six GCF investment criteria with special emphasis on gender and country ownership.
11. **Time frame and closing date.** The deadline for the receipt of concept notes for the second MSME RFP is [TBD]. Evaluation of concept notes will begin on [TBD] .
12. **Clarifications.** Any clarification on the solicitation documents should be notified to the GCF in writing at the GCF mailing or email address indicated in the RFP. The GCF will respond in writing to any request for clarification of the solicitation documents that it receives, within [X] days.
13. **Amendments to RFP documents.** At any time prior to the deadline for submission of proposals, the GCF may, for any reason, whether at its own initiative or in response to a clarification requested by the eligible proposer, modify the RFP documents by amendment. The proposer shall be notified in writing of all amendments to the RFP documents.
14. In order to allow the invited proposer reasonable time in which to take the amendment into account in preparing their proposals, the GCF may, at its sole discretion, extend the deadline for the submission of proposal.
15. **Language of proposals.** The proposals prepared by the proposer and all correspondence and documents relating to the proposal exchanged by the proposer and the GCF, shall be written in English. Supporting documents and printed literature furnished by the proposer may be in another language provided they are accompanied by an appropriate translation of all relevant passages in English. In any such case, for interpretation of the proposal, the translation shall prevail. The sole responsibility for translation and the accuracy thereof shall be the responsibility of the proposer.
16. **Corrupt, fraudulent, coercive, collusive and other prohibited practices.** The GCF requires that all GCF staff, proposers/bidders, suppliers, service providers and any other person or entity involved in GCF-related activities observe the highest standard of ethics during the execution of all contracts. The GCF may reject any proposal put forward by proposers or, where applicable, terminate their contract, if it is determined that they have engaged in corrupt, fraudulent, coercive, collusive or other prohibited practices.
17. **Conflict of interest.** In their proposal, entities must:
 - (a) Confirm that, based on their current best knowledge, there are no real or potential conflicts of interest involved in submission of the proposal; and
 - (b) Set out their policy on dealing with conflicts of interest should these arise.

¹ Additional information available at <<https://www.greenclimate.fund/how-we-work/funding-projects/fine-print>>.

² A Concept Note User's Guide is available on the GCF website at <https://www.greenclimate.fund/documents/20182/239759/GCF_Concept_Note_User_s_Guide.pdf/6486eea-3437-4007-a0e4-01b60e6e463b>. The template for concept notes is available at <<https://www.greenclimate.fund/library/-/docs/list/574044>>.

18. **Confidentiality.** Information relating to the submission and evaluation of proposals shall be kept confidential and shall not be divulged to any other parties. Information received by entities relating to proposals must also be kept strictly confidential.
19. **Communications.** All communications regarding this RFP should be directed to the GCF Procurement Specialist by email at procurement@gcfund.org.
20. **Cancellation and rejection.** Please note that this document is an RFP and not an invitation to bid. The GCF may, at its discretion, cancel the requirement in part or in whole. It also reserves the right to accept or reject any proposal and to annul the selection process and reject all proposals at any time prior to selection, without thereby incurring any liability to proposers.

2.1 Project/programme

21. The GCF aims to provide financing for MSMEs at all stages of growth. The RFP is open to projects/programmes supporting MSMEs that fit within national climate priorities for the given geographic region, and that fit within the eight GCF strategic impact areas (see annex II). This includes MSMEs that work in any area of the supply chain for climate goods and services (from production and service, to distribution or retail), in both mitigation- and adaptation-related activities. This can include MSMEs at any stage in their business life cycle.
22. The GCF is therefore seeking proposals that establish the following:
- (a) Private equity projects/programmes;
 - (b) Guarantee projects/programmes;
 - (c) Debt projects/programmes; or
 - (d) Grant project/programmes.
23. This list is by no means exhaustive, and the GCF encourages the submission of other innovative solutions to assist MSME development, such as an ecosystem approach for MSMEs, for example an incubator or accelerator that provides technical and strategic support, a staged finance model to build a pipeline of bankable projects/programmes or innovation funds and prizes.
24. The proposed MSME programme may allocate a grant component in order to amplify the climate impact and to promote a development impact such as adopting a gender-sensitive approach.
25. Proposals must demonstrate in their concept note that they will meet the following project/programme criteria:
- (a) Appropriate activity:
 - (i) The activity proposed in the project/programme must foremost fit the needs and stated priorities of the country, in line with their national strategies and plans, including nationally determined contributions. National designated authorities or focal points shall be consulted on the proposed activity in their respective countries;
 - (ii) The activity must fall within at least one of the eight GCF strategic impact areas (see annex II); and

- (iii) The activity must fall within the relevant definition of MSMEs within a specific country or region (i.e. the International Financial Corporation’s definition of MSMEs);³
 - (b) Programme design:
 - (i) A detailed strategy, backed by industry and market research that outlines the rationale for the target sector and life-cycle stage of the targeted pool of MSMEs;
 - (ii) Defined financial support that will be provided for the project/programme (e.g. venture capital for start-ups or growth capital for the growth stage);
 - (iii) Robust eligibility criteria tailored to the project/programme strategy (e.g. proven technology for growth capital versus proof of concept for venture capital) and in compliance with GCF investment criteria; and
 - (iv) Evidence of robust integrity standards (e.g. an anti-money laundering check for entrepreneurs, senior management, board members and existing investors) of the portfolio company must be included;
 - (c) Implementing entity readiness:
 - (i) The implementing entity must be accredited with the GCF. Its accreditation must include the fiduciary functions, size of project/activity and environmental risk category suitable for the undertaking of the proposed activity. If the activity proposed exceeds the level of accreditation, the entity can include an application to increase its accreditation accordingly;
 - (ii) The implementing entity must demonstrate an existing relationship with local institutions or markets with which it will be working, as well as an existing avenue for supporting targeted MSMEs, and must provide track records for its activities in targeted MSMEs; and
 - (iii) The implementing entity must show evidence of successful investment or debt management;
 - (d) Minimum concessionality:
 - (i) The implementing entity must demonstrate that its request for GCF support entails the minimum concession required to render the project feasible; and
 - (ii) The implementing entity must indicate the GCF co-financing ratio, vis-à-vis other private sector investors. The GCF should not be the only investor.
26. Proposals will be further evaluated for their ability to positively impact MSMEs. Proposals should articulate how they meet the following MSME RFP special considerations:
- (a) Market reform or development and institutional capacity building:
 - (i) Will the project/programme prompt a positive change in the market or regulatory environment that will enable future investment in climate related MSME activity? and
 - (ii) Will the project/programme develop institutional capacity in local markets for further investment in climate related MSME activity?

³ The International Finance Corporation’s definition of MSMEs is as follows:

Indicator	Micro enterprises	Small enterprises	Medium enterprises
Employees	<10	10 <50	50 <300
Total assets	<USD 100,000	USD 100,000 <USD 3 million	USD 3 million <USD 15 million
Total annual sales	<USD 100,000	USD 100,000 <USD 3 million	USD 3 million <USD 15 million

- (b) Innovation and new technology:
 - (i) Will the project/programme encourage innovative climate solutions and the deployment of new technologies to developing countries?
- (c) Replicability and regional reach:
 - (i) Can this or a similar project/programme be replicated in the future without GCF participation? and
 - (ii) Does the project/programme have regional impact?
- (d) Crowding in new investors:
 - (i) Does the project/programme attract first-time investors to climate, MSMEs or the country?
- (e) Benefits to MSME clients:
 - (i) How many clients will benefit from the services of the MSMEs supported by the project/programme? and
 - (ii) Is the project/programme gender-sensitive and balanced?
- (f) Benefits to the “bottom of the pyramid”:
 - (i) Does the project/programme benefit developing countries and communities that are particularly vulnerable to the adverse effects of climate change, including LDCs, SIDS and African States? and
 - (ii) Does the project/programme target micro-sized enterprises and the informal sector?
- (g) For a complete scorecard, see annex III. Any concept note scoring less than 75 points out of 100 in total will not be invited to submit a full funding proposal.

2.2 Eligible entities

27. The GCF is seeking proposals from existing accredited entities, that are able to demonstrate the following:
- (a) A track record of working successfully with and financing MSMEs;
 - (b) The ability to monitor the results; and
 - (c) The ability to use GCF resources to create a significant climate impact.
28. Proposals from direct access entities with an established track record will be considered favourably, as local market expertise and knowledge on climate change is key to success for MSME projects/programmes.

III. Monitoring and progress controls, including reporting requirements

29. Entities are required to monitor the implementation of the Programme in line with the GCF results management framework. These monitoring processes should feed back into the programming and future RFPs of the Private Sector Facility.

Annex II: GCF strategic impact areas and investment criteria

I. GCF strategic impact areas

1. The GCF aims to have an impact within eight strategic impact areas, four of which are related to mitigation and four to adaptation impacts.
2. The strategic mitigation impacts of the GCF are to reduce emissions from:
 - (a) Energy generation and access;
 - (b) Transport;
 - (c) Buildings, cities, industries and appliances; and
 - (d) Forests and land use.
3. The strategic adaptation impacts of the GCF are to increase the resilience of:
 - (a) Health, food and water security;
 - (b) The livelihoods of people and communities;
 - (c) Ecosystems and ecosystem services; and
 - (d) Infrastructure and the built environment.
4. More information can be found on the GCF initial results management framework on the GCF website.

II. GCF investment guidelines

5. The GCF evaluates a proposed activity against six investment criteria, which are as follows:
 - (a) Impact potential;
 - (b) Paradigm shift potential;
 - (c) Needs of the beneficiary country/alternative funding sources;
 - (d) Country ownership and institutional capacity;
 - (e) Economic efficiency; and
 - (f) Financial viability (for revenue-generating activities).
6. More information can be found on the GCF investment framework on the GCF website.

Annex III: Draft micro, small and medium-sized enterprise request for proposal scorecard

Project/Programme evaluation criteria (55 %)		Score
Appropriate activity (pass/fail)		
(i) The activity proposed in the project/programme must foremost fit the needs and stated priorities of the country, in line with their national strategies and plans, including nationally determined contributions. National designated authorities or focal points shall be consulted on the proposed activity in their respective countries	Pass/fail	Pass/Fail
(ii) The activity must fall within the eight GCF strategic result areas		
(iii) The activity must fall within the relevant definition of MSMEs within a specific country or region (i.e. the International Finance Corporation's definition of MSMEs ⁴)		
Programme design (30%)		
(i) A detailed strategy, backed by industry and market research that outlines the rationale for the target sector life-cycle stage of the targeted pool of MSMEs.	Score (1=min; 30=max)	/30
(ii) Defined financial support that will be provided for the project/programme (e.g. venture capital for start-ups or growth capital for the growth stage)		
(iii) Robust eligibility criteria tailored to the project/programme strategy (e.g. proven technology for growth capital versus proof of concept for venture capital) and in compliance with GCF investment criteria		
(iv) Evidence of robust integrity standards (e.g. an anti-money laundering check for entrepreneurs, senior management, board members and existing investors) of the portfolio company		
Implementing entity readiness (10%)		
(i) The implementing entity must be accredited with the GCF. Their accreditation must include the fiduciary functions, size of project/activity and environmental risk category suitable for the undertaking of the proposed activity. If the activity proposed exceeds the level of accreditation, the entity can include an application to increase its accreditation accordingly	Score (1=min; 10=max)	/10
(ii) The implementing entity must demonstrate an		

⁴ The International Finance Corporation's definition of MSMEs is as follows:

Indicator	Micro enterprises	Small enterprises	Medium enterprises
Employees	<10	10 <50	50 <300
Total assets	<USD 100,000	USD 100,000 <USD 3 million	USD 3 million <USD 15 million
Total annual sales	<USD 100,000	USD 100,000 <USD 3 million	USD 3 million <USD 15 million

existing relationship with local institutions or markets with which it will be working, as well as an existing avenue for supporting targeted MSMEs, and must provide track records for its activities in targeted MSMEs		
(iii) The implementing entity must show evidence of successful investment or debt management		
Minimum concessionality (15%)		
(i) The implementing entity must demonstrate that its request for GCF support entails the minimum concession required to render the project feasible	Score (1=min; 15=max)	/15
(ii) The implementing entity must indicate the GCF co-financing ratio, vis-à-vis other private sector investors. The GCF should not be the only investor		
Total programme standards score		/55

Micro-, small- and medium-sized enterprise request	Evaluation	Score
Market reform or development and institutional capacity building (5%)		
(i) Will the project/programme prompt a positive change in the market or regulatory environment that will enable future investment in climate related MSME activity?	Score (1=min; 5=max)	/5
(i) Will the project/programme develop institutional capacity in local markets for further investment in climate related MSME activity?		
Innovation and new technology (5%)		
(i) Will the project/programme encourage innovative climate solutions and the deployment of new technologies to developing countries?	Score (1=min; 5=max)	/5
Replicability and regional reach (5%)		
(i) Can this or a similar project/programme be replicated in the future without GCF participation?	Score (1=min; 5=max)	/5
(ii) Does the project/programme have regional impact?		
Crowding in new investors (5%)		
(i) Does the project/programme attract first-time investors to climate, MSMEs or the country?	Score (1=min; 5=max)	/5
Benefits to MSME clients (7%)		
(i) How many clients will benefit from the services of the MSMEs supported by the project/programme?	Score (1=min; 7=max)	/7
(ii) Is the project/programme gender-sensitive and balanced?	Score (1=min; 7=max)	/7
Benefits to the bottom of the pyramid (18%)		
(i) Does the project/programme benefit developing countries and communities that are particularly vulnerable to the adverse effects of climate change, including least developed countries, small island developing States and African States?	Score (1=min; 18=max)	/18



(ii) Does the project/programme target micro-sized enterprises and the informal sector?		
Total impact criteria score		/45

Total score	Evaluation	Score
Appropriate activity		Pass/Fail
Project/Programme evaluation criteria score		/55
Special considerations score		/45
Total score		/100

Abbreviation: MSME = micro, small and medium-sized enterprises.
