Meeting of the Board
17 - 20 October 2022
Incheon, Republic of Korea
Provisional Agenda Item 13

GCF/B.34/02/Add.07/Rev.01

16 October 2022

Consideration of funding proposals – Addendum VII

Funding proposal package for FP197

Summary

This addendum contains the following fix parts:

a) A funding proposal summary titled "Green Guarantee Company ("GGC")" submitted by MUFG Bank Ltd.;
b) No-objection letter issued by the national designated authorities or focal point(s);
c) Environmental and Social report(s) disclosure;
d) Independent Technical Advisory Panel's assessment;
e) Response from the accredited entity to the independent Technical Advisory Panel's assessment; and
f) Gender documentation of the funding proposal.

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 titled "Green Guarantee Company ("GGC")" by MUFG Bank Ltd. 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.

Table of Contents

Funding Proposal

Project/Programme title:	Green Guarantee Company (“**GGC**”)
Country(ies):	**Africa:** Gabon, Rwanda **Asia:** India, Indonesia, Lao, Philippines, **Latin America and the Caribbean:** Brazil, Trinidad & Tobago
Accredited Entity:	MUFG Bank, Ltd. (“**MUFG**”)
Date of first submission:	2022/02/08
Date of current submission	2022/10/14
Version number	V.9

GREEN CLIMATE FUND

Contents

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

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

Please submit the completed proposal to:

fundingproposal@gcfund.org

Please use the following name convention for the file name:

“FP-[Accredited Entity Short Name]-[Country/Region]-[YYYY/MM/DD]”

A. PROJECT/PROGRAMME SUMMARY

A.1. Project or programme	Programme	**A.2. Public or private sector**	Private
A.3. Request for Proposals (RFP)	*If the funding proposal is being submitted in response to a specific GCF Request for Proposals, indicate which RFP it is targeted for. Please note that there is a separate template for the Simplified Approval Process and REDD+.* Not applicable Not applicable		

A.4. Result area(s)	*Check the applicable GCF result area(s) that the overall proposed project/programme targets below. For each checked result area(s), indicate the estimated percentage of **GCF and Co-financers' contribution** devoted to it. The total of the percentages when summed should be 100% for GCF and Co-financers' contribution respectively.*		
		GCF contribution	**Co-financers' contribution**[1]
	Mitigation total	80 %	80%
	☒ Energy generation and access	30 %	30 %
	☒ Low-emission transport	20 %	20 %
	☒ Buildings, cities, industries, and appliances	30 %	30 %
	☐ Forestry and land use	Enter number %	Enter number %
	Adaptation total	20 %	20 %
	☐ Most vulnerable people and communities	Enter number %	Enter number %
	☒ Health and well-being, and food and water security	10 %	10 %
	☒ Infrastructure and built environment	10 %	10 %
	☐ Ecosystems and ecosystem services	Enter number %	Enter number %

A.5. Expected mitigation outcome *(Core indicator 1: GHG emissions reduced, avoided, or removed / sequestered)*	74.6 million tCO_2e over the 20-year lifetime of GGC (based on the indicative portfolio countries)	**A.6. Expected adaptation outcome** *(Core indicator 2: direct and indirect beneficiaries reached)*	17 million people direct and 19.9 million people indirect (at % of GCF)	
			16 999 962 (of 36 906 773)	*19 906 811 (of 36 906 773)*
			8.81% of population of countries with adaptation investments	*8.81% of population of countries with adaptation investments*
A.7. Total financing (GCF + co-finance[2])	405 million USD	**A.9. Project size**	Large (Over USD 250 million)	
A.8. Total GCF funding requested	82.5 million USD *For multi-country proposals, please fill out annex 17.*			

[1] Co-financer's contribution means the financial resources required, whether Public Finance or Private Finance, in addition to the GCF contribution (i.e., GCF financial resources requested by the Accredited Entity) to implement the project or programme described in the funding proposal.
[2] Refer to the Policy of Co-financing of the GCF.

A.10. Financial instrument(s) requested for the GCF funding	*Mark all that apply and provide total amounts. The sum of all total amounts should be consistent with A.8.* ☐ Grant Enter number ☐ Loan Enter number ☐ Guarantee Enter number ☒ Equity 82.5 million USD ☐ Results-based payment Enter number		
A.11. Implementation period	10 years (may be extended pursuant to the terms to be agreed in the FAA)	**A.12. Total lifespan**	20 years
A.13. Expected date of AE internal approval	*This is the date that the Accredited Entity obtained/will obtain its own approval to implement the project/ programme, if available.* *5/18/2022*	**A.14. ESS category**	*Refer to the AE's safeguard policy and GCF ESS Standards to assess your FP category.* I-2
A.15. Has this FP been submitted as a CN before?	Yes ☒ No ☐	**A.16. Has Readiness or PPF support been used to prepare this FP?**	Yes ☒ No ☐
A.17. Is this FP included in the entity work programme?	Yes ☒ No ☐	**A.18. Is this FP included in the country programme?**	Yes ☐ No ☒
A.19. Complementarity and coherence	*Does the project/programme complement other climate finance funding (e.g., GEF, AF, CIF, etc.)? If yes, please elaborate in section B.1.* Yes ☐ No ☒		
A.20. Executing Entity information	**Executing Entities ("EE")** 1. Green Guarantee Company ("GGC"), registered in the United Kingdom 2. The Development Guarantee Group Limited ("DGG"), registered in the United Kingdom 3. GCF Holdings, a special purpose vehicle incorporated solely for the GCF's investment in GGC 4. GCF Holdings Manager GGC will be the Executing Entity that receives GCF proceeds and uses them for the Funded Activity of providing guarantees. GGC is incorporated in the United Kingdom as a limited liability company and will be owned by institutional shareholders, including GCF. The day-to-day operations of GGC will be managed by DGG, which is also incorporated in the United Kingdom as a limited liability company and is owned by its management and Cardano Development (www.cardanodevelopment.com), a Netherlands based foundation focused on financial markets innovation in developing countries.		

A.21. Executive summary (max. 750 words, approximately 1.5 pages)

The Climate Change Problem We Want to Solve

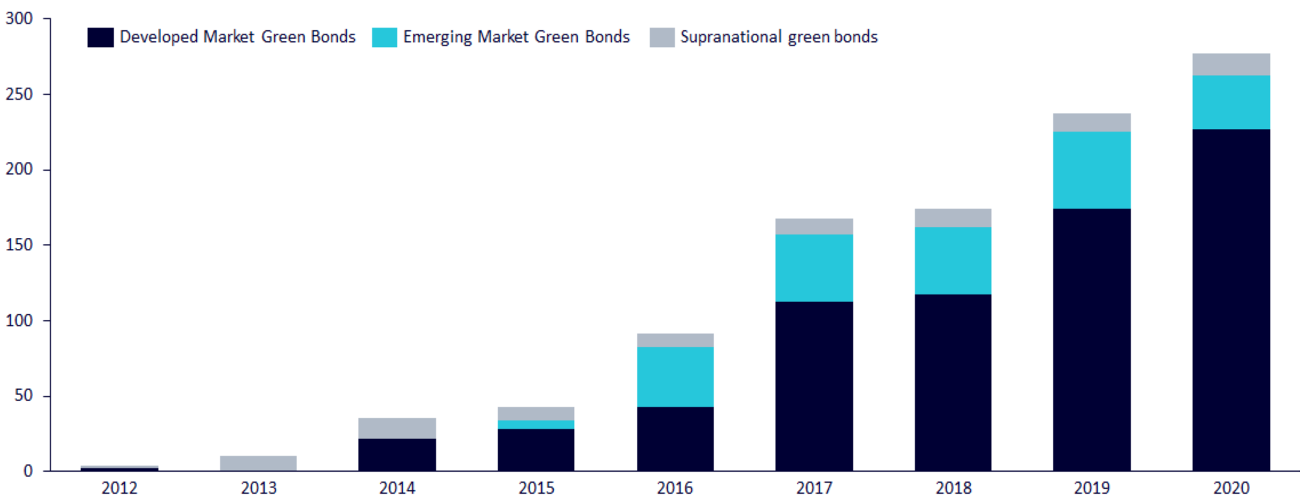
1.1 At the 2009 Climate Summit (COP15) in Copenhagen, developed countries made a commitment to increase climate finance to developing countries (defined for the purposes of this document as countries that are eligible for Overseas Development Assistance ("**ODA**")) to USD 100 billion per annum by 2020.

1.2 It's generally agreed that the COP15 target to provide USD 100 billion of climate finance a year by 2020 has been missed. In October, the UK COP presidency suggested it will be met by 2023, but even this delayed milestone would be insufficient.

There is an urgent need for additional international financial support requested by developing countries to reach their country-specific greenhouse gas (“**GHG**”) savings targets and to move to more resilient pathways based on their country specific Nationally Determined Contributions (“**NDC**”) under the Paris Agreement.

1.3 One of the most prominent financial innovations and revolutions in the area of climate finance over the past ten years has been the development and the exponential growth of the global green finance market as exemplified by the green bond market, demonstrated in Figure 1 below.

Figure 1: Global Green Bond Issuance, USD billion



1.4 International Capital Markets Association (“**ICMA**”) defines a “green” bond or loan as any type of bond or loan instrument where the proceeds will be exclusively applied to finance new and/or existing eligible “green” projects including those focused on addressing the impact of climate change.

1.5 Despite the unprecedented challenges for the global economy and financial markets in 2020, the global green bond market proved resilient, achieving the key milestone of USD 1 trillion in cumulative issuance since 2007, with issuance of USD 295 billion in 2020[3]. Of the 2020 green bond issuance approximately USD 40 billion was from developing countries – noting, however, once volume from China is excluded the balance is just USD 8.9 billion (or just 3%) from the rest of the developing world. Furthermore, as can be seen in Figure 1, the percentage of the total global volume of green bonds issuance from developing countries has been reducing over the past three years. This trend is partly due to the impact of the COVID-19 pandemic but if one looks at overall volumes between 2016 and 2019 (before the pandemic began), in value terms green bond issuance from developing countries has been static reflecting a lower level of momentum for this segment of the market than can be seen for green bond issuance from developed countries over the same period. Consequently, increasing green bond and loan issuance from developing countries represents a significant market opportunity for global investors seeking to align their investment strategies with environmental considerations. This market opportunity is however not being exploited, with the World Bank estimating that global investors allocate less than 2% of their asset base to infrastructure investment in developing countries, insufficient to meet the climate finance gap.

Proposed Interventions: Guarantees as A Solution

1.6 The OECD defines guarantees as “a type of insurance policy protecting banks and investors from the risks of non-payment”. More technically, a guarantee is a legally binding agreement under which the guarantor agrees to pay part or all an amount due on a loan, equity, or other instrument in the event of non-payment by the obligor (or loss of value, in the case of investment).

1.7 According to OECD data on amounts mobilised from the private sector by official development finance interventions between 2012 and 2018, guarantees mobilised more private capital than direct lending or equity investments. The amount of private finance mobilised by guarantees increased from USD 8 billion to over USD 18 billion in 2018, equivalent to an annualised growth rate of 14%. Guarantees have mobilised more private finance than any other financial instrument, representing 39% of total private finance mobilised for development over the period covered by the data. The OECD concludes that guarantees have been the most effective tool to mobilise capital in every year for which data is available. This is despite guarantees not being widely available for bonds with no hard currency guarantor focused on global capital markets to help developing country borrowers. A key reason for this significant mobilisation effect is that guarantees can help address the information asymmetry (i.e., investor perception of risk is actually greater than the actual level of risk) that typically discourages investors to invest in developing countries. By doing so guarantees can encourage replication of further transactions without credit enhancement once guarantees build the capacity of investors to the point that they are able to invest in green bonds from developing countries without any credit enhancement. This level of market transformation

[3] IFC, Amundi Asset Management, Environmental Finance Bond Database

can lead to green bond issuance from developing countries scaling up to the USD hundreds of billions, closing the climate finance gap.

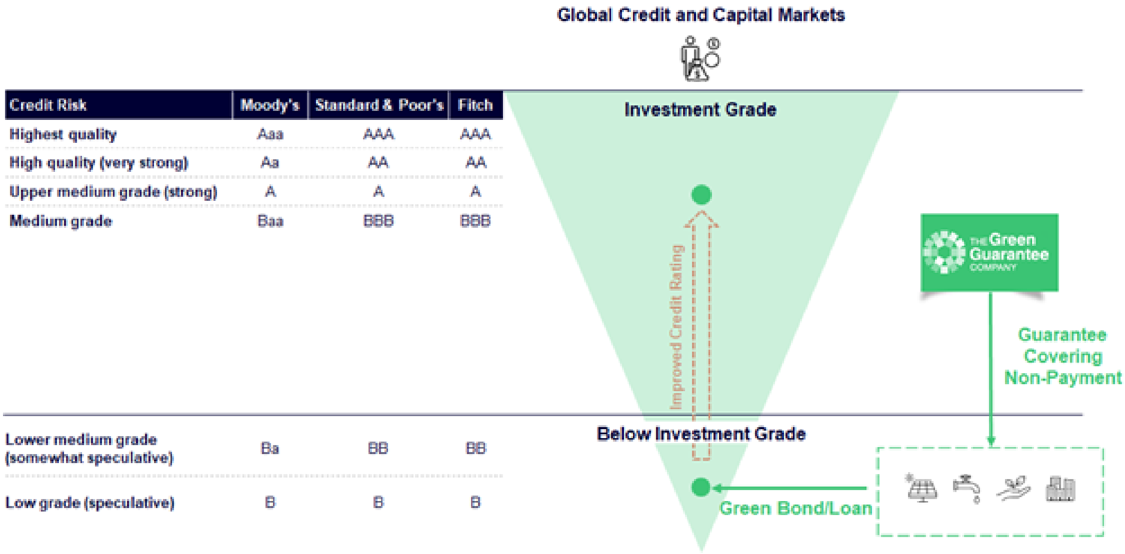
1.8 The necessity of developing countries being able to access global credit and capital markets for climate finance is exacerbated by the lack of depth in their own local capital markets. The evolution of local capital markets in developing countries is not happening at a pace that will enable them to finance their immediate climate financing needs and consequently being able to access long-term climate finance from global credit and capital markets is necessary. Ideally, developing countries would be able to borrow from global credit and capital markets in their own currencies, thereby placing the currency risk with investors, however the current status quo where global investors have yet to be convinced to lend to developing countries in hard currencies means that a transition to lending in local currencies needs to be a longer-term ambition.

Climate Results / Benefits

1.9 DGG believes that guarantees can help developing countries access more climate finance from the global green financing (both bonds and loans) market and is therefore seeking to design, build and operate the Green Guarantee Company ("GGC") to act as a market champion and mobilise greater private sector climate finance into developing countries. GGC will be the first ever guarantee company to exist in the global credit and capital markets with this specific objective making it a highly innovative and ground-breaking initiative.

1.10 Guarantees are a credit enhancement product, meaning they can improve the credit rating of a project (see Figure 2 below). Most investors in global credit and capital markets can only invest in investment grade rated debt instruments which means that climate projects in developing countries, most of which are rated below investment grade, are not available for consideration by investors in global credit and capital markets.

Figure 2: How GGC will support climate projects in developing countries



1.11 GGC will seek to guarantee global investors to catalyse their investments into green bonds and green loans that are issued from developing countries in global credit and capital markets. GGC will not be providing guarantees in local capital markets in recognition that there are existing guarantors who already play that role. GGC is focusing on global credit and capital markets where no other dedicated guarantor exists (please see Section 1.38 for additional information) and thus GGC is additional in its presence.

1.12 To ensure speed of implementation the GGC proposition is based on working with existing global credit and capital market participants, infrastructure, and standards to deliver a proven solution, thereby reducing execution risk and increasing the opportunity to scale at speed. Initial legal advice has confirmed that there are no legal or regulatory obstacles to GGC being incorporated and operationalised in London within a three-month timescale once the required equity capital has been raised and an investment grade credit rating has been obtained from at least one of the three major rating agencies.

1.13 GGC will guarantee green bonds and loans from developing countries listed on the London Stock Exchange ("**LSE**") and other global credit and capital markets then seek to syndicate (or share) some of its guarantee exposure with the private credit insurance market (i.e., Lloyd's of London) thereby crowding-in multiple pools of capital and building an ecosystem to mobilise greater climate finance into developing countries.

1.14 GGC's Guarantee Policy (see Annex 23) will focus on guaranteeing green bonds and loans which enable developing countries to meet their climate adaptation and mitigation targets.

1.15 GGC will focus on supporting new capital expenditure in relation to climate projects but may consider a refinancing subject to two conditions being met: (1) the refinancing is a component of a larger financing that includes new capital expenditure or where the refinancing is a pre-agreed component of a shorter term financing to bridge a construction period (e.g. Bridge-to-Bond) and (2) the refinancing is mobilising global institutional investors that would otherwise not have invested in a climate project in a developing country. This flexibility is needed as in developing countries the limited availability of climate finance and high execution risk means that climate projects are frequently built-in stages, and - where the terms of financing of the first stage negatively impacts on the viability of the subsequent phases - it would make sense for GGC to support a refinancing.

1.16 Guarantees are in their simplest form “a promise to pay” and consequently are unfunded at the outset with funds only flowing from the guarantor if a guarantee (or promise to pay) is called. Consequently, as the capital base of a guarantor is not used unless a guarantee is called it is possible to write guarantees greater than (i.e., “leverage”) the amount of capital that the guarantor has (in the belief that only a few guarantees will be called during their lifetime and even fewer will be called at the same time). The ability of a guarantor to pay under a guarantee is analysed by a credit rating agency that then assigns a credit rating to the guarantor’s guarantees which confirms the rating agency’s view on the ability of the guarantor to honour payments under its guarantees. Typically, these credit ratings cap the ability of the guarantor to leverage its capital.

1.17 GGC’s business plan envisages leveraging USD 405 million of capital (split between USD 270 million of cash equity to be raised initially with a further USD 135 million of callable capital to be raised later) to provide guarantees to mobilise USD 4 billion of green bonds and loans from global credit and capital markets for climate finance in developing countries over a 10-year period.

1.18 For GGC it has been established that a 10x leverage multiple will allow it to maintain an investment grade credit rating and so 10 x USD 405 million of capital = USD 4 billion of guarantee capacity.

1.19 GGC’s Transaction Selection Process (TSP), which is summarised in Figure 3 below (see Annex 24A for a more detailed version of the TSP), guided by a Transaction Scorecard (see Annex 24B), which screens a transaction against impact criteria, and Guarantee Policy (see Annex 23) which screens a transaction against eligibility criteria (e.g. sector), will enable it to select climate mitigation projects which help deliver a net zero carbon economy and climate adaptation projects which deliver environmental and social sustainability, ensuring that climate change response is at the heart of all of GGC’s guarantees.

1.20 GGC assuring positive climate impact is as important to investors that look to GGC’s guarantees for comfort as is its ability to provide protection against financial loss. Therefore, GGC makes use of multidisciplinary ‘lines of defence’ through its TSP (see Annex 24A) to reduce the risk of being exposed to low climate impact on the transactions that it chooses to guarantee. These lines of defence are professional specialists and/or experts in the fields of climate and climate bond certifications. Importantly, the GGC will liaise with the GCF on the appointment of these specialists and/or experts. In terms of the climate elements, these lines of defence are as follows:

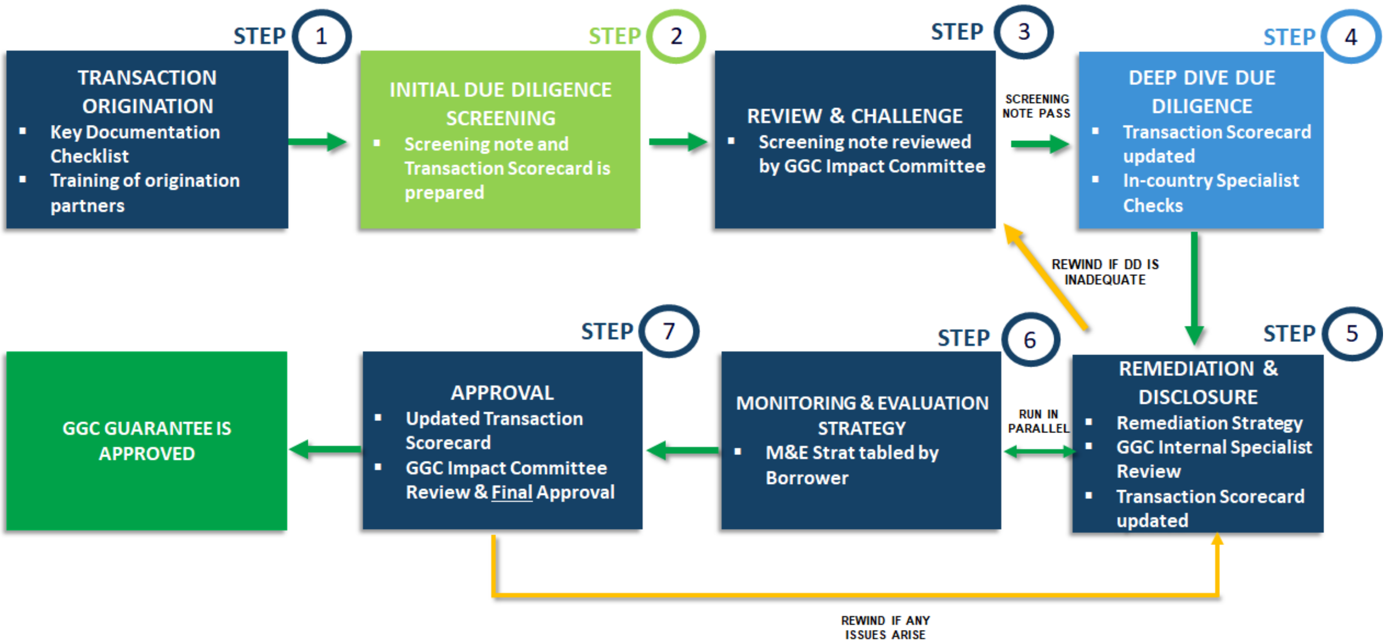
1. **DGG Impact Team:** The DGG Impact Team will be led by the Head of Impact who will be a senior executive climate expert with at least 10 to 15 years of experience working in their respective fields with a focus on emerging markets. The Head of Impact will be supported by a team of mid-senior managerial level climate specialists, who will specialise in climate adaptation and climate mitigation.
2. **GGC Impact Committee:** As part of the governance structure of GGC, GGC will a five-member Board of which three members will have climate expertise and will be voting members of the GGC Impact Committee. The GGC Board members elected to sit on the GGC Impact Committee will have extensive climate adaptation and mitigation experience as well as significant E&S and gender experience and will play an essential role as a member of this committee, providing independent advice and challenge and ensuring that both DGG and GGC has access to expert climate, gender and E&S advice and are successful in delivering GGC’s climate impact and gender KPIs and objectives. The committee members will challenge the analysis and assumptions made by the DGG Impact Team to ensure there has been sufficient rigour in the various assessments’ methods, calculations, and findings. Once satisfied the GGC Impact Committee will approve the transaction to move through the formal due diligence and remediation strategy phases. GCF will also have the right to have an observer join the GGC Impact Committee to provide additional advice and support to the GGC Impact Committee in respect of the latest thinking on specific climate impact issues.
3. **In-Country Climate Consultant:** The in-country climate consultant is expected to be a reputable local or regional climate consultancy firm that has a credible track record of at least 5 years of working with climate mitigation and/or adaptation projects in the target country. The in-country climate consultant will be able to provide on-the-ground support to the DGG Impact Team to assess and subsequently monitor the climate impact of a guarantee project.

1.21 While GGC’s Transaction Scorecard (Annex 24B) and Guarantee Policy (Annex 23) which together govern and underpin GGC’s TSP and provide internal assurance of climate impact, a third and final layer of assurance will be provided by external certification of the guaranteed green bond or loan by the Climate Bonds Standards and Certification Scheme (https://www.climatebonds.net/certification). This annual certification process will provide an external validation for investors of the transaction’s climate impact whilst the robust TSP will provide GGC’s shareholders, including GCF, of the same.

1.22 The development of a bankable project is typically a lengthy process, particularly if the infrastructure asset or intervention is sizable. As a guarantor, it is envisaged that GGC will be introduced to a transaction at a later stage of a project’s development, often to assist the project achieve financial close by providing a credit guarantee to senior debt capital providers.

1.23 Therefore, GGC will likely not have the opportunity to influence the environment and social ("E&S"), gender, climate, and bond/loan certification of a climate project at an early stage in the project development cycle. Instead, GGC relies on having a robust TSP which will review and carry out strategic due diligence on the borrower's existing documentation, processes, and systems to determine if they are compliant with the requirements of GGC's Transaction Scorecard (Annex 24B). It is against this backdrop that GGC's robust TSP has been developed and is summarised in seven (7) strategic steps (see Figure 3 below) that GGC will follow in determining whether a project meets the requisite standards. Furthermore, the TSP is a unique process that seeks to inform the selection of impactful climate projects in the absence of GGC being the project developer or sponsor. A simple illustration of the TSP and explanation of the steps is provided below (for the more detailed TSP please see Annex 24A):

Figure 3: Transaction Selection Process



1.24 **Step 1: Transaction Origination (1-2 weeks):** Transactions will be originated by GGC's Origination Partners. GGC's Origination Partners liaise with the project transaction's borrowers to garner the latest information and documents for the project transaction.

1.25 **Step 2: Initial Screening (1-3 weeks):** Once an Origination Partner has introduced a transaction to DGG, as the Manager of GGC, then DGG's Impact Team will undergo an initial screening using the screening tabs on the Transaction Selection Scorecard.

1.26 **Step 3: Review and Challenge (1-3 weeks):** Following a professional review of the available information and documentation, the Transaction Scorecard (Annex 24B) will be completed by DGG Impact Team. The draft Transaction Scorecard (Annex 24B) is then presented for review to the GGC Impact Committee. As set out above, three members of the GGC Board will be voting members of the GGC Impact Committee and collectively will have significant experience in climate adaptation, climate mitigation, gender and E&S. The Impact Committee will challenge the analysis and assumptions made by the DGG Impact Team to ensure there has been sufficient rigour in the various assessments' methods, calculations, and findings. Once satisfied, the GGC Impact Committee approve the transaction to move through the formal due diligence and remediation strategy phases. GCF will also have the right to have an observer join the GGC Impact Committee to provide additional advice and support to the GGC Impact Committee in respect of the latest thinking on specific climate impact issues.

1.27 **Step 4: Due Diligence (2-5 weeks):** The due diligence step begins with DGG engaging an independent in-country consultant to undertake a site visit with DGG's Impact Team and the borrower. In parallel with a physical site visit, they collectively conduct interviews with stakeholders to determine whether the submitted information provided is accurate and commensurate with aspirations and claims made in the documents. The outcome of the due diligence step will be an updated Transaction Scorecard (Annex 24B) and a detailed transaction DD report from the investment team. The report provides evidence to validate the various transaction assessments, analyses, and their underlying assumptions. Critically, it also highlights any gaps and/or meaningful deviations that have been uncovered during due diligence, which will need to be addressed by the borrower.

1.28 **Step 5: Remediation & Disclosure (2-5 weeks):** Where gaps and/or deviations exist, the transaction will be rejected and the borrower will be required to develop a remediation strategy that satisfactorily addresses the identified gaps/deviations. Where required, the DGG Impact Team will work with the in-country specialist consultant to assist the borrower in developing the remediation strategy. Once the remediation strategy has been developed, the borrower is required to commit to delivering on the strategy, within a pre-agreed timeframe. Where a borrower does not commit or expresses a clear reluctance to developing and/or delivering a remediation strategy, the transaction will be rejected by the DGG Impact Team. To progress, a remediation strategy must be delivered to the satisfaction of the DGG Impact Team, alongside a firm commitment by the borrower to undertake the strategy.

1.29 **Step 6: Monitoring & Evaluation Strategy (2-5 weeks):** The M&E Strategy must receive a clear commitment by the borrower, before it is tabled alongside the Transaction Scorecard (Annex 24B), the detailed transaction DD report, and the remediation strategy, for the GGC Impact Committee's consideration. As with the remediation strategy, where a borrower does not commit or expresses a clear reluctance to developing and/or delivering the M&E Strategy, the transaction will be rejected by the GGC investment team before it is tabled with GGC Impact Committee for consideration.

1.30 **Step 7: Approval (1-2 weeks):** The GGC Impact Committee, which comprises independent experts (see Section 1.26), will review the updated Transaction Scorecard (Annex 24B), detailed transaction DD report, remediation strategy and M&E Strategy provided by the DGG Impact Team. Once satisfied that the transaction is compliant with GGC's Frameworks, the GGC Impact Committee will be asked to provide its approval for the transaction to progress to the determination of a guarantee issuance. However, if the GGC Impact Committee has residual concerns regarding the elements of the transaction, then the GGC Impact Committee will be required to rewind to Step 5 (Remediation & Disclosure) and work closely with the borrower to address the concerns of GGC Impact Committee. Once the GGC Impact Committee has approved the transaction it will progress to the GGC Credit Committee that will opine on the material, financial and commercial aspects of the transaction.

1.31 **Importantly, the GGC Credit Committee will only approve transactions that have first been approved by the GGC Impact Committee. This means that the GGC Board members who are elected to the GGC Impact Committee (and Credit Committee), have a veto over transactions and can ensure that climate impact of the GGC's transactions, alongside gender and E&S impact, are maximised.**

1.32 If the GGC Credit Committee is satisfied with the financial and commercial aspects of the transaction, it will issue a formal approval to provide a guarantee on behalf of the borrower.

B. PROJECT/PROGRAMME INFORMATION

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

Climate Change Problem

The climate change problem GGC addresses is mobilising climate financing from developed countries to developing countries to support more mitigation and adaptation projects and programmes, particularly by way of private sector investment.

1.33 The global scientific community is in agreement that human influence on the earth's climate is clear, and that it is unequivocal that such human influence has warmed the atmosphere, ocean, and land.[4] The Intergovernmental Panel on Climate Change ("IPCC"), the international standard-bearer for credible climate science, has emphasized that scale of recent changes across the climate system as a whole and the present state of many aspects of the climate system are unprecedented over many centuries to many thousands of years.[5] According to the IPCC, global surface temperature will continue to increase until at least the mid-century under all emissions scenarios considered, and global warming of 1.5°C and 2°C will be exceeded during the 21st century unless deep reductions in carbon dioxide ("CO_2") and other greenhouse gas emissions occur in the coming decades.[6]

1.34 Thus, if countries are to heed the IPCC's warning that climate change will cause further and "long-lasting changes in all components of the climate system, increasing the likelihood of severe, pervasive, and irreversible impacts for people and ecosystems,"[7] all communities and nations must limit climate change through substantial and sustained reduction in greenhouse gas emissions, which – together with adaptation and strengthening of resilience – is necessary to curtail and manage climate change risks.

Baseline

1.35 Actions to limit or reduce greenhouse gas ("GHG") emissions (mitigation) and to better prepare for and respond to climate risks (adaptation) demand resources, especially financial. Estimates vary regarding what the world needs to spend to meet the Paris Agreement's 1.5°C target and what the costs of adaptation may be, ranging from USD 500 billion to a trillion annually by 2050.[8] According to the International Renewable Energy Agency ("IRENA"), the energy transition alone needed to secure a 1.5°C future pathway could cost USD 131 trillion from the present to 2050.[9] The United Nations Environment Programme ("UNEP") estimates that developing countries may require between USD 155 – 330 billion a year to spend on adaptation by 2030,[10] and even USD 500 billion annually by 2050.[11] If opportunities for investment in climate change response (both mitigation and adaptation) are optimised, this could represent an opportunity at the scale of USD 23 trillion in climate-smart investments between 2016 and 2030.[12]

1.36 In recognition of the pressing need to equip developing countries with the financial capacity required to address the threat of climate change, developed country parties to the UNFCCC pledged in 2009 to collectively mobilize at least USD 100 billion annually by 2020 to support developing member-states. To date, however, this target has remained unmet.[13]

1.37 All developing countries have expressed the need for additional international financial support to reach their country-specific GHG mitigation targets and to move to more resilient pathways based on their country specific Nationally Determined Contribution ("NDC") submissions under the Paris Agreement – as there are limited public resources to do so. As such, many have made additional commitments conditional on the availability of international funding being made available. This suggests a key role for the private sector in developed countries in making investments to help these countries meet the ambitions they set forth in their NDCs. This is particularly true of local private sector and sub-sovereign climate change efforts.

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[4] Intergovernmental Panel on Climate Change IPCC), Sixth Assessment Report (AR6), Working Group I – The Physical Science Basis: Headline Statements (2021). Available at https://www.ipcc.ch/report/ar6/wg1/downloads/report/IPCC_AR6_WGI_Headline_Statements.pdf (last accessed February 2022).

[5] IPCC (2021), ibid.

[6] IPCC (2021), ibid.

[7] Intergovernmental Panel on Climate Change (IPCC), Fifth Assessment Report (AR5) - Synthesis Report (2014). Available at https://www.ipcc.ch/report/ar5/syr/ (last accessed February 2022).

[8] UN News, The Trillion Dollar Climate Finance Challenge (and Opportunity), 27 June 2021. Available at https://news.un.org/en/story/2021/06/1094762 (last accessed February 2022).

[9] IRENA, World Energy Transitions Outlook: 1.5°C Pathway (2021). Available at https://irena.org/publications/2021/Jun/-/media/E39E2962B96D489BBBB65DB5112DA1F2.ashx (last accessed February 2022).

[10] UNEP, Adaptation Gap Report, 2021. Available at https://www.unep.org/resources/adaptation-gap-report-2021(last accessed February 2022).

[11] UN News, The Trillion Dollar Climate Finance Challenge (and Opportunity), 27 June 2021. Available at https://news.un.org/en/story/2021/06/1094762 (last accessed February 2022).

[12] IFC, Climate Investment Opportunities in Emerging Markets (2016). Available at https://www.ifc.org/wps/wcm/connect/59260145-ec2e-40de-97e6-3aa78b82b3c9/3503-IFC-Climate_Investment_Opportunity-Report-Dec-FINAL.pdf?MOD=AJPERES&CVID=lBLd6Xq (last accessed February 2022).

[13] World Resources Institute, A Breakdown of Developed Countries' Public Climate Finance Contributions Towards the $100 Billion Goal (October 2021). Available at https://files.wri.org/d8/s3fs-public/2021-10/breakdown-developed-countries-public-climate-finance-contributions-towards-100-billion.pdf?VersionId=0luvOD5zVLLxxfRpWad_DyFC3Qh4sjd0 (last accessed February 2022).

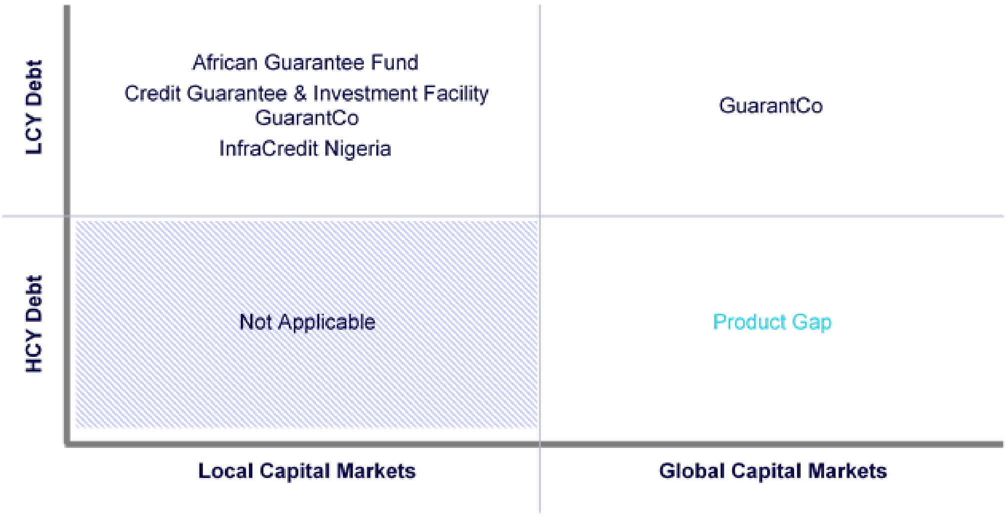
Proposed Intervention

1.38 In December 2020, the Global Financial Markets Association ("GFMA"), which represents the common interests of the world's leading financial and capital market participants to provide a collective voice on matters that support global capital markets, commissioned and published "Climate Finance Markets and Real Economy", a paper that focuses on providing "a roadmap for how to accelerate the evolution of climate finance". The paper outlines a number of recommendations including that "multilaterals and development financial institutions should scale up vehicles to aggregate and deploy concessional capital in pursuit of climate-related objectives (i.e., **facilities that deploy risk guarantees,** concessionary equity or mezzanine capital, PPAs, and other mechanisms)".

1.39 The GGC is a solution to this market failure and will deploy the under-used financial instrument of credit guarantees (for bonds and loans) in developing countries that face considerable shortfall of climate mitigation and adaptation finance. The GGC's guarantees will de-risk climate change investments that would otherwise not achieve financial close, unlocking and expanding levels of private capital that are yet untapped for climate change projects and programmes in beneficiary countries.

1.40 As can be seen below in Figure 4, the existing dedicated guarantee providers are focused on local currency and are regional in focus. Consequently, GGC will be the **first ever** guarantee company to exist in the hard currency global capital markets focused on developing countries.

Figure 4: Market mapping of existing guarantee providers



1.41 Envisioned as a self-sustaining programme with no defined lifespan[14] (but an exit horizon for GCF within 20 years as discussed in Section B6), GGC will, at the outset, provide guarantees to investments in sectors congruent with the Green Climate Fund's ("GCF's") following mitigation results areas ("MRAs") and adaptation results areas ("ARAs"): MRA1 – energy generation and access; MRA2 – low-emission transport; MRA3 – buildings, cities, industries, and appliances; ARA2 – health, well-being, food, and water security; and ARA3 – infrastructure and built environment.

1.42 As such, the focus or targeting considerations for sectors, countries, types of projects (mitigation or adaptation) and project priorities should and must be broad-based, to allow for any vulnerability to be pointed to GGC to address via the issuance of green bonds or loans that deliver long term debt funding from developed countries to developing countries. Nevertheless, GGC's limited guarantee capacity of USD 4 billion compels it to have a framework to prioritise projects that deliver significant climate impact in the relevant sectors. Hence the TSP will be guided by a Transaction Scorecard (Annex 24B), which explicitly embeds the GCF's own investment framework into the eligibility criteria.

1.43 As the GGC is a global programme without specific sub-projects identified yet, detailed studies demonstrating the most likely scenario (prevailing conditions or other alternative) that would remain or continue in the absence of the proposed intervention, including baseline information and the corresponding methodologies used to derive such information, will be required for the respective feasibility studies before GGC considers supporting the sub-project. These should be aligned with GGC's objectives as described in its Guarantee Policy (Annex 23) and with the criteria reflected in the Transaction Scorecard (Annex 24B).

1.44 As of October 11, 2022, we received 8 NOLs from Gabon, India, Indonesia, the Philippines, Brazil, Lao, Rwanda and Trinidad and Tobago. MUFG is in advanced discussions with several other countries, including (without limitation) Bangladesh, Egypt, Pakistan, South Africa, and Uganda. These countries, amongst others, all expressed significant interest in the GGC programme but have not been able to complete their internal sign-off processes due to COVID-19 and other

[14] Note that for the purposes of some calculations underpinning the funding proposal, the timeframe for the GGC's operation was assumed, provisionally, to be 20 years. However, since the estimation of climate benefits (mitigation and adaptation) was based on indicative projects, and since the calculations are linked to the typology of the project and sector rather than a prescribed timeframe, the lifespan of the GGC is not critical to the estimations.

reasons. Nevertheless, we expect to receive NOLs from most, if not all, of these countries before the publication deadline. Additional countries may be added to the programme after initial Board approval, provided they submit an NOL, and the addition is approved by the Board.

1.45 As a starting point, the GGC has developed country-specific climate change analyses as part of its market studies, which identify priority sectors for climate change mitigation and adaptation interventions in each country. These are sectors and sub-sectors highlighted in the countries' most recent NDCs, and that align with the high-level status-quo review of GHG emissions and climate risks, and vulnerabilities captured in the reports. *Illustratively,* for a sample sub-set of beneficiary countries, the climate change context underpinning the GGC's approach can be summarised as follows, for mitigation and adaptation respectively:

Country	**Hazard (Through 2039/2040)**[15] *(please also refer to the full-length, individual country climate change report for each country, submitted as annexes; each report provides detail on observed and projected climate change trends and hazards)*	**Impact (on the relevant ARA and implicated sectors)**	**Potential Programme Interventions (Indicative)** *(please also refer to adaptation transaction scorecard and the Annex with the preferred list of adaptation investments by sector)*	**Programme's Prioritized High-Risk Hazards**[16] **(including historic incidence)**[17]	**Programme's High Priority Adaptation Interventions (from country NDC, linked to ARA most distinctly emphasized in the NDC)**	**Potential Range of Gender-related Interventions (indicative)** [18]				
						Developing inclusive building codes and standards, and building gender-sensitive shelters for the community.	Improving access to climate infrastructure and early warning and disaster management strategies & systems.	Enabling more inclusive and efficient city decision-making.	Development of gender-informed transport policies, strategies and regulations.	Provision of CSA skills upliftment for women, and unlocking bottlenecks for women's participation in rural value chains.
Trinidad and Tobago	Increasing trend in rising temperatures; longer heat waves; increasing rainfall variability; decrease in rainfall levels; sea-level rise; increasing frequency and intensity of tropical cyclones.	Greater pressure on limited freshwater resources, creating risk of water stress and scarcity; greater loss and damage of infrastructure from floods, droughts, cyclones, and extreme heat.	Water storage infrastructure; water supply and reticulation systems; flood and drought control and management systems; cyclone early warning systems and climate services; water re-use and recycling mechanisms; climate-responsive urban infrastructure;	Floods (urban and riverine); cyclones; landslides; wildfires *Storms represent 30.77% of the country's average annual natural occurrence hazard for 1980-2020, and floods represent 23.08%.*	Urban flood control and management systems and structures; cyclone early warning systems and climate services. *(with geographic prioritization of areas identified by Trinidad and Tobago's Office of Disaster*	✓	✓	✓		

[15] For all countries, peer-reviewed literature synthesized includes:
- The World Bank Group's Country Climate Risk Profiles (2020 / 2021) https://climateknowledgeportal.worldbank.org/country-profiles
- USAID's Country Climate Risk Profiles https://www.climatelinks.org/climate-risk-management/regional-country-risk-profiles#countries-i
- ThinkHazard's Country Risk Profiles https://thinkhazard.org/en/
- The EU's INFORM Country Risk Index https://drmkc.jrc.ec.europa.eu/inform-index/INFORM-Risk/Country-Risk-Profile
- For countries that are covered by such reports, DRR/DRM profiles by UNDRR http://riskprofilesundrr.org/riskprofiles/countries.html and GFDRR https://www.gfdrr.org/en/disaster-risk-country-profiles
- Official national government publications such as latest National Communications to the UNFCCC and updated NDCs.

[16] Focus is on the three top climate-driven (non geological) hazards with hazard levels identified as "very high" and/or "high" for the country by ThinkHazard (a World Bank and GFDRR resource)

[17] For all countries, historic disaster incidence data is sources from the World Bank Climate Change Knowledge Portal's 'Vulnerability' section https://climateknowledgeportal.worldbank.org

[18] See Table 6 in Annex 8.1 for a more detailed framework for identifying gender interventions per sector, per country.

			institutional strengthening.	*In 2018 (the year with the highest number of disaster-affected population figures), an estimated 150,000 persons were affected by floods.*	*Preparedness and Management as being at high risk and susceptibility of floods and cyclones)*					
Rwanda	Increasing trend in rising temperatures; increasing rainfall variability with wetter wet seasons, and an overall slight increase in precipitation; rise in heavy rainfall events and intense downpours.	Significantly increased risk of flooding as well as erosion, landslides, and landslips; more frequent and prolonged droughts, particularly in the East; damage to infrastructure due to flooding and disasters; greater pressure on limited freshwater resources, creating risk of water stress and scarcity in certain areas, especially in dry season.	Flood and drought control and management systems; resilient urban stormwater management and drainage infrastructure; Expanded early warning systems and climate services; water storage infrastructure; water supply and reticulation systems; water re-use and recycling mechanisms; climate-responsive urban infrastructure for transport and mobility.	Floods (urban and riverine); cyclones; landslides; wildfires *Floods represent 47.83% of the country's average annual natural occurrence hazard for 1980-2020, and landslides represent 10.87%.* *In 2020 (the year with one of the highest number of disaster-affected population figures), an estimated 22,000 persons were affected by floods. In 2016, 30,000 were affected by landslides.*	Urban flood control and management systems and structures (including stormwater management and drainage); landscape-based erosion control measures; expanded early warning systems and climate services. *(with geographic prioritization of areas identified by Rwanda's Ministry in charge of Emergency Management, or MINEMA, as being at high risk and susceptibility of floods and landslides)*	✓	✓	✓	✓	
Laos	Increasing trend in rising temperatures; increased frequency and intensity of heavy precipitation events; sea-level rise; increasing intensity of tropical cyclones.	Increased risk of severe droughts; increased risk of river flooding along the Mekong, as well as urban flooding from heavy downpours, and coastal flooding from storm surges; greater loss	Drought and flood control and management systems; climate-responsive urban infrastructure for transport and mobility; resilient urban stormwater management and drainage	Floods (urban and riverine); cyclones; landslides; wildfires *Floods represent 47.92% of the country's average annual natural occurrence*	Urban flood control and management systems and structures; cyclone early warning systems and climate services.	✓	✓	✓	✓	

		and damage of infrastructure from droughts, floods, cyclones, storm surges, wildfires, and extreme heat; increased cyclone risks.	infrastructure; expanded early warning systems and climate services; cyclone shelters; institutional strengthening.	*hazard for 1980-2020; storms represent 5.61% (including those caused by cyclonic activity in the region)* *In 2019 (the recent year with the highest number of disaster-affected population figures), an estimated 2 million persons were affected by storms. In 2020, 65,000 were affected by floods.*	*(with geographic prioritization of areas identified by Laos' National Disaster Management Office and National Disaster Management Committee as being at high risk and susceptibility of floods and storms)*					
Gabon	Increasing trend in rising temperatures; longer heat waves; increasing rainfall variability with projected increase; sea-level rise and coastal storm surges; increasing frequency and intensity of wildfires.	Increased risk of flooding in both coastal and urban areas, plus river flooding; greater loss and damage of infrastructure from floods, coastal storm surges, and extreme heat; more damage to populations, landscapes, and settlements from wildfires	Flood and control and management measures; early warning systems and climate services; operational capacity-building and institutional strengthening.	Floods (coastal, urban, and riverine); storms, extreme heat; wildfires *Storms represent 23.08% of the country's average annual natural occurrence hazard for 1980-2020; floods represent 15.38%.* *In 2012 (the recent year with the highest number of disaster-affected population figures), an estimated 77,000 persons were affected by floods.*	Coastal storm surge protection and embankment resilience; coastal and urban flood control management systems and structures (including stormwater management and drainage). *(with geographic prioritization of areas identified by Gabon's National Platform for Disaster Risk Reduction as being at high risk and susceptibility of floods)*					

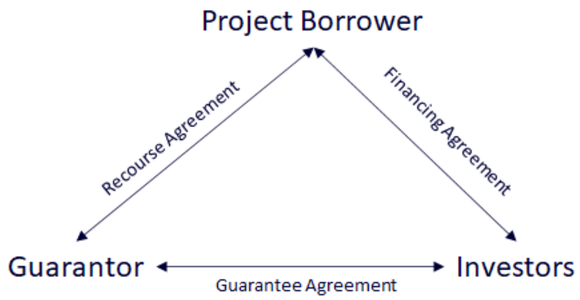
B.2 (a). Theory of change narrative and diagram (max. 1500 words, approximately 3 pages plus diagram)

Present the theory of change (ToC) that contains a goal statement and describes how the proposed project/programme will contribute towards the goal statement by using results chain links from activities, outputs, to outcomes. By referring to the sample ToC diagram template available in the guidance note, present a ToC diagram (approximately 1 page) which visually represents the same logic in the narrative description. The ToC diagram and narrative may include a wide range of co-benefits[19] as applicable in the context of the project/programme. Note all co-benefits will need to be further elaborated in section D.3 (sustainable development potential) and correspondent co-benefit indicators should be provided under section E.5 (project/programme specific indicators). The theory of change should also include any relevant barriers (social, gender, fiscal, regulatory, technological, financial, ecological, institutional, etc.) that need to be addressed as well as risks and assumptions. Note that the assumptions can be elaborated further in sections E.3 (GCF outcome level: reduced emissions and increased resilience) and E.5 (project/programme specific indicators) for each relevant indicator, as appropriate.

How GGC will issue their Guarantees:

1.46 Guarantees are a credit enhancement product. More technically, a guarantee is a legally binding agreement under which the guarantor agrees to pay part or all of an amount due on a loan, equity, or other instrument in the event of non-payment by the project borrower (or loss of value, in the case of investment) to an investor (also known as an issuer).

1.47 **As such, a typical guarantee transaction is formed via a tri-partite relationship as shown in the diagram below:**



1.48 To demonstrate how this works in practice, assume there is a company who wants to raise financing for a climate project that requires long-term debt from an institutional investor (such as a pension fund). The institutional investor may be concerned about the ability of the company to repay the debt due to its perception of the riskiness of the climate project or country in which the company is present. Consequently, the institutional investor is inclined to decline providing the long-term debt to the climate project unless it can be more certain that the debt will be repaid. This is where a guarantee from a reputable institution can be useful and help to address the concerns of the institutional investor by assuring them of repayment if the company and/or climate project is unable to pay.

1.49 Typically, the agreements that are signed when issuing a guarantee include 1) a guarantee agreement; and 2) a recourse agreement. The guarantee agreement is signed between the institutional investor and the guarantee company whilst the recourse agreement is signed between guarantee company and the borrower (being either the climate project or the company developing it). The recourse agreement ensures that if the guarantor has to pay part or all of an amount due on the debt in the event of non-payment by the borrower, the guarantor has the right to recover these amounts from the borrower.

1.50 Once the guarantee is issued (and the recourse agreement signed), the borrower will pay the guarantor an ongoing guarantee fee which is payable throughout the life of the guarantee, typically on a quarterly basis in advance.

1.51 In addition to paying a guarantee fee, the borrower may also need to adhere to financial covenants and provide relevant and up to date reports to the guarantor. This enables the guarantor to assess the likelihood of a call on the guarantee. The guarantee would be monitored by the portfolio team in the guarantee company and they will be responsible for managing the relationship with the beneficiaries of the guarantee and the borrowers.

What happens in the event of a call? [this section covers at a high level what would happen in the event of a call on a guarantee to pay part or all of an amount due on a loan]

1.52 A guarantor would ensure (as part of its terms and conditions) that it is given as much notice as possible **before a call under a guarantee is made.** The call on a guarantee is initiated by the institutional investor (or an agent if there is a consortium of lenders) or bond trustees (in the event the guarantor guaranteed a bond). From an institutional investor's

[19] GCF categorizes co-benefits into six areas which are: environmental, social, economic, gender, adaptation (relevant for pure mitigation projects) and mitigation (relevant for pure adaptation projects). Further guidance is available in the funding proposal (FP) guidance note.

perspective, they would typically want to ensure that the underlying borrowing does not turn into a non-performing loan and therefore they would want to be paid on demand.

1.53 Guarantees that are on demand and irrevocable are typically paid by a guarantor as soon as they receive a demand for payment. When payments are made, however, would depend on what had been agreed at the outset. The guarantor would ask for as much notice as possible and there may be other processes to work through (e.g., remedial periods etc.) before a payment is made.

1.54 Through this process there is a strong investment case for private sector participation in adaptation projects and mitigation projects, as private sector actors can be incentivised to invest in adaptation activities by, inter alia, the avoidance of climate risks and the opportunities to develop new products/services and to reach new markets. **The use of guarantees is one mechanism to de-risk climate investments for the private sector, thereby encouraging the entrance of new market actors.**

The Theory of Change is then built off of this concept:

1.55 A Theory of Change is thus based on the above and encapsulates mobilising private debt capital towards climate change mitigation and adaptation projects that deliver climate change solutions and environmental benefits. The Theory of Change has been developed to stage the various outcomes the GGC aim to achieve through issuing guarantees.

Three mechanisms the equity will be enabled: The equity capital received from the GCF will be enabled through three mechanisms provided by the GGC:

1.55.1 1) credit guarantees and associated risk management (such as active portfolio management, restructuring and recovery of paid claims);

1.55.2 2) financial structuring (e.g. problem-solving to bridge differing requirements of investors and borrowers); and

1.55.3 3) impact reporting. GGC will also seek technical assistance grants from third-parties or potentially seek to raise its own grant funded technical assistance facility to support the delivery of these mechanisms on the ground in developing countries.

Climate and mitigation potential

1.56 It is important to note that a guarantee does not in itself make an unviable project a good one. As such GGC's focus will be to identify viable climate adaptation and mitigation projects in developing countries which are not perceived as being viable by global credit and capital markets due to some level of information asymmetry. Using the three mechanisms described above, GGC's guarantee will seek to crowd-in investors and shift their understanding of the true level of risk associated with the climate project with the expectation that as investors become more educated about the risks, they will gain the confidence to invest in future climate projects in developing countries without the need for guarantees. As mentioned earlier, it is expected that the annual climate finance need in developing countries will be USD 500 billion by 2050, as such starting to educate investors in global credit and capital markets today is paramount to meeting the climate finance needs of tomorrow.

1.57 Indeed, a guarantee also has the potential to deliver on both direct and indirect climate outcomes for the participating countries adaptation/mitigation goals as outlined in the Nationally Determined Contributions (NDC). If GGC receives equity to operationalise and issue guarantees, participating countries will have reduced barriers (including investors' low risk appetite, investors' interest in large-scale projects only, and a lack of policy incentives (Climate Policy Initiative, 2021) to invest in climate mitigation and adaptation interventions. With decreased barriers to receive investment for the interventions, participating countries will have access to cost-efficient technologies, projects/programmes geared to increase resilience and the adaptative capacity of communities in the project region and mitigation interventions tailored to reduced GHG emissions. While there are facilities providing guarantees, they aim to mobilise finance from local capital markets whereas GGC's novel approach intends to unlock finance from global capital markets. There is thus a growing demand for climate finance guarantees, GGC aims to fill this significant to scale the private sector investment needed to prepare and implement much needed climate related project/programmes.

1.58 Through its guarantee, GGC indirectly aims to reduce climate vulnerabilities for beneficiaries by guaranteeing projects with an adaptation or mitigation impact potential that will amount to a paradigm shift in the participating countries. An example project which illustrates such benefits is shown below:

#	Project Example & Sector	Climate Adaptation or Mitigation Potential or benefit	GGC Guarantee Additionality Potential	Additional Co-Benefits
1	**INDONESIA**: The example project aims to improve access to finance to finance climate-smart projects geared to improving access to transport. Building on IFC's successful effort on investing in Indonesia's first non-sovereign green bond, the Project is expected to further deepen the climate finance market and encourage other financial institutions to replicate the issuance of green financing instruments. Further, the Program is expected to reinforce market standards in line with international green lending principles.	The project will contribute to the overall reduction in the GHG emission in the transport sector In the transport sector, support for clean fuels and improved public transport Decarbonizing transport into urban areas by switching to lower-carbon fuels and improving vehicle efficiency Reducing pollutants and CO2 emissions caused by burning fossil fuels Reducing major air pollutants like NOx, SO2, PM2.5, and other pollutants, providing health benefits Reducing reliance on imported fossil fuels, thereby improving energy security	GGC would support the development of a climate smart finance market in Indonesia Knowledge sharing and capacity building through technical assistance provided Unlock funding to global capital market that couldn't be secured through the local market In addition, GGC and the issuer would also support the structuring of the privately placed debt instrument to finance projects that are in compliance with Global Green Bond Principles and Social Bond Framework, a new financial instrument	Contribution to Market Creation Inclusiveness The project would support improvement of access to finance for women owned SME and expected to demonstrate to other market participants the viability of differentiated financial products for the benefit. Technological innovation Transition to a low carbon economy Demonstratable new business model for mitigating negative environment impacts by applying renewables into the auto industry Opportunity to reduce the running cost of vehicles, improving the accessibility of transport

Capacity building, training, and knowledge generation:

1.59 GGC will work with Origination Partners (see Annex 23 for key characteristics/capabilities) to identify and build a pipeline of transactions that are aligned with the eligibility criteria in the GGC Guarantee Policy (Annex 23) and using the TSP (Annex 24A) and Transaction Scorecard (Annex 24B) to ensure that climate impact is both prioritised and maximised.

1.60 GGC will also be able to support Origination Partners and Borrowers in developing countries with its own internal expertise in climate impact and financial structuring (i.e., problem-solving to bring the requirements of investors and Borrowers closer together) and use its global nature to share best practice in terms of overcoming the challenges that are experienced by climate projects between different countries and global capital markets. Indeed, GGC's unique global nature positions it well to become in time a centre of expertise for climate finance solutions across developing countries. Certainly, it is core to GGC's mission to become an advocate and voice for developing countries seeking a more equitable share of the climate finance available in global credit and capital markets. The fact that GGC can also "put its money where its mouth is" by risk-sharing with investors through its guarantees will bestow credibility with global credit and capital markets.

1.61 The main activities of GGC will include working with Origination Partners (see Annex 23 for key characteristics/ capabilities) to identify and build a pipeline of transactions that are aligned with the eligibility criteria in the GGC Guarantee Policy (Annex 23) and using the TSP (Annex 24A) and Transaction Scorecard (Annex 24B) to ensure that climate impact is both prioritised and maximised. GGC will invest in the capacity building for the Origination Partners which will emphasise key components of GGC's Guarantee Policy and Transaction Scorecard.

1.62	As mentioned above, knowledge generation and education of investors in global credit and capital markets is the overarching sustainable impact that GGC expects to deliver through its activities. Thus, a key element of GGC's value proposition (but not funded out of GCF's equity which will be used solely for supporting the creation of a portfolio of guarantees) will be the use of a digital platform (e.g., www.esgbook.com) that will help borrowers and investors communicate more transparently about the performance of both the borrower and the underlying projects supported. This database of climate projects in developing countries will expand the body of data available for global investors to be better informed about their performance shift their risk appetite.
1.63	GGC will also require that all the bonds and loans it guarantees are certified by the Climate Bonds Standard and Certification Scheme ("Scheme"). The Scheme has a two-stage certification process with a pre- and post-issuance step that involves an independent Approved Verifier that has been accredited by the Climate Bonds Initiative, the owner of the Scheme. A comparative analysis of the Scheme versus other standards available in the global green finance market is provided in Annex 28.
1.64	Recognising that borrowers may be willing to meet the reporting requirements of GGC but simply lack the capacity to do so, GGC will seek to work with borrowers, using in-country consultants where necessary, to help them implement the necessary gender, environmental and social, and climate assessments, action plans and reporting frameworks. The data generated by these monitoring and reporting tools will also be aggregated on the digital platform thereby allowing GGC to track its own performance in respect to building a portfolio which promotes clear gender, environmental and social and climate parameters. This information then feeds into the annual review of GGC's Transaction Scorecard (Annex 24B) and Guarantee Policy (Annex 23) enabling a process of continuous incremental improvement.

Figure 5: Theory of Change

1.65 Research by the International Finance Corporation and Amundi Asset Management identifies the following as being the key barriers to greater investment being mobilised from the global green finance market into developing countries.

Table 1: Key Barriers to green bond and loan issuance from developing countries

Market barrier	Description
Transparency	The limited capacity of borrowers in developing countries to provide reporting to identify, measure, and track green investment which meet global market standards.
Supply constraints	Limited availability of labelled green assets and a pipeline of green projects of scale.
Capacity	Lack of awareness and know-how of developing country borrowers and investors about issuing and investing in green products.
Stability	Negative perception of investors in global credit and capital markets of the overall macroeconomic and policy instability of developing countries
Liquidity	In combination the above four barriers create information asymmetry between borrowers and investors which reduce market appetite and thus liquidity for green bonds and loans issued from developing countries. This consequently impacts the issuance frequency of such bonds and loans curtailing their potential to be an asset class within investors' portfolios.

Source: IFC, Bloomberg, Environmental, Finance, Climate Bonds Initiative

1.66 The market barriers identified above combine to erode confidence and disincentivise investors in global credit and capital markets, diminishing their consideration of developing countries a viable investment destination. Confidence is an essential ingredient for building and transforming markets and in its absence a void form between the institutional capital in global credit and capital markets and developing countries. A proven solution to address this absence of confidence is to use credit enhancement to help investors in global credit and capital markets to overcome the barriers and bridge the void that keeps institutional capital from reaching the developing world. Credit enhancement refers to the use of credit enhancement products (e.g., guarantees) or credit enhancement techniques (e.g., over-collateralisation) which results in the improvement of the credit rating of a capital markets instrument (e.g., a bond). In simple words, if a bond was issued by an entity with a BB credit rating, it can use credit enhancement products and/or techniques to increase its credit rating to BBB- (the threshold investment grade credit rating) or better. The link below provides an example of how Assured Guaranty, a guarantor of bonds issued in developed countries, has provided credit enhancement to a solar project in Spain taking its project credit rating from BBB to AA by providing a guarantee for its bond.

1.67 Table 2 below provides an overview of how GGC will help address the market barriers identified in Section 1.65.

Table 2: How GGC will address market barriers between global credit and capital markets and developing countries

Market Barrier:	**Transparency**
Description	
GGC Solution	GGC will become a risk-sharing partner for investors by providing them with a total investment proposition better suited to their investment appetite and drive quality reporting on the financial performance and impact of the borrower or the underlying projects to help address information asymmetry and build confidence. Additionally, a key element of GGC's value proposition will be the use of a digital platform that will help borrowers and investors communicate more transparently about performance of both the borrower and the underlying projects supported. This database of climate projects in developing countries will expand the body of data available for performance and shift their risk appetite.

Market Barrier:	**Supply Constraints**
Description	Limited availability of labelled green assets and a pipeline of green projects of scale.
GGC Solution	Just by existing GGC creates an incentive for strong borrowers to consider developing green projects in their countries which they may have not previously thought they could access funding for. Section 4 of this document provides an indicative pipeline sourced from arrangers of transactions in developing countries which highlights USD 2 billion of immediate guarantee opportunity for GGC. Once GGC is operational and creating demonstration effect by closing transactions it is expected that this will generate confidence amongst developers of green projects to build more pipeline. The sponsors of DGG have seen this effect occur in local capital markets through their past work via GuarantCo and CGIF. Using guarantees to mitigate barriers (risk appetite and pricing) to financial close of an issuance in developed markets, GGC can build and deliver a pipeline of guaranteed transactions to turn green bonds from developing country borrowers into a commoditised asset class leading to scale as opposed to ad-hoc opportunistic issuances. GGC will also work with arrangers to guarantee warehouses of green loans to smaller projects which might not have the scale to issue green bonds and once a critical mass has been achieved to refinance these portfolios via the global capital markets through green securitisations.
Market Barrier:	**Capacity**
Description	Lack of awareness and know-how of developing country borrowers and investors about issuing and investing in green products.
GGC Solution	GGC will work with borrowers in developing countries to help them build the necessary assessment and reporting frameworks and their capacity to engage constructively with investors in global capital markets. Additionally, GGC will use its guarantee to help investors in the City of London to better understand the risk profile of borrowers so that they better understand the risk profile of a borrower and thereby adjust their risk vs reward perception of investing in developing countries over time. The presence of frequency of primary issuance combined with scale will allow for secondary trading activity which results in propagation of capacity amongst a wider pool of investors in global capital markets.
Market Barrier:	**Stability**
Description	Negative perception of Green Bond investors in developed markets of the overall macroeconomic and policy instability of developing countries.
GGC Solution	GGC will obtain an international credit rating from at least one of the international credit rating agencies and use its guarantees to provide investors with greater confidence that they will be protected from the perceived greater risk and volatility associated with borrowers from developing countries.
Market Barrier:	**Liquidity**
Description	In combination the above four barriers create information asymmetry between borrowers and investors which reduce market appetite and thus liquidity for Green Bonds issued from developing countries. This consequently impacts the issuance frequency of such bonds curtailing their potential to be an asset class within Green Bond investors' portfolios.
GGC Solution	GGC will provide guarantees of up to USD 200 million per issuance and build a USD 4 billion portfolio to help create more investment opportunities of scale for investors in the global capital markets. The presence of frequency of primary issuance combined with scale will allow for secondary trading activity which results in propagation of capacity amongst a wider pool of investors in the City of London thereby leading to increased issuance from developing countries and creating a virtuous circle from a liquidity perspective.

The additionality of guarantees lies in their unparalleled ability to build the capacity of global investors to overcome information asymmetry and for them to invest in future green bonds from developing countries without the need for credit enhancement.

1.68 An example of this additionality is seen in the case of InfraCredit Nigeria who guaranteed three infrastructure bonds in the energy sector in Nigeria between 2017 and 2019. These bonds had been guaranteed 100% to achieve the AAA rating that initially risk averse Nigerian institutional investors required to invest. In 2020 an energy company issued an infrastructure bond without any guarantee from InfraCredit, and which was consequently rated BBB, significantly lower than AAA. The bond was over-subscribed by 25% including many of the same institutional investors in the first three guaranteed energy infrastructure bonds. These investors now had the confidence to take more risk and receive a higher coupon. In 2021 one of the borrowers who had used InfraCredit to wrap their first bond issued a second bond without a guarantee, also rated BBB, and also achieved an oversubscription. This level of market transformation was achieved in just three years, and it is the ambition of GGC to achieve similar market transformation in global credit and capital markets.

B.2 (b). Outcome mapping to GCF results areas and co-benefit categorization

Fill in the GCF results area table below to map each project/programme outcome identified in section B.2(a) to the contributing GCF results area(s) by referring to the description of eight results areas provided in the guidance note.

Outcome number	GCF Mitigation Results Area (MRA 1-4)				GCF Adaptation Results Area (ARA 1-4)			
	MRA 1 Energy generation and access	**MRA 2** Low-emission transport	**MRA 3** Building, citiies, industries, appliances	**MRA 4** Forestry and land use	**ARA 1** Most vulnerable people and communities	**ARA 2** Health, well-being, food and water security	**ARA 3** Infrastructure and built environment	**ARA 4** Ecosystems and ecosystem services
Outcome 1: Mitigation	☒	☒	☒	☐	☐	☐	☐	☐
Outcome 2: Adaptation	☐	☐	☐	☐	☐	☒	☒	☐
Outcome 3: Enabling environment (market transformation)	☒	☒	☒	☐	☐	☒	☒	☐
Outcome 4: Enabling environment (knowledge)	☒	☒	☒	☐	☐	☒	☒	☐

If any co-benefits have been identified in section B.2(a), fill in the Co-benefit table below to map each co-benefit to the corresponding category as defined in the FP guidance note.

Co-benefit number	Co-benefit
	Environmental
Co-benefit 1: reduction in air pollution	☒
Co-benefit 2: reduction in exposure to natural resources to threats and health impacts	☒

B.3. Project/programme description (max. 2500 words, approximately 5 pages)

Define the project/programme.

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

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

1.69 To address the climate financing gap explained above, GGC will be established as the world's first specialist green guarantor to deliver private sector climate financing from developed countries to climate projects in developing countries.

Table 4: GGC will be established based on the following design principles

Design Principle	Description
Cross-cutting support as a programme with scale	Instead of focusing on a limited number or certain types of projects, GGC is designed to support various types of projects for both mitigation and adaptation purposes on a global basis and once established can deliver sizable scale to build a portfolio of USD 4 billion.
Multi-jurisdictional and anticipated wide coverage of countries	GGC to support the highest of the respective countries' climate priorities (with NDA inputs) with the greatest climate impact by selecting from a large pool of projects seeking offshore funding assistance.
Improved financing terms	Delivery of lower "all in" interest costs at fixed rates for long term funding of 10 to 20 years unmatched by other financing modalities or sources for most projects in developing countries.
Seeking to make projects bankable instead searching for bankable projects	Combining project and credit structuring capabilities to make projects viable for guarantee GGC aims to be seen as a credible partner, capable of delivering high additionality to the climate financing space, in both developing countries and global capital markets.
Support capacity to implement, monitor and report on Climate Impact	GGC aims to drive the standards and quality of assessment and reporting of KPIs via a digital platform, supporting developing country borrowers meet developed market investors' standards.
Inclusive support for smaller projects of high priority	GGC will look to support smaller countries (including Small Island Nations) to access global credit and capital markets by exploring aggregation structures and vehicles that can help create the scale required.

Component 1 – Equity Investment

1.70 **Activity 1.1 – Formation and capitalisation of Green Guarantee Company Limited**

GGC has been incorporated as a legal entity which can provide guarantees to institutional investors in global credit and capital markets. GGC has been formed as a private limited company in England and will be eventually capitalised with USD 270 million of equity. The equity will be raised in two tranches with an initial tranche of USD 100 million raised to enable GGC to commence operations and the second tranche of USD 170 million raised within 36 months to support GGC's growth. DGG will be the manager of GGC (running the day-to-day operations of GGC) and there will be a management agreement between GGC and DGG which outlines the services that will be provided by the latter party and on what terms (the "GGC Management Agreement").

1.71 **Sub-Activities:**

1.1.1 Ensure GGC is compliant with all necessary legal and tax filings
1.1.2 Procure legal services
1.1.3 Develop and negotiate GGC equity documentation and management agreement with DGG.
1.1.4 Close GCF, Foreign, Commonwealth & Development Office ("FCDO") into first tranche of equity for GGC.
1.1.5 Close management agreement between GGC and DGG.

1.72 **Indicators:**

1.1.1 GGC incorporated
1.1.2 Number of proposals for legal services received
1.1.3 GGC incorporated and investment ready.
1.1.4 Financial close achieved with GCF and FCDO funding the first tranche of equity for GGC.
1.1.5 Execute management agreement between GGC and DGG.

1.73 **Activity 1.2 – Secure investment grade credit rating for Green Guarantee Company Limited**

To be able to play its role as a guarantor and to credit enhance the debt instruments issued by Borrowers from developing countries it will be necessary for GGC to have obtained an investment grade credit rating from one of the three international credit rating agencies, Fitch, Moody's or Standard and Poor's. This investment grade credit rating will provide institutional investors in global credit and capital markets with the assurance that GGC is a creditworthy counterparty on whose guarantees they can rely.

1.74 **Sub-Activities:**

1.2.1 Procure (annually) credit rating service from one or more of the international credit rating agencies.

1.75 **Indicators:**

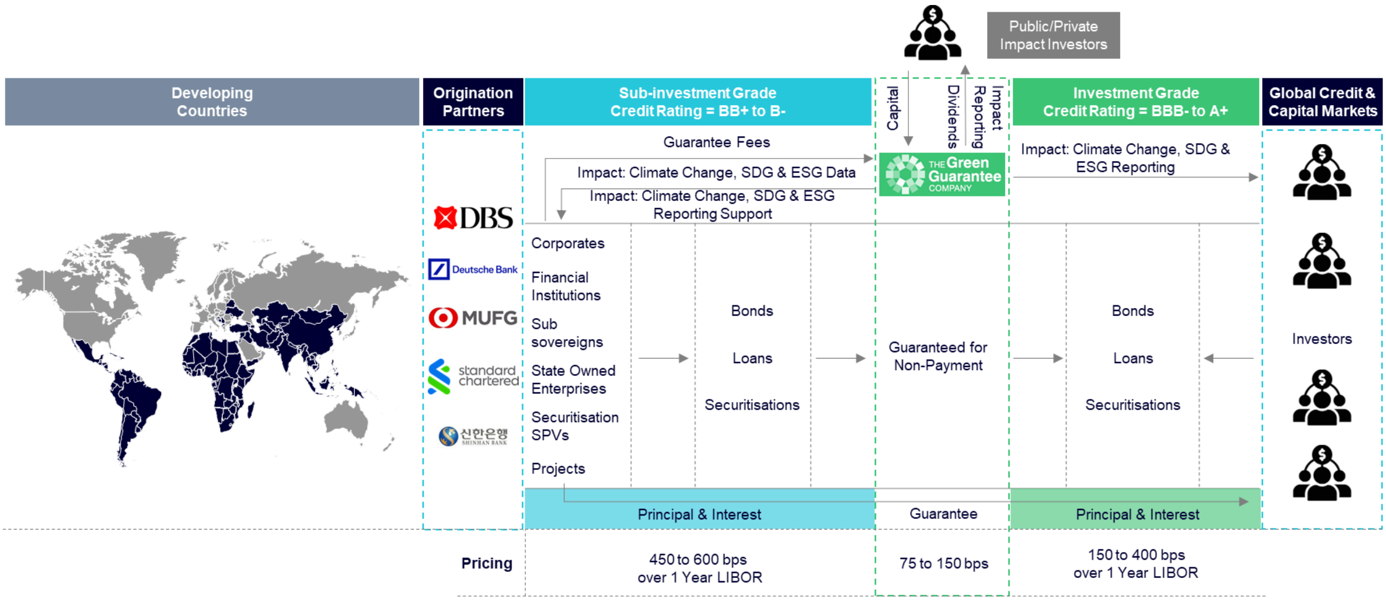
1.2.1 Secure investment grade credit rating.

1.76 **Activity 1.3 – Identify, execute and financially structure guarantees that mobilise institutional capital in global credit and capital markets to fund climate mitigation and adaptation projects in developing countries.**

GGC expects to leverage (as explained earlier in section 1.13) the first tranche of USD 100 million of equity capital provided by GCF (USD 40 million), FCDO (USD 40 million) and at least one other investor (USD 20 million) by 10x to create an initial guarantee capacity of USD 1 billion.

GGC will then undertake the activities outlined in the diagram below to work with origination partners to identify climate mitigation and adaptation projects which are aligned with the initial eligibility criteria set out in Annex 23 (the "Initial Eligibility Criteria") which will be finalised prior to the first disbursement under FAA and which shall be consistent with the Initial Criteria (the "Eligibility Criteria") and will approve, provide financial structuring support, and execute transactions in accordance with the Transaction Selection Process (Annex 24A). GGC will only enter into guarantee transactions for Eligible Debt Instruments (as defined in the GGC Guarantee Policy). Each Eligible Debt Instrument may contain one or multiple Eligible Climate Projects (as defined in the GGC Guarantee Policy) (or "Sub-Projects").

Figure 6: How GGC will work



1.77 **Sub-Activities:**

1.3.1 Build network of Origination Partners
1.3.2 Provide financial structuring support to Origination Partners and Borrowers to build a pipeline of potential guarantee transactions which are aligned with the GGC Guarantee Policy (and in line with the Transaction Selection Process designed to optimize climate change benefits)
1.3.3 Progress transactions through the GGC guarantee process as outlined in the GGC Guarantee Policy
1.3.4 Execute transactions

1.78 **Indicators:**

1.3.1 Number of partnership agreements signed with Origination Partners
1.3.2 Number of transactions screened and submitted for review by the GGC Impact and Credit Committees
1.3.3 Number of transactions which are approved by the GGC Impact and Credit Committees
1.3.4 Number of guarantees issued

1.79 **Activity 1.4 – Manage and report on portfolio of guarantees for risk management, performance, and impact.**

GGC will actively manage the credit risk of the portfolio of guarantees seeking to proactively take action to support Borrowers that are at risk of a potential payment default by facilitating communication with investors and arranging a restructuring of the debt obligation to avoid a payment default and if unavoidable paying any claim under the guarantee and taking steps to recover GGC's capital from the Borrower.

GGC will work with Borrowers in developing countries, where needed mobilsing technical assistance grants from third parties (and potentially from a dedicated technical assistance grant facility within GGC) to help them build their own capacity and capabilities to report on the performance, ESG and climate impact of their mitigation and adaptation projects.

Over the life of a guarantee, GGC will also drive the monitoring and reporting of ESG and climate impact KPIs to investors and its shareholders at both a transaction and portfolio level. A key element of GGC's value proposition will be the use of a digital platform (e.g. GGC will also become a vocal and visible advocate for developing countries in global credit and capital markets using its ability to share risk with investors to become a thought-leader and influencer in thill seek to partner with the Climate Bond Initiative, whose Climate Bonds Standards and Certification Scheme will be used to certify all the debt instruments that GGC guarantees.

In combination these activities will help build greater under and capacity amongst institutional investors in global credit and capital markets to understand the actual level of risk associated with climate mitigation and adaptation projects in developing countries thereby increasing their risk appetite and their capacity to provide greater volumes of climate finance without the need for guarantees.

1.80 **Sub-Activities:**

1.4.1 Provide active risk management of guarantee portfolio including guarantee claim payment, restructuring and claim recovery by GGC entering into a recourse agreement with the borrower which creates an obligation for the borrower to repay GGC any payments made on its behalf under claims on the guarantee.

Where a borrower is in financial difficulty this can involve GGC participating in a restructuring of the business to ensure its interests are protected and getting repaid over a longer period of time.
1.4.2 Provide support to borrowers to develop impact reporting frameworks and where needed mobilise technical assistance grants from third parties to enable capacity-building for borrowers
1.4.3 Regularly monitor and prepare reporting documentation on performance, ESG and climate KPIs of borrowers
1.4.4 Advocate publicly at industry events, conferences and thought leadership initiatives for global credit and capital markets to provide greater climate finance to developing countries
1.4.5 Identify sources of technical assistance funding to support Borrowers in accessing global credit and capital markets

1.81 **Indicators:**

1.4.1 No indicator
1.4.2 Number of Borrowers onboarded on to digital reporting platform and achieving reporting KPIs
1.4.3 Number of invitations to participate in industry events, conferences and thought leadership initiatives
1.4.4 Number of technical assistance donors/providers committed to support Borrowers

1.82 **Activity 1.5 – Establish commercial viability of GGC and facilitate exit for GCF and FCDO**

GGC's activities in Activity 1.3 and Activity 1.4 are directed towards generating a return on equity that would be attractive to private sector investors to facilitate an exit for anchor investors (which include GCF and FCDO) via either a listing the shares of GGC on a public market or via a sale to a private sector third party. The ability to access larger pools of equity capital from private investors is going to be essential for GGC's ability to scale its activities and accelerate the paradigm shift in global credit and capital markets to increase flows of climate finance into developing countries.

1.83 **Sub-Activities:**

1.5.1 Assess and develop an exit strategy for anchor investors (which include GCF and FCDO)
1.5.2 Execute exit strategy

1.84 **Indicators:**

1.5.1 Listing of GGC by Year 5 of operations
1.5.2 Exit for GCF and FCDO by Year 10 of operations (please see Section B6)

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

1.85 It is noteworthy to point out that, the green bond and loan issuance process is consistent with the existing practices of the markets and save for the introduction of a guarantor promising to pay when the borrower does not, the delivery of climate financing from investors in developed countries into developing countries will be based on established market mechanisms without any need for any other invention or intervention. In 2019 a market study commissioned by the United Kingdom's Department for International Development ("DFID") and carried out by the international development consultancy, Palladium, titled "Barriers to Investment in Emerging and Frontier Markets for Institutional Investors" identified the same barriers discussed earlier in Section 1.65 of this Funding Proposal and consequently led FCDO (the successor to DFID) to launch a competition called MOBILIST in 2021 focused on mobilising public markets to catalyse new scalable and replicable financial products that support the Global Goals and net-zero transition. GGC was submitted as an idea to MOBILIST and was selected as a finalist (https://www.ukmobilist.com/press-release/) with the fundraising process for GGC being launched at COP26. GGC's ability to be sustainable is also founded on the sizable demand or opportunity for GGC to provide guarantees and economics of the guarantee fees it can earn relative to the risks of the underlying projects that it guarantees. Detailed analysis points to the following findings on GGC's sustainability.

- There is a large opportunity for targeted climate project segments across the developing countries totaling hundreds of USD billions which is large multiples of GGC's targeted portfolio size of USD 4 billion
- The correlation of the green bond and loan issuances in the past to countries with higher sovereign ratings; point to large scope for GGC to support projects from many developing countries which are below investment grade and due to higher debts levels post Covid, are likely to remain non-investment grade
- Notwithstanding the non-investment grade ratings of the sovereigns, the risk of supporting infrastructure projects as well as green infrastructure projects have been statistically proven to be lower than comparable ratings from other asset classes like corporate lending. Moody's studies show that project finance ratings cross a 10-year horizon (with most infrastructure debt being 15 to 20 years in tenor) exhibit real default rates in Africa and Asia that are below the threshold to be rated "A" or investment grade by Moody's. GGC's guarantee fees are expected to cover any anticipated losses as well as deliver commercial returns.

1.86 A possible trade-off of GGC's intervention is that the projects will not be funded indigenously by local capital and its respective financial sectors, perhaps at the outset. However as explained in Section 1.8 there is presently insufficient liquidity in most local capital markets to fund the climate finance gap, therefore global credit and capital markets need to be incentivised to provide solutions.

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

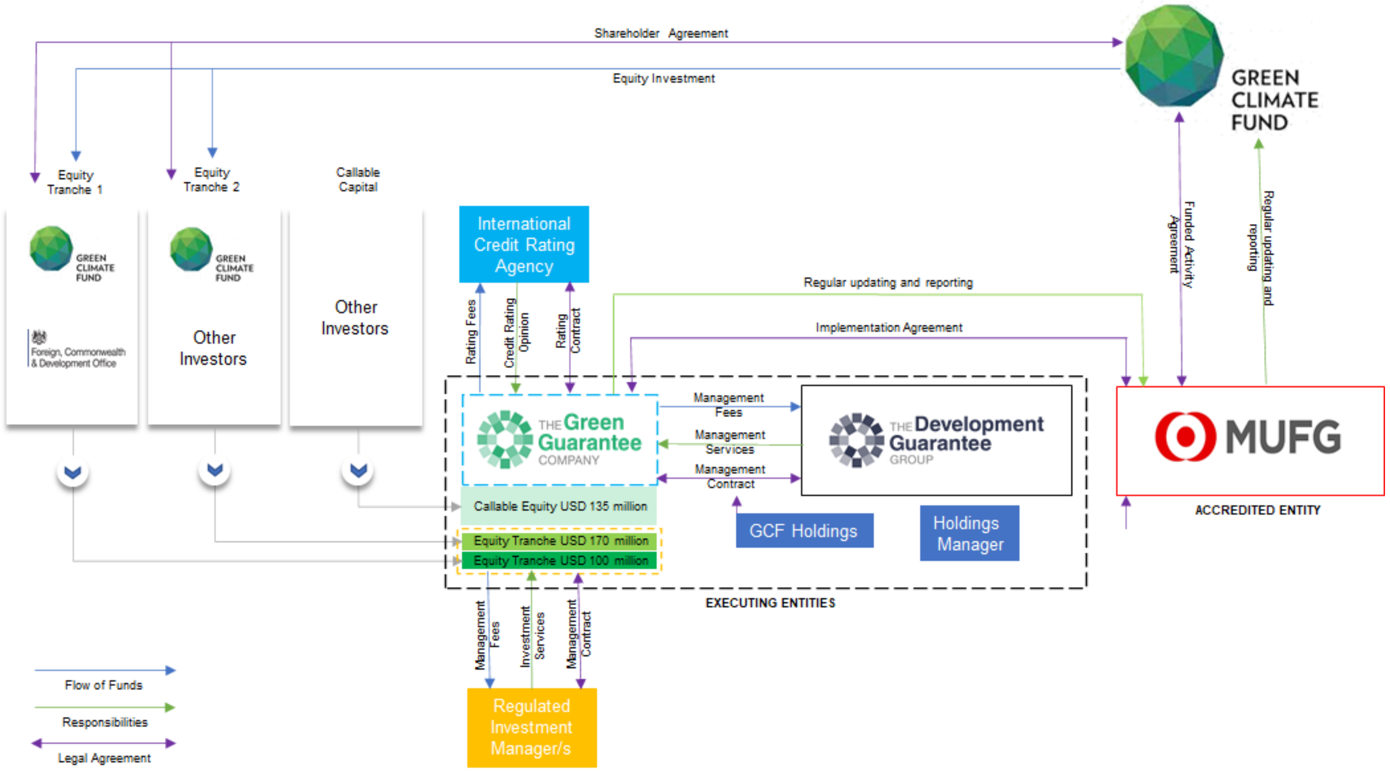
B.4. Implementation arrangements (max. 1500 words, approximately 3 pages plus diagrams)

Provide a description of the project/programme implementation structure, outlining legal, contractual, institutional, and financial arrangements from and between the GCF, the Accredited Entity (AE) and/or the Executing Entity(ies) (EE) or any third parties (if applicable) and beneficiaries.

- *Provide information on governance arrangements (supervisory boards, consultative groups among others) set to oversee and guide project implementation. Provide a composition of the decision-making body and oversight function, particularly for Enhanced Direct Access (EDA) proposals.*
- *Provide information on the financial flows and implementation arrangements (legal and contractual) between the AE and the EE, between the EE or any third party and beneficiaries. For EEs that will administer GCF funds, indicate if a Capacity Assessment has been carried out. Where applicable, summarize the results of the assessment.*
- *Describe the experience and track record of the AE and EEs with respect to the activities (sector and country/region) that they are expected to undertake in the proposed project/programme.*

Provide a diagram(s) or organogram(s) that maps such arrangements including the governance structure, legal arrangements, and the flow and reflow of funds between entities.

Figure 7: Implementation Structure



Key Implementation Entities

1.87 **Accredited Entity (AE)**

MUFG Bank ("MUFG") - MUFG Bank, formerly the Bank of Tokyo-Mitsubishi UFJ, Ltd., is an international private-sector entity headquartered in Japan. As one of the largest commercial banks in Japan. MUFG Bank provides comprehensive financial services and products globally through a variety of financial instruments. It has funded sustainable development and climate projects with a focus on renewable energy, including hydropower, geothermal, solar power and wind, and infrastructure including railways, with a goal to contribute towards solving social issues through core financial businesses, as well as realising a sustainable society. MUFG has two GCF-funded projects; FP115 and FP128.

MUFG, as AE will oversee and monitor the project implementation and will ensure project compliance with MUFG's own relevant policies as well as from the perspectives of GCF's interest in the project. MUFG will execute a subsidiary agreement (Implementation Agreement) with EE (DGG, GGC, GCF Holdings and GCF Holdings Manager) and this agreement passes down the GCF requirements to EE. By the legal arrangements, AE will make sure that EE will be responsible for the obligations which the AE has under the Accredited Master Agreement and the Funded Activity Agreement. GCF Holdings will sign shareholder's agreement. Besides, MUFG plans to appoint its employee to a Board of Director of GGC. MUFG as an AE can directly receive information only relevant to shareholders and review the information and report it to GCF. In addition to a Board of Director role, MUFG will try to get involved in the project such as by capturing more substantive information related to GGC's operation. First, MUFG's Emerging Market team based in London would be an Originating Partner of GGC. This team will present potential projects to GGC and if such project is awarded, the team will act as a bond originator. Also, MUFG is in discussion with its affiliate company to become the third-party investment managers of GGC subject to a procurement process. MUFG will receive GCF fund in an existing GCF Bank Account which has been established in MUFG's Head Office in Tokyo. The GCF Account will be jointly used with other GCF-funded projects.

In order for GCF not to be a direct shareholder of GGC, MUFG will incorporate a special purpose company (GCF Holdings) along with Holdings Manager. GCF Holdings as well as Holdings Manager will be EE. Holdings Manager will be selected from administrative perspectives. GCF Holdings will open a bank account .

1.88 **Executing Entities (EE):**

DGG was founded by Boo Hock Khoo, Dale Petrie and Lasitha Perera and Cardano Development BV ("CD"), a Netherlands based foundation and fund manager focused on frontier markets, thereby uniting the collective experience of a global network of experts in setting up and running guarantee companies and programmes focused on addressing development challenges globally.

CD is the manager for several existing specialist guarantors focused on emerging markets such as GuarantCo and Frontclear, as well as developing new specialist guarantors, such as Agri3 and Octobre. CD will be involved in the governance of both DGG and GGC, with subject matter experts from across the CD group being available to support the activities of GGC and to participate in its operations. A key strength of CD is its risk management expertise, both from a financial and a governance perspective which is why it is trusted by multiple donors and development finance institutions globally, and has over USD 3 billion of capital under management. CD will be an active rather than passive shareholder in DGG and will be involved in the management of GGC including ensuring continuity in terms of management personnel. CD frequently creates independent management companies to house the teams of different initiatives that it is supporting and as such DGG represents the CD management company for GGC.

Boo Hock used to be Vice President, Operations, at the Credit Guarantee & Investment Facility ("CGIF") a guarantor set up under the auspices of the Asian Development Bank and was previously Deputy CEO of Danajamin, an infrastructure guarantee company based in Malaysia.

Dale and Lasitha were previously employees of CD and acted as CFO and CEO of GuarantCo respectively, a specialist local currency focused guarantor focused on developing local capital markets in Africa and Asia, that is part of the Private Infrastructure Development Group, a multilateral development finance institution. At GuarantCo, Lasitha conceptualised the InfraCredit strategy, which resulted in the setting up of specialist infrastructure guarantors, InfraCredit Nigeria and InfraZamin Pakistan.

GGC will also be an EE, together with GCF Holdings and GCF Holdings Manager.

1.89 **Activity 1.1 – Formation and capitalisation of Green Guarantee Company Limited – (Implemented by DGG, GGC,)**

Following the completion of a procurement process conducted by the EEs the international law firm, Gowling WLG, has been selected to advise GGC on the equity documentation and management agreement with the potential shareholders.

GGC has been incorporated in United Kingdom as a limited liability company and will have two core activities.

1. To issue shares to its equity shareholders and on the back the equity available.
2. Issue guarantees on behalf of Borrowers in developing countries seeking to raise green bonds or loans to finance climate mitigation and adaptation projects.

GGC itself will not have any full-time employees or staff but will have a Board of Directors (the "Board") appointed by GGC's shareholders following a selection process run in partnership with DGG.

The Board will be responsible for appointing, approving and delegating decision-making authority to DGG (the "Manager") to manage GGC's guarantee operations on a day-to-day basis. The on-going role of the Board will be to review, challenge and approve the annual strategy and budget for GGC proposed by the Manager and to monitor and review the performance of the Manager in delivering on the strategy and budget. The Board will also be responsible for communication with GGC's shareholders and providing them with periodic progress updates and ensuring their priorities are appropriately considered in the context of setting strategy for GGC. It has been proposed that the Board have up to five members to allow for a mix of experience, with at least three members expected to have relevant climate impact experience in addition to E&S and gender experience.

The three GGC Board members with climate, E&S and gender experience will be independent members of the GGC Impact and Credit Committees providing review and challenge to the DGG Impact Team in their assessment of potential climate projects and have a veto over which projects are progressed to a final approval. The anticipated profiles of the Board members are provided in the TSP (see Annex 24A) and the Terms of Service are included in the Operations Manual (Operating Plan) (Annex 21). GCF will also have the right to have an observer join the GGC Impact Committee to provide additional advice and support to the GGC Impact Committee in respect of the latest thinking on specific climate impact issues.

GCF Holdings will be incorporated as a special purpose vehicle. GCF Holdings will be solely owned by GCF.GCF Holdings will execute a management agreement with Holdings Manager so that Holdings Manager will be responsible for daily operations of GCF Holdings including establishing a bank account, preparing financial statements, and receiving and sending dividends, etc.

Both GCF Holdings and GCF Holdings Manager will be EE.

DGG will negotiate service contracts with the following key service providers for GGC:

1. **An international credit rating agency** – GGC requires an investment grade credit rating from one of the three international credit rating agencies (Fitch, Moody's and S&P Global) to support its guarantee activities. GGC will pay an annual rating fee for the credit rating. The credit rating opinion provided by the international credit rating agency will determine whether GGC is rated as investment grade and under what conditions (e.g., capital adequacy ratio), which will establish what GGC's guarantee capacity is. The Manager will be responsible for managing the day-to-day relationship between GGC and the international credit rating agency, being responsible for explaining strategy and meeting any reporting requirements and information requests.

2. **Third party investment managers** – as guarantees are unfunded until called GGC's equity capital and retained earnings (to the extent not distributed to shareholders) will be invested conservatively via a third-party investment managers of strong repute (for example PIMCO). The investment managers will be given an investment mandate by the Board of GGC and would be expected to act on this. The Manager will receive reports from the investment manager demonstrating that the portfolio of investments has been invested in line with the investment mandate and the Manager will circulate these to the Board of GGC for their review and action (if required). Capital preservation will be the primary goal for the investment managers. An indicative investment mandate has been included in GGC's Treasury Policy which is attached as an annex to this proposal (see Annex 27). GGC's investment portfolio is expected to be highly rated and highly liquid. Prior to and upon any claim of a guarantee, the Board of GGC shall instruct the investment manager to raise funds to allow for GGC to meet any claims on its guarantee obligations. The selection of the investment manager will be based on a competitive selection of experienced firms with strong reputation and track record of managing funds and providing the required accounting and reporting data to prepare GGC's financial statements and reports.

GGC is targeting to leverage its equity capital up to 10x, meaning for every USD 1 of capital GGC will write USD 10 of guarantees. Given this unique ability to leverage, GGC does not require to raise all of the capital envisaged in its 10-year business plan all at once. Consequently, the capital raise has been structured across three or more stages as follows:

1. Stage 1: Raise USD 100 million of paid-in equity capital to enable commencement of operations
2. Stage 2: Raise USD 170 million by Year 3 of the business plan to support growth to USD 2 billion portfolio
3. Stage 3: Raise up to USD 135 million of callable capital (which when called will crystalise as equity) in Year 2 - Year 5 of the business plan to support growth to USD 4 billion portfolio

Stage 1

GGC has obtained approvals-in-principle from FCDO for USD 40 million and is actively working to raise a further USD 20 million of equity to support its first tranche of equity, which with a contribution of USD 40 million from GCF, puts GGC in a position to achieve its first close by the end of 2022 and to commence writing guarantees in early 2023 with a guarantee capacity of USD 1 billion (10x USD 100 million – explained in Section A21).

Stage 2

GGC is expected to commit most of its initial guarantee capacity of USD 1 billion within two years of commencing operations and consequently the Manager will continue to fundraise in parallel to issuing guarantees with a further USD 170 million of paid-in equity targeted for a second close. This will give GGC a total guarantee capacity of USD 2.7 billion. GCF is being asked to be the anchor investor and to help attract additional investors into the second tranche of equity. Early discussions have been had with a couple of developed country governments who have expressed an interest in investing in the second close.

Stage 3

As GGC nears achieving a guarantee portfolio of USD 2 billion by circa Year 5 it is expected to be generating profits which can either be distributed to shareholders or retained to support the further growth of GGC. Given that GGC's business model is expected to be sustainable at this point the focus will shift from raising additional funded equity to looking at callable (or unfunded) capital which can be structured so that when undrawn the capital attracts a return which is lower than when funded. The callable capital is typically structured so that it can be called at the point that a pre-agreed trigger event has occurred (e.g., GGC's cash equity has reduced down to USD 100 million). The capital is then "called" and crystallises as either equity or debt depending on what has been agreed with the callable capital provider. FCDO has provided callable capital for other guarantors (e.g., GuarantCo) and could be a future callable capital provider for GGC as well.

1.90 **Activity 1.2 – Secure investment grade credit rating for GGC – (Implemented by DGG and GGC)**

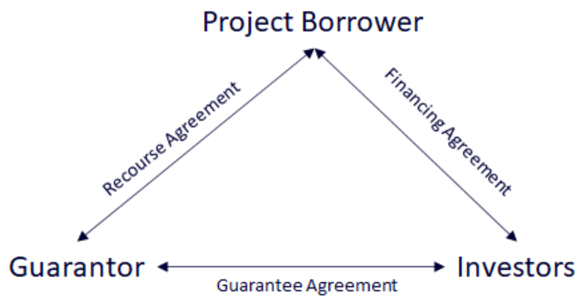
To obtain a credit rating for GGC it will be necessary for the Manager to engage one or more international credit rating agencies to undertake a rating assessment process where they will review the fundamental assumptions underpinning GGC's business plan and how those assumptions align with the rating methodology that has been chosen. The outcome of this process will be an indicative rating which GGC will then need to decide if it wishes to use as a public rating. The process of converting an indicative rating to a public rating is quick as essentially most of the analysis has been carried out by the rating agency during the initial rating assessment. To make a rating public it will be necessary for GGC to enter into a rating agreement with the international rating agency and pay an annual rating fee.

1.91 **Activity 1.3 – Identify and execute guarantees that mobilise institutional capital in global credit and capital markets to fund climate mitigation and adaptation projects in developing countries – (Implemented by DGG and GGC)**

The process for identifying and executing guarantees is detailed in the GGC Transaction Selection Process (Annex 24A), the Transaction Scorecard (Annex 24B) and its Guarantee Policy (see Annex 23).

A typical guarantee transaction is formed via a tri-partite relationship as shown in the diagram below.

Figure 8: Contractual Structure of Typical Guarantee Transaction



Once the transaction selection process explained in Annex 24A has been completed and a guarantee has been issued there is no immediate flow of funds from GGC but rather from the guaranteed Investors to the Borrower via a debt instrument as it would in a conventional financing.

1.92 **Activity 1.4 – Manage and report on portfolio of guarantees – (Implemented by DGG and GGC)**

As mentioned above, liquidity management and maintaining confidence are both critical to the success of a guarantor such as GGC, consequently active portfolio management is needed to be able to anticipate potential guarantee claims in advance of them materialising and to be prepared to make payments when they become due in a timely manner, thereby establishing confidence in GGC's guarantee and protecting its reputation.

Effective portfolio management is based on strong lines of communication with the Borrower through regular monitoring of its financial and impact KPIs. GGC will benefit from proven portfolio management systems and processes that have been used by the Manager in managing other guarantors and are straight-forward and cost-effective to implement and manage. This proactive relationship management means that GGC can foresee in advance whether the Borrower will encounter difficulties in meeting the payment obligations on the debt instrument and if a payment default by the Borrower is unavoidable then GGC steps in and makes payment on its behalf. The trigger for a claim under a GGC guarantee will typically be the failure of a Borrower to fund a Debt Service Account in advance (typically 30 days) of a debt service payment date.

GGC will usually only make the scheduled payment due to avoid an acceleration of the full principal value of the debt instrument. This creates a window of time in which the GGC can work with the Borrower and Investor to restructure the financing and find a more sustainable basis (e.g., longer tenor) on which the Borrower can meet its payment obligations. Once the Borrower has stabilised then GGC will request repayment of the amounts it has paid under the guarantee along under the terms of the Recourse Agreement which will have been agreed with the Borrower ahead of GGC issuing its guarantee.

As claims under guarantees are unpredictable and ad hoc in nature, GGC's cash equity is invested in highly liquid investment grade debt instruments by a professional third-party fund manager (e.g., PIMCO) on GGC's behalf. This allows GGC to earn an income on these investments which contributes to covering its operating expenses as it builds its guarantee portfolio. When a claim is made under a guarantee GGC will typically get 10 business days to pay the beneficiary and consequently liquidity management becomes critical to ensuring that GGC is able to obtain funds from its investment portfolio within a short timescale. GGC's business model is built on the confidence that it can and it would pay under its guarantees if the conditions required to do so are met.

1.93 **Activity 1.5 – Establish commercial viability of GGC and facilitate exit (Implemented by DGG, GGC, FCDO, and other investors)**

Commercial viability of GGC will largely be established by the effective implementation of Activities 1.1 to 1.4.

Activities in relation to enabling an exit for GGC are discussed in Section B6.

1.94 **AE – Implementation Arrangement**

As noted above, MUFG is serving as the AE to the GCF, and the Programme will be implemented through a Funded Activity Agreement (FAA) between GCF and MUFG. MUFG, DGG, GCF Holdings, GCF Holdings Manager and the GGC will enter into an Implementation Agreement whereby MUFG, as AE, will pass through obligations in the FAA to GGC and DGG as the EE by signing subsidiary agreements with both. DGG will then implement the activities in the FAA and provide reporting to MUFG and thereon to the GCF.

MUFG, as per will be responsible for:

- Overall implementation, oversight, and coordination GCF's commitment to GGC.
- Proper use of GCF's commitment to GGC.
- Ensure compliance of GGC activities with the FAA.
- Ensure investments performed by GGC respect GCF policies.
- Reporting and Accounting of GGC

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

Explain why the project/programme requires GCF funding, i.e. Why is the project/programme not currently being financed by public and/or private sector?

1.95 In the aftermath of the Global Financial Crisis, privately capitalized guarantors in the form of monoline guarantors all collapsed due to their excessive leverage (30-50 times) and exposures to US sub-prime mortgages save for Assured Guaranty whose exposures to this toxic asset class was kept to the minimum. Since then, the guarantee modality has been championed by very few Government-funded initiatives tasked to develop local currency infrastructure financing (GuarantCo and InfraCredit Nigeria) and local currency bond markets (Danajamin and Credit Guarantee and Investment Facility). Although these guarantors have performed well and have experienced very low levels of claims and losses, their low leverage allowed by their rating agencies to maintain their high ratings have not allowed the demonstration of commercial rates of return to attract private capital.

1.96 GCF and the other Government's equity contribution to start-up GGC also provides confidence to rating agencies that rate GGC as the pedigree of ownership is a key rating factor at least at the early stage. For a guarantor to commence operations and succeed, it is critical for the rating agencies to be convinced of GGC's commitment towards its objectives and the policy importance of its mandate to its shareholders. Given the green financing focus of GGC, there is no equivalent shareholder to GCF to accomplish this.

Which market failure is being addressed with GCF funding? Are there any other domestic or international sources of financing?

Mobilising Private Capital into Developing Countries

1.97 The development finance world has long sought to find a solution to best mobilise the abundant savings in developed countries to support the financing (particularly infrastructure) needs of developing countries. Core to this problem is the mismatch between the appetite of the fund managers (mostly into investment grade opportunities) and the risk ratings of bond issues from the developing world (with many of the developing countries rated low investment grade or non-investment grade). Bonds issued by the developing market borrowers would be predominantly non-investment grade – at best capped by or worse notched down from their own sovereign's rating. Of the 8 Beneficiary Countries, only 3 are investment grade – Indonesia, Philippines, and Trinidad & Tobago. GGC will be able to uplift the issuances to investment grade with its guarantees – channelling greater amounts of capital which would otherwise not be able to flow into the developing world.

Reviving Guarantors

1.98 As proven, specialist guarantors as financing mobilization mechanism, can be a viable tool if utilized with due care even for supporting infrastructure financing in developing countries as evident by GuarantCo's accomplishments (see https://guarantco.com/impact/ for more information). Current donor Governments remain committed with the initial objectives to use their existing guarantors for local currency savings mobilisation given increasing demand for their guarantees and the success of these institutions. At present, with their limited resources available, they do not have sufficient allocations to fully support the establishment of a new hard currency guarantor for green financing. As such, GCF's contribution of a substantial amount of the capital needed to help GGC attain a minimum size of equity will be critical towards getting it operational. The remaining amounts are expected to be contributed by Governments including the UK and US Governments via their respective departments.

1.99 It is anticipated that GGC's public capital equity base needed to start-up its operations will be progressively combined with private sector capital partially as it matures and eventually with a strong track record established, fully replaced when commercial returns are proven. When this occurs, GCF and GGC's Government shareholders would not only have successfully developed a vehicle to mobilise the financial support into the Beneficiary Countries to meet their climate commitments but also revived the guarantee modality sufficiently to attract private capital. New guarantors can then follow to address other climate change financing or other pressing challenges (Social, Blue, Transition bonds) in our world.

Explain why the proposed financial instruments were selected in light of the proposed activities and the overall financing package. i.e., What is the coherence between activities financed by grants and those financed by reimbursable funds?

1.100 With the goal of reviving the guarantee modality and attracting private capital, it is important for GGC to deliver financing solutions that are market based with as minimum concessionality in each of the transactions as well as operating as a guarantor. While at the on-set GGC will tap on grants and Technical Assistance to help borrowers better prepare their projects and reporting capabilities, these would be ancillary to the main solution of uplifting the credit profile of the bonds via the issuance of guarantees, of which requires equity contributions from GCF.

How were co-financing amounts and prices determined?

1.101 The equity of GGC from each contributor will be determined based on the respective Government's ability and investment policies while the pricing for each participant will be at par with each other.

1.102 For the projects that will be supported by GGC, it is anticipated that there will not be any co-financing for most instances. If there are other co-financiers, the amounts will be driven by GGC's single risk capacity relative to the size of funding needed and/or availability of co-financiers. In such instances, pricing of financing will be arranged on a parity basis as a principle across various financing solutions subject to adjustments for tenor and ranking considerations.

How does the concessionality of the GCF financing compare to that of the co-financing? If applicable, provide a short market read on the prevailing of the pricing and/or financial markets for similar projects/programmes.

1.103 As GGC will operate on commercial terms, the minimum concessionality of GCF's equity contribution as with GGC's other shareholders is in the form of "shareholder patience" with respect to returns on equity. This is important to allow GGC to carefully build up the portfolio with strong emphasis on the quality of the borrowers it guarantees with respect to their credit and green credentials including focusing on critical of projects in developing countries. With ample time to build up the business and processes, GGC will be able to deliver the anticipated commercial like returns if allowed sufficient time to mature.

1.104 GCF's support in providing equity as with the other contributors to GGC's capital base also allows for GGC to issue longer term guarantees to support longer termed bonds – potentially up to 20 years. While minimum concessionality in terms of pricing is anticipated, the availability of long-term financing to allow for climate projects that have longer payback periods will be extremely beneficial to the project sponsors and the end beneficiaries or users with less pressure to increase prices in the immediate term to pay for the project.

Justify why the level of concessionality of the GCF financial instrument(s) is the minimum required to make the investment viable. Additionally, how does the financial structure and the proposed pricing fit with the concept of minimum concessionality? Who benefits from concessionality? In your answer, please consider the risk sharing structure between the public and private sectors, the barriers to investment and the indebtedness of the recipient. Please reference relevant annexes, such as the feasibility study, economic analysis, or financial analysis when appropriate.

1.105 The concessionality explained above is at the minimum with none amongst other equity providers as well as in the operations of GGC. The beneficiaries of the minimum concessionality however, will be cutting across all stakeholders.

- Investors in the guaranteed bonds, will benefit from the safety of the guarantee and a yield pick-up from alternative higher rated Green Bonds from Multilateral Banks as well as quality monitoring and reporting and avoid having to take non-investment grade risks on their green bond portfolios
- Borrowers will benefit from appropriate funding terms, tenor, and costs for their projects
- Countries will benefit from having access to financing to meet their higher the climate commitments as per their NDCs
- Users will benefit from lower or no unit price increases whilst knowing that their consumption moving forward will be beneficial to the climate
- GGC will benefit from the stronger portfolio and greater impact of its operations

GGC's shareholders will benefit from an eventual exit that bears greater return from the successful guarantor as well as the ability to further deploy similar support to address other challenges.

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

Explain how the project/programme will successfully exit once implementation is completed, including how results and benefits will continue beyond the project/programme period and how the contribution to paradigm shift will be maintained.

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

Provide information on additional actions to be undertaken by public and private sector or civil society as part of the project/programme to ensure sustainability of the results attained.

Sustainability of Impact

1.106 Unlike a fund, GGC is not being set up with a defined lifespan but as a self-sustaining corporate that will seek to grow its guarantee activities based on market demand and need. Given that over USD 500 billion of climate finance per annum is estimated to be required by developing countries to invest in climate adaptation and mitigation projects up to 2050 it can be assumed that GGC could have a role to play until at least that point and possibly beyond.

1.107 Consequently, GGC's impact potential could last for a significantly longer period than the envisaged investment from GCF and GGC's other founding shareholders. The sustainability of GGC's impact will be demonstrated in the following ways:

1. By using a digital platform to report on ESG and climate impact of the projects that GGC is guaranteeing it is anticipated that Borrowers in developing countries will understand better the positive relationship between transparency and impact with availability and cost of capital. This could have a trickle-down effect to the governments of the developing countries, with the scale of the transactions that GGC is seeking to support (i.e., average guarantee size of USD 200 million) incentivising them to adopt international standards at a national level to facilitate greater flows of capital.

2. Once this data is added to the platform it becomes part of a growing body of evidence as to the true underlying risks associated with climate infrastructure in developing countries and over time the trends that emerge from this body of evidence can help future climate projects in developing countries to attract capital from global credit and capital markets on fairer terms.

3. Resulting from the combination of (1) and (2) above GGC expects that over time market transformation will take place with investors in global credit and capital markets increasing their own capacity to understand and evaluate the risks associated with climate projects in developing countries and thereby needing less or no guarantees from GGC to invest. In such a scenario an exit will come through GGC stopping issuing new guarantees and managing down its portfolio. An example of this can be seen from the evolution of guarantors in the United States. In the 1960s municipal infrastructure in the United States was not viewed as an attractive investment by investors who did not understand how to evaluate the risks associated with the asset class. This led to the creation of the monoline insurers in the 1970s – effectively investment grade guarantee companies with the mandate to credit enhance municipal infrastructure bonds and make them attractive for investors. The success of this innovation can be judged today by the fact that in developed markets municipal infrastructure is now a highly liquid asset class and of the several monoline insurers created only one is left as demand for guarantees in developed markets has fallen in line with growing investor confidence. This is the kind of market transformation that GGC hopes to emulate through providing guarantees to global investors to help them support climate adaptation and mitigation projects in developing and emerging markets. The true power of the guarantee is not in the financing that it mobilises on a transactional basis but rather the capacity it creates amongst investors to learn about an asset class and build their confidence to invest without guarantees in the future. This kind of market transformation is going to be essential to addressing the scale of the climate finance gap discussed earlier and so positions GGC as a globally scalable and transformative climate finance solution.

Exit Strategy

1.108 The business plan anticipates that GGC will be able to deliver a return on equity that will be attractive to commercial investors by Year 10 of operations. Consequently, GGC will seek to prepare an exit for the founding shareholders, including GCF, in two steps:

1. GGC will seek a public listing of its equity in a global capital market (e.g., LSE) by Year 5 of operations. It is not anticipated that this will create an exit for the founding shareholders but is more an intermediary step and creates a “shop window” for potential private sector investors to observe how GGC performs over a period of time.

2. Between Year 5 and Year 10, private sector investors will be sought to acquire the listed shares from the founding shareholders with the ambition of them having exited in full by Year 10.

1.109 Should a public listing of GGC’s equity be deemed not viable at a future date then an alternative exit strategy will be for GGC to develop a share buy-back programme (where the number of issued shares is reduced on a pro rata basis, being bought by GGC at a premium from the shareholders, thereby increasing the economic value of the remaining shares, with no dilution in percentage ownership). In GGC’s financial model (Annex 3) it is forecasted that the average Profit before Tax will be USD 20 million by Year 10 of operations. Conservatively assuming that GGC does not grow its portfolio beyond the USD 4 billion projected for Year 10 of operations, GGC is still able to generate sufficient cash to return USD 200 million of cash to shareholders over the following 10 years of operations. Consequently, GCF should at least have its initial capital investment returned within this period of time.

1.110 Should GGC prove unsuccessful in achieving its business plan then an option available to its Board and shareholders will be to stop writing new guarantee business and to move the portfolio into run-off. As existing guarantees mature/expire over time and GGC’s capital is deleveraged it can be returned to the shareholders on a pro rata basis, thereby ensuring an orderly exit.

C. FINANCING INFORMATION

C.1. Total financing

(a) Requested GCF funding (i + ii + iii + iv + v + vi + vii)	**Total amount**	**Currency**
	82.5	million USD ($)million USD ($)

GCF financial instrument	**Amount**	**Tenor**	**Grace period**	**Pricing**
(i) Senior loans	Enter amount	Enter years	Enter years	Enter %
(ii) Subordinated loans	Enter amount	Enter years	Enter years	Enter %
(iii) Equity	82.5			6 % equity return
(iv) Guarantees	Enter amount	Enter years		
(v) Reimbursable grants	Enter amount			
(vi) Grants	Enter amount			
(vii) Results-based payments	Enter amount			

(b) Co-financing information	**Total amount**	**Currency**
	322.5	Options

Name of institution	**Financial instrument**	**Amount**	**Currency**	**Tenor & grace**	**Pricing**	**Seniority**
FCDO	Equity	40	Options	Enter years	6%	pari passu
Other	Equity	147.5	Options	Enter years	6%	pari passu
Other	Equity	135	Options	Enter years	3%	pari passu

(c) Total financing (c) = (a)+(b)	**Amount**	**Currency**
	405	million USD ($)

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

Please explain if any of the financing parties including the AE would benefit from any type of guarantee (e.g., sovereign guarantee, MIGA guarantee).

1.111 Taking the lead in structuring the guaranteed green bond and loan transactions, GGC aims to "crowd in" other risk participants into the transaction to share and reduce GGC's risks exposure in a transaction. It can anchor a transaction with up to a 100% guarantee and work with partners and interested public and private sector co-participants to share risks where possible.

1.112 To support more challenging projects where repayment certainty is less pronounced but are critically needed for adaptation purposes for example, sovereign guarantees or other forms of sovereign support (such as first loss capital) may be sought on a case-by-case basis to allow for the project to be supported.

Please also explain other contributions such as in-kind contributions including tax exemptions and contributions of assets.

1.113 While not needed for GGC on an institution basis, specific projects may benefit from contributions in-kind and tax exemptions including withholding tax on interest payments and guarantee fees to allow for savings to be transferred to the users and beneficiaries of the projects in the communities. This will be solely the prerogative of the respective Sovereigns to support projects which are critical to their climate change mitigation and adaptation goals. GGC can then complement the support for the projects by raising long term funding at more affordable funding costs to make them bankable.

Please also include parallel financing associated with this project or programme (refer to the co-financing policy).

1.114 By drawing support from other co-participants as explained above, GGC's risk exposure on a gross (partial guarantee) and net basis (if insured) will reduce by the introduction of other participants to take up or share risks to the projects guaranteed. Their participation will be backed by their own equity and risk capacity that will be sitting in parallel with GGC's guarantee exposures. While it is not possible to quantify this at this moment, any risk sharing, and co-participation of risks will be reported to GCF on an on-going basis when GGC is operational. As an indication of the levels possible, CGIF has successfully implemented a quota share reinsurance treaty from private reinsurers for 25% of their portfolio since 2016.

Target size	4 billion USD ($)	
Leverage multiple	10 times	
Classes of interest	**Equity**	**Equity and callable capital**
Funding	82.5 million USD ($) GCF	322.5 million USD ($) FCDO and other public and private investors
Return	Equity: 6% (IRR)*	Equity: 6% (IRR)* Callable capital: 3%
Term	[10 years]	
No. investments	**Asset allocation** 30-55 max 200 million USD ($) per investment (average 150 million USD ($) per investment)	
Target geography	Africa; Asia, Latin America, and Caribbean	
Target sectors	Energy generation (30%); Low emission transport (20%); Buildings, cities and industries and appliances (30%); Health, well-being, food and water security (10%); and Infrastructure and built environment (10%)	

*there can be no guarantee that the stated return will be achieved. IRR at the investment level cannot be determined without making arbitrary assumptions regarding allocation of fee and expenses and therefore is not included.

C.2. Financing by component

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

Component	Output	Indicative cost Options	GCF financing		Co-financing		
			Amount Options	Financial Instrument	Amount Options	Financial Instrument	Name of Institutions
Component 1: Equity Investment	Activity 1.1 - Formation and capitalisation of GGC	3,850,000	1,058,294	Equity	2,791,706	Equity	FCDO and other public and private investors
	Activity 1.2 - Secure investment	1,190,000	294,022	Equity	895,978	Equity	FCDO and other public

	grade credit rating for GGC						and private investors
	Activity 1.3 – Identify, execute and financially structure guarantees that mobilise institutional capital in global credit and capital markets to fund climate mitigation and adaptation projects in developing countries.	387,322,724	78,179,837	Equity	309,142,888	Equity	FCDO and other public and private investors
	Activity 1.4 - Manage and report on portfolio of guarantees for risk management, performance, and impact	10,597,094 Enter amount	2,492,520	Equity	8,104,574	Equity	FCDO and other public and private investors
	Activity 1.5 - Establish commercial viability of GGC and facilitate exit for GCF and FCDO	2,040,182	475,327	Equity	1,564,855	Equity	FCDO and other public and private investors
Indicative total cost (USD)		405,000,000	82,500,000		322,500,000		

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

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

1.115 Note: For illustrative purposes only. Actual budget by component is subject to change. GCF's allocated financing amount for activities is equal to 21% of total indicative cost assuming GCF commits $82.5 million. For breakdown of component 1 expenses, please see Annex 4 set-up costs. It should be further noted that any costs incurred (including management fees) are anticipated to be covered first by operating cashflows.

C.3 Capacity building and technology development/transfer (max. 250 words, approximately 0.5 page)	
C.3.1 Does GCF funding finance capacity building activities?	Yes ☐ No ☒
C.3.2. Does GCF funding finance technology development/transfer?	Yes ☐ No ☒
If the project/programme is expected to support capacity building and technology development/transfer, please provide a brief description of these activities and quantify the total requested GCF funding amount for these activities, to the extent possible.	

D. EXPECTED PERFORMANCE AGAINST INVESTMENT CRITERIA

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

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

1.116 The GGC will contribute to five of the GCF's results areas: MRA1, MRA2, MRA3, and ARA2 and ARA3.

1.117 In terms of contribution to the shift to low-emission sustainable development pathways, the GGC will have an estimated mitigation impact of 74 $MtCO_2e$ over the course of the programme's lifetime (based on the 5 result areas calculated), across all beneficiary countries (CORE 1; kindly refer to calculation methodology in Annex 22). It is anticipated that many mitigation projects will have useful lifetimes and benefits beyond the GGC's plan. Further, there should be an additional catalysing impact due to the GGC stepping in, with increased technology transfer of low-carbon, mitigation-supporting technologies.

1.118 In terms of contribution increased climate-resilient sustainable development, the GGC will have an estimated adaptation impact of 16,295,956 direct beneficiaries and 18,343,300 indirect beneficiaries over the course of the programme's lifetime, across all participating countries (CORE 2: kindly refer to calculation methodology in Annex 22).

1.119 The GGC will also have a positive impact on the enabling environment for climate finance in participating countries, and across developing economies more broadly. It will do so by contributing to a high degree to market development and transformation (CORE 7), making guarantees more viable and frequently used financial instruments to de-risk climate change mitigation and adaptation investments, expanding private capital flows in the markets. Furthermore, the GGC will contribute to a high degree to effective knowledge generation and learning processes, and the use of good practices, methodologies, and standards (CORE 8) by virtue of the lessons learnt through its operations and its capturing and sharing of its 'learning-by-doing' insights into the use of guarantees to accelerate and scale-up private sector capital for climate mitigation and adaptation investments.

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

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

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

1.120 GGC's ability to leverage its equity 10x (i.e., every USD 1 of additional equity contribution enabling USD 10 of guarantee capacity) means that it is able to scale quickly and thereby mobilise large amounts of private sector climate finance than would typically be possible via direct investment models. Furthermore, GGC's construct as a corporate allows it to be able to accept different types of capital (e.g., callable capital) and still achieve leverage, meaning it is able to look at attracting a broad range of public and private sector investors. Once established as a demonstrated guarantee company able to accomplish its objectives, there is the possibility for other guarantors to be established to address similar or more specific climate challenges (for example Climate Investor One, a climate focused fund supported by GCF has now created Climate Investor Two to focus on ocean-based initiatives). GGC is therefore both highly scalable and replicable.

1.121 While GGC is not expected to participate in transactions directly involving other GCF initiatives, to avoid double-counting of impact, GGC still expects to be highly complementary to other initiatives supported by GCF. For example, GGC's ability to mobilise private sector climate finance at scale could enable the pathways to success established by other GCF backed initiatives such as the Catalytic Capital for First Private Investment Fund for Adaptation Technologies in Developing Countries or the Sub-National Climate Fund Global to be replicated by other private sector actors and scaled. GGC will establish an ongoing dialogue with other GCF supported initiatives which operate at global, regional and/or national levels to explore opportunities to share their knowledge and learning at a project level more widely with global credit and capital markets thereby enabling replication and maximising the initiatives' collective impact.

1.122 In the context of green financing, a key challenge faced at the national level in GGC target countries is the limited local climate finance market depth and underdeveloped financial market infrastructure and frameworks to identify, certify and price green debt instruments. GGC will be focusing on enabling those borrowers that are already active in their local credit and capital markets (so investment grade at a local level) to access global credit and capital markets (where they would be considered sub-investment grade). This will require a process of education for these borrowers in terms of understanding and meeting the international standards required by global credit and capital markets in terms of quality and availability of information and identifying, measuring, and tracking green assets. Having been through this education process with the support of GGC, these borrowers, given their high profile in local credit and capital markets, can play an important advocacy role to enable the replication and/or alignment of national financial markets infrastructure and frameworks with international standards. The success of local borrowers raising long-term climate finance from global credit and capital markets can provide a powerful and needed stimulus to national governments to create similar enabling environments needed to scale local climate finance markets which both local and, in time, global institutional investors can participate in.

1.123 Following from the last point above, for sub-projects and borrowers, following the successful guaranteed bond or loan, they will have the ability to issue bonds or loans on their own without support from GGC mirroring the terms of the earlier bond or loan once investors have gain confidence and comfort with the borrower and transaction. Additional phases of the same project or new projects replicating the earlier design and transaction terms can be supported without GGC's guarantee – a product of its prior financial structuring efforts and the confidence building impact of the guarantee.

1.124 Global institutional investors in the guaranteed bonds and loans will invariably learn more about the borrower, sector, and country they are in when they buy the guaranteed bond or loan. This knowledge can then be applied in a cross-cutting manner – by these global institutional investors to support other climate projects in the same country or to similar projects in different countries – anchored by GGC's demonstrative effect in each of the guaranteed transactions. GGC will also seek to use a digital platform (e.g., www.esgbook.com) to make the performance and impact data of the debt instruments that it guarantees available to institutional investors that may not have participated in the guaranteed bonds or loans so that they can track the performance and impact over time, thereby building their confidence to participate in future.

1.125 An important feature of global credit and capital markets is the high degree of transparency and information sharing that occurs on transactions via the use of transaction information memorandums, finance industry conferences, financial information platforms such as Bloomberg or the financial press (e.g., Financial Times or Wall Street Journal). GGC intends to embrace this feature to advocate for climate projects in developing countries and to help replicate successfully executed transactions by sharing knowledge about the financial structuring (i.e., solutions developed to overcome risks/barriers) used. GGC will also help develop case studies on transactions which can be used by Origination Partners, NDAs, and others to facilitate knowledge-sharing and encourage replication at scale, both in global and local credit and capital markets.

1.126 Another longer-term impact that GGC would be seeking to enable is the migration of global institutional investors into providing climate finance in local currency. As mentioned earlier, GGC providing guarantees in hard currency will be an important "stepping stone" to get global institutional investors to learn about the actual risks of investing in climate projects in developing countries versus their perceived risk which is presently high enough to discourage any investment. Over time, as investors become more educated with the actual risk then it is possible that their appetite to accept local currency risk may also increase thereby increasing liquidity in local capital markets. As part of its strategy, where possible, GGC will look at supporting synthetic local currency (i.e., hard currency denominated but indexed to local currency so that investor takes the currency risk) climate finance debt instruments to support this migration of global investors from global to local capital markets.

1.127 The preference of global credit and capital markets to focus on scale, with minimum transaction sizes being typically set at USD 100 million, means that for smaller developing countries, particularly Least Developed Countries ("LDC") and Small Island Developing States ("SIDS"), it may be more challenging for GGC to find individual transactions which meet the minimum size requirement. That said, the opportunity exists for GGC to guarantee transactions which raise capital on an aggregated basis to finance smaller transactions in LDC and SIDS. For example, GGC has been in discussion with both a green investment fund and a national development bank in a target LDC which have requested support from GGC to help them raise either a green bond or syndicated loan in the global credit and capital markets. These local financial institutions will then on-lend the proceeds of the green bond or loan to smaller climate mitigation and adaptation projects in their country. In parallel, GGC is in dialogue with a member of the Glasgow Financial Alliance for Net Zero ("GFANZ") that is interested in creating a debt fund focused on providing climate finance or SIDS. Again, GGC would seek to guarantee large size green debt instruments issued by the fund which would then be on-lent to SIDS as smaller size loans but benefiting from better terms and tenor that tend to be given to financings of scale. This proposed on-lending structure is replicable, scalable and a powerful tool for mobilising climate finance to LDC and SIDS. With credit enhancement from GGC to help demonstrate their viability, these on-lending structures offer an effective solution to support LDC and SIDS in a way which meets the requirement for scale from the global capital and credit markets.

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

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

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

1.128 Capital markets represent an important capital mobilization and deployment mechanism in the financing of the SDGs. Recent estimates place global bond markets outstanding value at over USD 100 trillion which present a major opportunity to deploy capital at scale by harnessing the cumulative firepower of institutional investors.

1.129 While the public sector and public finance will be core to the implementation of the SDGs, it is widely acknowledged in the international community that the private sector and capital markets must also play a key role. GGC therefore seeks to support the many ways the private sector and public sector entities in developing countries can contribute to climate-related SDGs, while creating a large and diversified green bond market for global investors. In addition, GGC seeks a paradigm shift where borrowers from developing countries can compete for global institutional capital based not only on their investment thesis, but also on their impact thesis and how they will use funds to contribute to the SDGs.

1.130 The "Mapping Table" below has been compiled by the ICMA having reviewed the 17 SDGs to identify those that may be aligned with the ICMA's Green Bond Principles. According to the ICMA thus far 12 of the SDGs have been identified as being relevant to the Green Bond Principles.

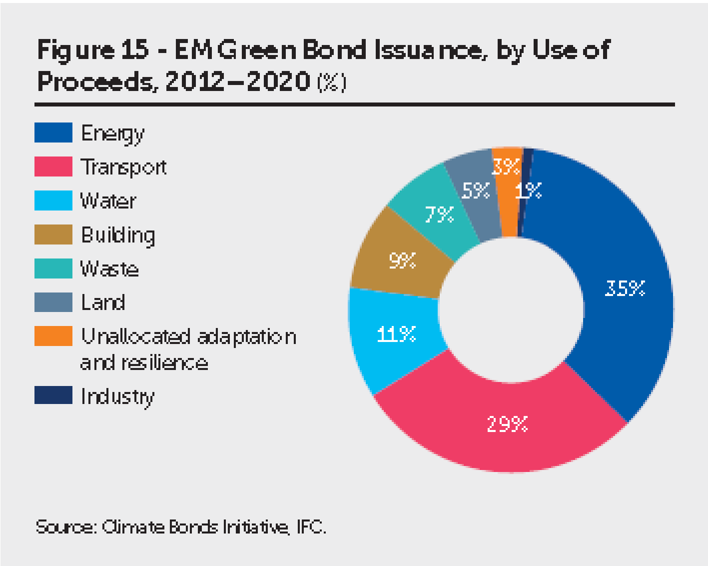
Table 5: Mapping of the SDGs against the ICMA's Green Bond Principles

SDG	Green Bond Principles – Project Categories	Example Indicators
SDG 1 – NO POVERTY	• Climate Change Adaptation (Target 1.5)	• Number of people provided with basic service • Number of people benefitting from measures to mitigate the consequences of climate change as natural disasters
SDG 3 – GOOD HEALTH AND WELL BEING	• Pollution Prevention and Control (Target 3.9) • Renewable Energy (Target 3.9)	• Amount of wastewater treated, reused, or avoided before and after he project • Amount of raw/untreated sewage sludge that is treated and disposed of
SDG 6 – CLEAN WATER AND SANITATION	• Sustainable Water and Wastewater Management (Target 6.1, 6.2, 6.3, 6.4, 6.5, 6a, 6b) • Terrestrial and Aquatic Biodiversity Conservation (Target 6.6)	• Number of people provided with safe and affordable drinking water • Number of people provided with adequate and equitable sanitation • Volume of water saved • Volume of wastewater treated for reuse • Area covered by sustainable land and water resources management practices • Potable water produced
SDG 7 – AFFORDABLE AND CLEA ENERGY	• Energy Efficiency (Targets 7.3, 7a) • Renewable Energy (Targets 7.2, 7a)	• Renewable energy produced • Avoided greenhouse gas emissions (tonnes CO2eq) • Number of people with access to clean energy services
SDG 8 – DECENT WORK AND ECONOMIC GROWTH	• Eco-efficient and/or Circular Economy Adapted Products, Production Technologies, and Processes (Target 8.4) • Energy Efficiency (Target 8.4) • Renewable Energy (Target 8.4)	• Number of jobs created • Number of jobs supported
SDG 9 – INDUSTRY, INNOVATION AND INFRASTRUCTURE	• Energy Efficiency (Target 9.4) • Renewable Energy (Target 9.1)	• Reduction in industry related GHG
SDG 11 – SUSTAINABLE CITIES AND COMMUNITIES	• Clean Transportation (Target 11.2) • Eco-efficient and/or Circular Economy Adapted Products, Production Technologies and Processes (Target 11b) • Environmentally Sustainable Management of Living Natural Resources and Land Use (Targets 11.7, 11a) • Green Buildings (Target 11c) • Pollution Prevention and Control (Target 11.6)	• Number of people with access to safe, affordable, and sustainable housing • Number of people with access to sustainable transport systems • Floor space of green real estate • Waste that is prevented, minimized, reused, or recycled before and after the project • Number of people benefitting from selective collection of recyclables • Number of electric vehicles deployed • Number of electric vehicles charging points installed

	• Renewable Energy (Target 11c) • Sustainable Water and Wastewater Management (Target 11.5)	
SDG 12 – RESPONSIBLE CONSUMPTION AND PRODUCTION	• Eco-efficient and/or Circular Economy Adapted Products, Production Technologies, and Processes (Target 12.5) • Environmentally Sustainable Management of Living Natural Resources and Land Use (Target 12.2) • Pollution Prevention and Control (Targets 12.4, 12.5) • Renewable Energy (Target 12.4) • Wastewater Management (Targets 12.2, 12.5)	• Avoided resource waste • Avoided emissions to air (other than greenhouse gases) • Reduction of food losses • Material sourced sustainably or recycled • Absolute or % reduction in local pollutants • Reduction of hazardous materials used
SDG 13 – CLIMATE ACTION	• Climate Change Adaption (Targets 13.1, 13.2, 13.3, 13b) • Climate Change Mitigation (Targets 13.1, 13.3)	• Water storage capacity • Reduction in weather-related disruption (days p.a.) and/or risk frequency (%) • Flood-resilient floor space • High-risk assets with climate insurance cover • GHG emissions reduced
SDG 14 – LIFE BELOW WATER	• Environmentally Sustainable Management of Living Natural Resources and Land Use (Target 14.4, 14.6, 14a)	• Avoided or reduced marine and freshwater pollution (ecotoxicity, eutrophication)

1.131 Figure 10 below is data provide by the Climate Bond Initiative and IFC and shows the use of proceeds for emerging market green bonds between 2012 and 2020. As can be seen Energy, Transport, Buildings and Water projects account for more than 80% of the use of proceeds historically.

Figure 10: Emerging Market Green Bond Issuance



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

1.132 Benchmarking the target countries, relative to all countries, in terms of their climate change vulnerability, adaptive capacity, and risk levels (using the ND-GAIN vulnerability and readiness index rankings, the German watch global climate risk index, and the INFORM risk index) indicates that most of the countries selected fall within the world's top third or top half of most climate-vulnerable nations, or within the bottom third or bottom half of the world's most climate-ready nations. Thus, they have pressing needs for investments that will reduce climate change vulnerability and/or enhance adaptive capacity and resilience.

1.133 The flexibility of the guarantee product means that GGC represents a unique opportunity for GCF to catalyse a programme which can consider and address multiple needs of developing countries across Africa, Asia, and Latin America, thereby being cross-cutting and global in its mandate. For example, GGC has been asked to consider supporting the development of climate resistant affordable housing in Indonesia (focused on the smaller and more vulnerable islands in the archipelago) and Rwanda. Equally, opportunities have been identified for GGC to support the propagation of electric vehicles in India (with the government seeking to deliver an ambitious target of electrifying 30% of its vehicle populations by 2030). GGC is therefore able to help countries to raise climate finance in a targeted way and help them address specific vulnerabilities identified in their NDCs. As explained earlier, in GGC's Transaction Selection Process (see Annex 24A) a key early step in its guarantee process will be to consider how a potential transaction aligns with the priorities identified in the NDC of target countries (see Annex 2).

1.134 At COP26 developing countries were vocal about their need for greater volumes of climate finance to be mobilised from developed countries to help them deliver the targets in their NDCs and in response to the IPCC's Working Group II most recent report[20] "Climate Change 2022: Impacts, Adaptation and Vulnerability", the Least Developed Countries Group on Climate Change, a lobby group of 46 nations that identify themselves as being especially vulnerable to climate change, stated "It was confirmed last year that developed countries failed in their commitment to deliver USD 100 billion in climate finance by 2020. The short fall must be made up urgently, to support our people to adapt to the worsening impacts the report confirms are coming.".

1.135 Unfortunately, global and geopolitical events such as the COVID-19 pandemic and conflict in Eastern Europe have put significant fiscal strain on both developed and developing countries alike, resulting in the former having to reduce the amount of climate finance that they can provide to the latter on a concessional basis. Conversely, whilst sovereign balance sheets are constrained the assets of private sector institutional investors continue to grow and demand for attractive investment opportunities remains strong as demonstrated by the fact that despite the pandemic the global green bond grew exponentially in both 2020 and 2021. Consequently, the most credible opportunity to scale climate finance for developing countries exists in mobilising global institutional investors from global credit and capital markets, and this is where guarantees have proven to be the most cost effective and efficient tool in doing so. This belief is supported by the statements made by Larry Fink, CEO of Blackrock, the global institutional investor with over USD 9 trillion of assets under management, in which he proposed that existing multilateral development banks be repurposed as credit enhancement providers rather than lending institutions to help mobilise more climate finance into developing countries on affordable terms.

https://www.bloomberg.com/news/articles/2021-07-11/blackrock-s-fink-urges-world-bank-imf-overhaul-for-green-era

1.136 As the first and only guarantor dedicated to supporting developing countries to build bridges with global capital and credit markets GGC will help address the following financing barriers:

1. Perceived lack of investible climate projects in developing countries. GGC will help identify and structure climate projects which are aligned with a developing country's NDC and combine financial viability with delivering significant climate mitigation and/or adaptation benefits in the developing country. This will include aggregation structures which will help mobilise climate finance at scale to LDC and SIDS as discussed in Section 1.127.
2. Perceived risks of investing in developing countries generally. By providing its guarantee GGC is risk-sharing with the investors in the global credit or capital market which is a credible and powerful way of helping them gain confidence to overcome any concerns about investing in a developing country. GGC's unique ability to leverage its equity 10x means that it can multiply the impact of USD 1 of capital from GCF in a way that direct investing initiatives are unable to and can help mobilise the global credit and capital markets to help deliver the USD 100 billion target of annual climate finance from developed countries to developing countries.
3. Low capacity of local credit and capital markets in developing countries to understand and/or meet international standards on reporting about performance and impact. GGC will support borrowers in developing countries and educate them in terms of understanding and meeting the international standards required by global credit and capital markets in terms of quality and availability of information and identifying, measuring, and tracking green assets. As mentioned earlier, the success of local borrowers raising long-term climate finance from global credit and capital markets can provide a powerful demonstration effect and needed stimulus to national governments to create similar enabling environments needed to scale local climate finance markets which both local and, in time, global institutional investors can participate in.

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

[20] https://www.ipcc.ch/report/sixth-assessment-report-working-group-ii/

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

- *Existing national climate strategy; Existing GCF country programme; Relevance to and alignment with existing policies such as Nationally Determined Contributions (NDCs), Nationally Appropriate Mitigation Actions (NAMAs), and National Adaptation Plans (NAPs); NDCs, NAMAs, and NAPs; Capacity of Accredited Entities or Executing Entities to deliver; Role of National Designated Authority; Engagement with civil society organizations and other relevant stakeholders, including indigenous peoples, women, and other vulnerable groups*

1.137 Engagement with the NDA and relevant stakeholders in a target country will be a continuous and ongoing process for GGC given that it is not limited to a single transaction in each target country but is able to consider multiple projects over several decades. Consequently, GGC will work to ensure that guarantee transactions are undertaken in consultation with the NDA and relevant local stakeholders as well as considering each country's NDC and Country Programme.

1.138 To date, GGC, in partnership with its AE, MUFG, has begun consultations with Bangladesh, Brazil, Cambodia, India, Indonesia, Kenya, Laos, the Philippines, Rwanda, South Africa, Trinidad & Tobago and Uganda. These consultations, several of which have involved local stakeholders alongside the NDA, have been very helpful in shaping GGC's Guarantee Policy (Annex 23) which, as mentioned earlier, seeks alignment with a target country's NDC and Country Programmes, where appropriate, as part of its selection criteria for selecting a guarantee opportunity. Additionally, the engagement with Bangladesh, Laos, Rwanda, and Trinidad & Tobago influenced GGC's decision to include support of aggregation structures focused on financing smaller climate projects that are more prevalent in LDC and SIDS as a key element of its growth strategy as discussed in Section D2.

1.139 From a transaction perspective, GGC will be conducting in-country due diligence on every guarantee opportunity it considers, which will include assessing the transaction against GGC's E&S Management Framework (which is aligned with GCF's own Environmental and Social Standards) and will engage with local stakeholders, including vulnerable communities (e.g., indigenous peoples) and vulnerable groups (e.g., women). GGC will also prioritise transactions where a Gender Assessment and Action Plan is in place and in alignment with the requirements set out both by the GCF (GCF & UNWOMEN 2017) and the prevailing international ratified legal frameworks, regional and national gender policies, or other public policy for gender equality and women's empowerment. To ensure that the local perspective on a potential climate project is understood, GGC will seek to engage in-country consultants where necessary to help GGC communicate effectively with local stakeholders, including NGOs and civil society organizations where appropriate. As explained in Section A21, GGC will typically get involved in a transaction at a later stage of its development, as such its ability to influence change may be limited, however where a transaction is unable to demonstrate that it meets or will meet within an acceptable timeframe the requisite E&S and gender standards the GGC will not provide a guarantee.

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

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

1.140 The targeted equity capital for GGC of USD 250 million is sized as the optimal amount on the assumption that with 10 times leverage, a USD 2.5 billion portfolio of guarantees can be supported at GGC inception. On the basis that single guarantee exposures should be around 5-10% of the portfolio to allow for diversification, USD 100 million to USD 200 million per transaction ticket size will allow for GGC to support sizable bond and loan issuances as too small a transaction would not be cost effective for a bond issuance after incorporating the arranger fees and other transaction costs.

1.141 As minimum concessionality is expected from GCF in its equity investment save for the provision of patient capital as with the other contributors, GCF will not be crowding out any private sector or public sector guarantors or financiers especially when the anticipated projects will not have access to long term funding from the capital markets without GGC's assistance.

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

1.142 Overall, USD 82.5 million GCF funding will deliver mitigation benefits at USD1.95 per tCO2eq (GCF contribution / expected lifetime emission reductions).

1.143 If taking into account revolving use of GCF equity contribution to support a revolving guarantee portfolio (maturing and/or amortised guarantees recycled to support new guarantees), the efficiency ratio improves further. On the assumption that each guarantee amortises 10% per year and based on a conservative build-up of the portfolio in the initial years, GGC is expected to issue USD 4.9 billion of guarantees in total over the first 10 years. From this 22.5% increase in total guarantees issued against the USD 4 billion guarantee portfolio limit on a rolling basis, GGC has the potential to deliver mitigation benefits at USD 1.59 per tCO2eq (GCF contribution/ expected lifetime emission reductions based on total guarantees issued (64 million x 1.225).

1.144 Taking into account total project costs, the program will support projects that will deliver climate change mitigation benefits at an estimated USD 89.2 per tCO2eq (total project costs (USD 5.71 billion if debt is USD4 billion / expected lifetime emission reductions), based on the same assumptions used as well as a 70:30 debt to equity ratio for the sub-projects supported. If calculated on total guarantee issued basis of USD 4.9 billion, the total investment costs of benefits reduce to USD 72.8 per tCO2eq.

Leverage

1.145 The programme will use USD 82.5 million from GCF up to a rolling portfolio of USD 4 billion- or 48-times leverage. Based on total guarantee issued and the assumptions of GGC's conservative portfolio growth in the initial years of USD 4.9 billion, the leverage increases to 59 times.

1.146 This total leverage is enabled by three factors i) additional contributions from other investors as co-equity providers, ii) additional unfunded leverage to be sought by GGC as its operations mature and iii) 10x leverage over its total equity and unfunded leveraged capital.

Mobilization of private insurance and reinsurance markets

1.147 Although not yet certain, plans to introduce private insurance cover for both political risks and quota share credit risk cover will also see GCF's equity catalysing risk appetite and partial risk participation from the commercial insurance and reinsurance markets. This cannot be accurately measured at this moment but will certainly encourage insurers to expose their liability side instead of just the asset/investments part of their business as green bond investors.

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

1.148 There is no ability to compare rates of return with and without GCFs support as there would be minimum concessionality as equity providers to GGC are providing the valuable support of patient capital for GGC to build up its operations and focus on supporting the most critical climate interventions needed.

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

GGC will be looking to deploy technological tools as they become available not only for mitigation projects like low carbon transportation but also for adaption projects – assisting with the forestry conservation efforts and more effective monitoring and enforcements by local authorities like drones and use of Internet of Things to deliver better monitoring of the environment, early warning systems or communications systems/channels to protect the vulnerable communities and environment.

E. LOGICAL FRAMEWORK

*This section refers to the project/programme's logical framework in accordance with the **GCF's Integrated Results Management Framework** to which the project/programme contributes as a whole, including in respect of any co-financing.*

E.1. Project/Programme Focus

Please indicate whether this proposal is for a mitigation or adaptation project/programme. For cross-cutting proposals, select both.

☒ Reduced emissions (mitigation)

☒ Increased resilience (adaptation)

E.2. GCF Impact level: Paradigm shift potential (max 600 words, approximately 1-2 pages)

This section of the logical framework is meant to help a project/programme monitor and assess how it contributes to the paradigm shift described in section D.2 above by applying three assessment dimensions - scale, replicability, and sustainability.

Accordingly, for each assessment dimension (see the definition per assessment in the accompanying guidance note), describe the current state (baseline) and the potential scenario (target) and rate the current state (baseline) by using the three-point-scale rating (low, medium, and high) provided in the guidance note. Also describe how the project/programme will contribute to that shift/ transformation under respective assessment dimensions (scale, replicability, and sustainability). In doing so, please refer to section B.2(a) (theory of change).

Assessment Dimension	Current state (baseline)		Potential target scenario (Description)	How the project/programme will contribute (Description)
	Description	Rating		
Scale	Mitigation and Adaptation: adaptation finance globally, and particularly in developing countries, lags considerably behind the level of need. UNEP estimates[21] that annual adaptation costs in developing countries will range between $155 - $330 billion a year by 2030, yet in 2019-2020 average annual adaptation finance only amounted to $46 billion a year.[22] Mitigation costs range between $140 billion to $175 billion annually by 2030 (World Bank). Guarantee finance presently plays a very marginal role in unlocking private capital in climate adaptation.	Low	Mitigation and Adaptation: paradigm shift would involve a measurable increase in the volume of guarantee finance provided to private sector investors in the participating developing countries and would be linked to a demonstrable scale-up of climate adaptation and mitigation finance in these countries by virtue of adaptation investments – related to GCF's MRA 1-3 and ARA2 and ARA3 -- being de-risked by guarantees.	*Describe key applicable outputs and or resulting outcomes relevant to increasing (scaling up) quantifiable results within and beyond the scope of the intervention.* Adaptation: the intervention is projected to deliver immense financial and direct benefit directly in the form of guarantees (to bonds and loans) for climate change adaptation and will leverage in catalytic private finance for adaptation and mitigation investments over 20 years.
Replicability	Mitigation and Adaptation: Despite the existence of the Multilateral Investment Guarantee Agency (MIGA),[23] and proposals to operationalize entities such	Low	Mitigation and Adaptation: If the GGC's model markedly increases private capital invested in climate change adaptation investments – related to GCF's MRA 1-3 and ARA2 and ARA3 – in the	*Describe key applicable outputs and resulting outcomes that will be replicated to other sectors, markets, geographical regions, or countries.*

[21] UNEP, Adaptation Gap Report, 2021 https://www.unep.org/resources/adaptation-gap-report-2021

[22] Climate Policy Initiative, Global Landscape of Climate Finance 2021 https://www.climatepolicyinitiative.org/publication/global-landscape-of-climate-finance-2021/

[23] MIGA https://www.miga.org/

	as the African Guarantee Fund's Green Guarantee Facility, guarantees are not widely used instruments for private investments in adaptation. Thus, current baseline levels of proven replicability of guarantees in the adaptation sphere are low.[24] Further, NDAs and other stakeholders (including banks that benefit from GGC's loan guarantees), can replicate GGC's successfully executed transactions especially for adaption projects with the introduction of "out of the box" solutions or components in developing the transaction		participating developing countries, it could be replicated within other Mitigation and Adaptation Results Areas, and exponentially across a number of other developing countries with high climate change risks and pressing adaptation finance needs.	Mitigation and Adaptation: lessons learnt through the GGC's model will directly inform the work of other institutions exploring the use of guarantees to boost climate finance,
Sustainability	Mitigation and Adaptation: as financial instruments, guarantees are proven to be sustainable and effective.[25] A well-structured guarantee is regarded as attractive in terms of financial sustainability for investment flows.[26]	Medium	Mitigation and Adaptation: paradigm shift would see guarantees being regarded as extremely reliable and highly sustainable financial instruments for climate change adaptation investments and would become a preferred and well-accepted approach to de-risking climate adaptation investments – such as those under the GCF's MRA 1-3 and ARA2 and ARA3 – in developing countries.	*Describe key applicable outputs and resulting outcomes that will be sustained beyond the project/programme period.* Mitigation and Adaptation: As the programme unfolds over time, the GGC will share its experience with national financial institutions, both public and private, to increase their awareness of the role and functionality of guarantees for private capital directed at climate change adaptation investments, thereby facilitating more sustainability in the markets for guarantee finance.

E.3. GCF Outcome level: Reduced emissions and increased resilience (IRMF core indicators 1-4, quantitative indicators)
Select appropriate IRMF core and supplementary indicators to monitor project/programme progress. More than one IRMF (core and or supplementary) indicators may be selected as applicable for each GCF results area and project/programme outcome (as defined in the table in section B.2(b)). If IRMF indicators are unable to measure any given project/programme outcomes, project/programme-specific indicators should be developed under section E.5 (project/programme specific indicators).

[24] OECD, Climate Finance Provided and Mobilized by Developed Countries: Aggregate Trends Updated with 2019 Data, 2021. https://www.oecd-ilibrary.org/docserver/03590fb7-en.pdf?expires=1644155109&id=id&accname=guest&checksum=1FFB1EBDA0C696909327EB729D9D8C57
[25] Bhandary, Gallagher, and Zhang, Climate Finance Policy in Practice: A Review of the Evidence, *Climate Policy* Vol. 21 No. 4, pp. 529-545 (2021). https://www.tandfonline.com/doi/pdf/10.1080/14693062.2020.1871313?needAccess=true
[26] The World Bank Group, Enabling Private Investment in Climate Adaptation and Resilience, 2021. https://openknowledge.worldbank.org/bitstream/handle/10986/35203/Enabling-Private-Investment-in-Climate-Adaptation-and-Resilience-Current-Status-Barriers-to-Investment-and-Blueprint-for-Action.pdf?sequence=5

GCF Result Area	IRMF Indicator	Means of Verification (MoV)	Baseline	Target		Assumptions / Note
				Mid-term	Final[27]	
MRA1 Energy generation and access	Core 1: GHG emissions reduced, avoided or removed/sequestered	Ex-ante and ex-post analyses of the GGC's guarantees, conducted by project or programme investors (and implementation entities), as part of required MERL systems put in place by investors; to be compiled into annual country performance reports for the GGC (by third party contractor) Potentially supplemented by additional independent verification programmes where applicable, such as Verra, CDM or Gold Standard.	0 tCO_2e	6 865 554 tCO_2e	18 346 413 tCO_2e	Assumed three-year implementation period, and linear growth and adoption of guarantees thereafter. Methodology: Emissions reductions calculated based on planned performance of underlying reference projects. Impact results scaled based on local conditions (e.g. grid emission factors), proposed project financing, and other indicators where relevant. Lifetime: Various based on project

[27] The final target means the target at the end of project/programme implementation period. However, for core indicator 1 (GHG emission reduction), please also provide the target value at the end of the total lifespan period which is defined as the maximum number of years over which the impacts of the investment are expected to be effective.

						type. Median project lifetime of 20 years Annual emission reductions: 2 296 172 tCO2e Lifetime emission reductions: 57 066 295 tCO2e Cost of emissions reductions: $40,69 per tCO2e
MRA1 Energy generation and access	Supplementary 1.3: Installed renewable energy capacity	Ex-ante and ex-post analyses of the GGC's guarantees, conducted by project or programme investors (and implementation entities), as part of required MERL systems put in place by investors; to be compiled into annual country performance reports for the GGC (by third party contractor) Potentially supplemented by additional independent verification programmes where applicable, such as Verra, CDM or Gold Standard.	0 MWh	343 MW	1000 MW	Assumed three-year implementation period, and linear growth and adoption of guarantees thereafter.
MRA1 Energy generation and access	Supplementary 1.4: Renewable energy generated	Ex-ante and ex-post analyses of the GGC's guarantees, conducted by project or programme investors (and implementation entities), as part of required MERL systems put in place by investors; to be compiled into annual country performance reports for the GGC (by third party contractor) Potentially supplemented by additional independent	0 MWh	9 837 521 MWh cumulative at mid-term	26 288 226 MWh cumulative at full-term	Assumed three-year implementation period, and linear growth and adoption of guarantees thereafter.

		verification programmes where applicable, such as Verra, CDM or Gold Standard.				Methodology: Emissions reductions calculated based on planned performance of underlying reference projects. Impact results scaled based on local conditions (e.g. grid emission factors), proposed project financing, and other indicators where relevant. Annual generation: 3 290 141 MWh Lifetime generation: 26 288 226 MWh
MRA2 Low-emission transport	Core 1: GHG emissions reduced, avoided or removed/sequestered	Ex-ante and ex-post analyses of the GGC's guarantees, conducted by project or programme investors (and implementation entities), as part of required MERL systems put in place by investors; to be compiled into annual country performance reports for the GGC (by third party contractor) Potentially supplemented by additional independent	0 tCO_2e	270 081 tCO_2e	721 722 tCO_2e	Assumed three-year implementation period, and linear growth and adoption of guarantees thereafter.

		verification programmes where applicable, such as Verra, CDM or Gold Standard.				Methodology: Emissions reductions calculated based on planned performance of underlying reference projects. Impact results scaled based on local conditions and other relevant indicators, and proposed project financing. Lifetime: Various based on project type. Median project lifetime of 30 years Annual emission reductions: 90 328 tCO_2e Lifetime emission reductions: 4 516 411 tCO_2e

						Cost of emissions reductions: \$121.78 per tCO_2e
MRA2 Low-emission transport	Supplementary 1.1: Annual energy savings	Ex-ante and ex-post analyses of the GGC's guarantees, conducted by project or programme investors (and implementation entities), as part of required MERL systems put in place by investors; to be compiled into annual country performance reports for the GGC (by third party contractor) Potentially supplemented by additional independent verification programmes where applicable, such as Verra, CDM or Gold Standard.	0 MWh	5 714 577 MWh cumulative at mid-term	15 270 725 MWh cumulative at full-term	Assumed three-year implementation period, and linear growth and adoption of guarantees thereafter. Annual energy savings: 1 911 230 MWh/y Lifetime energy savings: 95 561 484 MWh
MRA3 Buildings, cities, industries and appliances	Core 1: GHG emissions reduced, avoided or removed/sequestered	Ex-ante and ex-post analyses of the GGC's guarantees, conducted by project or programme investors (and implementation entities), as part of required MERL systems put in place by investors; to be compiled into annual country performance reports for the GGC (by third party contractor) Potentially supplemented by additional independent verification programmes where applicable, such as Verra, CDM or Gold Standard.	0 tCO_2e	11 215 542 tCO_2e	11 956 789 tCO_2e	Assumed three-year implementation period, and linear growth and adoption of guarantees thereafter. Methodology: Emissions reductions calculate

						d based on planned performance of underlying reference projects. Impact results scaled based on local conditions and other relevant indicators, and proposed project financing. Lifetime: Various based on project type. Median project lifetime of 15 years Annual emission reductions: 2 302 705 tCO_2e Lifetime emission reductions: 12 996 018 tCO_2e Cost of emissions reduction

						s: $71.91 per tCO_2e
MRA3 Buildings, cities, industries and appliances	Supplementary 1.1: Annual energy savings	Ex-ante and ex-post analyses of the GGC's guarantees, conducted by project or programme investors (and implementation entities), as part of required MERL systems put in place by investors; to be compiled into annual country performance reports for the GGC (by third party contractor) Potentially supplemented by additional independent verification programmes where applicable, such as Verra, CDM or Gold Standard.	O MWh	11 215 542 MWh cumulative at mid-term	11 956 789 MWh cumulative at full-term	Assumed three-year impleme ntation period, and linear growth and adoption of guarante es thereafter . Annual energy savings: 2 302 705 MWh/y
MRA3 Buildings, cities, industries and appliances	Supplementary 1.3: Installed renewable energy capacity	Ex-ante and ex-post analyses of the GGC's guarantees, conducted by project or programme investors (and implementation entities), as part of required MERL systems put in place by investors; to be compiled into annual country performance reports for the GGC (by third party contractor) Potentially supplemented by additional independent verification programmes where applicable, such as Verra, CDM or Gold Standard.	0 MWh	13 MW	34 MW	Assumed three-year impleme ntation period, and linear growth and adoption of guarante es thereafter .
ARA2 Health, well-being, food and water security	Core 2: Direct and indirect beneficiaries reached	Ex-ante and ex-post analyses of the GGC's guarantees, conducted by project or programme investors and implementation entities), as part of required MERL	0 (As the investments to be targeted by the GGC's guarantees would, by definition, not	7 694 263 direct beneficiaries (3 847 132 male and 3 847 132 female) and 7 256 713 indirect beneficiaries (3 628 357 male	15 388 526 direct beneficiari es (7 694 263 male and 7 694 263 female)	Please refer to Annex 22 for a descriptio n of assumpti ons

		systems put in place by investors; to be compiled into annual country performance reports for the GGC (by third party contractor)	materialize or proceed in the absence of the de-risking by the guarantee)	and 3 628 357 female)	and 14 513 427 indirect beneficiaries (7 256 713 male and 7 256 713 female)	underpinning the estimation of direct and indirect beneficiaries reached, under each ARA, and the excel spreadsheet with back-end calculations. The estimations pertain to the beneficiaries over the entire lifecycle of the investments (i.e. their operational lifetime.)
<u>ARA3 Intrastructure and built environment</u>	<u>Core 2: Direct and indirect beneficiaries reached</u>	Ex-ante and ex-post analyses of the impact of GGC's guarantees, conducted by project or programme investors and implementation entities), as part of required MERL systems put in place by investors; to be compiled into annual country performance reports for the GGC (by third party contractor)	0 (As the investments to be targeted by the GGC's guarantees would, by definition, not materialize or proceed in the absence of the de-risking by the guarantee)	805 718 direct beneficiaries (402 858 male and 402 858 female) and 2 696 692 indirect beneficiaries (1 348 346 male and 1 348 346 female)	1 611 434 direct beneficiaries (805 717 male and 805 717 female) and 5 393 385 indirect beneficiaries (2 696 692 male and 2 696	Please refer to Annex 22 for a description of assumptions underpinning the estimation of direct and indirect beneficiaries

					692 female)	reached, under each ARA, and the excel spreadsheet with back-end calculations. The estimations pertain to the beneficiaries over the entire lifecycle of the investments (i.e. their operational lifetime.)

No supplementary indicators have been selected for ARA2 and ARA3 due to the lack of universal applicability of any of the IRMF's supplementary indicators (2.1 through 2.7) to the potential GGC adaptation portfolio as a whole.

Given the thematic focus of sub-indicators 2.1 through 2.7, each is applicable to certain investments within the linked sector and sub-sector, and would be relevant depending on the investment's design and functionality. But any such indicator would, by its nature, not be applicable to a large proportion of the potential investment portfolio that falls outside the linked sector and sub-sector (for instance, a sub-indicator on early warning systems (2.4) would not be an appropriate metric to gauge and measure results for an investment on climate-resilient building standards, if early warning systems are not inherent in the investment design, and in such a case sub-indicator 2.6 is more likely to be applicable).

This is not to say that there may not, plausibly, be a sub-set of potential investments that are brought to the GGC to seek guarantees, to which one of more of the sub-indicators may apply -- depending on the very specific nature and design of that investment. The sub-indicators may very well be relevant on a case-by-case basis. However, given the GGC's programmatic nature, plus the absence of an indicative portfolio with identifiable projects and programmes, opting for any one of the sub-indicators would be inapplicable to the mock portfolio as a whole.

Thus, choosing a sub-indicator to evaluate all adaptation projectts against, when it will not apply across the board and be misaligned with several of the investments that emerge, is deemed sub-optimal. However, Annex II (M7E framework) does take cognizance of these sub-indicators and directs those responsible for M&E of GGC-supported investments to examine the IRMF's list of supplementary indicators and, on a case-by-case basis, select and integrate into the project-specific M&E the particular sub-indicator of relevance in each instance.

E.4. GCF Outcome level: Enabling environment (IRMF core indicators 5-8 as applicable)

Select at least two relevant IRMF core (enabling environment) indicators to monitor and elaborate the baseline context and project/programme's targeted outcome against the respective indicators. Rate the current state (baseline) vis-à-vis the target scenario and select the geographical scope of the outcome to be assessed. Describe how the project/programme will contribute towards the target scenario. Refer to a case example in the accompanying guidance to complete this section.

Core Indicator	Baseline context (description)	Rating for current state (baseline)	Target scenario (description)	How the project will contribute	Coverage
Core indicator 7: Degree to which GCF Investments contribute to market development/transformation at the sectoral, local, or national level	Mitigation and Adaptation: Climate finance markets in developing countries have not yet optimized the deployment of guarantees to the full potential of the instrument. Even at the GCF itself, while approximately 2% of the GCF's portfolio comprises of guarantees, virtually all of it is for mitigation projects and programmes.[28]	low	Mitigation and Adaptation: the GGC's efforts will stimulate financial markets in all the participating countries, in terms of unlocking greater volumes of guarantee finance to de-risk private sector investments in climate change.	Mitigation and Adaptation: The GGC's work will demonstrate, through concrete actions and results, the strategic use of guarantees and the financial utility thereof. It will serve as proof-of-concept in many markets. Lessons learnt through the GGC's model will directly inform the work of other institutions exploring the use of guarantees to boost climate finance.	Multi-countries
Core indicator 8: Degree to which GCF investments contribute to effective knowledge generation and learning processes, and use of good practices, methodologies and standards	There is very little existing practice related to the use of guarantees to generate greater financial flows of private capital into climate change adaptation investments, and therefore ineligible knowledge and awareness.	low	The GGC's efforts will generate a wealth of knowledge for national and global financial institutions, in terms of the efficacy and operationalization of guarantees to unlock private sector investment in various climate change thematic areas.	As the programme unfolds over time, the GGC will share its experience with national financial institutions, both public and private, to increase their awareness of the role and functionality of guarantees for private capital directed at climate change mitigation and adaptation investments.	Multi-countries

[28] GCF, Status of the GCF Portfolio: Approved Projects and Fulfillment of Conditions, September 2021. https://www.greenclimate.fund/sites/default/files/document/gcf-b30-inf12.pdf

E.5. Project/programme specific indicators (project outcomes and outputs)						
*This section should list out project/programme-specific performance indicators (outcomes and outputs) that are not covered in sections above (E.1-E.4). List down tailored indicators to monitor /track progress against relevant project/programme results (outcomes/outputs). AEs have the freedom to decide against which outcomes they would like to set project/programme specific indicators. If any co-benefits are identified in sections B.2(a)(b), and D.3, AEs are encouraged to add and monitor co-benefit indicators under the "**Project/programme co-benefit indicators**" section in table below. Add rows as needed.* *Please number each outcome and output as shown below to indicate association of outputs to the contributing outcome. The numbering for outputs under this section should correspond to the output numbering in annex 4 (detailed budget plan).*						
Project/programme results (outcomes/ outputs)	**Project/programme specific Indicator**	**Means of Verification (MoV)**	**Baseline**	**Target**		**Assumptions / Note**
				Mid-term	**Final**	
Outcome 1 Mitigation: shift to low-emission sustainable development pathways with a corresponding mitigation impact (GHG emissions reduced)	*No. of guaranteed projects received with a mitigation focus*	*Official documents tracking progress*	*80%*	*40%*	*80%*	*All guaranteed projects will achieve GHG emission targets*
Output 1.1 *Borrowers have increased access to green bonds and loans to implement climate-related, mitigation projects*	*Number of Borrowers increased* *Number of Borrowers that have a gender related focus*	*Official documents tracking progress*	X	X+25% X+5	X+50% X+8	Projects are available in the country that are viable and meet the GGC's policy requirements
Outcome 2 Adaptation: Increased climate-resilient sustainable developmental impact and improved adaptative capacity are achieved in the supported projects that successfully contribute to the NDC of selected countries	*No. of projects guaranteed with an adaptation focus*	*Official documents tracking progress*	20%	10%	20%	*All guaranteed projects will achieve adaptation interventions*
Output 2.1 Borrowers have increased access to	*Number of Borrowers increased*	*Official documents tracking progress*	X	X+25%	X+50%	Projects are available in the country that are viable and

green bonds and loans to implement climate-relate, adaptation projects	*Number of Borrowers that have a gender related focus*			X+5	X+8	meet the GGC's policy requirements
Outcome 3: *Enabling Environment: Market transformation by providing a de-risking mechanism that leads to an increase in green bonds and loans being issued by developing countries. This includes borrowers accessing an improved credit rating that closes the climate finance gap and drives financial sector development and stability*	*No. of borrowers with an improved credit rating*	*Official documents tracking progress*	X	X+3	X+5	Credit borrowers are willing to participate in the programme
Output 3.1 - A credit guarantee portfolio of green bonds and loans issued by developing countries to borrowers by the capitalized GGC	*No of green bonds and loans issued*	*Official documents tracking progress*	X	To be determined	To be determined	
Output 3.2 - Local and international partnerships on climate solutions aiding access to global capital markets	*No. of local and international partnerships forged*	*Official documents tracking progress*	X	X+8	X+15	
Outcome 4: Enabling Environment: Increased access to effective knowledge generation and learning processes into the use of guarantees to accelerate and scale-up private sector capital for	*No. of monitoring and evaluation reports* *No. of quarterly reports*	Documentation stored	0	20 years: 4 reports: X+borrowers	20 years: 4 reports: X+borrowers	

climate mitigation and adaptation investments						
Output 4.1. Training and capacity building leads to a robust portfolio of projects leading to investment-ready, high-integrity projects	*No. of participants attending training*	*Official documents tracking progress*	X	X+50	X+100	
Project/programme co-benefit indicators						
Co-benefit 1 – (A) *Reduction in air-pollution impacts, technological innovation; employment and public health benefits*	*Proportion of the fund portfolio that reduce air-pollution impacts, technological innovation; employment and public health benefits*	Workshops Official national , local reports	0 (reductions and not absolute levels)	10%	15%	There will be no other significant polluting factors
Co-benefit 2 – (B) *Reducing exposure to natural resource and biodiversity threats and health impacts*	*Proportion of the fund portfolio that reduce exposure to natural resource and biodiversity and health impacts*	Workshops Official national , local reports	0 (reductions and not absolute levels)	10%	15%	There will be no other significant polluting factors
Co-benefit 3 (C)– Market development	*Number of small and medium sized enterprises assisted by the investment*	Annual reporting by Borrower	0	2%	5%	Transactions with a gender focus are closed and proceed to implementation phase
Co-benefit 4 (D and F) – Social inclusion	*Number of people from a marginalized or vulnerable group reached via a targeted project deliverables (disaggregated by gender)*	Annual reporting by Borrower	0	2%	5%	Transactions with a gender focus are closed and proceed to implementation phase
Co-Benefit 5 (E) – Gender	*Percent of investors that are led by women*	Annual reporting by Borrower	0	8%	10%	Transactions with a gender focus are closed and proceed to implementation phase
Co-Benefit 6 (E) – Gender	*Number of investments to women-led businesses*	Annual reporting by Borrower	0	5%	8%	Transactions with a gender focus are closed and

						proceed to implementation phase
Co-Benefit 7 (E) – Gender	*Percent of portfolio companies that meet both the climate finance and 2X direct criteria*	Annual reporting by Borrower	0	3%	5%	Transactions with a gender focus are closed and proceed to implementation phase
Co-benefit 8 (E) – Gender	*Share of women in the fund's senior management or share of women on the fund's Board, where the fund invests in companies providing mitigation and/or adaptation solutions*	Annual reporting by Borrower	0	8%	10%	Transactions with a gender focus are closed and proceed to implementation phase

E.6. Project/programme activities and deliverables

All project activities should be listed here with a description and sub-activities. Significant deliverables should be reflected in annex 5 implementation timetable. Add rows as needed.

Please number the activities as shown below to indicate association of activities to the related outputs provided above in section E.5. Similarly, please number sub-activities as shown below to associate to the related activity.

Activities	Description	Sub-activities	Deliverables
Activity 1.1. Formation and capitalization of GGC (Yr 2022-2025)	GGC has been incorporated as a legal entity which can provide guarantees to institutional investors in global credit and capital markets. GGC has been formed as a private limited company in the United Kingdom and will be eventually capitalised with USD 270 million of equity. The equity will be raised in two tranches with an initial tranche of USD 100 million raised to enable GGC to commence operations and the second tranche of USD 170 million raised within 36 months to support GGC's growth. DGG will be the Manager (running the day-to-day operations of GGC) and there will be a management agreement between GGC and DGG which outlines the services that will be provided by the latter party and on what terms.	1.1.1 Ensure GGC is compliant with all necessary legal and tax filings 1.1.2 Procure legal services 1.1.3 Develop and negotiate GGC equity documentation and management agreement with DGG. 1.1.4 Close GCF and FCDO into first tranche of equity for GGC. 1.1.5 Close management agreement between GGC and DGG	A. Incorporation B. Equity Documentation and management agreement C. Proposals
Activity 1.2 Secure investment grade credit rating for Green Guarantee	To be able to play its role as a guarantor and to credit enhance the debt instruments issued by Borrowers from developing countries it will be necessary for GGC to have obtained an investment grade credit rating from one of the	1.2.1 Procure (annually) credit rating service from one or more of the international credit rating agencies.	A. Proof of investment grade rating

Company Limited (Yr 2022-2023)	three international credit rating agencies, Fitch, Moodys or Standard and Poors. This investment grade credit rating will provide institutional investors in global credit and capital markets with the assurance that GGC is a creditworthy counterparty on whose guarantees they can rely.		
Activity 1.3 Identify, execute and financially structure guarantees that mobilise institutional capital in global credit and capital markets to fund climate mitigation and adaptation projects in developing countries (Yr 2023-2042)	GGC expects to leverage (as explained earlier in sections 1.16 to 1.18) the first tranche of USD 100 million of equity capital provided by Green Climate Fund (USD 40 million), FCDO (USD 40 million) and at least one other investor (USD 20 million) by 10x to create an initial guarantee capacity of USD 1 billion. GGC will then undertake the activities outlined in the diagram below to work with Origination Partners to identify climate mitigation and adaptation projects which are aligned with the Eligibility Criteria outlined GGC's Guarantee Policy (see Annex 23) and will approve, provide financial structuring support, and execute transactions in accordance with the guarantee process articulated in the Guarantee Policy.	1.3.1 Build network of Origination Partners 1.3.2 Provide financial structuring support to Origination Partners and Borrowers to build a pipeline of potential guarantee transactions which are aligned with the GGC Guarantee Policy (and in line with the Transaction Selection Process designed to optimize climate change benefits) 1.3.3 Progress transactions through the GGC guarantee process as outlined in the GGC Guarantee Policy 1.3.4 Execute transactions	A. Partnership Agreements B. Transaction Scorecard C. Due diligence report D. Disclosure reports E. Remediation Strategy
Activity 1.4 Manage and report on portfolio of guarantees for risk management, performance, and impact (Yr 2023-2042)	GGC will actively manage the credit risk of the portfolio of guarantees seeking to proactively take action to support Borrowers that are at risk of a potential payment default by facilitating communication with investors and arranging a restructuring of the debt obligation to avoid a payment default and if unavoidable paying any claim under the guarantee and taking steps to recover GGC's capital from the Borrower.	1.4.1 Provide active risk management of guarantee portfolio including guarantee claim payment, restructuring and claim recovery 1.4.2 Provide support to Borrowers to develop impact reporting frameworks and where needed mobilise technical assistance grants from third parties (and potentially a dedicated technical assistance grant facility within GGC) to enable capacity-building for Borrowers 1.4.3 Regularly monitor and prepare reporting documentation on performance, ESG and climate KPIs of Borrowers 1.4.4 Advocate publicly at industry events, conferences and thought leadership initiatives for global credit and capital markets to provide greater climate finance to developing countries 1.4.5 Identify sources of technical assistance funding to support Borrowers in accessing global credit and capital markets	A. Monitoring and Evaluation Progress Report B. ESG and climate impact reports
Activity 1.5 Establish commercial viability of	GGC's activities in Activity 1.3 and Activity 1.4 are directed towards generating a return on equity that would be attractive to private sector investors to facilitate an exit for	1.5.1 Assess and develop an exit strategy for GCF and FCDO 1.5.2 Execute exit strategy	A. Exit strategy

GGC and facilitate exit for GCF and FCDO (Yr 2028-2042)	GCF and FCDO via either a listing the shares of GGC on a public market or via a sale to a private sector third party. The ability to access larger pools of equity capital from private investors is going to be essential for GGC's ability to scale its activities and accelerate the paradigm shift in global credit and capital markets to increase flows of climate finance into developing countries.		

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

Purpose of the M&E Plan:
GGC's monitoring and evaluation plan is intended to help investors and project teams (i.e. Borrowers) to establish effective monitoring and reporting protocols that provide consistent, accurate data and information. The plan seeks to generate evidence on achieving specific climate-related outcomes, as well as co-benefits from the investments such as those related to gender and market transformation. GGC will also track their progress to meet their programme specific indicators. The system will require real-time monitoring approach to complement the quarterly and annual results reporting cycles as the projects evolve. Borrowers will be required to capture, analyze and learn in real-time from their investments. This approach is based on proactive monitoring of key issues, challenges and risks that may arise during the transaction selection process.

Parties responsible:
GGC is ultimately responsible for overseeing and reporting to the investors (for example to GCF) on the progress made in the monitoring and evaluation plan. This task will be supported by the **AE** who will submit the overarching, aggregated data report to the relevant stakeholders. GGC is also responsible for managing the system design, execution and monitoring of the reporting platform while the project owner or borrower will be responsible for contributing to the expected results and submitting the achieved results to GGC for their review. To ensure that any social, economic climate agenda indicators or targets are reported adequately and fairly, a **Climate Advisory Team** will be appointed to assist with ensuring that the estimated and analyzed outcomes are as realistic and translatable as possible before investors such as the Green Climate Fund receive the data. The Climate Advisory Team will also assist with collecting baseline data at a country level to ensure that recipient countries are designing projects which are country relevant. The team will not rely on established partnership and networks but also on official documentation and research. An additional third party reviewer or auditor will also be appointed to verify the aggregated outcomes in the report submitted to the investors. **Borrowers** will be expected during any reporting period to account for expected results targets as indicated per in their logframe/M&E plan. It is intended that in time, all applications will be submitted online through a digital platform created by GGC which will assist with collecting the relevant data aggregating it and thus allowing for a more streamlined approach to reporting to the various investors. Borrowers will be tasked to devise a full data collection protocol for their projects at the time of approval. This will ensure that they are adequately collecting data sources, incorporating timelines and have the systems in place to ensure that the data is readily available during the quarterly and annual reporting cycles. Borrowers will also be encouraged to consider the data they need to adequately and robustly complete reports. Wherever possible, all indicators will be disaggregated by sex, and subpopulation by subcategory. In addition, data on progress to meet the various indicators will be collected at the field level during workshops hosted in various countries every quarter whereby Participants are encouraged to share their lessons learned challenges and experiences with implementing projects to determine the impact of the programme.

The process to monitor, evaluate and report is as follows:
- Once subprojects are identified and transactions are closed, Climate Advisory team will be appointed to update Annex 11 with relevant baseline data and logframe targets.
- Borrowers will be required to complete the updated in Annex 11 (Monitoring and Evaluation) and Climate Impact reports as per the instructions and as adapted to suit the project needs. The reporting function will occur on a **quarterly** and **annual** basis whereby the annual report will contain greater detail of achievements, milestones and challenges that may have occurred in the reporting period while the quarterly report showcases progress made against specific indicators.
- GGC will receive the annual E&S Risks Standards (Assessment and Management of Environmental and Social Risks and Impacts) and Climate Impact reports and monitoring data from the Borrowers of the bonds. GGC assesses the E&S Risks Standards and Climate Impact reports and monitoring data, the use of proceeds and

compares actual results with the set of pre-determined targets. If a material factor is not covered or omitted, GGC will take the appropriate remediation steps which may include assisting the Borrower to commission or undertake an independent assessment with the support of a network of independent local and international verifying firms.

- GGC will evaluate and aggregate the data received from the Borrowers into a consolidated format.
- The data collated will be reviewed by an appointed Climate Advisory Team to verify the information and provide an independent analysis of the outcomes received in the report.
- GGC will review the consolidated report and if required, appoint a third party review or auditor to review the outcomes (on an annual basis).
- GGC will submit the consolidated report to MUFG.
- MUFG will review, comment and ensure and offer feedback on the report, where required.
- Once approved, the consolidated report will be submitted by MUFG to the GCF.
- The final report will be stored on a shared database for ease of reference by investors and GGCs internal team.

<u>Certification and annual reporting standards</u>
Annual Reporting will be done according to GGC investors requirements including:

- E&S Risks Standards Reporting
    a. E&S risks and safeguards reporting includes: Business description, Use of Proceeds, Applicable E&S Performance Standards, Corporate Governance practices, stakeholder consultations and stakeholder engagement process, and grievance redress mechanisms.
    b. In case of a Category A guaranteed project by GGC, the Access to Information Policy of the IFC will be followed.
- Climate Impact reporting
    a. Climate KPIs. Key Performance Indicators (KPIs) for mitigation and adaptation for each investment including the nature of and number of beneficiaries and including the actual annual results with the targets on guarantee portfolio and individual bond level.
    b. SDGs and NDCs. Actual SDG-related as well as NDC-related investment results (quantitative and qualitative) vs. expected results for each project sector and type will be reported.
    GGC aims to actively support the borrowers in the developing countries in following best practices for the adoption of the Green Bond Principles, Green Loan Principles and the Climate Bonds Standard and Certification Scheme. GGC also supports the borrowers in their E&S reporting to the buyers of the bonds and loans (the lenders).

The bonds will be pre- and post-issuance (ongoing) be certified by independent Approved Verifiers of the list of the Climate Bonds Standard and certification process of the Climate Bonds Standards (version 3.0). The Climate Bond certification includes the analysis of the compliance with the Green Bond Principles and the Green Bonds will be part of the Climate Bonds Green Bonds Database. Post-issuance Use of proceeds reporting, and Climate Impact reporting are core components of the Green Bond principles.

The Climate Bonds Taxonomy identifies the assets and projects needed to deliver a low carbon economy and gives GHG emissions screening criteria consistent with the 2-degree global warming target set by the COP 21 Paris Agreement. The Taxonomy is the foundation used by the Climate Bonds Initiative to screen bonds to determine whether assets or projects underlying an investment are eligible for green or climate finance. Where detailed analysis of a sector has been undertaken and specific eligibility Criteria have been developed the Taxonomy is the foundation used by the Climate Bonds Initiative to screen bonds to determine whether assets or projects underlying an investment are eligible for green or climate finance. Where detailed analysis of a sector has been undertaken and specific eligibility Criteria have been developed, bonds in that sector can be Climate Bonds Certified. Where detailed sector-based Criteria for Certification are still under development, these sectors cannot yet be certified under the Climate Bonds Standard and we will accordingly not provide our guarantees.

GGC's Guarantee Policy is aligned with the Climate Bonds Taxonomy.

F. RISK ASSESSMENT AND MANAGEMENT

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

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

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

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

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

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

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

Selected Risk Factor 1: Pipeline

Category	Probability	Impact
Technical and operational	Medium	Medium

Description

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

GGC can only scale-up as quickly as it finds suitable transactions. Failure to scale will impact profitability and the ability to absorb ECL losses.

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?

GGC will develop a network of Origination Partners globally which will help grow the portfolio. GGC is able to operate in any ODA eligible country which means that its addressable market is significant. If GGC is unable to scale-up as quickly then GGC and DGG will review and revise origination strategy, prioritize high return transactions to maximize revenue and DGG will delay recruitment and rationalize cost base.

Selected Risk Factor 2: Credit rating

Category	Probability	Impact (should be high)
Technical and operational	Medium	Medium

Description

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

GGC will need to obtain and maintain an investment grade credit rating from an international rating agency which will mean that its ability to leverage its capital will depend on the confidence that the credit rating agency has in the operations and management of GGC. Failure to obtain this will undermine the business model.

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?

DGG, the manager of GGC, has significant experience of working with the major international credit rating agencies and balancing portfolio growth with maintenance of credit ratings.

Selected Risk Factor 3: Human resources		
Category	**Probability**	**Impact**
Technical and operational	Low	Medium
Description		
Please describe the risk to the best of your knowledge at this point in time. The scarcity of guarantee companies focused on developing countries means that there is a very shallow market for experienced investment professionals with guarantee experience. This means GGC will need to train up new guarantee professionals which could impact its ability to scale.		
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? The co-founders of DGG have a proven track record in establishing and scaling guarantee companies including building teams of guarantee professionals.		

Selected Risk Factor 4: Lower Guarantee Capacity		
Category	**Probability**	**Impact**
Technical and operational	Low	Medium
Description		
Please describe the risk to the best of your knowledge at this point in time. GGC's inability to meet market demand will inhibit GGC from scaling-up as quickly as forecasted. Failure to do this will impact profitability and the ability to absorb ECL losses.		
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? If GGC is unable to scale-up as quickly as forecasted then GGC and DGG will review and revise origination strategy, initiate strategy to minimize any reputational risk and prioritizing high return transactions to maximize revenue. DGG will also delay recruitment and rationalize cost base.		

Selected Risk Factor 5: Lower climate impact		
Category	**Probability**	**Impact**
Other	Low	Medium
Description		
Please describe the risk to the best of your knowledge at this point in time. GGC will need to ensure transactions that it invests do indeed mitigate climate impact either through mitigation or adaption. Failure to achieve this will undermine the business model.		
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? If GGC's transactions do not meet key climate key performance indicators ("KPI"), GGC to review and revise origination strategy and review and revise GGC's Guarantee Policy (Annex 23), Transaction Selection Process (Annex 24A) and Transaction Scorecard (Annex 24B).		
Selected Risk Factor 6: Liquidity		
Category	**Probability**	**Impact**

Other	Low	Medium
Description		
Please describe the risk to the best of your knowledge at this point in time. Impaired ability to meet guarantee call obligations because GGC does not have sufficient liquid assets. This could impact GGC reputation. Also, GGC may crystalize mark to market losses which would impact profitability.		
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? GGC to ensure it has robust treasury management strategy is in place.		

Selected Risk Factor 7: Treasury Income		
Category	**Probability**	**Impact**
Technical and operational	Medium	Medium
Description		
Please describe the risk to the best of your knowledge at this point in time. GGC's investment book generates lower returns than forecasted. This will reduce profitability.		
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? If GGC earns less finance income from its investment book GGC will review and revise treasury management strategy to ensure higher returns, ensuring at all times capital preservation is prioritized.		

Selected Risk Factor 8: Higher expenses		
Category	**Probability**	**Impact**
Technical and operational	Low	Medium
Description		
Please describe the risk to the best of your knowledge at this point in time. Higher expenses incurred by GGC or DGG could impact GGC's profitability.		
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? IF GGC or DGG's expenses are higher than forecasted, GGC and DGG to review and revise budgeting process and rationalize cost base.		

Selected Risk Factor 9: Money laundering, terrorist financing, sanctions and prohibited practices		
Category	**Probability**	**Impact**
Technical and operational	Low	MediumMedium
Description		
Please describe the risk to the best of your knowledge at this point in time. inadequacy or absence of sound anti-money laundering and combatting terrorism risk management exposes institutions to serious risks, especially reputational, operational, compliance and concentration risks.		
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? GGC and DGG have a very good understanding of money laundering and terrorist financing risks and the risks associated with sanctions and prohibited practices. DGG and GGC have a suite of policies and robust procedures in place to ensure any individual or entity who is sanctioned or is involved in prohibited practices is not financed or supported.		

Selected Risk Factor 9: Gender and social inclusion		
Category	**Probability**	**Impact**
Other	Low	Low
Description		
Please describe the risk to the best of your knowledge at this point in time. Low uptake of investments with a gender related focus or with no senior management or share of women on the fund's Board, where the fund invests in companies providing mitigation and/or adaptation solutions		
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? GGC and will ensure that a gender related assessment, intervention and plan is in place for their investments that promote gender equity in the operation of the programme. GGC can also elicit interest in the programme amongst women-led organizations to gain traction on receiving more proposals with a gender-related focus as well as a green-climate nexus.		

G. GCF POLICIES AND STANDARDS

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

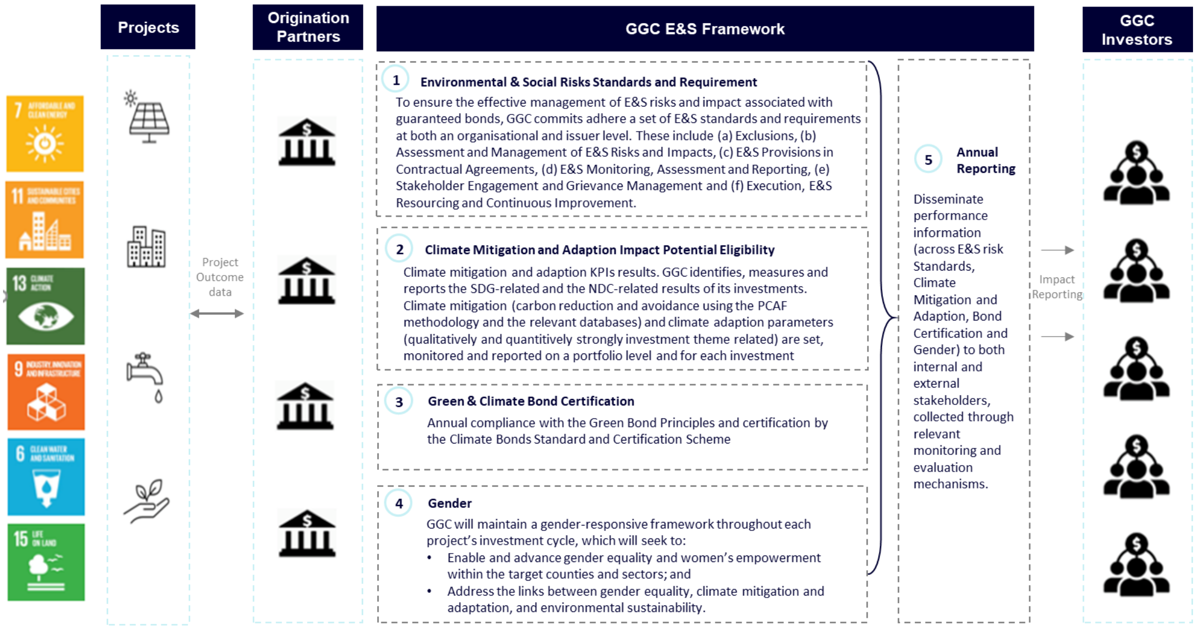
Provide the environmental and social risk category assigned to the proposal as a result of screening and the rationale for assigning such category. Present also the environmental and social assessment and management instruments developed for the proposal (for example, Environment and Social Impact Assessment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

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

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

GGC has developed an E&S Framework based on international best practice which outlines the methodology of GGC to select bond investments in developing counties that significantly contribute to climate mitigation and adaption, whilst mitigating and managing any E&S risks and impacts. In addition to, enabling GGC to demonstrate the impact outcomes it has on climate through its guarantee. The framework, policy and system include screening, risk categorization, due diligence and guidance materials and reporting protocols. The framework comprises of five core pillars, which together form the overarching framework, and equally contribute to GGC's overall goals and objectives, as outlined in Figure 10 below.

Figure 2 GGC and E&S Framework



Pillar one, Environmental & Social (E&S) Risks Standards and Requirements, focuses on how GGC's TSP (Annex 24A) guided by its Transaction Scorecard (Annex 24B) integrates E&S risk management into every stage of its financing lifecycle and decision-making processes. As part of this, GGC shall identify, monitor, and report on E&S risks and impacts associated with the bonds and loans that are made possible through the provision of guarantees by GGC. This involves conducting rigorous screening and due diligences of all opportunities presented by Origination Partners to ensure alignment with set E&S standards and requirements, including providing recommendations and guidance to borrowers in order to rectify any issues / gaps identified and improve E&S performance. GGC requires guaranteed bonds and loans to adhere to the GGC Exclusion List, applicable local and national E&S laws, and regulations, the International Finance Corporation Performance Standards on Environmental and Social Sustainability (IFC PS) (2012), the World Bank Environmental, Health and Safety (EHS) guidelines and sector specific guidelines, and the core labour conventions of the International Labour Organisations (ILO). Refer to Annex 6 of the GGC Funding Proposal for further details on the GGC E&S Framework. GGC has developed a tailored E&S Management System (ESMS) to ensure the systematic operationalization of its commitments set as part of its E&S Framework. Furthermore, GGC will build a dedicated and competent E&S team and digital systems in order to effectively implement GGC's E&S risk management, and overall E&S framework.

Key guidelines for applying the E&S framework are as follows:

- GGC's Guarantee Policy (Annex 23), Transaction Selection Process (Annex 24A) and Transaction Scorecard (Annex 24B) will be followed to screen potential investments to ensure that no investment is made in projects or companies that are operating with excluded activities. The screening process permits the interim categorization of proposed projects into higher, medium, and lower risk (Category A, B or C respectively) projects and that then determines the level of E&S due diligence required and the actions to be taken to minimize potential impacts. All projects guaranteed by GGC shall comply with host country regulatory requirements and the relevant IFC Performance Standards.
- GGC will conduct a rigorous assessment, guided by its Transaction Selection Process (Annex 24A) and the Transaction Scorecard (Annex 24B), of all opportunities presented by Origination Partners to ensure alignment with set E&S standards and requirements. The Transaction Scorecard includes an initial screening to filter non-compliant transactions out early in the **Transaction Selection Process (TSP)**,
- GGC will likely not have the opportunity to influence the **E&S assessment** of a climate project at an early stage in the project development cycle. Instead, GGC relies on having a robust **TSP** which will review and carry out **strategic due**

diligence on the borrower's existing **E&S** documentation, processes, and systems to determine if they are compliant with the requirements of GGC's **E&S Management Framework**.

- In-country E&S specialist consultants will also be used where necessary to assist GGC in conducting ad hoc monitoring and evaluation (M&E) of a selected transaction project, post financial-close, as well as working with a borrower to improve their E&S Management competencies.
- A version of the due diligence report (compliant with GCF's disclosure requirements) will be disclosed on the GGC website and sent to GCF with a 30-day (calendar day) review period.
- Stakeholder engagement is an essential part of the Framework to facilitate the integration of gender considerations into GGC's financing lifecycle and decision making. In this context, stakeholder engagement denotes proactive ongoing dialogue, information sharing and interactions between GGC and its stakeholders such as women led organizations. As such, GGC commits to developing and implementing effective stakeholder engagement mechanisms (internally and externally and as noted in Annex 7) to support a culture of transparency and accountability and learning and continual improvement.
- Concerning external communication mechanisms, an important mechanism that will be implemented and maintained is a grievance mechanism. This will support the process to effectively identify, receive, register, screen and evaluate, track, and formally address complaints or feedback from stakeholders regarding the subproject activities.
- GGC will ensure that necessary and qualified E&S resources are employed at an organisational level to implement its E&S Framework, and the commitments contained within.

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

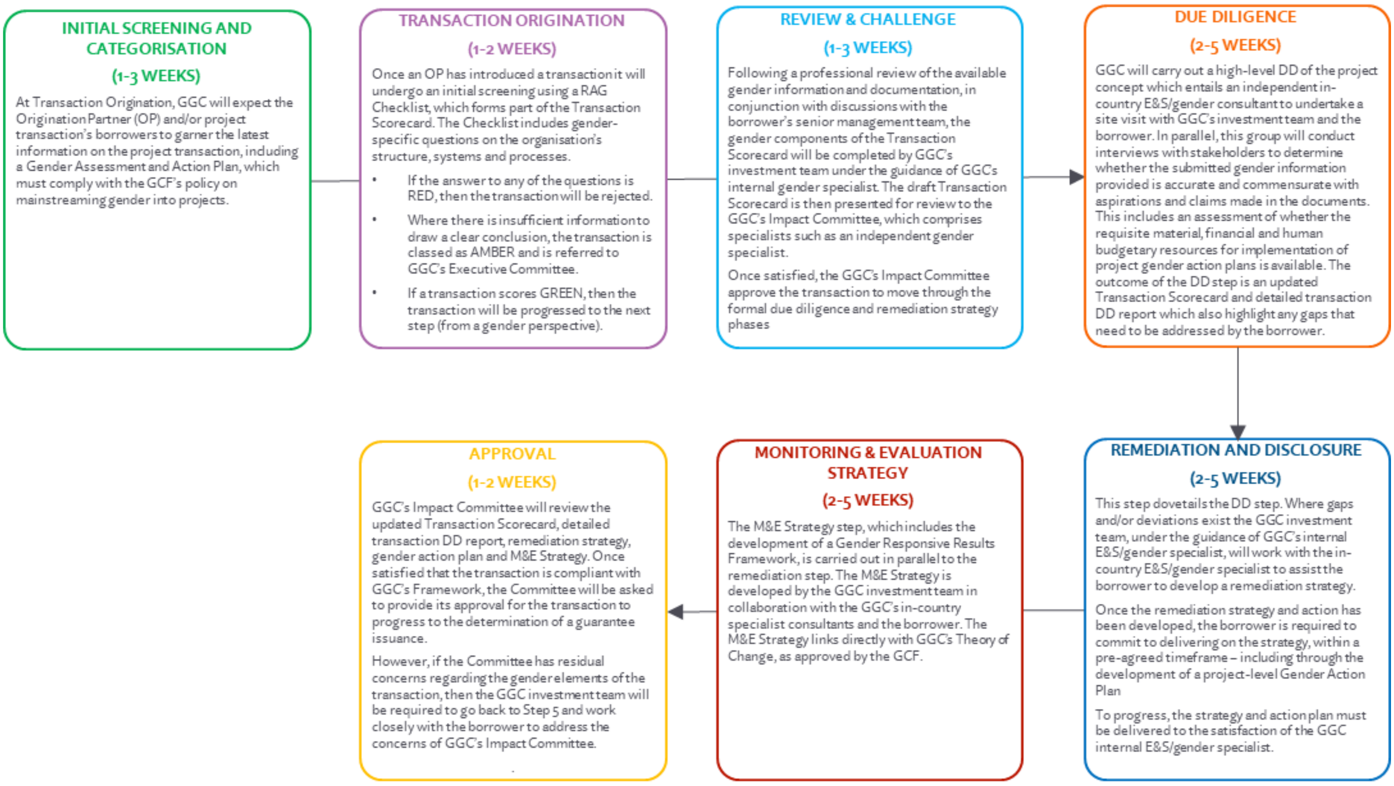
Provide a summary of the gender assessment and project/programme-level gender action plan that is aligned with the objectives of GCF's Gender Policy. Confirm a gender assessment and action plan exists describing the process used to develop both documents. Provide information on the key findings (who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

The GGC fully adheres to the principle of country ownership, meaning that for each project that receives a guarantee, the GGC will ensure that a Gender Assessment and Action Plan will be in place and in alignment with the requirements set out both by the GCF and the prevailing international ratified legal frameworks, regional and national gender policies, or other public policy for gender equality and women's empowerment. More specifically, the GGC will ensure that:

- Project level gender assessments are conducted to inform the project design, budgeting, staffing, implementation, monitoring and evaluation. These assessments must be underpinned by collection and analysis of sex disaggregated data and meaningful gender sensitive stakeholder engagements, and must comply with the GCF's Gender Policy requirements.
- Project level action plans define the target population, and whether it is direct or indirect. Where possible, groups should be disaggregated further (to identify vulnerable sub-groups, such as women-headed households).
- Project level risks are analyzed to ensure that activities do not exacerbate existing gender-related inequalities.
- Project owners have the requisite material, financial and human budgetary resources for the development and implementation of project gender action plans and assessment (including resources for continued, meaningful gender-sensitive stakeholder engagements during project implementation and operation). Where technical assistance needs are identified to support a project owner in this regard, the GGC will look to provide such support.

Given the GGC has not yet identified a pipeline of projects, it is not possible — to develop focused and detailed gender analyses, assessments, and action plans that the GCF would typically require of a Full Funding Proposal. The GGC has however conducted assessments on i) the gender-related vulnerabilities and capacities for change for each of the **five results areas** that GGC will look to support; and ii) the key gender commitments, responsible institutions, and considerations (i.e., pressing issues that influence gender equality and women's empowerment issues) in each of the GGC's **8 countries** of focus. These assessments informed the development of a gender framework (Table 6, Annex 8.1) that the GGC will use to identify potential gender-responsive interventions that should be considered as part of the project design process to maximise the gender benefits of a specific project. The framework also informed the project level quantitative and qualitative indicators that will be tracked in the GGC's Gender Action Plan

In the context of the above, the GGC recognizes the importance of ensuring sound gender practices to avoid and/or minimize potential financial and reputational liabilities and ensure benefits to women and girls are realized (and enhanced) through project delivery. Consequently, the consideration of gender factors and safeguards forms an integral part of the GGC's Transaction Selection Process (Annex 24A) and related Transaction Scorecard (Annex 24B) which is used to select transactions that ensure key gender risks and impacts have been identified and are effectively managed throughout the transaction lifecycle. Some of the key factors include the appointment of an internal E&S/Gender expert and in-country gender specialists to be appointed on a project by project basis. The gendered elements of this lifecycle are illustrated in the graphic below and elaborated in more detail in Annex 8.



In addition to this due diligence process, the GGC has made provisions for ensuring gender issues are adequately factored into, and addressed, through the GGC's stakeholder engagement and grievance processes. Both processes are designed to ensure that engagement with, communication to/with, and participation of women (and other vulnerable groups) on both a project and organizational level is suitably tailored (and transparently monitored and reported on) to local contexts as well as the GCF's relevant guidelines. Gender mainstreaming will be considered in all stages of the project cycle (design, formulation, implementation, monitoring, and evaluation) by the project owner while GGC ensure that they are suitable 'gender mainstreaming' procedures, checklists, and forms throughout the Environmental & Social Management System (ESMS) including checklists, gender assessment and stakeholder consultation. GGC will also relay those projects must align to prevailing national and international strategies and laws or other public policy for gender equality and women's empowerment and will seek to align the project with other national development strategies that promote equal opportunities, whether in the intervention region or the sector.

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

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

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

All GGC's management and reporting would be contracted to DGG. This will include delegated authority to make investment decisions on behalf of GGC in line with a mandate approved by the GGC Board, to maintain GGC's books of accounts, and to ensure GGC's policies and procedures are operationalized, including GGC's procurement policy. This policy reflects the GGC's commitment to fair practices and sets out the objectives, the overall approach, key principles, and guidance for the acquisition of works, supplies and services by GGC and related to the GGC's activities. It is intended to control, guide, and serve as a reference for all procurement within GGC. A copy of GGC's proposed procurement plan is attached in annex 10.

GGC will appoint its auditor, tax advisors, fund administrators and a corporate secretary. These services will be procured in line with GGC procurement policy and will be approved by the Board of GGC.

There will be a clear delegation of authority to DGG which will be described in a Management Agreement and DGG will be staffed by a dedicated team of professionals with extensive experience in writing guarantees and development impact and will be managed by Lasitha Perera, Boo Hock Khoo and Dale Petrie with oversight and support from CD.

GGC will invest initial capital in highly rated, highly liquid securities. This would be a regulated activity within the UK; however, the commercial intention is for GGC to outsource investment activities to fully regulated third-party investment manager (e.g., PIMCO, Fidelity etc.). This out-sourcing model is not uncommon and would negate the need for DGG or GGC to seek direct regulatory authorisation. Depending on the type of investments made by the third-party investment manager, GGC may also need to appoint a custodian. GGC is yet to appoint a third-party investment manager and custodian (if required). These services will be procured in line with GGC's procurement policy prior to GGC being capitalised and the successful firms will be approved by the Board of GGC. The regulatory standing of third-party providers will be reviewed as part of the tender process and suitable asset management agreements, including a detailed investment policy, will be agreed prior to onboarding the third-party investment manager.

The DGG Executive team will meet regularly with the GGC Board to review the performance of GGC against key performance indicators (which will include, amongst other things, delivery against GGC's mandate and financial performance).

The Chairperson of GGC and the Managing Partner of DGG will meet regularly with GGC's shareholders to discuss, amongst other things, the performance of GGC and investors will have the ability to request information from DGG (with respect to GGC) as required.

GGC and DGG will have a Code of Conduct (setting out the minimum standards of ethical behavior required of both entities) which will be supported by a suite of operating policies and procedures to ensure compliance with the Code.

To ensure DGG acts on the delegated authority provided to it by GGC in the interest of GGC, DGG will set up four committees ((1) Asset and Liability Committee, (2) Impact Committee, (3) Credit Committee, and (4) Risk and Audit Committee) to provide oversight of these activities. These committees will also manage the risks that GGC will be exposed to, which could include reputational, operational and compliance, capital and liquidity, credit, market, and political risks. All committees will have terms of references which will be approved by the GGC Board, and the minutes of these committees will be accessible by the GGC Board. Further details of the four DGG Committees are set out in the Operations Manual (Operating Plan) (see Annex 21).

DGG will seek to monitor and control GGC's risk exposure through a variety of separate but complementary financial, credit, operational and legal reporting systems, and risk management frameworks in line with GGC's Risk Management Framework. Further details of GGC's Risk Management Framework are set out in Annex 26.

G.4. Disclosure of funding proposal

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

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

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

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

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

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

H. ANNEXES

H.1. Mandatory annexes

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

H.2. Other annexes as applicable

☒	Annex 15	Evidence of internal approval **(template provided)**
☐	Annex 16	Map(s) indicating the location of proposed interventions
☒	Annex 17	Multi-country project/programme information **(template provided)**
☐	Annex 18	Appraisal, due diligence, or evaluation report for proposals based on up-scaling or replicating a pilot project
☐	Annex 19	Procedures for controlling procurement by third parties or executing entities undertaking projects financed by the entity
☒	Annex 20	First level AML/CFT (KYC) assessment
☒	Annex 21	Operations Manual (Operating Plan)
☒	Annex 22	Assessment of GHG emission reductions and their monitoring and reporting (for mitigation and cross cutting-projects)[29]
☒	Annex 23	Guarantee Policy
☒	Annex 24A	Transaction Selection Process
☒	Annex 24B	Transaction Scorecard
☒	Annex 24C	Example Transactions (adaptation and mitigation)
☒	Annex 25	Theory of Change
☒	Annex 26	Risk Management Framework

☒	Annex 27	Treasury Policy
☒	Annex 28	Review of Green and Climate Bond and Loans Standards and Certifications

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

[29] Annex 22 is mandatory for mitigation and cross-cutting projects.

MINISTRY OF FINANCE
Secretariat for International Affairs
National Designated Authority for the Green Climate Fund
Esplanada dos Ministérios, Bloco P, 2º andar, sala 219-B
CEP 70048-900 - Brasília/DF - (61) 3412-2296 - e-mail and.gcf@fazenda.gov.br

OFÍCIO SEI Nº 98050/2022/ME

Brasília, 13 de junho de 2021.

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

Re: **Funding proposal for the GCF by Mitsubishi UFJ Financial Group (MUFG) regarding the program "Green Guarantee Company"**

Dear Mr. Glemarec,

1. We refer to the program titled "Green Guarantee Company" as included in the funding proposal submitted by Mitsubishi UFJ Financial Group (MUFG) to us on January 19th, 2022.

2. The undersigned is the duly authorized representative of the Secretariat for International Economic Affairs, Ministry of Economy, the National Designated Authority of Brazil.

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.

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

a) The government of Brazil has no-objection to the programme as included in the funding proposal;

b) The program as included in the funding proposal is in conformity with Brazil'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.

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

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

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

Best regards,

Documento assinado eletronicamente

ERIVALDO ALFREDO GOMES

Secretary for International Economic Affairs

National Designated Authority for Brazil

Documento assinado eletronicamente por **Erivaldo Alfredo Gomes**, **Secretário(a) de Assuntos Econômicos Internacionais**, em 13/04/2022, às 18:21, conforme horário oficial de Brasília, com fundamento no § 3º do art. 4º do Decreto nº 10.543, de 13 de novembro de 2020.

A autenticidade deste documento pode ser conferida no site https://sei.economia.gov.br/sei/controlador_externo.php?acao=documento_conferir&id_orgao_acesso_externo=0, informando o código verificador **23742553** e o código CRC **95022E79**.

PRESIDENCE DE LA REPUBLIQUE

CONSEIL NATIONAL CLIMAT

SECRETARIAT PERMANENT

REPUBLIQUE GABONAISE
Union – Travail – Justice

N° 00157 /PR/CNCT/CS/SP.

Libreville, le 13 JUIN 2022

The Special Adviser,
Permanent Secretary of the National Climate Council

To

The Green Climate Fund ("GCF")
-Republic of Korea, Songdo-

Object: Funding proposal for the GCF by MUFG Bank, Ltd regarding Green Guarantee Company

Dear Madam, Sir,

We refer to the programme titled Green Guarantee Company in Gabon as included in the funding proposal submitted by MUFG Bank, Ltd to us on 9 June 2022.

The undersigned is the duly authorized representative of Tanguy GAHOUMA-BEKALE, the National Designated Authority of Gabon.

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 Gabon 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 national priorities, strategies and plans of Gabon;
(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.

Yours Sincerely

PRESIDENCE DE LA REPUBLIQUE
Conseiller Spécial du Président de la République
Secrétaire Permanent Conseil National Climat

Tanguy GAHOUMA-BEKALE

राजश्री रे
RAJASREE RAY

सत्यमेव जयते

आर्थिक सलाहकार
पर्यावरण, वन एवं जलवायु परिवर्तन मंत्रालय
भारत सरकार
Economic Adviser
Ministry of Environment, Forest and Climate Change
Government of India

No. CC-13008/141/2022-CC
New Delhi, 27th May 2022

To:

The Green Climate Fund ("GCF")
Songdo Business District
175 Art center- daero
Yeonsu-gu, Incheon 22004(Republic of Korea)

Reg.: Funding proposal for the GCF by MUFG Bank, Ltd. ("MUFG") regarding "Green Guarantee Company ("GGC")".

Dear Madam/ Sir,

We refer to the programme titled "**Green Guarantee Company ("GGC")**" in India as included in the funding proposal submitted by MUFG Bank, Ltd. ("MUFG") to us on 17th February 2022.

The undersigned is the duly authorized representative of Ministry of Environment, Forest and Climate Change, the National Designated Authority of India.

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 India 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 national priorities, strategies and plans of India;
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.

Yours sincerely,

Rajasree

(Rajasree Ray)
Economic Advisor and GCF Focal Point for India

ए–650, छठा तल, अग्नि विंग, इंदिरा पर्यावरण भवन, जोर बाग रोड़, नई दिल्ली–110 003
फोन: (011) 20819197, टेलीफैक्स: (011) 20819329
A-650, 6th Floor, Agni Wing, Indira Paryavaran Bhawan, Jor Bagh Road, New Delhi-110 003
E-mail : rajasree.r@nic.in Tel.: (011) 20819197, Telefax: (011) 20819329

MINISTRY OF FINANCE OF THE REPUBLIC OF INDONESIA
FISCAL POLICY AGENCY

R.M. NOTOHAMIPRODJO BUILDING 2ND FLOOR JALAN DR. WAHIDIN RAYA NOMOR 1 JAKARTA 10710
TELEPHONE (+62 21) 3441484; FACSIMILE (+62 21) 3848049; WEBSITE www.fiskal.kemenkeu.go.id

Ref. : S-35/KF/2022 11 March 2022

Mr. Yannick Glemarec
Executive Director
Secretariat of the Green Climate Fund
175, Art center-daero
Yeonsu-gu, Incheon 406-840
Republic of Korea

Subject : Funding Proposal for the GCF by MUFG Bank regarding Green Guarantee Company (GGC)

Dear Mr. Glemarec,

We refer to the program of Green Guarantee Company (GGC) as included in the funding proposal submitted by MUFG Bank to us on 25 January 2022.

The undersigned is the Chairman of Fiscal Policy Agency, Ministry of Finance as the National Designated Authority of Indonesia.

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

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

(a) The government of Indonesia has no-objection to the program as included in the funding proposal;

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

(c) In accordance with the GCF's environmental and social safeguards, the program 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 program 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 program.

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

Yours faithfully,

Ditandatangani secara elektronik
Febrio Nathan Kacaribu
Chairman

Lao People's Democratic Republic
Peace Independence Democracy Unity Prosperity

2314

Ministry of Natural Resources and Environment

No:................./MONRE
Vientiane dated: 3 May 2022

To: The Green Climate Fund (GCF)

Subject: No-Objection Letter - Funding proposal for the GCF by "MUFG Bank, Ltd. (MUFG)" regarding "the Green Guarantee Company (GGC)"

Dear Madam/Sir,

We refer to the programme "the Green Guarantee Company (GGC)" in Lao People's Democratic Republic (Lao PDR) as included in the funding proposal submitted by "MUFG Bank, Ltd. (MUFG)" to us on 04 April 2022.

The undersigned is the duly authorized representative of the Ministry of Natural Resources and Environment (MONRE), the National Designated Authority of Lao PDR.

Pursuant to GCF decision B.08/10, the content of which we acknowledge to have reviewed, we hereby communicate our non-objection to the programme as included in the funding proposal.

By communicating our non-objection, it is implied that:

a) The government of Lao PDR 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 Lao PDR'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 program as included in the funding proposal has been duly followed and 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.

Sincerely,

Phouvong Luangxaysana
Vice Minister
National Designated Authority of Lao PDR

Republic of the Philippines
DEPARTMENT OF FINANCE
Roxas Boulevard Corner Pablo Ocampo, Sr. Street
Manila 1004

Mr. YANNICK GLEMAREC
Executive Director
Secretariat of the Green Climate Fund
175 Art Center-daero
Yeonsu-gu, Incheon
Republic of Korea

SUBJECT : No Objection Letter (NOL) for the Funding Proposal to the Green Climate Fund (GCF) of the "Green Guarantee Company"

Dear **Mr. GLEMAREC:**

We refer to the programme titled "Green Guarantee Company" as included in the Funding Proposal submitted by MUFG Bank Ltd. to us on December 1, 2021.

The undersigned is the duly authorized representative of the Department of Finance, the National Designated Authority of the Republic of the Philippines.

Pursuant to GCF decisions 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 the Republic of the Philippines 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 national priorities, strategies and plans of the Government of the Republic of the Philippines; and

(c) In accordance with the GCF's environmental and social safeguards, the programme 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.

Very truly yours,

CARLOS G. DOMINGUEZ
Secretary of Finance
DEC 16 2021

Republic of Rwanda

RWANDA ENVIRONMENT MANAGEMENT AUTHORITY (REMA)

REMA
OUR ENVIRONMENT OUR FUTURE

Kigali, on 11 OCT 2022
No..2827../NDA/2022

To: The Green Climate Fund (GCF)

Re: Funding proposal for the GCF by MUFG Bank, Ltd. (**MUFG**) **regarding** Green Guarantee Company ("**GGC**")

Dear Sir,

We refer to the programme titled Green Guarantee Company ("**GGC**") in Rwanda as included in the funding proposal submitted by MUFG Bank, Ltd. ("**MUFG**") to us on 13 January 2022.

The undersigned is the duly authorized representative of Rwanda Environment Management Authority, the National Designated Authority of Rwanda.

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 Rwanda 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 national priorities, strategies and plans of Rwanda;
(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,

REMA
(DG)

RWANDA ENVIRONMENT MANAGEMENT AUTHORITY - REMA

Juliet KABERA
Director General
Rwanda Environment Management Authority
Rwanda

MINISTRY OF PLANNING AND DEVELOPMENT
OFFICE OF THE PERMANENT SECRETARY

Level 14, Eric Williams Financial Building, Independence Square, Port-of-Spain, Trinidad and Tobago, WI
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PD(EPPD):14/5/39

September 3, 2021

Yannick Glemarec
Executive Director
Green Climate Fund
Songdo Business District
175 Art center-daero
Yeonsu-gu, Incheon 22004
Republic of Korea

Dear Mr. Glemarec

Re: Funding proposal for the GCF by the MUFG Bank, Ltd. regarding the Green Guarantee Company

Reference is made to the programme titled *Green Guarantee Company* as included in the funding proposal submitted by MUFG Bank, Ltd. to us on June 15th, 2021.

The undersigned is the duly authorized representative of the National Designated Authority of Trinidad and Tobago.

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 Trinidad and Tobago 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 national priorities, strategies and plans of Trinidad and Tobago;
(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.

Sincerely,

Joanne Deoraj

Permanent Secretary

PERMANENT SECRETARY
MINISTRY OF PLANNING
AND DEVELOPMENT

CC: Santoshi Ota, Managing Director, Sustainable Business Office, Solution Products Division, MUFG Bank, Ltd.

Environmental and social safeguards report form pursuant to para. 17 of the IDP

Basic project or programme information	
Project or programme title	Green Guarantee Company ("GGC")
Existence of subproject(s) to be identified after GCF Board approval	Yes
Sector (public or private)	Private
Accredited entity	MUFG Bank, Ltd.
Environmental and social safeguards (ESS) category	Category I-2
Location – specific location(s) of project or target country or location(s) of programme	Brazil, Gabon, India, Indonesia, Lao PDR, Philippines, and Trinidad and Tobago*
Environmental and Social Impact Assessment (ESIA) (if applicable)	
Date of disclosure on accredited entity's website	N/A
Language(s) of disclosure	N/A
Explanation on language	N/A
Link to disclosure	N/A
Other link(s)	N/A
Remarks	N/A
Environmental and Social Management Plan (ESMP) (if applicable)	
Date of disclosure on accredited entity's website	N/A
Language(s) of disclosure	N/A
Explanation on language	N/A
Link to disclosure	N/A
Other link(s)	N/A
Remarks	N/A
Environmental and Social Management System (ESMS) (if applicable)	
Date of disclosure on accredited entity's website	Friday, September 16, 2022
Language(s) of disclosure	English, Bahasa Indonesia, French, Lao, and Portuguese*
Explanation on language	These are an/the official languages of each of the target countries.
Link to disclosure	**Environmental and Social Management System** English: https://www.bk.mufg.jp/global/productsandservices/corpandinvest/gcf/ggc/pdf/system_english.pdf Bahasa Indonesia: https://www.bk.mufg.jp/global/productsandservices/corpandinvest/gcf/ggc/pdf/system_indonesian.pdf

	French: https://www.bk.mufg.jp/global/productsandservices/corpandinvest/gcf/ggc/pdf/system_french.pdf Lao: https://www.bk.mufg.jp/global/productsandservices/corpandinvest/gcf/ggc/pdf/system_lao.pd Portuguese: https://www.bk.mufg.jp/global/productsandservices/corpandinvest/gcf/ggc/pdf/system_portuguese.pdf **ESMS Appendices** English: https://www.bk.mufg.jp/global/productsandservices/corpandinvest/gcf/ggc/pdf/appendices_english.pdf Bahasa Indonesia: https://www.bk.mufg.jp/global/productsandservices/corpandinvest/gcf/ggc/pdf/appendices_indonesian.pdf French: https://www.bk.mufg.jp/global/productsandservices/corpandinvest/gcf/ggc/pdf/appendices_french.pdf Lao: https://www.bk.mufg.jp/global/productsandservices/corpandinvest/gcf/ggc/pdf/appendices_lao.pdf Portuguese: https://www.bk.mufg.jp/global/productsandservices/corpandinvest/gcf/ggc/pdf/appendices_portuguese.pdf
Other link(s)	N/A
Remarks	An ESMS consistent with the requirements for a Category I-2 programme is contained in the "Environmental and Social Management System".
Any other relevant ESS reports, e.g. Resettlement Action Plan (RAP), Resettlement Policy Framework (RPF), Indigenous Peoples Plan (IPP), IPP Framework (if applicable)	
Description of report/disclosure on accredited entity's website	Friday, September 16, 2022
Language(s) of disclosure	English, Bahasa Indonesia, French, Lao, and Portuguese
Explanation on language	These are an/the official languages of each of the target countries.
Link to disclosure	**Gender Assessment** English: https://www.bk.mufg.jp/global/productsandservices/corpandinvest/gcf/ggc/pdf/assessment_english.pdf

	Bahasa Indonesia: https://www.bk.mufg.jp/global/productsandservices/corpandinvest/gcf/ggc/pdf/assessment_indonesian.pdf French: https://www.bk.mufg.jp/global/productsandservices/corpandinvest/gcf/ggc/pdf/assessment_french.pdf Lao: https://www.bk.mufg.jp/global/productsandservices/corpandinvest/gcf/ggc/pdf/assessment_lao.pdf Portuguese: https://www.bk.mufg.jp/global/productsandservices/corpandinvest/gcf/ggc/pdf/assessment_portuguese.pdf***** **Gender Action Plan** English: https://www.bk.mufg.jp/global/productsandservices/corpandinvest/gcf/ggc/pdf/plan_english.pdf Bahasa Indonesia: https://www.bk.mufg.jp/global/productsandservices/corpandinvest/gcf/ggc/pdf/plan_indonesian.pdf French: https://www.bk.mufg.jp/global/productsandservices/corpandinvest/gcf/ggc/pdf/plan_french.pdf Lao: https://www.bk.mufg.jp/global/productsandservices/corpandinvest/gcf/ggc/pdf/plan_lao.pdf Portuguese: https://www.bk.mufg.jp/global/productsandservices/corpandinvest/gcf/ggc/pdf/plan_portuguese.pdf***** **Indigenous Peoples Planning Framework** English: https://www.bk.mufg.jp/global/productsandservices/corpandinvest/gcf/ggc/pdf/policy_english.pdf Bahasa Indonesia: https://www.bk.mufg.jp/global/productsandservices/corpandinvest/gcf/ggc/pdf/policy_indonesian.pdf French: https://www.bk.mufg.jp/global/productsandservices/corpandinvest/gcf/ggc/pdf/policy_french.pdf Lao:

	https://www.bk.mufg.jp/global/productsandservices/corpandinvest/gcf/ggc/pdf/policy_lao.pdf Portuguese: https://www.bk.mufg.jp/global/productsandservices/corpandinvest/gcf/ggc/pdf/policy_portuguese.pdf*
Other link(s)	N/A
Remarks	N/A
Disclosure in locations convenient to affected peoples (stakeholders)	
Date	Wednesday, June 15, 2022
Place	**Brazil:** Banco MUFG Brazil S.A. Av. Paulista 1274-Bela Vista, Zip code 01310-925 Sao Paulo-SP **Gabon:** National Climate Council BP3850, Libreville, Gabon **India:** 5th Floor, Worldmark 2, Asset 8, Aerocity, New Delhi 110037, India **Indonesia:** MUFG Bank Jakarta Branch Trinity Tower, Lt. 6-9, Jl. H.R. Rasuna Said Kav. C22 Blok IIB Jakarta 12940, Indonesia **Lao PDR:** Bank of Ayudhya (Krungsri) Baan Hassadi, 084/1-2 , Lane Xang Avenue, P.O. Box 5072 Chanthaboury District, Vientiane, Lao. P.D.R. **Philippines:** MUFG Bank Manila Branch 898 Ploenchit Tower, 9th Floor Zone B1, Philippines **Trinidad and Tobago:** Ministry of Planning and Development Level 14, Eric Williams Finance Building, Independence Square, Port of Spain, Trinidad and Tobago*
Date of Board meeting in which the FP is intended to be considered	
Date of accredited entity's Board meeting	TBD
Date of GCF's Board meeting	Monday, October 17, 2022

Note: This form was prepared by the accredited entity stated above.

*Subsequent to the disclosure of the form to the Board and active observers on 16 September 2022, the following update has been made: Bangladesh has been deleted as it has not provided the NOL by the B.34 publication deadline.

Independent Technical Advisory Panel's assessment of FP200

Proposal name:	Green Guarantee Company
Accredited entity:	MUFG Bank, Ltd.
Project/programme size:	Large

I. Assessment of the independent Technical Advisory Panel

1.1 Impact potential *Scale: medium*

1. There is indisputably an urgent need to scale up climate finance in developing countries to meet specific nationally determined contributions (NDCs) under the Paris Agreement. Green bonds and loans have proved to be an important option. The issuances of green bonds amounted to USD 1 trillion in cumulative issuance from 2007 to 2020, with issuance of USD 295 billion in 2020. However, in 2020, just 8.9 billion (or just 3 per cent) was issued in developing countries. In the past year, green bond issuances in developing countries have been static, reflecting not only the effects of the coronavirus disease 2019 (COVID-19) pandemic but also the markets' aversion to risks in these countries.

2. There is an opportunity to attract global capital markets as, according to the World Bank, global investors allocate less than 2 per cent of their asset base to infrastructure investment in developing countries, which is insufficient to meet the climate finance gap. However, global institutional investors rarely invest in non-investment grade debt.

3. Increasing green bond and loan issuance from developing countries represents a significant market opportunity for global investors seeking to align their investment strategies with environmental considerations. A green bond or loan can be defined as any type of bond or loan instrument where the proceeds will be exclusively applied to finance new and/or existing eligible green projects, including those focused on addressing the impact of climate change. However, as this assessment will indicate, not all green projects are climate projects, and differentiation between these should be clear when seeking ways to ensure climate impacts.

4. One of the instruments that could attract capital markets to support climate finance is a guarantee. The Organization for Economic Co-operation and Development defines a guarantee as "a legally binding agreement under which the guarantor agrees to pay any or all of the amount due on a loan instrument in the event of non-payment by the borrower[1]".

5. The Green Guarantee Company (GGC) will seek to provide guarantees to global investors to catalyse their investments in green bonds and green loans issued from developing countries. GGC is a newly created company established by three individual partners and Cardano Development B.V. As yet the company has no track record, and therefore offers the experience of its founding partners in managing guarantees. Since the submission of the first funding proposal for the thirty-third meeting of the Board (B.33) and the current proposal, GGC has changed one

[1] See https://stats.oecd.org/glossary/detail.asp?ID=5966#:~:text=OECD%20Statistics,of%20nonpayment%20by%20the%20borrower.

of its three individual founding members. The company will work with five international banks (origination partners) and rely on their infrastructure and standards to originate bond products, reduce execution risk and increase opportunities to scale at speed.

6. The independent Technical Advisory Panel (TAP) understands that there is a need to have guarantee structures focused on addressing the real climate finance gap that exists in attracting international and national investors to support climate bonds and loans in developing countries. Moreover, the independent TAP sees the need to solve the current key inefficacy of GCF in issuing guarantees, owing to the lack of credit rating that only allows for a 1:1 leverage ratio on guarantees.

7. The independent TAP evaluated the GGC proposal for B.33 and provided the proponents with several comments on different aspects of the investment criteria. The proponents came back shortly thereafter with a new funding proposal to be submitted to B.34, which addresses some of the concerns raised by the independent TAP but leaves other important concerns unresolved. If the Board chooses to go ahead and endorse the GGC programme, it must do so with the understanding that this is a high-risk high-reward programme, with some of the risks related to these unresolved concerns raised by the independent TAP.

8. The proponents present a step-by-step process for the GCF-funded programme, as follows:

(a) **Formation and capitalization of GGC**: GGC has been formed as a private limited company in the United Kingdom of Great Britain and Northern Ireland and will be eventually capitalized with USD 250 million of equity. The equity will be raised in two tranches, with an initial tranche of USD 100 million raised to enable GGC to commence operations and the second tranche of USD 150 million raised within 24 months to support its growth. A parent company, the Development Guarantee Group Ltd. (DGG), also registered in the United Kingdom by the same partners, will act as the manager, running the day-to-day operations of GGC. There will be a management agreement between GGC and DGG which will outline the services that will be provided by the latter party and on what terms.

(b) **Secure investment grade credit rating for GGC**: the funding proposal states that GGC will need to secure an investment grade rating with any one of the three international credit rating agencies, Fitch, Moody's or Standard & Poor's, to provide institutional investors in global credit and capital markets with the assurance that GGC is a creditworthy counterpart on whose guarantees they can rely. Responding to a question on this from the independent TAP, MUFG Bank, Ltd. (MUFG), the accredited entity (AE), indicated that GGC has recently secured a triple B rating from Fitch.

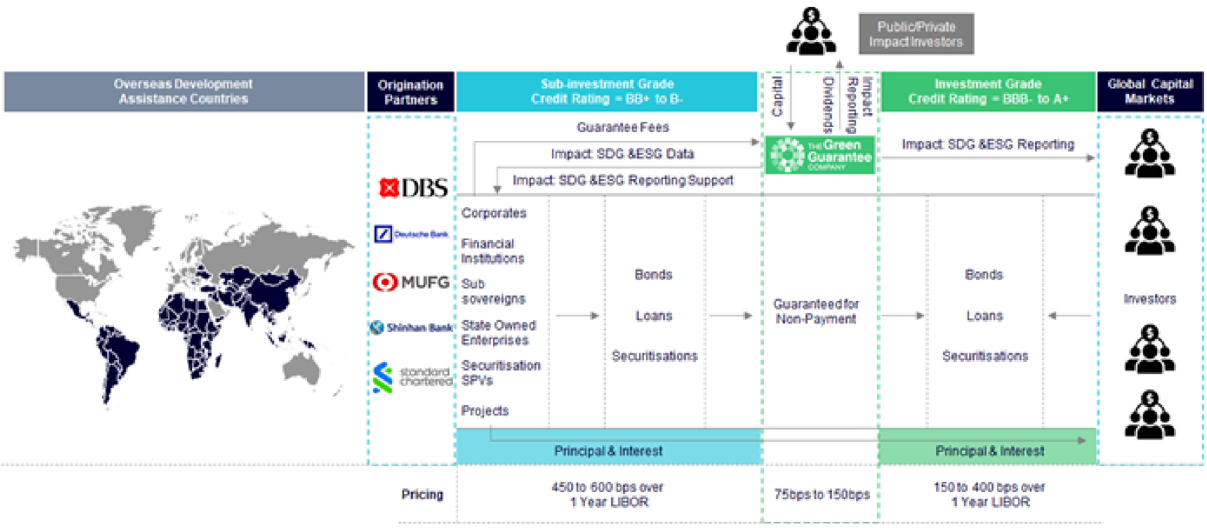
(c) **Identify, execute and financially structure guarantees that mobilize institutional capital in global credit and capital markets to fund climate change mitigation and adaptation projects in developing countries**: GGC will undertake the activities outlined in figure 1 to work with origination partners to identify climate change mitigation and adaptation projects which are aligned with the eligibility criteria outlined in the GGC Guarantee Policy and will approve, provide financial structuring support for and execute transactions in accordance with the guarantee process articulated in the Guarantee Policy. The proponents are guided by a transaction scorecard, which screens a transaction for which a guarantee could be provided against impact criteria, and the GGC Guarantee Policy, which screens the transaction against eligibility criteria (e.g. sector). This screening of transactions should enable GGC to ensure that guarantees are provided with GCF funds only for loans and bonds that can demonstrate that they will have a significant climate change adaptation and/or mitigation impact (as opposed, for example, to a general positive environmental impact).

(d) **Manage and report on portfolio of guarantees for risk management, performance and impact**: this will include providing active risk management of the guarantee portfolio; providing support to borrowers in developing impact reporting frameworks; regular monitoring and preparation of documentation to report performance, environmental, social and governance issues and key climate performance indicators of borrowers; and advocating publicly to leverage more funds, including technical assistance funding to support borrowers.

(e) **Establish commercial viability of GGC and facilitate exit for GCF, the Foreign, Commonwealth & Development Office (FCDO) of the United Kingdom and the United States Development Finance Corporation (DFC):** this involves assessing and developing an exit strategy for GCF and other potential funders and executing the exit. It is noted that the fund is expecting GCF to be part of GGC for 20 years but it may be possible for the exit to be made earlier.

9. The proponents further present a structure indicating how the GGC will work in the world, as seen in Figure 1, that needs to be revised in terms of countries involved, the inclusion of climate change reporting instead of SDG & ESG reporting and pricing.

Figure 1: How the Green Guarantee Company will work



10. The most important priority is to ensure that in each of the above-mentioned steps, there is a critical analysis of the climate change impacts. GGC will need to demonstrate how the loans and bonds for which guarantees are proposed to be provided expect to have a clear adaptation and/or mitigation impact and establish a robust structure to ensure that all relevant parties clearly understand and ensure climate impacts. GGC must retain a strong orientation towards the adaptation and/or mitigation logic of the investments as the basis for initial project selection and, critically, for thorough monitoring of results over time in terms of the GCF Integrated Results Management Framework.

11. The proponents included a list of eligible climate projects in annex 23 to the funding proposal – GGC Guarantee Policy, with a taxonomy list derived from the Climate Bonds Standard of the Climate Bonds Initiative (CBI), which provides general sector-specific eligibility criteria for assets and projects that can be used for climate bonds. From the CBI standards, the proponents included the following sectors: (1) alternative energy (solar, wind, geothermal), bioenergy and transmission and distribution; (2) transport; (3) water; (4) buildings; and (5) waste and pollution control. However, the screening indicators of this tool are mainly oriented towards the first screening process and have limited indicators on greenhouse gas emissions and no adaptation indicators. Moreover, as explained in the paradigm shift section (section 1.2 below), GGC should

be able to define its own standards and allow best practices and even combinations of standards (European Union, Asian, CBI) for particular transactions, as the world is evolving to develop better taxonomy systems that enable a better understanding of what is and what is not a climate investment.

12. The proponents have also provided a transaction selection process (annex 24A to the funding proposal), involving five core elements: climate change adaptation, climate change mitigation, climate certification, gender and social inclusion, and environmental and social (E&S) aspects.

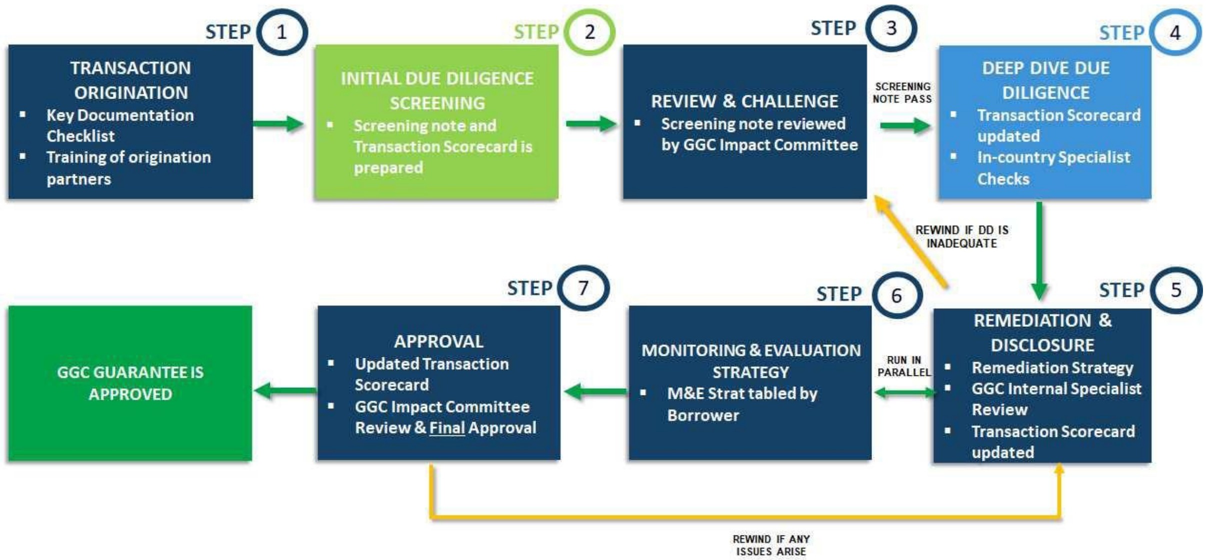
13. With the CBI Climate Bonds Standard as the primary standard in the transaction selection process, the independent TAP sees an issue with principle 5 (Mitigation Trade-offs Assessed) – "Climate mitigation requirements may be lowered for climate resilience focused assets or activities whose resilience benefits considerably outweigh associated emissions or serve to avoid GHG emissions in the event of a disaster." Principle 5 indicates that a potential adaptation project can be considered even if the proposed project may continue, or even increase, greenhouse gas emissions. Even though principle 5 is correct, the independent TAP would recommend making sure that in a case where planned adaptation measures will be accompanied by an increase in emissions, relevant mitigation measures are implemented for maximum avoidance of increase or limitation of such emissions.

14. The proponents indicate that the process of ensuring climate change impacts will have checks and balances in each of the steps. As presented in figure 2, the process involves: (1) origination of the transaction with key documents; (2) an initial due diligence based on submitted documentation; (3) review and challenge, in which the screening note is assessed and it is determined whether all seven requirements are met by in-house and external specialists as well as the GGC Impact Committee; (4) the due diligence that will be conducted by the climate change specialists of the Impact Team and in-country specialists, and will result in a detailed transaction due diligence report presented to the Investment Team, including evidence of the E&S, gender and CBI standards; (5) remediation and disclosure, in which the DGG Impact Team under the guidance of the GGC Impact Committee will work to assist the borrower to develop a remediation strategy to address the gaps/deviations of the project. The borrower is required to commit to delivering on the strategy within a pre-agreed time frame. The transaction will be rejected by the DGG Impact Team only if the borrower does not commit or expresses a clear reluctance to develop or deliver the remediation strategy; (6) a monitoring and evaluation strategy developed by the GGC Impact Committee in collaboration with the GGC in-country specialists, consultants and the borrower. This is managed in parallel with the remediation step, ensuring a clear commitment by the borrower; and (7) in the approval process, the GGC Impact Committee will review the transaction scorecard, detailed transaction Due Diligence report, remediation strategy and monitoring and evaluation strategy and decide to approve the transaction and pass it to the Credit Committee, which will in turn revise the commercial and financial aspects to issue a formal approval. If the Impact Committee has residual concerns, the credit team will be asked to go back to step 5.

15. It remains of concern to the independent TAP that in the transaction selection process, there seems to be little room for rejecting a project, as there is always room for remediation. Moreover, it seems that the climate experts who form part of the DGG Impact Team could end up as both proponent and adjudicator – participating in the process of supporting the project proponents in improving their projects while at the same time being responsible for approving or rejecting a project. Although the independent TAP fully recognizes the importance of a remediation process for local capacity-building in developing countries, it still expresses concern that criteria for rejecting a project are not yet clear and well formulated. On the other hand, the independent TAP would like to clearly see that good projects having significant climate change added value will not be rejected owing to weak financial components and

remediation will be dedicated to the improvement of climate change components as well as financial aspects, making them attractive, reliable and less risky to the investors.

Figure 2: Transaction process



16. The proponents included the details of the transaction scorecard in annex 24B to the funding proposal. The scorecard has an initial screening with four initial due diligence questions that need further refinement. In the first question the sector categories to which a project must be allocated are different from the ones in the GGC Guarantee Policy. The second question requires that the documents be in place to adhere to the CBI standards, which is not a correct initial screening demand. The scorecard covers the climate change mitigation and adaptation scores with clear questions. However, when it comes to using the CBI standards and the required alignment with the Rio markers for climate, the scorecard is confusing. CBI provides sector eligibility criteria for assets and projects that can be used for climate and green bonds, and the Rio markers, developed by the Organisation for Economic Co-operation and Development, screen climate projects for the allocation of financial flows. The independent TAP believes that the project proponents should define their own initial eligibility criteria, in accordance with their own definitions and their main interests, based on the market analysis of the eligible sectors in the no-objection letter (NOL) countries. Moreover, the scorecard instructions should be clearer.

17. In terms of the expected adaptation and mitigation impacts, the proponents selected a mock portfolio approach with reference projects. For mitigation projects, the proponents used greenhouse gas accounting and calculation methodologies prescribed by the Intergovernmental Panel on Climate Change (2006, with the 2021 additions) and the United Nations Framework Convention on Climate Change. The proponents estimate that GGC will have an estimated mitigation impact of 74 million tonnes of carbon dioxide equivalent (Mt CO_2 eq). However, since the real mitigation impact will not be known until the loans and bonds have been issued and the investment projects have been undertaken, it is vital that GGC tracks its impact, both to inform and to improve the ongoing screening process, and to report back on this impact via MUFG to GCF.

18. For adaptation projects, the proponents presented a rough estimate of potential direct and indirect beneficiaries in each of the selected countries, based on a selection of very broad adaptation results area sectors according to the country's NDC priorities (mainly health, food, water security, and infrastructure and buildings), using a dollar-to-beneficiary ratio, with a sex disaggregation of 50-50. In the absence of concrete projects, the estimates of 16,295,956 direct beneficiaries and 18,343,300 indirect beneficiaries over a 20-year time frame seem high. Once

again, it will be important to track the number of people actually benefiting from the investments enabled by the guaranteed loans and bonds.

19. In general, the transaction scorecard is on the right track of screening potential mitigation and adaptation transactions but will need ongoing refinement of the currently somewhat simplistic definitions to ensure that use of the tool leads to optimal decisions on allocations of guarantee funding to large adaptation and mitigation investments.

20. In terms of adaptation, for example, the proponents will need to develop a better sense of the extent of the hazard, or frequency and/or timing of occurrence of the hazard, etc., and relate these elements to the assessed adverse impacts that the proposed investment or part of it are designed to ameliorate or reduce, by (a) reducing or addressing exposure to the phenomenon causing the anticipated impact and/or (b) reducing the sensitivity of the phenomenon with respect to causing the anticipated impact. Identification of all potential elements of each hazard is important and quantification of impacts, with and without the climate change induced hazard/physical phenomenon, is key. It is also critical to assign specific responses (direct and indirect) to reduce the extent and/or frequency and/or timing of occurrence of the damage-causing hazard or physical phenomenon and/or contributing to adaptive capacity, along with a declaration of the pathways at which the response is targeted.

21. It is important to thoroughly understand the climate change component of a project. For example, an investment in urban stormwater management may be merely a business as usual investment that is wholly unrelated to climate change. It is shown to be part of a city's strategy to adapt to climate change only once it is demonstrated, for example, that the urban area and its catchment are receiving, and are predicted to continue to receive, a much higher volume of rain per 24-hour period on peak days in comparison with a historical baseline period, with the changing climate thus leading to increased vulnerability to flooding, necessitating the intervention.

22. The proponents added a new table in section 1.45 of the amended funding proposal with potential programme interventions per country, very much concentrated in the water sector (flood and drought control, stormwater management and drainage infrastructure, irrigation, etc.). As the screening process evolves, the proponents should further differentiate the sectors, technologies and approaches relevant in particular national and subnational contexts. Each of the potential interventions are very broadly described, and their analysis requires setting priorities of the type of investment that GGC will seek to guarantee. Ongoing refinement of the screening process should be reported back through MUFG to GCF, as part of the annual performance reviews.

23. The independent TAP notes that the overall governance structure now includes climate experts throughout the transaction selection process, including an Impact Committee with members who are climate specialists. The proposal seems to have a better balance between involving people knowledgeable on financial instruments and guarantees and climate change experts than that presented in the original funding proposal. However, as expressed in the country ownership section, the proposal needs to refine the overall governance structure and checks and balances.

24. This is especially true when analysing the role of MUFG as the AE. In the proposed structure, MUFG primarily relies on the structure being proposed by the GGC managers (as expressed in the country ownership section) to screen for and ensure climate impacts. Moreover, MUFG could have a more engaged role in strengthening the climate change aspects of the project.

25. Aside from the screening process, the proponents need to ensure that the project originators have the capacity to assess the potential for climate change adaptation and mitigation, with processes and technical teams able to effectively assess anticipated climate impacts with and without the interventions to be made through prospective loans and bonds. On this point, the proponents commented that GGC will not be reliant on its origination partners to assess the

potential for climate change adaptation or mitigation and will be doing this in-house. To ensure a high-quality pipeline, however, the independent TAP believes that the originators should also have the capacity to screen and originate climate transactions, and that GGC would be strengthened by having a wider set of in-country and international originators. As such, the programme will need to undertake ongoing efforts to add to the pool of originators, including originators with a solid track record on climate change. Reputational risk will also need to be managed, if any of the origination partners receive media attention over allegations of 'greenwashing' or financial mismanagement.

26. Moreover, since GGC will hire consultants at the national level, it would be important to establish partnerships in advance with specialized climate change entities in each of the countries that are able to support the process. The proponents provided examples of the type of entity they could work with, but these are mostly from the global North. Enormous value can be added by supporting the capacity in the participating developing countries with local consultants who know their own countries and markets. There are many knowledgeable entities in all of the target countries with the capacity to originate transactions and provide support in the climate change assessments of the investments.

27. Overall, the independent TAP believes that the proponents need to continue developing robust climate change screening criteria and an assessment process, ensuring the upfront capacity of the originators to understand climate change projects and advancing the establishment of arrangements with relevant consultants or entities, both at the central company level of GGC and at in-country level, to provide climate change technical soundness to the proposed GCF project.

28. The funding proposal has a weak baseline assessment of the climate finance needs per country. This poses risks of (i) failure to assess correctly the most appropriate financial product or service to be offered and (ii) failure to prioritize the most urgent needs to access finance for the most vulnerable countries, thus rendering the GGC offering ineffective. In the absence of the climate finance assessments which the independent TAP has been requesting, it is difficult to know what the uptake of the GGC guarantee will be in the targeted countries, especially those which have already issued green bonds (i.e. Brazil, Indonesia and Philippines). In some cases, the triple B-rated GGC guarantee may be seen only as another cost layer on transaction costs and not needed, as these countries already have investment grade ratings (Philippines is already BBB+,[2] Indonesia is BBB[3] and Brazil is BBB-[4]). The GGC guarantee may be best used for the countries that urgently need climate finance but do not have the required investment grade. The funding proposal needs a more in-depth assessment of the target countries' finance and investment sectors.

1.2 Paradigm shift potential *Scale: medium*

29. Developing guarantees is not new to the financial markets. However, there could be a paradigm shift in increasing the volume of guarantees provided to private sector investors in the participating developing countries to accelerate climate change adaptation and mitigation finance. Guarantees could de-risk private sector investments and attract much-needed private capital. The use of guarantees to mobilize finance, if implemented successfully, has the potential to outstrip the mobilization impact of other less efficient interventions (grant funding,

[2] Source: Tokyo-based debt watcher Rating and Investment Information Inc. https://www.philstar.com/business/2022/04/20/2175310/philippine-investment-grade-rating-affirmed-anew#:~:text=(R%26I)%20has%20affirmed%20the%20BBB%2B,and%20a%20stable%20banking%20sector.
[3] See S&P REVISED OUTLOOK INDONESIA'S SOVEREIGN CREDIT RATING TO STABLE; AFFIRMS RATING AT BBB (INVESTMENT GRADE).
[4] See Standard & Poor's and Fitch Ratings raise Brazil to Investment Grade.

concessional debt, etc.). Guarantees can maximize the climate finance impact of concessional funds while maintaining sufficient flexibility to adjust to changing markets and sectors to avoid over-subsidization.

30. GGC positions itself as the first ever guarantee company to exist in the global credit and capital markets with the sole objective of providing guarantees for climate change bonds and loans in developing markets. However, it is important to remember that several financial entities with an investment grade are currently providing guarantees to different projects around the world and could expand their facilities to guarantee climate change investments.

31. The independent TAP enquired about the need to create a special vehicle to provide guarantees, considering that GCF has provided guarantees through blended vehicles with different AEs in concrete and tangible climate change projects. Both the Secretariat and the proponents responded that since GCF does not have a credit rating, it must set aside cash for the full value of the portfolio it is guaranteeing. This means that GCF is providing a 1:1 leverage ratio on guarantees. With the triple B credit rating (or possibly higher), GGC can leverage at least 10 times its equity for its portfolio of climate bonds.

32. Notwithstanding the positive potential of guarantees, the independent TAP notes that this project does not provide any analysis of the climate finance sectors or the guarantee structures available in the selected NOL countries. With the very broad spread of types of economies targeted, and only seven so far on board, the resultant set of countries seems random: having countries like Brazil, India, Indonesia and the Philippines with advanced financial institutions and companies with investment grades together with countries like Gabon, the Lao People's Democratic Republic, and Trinidad and Tobago with less developed financial markets does not make obvious sense or lend itself to the development of a coherent portfolio. In the view of the independent TAP, the selection of the countries should include an in-depth analysis of the regulatory and institutional frameworks in place and the opportunities to develop a strong climate change portfolio of investments to attract international and national private sector investment. Moreover, it would propose that going forward the GCF consider guarantee approaches that could leverage GCF equity in a more targeted manner. There is a need to carry out more in-depth analysis, and possibly issue requests for proposals to identify a range of potential global players in this space that could effectively leverage GCF funds for climate finance guarantee products.

33. As explained in the impact potential section (section 1.1 above), one of the biggest challenges is to ensure the climate change impacts of the investments, as there is still no single and uniformly implemented international standard around the definitions of what is considered to be 'green', 'sustainable' and/or 'climate'. Only a few countries or regions have developed green taxonomies that are starting to be used by the financial investors. In the case of green bonds, some institutions have developed Green Bond Principles reflecting those developed by the International Capital Market Association. These become standard procedures to verify (i) use of proceeds (i.e. what eligible green projects will be financed); (ii) process for project evaluation and selection; (iii) management of proceeds; and (iv) reporting.

34. However, even though there could be 'second-party opinions' with entities that investigate the purpose of the investments and verify the use of proceeds, it is very difficult for countries and investors to account for the real climate impacts behind bond issuances, and also to avoid double accounting. Moreover, several green bond issuances have refinanced existing projects, without really accounting for additionality in terms of new green or climate investments.

35. Therefore, instead of just continuing to follow standard procedures, which does not create a paradigm shift, the proponents should aim to guarantee climate bond issuances that prove their impact, providing additional support to the issuers in developing countries to demonstrate the real investments behind the climate bonds, and bring additionality in terms of new projects. Otherwise, there could be a potential risk of greenwashing.

36. In this regard, the proponents explain that GGC will focus on supporting new capital expenditure in relation to climate projects but may consider a refinancing, subject to two conditions being met: (1) the refinancing is a component of a larger financing that includes new capital expenditure or where refinancing is a pre-agreed component of a shorter-term financing to bridge a construction period; and (2) the refinancing is mobilizing global institutional investors that would otherwise not have invested in a climate project in a developing country. However, as stated above, more than just mobilizing capital is the necessity of ensuring that the underlying project has a real climate impact.

37. As explained in the climate impact potential section, the proponents will rely solely on the CBI standard, having carried out research and analysis of the different existing standards. However, more and more robust national taxonomies are being developed across the world and there are very good standards like the European Union and Asian standards that could be used by investors; or it may even be possible to use a combination of such standards depending on the bond/loan characteristics. As this is only the entry point to screen a project, the main observation will be to align the standards with a much more robust analysis throughout the transaction selection process.

38. On the other hand, the project presents a theory of change and has revised its impact objective: "IF the GGC receives equity capital from the GCF, THEN significant private debt capital will be mobilized towards mitigation and adaptation projects across the globe, and effective climate knowledge generation will be transferred to participating countries, providing pioneering examples of mobilizing global capital towards climate initiatives, BECAUSE DGG provides [a] de-risking mechanism in the form of credit guarantee as well as associated risk management impact reporting and due diligence assistance services that will advance access to climate finance."

39. This is not about receiving capital from GCF, and possibly others, to provide a service. The project should instead have a more far-sighted goal than simply receiving the capital from GCF and should have the vision to maximize the opportunity to support innovative and effective climate change projects in developing countries through guarantees. The statement should be reframed to state that if GGC is able to mobilize global capital towards climate initiatives, then several innovative climate projects will be able to ensure their financial closures and provide climate impacts, ensuring knowledge transfer. **The whole point of the programme is to ensure climate impacts, not just to mobilize financial capital through guarantees**.

40. In several of their answers to the independent TAP, both written and during the question-and-answer session, the proponents assured it that the success of GGC is derived mostly from the experience of the funding partners of GGC in developing guarantees. However, it is important that this project is not solely dependent on the role and experience of the three partners and company managers of GGC and DGG; rather it should include the development and a detailed description of a more robust structure that involves the overall governance of the company, the role of entities around the structure, including the partner originators, institutions that could technically support climate change considerations and the necessary authorities and institutions involved in climate change finance in the selected countries, as well as the investors.

41. Since B.33, one of the three funding members, namely Jean-Pierre Sweerts, has left the company. This kind of change could possibly happen again, since GGC and DGG are both start-ups, which by definition have no track record and no solid institutional capacity. When the independent TAP asked MUFG about the need to have the assurance of a more solid governance structure, the AE responded that Cardano Development had a track record and could back up the sustainability of the company. However, Cardano Development, as an incubator of climate finance initiatives, should not be the organization that ensures the stability of GGC. The stability of the company becomes, in the eyes of the independent TAP, the main risk of this transaction.

42. The project is relying on five originators (MUFG, DBS, Deutsche Bank, Standard Chartered and Shinhan Bank) that have not necessarily been active banks in the selected NOL countries. Moreover, the proposal does not present their proven record in climate change finance. GGC could potentially have more international and national originators as, in countries like Brazil and Indonesia, there is a strong financial ecosystem with the capacity to originate projects. In their response to questions of the independent TAP on this, the proponents stated that they will invest in providing training to their origination partners on their Guarantee Policy, but this is not reflected in the funding proposal or the budget, which remains the same.

43. Moreover, one of the objectives of GGC should be to share the knowledge and support the enabling conditions for developing blended finance options through guarantees in developing countries. In their response to the independent TAP concerning knowledge-sharing and capacity-building, the proponents indicated that they will set up a working group which will include representatives from the national designated authority (NDA) and other relevant stakeholders in the NOL country (e.g. Capital Markets Authority) to identify priority climate transactions, to facilitate knowledge-sharing and capacity-building (e.g. lessons learned from successful and/or failed transactions sponsored by other developing countries in global credit and capital markets) and to support the development of local regulatory frameworks in local credit and capital markets by offering access to international best practice in global capital markets.

44. However, these objectives should ideally have been further explained and developed in the project proposal, providing a basic analysis of these aspects in the selected countries and including budget and human resources to maintain these working groups. There are country-specific risks, especially related to the ability to enforce credit terms and other rights in local courts, regulatory risk and ability to build and enforce transaction-specific risk mitigation packages (construction insurance, parent guarantees, etc.) and policy gaps that need to be further analysed through the working groups.

45. In terms of scalability, the project could certainly identify more countries interested in the benefits from guarantees and more transactions in the selected countries, as the model proves feasible. However, the origination of innovative climate deals takes time, and the project should contribute to enabling policies and processes in each of the selected countries. Moreover, the countries and institutions involved in the green guarantee scheme should feel confident in the role of GGC to deliver on the goals proposed in the funding proposal. But this will only be possible if the proponents ensure more country engagement, as expressed in section 1.4 below.

46. Finally, it is important to mention that one of the main drivers of GCF being part of this company should be the opportunity to open the doors to other global and national initiatives willing to use guarantees and other financial instruments to scale climate finance at large. Therefore, the aspiration of GGC to be the <u>first ever guarantee company</u> to exist in the global credit and capital markets with the objective of acting as the market champion and mobilizing greater private sector climate finance into developing countries, should include leading by example and encouraging many new champions at the international and national level to scale climate finance options.

1.3 Sustainable development potential *Scale: medium to high*

1.3.1. Environmental and social co-benefits

47. The proponents have developed a transaction selection process in which they analyse the wider positive and negative impacts of the transactions to which the company seeks to provide a credit guarantee. The approach is to measure the impacts on (i) climate change adaptation and climate change mitigation; (ii) climate certification; (iii) gender and social inclusion; and (iv) E&S standards.

48. It is difficult to anticipate the E&S co-benefits at this stage. However, there could be environmental benefits in delivering alternative energy, bioenergy, transmission and distribution, transport, water, buildings, and waste and pollution control in several aspects such as protection of biodiversity and natural resources, water availability, pollution prevention, bio-innovation and efficient use of resources.

49. In terms of social benefits, the projects could provide health benefits related to better air quality and clean water availability, support for fair labour and work conditions, and improved livelihoods though sustainable economic alternatives.

50. However, there could also be risks of maladaptation that need to be screened in each of the transactions. Even though GGF will not invest in high-risk projects based on conventional E&S standards, the proponents should include indicators in the score card and integrated review process to avoid maladaptation risks.

1.3.1. Economic co-benefits

51. The programme is intended to increase access to guarantees and access to private capital for implementing climate change projects that otherwise could have difficulties in ensuring a financial closure. In this respect, the economic co-benefits could include an increase in financial revenues for project developers, confidence of the private sector in developing climate change projects, sectoral innovation, reduction in prices of energy, water and transport in selected territories, and job creation.

1.3.2. Gender-sensitive development

52. The funding proposal provides a gender action plan with gender action principles that the project proponents should ensure are respected prior to the issuance of a guarantee and that should be applicable during the investment process (compiling relevant gender analysis or documents) as well as project implementation (e.g. reporting on progress).

53. A gender assessment was conducted in the absence of a project pipeline, and therefore the proponents explain that it is a living document that will be regularly updated to reflect key developments.

54. This information essentially provides a baseline of what GGC knows with regard to the selected countries and results areas with respect to gender, including vulnerabilities and capacities for change. The findings from these sector and country assessments have been used to develop a framework that GGC will use to identify potential gender-responsive interventions that should be considered as part of the project design process to maximize the gender benefits of a specific project.

55. Basically, the assessment is a matrix showing challenges faced by women in the different sectors of the project, highlighting countries where the challenge may be significant or highly significant. The matrix presents an example of how to use the assessment in which proponents should first present the country context, then the sectoral context and finally the potential impacts that should be addressed in each intervention.

56. The assessment reflects the point of departure at which GGC would require a project investor, developer or owner to provide a more detailed, context-specific gender analysis, an assessment and an action plan that aligns with the GCF Gender Policy and related requirements. The gender documentation will be reviewed during the seven steps of the transaction selection process, including a Red, Amber of Green checklist on gender as part of the screening process.

57. The proponents also acknowledge the challenges of assessing gender aspects in green bond issuances, including the lack of data, the lack of predictable modelling capabilities, the higher transaction costs of preparing gender plans and the perceived lack of urgency. In fact, few

issuances in the world have had a gender lens. The proponents propose to require gender-responsive requirements as part of the project design, including, for example, a gender assessment and risk analysis, and the allocation of sufficient resources to improve gender equity considerations. This is welcomed by the independent TAP.

58. The proponents explain that the issuers should report on both the gender criteria used to select projects and the actual gender impacts. Reporting should be conducted at least annually and should be verifiable by third parties. The independent TAP notes that these procedures will depend on the type of projects behind the bond issuances and the real capacity of GGC and the originating partners to ensure that the bond issuers align with the gender requirements.

59. Finally, the proponents propose to undertake training on gender issues with the originating partners and to have an internal gender specialist within the GGC team. The independent TAP considers that the proponents have presented a satisfactory gender approach, but that the implementation will need to be carefully considered, especially in the case of bond issuances.

1.4 Needs of the recipient *Scale: medium to high*

1.4.1 Vulnerability of the country and vulnerable groups

60. The proponents have NOLs from Brazil, Gabon, India, Indonesia, the Lao People's Democratic Republic, the Philippines and Trinidad and Tobago and are expecting to receive an NOL from Bangladesh. During the question-and-answer session the proponents explained that they are expecting to work in other countries such as Côte d'Ivoire, Egypt, Kenya, Morocco, Rwanda, Senegal, South Africa, Uganda and the United Republic of Tanzania, as well as Cambodia, Pakistan and Viet Nam. Some of the proposed countries are big emerging markets with reasonably sophisticated financial systems while others need support to encourage private investment.

61. The selection of target countries does not appear to have a clear logic behind it. In response to a question by the independent TAP, the proponents stated that they are using two criteria to select countries: (1) the country has a large population and is likely to experience significant negative climate impacts if not supported to transition; and/or (2) the country has export industries earning hard currency which enables projects to access that currency to repay debt raised in global capital and credit markets. The first criterion seems not aligned with GCF principles, by which all countries (small and large) have climate change risks and impacts, not solely due to the size of the population. In their responses to the independent TAP, the proponents argued that there is a need to focus on countries that GGC felt had the most potential to access global capital markets to maximize the impact of GGC at inception, and that the additional inclusion of countries reflects the desire to include examples of GCF priorities such as the least developed countries, small island developing States and African countries.

62. The project presents a country climate change analysis report for each of the 19 countries in which GGC expects to work, showcasing the historical climate change trends, current emission profiles and future climate trends. In each of the reports, the analysis presents a desk review of the climate commitments and enabling environments of each country. However, the climate change analysis does not include a market and policy analysis relating to the advances in climate finance and more solid information on the potential portfolio of climate projects in need of guarantees.

63. The independent TAP has done an analysis of the situation of some of the NOL countries and notes that in general, all of the countries have struggled during recent years due to the COVID-19 pandemic but are gradually recovering. This analysis explores briefly the capability of some of

the selected countries' financial systems to issue green bonds and loans at scale without the need for guarantees, using their institutions to originate climate change transactions.

64. Brazil's economic performance has been varied at best since the onset of the pandemic. In the second half of 2020, after the devastating first wave of COVID-19, Brazil witnessed a rebound in economic activity, but then came subsequent waves of infection and a surge in global inflation, which have dampened that recovery.[5] Inflation and unemployment remain high and consumption growth is weak. Brazil's government has reduced its forecast for growth of the country's gross domestic product in 2022 from 2.1 to 1.5 per cent. For 2023, the predicted 2.6 per cent growth was maintained.[6]

65. It is worth mentioning that the conflict between the Russian Federation and Ukraine and its global economic ramifications have different implications for the different country economies. For example, global commodity prices seem to work well for Brazil, where oil, soybean and iron ore account for 40 per cent of total merchandise exports.

66. According to a reference given by the proponents from a report of the German Agency for International Cooperation, in Brazil, from January 2015 to September 2020, 10 green bonds, one transition bond and one sustainability-linked bond were placed in the foreign market, totalling USD 6.4 billion. Even though foreign currency securities represent the smallest portion of issuances (22 per cent), they have raised an amount of resources that is almost three times as large as domestic issuances. The GGC proponents justify the need for guarantees based on the fact that in Brazil one in five green bonds was issued in a global capital market but mobilized three times more finance than the four local capital market transactions collectively. The independent TAP believes that it would be interesting to analyse the underlying green impacts of the bond issuances as a factor of success.

67. Indonesia is the world's fourth most populous nation and tenth largest economy in terms of purchasing power parity. Indonesia's economy is now recovering and the country's gross domestic product growth is projected at 5.1 per cent in 2022, supported by growing commodity exports and accommodative fiscal policy to weather the pandemic.[7]

68. Indonesia has issued 17 green, social and sustainability bonds to the value of USD 7.7 billion. In 2022, green bond issuances by two major energy State-owned enterprises are anticipated, namely PLN and Pertamina. These will be used to finance renewable energy assets. Moreover, the Government of Indonesia issued a (sharia compliant) bond worth USD 1.25 billion in February 2018. It was the world's first sovereign bond exclusively aimed at funding climate change initiatives in a manner whereby financing is compliant with Islamic law.[8]

69. The Philippines has been one of the most dynamic economies in the East Asia and the Pacific region. Average annual growth increased to 6.4 per cent between 2010 and 2019 from an average of 4.5 per cent between 2000 and 2009. With increasing urbanization, a growing middle class and a large and young population, the Philippines' economic dynamism is rooted in strong consumer demand supported by a vibrant labour market and robust remittances. Growth contracted significantly in 2020 owing to the COVID-19 pandemic, but the economy has started to recover with a 5.6 per cent year-on-year expansion in 2021.[9]

70. Commercial banks in the Philippines have issued around USD 2.9 billion worth of sustainable bonds since 2017. More recently, the Government of the Philippines announced its

[5] See <www2.deloitte.com/us/en/insights/economy/americas/brazil-economic-outlook.html>.
[6] See <agenciabrasil.ebc.com.br/en/geral/noticia/2022-03/government-cuts-gdp-growth-forecast-21-15>.
[7] See www.worldbank.org/en/country/indonesia/overview#1.
[8] See www.climatefinance-developmenteffectiveness.org/sites/default/files/Indonesia-CS.pdf.
[9] See www.worldbank.org/en/country/philippines/overview#1.

first green bond offer of USD 500 million to raise funds for clean energy projects to comply with its ambitious climate change target.[10]

71. Trinidad and Tobago is expected to grow in 2022, from a very broad-based economy. In the energy sector, higher gas and oil prices will support the growth. Higher prices, particularly imported inflation, will, however, pose a challenge with specific pressure on prices of international agricultural commodities.

72. As mentioned, Brazil, Indonesia and the Philippines are very large economies with well-established financial systems capable of issuing green bonds and loans on a large scale without the need for guarantees. Moreover, there are banks with good ratings in these economies able to originate climate change transactions and to use their own guarantees to support transactions.

73. The proponents argue that even though there have been issuances of green bonds in the above-mentioned countries in global capital markets, the majority of issuers are unable to access global capital markets. They explain that GGC serves the interest of a developing country by creating a pathway for climate projects in that country to access international investors that only operate in global capital markets and not in local capital markets.

74. However, in the large economies, GGC will be able to gradually guarantee some transactions but will not make a big difference in terms of shifting the climate change performance of the selected sectors in each of these countries. The countries have been able to make a difference in financing climate projects with their own sovereign issuances. On the other hand, it is also noted by the proponents that statistical data from the international rating agencies suggest that the risk associated with a climate project in a developing country is not materially higher than a similar climate project in a developed country; however, investors do not see this and simply assume that the risk is much higher. The proponents therefore argue that a guarantee from GGC gives the investor confidence to enter a developing country.

75. In terms of countries like the Lao People's Democratic Republic and Trinidad and Tobago, with smaller economies and less developed financial systems, GGC could make a difference in supporting the entrance of private capital for climate change projects. Therefore, the independent TAP recommends that GGC prioritize countries that have no investment grade and developed financial systems, applying a minimum portfolio allocation approach.

76. In any event, the project proponents have not presented any analysis of the climate finance system in each of the selected countries, even though it was one of the main points of the independent TAP in the earlier assessment. The proponents should work to develop a more comprehensive market analysis of the existing demand for guarantees in line with the selected countries' climate financial strategy and start developing a prospective pipeline of possible projects that could be guaranteed, with a special emphasis in the least developed NOL countries.

77. Finally, in the case of adaptation needs, the vulnerability of the communities and sectors benefiting from each of the transactions will need to be analysed as part of the overall assessment of each of the transactions to ensure that the proposed investments have a real climate impact in the selected contexts. The analysis will need to consider the specific means to be used in achieving increased resilience of the most vulnerable people and communities; health and well-being; food and water security; infrastructure and built environment; and ecosystems and ecosystem services. The current transaction selection process could also benefit from further screening on this aspect, as well as on the need to ensure that there is no maladaptation.

1.5 Country ownership *Scale: low to medium*

[10] See https://www.senecaesg.com/es/insights/the-philippines-to-issue-at-least-usd500m-green-bonds-to-european-investors/.

1.5.1 Alignment with national climate strategy

78. The proponents have involved seven countries that have issued NOLs, providing country climate change analysis reports, including analysis of the past, present and future climate, and explaining the climate commitments and enabling environments. They have carried out short desk reviews on climate market analysis, but they have not provided any analysis of the climate financial strategies, or any relevant documentation demonstrating that there has been engagement with national authorities beyond the NDC focal ministries or with financial institutions to assess their interest in and need of the GGC guarantees.

79. The independent TAP noted that if GGC intends to stimulate financial markets in all the participating countries, in terms of unlocking greater volumes of guaranteed finance to de-risk private sector investments in climate change mitigation and adaptation in selected sectors, there should be some sort of market analysis of the type of transactions for which guarantees are sought. In response, the proponents argued that investors in global capital markets are looking for a very simple guarantee of the payment obligations of a climate project and this is what GGC will provide, and that any climate project looking for climate finance is eligible, subject to it being accepted as a GGC transaction via the GCF-approved transaction selection process. It is very important for the independent TAP and GCF that GGC tries to guarantee the best possible transactions in each of the countries and not just any project claiming to have a climate change related impact.

80. Moreover, there are national and international financial institutions with investment grades that issue guarantees in the selected countries that could be potentially interested in leveraging resources to support their existing systems to boost climate finance. The proof of concept of GGC should be established, engaging national and international institutions interested in exploring guarantees to support climate change. On this point, the proponents explained that "It is possible for a national guarantor to be rated investment grade on a local rating scale but less so on an international rating scale, unless the sovereign has an international investment grade rating and owns the guarantor fully and will support all its obligations. The proponents are not aware of national guarantors in developing countries that are providing guarantees in global capital markets." However, the independent TAP observation is around complementarities and pathways to ensure combined efforts with national and international financial institutions.

81. Having an NOL is an important first step but it needs to be accompanied by a thorough country engagement process, analysing in depth the alignment with national climate finance procedures and strategies which GGC could support. Establishing a working group in each of the countries will take time, money and effort, and efforts should be made before inception of the programme to establish the willingness of the relevant entities in each country to develop such an arrangement and to further engage in the proposal to use an international guarantee company that could support their efforts.

82. In most countries strategies are being put in place by relevant institutions to accelerate climate finance. These could benefit from having direct conversations with the GGC proponents, in order to align purposes and to gain support in the origination of climate change transactions. Therefore, the proponents should engage with relevant public and private institutions in each of the selected countries to ensure real country engagement.

1.5.2 Capacity of accredited entities and executing entities to deliver

83. The proposal is structured under a complex set of arrangements between GCF, MUFG, GGC and DGG. The funding proposal submitted to the independent TAP stated that MUFG, as AE, will oversee and monitor the project implementation and will ensure project compliance with the relevant MUFG policies as well as from the perspectives of GCF interest in the project. MUFG will execute a subsidiary agreement (implementation agreement) with the executing entities (EEs)

(DGG, GGC, GCF Holdings and GCF Holdings Manager) and this agreement passes down the GCF requirements relevant for execution to the executing entities. In line with the legal arrangements, the AE will remain responsible for all the oversight and supervision obligations of the AE under the accreditation master agreement and the funded activity agreement.

84. In order for GCF not to be a direct shareholder of GGC, MUFG will incorporate a special purpose company (GCF Holdings) along with a Holdings Manager. Both GCF Holdings and the Holdings Manager will be EEs.

85. MUFG highlighted its role in putting in place the legal agreements with DGG and GGC and in acting as a partner originator but did not provide a clear sense of how it would apply its capacity to support the climate impacts of GGC as a GCF project. The responses from the AE to this fundamental question from the independent TAP have been weak, leaving the impression that the AE retains some ambivalence about making a strong commitment to an active oversight role that will ensure that the adaptation and mitigation potential of the proposed company, and the GCF investment in it, will be maximized across the 20-year lifetime of the project.

86. According to the proponents, MUFG will hire an external legal counsel who has reviewed past GCF transactions by MUFG (FP115 and FP128) and will ensure that only the appropriate clauses are incorporated in the subsidiary agreement. MUFG will monitor and enforce the fulfilment of the contractual obligations of EEs. A clear assurance that the AE will play the full role described in its accreditation master agreement with GCF would be important to avoid any misperception of an AE simply being used as a 'pass-through' vehicle to enable other institutions to access resources from GCF.

87. MUFG will assign a qualified individual to the GGC Board of Directors who will exercise rights on behalf of GCF as a shareholder of GGC. However, this individual will not sit on the GGC Impact Committee. On the other hand, it is proposed that the MUFG Emerging Markets Team, based in London, will be one of the originating partners for GGC. It is the view of the independent TAP that there is a potential for real or at least perceived conflict of interest in this structure, since the division of MUFG that is originating deals will aim to maximize their guarantee coverage, while the division of MUFG that is playing the oversight role will aim to review all deals critically, rejecting those which are not contributing clearly to climate change adaptation and/or mitigation. The funding proposal also points out that MUFG is in discussion with its affiliate company to become the third-party investment managers of GGC, subject to a procurement process, raising further questions about how the various roles of MUFG will be balanced, and conflict of interest avoided.

88. In response to the concerns of the independent TAP, the proponents responded that they understand that as a member of the GGC Board of Directors and a major shareholder of GGC, MUFG may experience a potential conflict of interest when also becoming engaged in execution, for example as a deal originator. They say that MUFG has an internal policy for managing conflicts of interest which is a requirement under banking law in Japan. They argue that any risk in this regard would be minimized, since the MUFG Emerging Markets Team is based in London and there is no operational information-sharing system (computer drives, files, etc.) between different divisions within MUFG, with a strict firewall maintained.

89. However, in the view of the independent TAP the issue is not about sharing information systems, but about actual responsibilities, mandates and the differentiated roles of the AE, the EEs (GGC overall governance) and the originating partners, which should be clearly distinct and defined, with the structure set up in order to maximize the effectiveness of the GCF investment.

90. Both GGC and DGG are newly created companies established in 2021 in the United Kingdom. Since neither of these companies has a track record, the proponents provided the résumés of the shareholders and founding members of the companies.

The first funding proposal stated that DGG Ltd. was founded by Boo Hock Khoo, Jean Pierre Sweerts and Lesitha Perera and incorporated at Companies House (United Kingdom) in February 2021, with Lesitha Perera owning 75 per cent of the shares. It was noted by the independent TAP that the DGG founding partner, Jean-Pierre Sweerts, according to the proposal submitted to B.34, had been replaced by new partner Dale Petrie. The AE reassured the independent TAP of Mr Petrie's expertise, highlighting that he was formerly Finance Director of GuarantCo Management Company, a subsidiary of Cardano Development which had the contract to manage GuarantCo, a guarantee company funded by seven governments belonging to the Group of 20. However, it is of concern to the independent TAP that none of the three current partners has a strong background in environmental matters or climate finance, as was the case with Mr. Sweerts.

Moreover, the independent TAP remains concerned about the fact that the stability of GGC depends on the small group of partners, any one of whom could at any point decide to leave the company. During the latest call with the independent TAP, the AE explained that the stability will be given by Cardano Development, a company with a track record as an incubator and fund manager, which supports its scale-up funds and a number of start-ups with ongoing management services, financial support and corporate governance oversight. According to the proponents, the ownership structure of DGG will evolve ahead of financial close to be 60 per cent owned by the management team (Lesitha Perera, Dale Petrie and Boo Hock Khoo) and 40 per cent owned by Cardano Development. DGG will be the manager running the day-to-day operations, with a management agreement between it and GGC outlining the services that DGG will provide.

91. Cardano Development provides DGG with governance oversight (it will be the Chair of the Board), risk management services (it will be present on all DGG internal committees) and operational services (it manages DGG banking and audit arrangements), as well as access to its network in developing countries. Cardano Development will also have one representative who sits on the Investment Committee for GGC, the DGG Asset and Liability Committee and the DGG Risk and Audit Committee, bringing their own significant emerging market investment and risk management experience to the table.

92. As stated above, there is a risk to GCF in accepting the past experience in the financial sector of the three individual founding partners of GGC as an assurance of success. First, because companies and institutions should not rely on individuals, who could, for any reason, ultimately not respond to the purpose of the company or its long-term commitments. Second, because GGC is highly dependent on Cardano Development to support the founding members, the overall governance depends heavily on their active role in the company, even more than the role of the AE. Third, there is no individual funding member with experience in climate change, and again the responsibility relies on the experience of Cardano Development.

93. In terms of the GGC governance, the proposal stated that the role of the Board of Directors will be to review, challenge and approve the annual strategy and budget for GGC proposed by the Manager and to monitor and review the performance of the Manager in delivering on the strategy and budget. Four of these directors are to be appointed by the holders of the ordinary shares with the remaining Board seat to be appointed by MUFG in its capacity as AE to GCF. Moreover, there will be a five-member Impact Committee comprising independent climate change adaptation, climate change mitigation, gender and E&S experts, with the two senior climate experts on the Committee also acting as advisors to the GGC Board. There will also be an Investment Committee or Credit Committee (both titles are used in the proposal), which will opine on the material, financial and commercial aspects of the transactions and approve the transactions that have been first approved by the Impact Committee.

94. The independent TAP observed on the previous version of the funding proposal that the roles of the Board seemed very detached from the most important objective of GGC and DGG, which is to guarantee effective climate change projects, and was concerned about the fact that the Board will have no veto or decision-making power on the approval of the guarantees, leaving the

decision to the GGC Impact Committee and the Investment/Credit Committee. The proponents responded that they understand these concerns and have proposed a different governance arrangement.

95. The proponents had initially stated that the GGC Board will have up to five members to allow for a mix of experience, with the majority of the members expected to have relevant climate impact experience. Moreover, the Board will be supported by a cohort of four senior advisors, who will be appointed by GGC shareholders and be independent members of the GGC Impact Committee, reviewing and challenging the DGG Impact Team's assessment of potential climate projects, and having a veto over which projects are progressed to final approval. The anticipated profiles of the senior advisors are provided in the transaction selection process (annex 24A to the funding proposal).

96. Based on feedback of the independent TAP (in written questions and during a call with the AE) the governance structure has been altered to have a five-member Board, of which three members will have climate expertise (and over whose identity GCF will have a veto) and will be voting members of the Impact and Investment Committees, removing the senior advisor construct. DGG and the AE agree with assessment of the independent TAP that this will be a cleaner structure for GGC and create an important link between the Board and the GGC Impact Committee.

97. The proponents explain that they will work with local consultants to support the project assessments in the countries. The environmental/climate institutions with which GGC is actively engaging include (i) Pegasus; (ii) CBI; (iii) CBI-approved verifiers (including Sustainalytics and Ernst & Young); (iv) climate experts of the funders and prospective funders of DGG and GGC (Cardano Development, GCF, DFC); and (v) climate consultancy companies and experts (including Impact Value, Arabesque, DOB Ecology, Wolfs Company, Pollination). The independent TAP noticed that most of these climate consultancies are from the global North, mainly based in the United Kingdom or the Netherlands. In response to the suggestion of the independent TAP that it would be valuable to work with national consultants who know the countries and build domestic capacity, the proponents stated that their intention is to prioritize working with local climate consultants in the NOL countries.

98. In terms of the role of GCF as a funding partner of GGC, the proponents explain that they see GCF as a strategic partner from which they can seek advice and support on climate strategy. GCF will have a veto over all appointments to the GGC Board and as such will be able to ensure that the selected members of the Board, alongside MUFG as AE, are aligned with GCF expectations and interests. However, it is not clear to the independent TAP whether the other shareholder members, including possible investors such as FCDO, will have the same veto.

99. GCF will also have observer rights to sit on the GGC Impact Committee and provide advice on transactions from a climate impact perspective. The GGC Board cannot change the GGC Guarantee Policy, transaction selection process and transaction scorecard without explicit GCF approval. In addition, the GCF Secretariat will have a veto over the identity of the Head of Impact at DGG, which in turn means that GCF has a veto over all of the climate experts involved in the project selection process. It is not entirely clear to the independent TAP whether such an intensive engagement over a long period by the Secretariat is feasible or appropriate. Ideally, if the AE were well equipped to represent GCF interest, it would play these roles itself. Moreover, since GCF has vested interests in the creation of GGC as a founding member, it will be difficult to be judge and be part of the overall performance of the company.

100. In terms of the origination partners, namely MUFG, Deutsche Bank, Standard Chartered, DBS and Shinhan Bank, the funding proposal does not present any information on their capacity to originate climate change projects and their track record in working in the selected countries. On this concern, the proponents explain that the origination partners have been selected because they, unlike local financial institutions, have the expertise and regulatory licences to arrange

transactions for global capital markets. They further clarify that GGC will run training workshops for all the origination partners to improve their understanding of what kinds of loan and bond would have the necessary climate impact to qualify to receive a guarantee from GGC. The independent TAP recommends that the capacity of the originators to select climate transactions be assessed, as the basis for such training.

101. A process should also be put in place to bring on board additional originators with experience in both global capital markets and climate change, and real connections with the selected NOL countries. It is important to include the national financial institutions in originating transactions, as they could act with greater knowledge of the opportunities to guarantee innovative transactions. As highlighted above, economies like Brazil, Indonesia and the Philippines have very strong institutions capable of originating and structuring guarantees, which could partner with international organizations in the global capital markets.

1.5.3 Engagement with civil society organizations and other relevant stakeholders

102. The project proposal has not included concrete evidence of consultations in the countries, involving not only NDAs but all relevant stakeholders in the climate finance space in each of the countries.

103. The proponents explain that engagement with stakeholders in a target country will be a continuous and ongoing process for GGC and that guarantee transactions will be undertaken in consultation with the NDA and relevant local stakeholders as well as considering each country's NDC and country programme.

104. The funding proposal states that to date, GGC, in partnership with its AE, MUFG, has begun consultations with Bangladesh, Brazil, Cambodia, India, Indonesia, Kenya, the Lao People's Democratic Republic, the Philippines, Rwanda, South Africa, Trinidad and Tobago, and Uganda. The proponents explain that several of these consultations have involved local stakeholders alongside the NDA. However, the outcomes of these consultations are not presented in the funding proposal or its annexes.

105. The proponents explain that in each of the transactions, they will engage with local stakeholders, including vulnerable communities (e.g. indigenous peoples) and vulnerable groups (e.g. women). To ensure that the local perspective on a potential climate project is understood, GGC will seek to engage in-country consultants where necessary to help it to communicate effectively with local stakeholders, including non-governmental organizations and civil society organizations where appropriate.

106. The proponents commit to developing a grievance mechanism and to formally address complaints or feedback from stakeholders regarding the subproject activities, including publicly advertising procedures, and taking into consideration cultural and language differences.

107. In the stakeholder engagement plan, the proponents propose to establish a working group (including representatives from the NDA and local private sector) to ensure that any interventions are complementary to the countries' existing approved and pipeline projects, as well as to communicate with relevant AEs with both approved and pipeline projects in these countries, to ensure this complementarity. They explain that the working group will be a forum for GGC to enable capacity-building, support development of regulatory frameworks in local credit and capital markets, and to solicit feedback and make improvements. However, there is no explanation of how GGC will structure or coordinate the working groups, including responsible persons, budget and agreements, in their proposed roles in the different countries.

108. The independent TAP had already suggested in the previous assessment that GGC should develop further consultations in the selected countries before presenting a revised funding proposal to GCF, ensuring that the proposal is aligned with current climate financial strategies and needs in each country, as well as regulatory frameworks and opportunities to provide

guarantees, including the best way to originate a portfolio of innovative climate change projects with the support of national stakeholders. However, the proponents did not present any evidence that further consultations had been developed.

1.6 Efficiency and effectiveness *Scale: medium*

Cost-effectiveness and cost-efficiency

109. The programme will use USD 82.5 million from GCF in equity, up to a rolling portfolio of USD 4 billion or 48 times leverage. GGC expects to leverage the first tranche of USD 100 million of equity capital provided by GCF (USD 40 million), FCDO (USD 50 million) and DFC (USD 10 million) which, multiplied by 10, could create an initial guarantee capacity of USD 1 billion.

110. The GGC business plan envisages leveraging USD 400 million of capital (split between USD 250 million of cash equity to be raised initially and a further USD 150 million of callable capital to be raised later) to provide guarantees to mobilize USD 4 billion of green bonds and loans from global credit and capital markets for climate finance in developing countries over a 10-year period.

111. For GGC, it has been established that a leverage multiple of 10 will allow it to maintain an investment grade credit rating, and so a capital of USD 400 million equals USD 4 billion of guarantee capacity. GGC will provide guarantees at scale – USD 50 million to USD 200 million per project. This means that GGC will be looking to support around 20 to 30 projects over the 10-year lifetime of the business plan, to meet its objective of building a USD 4 billion portfolio by year 10.

112. Overall, USD 82.5 million of GCF funding will deliver mitigation benefits at USD 1.95 per t CO_2 eq (GCF contribution/expected lifetime emission reductions).

113. According to the proponents, if taking into account revolving use of GCF equity contribution to support a revolving guarantee portfolio (maturing and/or amortized guarantees recycled to support new guarantees), the efficiency ratio improves further. On the assumption that each guarantee amortizes 10 per cent per year and based on a conservative build-up of the portfolio in the initial years, GGC is expected to issue USD 4.9 billion of guarantees in total over the first 10 years. From this 22.5 per cent increase in total guarantees issued against the USD 4 billion guarantee portfolio limit on a rolling basis, GGC has the potential to deliver mitigation benefits at USD 1.59 per t CO_2 eq (GCF contribution/expected lifetime emission reductions based on total guarantees issued (64 million x 1.225)).

114. Taking into account total project costs, the programme will support projects that will deliver climate change mitigation benefits at an estimated USD 89.2 per t CO_2 eq (total project costs of USD 5.71 billion if debt is USD 4 billion/expected lifetime emission reductions), based on the same assumptions used as well as a 70:30 debt to equity ratio for the subprojects supported. If calculated on total guarantee issued basis of USD 4.9 billion, the total investment costs of benefits reduce to USD 72.8 per t CO_2 eq.

115. Little detail is provided, however, in annex 22 to the funding proposal with the climate impact calculations on the rationale behind the assumptions and calculations. The independent TAP notes that, given the uncertainty of the possible transactions, this mitigation benefit is just a rough estimate.

116. GGC will guarantee both listed and unlisted debt, allowing flexibility to mobilize global investors to provide climate finance. GGC will work with international and regional banks that have a licence to arrange bonds and loans and sell them to global investors (which is a regulated activity). As explained above, GGC is proposing to work with five origination partners, and possibly with others, that will use their networks in the target countries to identify suitable climate change mitigation and adaptation transactions. The independent TAP believes that there

should be a stronger connection with the national institutions supporting the acceleration of climate finance in the selected countries. Moreover, it is crucial that the due diligence efforts look at the broader market risks associated with the enabling environment of the relevant country.

117. GGC is expected to be a self-sustaining programme with no defined lifespan, but it presumes that GCF would remain an investor for 20 years. In response to a question raised by the independent TAP about the rationale for this time frame and the exit strategy, the proponents explained that the intention is to migrate GGC from public sector ownership to private ownership (either through a listing on a stock exchange or sale to a private sector third party) as soon as possible. However, the question of time frame and exit strategy remains, as there is no certainty on whether this is achievable in a shorter term or whether there are other exit strategies such as some form of refinancing or an orderly winding down of GGC.

118. Guarantees will be executed only if they are needed. Once the guarantee process has been completed and a guarantee has been issued, there is no immediate flow of funds from GGC but rather from the guaranteed investors to the borrower via a debt instrument, as would occur in a conventional financing.

119. Since guarantees are unpredictable and ad hoc in nature, GGC cash equity is invested in highly liquid investment grade debt instruments by a professional third-party fund manager (e.g. Pacific Investment Management Company) on behalf of GGC. This allows GGC to earn an income on these investments, which contributes to covering its operating expenses as it builds its guarantee portfolio.

120. The proponents explain that origination partners' profit motive means that they cannot invest the time and resources needed in 'marginal' climate projects. With the availability of a guarantee from GGC, global investors will be more comfortable entering into a transaction on the basis that GGC has evaluated the financial structure and expressed its comfort by choosing to provide the guarantee.

121. The GGC default resource strategy combines two elements. First, GGC will primarily guarantee senior secured debt and be expected to benefit from access to the security package made available to senior lenders. GGC will also control the investors' ability to accelerate a loan by having the option to repay the investor as per the original amortization schedule of a debt instrument. This ensures that GGC can protect its own liquidity position while creating sufficient time to assess the situation in relation to a payment default by a borrower and decide how best to protect its position and recover any capital that has been paid out under a guarantee.

122. On the other hand, GGC will also typically have a recourse agreement with the borrower in which it will seek to have the necessary checks and balances as well as controls to ensure that it is aware of a potential default well in advance of the default happening and has the ability to take action to protect its position. In the view of the independent TAP, GGC will be using public resources and will therefore need to ensure concrete measures in the case of default, involving all relevant parties.

123. In terms of the performance fee and the overall costs of creating a specialized company to provide guarantees, this seems very costly. In the first funding proposal DGG was proposing to apply a fee cap based on a percentage of portfolio. Fifty per cent of the fee cap is payable as a fixed fee (to cover fixed costs related to permanent staff) with the balance being a variable fee to cover variable costs related to overheads, third-party consultants and other costs such as regulatory costs, etc.

124. In response to the independent TAP remark on the costs, the AE clarified that it understands that DGG fees include several costs which would typically be covered by the fund and not the manager, such as monitoring and evaluation costs and consultancy costs linked to transaction work (e.g. in-country climate, gender and/or E&S consultants). These costs had originally been included in the management fee to simplify the cost structure of GGC.

125. DGG is in discussion with GCF with reference to the current fee proposal. The Secretariat (a combination of the Private Sector Facility, Finance and Risk divisions) are leading on the management fee discussion with DGG, with a clear focus on ensuring value for money and alignment of interests, supported by FCDO, which has provided technical assistance funding to hire a team of external expert advisors, including PWC, to advise the GGC investor group.

126. The project proponents did not present a new budget, and therefore the independent TAP understands that since this is a final assessment, the former budget for B.33 remains. The budget presents a breakdown in management fees for the first seven years, estimated as USD 73,164,327, represented in staff costs, consultants, regulatory capital and other regulatory costs, overheads, etc., to (i) build a network of origination partners; (ii) provide financial structuring support to origination partners and borrowers to build a pipeline of potential guarantee transactions; (iii) progress transactions through the GGC guarantee process; (iv) execute transactions; (v) provide risk management; (vi) provide support to borrowers to develop impact reporting frameworks; (vii) advocate publicly in industry events: (viii) identify sources of technical assistance funding to support borrowers in accessing global credit and capital markets; and (ix) assess and develop an exit strategy for GCF, FCDO and DFC.

127. Even though the costs are indicative and follow discussion with various service providers, it has been assumed that there is no cost increase over the 10-year horizon because it is anticipated that, in the early years, the costs of managing a small portfolio (about USD 200 million) will be roughly the same as managing a portfolio of around USD 4 billion.

128. The proponents explain that any underspend could be returned to GGC; however, DGG will have the ability to keep some, if not all, of this underspend via a performance incentive mechanism that is yet to be agreed. It is also proposed that DGG will be given a long-term performance incentive in the form of a share of equity (to be agreed but expected to be between 3 and 5 per cent) at listing.

129. It is further explained that linking the performance incentive to the unused variable fee encourages DGG to focus on creating efficiencies, recovering transaction costs wherever possible and ensuring that all outsourced services are demonstrating value for money.

130. It is noted that the amount of the overall investment by GCF is relatively small and could provide support in proving the guarantee concept for climate change projects, allowing other guarantors, including national and international entities, to become aware of the benefits of the scheme and potentially replicate or create an in-country approach. However, the level of concessionality needed from GCF and others is unclear, even though the proponents state that they will apply the principle of minimum concessionality. Moreover, it is important to analyse the overall costs of the GGC and DGG companies, especially because the use of public resources from GCF should ensure maximum value for money and the expected fees and overall costs seem very high. It is also critical to ensure country ownership and to potentially reduce overall costs by involving institutions in the countries that are able to originate transactions and to gradually adopt guarantee structures to accelerate climate finance. Finally, in the absence of a revised budget, the independent TAP cannot accurately assess the programme’s likely performance in terms of the investment criterion of efficiency and effectiveness, which is thus given a medium rating.

II. Overall remarks from the independent Technical Advisory Panel

131. The independent TAP recognizes the value of this transaction aiming to enable GCF, as a shareholder of a newly created guarantee company (i.e. GGC), to potentially leverage its equity tenfold – mobilizing much larger amounts of private sector climate finance to selected countries via guarantees than would typically be possible via direct investment models.

132. The Board has been asking the Secretariat for several years to seek alternative models for guarantees to support climate finance. The concept is important and conceptually worthy of GCF funding and support. However, the Secretariat has never put together a request for proposal to receive alternative options and partners to address the guarantee needs, which the independent TAP sees as a missed opportunity. The current proposal provides one alternative, but GCF could have benefited from an open call for proposals with other options.

133. As explained in the first section of the assessment, the independent TAP evaluated the GGC proposal for B.33 and provided the proponents with several comments on different aspects of the investment criteria. The proponents came back shortly thereafter with a new funding proposal to be submitted to B.34, resolving some of the concerns observed by the independent TAP, but leaving some important concerns not wholly addressed.

134. **Climate impact**: the core purpose of GCF is to support interventions that have a clear climate purpose and result in beneficial climate impacts, whether mitigation or adaptation. The proponents have advanced in developing a transaction selection process, including the screening criteria and overall proposed methodology to assess the climate impacts of the loans and bonds that will qualify for guarantees. However, the proponents need to develop their own screening criteria, avoiding the potential confusion from relying on standards and taxonomies from other entities (e.g. CBI, the contribution of Working Group II to the Fifth Assessment Report of the Intergovernmental Panel on Climate Change, the Rio Markers Handbook[11]). Moreover, the proponents could further refine the process, as the definitions in the screening criteria are too simplistic, especially considering that this tool will eventually lead to decisions regarding large adaptation and mitigation investments. Special attention should be given to adaptation project screening, refining the guidance to analyse climate impacts and hazards, and effective interventions for resilience.

135. Additionally, the independent TAP recommended that the project proponents develop a due diligence process with the origination partners, to ensure that they have the capacity and knowledge to support the origination of transactions. The proponents resolved this issue, explaining that they will run training programmes and workshops for origination partners to ensure that they can effectively assess what is a suitable transaction to introduce to GGC. The independent TAP recommends that such capacity-building be based on an upfront assessment of their real expertise on climate change capacity, and recognized experience in working in the selected geographies.

136. **Administration and governance**: the revised proposal has made considerable advances in proposing the involvement of significant numbers of role players in key positions, including the GGC Board of Directors and the GGC Impact Committee, which have the capacity to support critical climate change analysis. In response to the suggestion of the independent TAP to have a Board with a veto on the transactions, the proponents agreed to have three knowledgeable Board members with climate change experience who will also be part of the Impact and Credit Committees, with veto power. However, the final governance structure needs to be further revised and accounted in terms of human resources, roles and investment resources.

137. One of the main concerns of the independent TAP is that GGC and DGG are both start-ups, which by definition have no track record. GGC is trying to demonstrate the capacity to achieve its goals on the basis of the curricula vitae of the three individual founding members and Cardano Development. However, since the independent TAP evaluated the first assessment, one of the founding members with expertise on environment and sustainability left the company, demonstrating that this could continue to happen at any point. Moreover, the stability of the

[11] See https://www.oecd.org/dac/environment-development/Revised%20climate%20marker%20handbook_FINAL.pdf

company is heavily dependent on one individual founding member who owns 70 per cent of the shares of DGG, and on Cardano Development, posing risks for GCF investment.

138. Although it is difficult to establish a clause of permanence, GCF should be able to decide on the legal procedures to ensure that the partners of the GGC commit to sustaining the company, and if the individual partners decide to leave the company, make proper arrangements with Cardano Development on the permanence or exit strategy of the structure. The independent TAP also recommends that the Secretariat consider incorporating a key person provision into its agreements with DGG and GGC considering the concentrated ownership structure of GGC and its small founder team.

139. The independent TAP remains concerned about the role of MUFG as AE, which will have only one seat on the Board of Directors and has not described a clear process through which it will apply its capacity to support the overall objectives of GGC. Moreover, as one of the five banks that will originate transactions, MUFG is putting itself in a situation of potential conflict of interest that needs to be carefully managed.

140. The GCF legal team should draft a firewall policy and governance procedures on improper use of, sharing and discussing material and non-public information within GGC, especially between and among the teams that conduct project selection, assessment and appraisal and the investment decision makers (i.e. Credit Committee, GGC Board), and between MUFG as AE, DDG as EE and GGC. This will prevent any potential collusion or perception thereof.

141. **Country ownership**: as the programme evolves, the proponents need to develop a much stronger analysis of the market, policies and institutional capacities to support guarantees and general blended structures in the selected countries. So far, they have provided a short market analysis for each of the countries, which will need deepening. It is critical to ensure a real engagement process with the national private and public institutions that could potentially be involved in supporting climate guarantees and with the climate finance actors that could provide support both in originating transactions and in providing financial support. The NOLs are important but are only one point of entry to a much stronger analysis of the capacities and needs within countries to use guarantees to support their NDC goals, and engagement with in-country institutions.

142. In offering GGC products and services to NOL countries, GGC should prioritize those that have no investment grade and developed financial systems, and a minimum portfolio allocation approach should be developed. For example, a weighted percentage of the countries' population to the total population benefiting from the GGC product, whichever is appropriate, as this reference to population is the criterion GGC is using in selecting countries. This will ensure that less attractive countries will be able to secure much-needed climate finance in support of their NDC commitments in a timely manner.

143. **Cost-effectiveness**: if guarantees are to be proved to work, it is critical that they should be available at an affordable cost. In the end, guarantees will only be used in the case of default by the loan or bond issuers; in the meantime, the money will be located with a fund administrator such as Pacific Investment Management Company until it is needed. The overall structure and costs associated with GGC seem very high, as there are staff costs, consultants, regulatory and transactional costs and overheads all the way from the origination to actual delivery of the guarantee. The independent TAP understands that the use of public resources from GCF and other potential investors could be subject to risk in order to prove the guarantee model, but it is also important to analyse the minimum level of concessionality needed and whether the proposed cost structure of the project promotes maximum cost-effectiveness. As the independent TAP has not been able to review the final budget and fee schedule it is difficult to ascertain whether the requested management fees and overhead costs are appropriate. The independent TAP notes the process currently underway in which the Secretariat and DGG are discussing the management

fee, with a clear focus on ensuring value for money, supported by FCDO and a team of external expert advisors, including PWC.

144. Notwithstanding the above-mentioned concerns, the independent TAP endorses this funding proposal for approval by the Board, acknowledging the high-risk high-reward nature of the transaction.

145. In order to minimize the risks, the independent TAP further recommends that any approval of this funding proposal by the Board is made subject to: (a) the following condition precedent to the second disbursement to the AE under the funded activity agreement ("FAA"); and (b) the inclusion of the following covenants in the FAA:

146. Inclusion of the following condition precedent to second disbursement under the FAA:

147. Delivery to GCF Secretariat by the AE of the final version of the programme operations manual, duly approved by the AE and including the content referred to in paragraphs (a) to (h) below, in a form and substance satisfactory to the GCF Secretariat:

(a) A final version of the GGC Guarantee Policy (in the form delivered as a condition precedent to first disbursement under the FAA), including a revised transaction selection process that sets out the GGC approach to providing guarantees, with reference to GGC´s own procedures. The GGC Guarantee Policy will include a more robust adaptation and mitigation section, with indicators for each of the selected sectors involved in the funding proposal. This shall be accompanied by a robust measurement, reporting and verification system that can serve for the duration of the programme;

(b) A final version of the document that details the process and criteria for selecting the origination partners and the actions that GGC will take to build the origination partners' capacity on climate change;

(c) A clear description of the revised governance structure of GGC, with at least three members of the Board of Directors having climate change expertise and who are also members of both the Impact and Credit Committees. The description should also detail the roles of all parties involved in the transaction selection process, the climate advisors, the composition and role of the DGG Impact Team and the functions to be fulfilled by in-country climate change consultants;

(d) A firewall policy and governance procedures on improper use of, sharing and discussing material non-public information within GGC, especially between the teams that conduct project selection (origination partner, borrower/client), screening or initial due diligence during the transaction selection process (DGG Impact Team, consultants), project assessment (i.e. GGC Board, DGG Impact Team, consultants), project appraisal/fact-finding missions (DGG Impact Team, local stakeholders with respect to gender, social safeguards, environmental and legal matters, etc.), and the investment decision makers (i.e. Credit Committee, GGC Board);

(e) An operations and business plan for conducting in each Host Country which has provided an NOL: (i) stakeholder consultations among the targeted sectors, potential project sponsors and the national private and public institutions that could potentially be involved in supporting climate guarantees, originating transactions or providing financial support; and (ii) an in-depth financial and market sector assessment covering an analysis of the climate finance market, policies and institutional capacities to support guarantees and general blended structures, with a pipeline of GGC projects that will support each of the Host Countries' NDC goals;

(f) A final budget with the appropriate cost and management fees payable by GGC;

(g) A management continuity plan for GGC (the "Management Continuity Plan"), including key person provisions, given the risk of personnel and/or institutional/company ownership structure changes over the 20-year period, with such plan to be approved by the holding company established by the Accredited Entity to hold GCF's indirect interest in GGC ("GCF Holdings"), in its capacity as a shareholder of GGC, as a Shareholder Reserved Matter in accordance with the process set out in the GGC Shareholders' Agreement. The plan will include the design of business processes, formulation of policies on personnel and exit strategies and must be consistent with the GGC Shareholders' Agreement and Management Agreement; and

(h) A system of quotas which ensures that a minimum percentage of the total GGC portfolio of Guarantees will be allocated to a specific group of countries: Host Countries that are below investment grade or with no credit rating.

148. Inclusion of the following covenants in the FAA:

(a) The Accredited Entity shall implement appropriate measures to manage and to deter, mitigate and/or correct any conflicts of interest, actual or perceived, between the Accredited Entity on the one hand and the Accredited Entity and its affiliates on the other hand which may be involved in other activities relating to GGC, including without limitation:

(i) a firewall policy and governance procedures on improper use of, sharing and discussing material non-public information received in connection with GGC; and

(ii) appropriate information barriers between the personnel of the Accredited Entity involved in its origination function (including acting as an origination partner under the programme) and the personnel of the Accredited Entity involved in carrying out the functions of the Accredited Entity under the AMA and FAA;

(b) The Accredited Entity shall ensure that DGG implements appropriate measures to manage and to deter, mitigate and/or correct any conflicts of interest, actual or perceived, between DGG on the one hand and DGG and its affiliates on the other hand which may be involved in other activities relating to GGC, including without limitation, a firewall policy and governance procedures on improper use of, sharing and discussing material non-public information received in connection with GGC;

(c) The Accredited Entity shall deliver to the GCF, once every two years following the effective date of the FAA, a report containing a benchmarking and survey of management fees and costs (including staff, operations, consultants, regulatory) payable by GGC, relative to the prevailing market costs of similar guarantee facilities;

(d) The Accredited Entity shall deliver to the GCF, once every two years following the effective date of the FAA, an updated Management Continuity Plan, to be approved by GCF Holdings, in its capacity as a shareholder of GGC, as a Shareholder Reserved Matter in accordance with the process set out in the GGC Shareholders' Agreement; and

(e) The Accredited Entity shall maintain a team of personnel at all relevant levels, each having the required capacity, skills, knowledge and expertise to act in such capacity, so as to enable the Accredited Entity to fulfil its obligations under the AMA and the FAA with respect to the implementation of the programme.

Reply to the Independent Technical Advisory Panel assessment findings

Proposal name:	The Green Guarantee Company
Accredited entity ("AE"):	MUFG Bank, Ltd.

Impact potential
The AE would like to thank the ITAP for its review of the impact potential of the Green Guarantee Company and its acknowledgment of the importance of developing the green bonds and green loans markets and the high impact potential of guarantees to scale up climate finance into these markets. The AE also would like to thank the ITAP for its recognition of the Guarantee Policy, Transaction Selection Process and Transaction Selection Scorecard as the key tools for filtering opportunities to ensure impact potential is maximised. The AE welcomes the ITAP's suggestions to further improve the Guarantee Policy, the Transaction Selection Process and the Transaction Selection Scorecard.
Paradigm shift potential
The AE thanks the ITAP for its review of the paradigm shift potential of the Green Guarantee Company, and it welcomes the suggestions to further strengthen the paradigm shift potential through refinements to the Guarantee Policy, Transaction Selection Process, Transaction Scorecard, governance arrangements, and the implementation of a management continuity plan.
Sustainable development potential
The AE thanks the ITAP for its review of the sustainable development potential of the Green Guarantee Company, and it notes ITAP's suggestion that the Transaction Selection Process and the Transaction Scorecard should be refined to be able to screen for risks of maladaptation.
Needs of the recipient
The AE thanks the ITAP for its review of the needs of the recipient for the Green Guarantee Company, and for its acknowledgement that the initial list of target countries has been selected to include examples of GCF priorities such as the least developed countries, small island developing states and African countries. The AE welcomes ITAP's suggestion that an operations and business plan for each target country is developed.

Country ownership
The AE thanks the ITAP for its review of country ownership for the Green Guarantee Company, and it welcomes ITAP's suggestion to continue engagement with relevant public and private sector institutions in each target country to align purposes and to gain support in the origination of climate change transactions.
Efficiency and effectiveness
The AE thanks the ITAP for its review of the efficiency and effectiveness of the Green Guarantee Company, and it welcomes the suggestions to further strengthen the efficiency and effectiveness.
Overall remarks from the independent Technical Advisory Panel: The AE would like to thank the ITAP for its review and assessment of the Green Guarantee Company against the GCF investment criteria and notes with thanks its positive recommendation to the GCF Board to approve the Green Guarantee Company. The AE concurs with the sentiments of the ITAP that while the Green Guarantee Company's innovative and ground-breaking approach does present areas of uncertainty this is adequately mitigated by the significant and unparalleled potential of the Green Guarantee Company to leverage a modest equity contribution from the GCF to mobilise USD billions of climate finance from global credit and capital markets. The AE is confident that the presence of Cardano Development, an established fund manager with a 15-year track record of investing in developing countries and USD 3 billion of capital under management will, as a significant shareholder of the Development Guarantee Group, ensure the management continuity and good governance that ITAP rightly highlights as being essential to the future success of the Green Guarantee Company. The AE also takes comfort from the fact that Cardano Development and the management team of the Development Guarantee Group have collectively successfully developed and scaled six guarantee companies focused on developing countries, a track record that is unmatched in the market and as such ensures that GCF is working with the most experienced team possible on the Green Guarantee Company. The AE further confirms its agreement with the principles of the recommendations of the ITAP for development of the Green Guarantee Company and will work with the GCF Secretariat to integrate these principles into the operational and constitutional documentation of the Green Guarantee Company.

THE Green Guarantee COMPANY

Annex 8.1 | Gender Assessment [4th Review]

September 2022

TABLE OF CONTENTS

LIST OF TABLES

LIST OF FIGURES

Acknowledgement

The following document is submitted in accordance with the submission of the Full Funding Proposal by the Green Guarantee Company to the Green Climate Fund in line with their submission of the Project Preparation Facility (PPF) Application dated 13 October 2021. The team responsible for the compilation of the document are as follows:

- Development Guarantee Company
- Green Guarantee Company
- Pegasys Limited
- IBIS Consulting
- SR Consulting

The contributions by each of the organisations as well as the independent consultants was pivotal. Although we cannot specially recognize the individuals named below for their expertise, dedication, energy, and generosity, their role in the compilation of the annex is well noted. The impact of this Annex will be the product of their collective contributions.

1 Introduction

1.1 THE GREEN GUARANTEE COMPANY

Green Guarantee Company (GGC) is a guarantor for green and climate bonds and loans. GGC's mission is to help developing countries gain access to global capital for climate financing by transferring its investment-grade rating via a guarantee onto the developing country borrower. The guarantee on the bond or loan removes the default risk on interest and principal payments by having GGC as a backup payer if the borrower is unable to fulfil its obligation to the lender. Guarantees provided by GGC will help credit enhance climate change projects in developing countries, improving their sub-investment grade credit ratings to investment grade so that they become eligible for investors from global capital markets to consider them for investment.

Green financial products and instruments will play a key role across all climate mitigation and climate adaptation sectors. These include green bonds and green loans that allocate the use of proceeds to eligible climate investments.

GGC's guarantees will credit enhance bonds and loans to allow the global capital market to invest in green and climate bonds and loans from developing countries - prioritizing decarbonization and low-carbon pathways across emerging markets. GCC's objective is to use guarantees to deliver climate mitigation projects which help deliver a net-zero carbon economy and climate adaptation projects which deliver environmental and social sustainability.

Rebuilding emerging economies today to be green tomorrow can help avoid climate-borne financial and economic crises, protect today's investment in recovery, and produce lasting economic gains. A recent study by the IFC (2021) showed that green recovery measures across 21 major emerging-market economies (representing 62 percent of the world's population and 48 percent of global emissions) in selected sectors could generate $10.2 trillion in investment opportunities, create 213 million cumulative new direct jobs and 4 billion tons CO_2e reduction in GHG emissions annually between 2020-2030. GGC's portfolio covers 8 of these countries.

In addition to considering the positive impact associated with the finance being provided, GGC also recognizes the importance of ensuring sound gender and environmental and social (E&S) practices to avoid and/or minimize potential financial and reputational liabilities. Consequently, the consideration of gender factors and safeguards forms an integral part of GGC's decision making and transactional processes to ensure key risks and impacts are effectively managed throughout the transaction lifecycle.

1.2 BACKGROUND TO THE ASSESSMENT

The GGC fully adheres to the principle of country ownership, meaning that for each project that receives a guarantee from GGC, a Gender Assessment (Annex 8.1) and Action Plan (Annex 8.2) will be in place and in alignment with the requirements set out both by the GCF (GCF & UNWOMEN 2017) and the prevailing international ratified legal frameworks, regional and national gender policies, or other public policy for gender equality and women's empowerment.

The project-level Gender Assessments and Action Plans will ensure that each project is designed and implemented in support of / alignment with other national development strategies that promote equal opportunities, poverty reduction and sustainable use of natural resources from a national, regional and sector-specific perspective. This will include analysis of the gender equality landscape and data relevant to the host country and in the targeted sector(s), including Nationally Determined Commitments (NDCs) and the Sustainable Development Goals (SDGs).

This Annex serves as the foundation for the GGC's responsiveness – through their guarantees – to supporting gender equality and women's empowerment, and to monitoring the links between gender equality, climate mitigation and adaptation, and environmental sustainability.

The Annex is informed by review of existing literature and secondary databases, as well as expert input and case study analyses, and is considered a living document that will be regularly updated. It comprises three sections:

1. **Chapter 1**: This introduction to the gender assessment, including general guiding principles.
2. **Chapter 2**: Narrative descriptions of i) key gender issues and considerations for each of the five **results areas** (sector) that the GGC will look to support projects in, building on the GCF's vulnerabilities and capacities for change; and ii) a high-level description of key gender considerations and commitments in each of the GGC's **8 focus countries**. The intention of this section is to demonstrate the GGC's broad understanding of critical gender issues per results area and country, which will support investment decision-making, inform the development of indicators for the Gender Action Plan (Annex 8.2), and be explored in greater depth once a project is under consideration by the GGC.
3. **Chapter 3**: A more detailed description of the GGC's approach to practically ensuring projects are in alignment with the GCF's approach to project-level gender mainstreaming.

This Gender Assessment will be used by the GGC[1], the AE[2] as well as project owners to ensure compliance with GCF's fiduciary principles and standards, environmental and social safeguards standards and Gender Policy.

[1] GGC is responsible for executing or carrying out the GCF-funded programme and will review the gender action plans, assessment and Climate Impact reports as and when they submitted by the borrowers

[2] The Accredited Entity is responsible for overseeing and monitoring that the GGC is in compliance with the GCF fiduciary principles and standards, environmental and social safeguards standards and Gender Policy (all of which are standards for GCF accreditation), and other relevant GCF policies and requirements, in accordance with the relevant legal agreements (accreditation master agreements and funded activity agreements).

1.3 GENERAL PRINCIPLES

Prior to the issuance of a guarantee, a project owner should be aware of the following gender guidelines which are applicable during the investment process (compiling relevant gender analysis or documents) as well as project implementation (for example reporting on progress):

- The project proposal considers key issues and requirements of gender sensitive design and implementation.
- The project is aligned with existing country policies and strategies and best practices (in the gender assessment, a policy, legal and regulatory review must be undertaken by the project owner).
- The project is aligned with national development strategies that promote equal opportunities, whether in the intervention region or the sector.
- The project owner considers international legislation including discursive text issued by the Committee on the Elimination of Discrimination against Women (CEDAW).
- The project owner will conduct stakeholder consultations and engagements in line with Annex 7.
- Sufficient budget is allocated to conduct the gender assessment and compile the action plan.
- The project owner will direct/support an expert where required to support the gender safeguards process that considers the project type, scale and context.
- The project owner should attempt to align the project with the Sustainable Development Goals and commit to gender equality and women's empowerment (SDG 5) as well as relevant cross cutting themes.
- The project owner should establish meaningful gender performance indicators for the project (gender indicators are established to measure and compare the situation of women and men over time). Gender indicators can refer to quantitative indicators (based on statistics broken down by sex) or to qualitative indicators (based on women's and men's experiences, attitudes, opinions and feelings), and these indicators must feed into the GGC's overarching Gender Action Plan (Annex 8.2) so that the portfolio of project's gender-related progress can be aggregated and tracked.

By undertaking these guidelines, the project owner can build evidence of the gender gaps in markets and institutions and apply this to their project approach. GGC thus encourages its stakeholders to understand key gender constraints as well as opportunities, that will seek to narrow gaps, lift constraints, support opportunities and feed into a more active and engaged dialogue with stakeholders on key levers for sustainable and inclusive change.

2 Gender Assessments

The following section provides narrative descriptions of key gender issues and considerations per results area, building on the GCF's vulnerabilities and capacities for change, as well as a high-level description of key gender considerations and commitments in each of the GGC's 8 focus countries. The intention of this section is to demonstrate the GGC's broad understanding of critical gender issues per results area and country, which will support investment decision-making, inform the development of indicators for the Gender Action Plan (Annex 8.2), and be explored in greater depth once a project is under consideration by the GGC. The assessments were conducted in the absence of a project pipeline and is a living document that will be regularly updated to reflect key developments.

As has been described upfront in the Full Funding Proposal, the GGC has not yet identified specific projects nor institutions that they will work with. Rather, they have committed to considering the issuance of guarantees to climate projects in 8 select countries[3], that fall within one or more of five results areas[4]. Until such time as the GGC is approached by a project investor / developer / owner with a specific project proposal, it is not possible – nor useful – to develop focussed and detailed gender analyses, assessments and action plans that the GCF would typically require of a Full Funding Proposal. It is however important for the GGC to possess and demonstrate a broad understanding of:

i. The nexus between gender and green bonds (*elaborated further in Chapter 3*);
ii. Gender-related vulnerabilities and capacities for change for each of the five results areas, that broadly pertain to the developing countries that the GGC will look to support projects in; and
iii. Each of the 8 countries' status quo with respect to key gender commitments, responsible institutions and considerations (i.e., pressing issues that influence gender equality and women's empowerment issues).

This information essentially provides a baseline of what the GGC knows with regards to the select countries and results areas with respect to gender, and importantly, reflects the point of departure at which the GGC would require a project investor / developer / owner to provide a more detailed, context specific gender analysis, assessment and action plan that aligns with the GCF's Gender Policy and related requirements. The findings from these sector and country assessments have been used to develop a framework that the GGC will use to identify potential gender-responsive interventions that should be considered as part of the project design process to maximise the gender benefits of a specific project. The framework summarises the most pressing gender challenges in each country relevant to climate change projects, and the sector-specific interventions which are most likely to address each challenge. This information thus serves as a basis for the GGC and the project owner to identify the types of gender issues that a project in a specific country, within a specific sector, should seek to address.

[3] Indonesia; Phillipines; Brazil; Trinidad and Tobago; India; Rwanda; Lao; and Gabon
[4] energy access and power generation; low emission transport; buildings, cities, industries and appliances; health, food and water security; infrastructure and the built environment

2.1 SECTOR/RESULTS AREA ASSESSMENTS

These assessments are desk-based and serve to elaborate on the GCF's gender-related vulnerabilities and capacities for change. In doing so, this information describes the type of vulnerabilities that specific project-level gender assessments should expand on and investigate further, as well as the types of solutions (i.e., capacities for change) that should be integrated into project design and delivery processes.

2.1.1 ENERGY ACCESS AND POWER GENERATION

The GCF's results area **Energy Access and Power Generation** is key to reducing reliance on fossil fuels, and thereby addressing greenhouse gas emission as well as driving economic growth. Projects under this area fall look to: generate energy from renewable sources such as wind, solar, geothermal, hydro, and sustainable bioenergy; efficiently and reliably transmit, distribute and store energy; and promote access to clean energy in a way that promotes sustainable development and climate resilience while reducing emissions. The on-grid energy sector, particularly in the developing world, has traditionally served urban and industrial hubs and underserved rural areas, thereby failing to meet the needs of the poor – especially women and women headed households. The mode of transmission of energy and its distribution has also created gender inequalities in terms of employment and consumption, with women being negatively impacted. Therefore, while it is universally accepted that access to energy is a catalyst for economic development, a driver for poverty alleviation, as well as a vehicle for women and girls empowerment, opportunities to increase access for women have not yet been fully explored. SDG 7 responds to this, by ensuring "access to affordable, reliable, sustainable and modern energy **for all**" – linking closely with SDG5a on provision of equitable access to economic and natural resources. However, the developing world is still far from meeting SDG 7. In 2015, 1.2 billion people had no access to electricity and 85% of them were in sub-Saharan Africa and Asia. In addition, one third of the world lacked access to clean cooking energy. In the past 10 years, significant strides have been made to shift power generation from fossils to renewable energy with the result that significant increases were attained in 2018 to 2020, with as much as 31.6% of the total generation in OECD being from renewable sources (IEA 2020). Investment in RE has increased access to energy to previously under-served communities and reportedly created more jobs than in the fossil fuel generation and services. Despite these achievements, today over 700 million people worldwide still lack access to electricity.

The issues mentioned above necessitate energy sectors worldwide to transition to low or no carbon solutions, and to transform the economic, social and gendered aspects of the sector that have contributed to skewed and unequal development. Lack of electricity and energy services is directly correlated to poverty and related elements such as access to education and health. Further, energy poverty disproportionately affects women, making them more vulnerable to poverty, simply due to the fact that female-headed households are overrepresented among the people living in poverty (Cagatay 1998). Energy access is therefore pivotal to economic empowerment. Recognizing the gender-energy-poverty-nexus in planning and implementing development programs can contribute to meaningful results that benefit women and address gender energy vulnerabilities such as those identified by GCF (along with capacities for change):

Table 1. GCF Vulnerabilities and Capacities for Change – Energy and power generation

Vulnerabilities	Capacities for Change
• Share of women and women-headed households without energy access • Impacts women are experiencing due to lack of energy access	• Roles of women in household supply / use • Share of women and in the energy labour market and type of occupation • Policies and institutional framework to promote gender equality in energy / power generation

This discussion on vulnerabilities is generalized for GGC's countries of focus. It refers to vulnerable women in poor households in rural areas as well as those in urban areas. Women have different energy needs compared to their male counterparts as a result of their different access levels to resources; their restricted access to decision making in the home and in the community; and their limited sphere of influence to processes and resources allocation. In terms of energy, women's roles are limited to energy provision and their sphere of influence being domestic (predominantly the kitchen). Yet decisions for household purchases and prioritization are the purview of men. Men would typically prioritise entertainment appliances, TVs and radios above labour saving appliances. These gender roles manifest into gender vulnerabilities that impact women negatively. These gender energy vulnerabilities broadly fall into five intertwined areas:

Energy Poverty. Energy poverty[5] is a result of poor incomes and is cyclic in nature such that, unless there are targeted interventions, this will go on unabated for generations. Low incomes are associated with energy inefficient dwellings, lack of modern appliances, lack of modern lighting and cooking facilities. As a result, people in energy poverty households perform poorly in terms of quality of living and tend to degrade the environment more than others due to their reliance on biomass for their dwelling construction and for cooking. Women and girls spend a huge portion of their time gathering and collecting firewood compared to those who have better incomes. The security of women and girls in these situations tends to be compromised.

Education. Girls who have access to energy in their homes get a head start in life. Young girls are able to read at night, women are able to help their children after sunset and are generally safer from sexual violence. Children from homes with access to energy achieve much better in comparison to those without.

Health. Poor energy access or energy poverty has a huge toll on women's health. Worldwide 2.5 million premature deaths are linked to household air pollution arising from cooking smoke (IEAb 2020). In sub-Saharan Africa almost 490 000 premature deaths per year are related to household air pollution from the lack

[5] Energy poverty has been defined as the absence of sufficient choice in accessing adequate, affordable, reliable, high quality, safe and environmentally benign energy services to support economic and human development (Reddy, 2000).

of access to clean cooking facilities (IEAb 2020). Due to their roles and responsibilities of preparing meals, mothers and children are the worst affected. Lack of energy also affects food storage and quality. Due to lack of refrigeration, foods easily go bad before being consumed in poor households. Ill health affects learning for children and productivity for the women. Without appliances, women have to manually carry out all the households chores which is physically straining, and in turn compromises their health.

In remote health facilities, refrigeration of vaccines and other medication is crucial to maintain the medications' shelf life. The Covid pandemic exposed the vulnerability of communities with non-electrified health centres as vaccines could not be stored in these centres. Maternal mortalities have been reported to be better among communities that have electricity at their health centres.

Inability to access capital for RE or for own enterprises. Women have challenges in accessing capital for their own enterprises and in most cases end up in informal and low economic return economic activities. . An estimated 70% of women-owned small and medium-sized enterprises in the formal sector in developing countries lack access to capital, resulting in a global financing gap estimated at $300 billion (IFC n.d.). In Kenya, women own half of all small and medium enterprises, but they experience less growth than male-owned businesses due to a lack of support and resources (Hassan et al 2013). The limited growth is also due to lack of capacity, poor access to technology or capital to purchase technology and reliance on animate labour.

To adequately address these gender energy vulnerabilities, there is need to a global shift in provision of energy services that applies a gender lens, to achieve gender equality and sustainable results as follows:

1. **Empowerment through choices**. Women need to be able to make choices on what energy they need and how to use it. Having choices is a result of economic empowerment arising from better income and knowledge. It therefore follows that the provision of energy services would facilitate the ability of women to earn more through:
    a. **Energy provision** that aims to provide sufficient and affordable energy to meet both women's productive energy needs (cooking, food processing and water hauling), and strategic energy needs (lighting for evening study, safety in the community, women's enterprises, information for empowerment and emancipation goals); and
    b. **Electricity supply** which makes it possible for women to establish and run small businesses, in particular those that are rural based.
2. **Reforming gender blind policies**. Reviewing national policy frameworks and ensuring that energy generation is clean, affordable and appropriate to serve all, including rural and poor communities. It is critical that policies are introduced that address challenges or barriers that are faced by women entrepreneurs, and that address women's practical and strategic needs.

   Currently, most of those impacted by lack of energy services are in the rural areas, with the result that these current energy structures, policies and strategies are gender blind and fail to meet the requirements or to address the constraints that rural women face. The structures focus on investment in electricity generation that largely target those in urban areas, leaving out the poor.

3. **Enabling income-generating opportunities**. Effective energy programs/projects should aim to increase income in the rural communities. This includes increasing farm yields, improving product quality and enabling the farmer to demand and receive fair prices for their produce. Energy is also a catalyst for creating entrepreneurial opportunities that women and youth can participate in, and it enables substitution of animate (human and animal) labour energy with mechanical technology to improve production and food security e.g. provision of irrigation water; improving food processing and storage for example with use of refrigeration.
4. **Ensuring sustainability through local initiatives.** To ensure the sustainability of off grid RE schemes in rural areas, there is a pressing need to promote of the establishment of locally based rural agencies to provide technical support in the RE sector such as in solar battery charging, micro hydro installation and supply of spare parts, and installing and repairing energy hardware. This thrust can go further to capacitate small scale, self-supporting local technicians and businesses run by women and set in the rural areas.

Examples of how these types of interventions have been integrated into existing GCF energy and power generation:

P178: Desert to Power G5 Sahel Facility. The Desert Sahel Project (which covers the countries of Burkina Faso, Chad, Mali, Mauritania and Niger) aims to improve energy access and security for women and men, and directly benefit 3.5 million people (out of which 1.75 million are women). More than 700, 000 women and men will also indirectly benefit from the project. To ensure effective gender mainstreaming, the project will address institutional and financial barriers focusing on opening opportunities for women. Specifically, it will provide training to the staff of financial institutions and banks to capacitate their staff to integrate gender in their systems and service provision. Furthermore, the project will assist the five Sahel countries to develop gender-responsive regulatory frameworks.

FP168: Leveraging Energy Access Finance (LEAF) Framework. This program (covering Nigeria, Kenya, Ghana, Guinea, Ethiopia and Tunisia) seeks to unlock local currency debt capital to scale up decentralized and distributed renewable energy in the five African countries. LEAF aims to provide access to clean and reliable energy for 1.18 million households (directly benefitting 2.95 million women) by unlocking financing for Decentralized Renewable Energy companies to deploy Solar Home Systems (SHS), Green Mini-Grid (GMG) and Captive Power solutions. The Program will facilitate access to credit to women for SHS, GMG and captive power solutions, and is estimated to create 15,600 jobs for women during the scale-up of DRE companies.

2.1.2 LOW EMISSION TRANSPORT

The GCF's **Transport** results area focuses on increasing access to low-emission transport by supporting low- and zero-emission public and private transport systems. Such schemes typically fall under country or city-wide cross-cutting GCF projects that support Green Cities or Resilient Urban Systems, with the inclusion of climate resilient connectivity options. Such projects are aligned with SDG 11 "Sustainable Cities and Communities", which includes a specific target (11.2) that commits countries to providing “access to safe, affordable, accessible and sustainable transport systems **for all**, improving road safety, notably by expanding public transport, with special attention to the needs of those in vulnerable situations, **women**, children, persons with disabilities and older persons”. In doing so, this target enables the attainment of SDG 5’s (Gender Equality) commitments to support women in receiving equal rights to economic resources. It is within this context that the GCF has defined transport-specific vulnerabilities and capacities for change (**Error! Reference source not found.**).

Towards creating meaningful change for women and girls who rely on transport for economic, educational, domestic and recreational activities, GGC will seek to ensure that any low-emission transport projects that it supports, contribute to unlocking and enabling these capacities for change.

Table 2. GCF Vulnerabilities and Capacities for Change - Transport

Vulnerabilities	Capacities for Change
• Share of women among users of public transport, share of women without access to public transport • Impacts women and men are experiencing due to lack of or poor quality of transport	• Roles of women in the community/family with regard to transport patterns • Share of women and men in the transport labour market and type of occupation • Policies and institutional framework to promote gender equality in transport sector

With transport being one of the leading contributors of GHG emissions, there has been a global push to promote investment in sustainable systems that support a move away from private motoring to focus on low emission public transport, walking and cycling (World Bank 2021). As part of many national responses to build back better in the wake of COVID-19, many countries have seen this as an opportune time to make shifts in transport design, planning and operations. COVID-19 has deepened and widened the existing inequalities in the transport sector, “entrenching transport-disadvantage, poverty and social exclusion” where women’s needs and rights have historically been largely overlooked, and women are significantly underrepresented in transport investment and decision-making (Jennings 2020). This undermines progress against SDG 5 and SDG 11, amongst others.

Therefore, the impact and sustainability of shifts and improvements in transport systems will largely depend on the degree to which women and other vulnerable groups’ needs are taken into consideration, as a basis for influencing and informing investment and design decisions. As a starting point, it is important to consider existing differences in transport patterns and travel behaviour of men and women, and how existing systems respond, or fail to respond, to these.

Differences in travel behaviour. Women’s travel is considered ‘multi-purpose’ due to the gender-based division of work in most households, which means that women require transport for their more varied obligations – ranging from formal and informal employment, to domestic tasks and caregiving (i.e.

accompanying children and elderly relatives to school, clinics, etc.) (International Transport Forum 2019) (Jennings 2020). While social characteristics (such as income status, age, number of dependents, etc.) influence women's transport decisions, their travel typically comprises shorter distances, with more complex, multi-leg trips that often take place during off-peak hours. Trips are also often multi-modal to allow for more flexibility (International Transport Forum 2019). This means, that despite women predominantly having have less access to all means of transport than men, they tend to make more frequent (often shorter) trips required for health, food and caring responsibilities – in addition to the transport they require for income-generating activities (Jennings 2020).

Gender CC also identified a set of gendered impacts on human health in the transport sector, whereby women face greater risks and challenges than men. These include: "women's transportation of heavy loads over long distances; inadequate road safety for pedestrians; contamination through air pollution; sexual violence against women in transport systems and remote areas; and speeding in cars." (Gender CC n.d.) Jenning's assessment of whether post-COVID-19 transportation systems in sub Saharan Africa were serving the needs of women highlighted similar physical risk factors, which are often compounded by cultural restrictions that limited the way in which women move (time away from home, locations they may travel to, mode of transport, need for chaperone etc.).

Access to opportunities. Gendered mobility barriers hinder women's access to income generating opportunities – a concern that was highlighted in a 2017 ILO report, which identified "lack of transport as the greatest challenge to the female labour force". This is a clear contributing factor to the fact that, in 2021, only 49% of women participated in the formal workforce globally, compared with 75% of men (World Bank 2021). Female entrepreneurs are also stifled by transport costs, which often limit their access to income, opportunities, services and markets (Jennings 2020).

Underrepresentation of women in the transport sector. Despite the above findings, mobility plans rarely consider the safety, security, comfort, accessibility and affordability needs of women and girls (UNEP 2020). This is partially linked to the underrepresentation of women in the transport sector globally, which has led to the marginalisation of women's interests and needs (UNEP 2020).The sector is highly gendered, where women are predominantly employed into low(er) paid/low(er) status jobs with few, if any, opportunities for career development. One of the biggest barriers to women's entry into the transport labour force is the high rate of violence against transport workers; this affects the ability to encourage women to qualify and work in the sector and affects retention of female employees (ILO 2013).

Research has shown that women are vital to a low-carbon economy transition, which includes a more integrated mobility sector. Improving gender equality and safety in transport will lead to higher levels of uptake of low emission public transport, biking and walking (Saunders 2019). Achieving this requires a range of interventions, from policy reforms to targeted and meaningful engagement with women, and capacity building – both for transport agencies and operators, and women working in the sector. These capacities for change will be integrated (as appropriate) into projects that GGC seeks to support (Saunders 2019):

1. **Development of gender-informed transport policies, strategies and regulations,** that draw on up-to-date social and gender analyses and participatory planning (i.e. gender inclusive consultations) with both female and male beneficiaries.
2. **On-going routine analysis, and evaluation and reporting, of gender and transport issues during transport planning, implementation and operations** to identify physical, economic and social risk factors that affect affordability and access of transport for different population groups. This includes monitoring user patterns, to ensure services respond to specific mobility needs of women and girls, who utilise transport to access health services, education and economic opportunities.
3. **Awareness-raising and capacity-building for transport agencies and service operators** to ensure systems are in place to actively manage and respond to gender issues both internally (with employees) and externally (with users).

Examples of how these types of interventions have been integrated into existing GCF Transport projects are described below:

FP166: Light Rail Transit for the Greater Metropolitan Area (GAM). To address the significant underrepresentation of women in Costa Rica's transport sector, the project has committed to generating direct and indirect jobs for women through i) the hiring and provision of spaces for women entrepreneurs to be part of the tertiary service providers that the electric light rail transit system acquires; and ii) rolling out of a program to attract women to join the train's workforce by committing to supporting equal opportunities, and protect female employees through the development of develop protocols to prevent sexual harassment in the workplace.

FP085: Green BRT Karachi. Towards developing a zero-emissions bus rapid transit (BRT) system that is safe and accessible to all, the project has committed to conducting periodic ridership surveys to track changes in (i) size and diversity of riders, and (ii) their satisfaction level, the results of which will feed into decision-making regarding routes, pricing, peak and off peak hours etc. An awareness raising program will also be roll-out out to addressing all forms of harassment, violence, bullying, theft, and other security concerns, with all employees trained to handle and record incidents of sexual harassment and other crimes.

2.1.3 BUILDINGS, CITIES, INDUSTRIES AND APPLIANCES

Cities as hubs for growth and with their large carbon footprints, offer opportunities for addressing climate change with potential to achieve high positive impacts overall. Thus, the GCF has identified **Buildings, cities, industries and appliances** as one of the eight key result areas. This result area by its nature is cross-cutting and overlaps in scope with four other result areas; namely a) Energy generation and access, b) Transport, c) Infrastructure and built environment and d) Health Food and water security. The "Buildings, Cities, Industries and Appliances" result area focuses on the adoption of better technologies, energy efficiency, energy efficient designs and introduction of incentives that change behaviour to help reduce energy use.

The result area also responds to a number of sustainable development goals, in particular SDG 11 "Sustainable Cities and Communities", SDG 7.3 "Energy efficiency", SDG 9 "Industry, Innovation and

Infrastructure", and SDG 5 "Gender Equality". This result area specifically talks to SDG 11b by seeking to adopt and implement integrated policies and plans towards **inclusion**, resource efficiency, mitigation and adaptation to climate change and resilience to disasters. This is particularly pertinent in many countries where women are the primary users and consumers of energy. In developing and implementing projects under this results area, it is therefore critical to understand and address the gendered vulnerabilities relevant to this space (such as those identified by the GCF in **Error! Reference source not found.** below). In doing so, women-centred opportunities (i.e. capacities for change) can be introduced into project designs.

Table 3. GCF Vulnerabilities and Capacities for Change - Buildings, cities, industries and appliances

Vulnerabilities	Capacities for Change
• Share of women among building occupants, users of public/communal infrastructure, users of appliances • Share of women in energy/fuel poverty • Impacts women and men are experiencing due to inefficient patterns of resource use in buildings, cities, industries and/or by appliances (health, poverty)	• Roles of women in the buildings, cities, industries with regard to resources/energy use patterns • Share of women and men in the relevant labour market and type of occupation • Policies and institutional framework to promote gender equality in buildings, cities, industries

Key determinants of vulnerability in urban setups have been identified as:

- individual assets (in particular income, and also housing and employment);
- collective assets (location, services, and infrastructure); and
- institutional factors (in particular knowledge, governance practices and urban planning).

Each of these manifest and impact women and men differently:

Housing, shelter and health risks. Housing provision for cities in the developing world is insufficient and inadequate, with better housing and living spaces being accessed by the more affluent members of the society. 40% of the poorest households in urban areas are headed by women (IIED 2021), meaning a large proportion of women headed households live in poor housing conditions, including slums and informal settlements. These have various shelter deprivations that include energy inefficient appliances or no appliances at all, poor ventilation, and lack of or unreliable water and sanitation supplies. Disregarding women's needs in basic services such as electricity in the household, water provision and sanitation in cities leads to extremely time consuming and physically onerous burdens for women in terms of water collection, severe health risks from indoor pollution from firewood, coal or kerosine stoves, and diseases arising from untreated water. Moreover, since many urban households do not earn enough to purchase all the food that they need, they often supplement their food supply through urban agriculture activities. However, land availability in cities for such practices is limited and can be costly, and some city bye-laws restrict crop production in open spaces. Food quality and shelf life is also reduced by poor storage space and the lack of appropriate appliances in these poor homes.

Employment and productive time. Availability of lighting has the opportunity to increase working and studying hours, leading to increased productivity. To qualify for employment, women have to have the right qualifications, get the information on available jobs and time to apply, as well as means of submitting their applications. In Brazil a study was carried out which showed that when other factors like education are controlled, women with electrical appliances in their homes were more likely to get jobs than those who did not (Deloitte 2015). It was considered that they had a competitive edge by obtaining information on job adverts much more easily because they had access to communication appliances and because they spend less time carrying out manual tasks had comparatively more time to access information.

Access to capital. These issues impede women from earning enough to support their children or to get out of poverty, causing them to continue using energy inefficiently or resort to polluting through use of unclean energy and inadequate waste disposal options.

Gender violence and safety. The danger of gender-based violence is very real in many cities, as dimly lit streets, lonely transport stations, desolate areas and crowded transport make sexual harassment and violence against women very likely. Women still face lengthy, expensive and often dangerous routes as they go about their daily business. Urban violence against women limits women's movement and their use of public space, particularly among the most poor and marginalised (Nesbitt-Ahmed et al 2015). The restrictions potentially curtail women's economic, educational and social opportunities, exposing women to health and stress risks and creating severe infringements on women's rights to the city.

Power relations and decision making. Inequitable power relations in cities and an underrepresentation of women in governing bodies and key sectors means that women generally have much less influence over policy and development planning decision making than men. An example is in the construction industry, where men plan, design and construct houses, schools, shops, streets, drainage facilities and other spaces without always adequately addressing the specific needs of women and girls. This can contribute to increased fatalities amongst women, for instance if women cannot evacuate buildings easily due to the physically structure that do not cater well for cases of emergencies (H Jabeen 2014).

Economic resources and employment. Employment is one area where the gender gap remains huge, with women occupying lower earning jobs compared to their male counterparts, even when women hold professional qualifications and experience. Tacoli found out that 54% of women employed in 14 urban centres in ten countries across Africa, Asia and Latin America, were street vendors, home-based workers and waste pickers and that when there is an economic crisis this group is immediately negatively impacted (Tacoli 2012). The nature of jobs that women take (even in formal sectors, like the manufacturing industry, food industry and other light industries) makes them vulnerable in terms of labour rights, security of employment, inadequate and unequal pay, exploitation and tortuous promotion pathways. This results in women not having the same opportunities for economic empowerment, hence denying them a chance for building resilience.

Cities offer several opportunities to address these vulnerabilities and create more resilient, inclusive communities, such as:

1. **Gender equitable policies, programming and planning in cities and urban areas**. Bye-laws, policies and standards need to be implemented to: ensure women can access fairly priced rentals with secure

tenure agreements; social protection programs are properly funded and rolled out for the most vulnerable; and green housing standards are designed to consider women's needs; amongst others.

2. **More inclusive and efficient city decision-making**. Gender equality in local, regional and national decision making improves the ability of women to influence policies and politics. Including women in the decision-making process leads to better informed decisions on how to design services and use resources more efficiently and equitably. The power to make decisions in the built environment based on gender roles, can contribute significantly to the capacity to adapt to climate extremes.
3. **Inclusive transport systems.** As described under the Transport Results Area, city transport should not only cater for example, a bus system that links neighbourhoods to economic centres (thereby addressing men's needs) but should also address women's needs as caregivers, who require better connections to from home to the market or childcare centres. Transport networks also need to connect poorer areas with residential areas, for use by women who provide domestic services.
4. **Improving access and affordability of appliances and green buildings:** Increasing access to affordable electricity also addresses time poverty in enabling use of energy efficient and affordable appliances by women. It has been shown that use of appliances enables women to achieve more economic goals, reduce use of dirty energy and saves time. This also includes Upgrading water heating and cooling appliances and retrofitting with energy efficient parts.
5. **Improving city-wide safety:** Careful design of open spaces, parks, lighting, the siting of markets and latrines and the provision of safe transportation, including the training of drivers and conductors, are all areas that could contribute to greater safety for all – and in particular, women, children and other vulnerable groups.

The following GCF projects aim to reduce emissions from buildings, cities, industries and appliances by supporting policies, standards and technologies that reduce the need for energy.

FP068. Green City Facility. This program aims to enable cities to transition to low-carbon, climate-resilient urban development. In doing so, the Facility will help the target cities to mainstream gender to ensure that equal opportunities are afforded to women through employment and participation in decision-making forums to ensure that gender sensitive infrastructure and services become the norm. Through training it will build the capacity of women to participate in policy dialogue activities and promote gender equality in access to services and employment through information sharing.

FP103 Promotion of Climate-Friendly Cooking: Kenya and Senegal. This project aims to accelerate the growth of Improved Cook stoves (ICS) markets in Kenya and Senegal and significantly increase the level and quality of ICS production and sales, in rural areas and poor urban areas. The project is estimated to directly benefit 11.23 million people, mostly women as consumers and users of cook stoves. The project will also create income generation opportunities from manufacturing of cook stoves and ensure the involvement of women in the initiatives. Furthermore, the project intends to empower women and build their confidence in accessing finance, procurement and other support opportunities.

2.1.4 HEALTH, FOOD AND WATER SECURITY

With the population projected to reach 9.7 billion by 2050, there is a pressing need to increase food production by 50% (Rainforest Alliance 2020). This global food security crisis requires significant scaling up in both the quantity and quality of food produced, while also ensuring the sector's environmental footprint is reduced within the context of climate change. Recognising this, the GCF's **Health, Food and Water Security** results area seeks to support resilient, low emissions agricultural and food systems towards a three-fold paradigm shift: 1) Promoting resilient agriculture; 2) Facilitating climate informed advisory and risk management services; and 3) Reconfiguring food systems. In doing so, GCF projects under this results area directly serve to support several critical targets under SDG 2: End hunger, achieve food security and improved nutrition and promote sustainable agriculture. Specifically:

- SDG 2.1: "end hunger and ensure access by **all people**, in particular the poor and people in vulnerable situations, including infants, to safe, nutritious and sufficient food all year round"
- SDG 2.2: "end all forms of malnutrition, including achieving, by 2025, the internationally agreed targets on stunting and wasting in children under 5 years of age, and address the nutritional needs of **adolescent girls**, **pregnant and lactating women** and older persons"
- SDG 2.3: "double the agricultural productivity and incomes of small-scale food producers, in particular **women**, indigenous peoples, family farmers, pastoralists and fishers, including through secure and equal access to land, other productive resources and inputs, knowledge, financial services, markets and opportunities for value addition and non-farm employment".

These three targets are all directly linked to SDG 5 on Gender Equality, and collectively point to the fundamental role that women play in supporting a shift in global shift agricultural practices. However, while women make up at least half of the world's agricultural workforce, they do not get a fair share of the assets, resources and services that farmers need to sustainably operate (IFAD 2020). This is due to a variety of challenges and vulnerabilities that they face, which collectively place women – and their dependents – at greater risk of water or food insecurity or health-related hazards (as identified by the GCF, see **Error! Reference source not found.** below).

Table 4. GCF Vulnerabilities and Capacities for Change – Health, food and water security

Vulnerabilities	Capacities for Change
• Share and number of women with increased exposure to water or food insecurity or health-related hazards	• Roles of women in targeted communities • Share of women and men in relevant labour markets and type of occupation • Policies and institutional framework to address vulnerabilities

Whilst these vulnerabilities manifest differently based on country-specific contexts, the following overarching challenges prevail in many developing country contexts.

Differences in roles and responsibilities. In addition to making up a significant component of the global agricultural workforce – where women are more likely than men to take on part-time, seasonal or low wage work – women are also responsible for the vast majority of unpaid labour: house chores, cooking, livestock rearing, childcare and caring for the elderly (S. Huyer et al 2021). In bearing these responsibilities, women are often more likely than men to spend their money on health-related items for their families– such that, when women are able to generate income and have more control over household budgets, communities are generally healthier and more resilient (Rainforest Alliance 2020).

Impacts of climate change. Women's on-going domestic and livelihood related responsibilities are further compounded by the increasing prevalent impacts that climate change is having on water and food security (UN 2019). Women are significantly more vulnerable than men to the effects of climate change due to their strong reliance on natural resources; these vulnerabilities manifest in many ways –water scarcity increases the time required by women and girls to collect water, malnutrition and ill health result from food and water insecurity and poor water quality, and rates of gender-based violence increase as households become more resource constrained (IFAD 2020) (IUCN 2020). Women also tend to be poorer, meaning their options to act in times of climate stress are limited (Rainforest Alliance 2020).

The agriculture sector – where the poorest rural women overwhelming work – is hardest hit by droughts, flood and heatwaves (IFAD 2020) and without access to critical resources (described below), women lack the adaptive capacity to recover from, and respond to, such shocks and stressors.

Access to resources (land, finances, skills and technology). Women own substantially less land – including agricultural land (15% versus 85%) – than men, and even in instances where country's recognize women's right to own and use land, discriminatory customary laws mean that in many countries these rights are not guaranteed (IFAD 2020) (UNWOMEN 2021). Increasing women's tenure security will increase their productive capacity, and can also be used as collateral to access finance. However, challenges in accessing such forms of collateral are often coupled with limited financial products adapted to women's needs, meaning women are unable to shift from subsistence to higher value market oriented production, nor invest in more efficient, resilient, low carbon systems and technologies (S. Huyer et al 2021). FAO research has shown, that giving women equal access to natural and financial resources, education and land, leads to increased farm productivity (by as much as 30%) and improvements in family nutrition.

It is therefore critical that agricultural projects focused on enhancing health, food and water security outcomes be carefully designed to address gender-based constraints, as this is key to unlocking productivity, improving food and nutrition security, reducing poverty, and enhancing resilience (FAO, IFAD & World Bank 2015). Such approaches for doing so, include (UNWOMEN 2021):

1. **Unlocking bottlenecks for women's participation in rural value chains**, by supporting policy reforms and identifying measures that improve women's land rights, establishing and capacitating women cooperatives and women-owned micro, small and medium-sized enterprises, and enabling access to appropriate financial and insurance products.
2. **Climate smart agriculture skills upliftment and technology transfer** to support women farmers and cooperatives with shifting from traditional practices to CSA approaches through the introduction of climate resilient agroecological techniques and the incorporation of renewable and energy-efficient technologies across value chains.
3. **Access to climate information and early warning systems**, in a timely manner and in appropriate formats (i.e., language, use of images, use of media / cellphone technology etc.) to ensure women farmers are able to make decisions and implement disaster preparedness measures in advance of extreme events so as to protect produce, homesteads, and farming implements / infrastructure.

Examples of how these types of interventions have been integrated into existing Health, Food and Water Security projects are described below:

FP175: Enhancing community resilience and water security in the Upper Athi River Catchment Area, Kenya. In establishing a modernized hydro-meteorological observation, monitoring, and testing system for the catchment area, the project has committed to ensuring that gender focal points within relevant ministries are engaged in the installation and rehabilitation processes, and that the percentage level of women's access to and utilization of the network systems be closely monitored to ensure equitable access.

FP179: Tanzania Agriculture Climate Adaptation Technology Deployment Programme. The project has set ambitious targets with respect to providing targeted financial solutions and products (loans, guarantees and insurance) and technical assistance to women farmers, to support development and adoption of climate change adaptation technologies and solutions. This includes the development of women-dedicated credit line options guarantee solutions that integrate women-specific interests. The project will also seek to ensure that 80% of local financial institutions, financing agriculture activities, are sensitized to lending and guarantee providing to female farmers.

2.1.5 INFRASTRUCTURE AND THE BUILT ENVIRONMENT

Developing countries are exposed to worsening climate related hazards, storms, tropical cyclones, floods, sea level rises and droughts as well as secondary hazards such as famine and pandemics. The majority of human and direct economic losses from natural hazards occur as a result of damage to the built environment (Kachana Ginige et al 2014). In so far as infrastructure is concerned, the damage caused by extreme weather events results in huge sums of money being directed to repairs, damage control, rubble clearing, resettlement of displaced people and humanitarian assistance; inevitably pushing governments into debt crises, bankrupting businesses and impoverishing individuals. A significant number are not able to recover without external

assistance. And obviously gender is a key aspect affecting vulnerability and capacities to cope with the climate induced disasters.
On the other hand, infrastructure is crucial in mitigating and adapting to climate change. It is the backbone of growth and development and is interlinked and interdependent with almost all sectors including transport, energy, agriculture, telecommunication, industry, housing and water and sanitation, among others. This interdependency creates another layer of challenges as failure of certain infrastructure have a causal effect on the rest. For example, when storms damage power lines, the water supply system, transport systems and energy needs in buildings and appliances are all affected. Despite the importance of infrastructure there is a significant gap in infrastructure provision in the developing world. Specifically, there is a gap in new infrastructure and more important in climate resilient infrastructure.

Due to its critical role in climate adaptation and mitigation **Infrastructure and built environment** is one of the GCF's 8 key result areas. The goals for this results area are advanced across four "transition" areas, namely: i) built environment ii) energy and industry, iii) human security, livelihoods and wellbeing and iv) land-use, forests and ecosystems. GCF aims to build new infrastructure and also retrofit old traditional infrastructure to climate proof it.

This results area aligns with SD 9 "Industry, innovation and infrastructure" and is also linked to SDG 11 "Sustainable cities and communities", SDG 6 "Clean water and sanitation" and SDG 7 "Affordable and clean energy". Due to its cross-sectoral nature, it is apparent that provision of climate resilient infrastructure has huge potential in addressing climate change and in building climate resilient cities and communities. And since climate induced disaster events disproportionately negatively impact women and the poor, far more than men and the affluent; mainstreaming gender in provision of infrastructure is critical. Examples of vulnerabilities that women and men experience due to conventional infrastructure that is not climate resilient are outlined below (building on those identified by the GCF in **Error! Reference source not found.**).

Table 5. GCF Vulnerabilities and Capacities for Change – Infrastructure and the built environment

Vulnerabilities	Capacities for Change
• Share and number of women lacking access to adequate infrastructure (water supply, sanitation, flood protection, housing, energy access, etc.)	• Roles of women in the design and maintenance of infrastructure and the built environment • Share of women and men in relevant labour markets and type of occupation • Policies and institutional framework to promote equal access to adequate infrastructure

Slow evacuations causing fatalities. Poor and vulnerable households (women headed households, including the elderly and those living with disabilities) tend to evacuate much slower than others in times of extreme events thus suffering more fatalities (S. Kottegoda 2011). Some fail to get early warnings due to lack of communication gadgets or time to read and listen to news.

Loss of homes due to poorly constructed buildings. Once more, women headed households and the poor are affected most as their structures are cheaply constructed and not robust to withstand extreme weather conditions. They become even more vulnerable and are generally unable to replace their losses.

Food insecurity and famine. Women and specifically, women household heads, rely on subsistence agriculture to produce their food needs. They generally practice rain-fed agriculture in low lying lands or along river banks. These fields are prone to flooding events and when that occurs, the poor fail to supply their families with food and have to resort to humanitarian aid. Famine is common in African countries as a result of prolonged drought periods. Famine is a slow killer and robes women of their dignity.

Disruption of local security and safety nets. Climate-related disasters such as flood, drought or famine may disrupt local security safety nets, leaving women and children unaccompanied, separated or orphaned due to the erosion and breakdown of normal social controls and protections. Lack of social cohesion is much felt in built areas and the little that exists can dissipate as people seek different shelters during disasters.

Unsafe shelters or camps. After a natural disaster, economic and security challenges may lead women who are in charge of households and livelihoods to seek temporary relief, shelter and amenable living conditions in acutely insecure contexts, making them potential targets for exploitation and human trafficking. Disasters that lead to increased physical, social and economic insecurity, and affect women and children, are among some of the push factors that give rise to human trafficking.

Responses to these vulnerabilities should seek to provide climate resilient infrastructure solutions that specifically look to strengthen women's resilience to external shocks. Approaches that incorporate women's knowledge and perspectives into disaster risk reduction in the built environment have proven to be impactful in minimizing women's vulnerabilities (Kachana Ginige et al 2009). Such interventions include the following:

1. **Coordination of infrastructure development policies, ensuring climate and gender mainstreaming**. Due to the multi-sectoral nature of the built environment, it is critical that all relevant sectors are part of the policy development process towards ensuring policies are harmonized. Therefore, a systematic coordination of development policies relating to infrastructure within government sectors and inclusion of climate and gender considerations is crucial in contributing towards cohesive resilience at national and subnational scales.
2. **Development of inclusive building codes and standards.** Construction industries in the developing world have varying capacities, and levels of regulation are also variable. Hence, in some cases, building standards are weak or not adhered to. These structures cannot withstand extreme events. For communities that live in informal settlements including slums, there are no building standards that are enforced. Slums are frequently wiped out during disaster events. Countries need to assess and revise their building codes and standards to ensure both climate proofing and gender mainstreaming is

incorporated. To varying extents there may be need for individual certification of builders and retraining of construction contractors.

3. **Building gender sensitive shelters for the communities.** Shelters are important to serve those affected by natural disasters during periods of need. Shelters should offer security and be amenable to basic living standards thus offering some comfort to the vulnerable. Gender sensitive shelters should be constructed to ensure women and girls are safe and have access to critical basic services.
4. **Early warning and disaster management communication.** Gender responsive communication tools should be designed to target men and women differently, based on their different needs. Training should be offered to ensure that people understand and appreciate disaster management, understand early warning ratings and have knowledge of location of shelters should they need them. Governments should work with vulnerable communities to develop and mainstream gender into early warning systems and climate information services.
5. **Empower women.** It's crucial that countries establish an enabling environment that supports increased participation and substantive inputs of women in decision and policy-making at all levels. Adaptation programs should have long-term goals of increasing gender and social security needs, safety nets and active participation of women in governance at every level through participatory policies and targets, and capacity strengthening, development of leadership and technical skills, and clear recognition.

Examples of how these types of interventions have been integrated into existing GCF Infrastructure and Built Environment project are described below.

FP133 Resilience to hurricanes in the building sector in Antigua and Barbuda. GCF is supporting a robust multisectoral intervention that includes "*climate-proofing critical public service and community buildings, mainstreaming climate resilience into the building sector and financial mechanisms and strengthening climate information services*". The GAP for the project ensures that women are involved in governance structures, are extensively consulted and participate in decision and implementation of the project.

SAP008 Extended Community Climate Change Project-Flood (ECCCP-Flood) in flood-prone areas of Bangladesh. This project aims to increase the resilience of poor and marginalized communities in flood-prone areas of Bangladesh. Increased flooding impacts poor households and their ability to produce enough food for their families. This is an example of an adaptation project that focuses on community-led and gender-sensitive solutions. The project will prioritize female-headed households in the targeted project areas.

2.2 COUNTRY ASSESSMENTS

It should be noted that these assessments are desk-based and have not involved direct engagement with the relevant gender and / or women's ministries detailed below. This is because it would be premature to engage with such government institutions until such time that there is a specific proposal or project under consideration that would be of interest and importance to them. GGC and the AE's approach to engaging with these bodies is described at a high level in 3.5.2, and elaborated in Annex 7.

2.2.1 INDIA

Key national gender policies, institutions and commitments that mainstream gender considerations or will influence projects' enabling environment

- India – like most of the South Asia countries – still faces high levels of gender discrimination in families, schools and workplaces. While India is reported to have achieved a slight decline in early marriages due to the 2006 Prohibition of Child Marriage Act, it still is reported to have the highest numbers of early marriages worldwide (OECD 2014).
- The Ministry for Women and Child Development in India is the key government institution tasked with advancing policies that address gender issues in the country. Its mission is to create an effective framework to enable the process of developing policies, programmes and practices which ensure equal rights and opportunities for women in all spaces.
- The Indian Constitution guarantees equality to all persons within India; it also prohibits discrimination by the State on the grounds of sex. In 2001, the National Policy for the empowerment of Women (NPEW), was formulated and it laid down a comprehensive progressive policy for the advancement, development and empowerment of women with appropriate policy prescriptions and strategies.
- While the Constitution guarantees non-discrimination, in most cases this works in cases of abuse by the State. Legislation is inadequate to protect individuals against discrimination on the grounds of sex from non-state actors. Moreover, most of the institutions in India (private or public) rest on the cultural and traditional discriminatory norms. A few institutions have modernized to incorporate positive irreversible change regarding gender relations.
- As a result, India's achievements against the gender goals such as SDG5 have been below par. For example, 2019 Voluntary Review showed no progress in gender equality. India still faces challenges in terms of ratio of male to female in the labour force. There was no improvement regarding female to male mean years of education received as well as the number of seats held in the national parliament. Overall, India's progress towards attaining SDG 5 targets has stagnated.
- Several reports indicate that India lacks adequate legislation to address gender concerns and accelerate the attainment of gender equality in the country (UNICEF, WB and ILO). This is despite the country having ratified CEDAW and other International Human Rights Protocols.

National overview

India's GGI for 2021 was 0.625 (best score 1 and least is 0) ranking 140 out of 156 countries. In South Asia, India is ranked 6th out of 8 countries. The score shows that females are 37.5% less likely to have the same opportunities as men. India's gender gap was largest in the category of Health and Survival, and Economic Participation and Opportunity, ranking 155 and 151 out of 156 countries, respectively (World Economic Forum

2021). In terms of Political Empowerment, it ranked 57 out of the 156 countries (World Economic Forum 2021), its best measure out of the four categories.

India's Gender Inequality Index (GII) was 0.488 in 2019, ranking 123 out of 162 countries (UNDP 2020). The Key statistics that informed this result include (UNDP 2020):

- 13.5% of parliamentary seats held by women;
- 27.7.0% of adult women have reached at least a secondary level of education compared to 47.0 percent of their male counterparts;
- For every 100,000 live births, 133 women die from pregnancy related causes;
- Female participation in the labour market is 20.5 percent compared to 76.1 for men.

The World Bank's Women, Business and the Law (WBL) 2022 Index gives India a rating of 74.4 (out of a possible 100). India performs well in mobility, workplace, and marriage. Areas of concern include pay, and parenthood:

- Pay, whereby certain industries such as mining and manufacturing factories have legislations that are discriminatory against women (e.g. Mines Act 1952). In addition, the laws do not mandate employers to give equal remuneration for equal work.
- Parenthood, whereby there is no paid leave for fathers nor is there paid parental leave. Sadly, the law also does not prohibit dismissal of pregnant women.

More broadly, India faces high incidences high profile rape cases and related gender based domestic violence matters. It has poor mechanisms for supporting victims' access to justice, and the country needs considerable support to strengthen gender responsive legislative frameworks and to mainstream gender in social institutions.

2.2.2 PHILIPPINES

Key national gender policies, institutions and commitments that mainstream gender considerations or will influence projects' enabling environment

- The Philippines has had an active and aggressive legislative agenda to protect women's rights and ensure gender equality. Some of the most significant laws of the last decade include (David, Albert and Vizmanos 2018):
  - Magna Carta of Women (MCW) also known as Republic Act (RA) 9710 – which is the encompassing act that operationalises the country's commitment to the CEDAW.
  - Responsible Parenthood and RH Act (RA 10354)
  - Domestic Workers' Act (RA 10361)
  - Anti-Child Pornography Act (RA 9775)
  - Anti-Violence Against Women and their Children (VAWC) Act (2004)
  - Anti-Trafficking in Persons Act (2003)

- Solo Parent's Welfare Act (2000)

- The empowerment of women to engage in economic opportunities and to fully utilise their civil liberties has been a strength for the Philippines. There has been greater representation by women in the government in national parliament (12.44% in 2000 to 29.45% in 2018) as well as local government (17.16% to 21.3% from 2000 to 2018), though such levels are far from parity.
- Nearly half (48.9%) of managerial positions in the country are women, suggesting a relatively level playing field in career mobility between the sexes.
- There has been a significant decrease in violence towards women, including physical (from 7.5% in 2008 to 4.3% in 2017) and psychological violence (4.9% in 2008 to 2.2% in 2017).
- Gender issues persist given indicators on early marriages which is a driver of teen pregnancy and a form of violence against girls, with around 16.5% and 2.2% of women married before the age of 18 and 15, respectively (Reyes, et al. 2019).

National overview

The Philippines is the second best in the East Asia and the Pacific region (after New Zealand) in terms of their Gender Gap Index (GGI) score in 2021, with a score of 0.784 (out of a best possible score of 1), placing it 17th out of 156 countries. Not only has Philippines virtually closed both its Educational Attainment and Health and Survival gaps, but it is also among the 18 countries in the world that have closed at least 79.5% of their Economic Participation and Opportunity gaps. This result is due in part to the fact that the Philippines is one of the few countries that has closed at the same time its gender gap in senior roles, and in professional and technical roles. However, women should be incentivised to participate more in the broader labour force. Only 49.1% of women are in the job market, corresponding to a gap closure of just 65.3% on this indicator. Similarly, income and wage gaps persist. On average, 22% of the wage gap and 31% of the income gap have yet to close. When it comes to Political Empowerment, only 36.2% of this gap has been closed so far. Despite having a woman as head of state for over 15 of the past 50 years, there are still too few seats in the parliament held by women (28%) and even fewer women among ministers (13%) (World Economic Forum 2021).

The Philippines has a GII value of 0.430, ranking it 104 out of 162 countries in the 2019 index. In the Philippines key metrics that informed the GII rating were (UNDP 2020):

- 28 % of parliamentary seats are held by women
- 75.6% of adult women have reached at least a secondary level of education compared to 72.4% percent of their male counterparts.
- For every 100,000 live births, 121 women die from pregnancy related causes
- The adolescent birth rate is 54.2 births per 1,000 women of ages 15-19.
- Female participation in the labour market is 46.1% compared to 73.3 for men

The World Bank's Women, Business, and the Law (WBL) 2022 Index focuses specifically on statistics relating to the Philippines' main business city of Quezon City. With an overall Index rating of 78.8 (out of a possible 100). From an equality perspective the Philippines is performing higher than the regional average observed across the region, particularly in the workplace, pay, and entrepreneurship categories. However, when it comes to constraints on freedom of movement, constraints related to marriage, laws affecting women's work after having children, gender differences in property and inheritance, and laws affecting the size of a woman's pension, Philippines could consider reforms to improve legal equality for women. For example, one of the lowest scores for Philippines is on the indicator measuring constraints related to marriage (the WBL2022 Marriage indicator). To improve on the Marriage indicator, Philippines may wish to consider allowing women to obtain a divorce in the same way as a man and giving women the same rights to remarry as men (World Bank 2022).

Beyond these indices, recent literature also highlights some of the pressing gender-related vulnerabilities experienced in the Philippines. Work still needs to be done in the Philippines to achieve gender equality. 66.7% of legal frameworks that promotes, enforces, and monitors gender equality under the SDG indicator, with a focus on violence against women, are in place. In 2018, 5.9% of women aged 15-49 years reported that they had been subject to physical and/or sexual violence by a current or former intimate partner in the previous 12 months. Moreover, women of reproductive age (15-49 years) often face barriers with respect to their sexual and reproductive health and rights. In 2017, 56% of women had their need for family planning satisfied with modern methods. As of December 2020, only 48.3% of indicators needed to monitor the SDGs from a gender perspective were available, with gaps in key areas, in particular: unpaid care and domestic work and key labour market indicators, such as the gender pay gap (UN Women 2022).

Women and girls faced heightened levels of gendered violence in the regions most affected by Super Typhoon Haiyan in 2013. This was found not to be a result of the disaster alone, but rather rooted in the inherent inequalities in the social construction of gender prior to the catastrophe, which then become sharpened as efforts to survive become more urgent (Nguyen 2019).

The findings of the Gender and Inclusion Assessment of the impacts of the Covid-19 Pandemic indicate that the pandemic worsened the situation of many women and girls across vulnerable subgroups. Even before the pandemic hit, increasing gender inequality has been documented in the Philippines as the country dropped from 8th in the Gender Equality Index to 16th within a span of three years. Filipina women are being economically marginalized, politically subordinated, and restrictions put on their reproductive decisions. Women and girls experience multiple and disproportionate burdens of care work, and suffer from gender stereotyping, stigmatization, and sexual shaming. One out of four ever-married Filipina women report enduring physical, sexual, or emotional violence (UNFPA 2021).

Although the Philippines has achieved several milestones advancing gender equality in the country, there are some areas that could benefit from interventions. One such area is the moderate female participation in the labour market, which has hardly improved in the last 26 years (Bayudan-Dacuycuy 2019).

2.2.3 LAO

Key national gender policies, institutions and commitments that mainstream gender considerations or will influence projects' enabling environment

- The share of women is relatively high in the Lao National Assembly, but low in other decision-making positions.
    - The share of women in the National Assembly / Parliament is 27.5 %;
    - The President and Vice-President of the National Assembly are also women;
    - Women account for 31.5% in provincial assemblies;
    - However, the share of women in leadership and management-level positions is 5%;
    - In 2017, women represented 45% of civil servants overall, few in senior positions;
    - In 2015, 1,7% and 7.2% respectively of village chiefs and deputy village chiefs were female.
- Women and girls lag behind in access to education and health.
    - Gender Parity Indices (GPI) especially for secondary education and literacy show that women (79% in 2015), are behind men (90% in same period).
    - Lao PDR has high rates of early marriage and adolescent births in the region, 32.7% of young women aged 20-24 were married before 18, compared to 10.8% of men.
    - The adolescent birth rate is 83 per 1,000.
- The Constitution of the Lao PDR guarantees equality between men and women in politics, economy, culture, and society
    - The Lao Women's Union (LWU) was established in 1955 mandated to represent women of all ethnic groups
    - The National Commission for the Advancement of Women, Mothers and Children, established since 2003, mandated to define national policy for the advancement of women as well as mainstreaming gender in all sectors.
    - Women Parliamentarian Caucus formed in 2002, responsible for organising female leadership trainings and for gender training workshops for parliamentarians.
- In 2014 Lao National Survey on Women's Health and Life Experiences (LNS-WHLE) indicated that Lao PDR does not have systems yet to monitor female ownership or secure rights over agricultural land.
- The Government of Lao PDR is prioritising the following strategies:
    - National gender equality laws, policies and instruments
        - Enforcing the existing family law which does not allow marriage before the age of consent
        - Gender output in the 8th NSEDP
        - 2016-2020 Women's Development Plan
        - National Gender Equality Development Plan
        - Second National Strategy on Gender Equality (2016-2025)
        - National Law on Preventing and Combatting Violence against Women and Children
        - Implementation of CEDAW
- Strengthening national capacity
    - In 2000, Prime Minister's Office issued Directive on the inclusion of sex-aggregated statistics in policy and planning (Government of the Lao People's Democratic Republic 2018).

National overview

Lao PDR ranks 3rd among 20 countries in the East Asia and the Pacific region in terms of their Gender Gap Index (GGI) score in 2021, with a score of 0.750 (out of a best possible score of 1), placing it 36th out of 156 countries. The score implies that females are 25% less likely to have the same opportunities as males in the country. Lao PDR is the best performer in the world for the Economic Participation and Opportunity at 91.5% and scored highly in Educational Attainment (0.965) and Health and Survival (0.975). It is also one of only 22 countries that has closed at least 80% of the gap in managerial roles. Lao PDR has improved its score by over 53 percentage points, reflecting better results in 2017 compared to 2010. The Political Empowerment subindex score is low at 0.146, making gender parity in politics an area of development for Lao PDR (World Economic Forum 2021).

Lao PDR has a GII value of 0.459, ranking it 113 out of 162 countries in the 2019 index. In Lao PDR, key metrics that informed the GII rating were (UNDP 2020):

- 27.5% of parliamentary seats are held by women
- 35.1 % of adult women have reached at least a secondary level of education compared to 46.2% of their male counterparts.
- For every 100,000 live births, 185 women die from pregnancy related causes
- The adolescent birth rate is 65.4 births per 1,000 women of ages 15-19.
- Female participation in the labour market is 76.7 % compared to 80.2% for men

The World Bank's Women, Business, and the Law (WBL) 2022 Index focuses specifically on statistics relating to Lao PDR's main business city of Vientiane, with an overall Index rating of 88.1 (out of a possible 100).

From an equality perspective Lao PDR is performing higher than the regional average observed across the region, particularly in the mobility, workplace, marriage, entrepreneurship, and assets categories. However, when it comes to laws affecting women's pay, and laws affecting the size of a woman's pension, Lao PDR could consider reforms to improve legal equality for women. (World Bank 2022).

Beyond these indices, recent literature also highlights some of the pressing gender-related vulnerabilities experienced in Lao PDR. Despite several achievements, gender inequality in Lao PDR is still a challenge. The cultural norms associated with a patriarchal society like Lao PDR make efforts toward gender equality strenuous. The evolving forms of human trafficking, with girls and women being the main victims, makes it challenging to implement the Beijing Declaration and Platform for Action. The absence of gender indicators disaggregated by sex leads to incomprehensive monitoring mechanisms which might result in gender-blind policy making processes (Lao Women's Union 2019).

Lao PDR has the highest teenage pregnancy rate in southeast Asia and a high maternal mortality ratio. A study in two rural districts showed that residents were more likely to lack autonomy. Although marriage was described as an autonomous decision, 40.4% lacked autonomy regarding marriage. Among sexually active adolescents, 35.2% used contraception. Boys and girls were said to be equal, yet education access and gender roles favoured boys. Additionally, violence was more justified by husbands against their wives (Phongluxa, et al. 2020).

The traditional lifestyles of lowland rice farmers of the southern provinces of Lao PDR are rapidly changing due to the modernisation and commercialisation of farming and the diversification of livelihoods. Women were more focused on non-farming practices and considered engaging in the modern, non-traditional, economy more so than men. Women also reported experiencing greater challenges when engaging and trading in the agricultural marketplace (Moglia, et al. 2020).

2.2.4 RWANDA

Key national gender policies, institutions and commitments that mainstream gender considerations or will influence projects' enabling environment

- Gender equality and the empowerment of women is set out in Rwanda's Constitution of 2003 (revised in 2015). The Constitution requires that there is at least 30% female representation in decision-making positions (Gender Montioring Office 2019).
- The National Gender Policy of 2010 was developed to mainstream gender issues and enable development that is equally inclusive of men and women. To realise the policy objectives set out in the National Gender Policy, Sector Gender Mainstreaming Strategies were developed and adopted by various sectors to guide strategic interventions that promote gender equality and women empowerment.
- Rwanda's Vision 2020 (now Vision 2050) is the country's development agenda which considers gender equality and women empowerment as a cross-cutting key element required for the country to achieve its developmental targets. The agenda commits to creating a gender-sensitive legal and policy framework to protect and empower women.
- This development agenda informed the current National Strategy for Transformation (2017 – 2024) which has 3 pillars: Economic Transformation, Social Transformation, and Transformational Governance. Each pillar has a set of Key Performance Indicators (KPIs), and the Gender Monitoring Office (GMO), established in 2003 by the Constitution, monitors and evaluates the country's progress across the key gender-sensitive indicators across all 3 of the National Strategy for Transformation (NST) pillars.
- The Government of Rwanda has also established the National Women Council with over 100 000 committee members from across the country who mobilize and empower women to participate in all national development programs (UN 2019).
- Rwanda has shown commitment to at least 13 regional and international instruments on gender equality and women empowerment, including: CEDAW, the Beijing Declation and Platform for Action, the Convention on the Political Rights of Women, the Declaration on the Elimination of violence Against Women, and the SDGs (UNDP 2018).
- Rwanda's Voluntary National Review Report of 2019 revealed that Rwanda is globally renowned for making significant progress towards targets due to strong political will and institutional and policy frameworks. However, there are opportunities for improvement and accelerating progress particularly in

improving the participation of women in the labour market and increasing engagement from men in family planning and other activities traditionally seen as women only issues (UN 2019).

National overview

Rwanda ranked 7th globally (out of 156 countries), and 2nd in Sub-Saharan Africa in 2021, for the GGI with a score of 0.81 (World Economic Forum 2021). Rwanda is one of the top nine countries to have closed at least 80% of their gender gap. In the dimension of Economic Participation and Opportunity, Rwanda has doubled the share of women in senior and managerial roles from 2014 to 2019 (from 14,1% to 28.6%). More than 80% of women in Rwanda participate in the labour force, which is similar to the share of men also participating in the labour force. Rwanda has also fared well in Political Empowerment with full gender parity achieved in the representation of women in ministerial positions and parliamentary positions.

In 2019, Rwanda ranked 92 out of 162 countries for the GII, with a score of 0.402 (UNDP 2020). Performance across the dimensions was as follows:

- 55.7% of parliamentary seats are held by women
- 10.9% of adult women have reached at least secondary education compared to 15.8% of male counterparts
- For every 100 000 live births, 248 women die in pregnancy related causes
- Female participation in the labour force is 83.9% compared to 83.4% for males.

Focussing on the capital, Kigali, Rwanda has a WBL Index of 83.8 (World Bank 2022). Rwanda has fared well in Mobility, Workplace, Pay, Marriage and Assets categories, while a key area of concern is Parenthood. On average, women are entitled to less than 14 weeks of paid maternity leave, and the Government does not administer all maternity leave benefits in this time. Furthermore, there is no law in place that explicitly prohibits dismissal of pregnant workers.

As observed with the GGI and GII, Economic Participation of women is similar to that of men, however, substantial gender gaps remain in earnings as 83.4% of women work in the informal sector, and/or are in low-wage occupations, leading to the average income of women being 60% of the average income of men (World Economic Forum 2021). In terms of Educational Attainment, although 95.7% of the gender gap has been closed, the percentages of girls and boys enrolled in schools are relatively low and educational opportunities need to be enhanced for all. Only 10.9% of females in Rwanda have a secondary education, this is less than half of the Sub-Saharan Africa average of 28.8%, and similar statistics are observed for men.

Furthermore, despite the significant strides in political empowerment, some journalists have reported that “ministers have very little power and can barely make decisions concerning their own budgets, for instance… And in parliament, women have failed to weigh in on legislative changes on topics like parental leave.” This suggest that although there are advances in representation of genders politically, stifling pre-existing structures may be limiting women in influencing policies and budgets (Cascais 2019).

2.2.5 INDONESIA

Key national gender policies, institutions and commitments that mainstream gender considerations or will influence projects' enabling environment

- A Presidential Instruction was given in 2000 on Gender Mainstreaming in National Development and is the main policy for gender mainstreaming requiring gender-sensitive planning, budgeting, implementation and monitoring in every ministry with the aim of closing the gender gap.
- The State Ministry of Women Empowerment is implementing to the Presidential Decree through various activities and programs, such as capacity building of relevant officials.
- The Government of Indonesia also makes a call for the equality of all persons in the Constitution of Indonesia, and the National Development Planning Framework (2005 – 2025).
- The Government of Indonesia has shown its commitment to gender equality by ratifying CEDAW and the SDGs.
- The Voluntary National Review 2021 revealed that although some strides had been made in developing gender-sensitive policy and legal frameworks, challenges still persist in violence against women, childhood marriage, and increasing women's representation in politics as decision makers (Republic of Indonesia 2021).

National overview

Indonesia ranked 101st globally (out of 156 countries) in the 2021 GGI, and 10th in East Asia and the Pacific, with a GGI of 0.69 (World Economic Forum 2021). Overall, Indonesia has closed 68.8% of its gender gap, and has fared well in dimensions of Health and Survival and Educational Attainment. However, wider gaps are being observed in the dimension of Economic Participation and Opportunity, primarily driven by a sharp decrease in the share of women in senior roles which dropped from 54.9% to 29.8% in one year. In the dimension of Political Empowerment, the representation of women in parliament increased from 17.4% in 2019 to 21% in 2021, however, this is offset by the widening gap in representation of women in ministerial positions. Indonesia had one of the largest drops in the share of ministerial positions occupied by women (from 23.5% to 17.1%) from 2019 to 2021.

In 2019, Indonesia ranked 121 out of 162 countries for the GII, with a score of 0.480 (UNDP 2020). Performance across the dimensions was as follows:

- 17.4% of parliamentary seats are held by women
- 46.8% of adult women have reached at least secondary education compared to 55.1% of male counterparts
- For every 100 000 live births, 177 women die in pregnancy related causes
- Female participation in the labour force is 53.1% compared to 81.9% for males.

Focussing on the capital, Jakarta, Indonesia has a WBL Index of 64.4 (World Bank 2022). Indonesia has fared well in the Mobility and Pay, while key areas of concern are:

- Marriage, as the legal frameworks prevent women from heading households the same way as men, and from having the same rights to remarry as a man.
- Parenthood: On average, women are entitled to less than 14 weeks of paid maternity leave, and not all maternity leave benefits are administered by Government in this time.

Child marriage is still prevalent in rural areas of Indonesia. Challenges in preventing child marriage include a lack of awareness and knowledge on the health implications on children, unequal power dynamics that exist between parents and children and the absence of a legal tool that prohibits child marriage (Republic of Indonesia 2021). As observed in the WBL Index, Indonesia performs poorly in the Marriage dimension because despite a high-level policy commitment, laws such as the Marriage Act reinforce traditional gender roles. The Marriage Act of 1974 affirms men as the head of the household and women as subservient. Although women are often symbolically valorised as "ruling the household", the reality is that a majority of women are not in a position to make personal or economic decisions, especially regarding business, selling personal assets and borrowing without a man's permission." With high rates of early marriage, this implies young girls are further entrenched in existing systems of inequality much earlier.

2.2.6 BRAZIL

Key national gender policies, institutions and commitments that mainstream gender considerations or will influence projects' enabling environment

- The Ministry of Women, Family and Human Rights (MMFDH), which falls directly under the Federal Presidency, is the government institution responsible for supporting the implementation of public policies that aim to eliminate all forms of discrimination and violence against women, to enforce women's rights and promote women's participation in all aspects of development.
- Two pieces of legislation namely, the National Policy on Addressing Violence Against Women and the Maria da Penha Law are intended to reign in sexual exploitation of girls and adolescents, VAW and the traffic of women, as well as promoting women's sexual and reproductive rights and rights of women prisoners. However, abortion remains illegal in the country with penalties of 1-3 years imprisonment (Wikipedia 2022).
- As a signatory of CEDAW and of the SDGs, Brazil is obliged to report on progress in achieving the goals and targets/commitments set out in these international protocols. In the latest SDG Voluntary Review of 2020 Brazil committed to increase by 20% the number of women in the legislative branch, to ensure that 30% of political election candidates are women and to raise by 20% the number of women in the Chamber of Deputies and the Federal Senate. In the SDG report Brazil boasted of high performance in access to education, and in reducing the gap between males and females. Critics, however, point out that these reported achievements are racially skewed against Afro-descendants and indigenous women, and they urge Brazil not just to count numbers of women but to be racially inclusive. Issues of safe transport and public infrastructure in and around the major cities is reported to affect women disproportionately – exemplified by the high numbers of female murders. Among indigenous children, the percentages of

malnutrition and other preventable diseases are also reported to be high. This is in spite of Brazil having one of the world's largest and outreaching health systems. The inequalities afflicting the most vulnerable overshadow any successes.

National overview

The status of gender discourse in Brazil is complex and concurrently affected by a variety of other forms of discrimination, for example structural racism/discrimination against indigenous and black communities as well as discrimination against sexual orientation. The current government has diluted efforts made by the previous governments in terms of human rights and denial of environmental issues including climate change (Nilo A and Fernandes C 2021). In the face of this broad picture, a few concerning indicators stand out as:-

- Brazil's high numbers of child marriages, sexual abuse cases against children and adolescents, such that in 2019, the country had the fourth highest incidences, globally.
- An increasing number of cases of violence against women and LGBTI+.
- A 75% budget reduction for combating VAW in the past five years.
- An increase in HIV infections in the North and Northeast regions, the poorest regions of the country (Nilo A and Fernandes C 2021).

In 2015 Brazil was 5th highest in the number of murders of women (4.8 killings for every 100,000 women) among 83 countries (Open Government Partnership 2018). While murder rates are falling, femicide increased and in 2019, at least 4 women were killed each day in Brazil reaching an all-time high (Global Citizen 2019).

The WEF's GGI's 2021 for Brazil was 0.693 (0 indicating the worst equality status and 1 showing no gaps at all among men and women). This indicates that 30.7 percent of women have less opportunities as compared to males. The index placed Brazil at 93 out of 156 countries. The 2021 reports states that Brazil has not improved its GGI, and that instead, the country had declined in its progress over the past year (World Economic Forum 2021).

Within the Latin American and Caribbean region, Brazil's GGI ranked 25 out of 26 countries, a poor performance for such a populous and relatively well developed country. The gender gap with regards Political Empowerment is huge and the country still has to close a gap of 86.2% to achieve gender parity in this component. The 13.8% is a 4-rank drop since 2020. Brazil has had one woman as head-of-state for only five years of the last 50 (only a 12% gap closed so far) (World Economic Forum 2021).

Gender gaps also persist in terms of Economic Participation and Opportunity, where only 66.5% of the gap has been closed. These gaps manifest primarily in terms of wage and income. While Brazil has a long way to go to bridge gender gaps in politics and the economy, it has already closed gaps on the Health and Survival and Educational Attainment subindexes. In terms of health, 98% of the gap has been closed, and parity has been achieved at all levels of education. However, only 10.7% of Brazilian women in university are enrolled in STEM programmes versus 28.6% of men (World Economic Forum 2021).

The country's Gender Inequality Index was reported as 0.408, ranking the country 95th out of 162 countries in 2019. The GII was calculated from the following indicators:

- 15.0% of parliamentary seats are held by women
- 61.6% of adult women have reached at least a secondary level of education compared to 58.3% of their male counterparts
- For every 100,000 live births, 60.0 women died from pregnancy related causes; and the adolescent birth rate is 59.1 births per 1,000 women of ages 15-19.
- 54.2% Female participation in the labour market is compared to 74.1 for men (UNDP 2020).

In the case of Brazil, the WBL Index data refers to São Paulo, the main business centre, where Brazil's score is 85 out of a 100; a higher score than the regional average of 80.4. However, this masks the inequalities in the rest of the country as Sao Paulo is not fully representative of the country.

Laws and regulations affecting freedom of movement, workplace conditions, marriage and gender differences in property inheritance indicators had a perfect score of 100. However, on 4 of the 8 WBL indicators improvements are needed. These are laws with regards to pay Parenthood, Entrepreneurship and Pensions (the indicator that scored the least of all).

Despite closing the gender gap in education, Brazil needs to put in place policies that can incentivize women's enrolment in technical studies which can contribute to opening new and better economic opportunities for them. Brazil should be compelled to collect not only sex disaggregated information but ethnic sex disaggregated data in order to track progress in addressing inequality gaps between the white community and the black and indigenous communities.

2.2.7 TRINIDAD AND TOBAGO

Key national gender policies, institutions and commitments that mainstream gender considerations or will influence projects' enabling environment

- The Gender and Child Affairs Department fall under the Office of the Prime Minister of Trinidad and Tobago, and its mission is to mainstream the equitable advancement of women and men and girls and boys in all areas of national development, and ensure the protection, development, and participation of all children in preparation for meaningful adult life. Above this, the Office of the Prime Minister (Gender and Child Affairs) is responsible for coordinating the implementation and monitoring of the National Policy on Gender and Development, 2018.
- Trinidad and Tobago has signed and ratified various international instruments, treaties and conventions including CEDAW, the Convention on the Rights of the Child (CRC), the International Conference on Population Development Plan of Action (ICPD PoA), the Beijing Platform for Action (BPfA), and the Sustainable Development Goals (SDGs). Trinidad and Tobago signed the Convention in 1985 and ratified it in 1990. Every 4 years Trinidad and Tobago reports to the CEDAW committee.

- The key instrument for mainstreaming gender in the country is the aforementioned National Policy on Gender and Development 2018. This policy forms the framework which encourages the consideration of the different needs, constraints, opportunities, and priorities of men and women thereby allowing them to participate fully in the development process of the nation. The policy is consistent with the Government's commitments and obligations under (CEDAW), and other conventions cited above.
- To operationalize the policy the Government of Trinidad and Tobago developed and a National Action Plan (NAP) 'the National Development Strategy 2016-2030- Vision 2030'. The plan outlines more specifically the goals and targets to achieve gender equality by 2030.
- In addition, Trinidad and Tobago has a number of legislature that criminalizes violence against women i.e. the Sexual Offences Act, 1986 which criminalizes rape within marriage in its 2000 amendment, and the Domestic Violence Act, 1999.

National overview

Trinidad and Tobago stood at 37th position among 156 countries in the world in the 2021 GGI ranking, and 6th out of 26 countries among Latin America and Caribbean countries, with a score of 0.749 (best score 1 and least is 0) reflecting a gender gap of 25.1 percent between men and women (World Economic Forum 2021). More specifically, Trinidad and Tobago ranked 39th for Political Empowerment and 1 alongside other 37 countries for Health and Survival (World Economic Forum 2021).

Trinidad and Tobago's GII value of 0.323 ranks it as 73 out of 162 countries in the 2019 index. This is computed based on the following statistics:

- 32.9 percent of parliamentary seats are held by women;
- 74.5 percent of adult women have reached at least a secondary level of education compared to 71.2 percent of their male counterparts;
- 67.0 women in every 100,000 live births, die from pregnancy related causes; and the adolescent birth rate is 30.1 births per 1,000 women of ages 15-19;
- Female participation in the labour market is 50.1 percent compared to 70.2 for men (UNDP 2020).

The World Bank's WBL 2022 Index gives Trinidad and Tobago a score of 75 (out of a possible 100 which is lower than the regional average of 80.4. Trinidad and Tobago obtained a perfect score of 100 in Entrepreneurship, Assets and Pensions. Its lowest score was of 20 in Parenthood category. Trinidad may need to review laws a on administration of maternity leave and benefits, time available for parental leave for both parents as well as prohibiting dismissal of pregnant women (World Bank 2022).

2.3 FINDINGS FROM COUNTRY AND SECTOR ASSESSMENTS

Error! Reference source not found. (below) was developed through an analysis of the above sector and country assessments; it provides a framework that the GGC will use to identify potential gender-responsive interventions that should be considered as part of the project design process to maximise the gender benefits of a specific project. The methodology applied in developing this framework is described at the end of this subsection.

It serves as a high-level summary of some of the most pressing gender challenges in each country relevant to climate change projects, and the sector-specific interventions which are most likely to address each challenge. Therefore, during the project design process, the project owner and the GGC can identify the gender issues that the project is most able to target upfront, based on the project's sector focus and the most significant challenges in the specific country. Subsequently, the sector-specific interventions which are most likely to address these issues can be included in the project design, provided they are relevant to the country-specific circumstances. The expected impacts of each intervention can then be incorporated into the monitoring and evaluation process (i.e. the Gender Action Plan, Annex 8.2) to assess whether the desired benefits are in fact being realised.

However, the framework does not provide an exhaustive list of challenges and possible interventions, and as previously noted, the unique country-specific context will need to be considered in a detailed gender analysis at each project's pre-/feasibility stage, to thoroughly assess whether the designed intervention will indeed have the expected effect, and to identify other potential gender issues.

Table 6. Potential sector-specific interventions to address identified challenges

Key areas of challenge addressed by each intervention √ = key direct benefits of intervention		Challenges facing women							
		Under-representation in labour force	**Income gap**	**Unequal access to education**	**Poor access to healthcare**	**Unequal access to other resources / public services**	**Violence against women**	**Higher vulnerability to disasters**	**Under-representation in political decision making**
Countries where this is a highly significant issue		Brazil, India, Indonesia, Philippines, Trinidad and Tobago	Brazil, India, and Indonesia	Laos	Indonesia, Laos, and Rwanda	Philippines	Brazil, Rwanda, and Trinidad and Tobago	Data not readily available, correlated with poverty levels and rates of gender-based violence	Brazil, India and Indonesia
Countries where this is a significant issue			Philippines, Rwanda, and Trinidad and Tobago	Indonesia and Rwanda	India and Philippines	Indonesia	India, Indonesia, Laos and Philippines		Laos, Philippines, and Trinidad and Tobago
Interventions identified — **Energy**	Empowerment through choices	√	√	√					
	Reforming gender-blind policies	√	√	√					
	Enabling income generating opportunities	√	√						
	Ensuring sustainability through local initiatives	√	√	√		√			
Transport	Development of gender-informed transport policies, strategies and regulations	√	√		√	√	√		√
	Ongoing routine analysis and evaluation and reporting of gender and transport issues during transport planning, implementation and operations	√	√		√	√	√		
	Awareness raising and capacity building of transport agencies and service operators	√	√		√	√	√		
Buildings	Gender equitable policies, programming and planning in cities and urban areas					√			
	More inclusive and efficient city decision-making					√			√
	Inclusive transport systems	√	√		√	√			
	Improving access and affordability of appliances and green buildings	√	√			√			
	Improving city-wide safety					√	√		
Health, food and water security	Unlocking bottlenecks for women's participation in rural value chains	√	√			√			
	Climate-smart agriculture skills upliftment and tech transfer	√	√			√		√	
	Access to climate infrastructure and early warning systems	√	√			√		√	
Infrastructure and built environment	Developing of inclusive building codes and standards							√	
	Building gender sensitive shelters for the community					√	√	√	
	Early warning and disaster management communication					√		√	
	Empower women								√

It should be noted that each intervention will likely also have knock-on indirect impacts on other areas of gender inequality. For example, advancing women's economic empowerment and improving their representation in political decision making is likely to lead to reductions in the rate of child marriage and improvements in women's legal position respectively. These linkages between the project's potential direct and indirect gender related benefits will also be explored in more depth by the project owner and the GGC during the feasibility stage as well as subsequent implementation and M&E stages.

Utility of the framework for Monitoring and Evaluation purposes

The categories of "challenges facing women" in **Error! Reference source not found.** also serve as a basis for determining quantitative and qualitative indicators that can be tracked in the GGC's Gender Action Plan (accompanying Annex 8.2). For the purpose of the GAP indicators, the challenges have been further grouped together as follows:

- The indicator "Improved livelihoods and enhanced resilience of women and girls resulting from adaptation and mitigation measures" will track progress against the challenge "high vulnerability to disasters".
- The indicator "More equitable decision-making between men and women" will track progress against the challenge "under-representation in political decision-making" (*noting that the indicator will look to track progress in broader decision-making spheres than those purely relating to political levels of governance*).
- The indicator "Reductions in gender based violence" will track progress against the challenge "violence against women".
- The indicator "Empowerment of women and girls through increased access to and control over economic, health, infrastructural and educational resources, services and opportunities" will track progress against the challenges "under representation in labour force", "income gap", "unequal access to education", "poor access to healthcare", and "unequal access to other resources and public services". (*noting "empowerment" will be considered through various lenses, including time-savings, economic empowerment, health improvements, improvements in educational outcomes, etc.).*

Methodology for developing the framework

Table 6 was developed through a multi-stage process:

- **Analysis of the country assessments:** The key gender challenges were identified for each individual country, and these challenges were considered in aggregate to select those which were present across the majority of countries. From this list, the challenges most likely to be directly addressed by climate-related investments were selected.

- **Selection of indicators:** A review of relevant literature was conducted and an appropriate indicator for measuring the level of challenge was selected, accounting for the relevance of the indicator and the availability of data.
- **Data collection:** The data was collected for each indicator for each country and was recorded in a spreadsheet.
- **Data analysis:** The datapoints for each indicator were analysed in aggregate to ascertain the spread of scores across the 8 select countries.
- **Threshold selection:** Two thresholds were assigned to each indicator to establish the point at which the challenge is categorised as 'significant' or 'highly significant', based on the previous data analysis and a consideration of international benchmarks.
- **Category assignment:** Each datapoint for each country and indicator was compared to the corresponding thresholds to determine whether or not it fell into either the 'significant' or 'highly significant' buckets.
    - For example, the threshold for a 'highly significant' rate of gender violence is 30% and the threshold for a 'significant' rate of gender violence is 10%. Therefore, countries where 30% or more of women experience gender violence in their lifetime are classified as facing a 'highly significant' challenge of gender violence. Countries where 10-30% of women experience gender violence in their lifetime are classified as facing a 'significant' challenge of gender violence.
- **Intervention analysis:** The interventions ("capacities for change") previously identified in the sector assessments were listed. The potential for each intervention to address each challenge was determined based on the sector assessments, which outlined the potential impacts of each intervention.
- **Result: where there are significant gender issues of a high challenge, the project owner will be required to include a more robust country specific interventions and indicators as well as provide a gender assessment that addresses the possible eventualities.**

The indicators and thresholds used are displayed in **Error! Not a valid result for table.Error! Not a valid result for table.** below.

Table 7. Indicators used to assess level of challenge in each country

Challenge	Indicator	Source	Thresholds		Explanation		Notes
			Highly significant	Significant	Highly significant	Significant	
Underrepresentation in labour force	Delta between male and female participation in labour force	Global Gender Gap Index (WEF)	>=20%	>=10%	Where the delta between the male and female participation in the labour force is greater than or equal to 20%, the challenge is classified as highly significant.	Where the delta between the male and female participation in the labour force is greater than or equal to 10%, but less than 20%, the challenge is classified as significant.	
Income gap	Female income as a % of male income	Global Gender Gap Index (WEF)	<=60%	<=80%	Where female income is less than or equal to 60% of male income, the challenge is classified as highly significant.	Where female income is less than or equal to 80% of male income, but greater than 60% of male income, the challenge is classified as significant.	
Unequal access to education	GGI educational attainment score (1 = best, 0 = worst)	Global Gender Gap Index (WEF)	<=0.9	<=0.95	Where the educational attainment score is less than or equal to 0.9, the challenge is classified as highly significant.	Where the educational attainment score is less than or equal to 0.95, but greater than 0.9, the challenge is classified as significant.	Comprised of literacy rate, enrolment in primary education, enrolment in secondary education, and enrolment in tertiary education
Poor access to health care	Maternal mortality, deaths per 100,000 births	Global Gender Gap Index (WEF)	>=150	>=100	Where the number of deaths per 100,000 births is greater than or equal to 150, the challenge is classified as highly significant.	Where the number of deaths per 100,000 births is greater than or equal to 100, but less than 150, the challenge is classified as significant.	
Unequal access to resources	Sum of GGI scores for access to land and non-land assets use, control and ownership (0 = best, 2 = worst)	Global Gender Gap Index (WEF)	>=1.25	>=0.75	Where the score for access to land and non-land assets is greater than or equal to 1.25, the challenge is classified as highly significant.	Where the score for access to land and non-land assets is greater than or equal to 0.75, but less than 1.25, the challenge is classified as significant.	
Violence against women	% of women who have experienced gender violence in lifetime	Global Gender Gap Index (WEF)	>=30%	>=10%	Where the % of women who have experienced gender violence in their lifetimes is greater than or equal to 30%, the challenge is classified as highly significant.	Where the % of women who have experienced gender violence in their lifetimes is greater than or equal to 10%, but less than 30%, the challenge is classified as significant.	
Higher vulnerability to disasters	Vulnerability to disasters score from ND-GAIN index (0 = best, 1 = worst)	ND-GAIN Index	>=0.5	>=0.4	Where the vulnerability to disasters score is greater than or equal to 0.5, the challenge is classified as highly significant.	Where the vulnerability to disasters score is greater than or equal to 0.4, but less than 0.5, the challenge is classified as significant.	Comprised of exposure, sensitive and adaptive capacity. Vulnerability to disasters at a country level has been used as an indicator as significant literature exists highlighting the disproportionate impact of disasters on women (Centre for Gender and Disaster 2021)
Underrepresentation in political decision making	GGI political empowerment score (1 = best, 0 = worst)	Global Gender Gap Index (WEF)	<=0.2	<=0.4	Where the political empowerment score is less than or equal to 0.2, the challenge is classified as highly significant.	Where the political empowerment score is less than or equal to 0.4, but greater than 0.2, the challenge is classified as significant.	Comprised of the % of parliamentary seats held by women, the % of ministerial positions held by women, and the % of the last 50 years during which a woman has been head of state

2.4 CONCLUDING REMARKS

As can be seen from Table 6, as well as the sector and country -specific assessments that underpin it, the types of vulnerabilities, challenges, baseline conditions, national targets and ambitions, and capacities / opportunities for change are diverse at both a country level, and for each of the five sectors. The GGC recognises this and appreciates the importance of ensuring that the projects that it supports have suitably tailored approaches to i) address context specific gender issues and ii) advance gender equality. While the project owner will be primarily responsible for adopting these approaches (underpinned by project-specific gender assessments and action plans), the GGC will uphold a responsibility of ensuring that these gender approaches, assessments and action plans are developed and implemented to the expected degree of detail and rigour (in line with the GCF's requirements on Gender Mainstreaming). The GGC's approach for ensuring this is described in Chapter 3, with clear commitments contained in the accompanying Gender Action Plan (Annex 8.2) on how it, as an organisation, will ensure that the necessary resources (human and financial) are in place to adequately provide technical input into gender-related processes, review, oversee, and monitor progress made as a result of the project.

3 Programme Application

The final section of this Annex provides more detail on the GGC's approach to practically ensuring projects are in alignment with the GCF's approach to project-level gender mainstreaming. Where projects do not have a core gender focus, the portfolio manager will try to elicit interest for additional subprojects with green interventions with an indirect or direct gender focus especially for adaptation projects.

3.1 ROLES AND RESPONSIBILTIES (AE AND EE)

The **Accredited Entity** is responsible for overseeing and monitoring that the GGC is in compliance with the GCF's fiduciary principles and standards, environmental and social safeguards standards and Gender Policy, and other relevant GCF policies and requirements, in accordance with the relevant legal agreements (accreditation master agreements and funded activity agreements).

The AE will aid in reviewing and submitting the quarterly and annual Climate Impact reports as well as the aggregated/consolidated Monitoring and Evaluation plan to the GCF. As GGC becomes operational, the AE will also assist in confirming that GGC has the applicable institutional systems, policies and procedures to adequately undertake the programme. In addition, the AE will monitor that GGC has the ability to monitor, report and verify data received from project owners as well as that the relevant GCF standards, safeguards and policies are being upheld. In terms of Annex 11, a budget has been allocated to monitoring, evaluation and reporting function of gender related indicators and impact whereby the AE will have oversight of both the budget as well as the implementation of the funds towards achieving the selected activities.

To date, the AE has also conducted a robust due diligence and risk assessment on the GGC to ensure that funds received will be administered to the fulfilment of the programme.

Indeed, the AE as well as the appointment of a third party assessor astute in Climate, Gender and E&S thematic areas, will assess whether GGC has the ability to implement and maintain GCFs Gender Policy and protocols. The AE will remain nimble and agile to the evolving GCF policy environment and ensure that the GGC is kept abreast of any developments or changes that may arise during the implementation of the programme.

GGC as the Executing Entity (EE) will be supervised by the AE. GGC is thus responsible for executing or carrying out the GCF-funded programme and will review and provide input into the gender action plans, assessment and Climate Impact reports as and when they are submitted by the borrowers. The EE also has institutional knowledge and experience to implement monitoring evaluation and reporting requirements as they pertain to gender-specific indicators based on their previous experience in issuing green bonds of this kind.

3.2 OPERATIONAL PROCEDURES

3.2.1 GGC TRANSACTION SELECTION PROCESS (TSP)

In pursuit of achieving its mission GGC will consider the wider positive and negative impacts of the transactions to which it seeks to provide a credit guarantee. Specific consideration will be given to understanding, measuring and managing a transaction's impact based on the following four core elements:

Purpose

The positive impact a borrower has on **climate change** impact beyond the transaction: being replicable, establishing precedents or addressing information asymmetry and thereby building a pathway for greater climate financing from global capital markets.

People

The positive and negative impact a borrower has on its most important stakeholders. These include employees, families, customers, suppliers, communities, and any other person influencing or being affected by the borrower.

Planet

The positive and negative impact a borrower has on its natural environment. This includes usage of natural resources, toxic materials and so on, but also the active removal of waste, reforestation and restoration of natural harm done.

Profit

The positive and negative impact a borrower has on the local, national and international economy. This includes creating employment, generating innovation, paying taxes, wealth creation and any other economic impact a borrower has.

Figure 1 Four core elements of TSP

In the context of the above, GGC recognizes the importance of ensuring **sound gender practices** to avoid and/or minimize and manage potential financial and reputational liabilities. Consequently, the consideration of E&S and gender factors and safeguards forms an integral part of GGC's Transaction Scorecard (Supporting Annex A) which is used to select transactions that ensure key **gender** risks and impacts have been identified and are effectively managed throughout the transaction lifecycle.

The development of a bankable project is typically a lengthy process, particularly if the infrastructure asset or intervention is sizable. As a guarantor, it is envisaged that GGC will be introduced to a transaction at a later stage of a project's development, often to assist the project achieve financial close by provide a credit guarantee to senior debt capital providers. The graphic below illustrates this, by showing the 'Guarantor' intervening at the 'Implementation' and 'Operation' phases of the project development cycle.

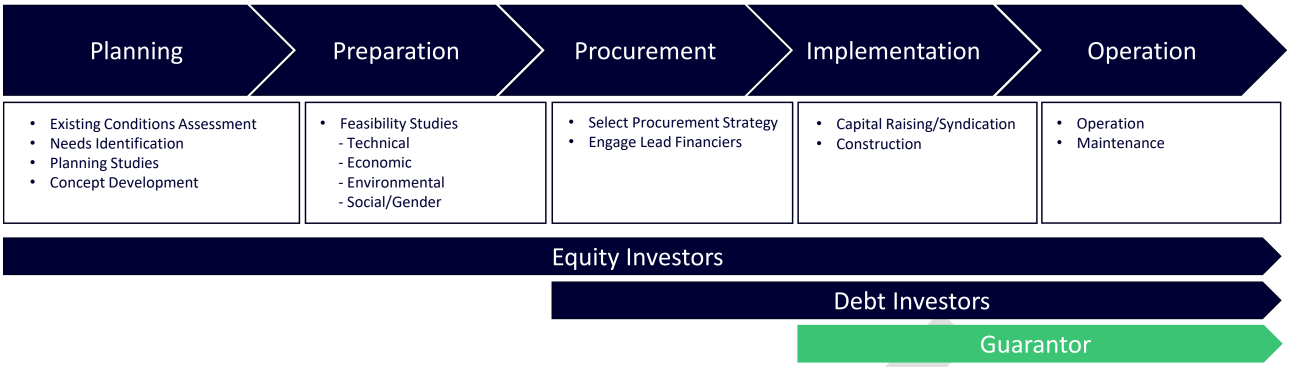


Figure 2 Process Flow Diagram

Therefore, GGC will likely not have the opportunity to influence the **gender assessment** of a climate project at an early stage in the project development cycle. Instead, GGC relies on having a robust **Transaction Selection Process (TSP)**, which will review and carry out **strategic due diligence** on the borrower's existing **gender and E&S** documentation, processes and systems to determine if they are compliant with the requirements of GGC's **E&S, Gender, Climate Management Framework (Annex 6)**. It is against this backdrop that GGC's robust TSP has been developed, and includes seven (7) strategic steps that GGC will follow in determining whether a project meets the requisite **gender standards**. Furthermore, the TSP is a **unique process** that seeks to inform the selection of impactful climate projects in the absence of GGC being the project developer or sponsor. A simple illustration of the TSP is provided below, and each of the steps are described thereafter.

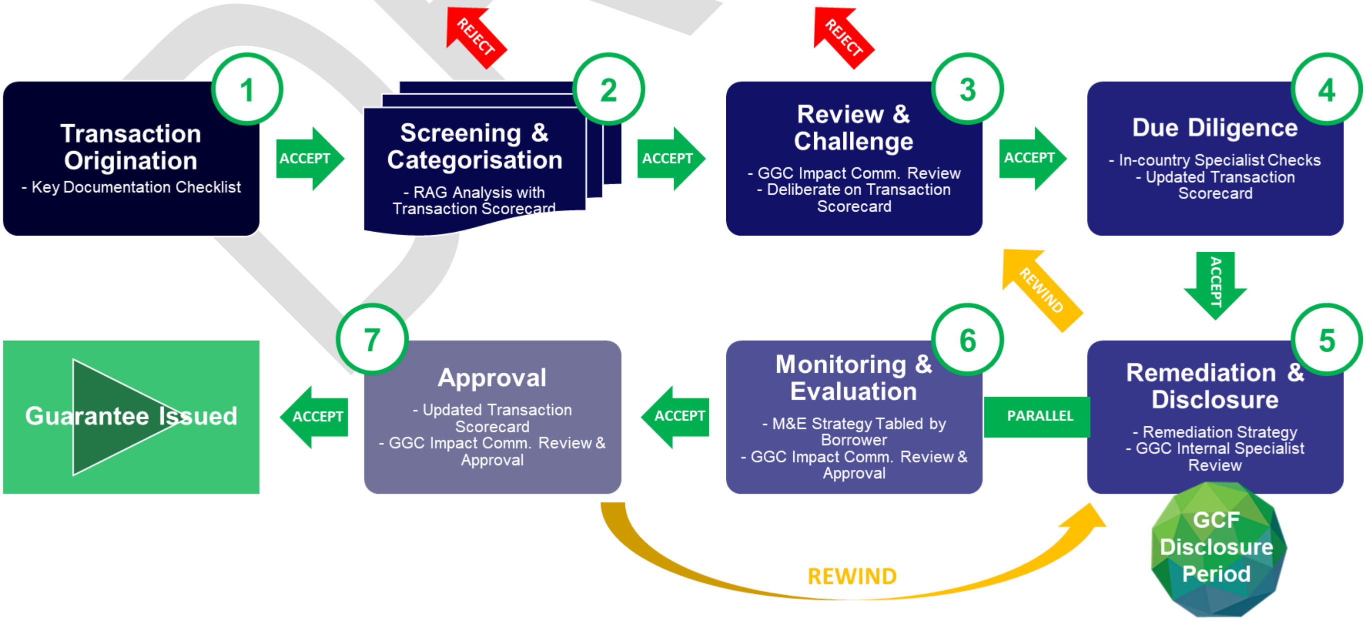


Figure 3 TSP Process

3.2.1.1 STEP 1: TRANSACTION ORIGINATION (1-2 WEEKS)

Transactions will be originated by GGC's Origination Partners (e.g. MUFG, Deutsche Bank, etc.) who will have had training from GGC on its E&S, Gender, Climate Management Framework and what an acceptable project transaction from a **gender** perspective would look like.

At Transaction Origination, GGC's Origination Partners liaise with the project transaction's borrowers to garner the latest information and documents for the project transaction. Seeing as GGC is likely to be interacting near the end of the project development cycle, it is expected that, at a minimum, the following documents will be made available for further review by GGC's requisite specialists and committees, *inter alia*:

i. Climate Impact Analyses (mitigation) and/or Climate Impact Assessment (adaptation);
ii. Gender Assessment & Action Plan;
iii. Environmental & Social Impact Assessment (ESIA); and
iv. Climate Bond and/or Loan Certification.

The gender assessment and action plan must comply with the GCF's policy on mainstreaming gender into projects. The gender assessment will identify context-specific key issues and factors (baseline information) that contributes to gender inequalities. It may consist of primary or secondary research, or a combination of both. It is impossible to integrate gender equality into projects or activities without clearly understanding gender issues within the targeted population. A gender analysis enables project developers to understand the implications of gender on climate change mitigation, adaptation and disaster risk reduction interventions (and vice-versa), and design appropriate interventions that can benefit all members of a community. It also allows the project developers to develop indicators to better assess how initiatives have engaged with or impacted different groups. Key baseline information will thus be weaved into the assessments that considers:

- What are the gender-based inequalities, discriminations and rights denials in each context? How do these issues intersect with other discrimination factors such as age, ethnicity, disability, class, etc.?
- How will gender relations influence the effectiveness and sustainability of the project activity or result? How will project processes and activities be designed to reduce inequalities and increase equality?
- How will the proposed results affect the relative status of women and men? Will they exacerbate or reduce inequalities?

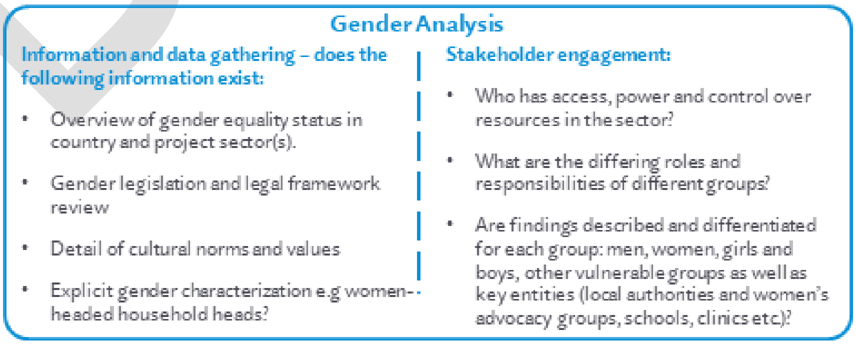


Figure 4 What's is a gender analysis?

3.2.1.2 STEP 2: INITIAL SCREENING AND CATEGORISATION (1-3 WEEKS)

Once an Origination Partner has introduced a transaction it will undergo an initial screening using a Red, Amber, Green ("RAG") Checklist. The RAG Checklist forms part of a unique, multifaceted **Transaction Scorecard**, which is GGC's proprietary project selection asset.

RAG CHECKLIST	Red	Amber	Green
The board and/or senior management of the borrower have strong oversight and a clear governance process to support gender diversity and inclusion.			
There are specific policies and programmes to support inclusiveness of both men and women at work.			
There are initiatives in place to promote, retain and attract women decision making positions.			
Building on recent and/or existing data, there are minimal differences between the roles/responsibilities/functions/ levels/grades undertaken by men and women in the workforce, including permanent, contracted, seasonal staff as well as contractor construction and maintenance staff.			
The borrower has the appropriate systems and processes to collect and monitor gender-disaggregated staff data (e.g. average salary, turnover, absenteeism, retention, and promotion) and this data is used for decision-making on gender-related efforts.			
The borrower has active inclusive sourcing or procurement initiatives in place to source from women-owned businesses.			
The borrower collects and monitors gender-disaggregated data on demand, service usage and/or customer segmentation (e.g. related to access, availability, affordability, feasibility, and satisfaction) and uses this data for decision-making related to planning, design, marketing, sales, pricing, service(s) and distribution.			
Appropriate grievance mechanisms have been put in place by the project to respond to issues and concerns raised by women and girls throughout the project's life cycle.			
Appropriate measures have been put in place to ensure adequate representation and participation of women in all consultations and capacity building efforts.			
The borrower has the necessary systems and resources to report in annual and periodic reporting cycles on progress against gender indicators.			

The borrower has committed to assessing the policy, regulatory or legal landscape as it relates to possible gender impediments.			
The borrower has committed a budget for the implementation of Gender assessment and Action Plans, and the mobilization of external gender expertise, as and when required.			
The borrower has the necessary resources and capacity to implement the Gender Action Plan			
The borrower has made the necessary commitments to take corrective action is taken where progress against gender indicators falls short of targets.			

If the answer to any of the above questions is **RED,** then the transaction will be rejected and no longer pursued by GGC. For the avoidance of doubt, any **GCF Category A** project is not within GGC's mandate to pursue and will not be taken forward.

Where there is insufficient information to draw a clear conclusion and/or there are mitigating factors (e.g. the borrower is making credible efforts to move into compliance from RED), the transaction is classed as **AMBER** and is referred to GGC's Executive Committee. The committee determines whether further due diligence resources should be invested to assist the borrower to move to GREEN.

If a transaction scores **GREEN** responses to all of the questions in the RAG Checklist, then the transaction will be progressed to the next step of the transaction selection process, from a **gender** perspective.

3.2.1.3 STEP 3: REVIEW AND CHALLENGE (1-3 WEEKS)

Following a professional review of the available **gender** information and documentation, in conjunction with discussions with the borrower's senior management team, the **gender** components of the Transaction Scorecard will be completed by GGC's investment team under the guidance of GGC's internal **gender** specialist. A screening note is used to outline the analysis and assumptions underpinning their inputs into the Transaction Scorecard.

The draft Transaction Scorecard is then presented for review to the GGC's Impact Committee, which comprises specialists such as an independent **gender** specialist. These specialists challenge the analysis and assumptions made by the GGC investment team to ensure there has been sufficient rigour in the various assessments' methods, calculations and findings. Once satisfied the GGC's Impact Committee approve the transaction to move through the formal due diligence and remediation strategy phases.

3.2.1.4 STEP 4: DUE DILIGENCE (2-5 WEEKS)

As part of GGC's criteria in assessing the eligibility of a project for a guarantee, GGC will carry out a high-level due diligence of the project concept to determine if there are any major gender-related risks that could result in clear gender negative outcomes. The vulnerabilities and country analyses provided in **Section 2 of this Annex serves as a basis for this review**. That is, the gender framework (*Table 6* in section **Error! Reference source not found.**) will be used to ensure that the project's gender assessment has identified pressing gender challenges of significance to the target country, and proposed appropriate interventions ("capacities for change") to address these.

The due diligence step begins with GGC's internal E&S/gender specialist engaging an independent in-country **E&S/gender** consultant to undertake a site visit with GGC's investment team and the borrower. In parallel with a physical site visit, they collectively conduct interviews with stakeholders to determine whether the submitted **gender** information provided is accurate and commensurate with aspirations and claims made in the documents (that is, the project's gender analysis, assessment and action plan) This assessment will also be used to determine whether the project's level of ambition with respect to gender-related targets and impacts is adequate.

During this process, the team will also determine whether the project owner has adequately captured the following in the assessment:

- The needs and rights of women and key populations are represented in the assessment
- Comprehensive representation of participants, including government, civil society and marginalised members of the community
- An investment case for integrating gender-responsive programming into the project/programme
- An adequate budget to ensure implementation of prioritized responses intended to address the gender dimensions (including a budget for resources that address needs and vulnerabilities and technical assistance expertise to assist with possible gaps)

A gender-sensitive approach in policies and plans including linkages between gender based violence and the interventions presented in the project Should it be determined that the project's gender assessment and / or action plan falls short of the GGC's and GCF's requirements, the internal gender specialist will determine if and how these could be bolstered through the provision of gender-focussed capacity development support to the project owner (as per Action 2, Output 4 of the Gender Action Plan (Annex 8.1)). This ensures that project owners are supported in improving their project development processes, by optimising the projects benefits accrued to women and other vulnerable groups (as opposed to having proposals rejected on this basis).

Gender Assessment

Gender narrative – are the following key issues described:

- What are the barriers in terms of
    - Access to resources
    - Power to and decision making
    - Control of resources?
- Do policy gaps exist that could impede project related gender equality ambitions?

Problem tree:

- What are the main vulnerabilities suffered by women brough about by climate change within this project realm?
- What are the gender-sensitive opportunities?

Figure 5 What is a gender assessment by an expert?

GGC acknowledges that the selection of, and relationship building with, the in-country **E&S/gender** specialist consultant is a critical element of GGC's **internal assurance process**. The in-country **E&S/gender** specialist consultant will also assist GGC in conducting ad hoc monitoring and evaluation (M&E) of a selected transaction project, post financial-close, as well as working with a borrower to improve their competencies.

The outcome of the due diligence step will be an updated Transaction Scorecard and a detailed transaction DD report from the investment team, supplemented by the in-country **E&S/gender** specialist consultant. The report provides evidence to validate the various transaction assessments, analyses and their underlying assumptions. In addition, the team will assess whether the project owner has the requisite material, financial and human budgetary resources for implementation of project gender action plans and assessment. The implementation budget will need to be realistic and accurate in relation to the project needs. Critically, it also highlights any gaps and/or meaningful deviations that have been uncovered during due diligence, which will need to be addressed by the borrower.

3.2.1.5 STEP 5: REMEDIATION AND DISCLOSURE (2-5 WEEKS)

The remediation and disclosure step dovetails with the due diligence step, drawing directly from the detailed transaction DD report. Where gaps and/or deviations exist the GGC investment team, under the guidance of GGC's internal **E&S/gender** specialist, will work with the in-country **E&S/gender** specialist consultant to assist the borrower to develop a remediation strategy to address the gaps/deviations.

Once the **remediation strategy and action plan** (**includes an implementation budget**) has been developed, the borrower is required to commit to delivering on the strategy, within a pre-agreed timeframe. **GGC will require the project owner to develop a project-level Gender Action Plan, using the template provided by the GGC (aligned with the GCF's guidance on the structure of this GAP) and guided by the Gender Responsive Results Framework checklist questions below (**Figure 6**).** The GGC will also seek a commitment from the project owner to report on the targets and indicators set out in the GAP, at agreed milestones. Where a borrower does not commit or expresses a clear reluctance to developing and/or delivering a remediation strategy or action, the transaction will be rejected by the GGC investment team.

To progress, a remediation strategy and action must be delivered to the satisfaction of the GGC internal **E&S/gender** specialist, alongside a firm commitment by the borrower to undertake the strategy. This will then be tabled with an updated Transaction Scorecard, the detailed transaction DD report, and an M&E strategy (see Step 6), for the GGC Impact Committee's consideration.

3.2.1.6 STEP 6: MONITORING & EVALUATION STRATEGY (2-5 WEEKS)

The M&E Strategy step is carried out in parallel with the remediation step. The M&E Strategy is developed by the GGC investment team in collaboration with the GGC's in-country specialist consultants and the borrower. The M&E Strategy links directly with GGC's Theory of Change, as approved by the GCF. Each of the activities, outputs, outcomes and ultimate goal, are expounded upon in the M&E Strategy with clear actions as to how, and by whom, data and information is collected, assessed and reported, in respect of the transaction's element.

The M&E Strategy must receive a clear commitment by the borrower, before it is tabled alongside the Transaction Scorecard, the detailed transaction DD report, and the remediation strategy, for the GGC Impact Committee's consideration. As with the remediation strategy, where a borrower does not commit, or expresses a clear reluctance to developing and/or delivering the M&E Strategy, the transaction will be rejected by the GGC investment team before it is tabled with GGC's Impact Committee for consideration.

Gender Responsive Results Framework

Gender Action Plan:

- What are the main objectives for the GAP?
- Do the objectives respond to the vulnerabilities and issues identified in the gender analysis and assessment through gender responsive actions?
- Who will benefit from the project- (sex-disaggregated targets)?
- Have the roles and responsibilities been well defined?

Performance management and monitoring framework

- Are the gender performance indicators in the GAP measurable and realistic (with sex-disaggregated targets); and
- Are they aligned with GGC's organizational-level GAP Output 3 targets?
- Has the baseline for measuring impact been established?
- Are there dedicated resources for monitoring and reporting on the GAP targets?
- Is there firm commitment from the project owner to report on progress in accordance with GGC's Annual Reporting cycles?

Figure 6 What is a gender responsive results framework

3.2.1.7 STEP 7: APPROVAL (1-2 WEEKS)

GGC's Impact Committee, which comprises independent specialists, will review the updated Transaction Scorecard, detailed transaction DD report, remediation strategy and gender action (an implementation budget) and M&E Strategy provided by the GGC investment team. Once satisfied that the transaction is compliant with GGC's **Framework** the Impact Committee will be asked to provide its approval for the transaction to progress to the determination of a guarantee issuance.

However, if the GGC's Impact Committee has residual concerns regarding the **E&S or gender** elements of the transaction, then the GGC investment team will be required to go back to Step 5 (Remediation & Disclosure) and work closely with the borrower to address the concerns of GGC's Impact Committee.

Once GGC's Impact Committee has approved the transaction it will progress to GGC's Investment Committee that will opine on the material, financial and commercial aspects of the transaction. Importantly, the Investment Committee will only approve transactions that have first been approved by the Impact Committee. This ensures that all potential transactions have a clear climate **purpose**, and prioritise **people** and the **planet, before profit is a consideration. The approval a transaction 'purpose, people and planet' elements are therefore a prerequisite for profit.**

If GGC's Investment Committee is comfortable with the financial and commercial aspects of the transaction, it will issue a formal approval to provide a guarantee on behalf of the borrower.

3.2.1.8 MULTIDISCIPLINARY LINES OF DEFENCE

Therefore, GGC makes use of multidisciplinary 'lines of defence' in the above TSP to reduce the risk of being exposed to **gender** risks on the transactions that it chooses to guarantee. These lines of defence are professional specialists in the fields of climate, gender, environmental and social sciences, and climate bond certifications. Importantly, the GGC will liaise with the GCF on the appointment of these specialists. In terms of the **Gender/E&S Management** elements, these lines of defence are as follows:

Figure 7 Specialists

Internal Gender/E&S Specialist	The internal E&S specialist is expected to be a mid-senior to senior level hire with at least 10 years of experience of working in the E&S field with a focus on emerging markets.
Impact Committee Gender/E&S Specialist	The Impact Committee E&S specialist is expected to be a senior level hire with at least 15 years of experience of working in the E&S field with a focus on emerging markets.
In-Country Gender/E&S Consultant	The in-country E&S consultant is expected to be a reputable local or regional E&S consultancy firm which has a credible track record of at least 5 years working with and applying the IFC Performance Standards.

Importantly, the internal E&S Specialist and Impact Committee Specialist will both possess a "portfolio" level view of the projects being supported through the provision of guarantees. This allows for cross-fertilization of best practice / innovative gender-focused interventions that could prove effective in different sectors and contexts, and which could be introduced to other projects as they enter the GGC's pipeline. In-country consultants complement this, by providing bottom-up on-the-ground expertise that is critical to ensuring all solutions are appropriate and fit for purpose.

In addition to the above, all GGC investment team members will be given **E&S/Gender Management** training on a regular basis to ensure that there is a solid understanding of the requirements of GGC's **E&S/Gender Management** Team members will also be taught skills on how to determine the key competencies of a borrower to be able to deliver on these multidisciplinary prerequisites.

3.2.1.9 PROJECTED TSP TIMEFRAMES

It is anticipated, from the team's experience gained from similar global guarantor initiatives and organisations (e.g. GuarantCo), the Transaction Selection Process should take between 12 - 24 weeks (or 3 – 6 months). The timeframe illustration below shows that an 'efficient timeframe' could take 12 weeks, whereas a 'protracted timeframe' could take up to (and potentially longer than) 24 weeks.

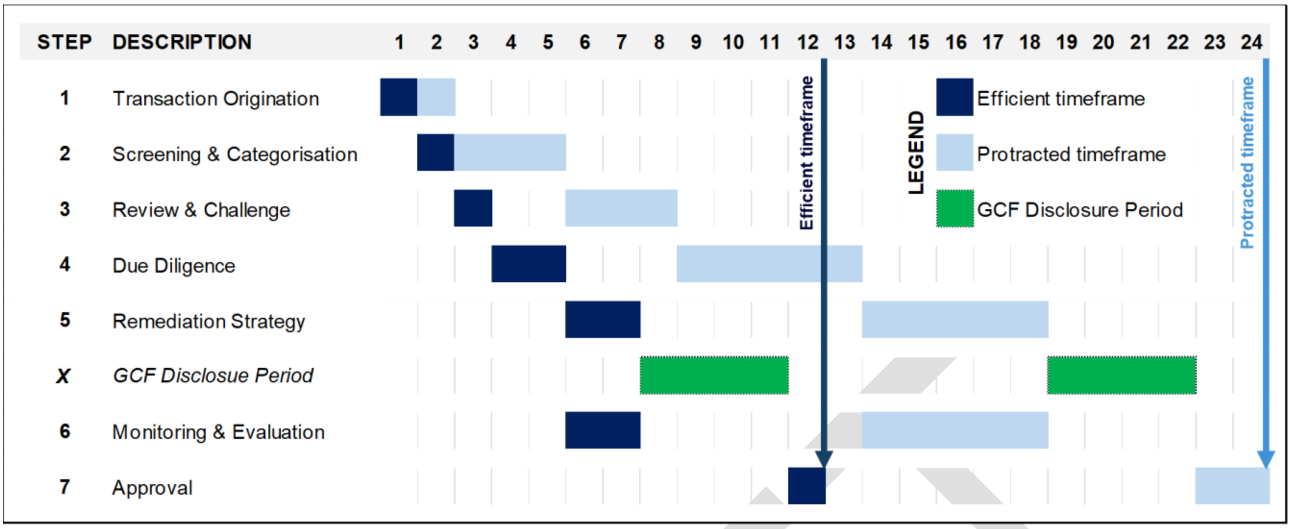


Figure 8 TSP flow diagram

3.3 MONITORING AND EVALUATION (IMPLEMENTATION)

GGC is ultimately responsible for overseeing and reporting to the investors (for example to GCF) on the progress made in the monitoring and evaluation plan. This task will be supported by the AE who will submit the aggregated report to the relevant stakeholders. GGC is also responsible for managing the system design, execution and monitoring of the reporting platform while the project owner or borrower will be responsible for contributing to the expected results and submitting the achieved results to GGC for their review. To ensure that any social, economic climate agenda indicators or targets are reported adequately and fairly, a Climate Advisory Team will be appointed to assist with ensuring that the estimated and analysed outcomes are as realistic and translatable before investors such as the Green Climate Fund receive the data.

The Climate Advisory Team will also assist with collecting baseline data at a country level to ensure that recipient countries are designing projects which are country relevant. The team will rely on established partnership and networks but also on official documentation and research. An additional third party reviewer will also be appointed to verify the aggregated outcomes in the report submitted to the investors. Borrowers will be expected during any reporting period to account for expected results targets as indicated per in their logframe/M&E plan. It is intended that in time, all applications will be submitted online through a digital platform created by GGC which will assist with collecting the relevant data aggregating it and thus allowing for a more streamlined approach to reporting to the various investors.

Borrowers will be tasked to devise a full data collection protocol for their projects at the time of approval. This will ensure that they are adequately collecting data sources, incorporating timelines and have the systems in place to ensure that the data is readily available during the quarterly and annual reporting cycles. Borrowers will also be encouraged to consider the data they need to adequately and robustly complete reports. Wherever possible, all indicators will be disaggregated by sex, and subpopulation by subcategory. In addition, data on progress to meet the various indicators will be collected at the field level during workshops hosted in various countries every quarter whereby Participants are encouraged to share their lessons learned challenges and experiences with implementing projects to determine the impact of the programme.

GGC's monitoring and evaluation framework is thus designed to include gender-responsive targets and indicators (for example that address the sustainability of gender related investments) to monitor gender equality results against the established baseline. Tracking and reporting on gender-related project results (i.e. gender-specific impacts per project, as well as those that speak to the related co-benefits of incorporating a gender lens into the project design) will be used to influence and inform the design of future interventions, as well as attract interest from new prospective green interventions with a focus on gender related targets.

M&E occurs at every stage of the project, from initial feasibility, project design, preliminary design review, implementation and ongoing performance review.

3.4 GENDER RESPONSIVE PROJECT DESIGN

Including gender considerations in the design of green bonds significantly scales up the financing available for advancing gender equality: in 2020 USD **1 trillion** were invested **in green bonds and other green-finance debt investments**; in comparison by the end of 2020 there were approximately USD **18 billion** in assets managed by **gender lens investment vehicles** (GenderSmart 2021). While investment in gender issues specifically is growing, capitalising on the existing investment in climate initiatives through incorporating a gender lens to green bonds provides the opportunity to **significantly scale the funding dedicated to gender equality**, particularly given the **intersection of gender and climate challenges**. When a gender lens is incorporated into the design of guaranteed green bonds, the potential benefits fall into two categories:

1. *Benefits from including women in the project planning and implementation processes*

When women are accorded positions of responsibility in projects, they gain experience of involvement in political and public life. This can provide a platform for **broader political empowerment** of women by facilitating their attainment of similar opportunities outside of the project context, and by bringing women into the sector in the long term. Secondly, women's involvement is **positively correlated with the gender benefits** of the project (GenderSmart 2021).

2. *Benefits from the project itself*

Including gender considerations in the project itself aims to ensure that the project advances gender equality and benefits women at least equally, as **women have differing preferences to men**, shaped by their particular economic and social status, roles and needs. The specific project benefits will vary depending on the project sector, albeit there are some advantages which apply across sectors. These include ensuring women have at least equal access to the employment, training opportunities, financing and/or productive assets provided by the project (GenderSmart 2021).

Despite the benefits, a number of challenges exist which present barriers to incorporating gender benefits in green bonds:

- **Lack of data –** availability of sex-disaggregated baseline data is low, particularly longitudinal data, making it difficult to conduct pre-project gender analyses and to measure project impacts (GenderSmart 2021).
- **Lack of predictive modelling capabilities –** the lack of historical data makes it difficult to predict the gendered impacts of gender-responsive interventions and therefore to design effective projects (GenderSmart 2021).
- **Establishing benchmarks –** there is no established methodology for ascertaining whether a project meets gender performance expectations (e.g. does a project need to perform well across all criteria or just one?) (IISD 2021).
- **Measuring impacts –** improvements to gender equality can be hard to measure and may only be realised after a project has completed (GenderSmart 2021).
- **Higher costs –** transaction costs are elevated due to the need to prepare gender action plans, collect sex-disaggregated data, and report on gendered project impacts (IISD 2021).
- **Perceived lack of urgency –** some investors may be reluctant to incorporate gender-specific initiatives as they view tackling climate change as a higher priority and/or do not fully appreciate the gender-environment nexus (UNDP 2019).
- **Barriers to women's participation –** women may not benefit from projects equally due to pre-existing inequalities. For example, lower education levels and higher care burdens may limit their ability to secure high-skilled employment generated by the project (GenderSmart 2021).

Based on the above assessment, GGC will do its best effort to ensure that the following gender responsive requirements a reintegrated into the project design for prospective projects (at a minimum):

- Sex-disaggregated data and using gender indicators to inform gender responsive monitoring, evaluation, reporting and learning are included.
- Gender analyses must consider issues of intersectionality, to understand how vulnerabilities within marginalised groups compound based on a range of factors (such as disability, age, indigenous persons status etc.). Where possible, data on these sub-groups should be collected and used to develop targeted project responses that address the varying needs of marginalised beneficiary members.
- Gender assessments are conducted that inform the project design, budgeting, staffing, implementation, monitoring and evaluation.
- Risks are analysed that the project may experience or pose, putting measures in place to ensure activities do not exacerbate existing gender-related inequalities, including SEAH, gender-based violence, and seize opportunities to address gender gaps and support empowerment of women.

- Sufficient resources are allocated for specific activities, technical support and/or other actions to improve gender equality considerations, including the meaningful engagement of diverse stakeholders and beneficiaries.
- The action plan should also define the target population, whether that is direct (e.g. the employees of the companies financed) or indirect (e.g. women in the broader population impacted by the project). Where an action plan is not in place, funding for gender-responsive activities should be ring-fenced and/or explicit targets should be set (AMMC 2021).
- The gender performance indicators identified in the gender action plan should, again, be sensitive to the project sector and location.
- Gender considerations should also inform the selection of financial instruments for the temporary investment of the funds raised from green bonds. For example, the gender performance ranking of a company (for investment in corporate services) or a country's gender equality score (for investment in government securities) could be factored into decision making (International Institute for Sustainable Development, 2021). However, a softer approach may be necessary for the integration of gender considerations in the management of proceeds than in the use of proceeds, given the need to select financial instruments that enable the funds to be accessed quickly. Where options are significantly constrained, a commitment to prioritising investment opportunities with above-average gender performance where possible may be sufficient (International Institute for Sustainable Development, 2021).
- Issuers should report on both the gender criteria used to select projects and the actual gender impacts. Reporting should be conducted at least annually and should be verifiable by third parties (AMMC 2021). Regular reporting should allow the implementation of mitigation measures if the targets outlined in the gender action plan are not being met (International Institute for Sustainable Development 2021).

3.5 GRIEVANCE MECHANISM AND STAKEHOLDER ENGAGEMENT

3.5.1 STAKEHOLDER ENGAGEMENT

Stakeholder engagement is an essential part of the Framework to facilitate the integration of gender considerations into GGC's financing lifecycle and decision making. In this context, stakeholder engagement denotes proactive ongoing dialogue, information sharing and interactions between GGC and its stakeholders such as women led organisations. As such, GGC commits to developing and implementing effective stakeholder engagement mechanisms (internally and externally and as noted in Annex 7) to support a culture of transparency and accountability and learning and continual improvement. For example, implementing regular cross-team interactions, function meetings and presentations on gender and E&S topics, direct internal communication via e-mails, newsletters, etc.

3.5.2 GRIEVANCE MECHANISM

Concerning external communication mechanisms, an important mechanism that will be implemented and maintained is a grievance mechanism. This will support the process to effectively identify, receive, register, screen and evaluate, track and formally address complaints or feedback from stakeholders regarding the subproject activities. The mechanism will facilitate the resolution of grievances promptly through an accessible, fair, transparent and constructive process. It will also be culturally appropriate and readily accessible, at no cost to the affected communities, and without retribution to the individuals, groups, or communities that raised issues or concerns. The grievance mechanism will include but not be limited to the following elements:

- **Borrowers will require an established and operational, accessible and inclusive survivor centred, SEAH relevant and gender responsive grievance redress mechanism that:**
    - Includes treating survivors with dignity and respect, taking time to listen to what they have to say rather than rushing to take action
    - treat all survivors equally and nonjudgmentally, making sure their experience is not unfairly dismissed, for example, because they are young, old, disabled, a sexual or gender minority, or work in prostitution.
    - Includes stakeholder guidance to identify existing and potential local SEAH to enable effective redress of the matter
    - Trains the relevant personnel on the relevant SEAH requirements for recording and actioning complaints
    - Enables consultations with women leaders and those working with adolescent girls and boys and other at-risk groups should be prioritized to enable understanding of SEA/SH risks and trends in the community.
    - Provides for a detailed code of conduct to guide engagement.
    - Monitors SEAH and GBV indicators to track possible risks or challenges
    - Offers various methods to lodge complaints include online, email, letters or in-person
    - Provides confidentiality/anonymity to a complainant or a representative if requested by the complainant
    - Addresses concerns promptly and effectively at no cost and without retribution
    - Handles grievances in a culturally appropriate, discreet, objective, transparent, sensitive and responsive manner
- Different ways in which vulnerable people can submit their grievances, and taking into account language barriers/limitations and the need for anonymity if a complainant fears retaliation or submission by an authorized representative or civil society organization;
- Provision to keep complainants' identities confidential, especially in instances where the complainants fear retaliation;
- Provision for interpretation/translation to overcome language barriers/limitations;

- A log where grievances are registered in writing and maintained as a publicly available database. The database should include information about the complaint and the resolution of the complaint, including the remedy provided, taking into consideration that complainants' identities can be kept anonymous if requested. This database should also be shared with the GCF Independent Redress Mechanism;

- Publicly advertised procedures, identifying the means for submitting grievances, setting out the length of time users can expect to wait for acknowledgement, response, and resolution of their grievances, descriptions of the transparency of the procedures, and the governing and decision-making structures;

- An appeals process to which unsatisfied grievances may be referred when the resolution of grievance has not been achieved;

- Information about other available grievance mechanisms, including the GCF independent Redress Mechanism and the accredited and implementing entities' grievance mechanisms; and

- Measures in place to protect complainants from retaliation.

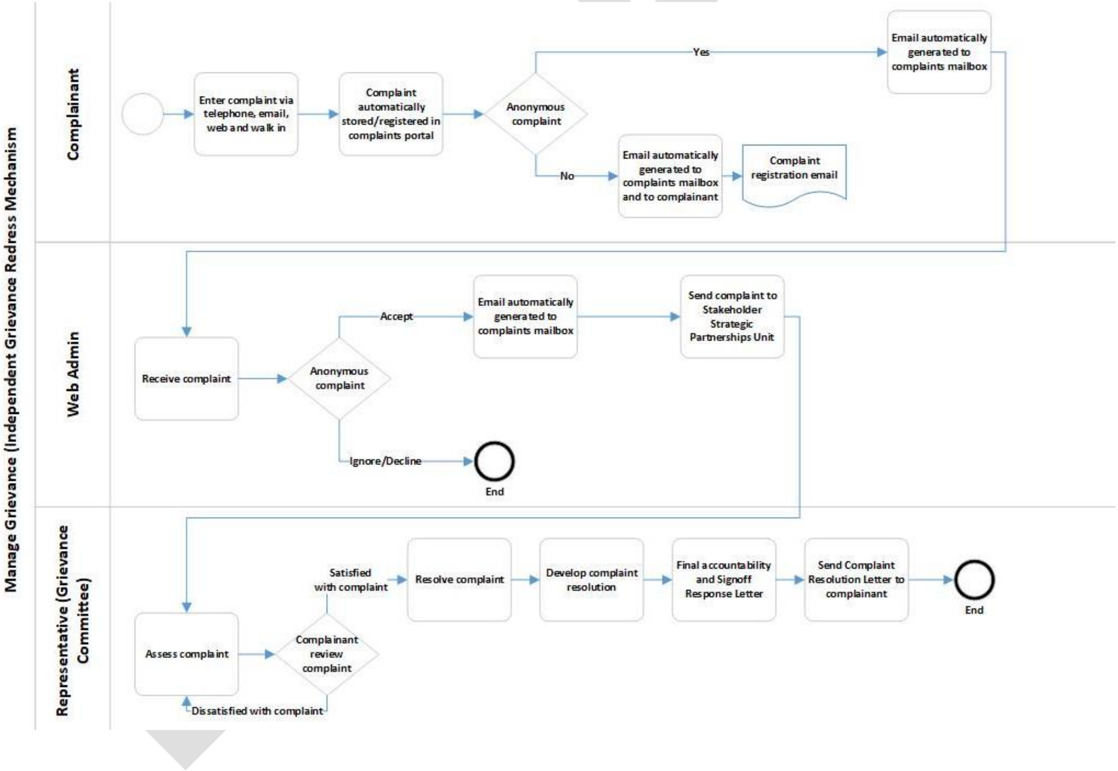


Figure 9. Example of a Grievance Mechanism

The responsibility for establishing and maintaining the grievance mechanism will be with the project owner or sponsor. The project owner will be responsible for meeting with local/stakeholders affected by the project to explain and discuss the different reporting mechanisms and process that the stakeholders agree on the selected methods that are the most appropriate. The details of the discussion will be recorded and included in the stakeholder meeting summary. A central telephonic and email address will be provided that will facilitate complaints and ensure that they are shared by the appropriate persons overseeing the matter. The emails and phone calls received will be treated as confidential. The project owner will be required to maintain a log that contains:

1. Date of the complaint
2. Name of aggrieved party and any affiliation/organization
3. Contact details of the aggrieved party
4. Category of the complaint (environmental, social, government, other)
5. If the complaint is an appeal to a previous result of handling the complaint
6. Recommended investigation of the issue
7. Closing date and information provided to the aggrieved party
8. Record the result of the investigation in the Excel file, including a summary of the action taken or justification for not taking action and the date of response to the party aggrieved

The project owner will acknowledge the complaint in writing in a timely manner and report back to the AE on next steps. Complaint investigations may vary depending on the nature of the complaint, but every effort should be made to ensure that complaints are dealt with promptly. Most investigations should not last longer than 90 days. The content of the complaint register and the management of these must respect the confidentiality of the aggrieved party to the extent possible, and there should be no retaliation against aggrieved parties or complainants. In some cases, it may be appropriate for the project owner to continue to involve the aggrieved party during the investigation of the complaint. This could take place by inviting the aggrieved party to a meeting, a conference call, or committing more in writing. Any ongoing engagement with the aggrieved party must be noted in the register of complaints

3.5.3 SPECIAL CONDITIONS

Project owners will be required to screen their projects for SEAH risk assessment and should consider the following questions before designing the GRM:

- Are country-level rates of gender-based violence (GBV) higher than regional averages?
- Are there prevailing socio-cultural norms that marginalise women or restrict their participation in the public and private spheres?
- Will the project take place in a fragile or conflict-affected environment?

A risk assessment of possible SEAH consequences during the due diligence process is imperative. The AE must also ensure that projects have the require expertise and capacity to manage this risk.

3.6 RECOMMENDED RESOURCES FOR PROJECT OWNERS

To help guide the project owners in their Gender Analysis and development of Gender Indicators they can consider the following resources:

- Mainstreaming Gender in Green Climate Fund Projects (2017) Green Climate Fund and UN Women
- UN-REDD Methodological Brief on Gender (2017) Technical Resource Series
- The World Bank's PPP website with collated resources across the following sectors: Agriculture, Education, Energy, Health, Information and Communications Technology (ICT), Transport, Water and Sanitation. See:http://ppp.worldbank.org/public-private-partnership/ppp-sector/genderimpacts-ppps/sector-specific-materials/sector-specific-materials
- Asian Development Bank (2013) Tool Kit on Gender Equality Results and Indicators https://www.adb.org/documents/tool-kit-gender-equality-resultsand-indicators
- The Gender Data Portal for the latest sex-disaggregated data and gender statistics covering demography, education, health, economic opportunities, public life and decision-making, and agency, see http://datatopics.worldbank.org/gender/
- GACC tool see http://cleancookstoves.org/resources/490.html
- ACDI/VOCA- Gender Analysis, Assessment, and Audit Manual & Toolkit
- Harvard- Gender Roles Framework or Gender Analysis Framework
- FAO- Socio-Economic and Gender Analysis Field Handbook
- Gender Analysis in Natural Resource Management | Land Portal Gender Analysis for Sustainable Livelihoods and Participatory Governance in Rwanda

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THE Green Guarantee COMPANY

Annex 8.2 | Gender Action Plan

11 May 2022

Acknowledgement

The following document is submitted in accordance with the submission of the Full Funding Proposal by the Green Guarantee Company to the Green Climate Fund in line with their submission of the Project Preparation Facility (PPF) Application dated 13 October 2021. The team responsible for the compilation of the document are as follows:

- Development Guarantee Company
- Green Guarantee Company
- Pegasys Limited
- IBIS Consulting
- SR Consulting

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THE Green Guarantee COMPANY

Gender Action Plan

GGC is committed to ensuring that its internal capacities and external (institutional- and project- specific) approaches to enhancing gender equality are aligned with the GCF's requirements.

This is reflected in the below Gender Action Plan.

Table 1 Gender Action Plan

<table>
<tr><th>Activities</th><th>Indicators and Targets</th><th>Timeline</th><th>Responsibilities and Costs</th></tr>
<tr><td colspan="4">Impact Statement: In mobilizing significant private debt capital towards climate change mitigation and adaptation projects across, the GGC will, to the best of its ability, support greater gender equality and women's empowerment within the target countries and sectors, through:
• Improved access to clean energy and empowerment of local communities, including women, girls, and vulnerable populations, through renewable energy, energy services, enhanced energy efficiency and new technologies;
○ This includes a focus on supporting women and girls living in cities and working in industries to make positive, healthier behavioural shifts through the provision of better technologies and energy efficient designs to help reduce energy use in urban contexts.
• Improved access to safe, reliable and affordable low-emission transport systems for local communities, with special attention paid to the needs of those in vulnerable situations, including women and girls, through the provision of low- and zero-emission public and private transport solutions.
• Improved livelihoods and enhance the resilience of vulnerable communities, including women and girls, to the negative climate impacts currently affecting critical agricultural and food systems.
• Improved health outcomes and increase in time-savings, recreation, and economic activities for women and girls through enhancements to the built and natural environments that they rely on (ranging from improvements in WASH and energy infrastructure, through to improvements in land-use and conservation of forests and ecosystems).

Outcome Statement: By demonstrating how the provision of green guarantees can support widescale roll-out of inclusive climate change mitigation and adaptation projects, the GGC will achieve the following gender-responsive outcomes (with sex disaggregated fund level impacts at, or near, gender parity):
• Enhanced resilience and improved health for communities, including women and children, through GHG emissions reductions and adaptation measures, relating to both built and natural environments.
• More equitable decision-making between men and women, reductions in gender based violence, increased access to and control over resources, and economic empowerment of women and girls through the GGC's Environmental and Social Management System (ESMS), mandatory project safeguards,</td></tr>
</table>

- stakeholder consultation framework (including expert consultation on pressing gender issues, determined on a country-by-country basis), and gender-responsive project design approaches.
- Strengthened institutional capacity of project owners in the design and delivery of gender-responsive projects, aligned with GCF requirements.

Budget: GGC will adequately budget for a dedicated gender resource to oversee all of GGC's gender-related activities, as well as the ad hoc appointment of gender specialists with in-country and sector -specific expertise, on a project-by-project basis and has allocated *approximately* USD 5 000 000 towards M&E and reporting impact.

Output 1: Establish organisational processes and systems to enhance gender equality outcomes

Dedicate necessary finances and human resources to implement this Gender Action Plan, with indicator data disaggregated by sex to ensure reportable progress.	100% annual compliance with gender reporting at an organisational level	Established in Year 1	Consulting team appointed by GGC to head ESG and Gender.
Dedicate necessary human and financial resources to build, strengthen and sustain GGC's capacity related to gender equality knowledge management, learning, and implementation through: • the appointment of a dedicated gender resource to oversee all of GGC's gender-related activities; and • the ad hoc appointment of gender specialists with in-country and sector -specific expertise, as needed on a project-by-project basis.	Line items in GGC's annual budgets to cover processes and activities to adequately cover costs of the on-going engagement of the GGC's gender, E&S resource, as well as project-specific gender expertise, as required.	Implemented in perpetuity (duration of GGC's years in operation)	Costs included in the GGC's annual budgets, as follows (see also Annex 4 and 11): • Dedicated gender expertise within the GGC's Impact Team (comprising gender, climate and E&S resources). In T1, the team will consist of one (1) resource(supported by external consultants) and grow year-on-year to ultimately comprise seven (7) resources (split equally between gender, climate and E&S). • Project-level consultancy services, which includes the cost of in-country experts to be mobilised on
GGC's Environmental and Social Management System, Policy and Framework in place.	ESM System, Policy and Framework operationalised in Year 1.		

			a project-by-project basis. In Year 1, this budget is earmarked as USD$1,560,000.00 and will grow to USD$ 3,120,00.00 by Year 10. AE to monitor and report on progress.
Output 2: Ensure project-level gender assessments and action plans (GAPs) are developed *(NOTE: project-level assessments, and hence specific gender indicators and targets can only be established as and when specific projects that the GGC will support are identified. Thus, indicators and targets are identified where known, and if not, are exemplars).*			
As part of each project's gender assessment, ensure: • Relevant sex-disaggregated data at a country level is collected and analysed • Women's organisations working on gender issues are identified and engaged • Gender-related baseline data specific to the sector and country is established • The project is aligned with / in support of the country's SDG, NDC and policy gender-related commitments • Country and sector specific gender vulnerability(ies) are identified (using the Sector and Country Assessments in Annex 8.1 as a basis for further research and engagement) • Opportunities / solutions for the project to address these vulnerabilities are well defined and adequately integrated into the project design and delivery processes (using Table 6, Annex 8.1, as a basis for further research and engagement)	100% of projects that receive guarantees.	In perpetuity (duration of GGC's years in operation)	Project Owner, with review, oversight and input (as necessary) from GGC's Gender Resource and additional expert input from gender specialist with country and sector specific expertise (to be determined on a project by project basis). AE to monitor and report on progress. Costs included in the GGC's annual budgets, as follows (see also Annex 4 and 11):

Review and input into each project's Gender Action Plan, ensuring the outcomes (actions) of the project's gender assessment are adequately captured, resourced and assigned responsibilities and timelines for all subsequent project phases.	100% of projects that receive guarantees.		• Dedicated gender expertise within the GGC's Impact Team (comprising gender, climate and E&S resources). In T1, the team will consist of one (1) resource(supported by external consultants) and grow year-on-year to ultimately comprise seven (7) resources (split equally between gender, climate and E&S). • Project-level consultancy services, which includes the cost of in-country experts to be mobilised on a project-by-project basis. In Year 1, this budget is as USD$ 1,560,000.00 USD and will grow to USD$ 3,120,00.00 by Year 10.
Ensure sufficient budget is allocated to implement and monitor each project's GAP.	100% of projects that receive guarantees		
Output 3: Gender sensitive safeguarding and stakeholder consultation is implemented to enable gender inclusive processes, leading to gender-responsive project designs.			
Stakeholder consultations and project safeguarding will include the following categories, **only when and as appropriate**: • Gender Equality and Women's Rights • Community Health, Safety and Working Conditions • Indigenous Peoples, Displacement and Resettlement	100% of projects under consideration for a guarantee % of women, indigenous peoples and vulnerable	In perpetuity (duration of GGC's years in operation)	Oversight from consulting team appointed by GGC to head ESG and Gender.

• Sites of Cultural and Historical Heritage
• Forced Eviction and Displacement
• Land Tenure and Other Rights
• Indigenous Peoples
• Corruption
• Economic Impacts
  • Labour Rights
  • Negative Economic Consequences
• Climate and Energy
  • Emissions
  • Energy Supply
• Water
  • Impact on Natural Water Patterns/Flows
  • Erosion and/or Water Body Instability
• Environment, ecology and land use
  • Landscape Modification and Soil
  • Vulnerability to Natural Disaster
  • Genetic Resources
  • Release of pollutants
  • Hazardous and Non-hazardous Waste
  • Pesticides & Fertilisers
  • Harvesting of Forests
  • Food
  • Animal husbandry
  • High Conservation Value Areas and Critical Habitats
  • Endangered Species
	populations included in project design consultation (target: 40% of all consulted).		Delivery through Project Owners
			
			GGC to provide Technical Assistance support, where Project Owners lack capacity to deliver gender sensitive safeguarding and stakeholder consultation
			
			Costs included as per project budgets (to be reviewed and approved by the GGC to ensure they are adequate).
			
			AE to monitor and report on progress.

Output 4: M&E analysis confirms gender-responsive project designs support lead to greater equality outcomes *(NOTE: project-level assessments, and hence specific gender indicators and targets can only be established as and when specific projects that the GGC will support are identified. Thus, indicators and targets are identified where known, and if not, are exemplars).*			

Develop appropriate organisational-level digital M&E platform that aggregates progress and data from project-level GAPs to inform GGC's Annual Reporting process	Digital platform established 100% of project's GAPs loaded on digital M&E platform	Year 1 In perpetuity (duration of GGC's years in operation)	Oversight from consulting team appointed by GGC to head ESG and Gender. Costs: M&E budget forms part of the GGC's overarching MERL budget for 2022-32 (USD$ 5,603,907.00 total) (See Annex 11). AE to monitor and report on progress.
Demonstrate that gender-responsive project designs result in: • Improved livelihoods and enhanced resilience of women and girls resulting from adaptation and mitigation measures; • More equitable decision-making between men and women; • Reductions in gender based violence; • Empowerment[1] of women and girls through increased access to and control over economic, health, infrastructural and educational resources, services and opportunities. using aggregated quantifiable and qualitative data. *It should be noted that, where a target has not been set for a specific indicator, the intention of the indicator is to demonstrate that – when a project **does** contribute to such an indicator – it will be reported on by*	• At least 50% of all beneficiaries are female across GGC's investment portfolio. Exemplar indicators include: • Quantitative indicators to measure targets and quotas for women's participation and leadership at project level are tracked and reported on. • Measurable reduction in gender-based violence tracked and reported on.	In perpetuity (duration of GGC's years in operation)	Project Owners with data verified by GGC's Gender Resource AE to monitor and report on progress. Costs: M&E budget forms part of the GGC's overarching MERL budget for 2022-32 (USD$5,603,907.00 total) (See Annex 11).

[1] Empowerment will be considered through various lenses, based on the project, to include – for example – time-savings, economic empowerment, health improvements, improvements in educational outcomes, etc.

the Borrower to the GGC (as opposed to the GGC expecting all projects to report on all indicators).	• Number/proportion of women with improved access to financial mechanisms (equity investment, affordable loans, insurance etc.) for low-carbon/climate-resilient products and services. • Quantifiable increases in targeted and diversified employment opportunities for women and men. • Increase in earning and income generation opportunities for both women and men expressed as income ratio of men to women. • Quantitative indicators that measure women's and men's shift in time spent / time-savings and economic opportunities resulting from a project's adaptation or mitigation measures (such as those resulting from increased access to healthcare, education, infrastructure		

	services, sustainable land-use activities etc.).		
Output 4: Enhanced institutional capacity of project owners to develop and implement projects that lead to greater equality outcomes			
Guarantees provided to women led businesses and / or targeted allocation of guarantees to project's that explicitly look to address gaps in financing for women.	At least 25% of all projects comply with one or more of the 2XChallenge: Financing for Women criteria. Women led or owned women businesses that receive support / gain access to guarantees from the GGC.	In perpetuity (duration of GGC's years in operation) Progress indicator, tracked in perpetuity.	Project Owners with data verified by GGC's consulting team AE to monitor and report on progress. Costs: M&E budget forms part of the GGC's overarching MERL budget for 2022-32 (USD$5,603,907.00 total) (See Annex 11).
Project Owners capacitated to develop and deliver gender-responsive support through technical assistance (TA) from the GGC	Number of Project Owners who receive technical assistance from the GGC to enhance / improve the gender-responsiveness of their project design	In perpetuity (duration of GGC's years in operation)	GGC's Gender Resource to manage and track TA support to Project Owners AE to monitor and report on progress. Costs: M&E budget forms part of the GGC's overarching MERL budget for 2022-32 (USD$5,603,907.00 total) (See Annex 11).

The following table showcases the timeline for implementation of the gender action plan:

Table 2 Timeline

GAP Milestones	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Gender-responsive budgets, systems and processes in place	X									
Gender resource appointed	X									
Database of country-specific gender specialists identified	X	X	X	X						
Project-level gender sensitive and gender-responsive methodologies in place to guide gender assessments and action plans	X									
Project-level gender sensitive and gender-responsive methodologies refined based on application learnings			X							
Organisational-wide implementation of gender safeguarding and stakeholder consultation methodologies	X									
Gender safeguarding and stakeholder consultation methodologies refined based on application learnings			X							
Monitoring, Verification and Reporting (MRV) platform in place	X									
Monitoring, Verification and Reporting (MRV) platform refined based on application learnings				X						
Technical Assistance: gender-related training and capacity development for project owners		X	X	X	X	X	X	X	X	
Sex-disaggregated project data, reporting and fund-level reporting			X[2]	X	X	X	X	X	X	X

[2] Assuming at least one project is implemented in Year 3