Funding Proposal

FP320: Prosperete Growth Fund

India, Mauritius | International Finance Corporation (IFC) | Decision B.46/04

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

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

Please submit the completed proposal to:

fundingproposal@gcfund.org

Please use the following name convention for the file name:

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

A. PROJECT/PROGRAMME SUMMARY

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		

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	**90 %**	**90 %**
☒ Energy generation and access	35 %	35 %
☒ Low-emission transport	35 %	35 %
☒ Buildings, cities, industries and appliances	20 %	20 %
☐ Forestry and land use	0 %	0 %
Adaptation total	**10 %**	**10 %**
☐ Most vulnerable people and communities	0 %	0 %
☒ Health and well-being, and food and water security	5 %	5 %
☒ Infrastructure and built environment	5 %	5 %
☐ Ecosystems and ecosystem services	0 %	0 %

A.5. Expected mitigation outcome *(Core indicator 1: GHG emissions reduced, avoided or removed / sequestered)*	6.254541 mn tonne CO_{2e}		**A.6. Expected adaptation outcome** *(Core indicator 2: direct and indirect beneficiaries reached)*	1.3mn
	Direct: 0.4mn tonne CO_{2e}	***Enabled:*** 5.85mn tonne CO_{2e}		Direct: 1mn / Indirect: 0.3mn
	7%	***93%***		76% / 24%
A.7. Total financing (GCF + co-finance[2])	USD 220 million		**A.9. Project size**	Medium (Upto USD 250 million)
A.8. Total GCF funding requested	USD 40 million			

[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 – Junior / Concessional USD 40 million ☐ Results-based payment Enter number		
A.11. Implementation period	12 years (10 years plus two 1-year extensions) Investment period – five years (plus 1-year extension) from initial close	**A.12. Total lifespan**	12 years maximum fund life
A.13. Expected date of AE internal approval	*Indicative Date* *12/15/2026*	**A.14. ESS 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	The executing entities are: • **The Fund: Prosperete Growth Fund I:** A fund in Mauritius (the "Fund" or "Prosperete Growth Fund") incorporated as a company limited by shares with a Global Business License (GBL) and licensed as a closed-ended fund ("CEF") by the Financial Services Commission, Mauritius (FSC). • **India Pooling Vehicle:** An Indian pooling vehicle (registered with the Securities and Exchange Board of India (SEBI) as a Cat 2 Alternate Investment Fund – AIF) has been setup as Prosperete Alternatives Fund 1, with Prosperete Growth Advisors LLP as the IM. • **The Investment Manager i.e.** Prosperete Investment Management Ltd.: An investment manager ("IM"), incorporated as a company limited by shares with a GBL and licensed as a Collective Investment Scheme Manager (CIS) by the FSC. • **The Sub-Advisor:** Prosperete Growth Advisors LLP, a Limited Liability Partnership established under the laws of India. This entity is the investment sub-advisor to the Mauritius IM and responsible for sourcing deals, diligence, analysis and recommendations to the IM.		

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

Climate change problem.

Climate change poses a severe and growing challenge for emerging markets (EMs), where climate vulnerability is high and adaptive capacity remains constrained. In many EMs, droughts, floods, extreme heat, and cyclones are

already generating significant socio-economic impacts which **disproportionately affect vulnerable populations and critical economic sectors**. At the same time, EMs are expected to account for most of the global **population growth, energy demand, and economic expansion** over the coming decades. Taken together, these dynamics underscore the urgency of accelerating access to climate mitigation and adaptation solutions that are effective, but also affordable and scalable.

India, and Mauritius face compounding risks from extreme weather events, rising temperatures, and structural resource constraints. India is one of the world's largest and fastest-growing economies **therefore ensuring that this growth follows a low-carbon and climate-resilient pathway is essential to achieving global climate objectives**.

While **EMs present substantial opportunities for climate investment**, capital deployment at the growth stage remains constrained. Research identifies a persistent "missing middle" financing gap for growth stage companies that are too large for *early-stage venture capital but considered too risky for later-stage institutional investment*. This "missing middle" limits the scale-up of proven climate solutions and inhibits the development of investable pipelines capable of attracting larger-scale private capital.

Proposed interventions

Prosperete Growth Fund (the Fund) seeks to address this financing gap by providing growth equity capital to companies offering scalable climate mitigation and adaptation solutions in India and Mauritius, having strong scalability potential in other Emerging Markets (EM).

The Fund is being structured as a **USD 220 million blended-finance growth equity fund** targeting climate-focused growth-stage companies in India and Mauritius (together referred to as 'Target Countries'[3]). It is designed to address the "missing middle" between early-stage and late-stage capital by providing growth equity and strategic support to companies with potential for multi-country expansion. The Fund will invest in scalable mitigation and adaptation solutions across five thematic areas, which are mapped below against the GCF's result areas:

- Energy transition (*energy generation and access*)
- Low-emission transport (*transport*)
- Industries and efficiency (*buildings, cities, industries and appliances*)
- Circularity and others (*buildings, cities, industries and appliances*)
- Food and water security (*health, food and water security*)

GCF support is proposed in the form of concessional junior equity of up to USD 40 million, representing no more than 25 percent of total fund size. This junior equity tranche is designed to *absorb first losses and accept delayed and subordinated returns, thereby reducing downside risk and improving risk-adjusted returns for senior commercial investors*. The concessional structure is intended to address market barriers to private investment in EM climate solutions, including perceived execution risk, long payback periods, and limited track records at scale. By de-risking the Fund's capital structure, GCF's participation is expected to support the fund-raising of a first-time fund manager by **catalyzing commercial capital that would otherwise be unlikely to invest at this stage or in these markets**.

This proposal builds on prior engagement with the GCF Secretariat and responds to GCF Board guidance by strengthening institutional arrangements through an Accredited Entity (AE). IFC is well positioned to assume the AE role given IFC's established track record deploying blended-finance and junior equity instruments at scale in emerging markets. IFC has operationalized a disciplined approach to using junior equity to rebalance an investment's risk-return profile, unlock senior equity and debt, and catalyze private capital for high-impact climate investments, absorbing first losses so that IFC and other investors can deploy significantly larger volumes of capital on commercial terms while minimizing market distortion.

As Accredited Entity, IFC brings deep institutional expertise in structuring and deploying junior equity at scale. IFC will administer GCF resources while Prosperete would act as the Fund Manager (Executing Entity) under IFC supervision. IFC will act as the Accredited Entity and will channel GCF resources directly to the Prosperete Growth Fund through the applicable investment and project agreements, leveraging IFC's established investment governance, supervision, and impact management frameworks. All investments will be subject to IFC's standard,

[3] *Additional countries may join the program following the Board approval, provided they submit an NOL in compliance with the GCF's no-objection procedures and receive subsequent approval from the GCF Board.*

thorough and methodical appraisal, integrity due diligence, environmental and social risk management, and development impact assessment processes, providing GCF with strong assurance that concessional resources are deployed in line with international standards and supported by rigorous oversight.

As Accredited Entity, IFC complements capital with its deep expertise and knowledge of deploying equity in emerging markets and, in particular for this investment, its expertise in climate finance. This support is designed to strengthen ESG implementation, climate risk management, impact measurement, and operational execution at the portfolio company level, enhancing Prosperete's capacity to deliver the mitigation, adaptation and resilience outcomes articulated in this funding proposal. This support is not a separately funded or separately administered technical assistance facility: it is not funded from GCF proceeds, no eligibility criteria for a TA facility apply, and no IT systems or durable assets will be developed or acquired as part of it. **GCF funds will be deployed only in the funded activity and guided by the eligible use of proceeds.** *IFC's Investment Review Committee has approved its participation in Prosperete Growth Fund as a co-investor subject to IFC's internal investment approval processes.*

Prosperete has spent more than three years developing a robust pipeline of climate companies and designing targeted interventions to support their growth. Its model emphasizes scalability from the outset by assessing global replication potential prior to investment, supporting country-specific expansion strategies, and leveraging its international network and partnerships to facilitate market entry, knowledge transfer, and capital flows across regions. Through this approach, Prosperete has identified several companies offering climate solutions with strong potential to scale across emerging markets facing similar challenges, including innovations in areas such as electric vehicles and batteries. These companies are now seeking growth equity to meet rising demand, improve affordability, and expand deployment across multiple markets.

Multi-country scalability is key investment criteria for Prosperete that aims to define technology transfer plans with of the portfolio companies. Some pipeline companies already operate in, or are actively preparing to enter, multiple markets. Scaling their solutions is expected to expand addressable markets, reduce unit costs through scale, and accelerate the diffusion of climate technologies. As solutions take root in nascent markets, they are also expected to contribute to broader ecosystem development, including increased entrepreneurship, growing local expertise among climate financiers, and improved availability of capital.

The Prosperete Growth Fund is structured as a long-term partner to address the substantial growth-stage financing gap faced by climate companies in India and Mauritius. While private investors tend to favour more mature markets, the availability of junior equity capital is critical to crowding private capital into higher-risk climate solutions in these countries. The Fund therefore aims to balance investor and stakeholder interests while ensuring that the most effective solutions are scaled in each market. Execution of the Fund is intended to lay the foundation for a global emerging-markets climate platform.

The need for growth-stage capital is acute. Only an estimated 5-10 percent of climate start-up companies in emerging markets successfully transition from seed to growth stage, compared to 20 percent in developed markets.

In Mauritius, growth-stage capital has been limited, while India, despite being the most developed climate investing market in the region, faces an estimated 85 percent funding gap at the growth stage. Prosperete estimates that collectively, the two target countries face a combined growth-stage financing gap of approximately $2.1 billion ($2.0bn India, $0.1bn Mauritius), reflecting a structural financing gap rather than a lack of viable solutions. Without access to growth capital, many climate innovations plateau at early stages, despite evidence that a significant share of future GHG emissions reductions will depend on technologies that are not yet mature. Prosperete focuses on growth-stage climate companies, with typical investment sizes ranging from USD 5 million to USD 20 million, aligned with the team's core expertise in scaling businesses.

The team has screened over 2,000 climate and sustainability solutions and engaged with more than 100 companies, consistently receiving feedback on the difficulty of raising growth-stage capital.

IFCs submission of this proposal is supported by NOL's received from the Government of Mauritius and the Government of India through the relevant NDAs. In an increasingly constrained global climate finance environment, the proposed **use of concessional junior equity seeks to demonstrate a scalable approach to mobilizing private capital for growth-stage climate solutions in India and Mauritius and other emerging markets**. Subject to IFC's internal approvals, the proposed partnership between GCF, IFC, and Prosperete aims to support the

development of investable climate enterprises capable of delivering sustained mitigation and adaptation benefits at scale.

Climate results and benefits

By investing in and scaling companies providing climate solutions, **the Fund is expected to deliver both mitigation and adaptation outcomes.** Based on an analysis of an indicative portfolio, assuming an average investment holding period of 6 years in each investee company, and under a base case scenario, Prosperete estimates that investees' technologies, products and services, could

- Enable the reduction/avoidance of approximately 5.8 million tCO_2e over the Fund's lifetime
- Directly facilitate the reduction/avoidance of approximately 0.4 million tCO_2e over the Fund's lifetime
- Support directly and indirectly 1.3 million people to adapt to the effects of climate change through improved access to, inter alia, weather data, water efficiency solutions and know-how.

The estimated mitigation outcome potential includes: (i) relatively direct reductions associated with lower energy or material consumption, such as those resulting from energy-efficient HVAC systems and high-efficiency industrial motors; (ii) avoided lifecycle emissions where low-carbon products or business models replace higher-emitting alternatives, such as electric vehicles replacing internal-combustion-engine vehicles or recycled materials displacing virgin plastics; and (iii) downstream reductions facilitated by enabling components, infrastructure and financial services, such as EV motors, batteries, charging infrastructure, grid analytics, smart meters and EV financing.

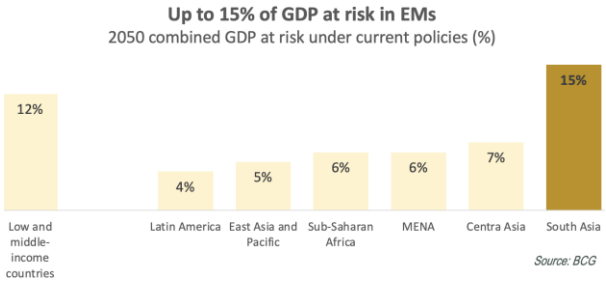
While noting that impact assessment methodologies are still evolving, especially for relatively more innovative climate enabling technologies, the delivery of the expected mitigation and adaptation outcomes will depend on the Fund actual investment selection and portfolio, investees' growth performance, and the broader policy and regulatory environment in which investees' companies operate. They will also depend on active engagement with portfolio companies, the use of standardized performance metrics, and post exit continuity through like-minded follow-on investors.

B. PROJECT/PROGRAMME INFORMATION

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

Section 1: Overview and Focus Countries

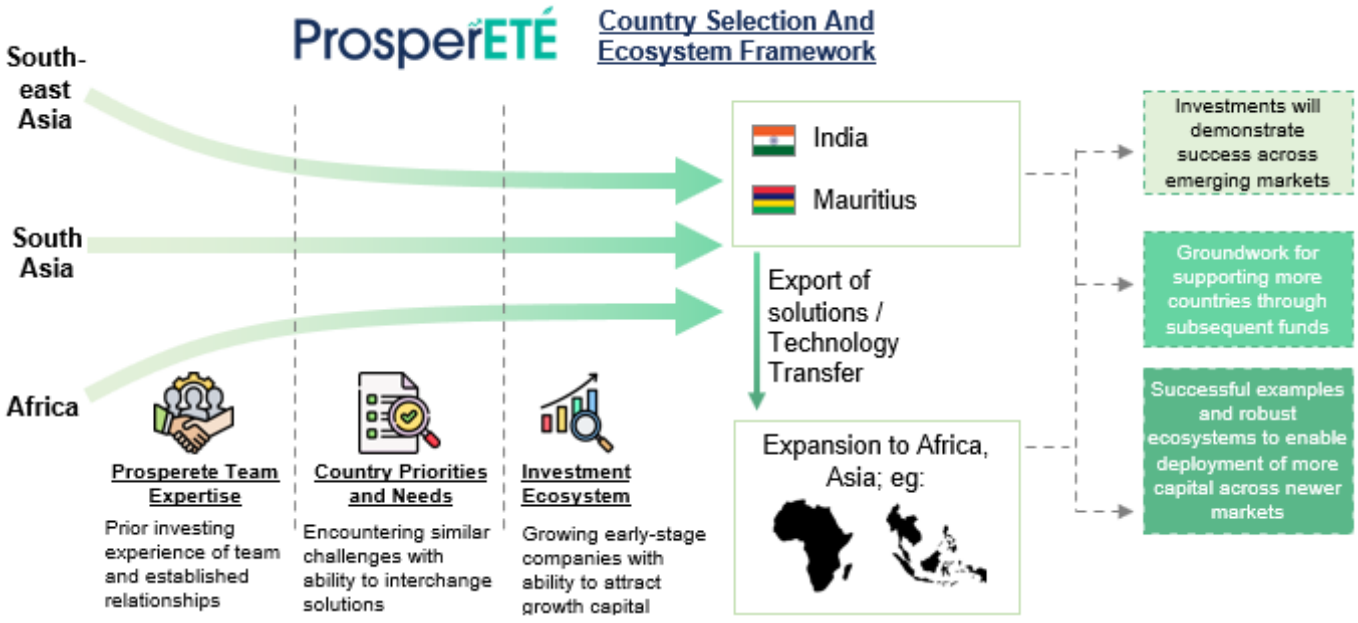
1. Emerging market economies are the most vulnerable to climate change impacts. Despite having contributed the least to global warming historically, these markets face disproportionately large macroeconomic and credit losses compared to advanced economies, highlighting economy-wide and systemic impacts. EM are also driving global GHG emission increases, due to rapid industrialization.



2. Prosperete will invest in companies operating in **India, and Mauritius** (together referred to as 'Target Countries'). These were selected based on (i) Prosperete's team expertise (ii) country needs and priorities (iii) evolving early-stage ecosystems that require growth capital to scale climate solutions, and (iv) ability to interchange solutions through export of solutions and expanding presence.
3. The identified countries present significant demand for affordable climate solutions. Prosperete's approach targets climate solutions that can be scaled across other emerging markets. This cross-border strategy leverages similarities in climate needs, facilitating faster technology rollouts and creating global enterprises.

IFC and Prosperete have had consultations with the NDAs of all Target Countries country NDAs and has received strong support demonstrating clear and country ownership. As part of this resubmission, IFC and Prosperete have jointly engaged with the relevant National Designated Authorities (NDAs) to obtain updated NOLs. The program may be expanded to additional countries in the future, subject to receipt of the requisite NOLs from the relevant NDAs and GCF approval.

4. Below is an overview of Prosperete's country selection framework:



5. IFC and Prosperete have received encouraging feedback from the NDA of its target countries. Set out below is a table highlighting how the Fund is aligned with the Nationally Determined Contributions (NDC) of its focus countries.

Country	Prosperete Contribution to NDC / National Plans
India	Prosperete could potentially contribute to deliver on India's NDC 2031–2035 quantitative targets — specifically reducing emissions intensity and expanding non-fossil electricity capacity to 60% by 2035, as well as several of its five qualitative goals, including clean energy and green growth, climate-resilient development, and technology development and diffusion. Battery energy storage systems, green hydrogen infrastructure, climate-smart agricultural technologies (for adaptation) and decentralized water solutions are among the priority segments that will be considered by Prosperete.

Mauritius	Prosperete could potentially contribute decarbonizing 4 out of 5 sectors (Energy, Transport, Waste, Agriculture) prioritized by the country's NDC. On adaptation, Prosperete target investments in the following sectors prioritized by the country's Agriculture, Water, Cross Cutting. Mauritius aims to reduce GHG emissions by 40% in 2030 compared to business-as-usual. Prosperete could contribute to reduction in emissions through deployment of solutions across renewable energy and energy efficiency, in line with country's priorities.

Section 2: Adaptation Impact

Prosperete will build climate resilience in target countries by directing ~10% of the Fund's investible capital toward adaptation activities aligned with the GCF result areas—specifically food, water, and infrastructure. The firm will also pursue dual-benefit investments, such as solar-powered water efficient irrigation pumps, to maximize impact.

Country Specific Contexts:

6. **India** is already experiencing a wide range of climate impacts, including floods, droughts and extreme heat with climate projections indicating increasing intensity and frequency of extreme weather events. Strengthening infrastructure resilience is therefore critical, particularly given that ~70% of the urban infrastructure needed by 2047 has yet to be built and grid variability and peak demand are rising. Water stress is acute, with around 600 million people face high water stress, while approximately 60% of farmland is rain-fed and highly climate-exposed. Climate change is expected to reduce crop yields, notably wheat and rice, increasing vulnerabilities in an economy where agriculture remains a key source of livelihoods r.
7. **Mauritius** accounts for a negligible share of global GHG emissions (IEA, 2023), yet it is highly exposed to climate-related hazards and has limited coping capacity. As a Small Island Developing State (SIDS), it is particularly susceptible to the adverse effects of climate change, especially in coastal areas where sea-level rise and the increasingly intense tropical cyclones pose significant risks to infrastructures, livelihoods and ecosystems.

   Mauritius is regularly affected by climate-related shocks, particularly tropical cyclones and flooding. The impacts of extreme events have intensified in recent years, as illustrated by tropical storm Berguitta in 2018, which affected thousands of people and caused significant economic damage. Historical disaster data (EM-DAT data) confirms repeated exposure to extreme weather events (between 1960 and 2022, Mauritius endured 22 extreme weather events), with substantial socio-economic impacts - ranging from USD 160 to 245 million, equivalent to 1.5-2.3 percent of the FY2021/22 GDP.[1]

Table 1: Country-specific projections for climate hazards (Source: IPCC WGI Interactive Atlas)

Region	Extreme Heat	River Flood	Heavy precipitation and pluvial flood	Coastal flood	Drought	Projected change in annual exceedance probability of largest 1-day precipitation of a 50-year event
India	High confidence of increase	Medium confidence of increase	High confidence of increase	High confidence of increase	-	2 times from baseline
Mauritius	High confidence of increase	Low confidence in direction of change	High confidence of increase	High confidence of increase	Medium confidence of increase	1.43 times from baseline

Table 2 below provides an overview of the climate-related impacts that the companies targeted by Prosperete could contribute addressing an example of their potentially relevant solutions. Annex 23 provides further details on climate hazards across the target markets.

Table 2: Mapping of Climate Hazards, Systemic Vulnerabilities and Targeted Interventions– India & Mauritius

Climate Hazard	**Vulnerable Systems** (aligned to GCF Adaptation Result Areas)	Impacts of hazard on system		Impact Community / Examples of solutions
		In India	In Mauritius	
Excessive rainfall / Heavy precipitation and flooding	Electricity generation and distribution (ARA 3: Infrastructure and built environment)	Rainfall causes siltation in hydropower dams, floods damage energy infrastructure, disrupt coal supply, and stress thermal plants.	Flooding of coastal power infrastructure causes outages, equipment damage, and disrupted	• Smart Grids: real-time monitoring for faster recovery

		Monsoon variability challenges consistent power production (Nature, 2023; MOSPI, 2023). Bihar and Assam face heavy repair costs (World Bank, 2023).	fuel transport, threatening energy security (ReliefWeb).	• Decentralized solar mini-grids that reduce dependence on flood-exposed centralised generation
	Agriculture- including farm and supply chain (ARA 2: Health, well-being, food and water security)	Waterlogging delays planting and damages crops, especially in rainfed Kerala (40% unirrigated) (Krishnakumar et al., 2021) and the IGP region. Flooded roads/rail delay transport, causing losses and spoilage (McKinsey, 2023; World Bank, 2023).	Cyclone Belal (2024) caused flash floods damaging crops, soil, and farm infrastructure, disrupting transport and raising food security risks (Government of Mauritius).	• Submergence-tolerant and flood-resilient crop varieties • Improved on-farm drainage and water management systems to reduce waterlogging
Drought or increasing water scarcity/ stress	Agriculture- including farm and supply chain (ARA 2: Health, well-being, food and water security)	Wheat yields may fall 6-25% by 2050; rice 4-6% per decade from heat and rainfall shifts, hurting food security and rural incomes. Water competition across sectors will intensify (World Bank, 2021).	Mauritius is projected water-stressed by 2025, with agricultural output potentially down 30% (UN SIDS, 2017). Dry-month (Oct-Dec) scarcity is worsening (SADRI, 2020; Government of Mauritius).	• Solar powered Water-efficient irrigation systems • Drought-tolerant and water-efficient crop varieties • Hydroponics to ensure food security • Decentralized cold storage for agricultural produce
	Urban areas and infrastructure (ARA 3: Infrastructure and built environment)	Droughts worsen slum water scarcity, hygiene, and disease risk; costs rise for residents. Soil shrinkage cracks foundations, especially in clay soils, and raises fire risk (Nature, 2023).	Longer dry seasons and stronger droughts already affect over 20% of the population with intermittent water supply, rising to 75% in dry season (SADRI, 2020[2])	Waste-Water treatment: decentralized treatment and reuse to address water scarcity
Heat Waves	Agriculture- including farm and supply chain (ARA 2: Health, well-being, food and water security)	Heat waves cut wheat and rice yields, especially in the Ganges-Indus basin (IMD, 2023). Above 30°C during grain-filling cuts wheat yield 3-4% per °C; 2022 heat cut wheat output ~4.5% nationally, up to 15% regionally. Grape yields could drop up to 63% (Springer India, 2013).	Rising heat stresses crops, reduces yields, and disrupts growth cycles. Higher evaporation and soil moisture loss make crop maintenance harder (FAO).	• Heat-tolerant crop varieties • Climate data and IoT sensors providing real-time data allowing farmers to enhance crop resilience.Cold storage and warehousing
	Electricity generation and distribution (ARA 3: Infrastructure and built environment)	Heat raises cooling demand, straining plants and causing peak-time blackouts (ADB, 2023). Thermal plant efficiency drops ~0.45% per °C rise (World Bank, 2021).		• Battery storage systems and DERS
	Urban areas and infrastructure (ARA 3: Infrastructure and built environment)	Cyclones destroy slum housing and infrastructure, driving migration, displacement, and slow recovery due to limited resources (Springer, 2023; Nature, 2023). Cyclones and floods cause ~US$110M in average annual direct losses; cyclones account for ~80% of this (ReliefWeb, 2024)[3]		• Infra Monitoring for cyclone-exposed infrastructure • Decentralized drinking water solutions
	Agriculture- including farm and supply chain (ARA 2: Health, well-being, food and water security)	Salinity intrusion cuts rice paddy productivity, affecting ~8M people now, rising to 13.5M by 2050. Coastal storage floods more often, spoiling goods and hurting food security (Eco-Business, 2023).		• Cold Chain to protect coastal storage from salinity and flood-driven spoilage

Section 3: Mitigation Impact

8. India: India's GHG emissions are primarily driven by the power generation, transport, and industry sectors. In 2022, total emissions were approximately 3.9 gigatonnes of CO_2 equivalent.[4] GHG emissions are projected to continue rising under business-as-usual trajectories, reflecting rapid economic growth and energy demand. India's updated NDC targets a 47% reduction in the GHG emissions intensity of its GDP by 2035 from 2005 levels, an increase from the previous 2030 target of 45%.[5] The energy sector accounts for most of India's greenhouse gas emissions.[6] Efforts to transition towards renewable energy and improve energy efficiency are critical, as highlighted by India's target of achieving 500 gigawatts of renewable energy capacity by 2030, requiring an estimated investments totalling USD 223bn.[7] Further, efforts to promote low-emission transport, including increased electric vehicle penetration could a key role in reducing future emissions and reaching the country's net-zero target[8].

9. Mauritius: The primary energy source for Mauritius is imported fossil fuel. As part of its NDC, the Mauritian Government has implemented a comprehensive renewable energy policy aimed at achieving 60% renewable energy by 2030 and to completely phase out coal by 2030. In 2019, Mauritius developed the Renewable Energy Roadmap 2030 for the Electricity Sector, outlining the development of renewable energy technologies, diversifying the country's electricity mix, and adopting cleaner energy sources. The plan includes installing solar photovoltaic systems on the rooftops of 10,000 low-income households. The Mauritian power system acknowledges that reduction in demand for electricity is just as important as growing renewable sources of generation. The plans encourage consumers to participate in energy-saving. measures through education and incentive programs.

10. Through its investments in low-emission technologies, Prosperete estimates a mitigation outcome potential of 6.25mn tonnes of GHG emissions according to its base case scenario.

Theme	Country	Baseline Country Context	Future Country Context	Prosperete's Interventions
Energy Transition	India	55% of power generation from coal. Renewable energy capacity at 100 GW (as of 2021). 24 million people lack electricity access. ~93% of energy supply from fossil fuels; 2nd largest source of emissions (39% of GHG emissions)	Increase non-fossil installed electricity capacity to 60% by 2035. Reduce emissions intensity of GDP by 47% from 2005 levels by 2035.	Investments in grid modernisation technologies including smart metering, grid analytics, and renewable energy forecasting to reduce distribution losses and curtailment. Support for energy efficiency solutions in commercial and industrial buildings, distributed rooftop solar, and battery energy storage systems that enable higher renewable integration and displace fossil-fuel-based backup power.
	Mauritius	In 2021, the percentage of emissions from coal represented 71.9% of the total emissions.[9]	The government aims to achieve 60% of energy production from green sources by 2030, phasing out the use of coal and increasing energy efficiency by 10% based on a 2019 baseline.	Investment in technologies increasing renewable energy adoption such as grid monitoring, rooftop solar, and energy efficiency measures. Supporting energy-efficient industrial solutions to reduce energy intensity and GHG emissions.
Low Emissions Transport	India	Transport sector contributes ~28% of energy-related GHG emissions 90% of transport sector dependent on fossil fuels. Only 2% EV penetration. Air pollution causing 1.2 million deaths annually.	Achieve 30% EV penetration by 2030. Expand metro networks in 10 major cities. Reduce transport sector emissions by 35% by 2030.	Investments across the electric mobility value chain, spanning component manufacturing, battery production, electric commercial vehicles, and charging and battery-swapping infrastructure. Support for green financing platforms that improve EV affordability in underserved segments, and energy storage solutions that displace diesel-based power in transport-adjacent applications such as industrial and railway operations.
	Mauritius	In transport, which forms ~28% of country's emissions, most emissions in most countries come from cars, which are still overwhelmingly reliant on oil-based fuels.	Expand rail and public transportation system. Increase electric vehicle penetration.	Investments in EV supply chain, charging solutions, and fleet solutions. Supporting green financial services to improve the affordability of EVs. Development of clean mobility infrastructure to reduce emissions and increase low-emission transport adoption.
Urban Environment	India	Urban population growth at 2.4% annually. 70% of urban waste goes untreated, with flexible plastics among the least recycled streams. Industrial supply chains rely heavily on single-use packaging and carbon-intensive logistics. Air pollution levels among highest globally.	Develop smart city projects in 100 cities by 2030. Achieve 80% waste treatment and recycling by 2030. Scale recycling capacity and transition supply chains towards reusable, low-carbon models in line with EPR commitments. Reduce air pollution by 40%.	Investments in advanced data systems for emissions monitoring and sustainable urban infrastructure. Support for recycling infrastructure targeting hard-to-abate waste streams to displace virgin material production. Investments in reusable packaging systems, low-carbon logistics, and circular supply chain solutions that reduce embodied carbon across industrial value chains. Promoting real-time data analytics and low-carbon production methods for better urban management and resilience.
	Mauritius	Over 10 million tons of wastes already buried at the Mare Chicose landfill since its establishment in 1997. Projections show an alarming increase in waste intake, reaching 650,000 tons in 2023 with an annual growth rate of 2.5%[10]	Divert up to 70% of wastes from Mauritius' landfill and strong public-private partnerships to transition to a circular economy.	Investments in waste and wastewater management to improve health and resilience. Promoting circular economy practices and low-carbon infrastructure to enhance urban sustainability.

Section 4: The specific conditions and ecosystems in India and Mauritius position these countries as ideal hubs for technology transfer to other emerging markets.

11. Prosperete's investment thesis is based on identifying proven climate solutions in the target countries and scaling them across others to maximize mitigation and adaptation impact. Many emerging markets remain at an early stage of building robust climate ecosystems, and developing viable growth trajectories can take years. Given the urgency of climate action, an integrated, cross-market approach is essential.

12. However, many critical low-carbon technologies are still confined to individual markets, resulting in higher costs, duplication of effort, and a lack of scalable climate companies serving emerging economies. Facilitating technology transfer across emerging markets—particularly in energy transition, low-emission transport, sustainable agriculture, and waste management—enables faster access to solutions, reduces fragmentation, and accelerates the development of resilient, globally connected climate ecosystems.

13. Multiple benefits from this strategy for the target company and its markets of operation:

- Larger climate outcomes as the company can serve a bigger market through expansion and growth;
- Economies of scale which enhance the affordability and accelerate adoption; and
- Successful demonstration effects in emerging markets catalyze replication, encouraging investors and companies to scale climate solutions.

Prosperete Growth Fund will invest in companies with operations in India and Mauritius, then focus on expansion of these solutions to other emerging markets across Asia and Africa as appropriate. GCF proceeds will be utilized only in

the Host Countries where NOLs have been obtained (India and Mauritius). Any expansion of portfolio companies' solutions to other markets will not involve the use of GCF proceeds outside the Host Countries.

14. Potential future markets may include countries such as Nigeria, Indonesia, and South Africa as markets with nascent climate investment ecosystems and strong demand for climate-friendly solutions, and therefore well-suited to demonstrating Prosperete's technology transfer thesis. Any such expansion would be subject to receipt of the requisite NOLs from the relevant NDAs and GCF approval.

15. Prosperete intends to explore formalization of partnerships across each of these countries while engaging with national stakeholders to ensure smooth development and execution of the Fund's plans.

16. There are several early-stage funds as well as debt providers who look to scale solutions in their markets through the availability of growth equity. They act as key stakeholders in expansion of solutions as well as a credible source of deal pipeline for Prosperete. Prosperete is also in active conversation with financiers in Africa who can help portfolio companies with local expertise and potential financing as they look to expand to the continent.

Section 5: Focus Sectors

17. **While the focus areas highlighted below are indicative, most of Prosperete's investments are intended to overlap and create climate impact with interventions across multiple sectors.** Similarly, there are technologies, products and services which contribute to both climate change mitigation and climate change adaptation.

17.1 Energy Transition: Reliable access to energy is still a major gap across emerging markets. Prosperete aims to invest in sectors like power generation, identifying barriers such as unreliable and high-carbon energy sources and adoption issues like financing availability for clean energy. Potential interventions include Distributed Energy Resource Systems (DERS) and modernization of grids to enhance grid resilience and increase renewable energy adoption, resulting in sustainable energy access and reduced greenhouse gas emissions.

Power generation are critical components of global development, particularly in emerging markets. Projections indicate that a substantial 88% of the growth in electricity demand between 2019 and 2040 will originate from these regions[11], highlighting the significance of addressing energy needs in these areas. However, despite this growing demand, investment spending on battery storage has been notably inadequate in emerging markets during the period spanning from 2016 to 2020. This deficit in investment poses a challenge to ensuring reliable and sustainable energy access, underscoring the urgent need for increased investment and attention in this crucial sector. Addressing these gaps in investment and infrastructure is essential for facilitating inclusive economic growth and meeting the energy needs of communities in emerging markets.

In energy efficiency, Prosperete plans to address barriers like knowledge gaps and high upfront costs by investing in energy monitoring, pay-as-you-go models, and industrial efficiency solutions, leading to reduced energy intensity in industries and GHG emissions. In target countries such as India, new energy segments and their supply chain will also be explored to introduce low-emission solutions and build energy security. These include battery energy storage systems (BESS), green hydrogen infrastructure among others.

Energy efficiency remains a crucial aspect of global energy management, yet recent trends highlight significant challenges. In 2021, the rate of primary energy intensity improvement stood at just 1.9%, falling short of historical growth rates[12]. Specifically, this rate was below the historic five-year compound annual primary energy intensity growth rate of 2.3% observed in the previous decade and notably lower than the 4.2% deemed necessary in the International Energy Agency's (IEA) Net Zero Emissions by 2050 Scenario for the current decade leading up to 2030[13]. Despite these challenges, energy efficiency continues to stand out as the most cost-effective energy source, with costs ranging between 3 to 5 cents per kilowatt-hour (kWh). This underscores the importance of prioritizing and investing in energy efficiency initiatives to maximize energy savings and mitigate environmental impacts.

Sectors	**Identified Mitigation Solutions** (non-exhaustive)			**Identified Adaptation Solutions** (non-exhaustive)		
	Barriers	**Potential Intervention / Investment**	**Illustrative Impact**	**Barriers**	**Potential Intervention / Investment**	**Illustrative Impact**

 **Energy generation**	• Unreliable and high-carbon energy generation • Adoption issues: financing availability and upfront cost of clean energy • Limited ability of grid to meet load demand with increasing RE share	• Distributed Energy Resources (DERS) • Energy Supply Chain: Clean energy production equipment such as hydrogen electrolysers and solar panels • Modernization of Grids: Grid resilience using analytics to increase RE adoption despite variability	• Increase renewable energy mix in the grid • Reduced GHG emissions	• Increasing load on grid due to extreme weather events such as heat or cold waves • Increased grid failure instances with varied generation and demand peaks due to unpredictable climate patterns	• Smart Grids: Real time data and analytics leading to more effective maintenance, reliable and predictable performance, and a more resilient grid	• Reduced number of grid outages to ensure reliable energy supply • Improved recovery of energy system post extreme weather events
 **Energy efficiency**	• Limited adoption due to knowledge gaps • High-upfront cost of energy efficient systems	• Energy Monitoring: Monitoring and development of better processes for lower energy consumption • Pay-As-You-Go: Use of efficient equipment and reduction in HVAC services consumed for savings • Industrial Efficiency: Energy efficient equipment across HVAC, motors, pumps etc.	• Reduced energy intensity of industries leading to GHG emissions reduction	• Barriers to adoption of efficient cooling systems are primarily driven by high upfront costs, lack of consumer awareness regarding long-term operational savings, and limited access to financing	• Sustainable cooling solutions to manage extreme heat conditions	• Improved resilience of the energy network through use of more energy-efficient appliances (Efficient HVAC during heat waves).

17.2 **Low Emission Transport:** Prosperete plans to invest in clean mobility to address barriers like high-carbon transportation systems and adoption obstacles such as charging anxiety and upfront costs. Interventions include supporting electric vehicle (EV) manufacturers, developing EV supply chains, providing charging solutions, and implementing fleet solutions, resulting in reduced greenhouse gas emissions, increased adoption of low-emission transportation, and the establishment of low-carbon pathways for urban ecosystems. Prosperete aims to mitigate high upfront costs of low-emission transport through investments in green financial services (e.g. financing for two- and three-EV wheelers).

Low emission transport initiatives play a pivotal role to mitigate greenhouse gas emissions. Currently, transportation constitutes approximately 24% of direct greenhouse gas emissions stemming from fuel combustion on a global scale[14]. However, there exists a notable disparity in car ownership between emerging economies and developed markets. While the average car ownership stands at around 120 units per 1,000 people in emerging economies, it significantly surpasses this figure at approximately 500 units in developed markets[15]. This discrepancy underscores the importance of implementing strategies to promote low emission transport solutions, particularly in emerging economies where transportation emissions are significant contributors to overall greenhouse gas emissions. By prioritizing the adoption of cleaner and more sustainable transportation alternatives, such as electric vehicles and public transportation systems, countries can work towards reducing their carbon footprint and fostering a more environmentally friendly transport sector.

Sectors	**Identified Mitigation Solutions** (non-exhaustive)			**Identified Adaptation Solutions** (non-exhaustive)		
	Barriers	**Potential Intervention / Investment**	**Illustrative Impact**	**Barriers**	**Potential Intervention / Investment**	**Illustrative Impact**

 **Low emission transport**	• High-carbon and inefficient transportation systems • Adoption barriers due to charging / range anxiety / upfront cost • Limited supply chain to support growth of industry	• EV Manufacturers: Sale of electric vehicles, help increase affordability • EV Supply Chain: Components for EVs such as motors, battery technology / manufacturers • Charging Solutions: Helps reduce barriers for EV • Fleet Solutions: Reduction of emissions through use of EVs	• Reduced GHG emissions with clean transportation • Improved adoption of low-emission transportation • Development of low-carbon pathways for urban ecosystems	n/a	n/a	n/a

17.3 Food and Water Security: Prosperete aims to invest in solutions that have the potential of stabilizing or increasing farm productivity in the face of climate shocks. This includes 'climate smart' equipment enhancing existing irrigation methods and implementing smart farming techniques such as solar-powered water efficient irrigation systems or climate data and IoT sensors providing real-time data on soil moisture, temperature, and nutrient levels, allowing farmers to optimize resources and enhance crop resilience.

Agriculture and food security are critical concerns, particularly in EMs where a significant portion of global food production originates. Despite working on less than two hectares of land, approximately 600 million smallholder farmers, predominantly in EMs, contribute substantially to crop production, accounting for 28-31% of the total output[16]. However, projections indicate looming challenges for the agricultural sector. Climate change is already reducing crop yields globally, with projections indicating declines of up to 25%[17], while the demand for food production must escalate by 30-60% by 2050 to accommodate the needs of a growing global population and shifting dietary patterns[18]. These forecasts underscore the urgent need for innovative agricultural practices, sustainable farming techniques, and investments in agricultural infrastructure to ensure food security and mitigate the potential impacts of climate change on crop yields and quality.

Additionally, Prosperete aims to improve waste-water treatment for health and water security by exploring investments in energy efficient wastewater treatment solutions for urban or industrial operators, including decentralized ones. Water security is a pressing global concern, with projections indicating a significant challenge in the coming years. By 2025, an estimated 1.8 billion people are expected to reside in countries or regions facing absolute water scarcity, as reported by UN-Water. This scarcity not only affects basic needs but also has far-reaching health implications. Inadequate access to clean water and sanitation is closely linked to up to 80% of illnesses in the developing world. These statistics underscore the critical importance of prioritizing initiatives aimed at ensuring sufficient and safe water sources for communities worldwide.[19]

Sectors	**Identified Mitigation Solutions** (non-exhaustive)			**Identified Adaptation Solutions** (non-exhaustive)		
	Barriers	**Potential Intervention / Investment**	**Illustrative Impact**	**Barriers**	**Potential Intervention / Investment**	**Illustrative Impact**
 **Agriculture and food security**	-	-	-	• Reduced crop yields and quality due to increasing temperatures and rainfall variability • High food wastage due to improper storage	• Smart Farming: Crop monitoring facilitating climate informed advisory and risk management services • Smart agriculture equipment including water-efficient irrigation systems • Cold Chain: Enables food to last longer • Parametric insurance to protect livelihoods	• Increased resilience of agricultural systems, particularly smallholder farmers, to the effects of climate change • Increased food security reducing vulnerability to other climate events

Water security	• Use of energy intensive methods • Limited availability of urban space for treatment	• Decentralised, low-footprint, and energy-efficient wastewater treatment • Water Systems: Energy efficient / clean-energy powered water systems that reduce emissions	• Energy savings • GHG emission reduction in wastewater management	• Increasing water scarcity due to changing weather patterns • Lack of access to clean drinking water	• Waste-Water treatment: Improve water security through efficient treatment and reuse and decentralised solutions. • Water Systems: Enhance food and water security through improved irrigation methods	• Enhanced adaptive capacity of populations to changing water levels

17.4 Urban environment and data systems: Prosperete plans to invest in companies offering climate solutions relevant for urban systems. Examples of target solutions include distributed renewable energy systems with storage, low-carbon building materials, and circular economy practices to reduce GHG emissions. Additionally, Prosperete intends to invest in digital solutions enabling to monitor GHG emissions monitoring to improve climate information systems and the management of buildings.

Urban systems play a pivotal role in shaping the future sustainability of our planet. Projections indicate that by 2050, nearly 75% of all infrastructure expected to be developed globally will be concentrated in cities that are yet to be built[20], highlighting the immense potential for urban development and its associated environmental impact. Moreover, the building and construction sector stands out as a significant contributor to carbon emissions, accounting for approximately 35% of final energy use CO2 emissions[21]. Addressing the environmental footprint of urban development and construction activities is imperative for mitigating climate change and promoting sustainable urbanization. By implementing energy-efficient building designs, adopting low-carbon building materials, and investing in renewable energy sources for urban infrastructure, cities can play a crucial role in reducing their carbon footprint and fostering a more sustainable future.

Prosperete will also explore the opportunity of investing in one or two companies offering technologies such as IoT sensors providing real-time data on structural integrity for predictive maintenance and adaptive management of critical assets.

Sectors	**Identified Mitigation Solutions** (non-exhaustive)			**Identified Adaptation Solutions** (non-exhaustive)		
	Barriers	**Potential Intervention / Investment**	**Illustrative Impact**	**Barriers**	**Potential Intervention / Investment**	**Illustrative Impact**
Cities, buildings, and urban systems	• Energy-intensive and carbon-heavy manufacturing and sanitation systems • Undeveloped low-emission climate resilient cities • Improper segregation and treatment of waste • Limited availability of information to design effective carbon reduction interventions	• DERS: Distributed renewable energy systems including storage solutions • Green Manufacturing: Processes using less raw material and energy • Building Materials: Low-carbon building material • Circular Economy: Reduce emissions from virgin mining and procurement • Monitoring: Helps gather source of emissions by a particular source to design appropriate intervention	• Reduced industrial and urban GHG emissions • Increase in sustainable supply of energy • Construction of low-carbon resilient infrastructure • Low-carbon production methods and procurement of resources • Improved monitoring of emissions to ensure accountability	• Increased exposure of urban infrastructure to climate hazards • Limited visibility on infrastructure operating conditions leading to frequent service breakdowns • Lack of preparedness for climate hazards due to limited availability of climate information	• Infra Monitoring: Infrastructure monitoring, analytics, and predictive maintenance solutions through digitization • Climate Information systems: Ensuring health and water security through modelling effect of climate change on regions and sectors	• Increased adaptive capacity of urban infrastructure and populations at risk from climate-related hazards • Increased resilience of populations to climate hazards

Section 6: Climate Finance Context

18. Emerging markets need climate financing as they need to balance the dual objectives of ensuring inclusive growth and fighting climate change. Fulfilment of this vision requires a well-executed multi-step strategy and the need to balance preferences of investors and stakeholders. Prosperete has selected target countries to establish the foundations for an

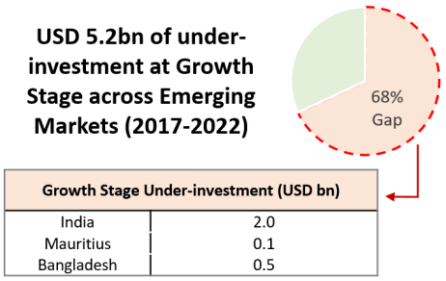
emerging market focused financing ecosystem. The fund showcases the viability of climate solutions in EMs, attracting more capital for future funds and encouraging investors.

19. South Asian economies face GDP losses of up to 15% of per capita GDP by 2050[22]under current climate trajectories. Mauritius, meanwhile, faces recurring losses from extreme weather events equivalent to 1.5–2.3% of annual GDP per extreme event[23]. Each target country faces a substantial climate financing gap that public capital alone cannot bridge. Governments in India and Mauritius have constrained fiscal space and limited institutional capacity to deploy climate finance at scale at the required pace, underscoring the critical role of foreign private capital. However, the perceived dual risk of investing in emerging markets and early-stage climate solutions continues to constrain the flow of investment needed to scale these solutions.

A summary of climate financing gaps by country is highlighted below						
Country	**Aspect**	**Aggregate**	**Energy Transition**	**Low Emission Transport**	**Circularity**	**Low-Carbon Infrastructure**
India[24]	Current (annual)	~$170–200 bn annually	~68	~5.1	~0.4	~25–30
	Investment Needs (to 2030)		~450–550	~143	~40–50	~200–250
Mauritius[25]	Current (annual)	~$6.5–8 bn	~0.15–0.20	~0.02	<0.05	~0.10
	Investment Needs (to 2030)		~1.35	~0.5–0.7	~0.3–0.5	~5.6–6.5

20. **There are only a few climate funds focused on Emerging Markets and based in Emerging Markets**. Our research highlights the difficulty, with only 9% of companies in EMs, in the climate space, **successfully transitioning to Series B after seed funding, compared to the global average of 27% for similar companies**. This stark difference underscores the critical funding gap hindering the efforts of promising climate start-ups to expand and scale operations, often leading to premature closure.

21. The existing funds in these regions have built capacity to finance renewable energy projects but lack sectoral expertise to underwrite upcoming climate solutions As an example, India (which is considered fairly evolved in the climate investing space versus other Emerging Markets) itself has a capital availability gap of USD9 bn+ for climate solutions and this is most acute at the "missing middle" i.e., Growth stage, with an 85% gap (translating to ~USD3.5 bn) based on the number of active climate funds. Addressing the funding gap is key to a vibrant climate ecosystem in EMs. Prosperete' growth stage fund is targeted to fill this gap. In fact, the success of early-stage funds depends on the availability of growth stage capital to provide successful exits for their portfolio investments. Furthermore, these markets should be leveraged to export climate solutions to other emerging markets and accelerate the creation of climate ecosystems across different markets.



22. Through the creation of scaled companies, Prosperete will be able to attract large-scale commercial capital to climate finance. Currently, commercial and institutional investors find climate solutions unattractive due to limited scale and low-ticket size. A key emphasis is laid upon scaling Prosperete's portfolio companies for investment by large institutional investors. Prosperete has also developed a strong network of partner funds across key markets to co-invest in growth stage companies.

Prosperete's interventions could help communities vulnerable to climate impact

23. Prosperete's focus countries are highly susceptible to increasing hazardous climate effects. These nations face significant risks from flooding, heatwaves, and droughts. IPCC's Sixth Assessment Report identifies South Asia along with SIDS such as Mauritius as global hotspots of high vulnerability. Vulnerability is higher in locations with poverty and high levels of climate-sensitive livelihoods[26]. Some of Prosperete's interventions may indirectly lead to benefits to communities vulnerable to climate impacts by enhancing their income resilience to climate shocks.

24. As an example, the IPCC's Sixth Assessment Report highlights that climate change will increasingly put pressure on food production and access, especially in vulnerable regions, undermining food security and nutrition. Reports suggest

70% of smallholder farmers in India have lost 50% or more of a crop in the past three years due to climate related challenges such as rainfall variability[27], putting a pressure on the livelihoods and food security of the farmers.

25. Prosperete may invest in increasing livelihood stability in climate vulnerable sectors such as agriculture through interventions like climate-resilient inputs, precision agriculture etc directly supporting smallholder farmer incomes.

Section 7: Strategic Alignment - **How Prosperete complements existing projects**

26. Prosperete Growth Fund, through its themes, structure and investment instruments is designed to complement existing climate financing projects:

The Prosperete Growth Fund distinguishes itself from public interventions such as the GEF and the CIF by operating as a private-sector–led fund that complements public energy-transition efforts. It addresses the twin challenge of using catalytic capital to mobilize private and institutional investment in low-carbon solutions, while expanding access to essential services for underserved populations.

While public sector interventions remain critical to achieving the Paris Agreement goals, emerging markets require approximately USD 1 trillion annually for mitigation and adaptation, with around 90% expected from private capital. Through equity investments, Prosperete targets replicable business models and supports their scale-up by crowding in additional capital. In doing so, it complements other GCF-supported initiatives across the investment spectrum—including KawiSafi II (FP210), Avaana Sustainability Fund (SAP037), and the Green Growth Equity Fund (FP164)—by acting as a bridge between regional funds, facilitating cross-market expansion of climate solutions, and working with debt providers to unlock additional financing.

27. The Fund helps enhance outcomes of climate-focused early-stage capital programs and green infrastructure programs:

Emerging markets attracted over USD 2 billion in early-stage climate capital between 2017 and 2022. However, without sufficient growth capital, many of these investments are at risk, as companies struggle to scale—reflected in mortality rates up to three times higher than global peers by Series B or growth stage. Absent adequate growth financing, climate ecosystems risk stagnation and a decline in future funding.

At the same time, resilience and monitoring solutions are critical to protecting trillions of dollars invested in climate infrastructure. Over 1 TW of global solar capacity is exposed to increasing physical climate risks, driving insurance premiums up by 15–45% and limiting coverage in high-hazard zones.

Investments in the digitization of green infrastructure can improve asset utilization, extend asset life, and support the design of more climate-resilient systems. Prosperete's investments complement low-carbon infrastructure by lowering costs, improving reliability and performance, facilitating adoption, and enhancing resilience—thereby strengthening the risk-return profile of both existing and new climate infrastructure assets.

Alignment with GCF's Private Sector Strategy

Prosperete Growth Fund is closely aligned to the key priorities set out in GCF's Private Sector Strategy and the 2024-2027 GCF Strategic Plan:

28. *Promote a conducive investment environment for combined climate and economic growth activities:*

The Prosperete Growth Fund plays a pivotal role in fostering an enabling investment environment within its Target Countries, thereby catalysing climate-friendly growth. It achieves this by showcasing the viability of private equity investment in these markets and actively contributing to the evolution of the investment ecosystem. This involvement encompasses engagement in consultations with the public sector and civil society, as well as the provision of support for ecosystem development initiatives. By undertaking these measures, the fund not only facilitates sustainable economic development but also cultivates an environment conducive to long-term investment and growth.

29. *Accelerate innovation for business models, financial instruments and climate solutions:*

The Prosperete Growth Fund is structured to provide strategic support to pioneering enterprises and firms utilizing climate technologies within its designated sectors. Employing equity and quasi-equity financial instruments, the fund is introducing innovative and adaptable terms into its investment agreements. This approach ensures that incentives are aligned, benefits are shared, and risks are effectively mitigated.

30. *De-risk investments to crowd in private climate finance:*

The investment from the GCF in the Junior Equity tranche of the Prosperete Growth Fund will be pivotal to catalysing private climate finance to the climate solutions sector in Target Countries. Investors have the option of investing in developed markets (which they are closer to) and there are proactive government support programs in these countries such as the Inflation Reduction Act in USA, and the Green Deal in Europe. By mitigating investment risks and enhancing the appeal of risk-adjusted returns, the GCF's involvement will effectively address perceived and real risks for greater participation from private investors, thereby bolstering the flow of capital into climate-related initiatives.

31. *Strengthen domestic and regional financial institutions to scale up private climate finance:*

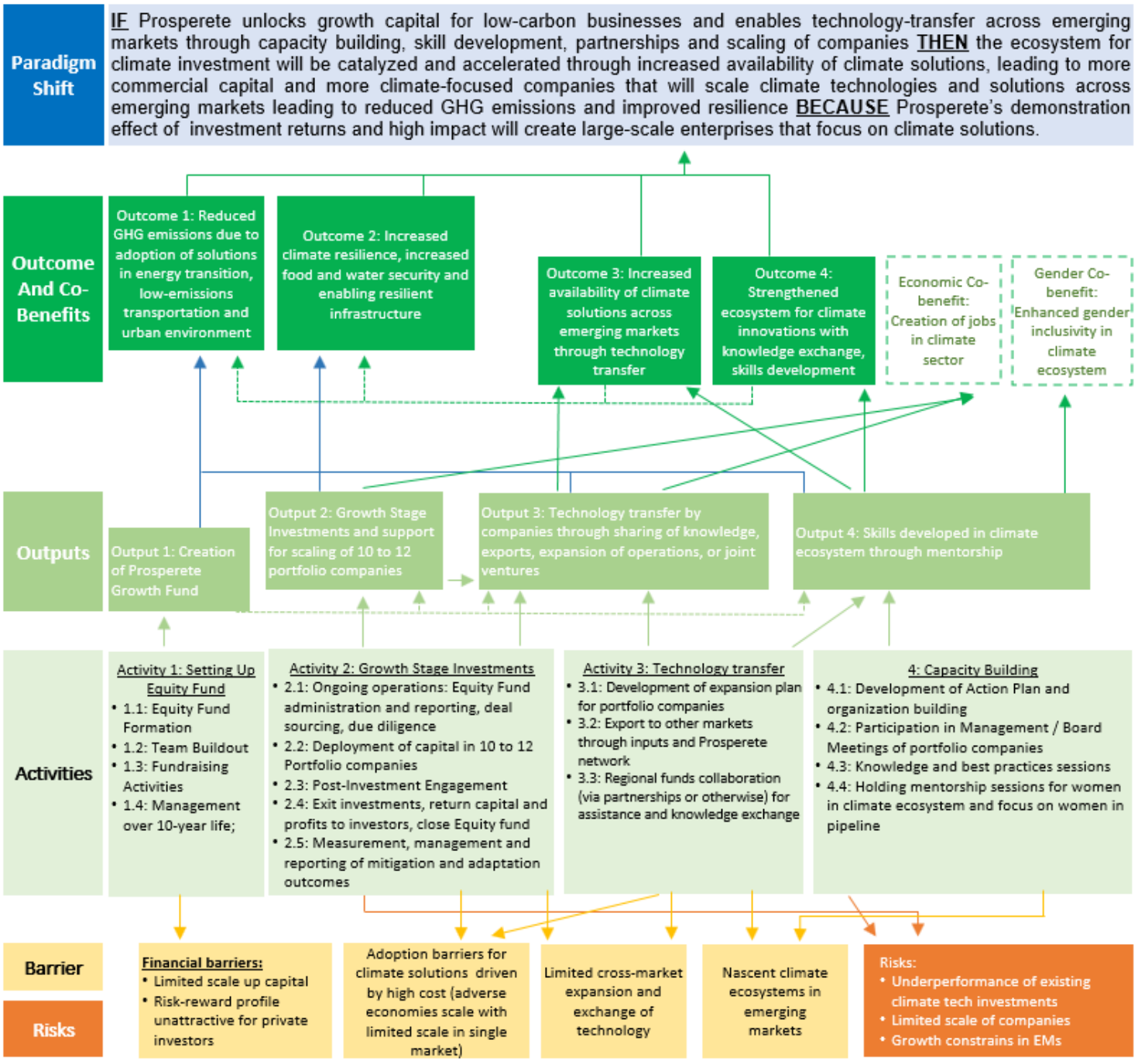
    Prosperete investments in climate solutions will be a catalyst for investments from other financial institutions. Further, as portfolio companies scale and expand to other EMs, Prosperete will partner with regional funds for co-investment in such companies. Co-investment with Prosperete will help these funds underwrite deals and develop sector expertise. Furthermore, regional funds would provide local market understanding and support to expanding portfolio companies. The similarities in the climate needs and solutions across these countries and regions suggest clear benefits from following a cross-border approach to scaling. This will create an ecosystem for climate investing across EMs.

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

1. Prosperete Growth Fund aims to achieve climate mitigation and adaptation outcomes by investing for growth-stage companies offering climate solutions in EMs. Unlike developed countries, emerging markets cannot mobilize the funding required to scale climate solutions with the necessary urgency.

2. An encouraging trend is a growing number of companies in India and Mauritius and other emerging markets have the ability to create cost-effective solutions that improve access for people vulnerable to climate impacts in emerging societies. In most markets, such climate solutions have access to early-stage capital, allowing them to establish proof of concept. However, the lack of growth capital poses a significant challenge in scaling and accelerating climate solutions in developing countries.

3. Prosperete is therefore utilizing the innovative approach of undertaking a multi-country approach and utilizing technology transfer to ensure availability of climate solutions in different markets and enable creation of ecosystems. The Prosperete Growth Fund theory of change is centred around the following paradigm shift:
    a) **IF** Prosperete unlocks growth capital for low-carbon businesses and enables technology-transfer across emerging markets through capacity building, skill development, partnerships and scaling of companies
    b) **THEN** the ecosystem for climate investment will be catalyzed and accelerated through increased availability of climate solutions, leading to more commercial capital and more climate-focused companies that will scale climate technologies and solutions across emerging markets leading to reduced GHG emissions and improved resilience
    c) **BECAUSE** Prosperete's demonstration effect of investment returns and high impact will create large-scale enterprises that focus on climate solutions



4. <u>The theory of change addresses the key market barriers and risks as follows:</u>

a) **Barrier 1: Limited scale up capital and Risk-reward profile unattractive for private investors**

Limited access to growth equity is one of the most significant barriers hindering the transfer of necessary low-carbon and climate resilient technologies. To date, the focus has been on asset-light solutions, which do not require large amounts of capital. However, the development of climate solutions requires technology to work

on physical assets, leading to significantly higher capital needs and longer gestation periods. Absence of growth capital affects companies' ability to scale and create the required impact which in turn reduces their ability to provide attractive returns to commercial investors. Emerging markets have sector agnostic funds providing initial capital but face a dearth of capital for growth stage.

This gap has been widely acknowledged, with IEA stating *"outside major hubs like the US and China, most countries do not have available local investment funds to match the needs of their clean energy start-ups, especially during scale-up"* [28]

At an early stage, the funding requirements for climate solutions are not substantial. As a result, a number of early-stage climate funds have been established using domestic capital. However, as climate solutions progress and scale, several founders across emerging markets have highlighted the absence of the larger fundraising required during the growth stage. There is a need for growth equity capital to catalyse capital crowd-in to climate solutions. There is not enough local institutional capital available with a mandate to invest in green projects. There is an urgent need for innovative financial solutions to de-risk institutional investors, pool funds at scale and provide the much-needed equity capital.

b) Barrier 2: Adoption barriers for climate solutions driven by high cost

Climate change solutions often encounter limited scalability when confined to a single market as they are local and contextualised. Expanding into multiple markets not only broadens their reach but also unlocks a larger Total Addressable Market (TAM) providing climate solution providers with the critical scale required to achieve economies of scale and lowering costs to increase affordability.

c) Barrier 3: Limited cross-market expansion and exchange of technology

Many essential technologies vital for facilitating the transition to low-carbon practices in Emerging Markets remain restricted to a single market.

Overcoming these barriers requires an integrated approach which can help companies think beyond home markets, reduce cost and increase adoption, creating positive outcomes for the customers, company, and climate ecosystem at large.
Additionally, the current lack of partnerships between funds for knowledge exchange exacerbates this issue, hindering the efficient dissemination of innovative solutions. As a result, efforts are often duplicated, leading to inefficiencies and the suboptimal use of the already limited resources available.

d) Barrier 4: Nascent climate ecosystems in emerging markets

The barriers described above collectively reflect the nascent state of climate ecosystems across Prosperete's target markets, a challenge that underpins the structural funding gaps and market constraints detailed in this funding proposal.

5. <u>Prosperete Growth Fund addresses the above-mentioned barriers and risks as follows:</u>

Through investment of growth capital in the scaling of climate businesses, Prosperete Growth Fund supports the rapid acceleration of supply of essential products and services which is expected to in turn demonstrate the technological suitability of these products and commercial viability of these businesses. The Fund will lead to identification and development of well selected companies that have developed and deployed climate and sustainability solutions that can be applied across EMs to have impact at a global scale. The Fund's sample pipeline demonstrates the company's ability to achieve scale, generate financial returns, as well as serve multiple markets. Post the creation of the fund, further diligence on investments and selection of the best climate solutions, along with support for organization building and global operations, will create positive outcomes from these investments.

Prosperete is promoting a unique business model of working with partner funds in India and Mauritius and other Emerging Markets. By doing so, Prosperete contributes to creating an ecosystem for climate investments and increase capacity in evaluating and investing in climate mitigation and adaptation solutions. This will include evaluating investee companies of partner funds to see if the solutions they offer can be scaled.

Prosperete takes a nuanced approach of differentiating its value-add approach and activities basis the needs of the target country. This model of partnerships across EMs will lead to proliferation of climate investing because of

Prosperete's regional partnerships and multiplication of large-scale climate investments across EMs. Prosperete has already identified several funds looking to establish such a partnership and is in the process of formalizing these partnerships for sharing of pipeline companies, knowledge exchange, and portfolio support.

6. Prosperete Growth Fund aims to complement governmental initiatives by investing in strategic areas primed for private sector engagement, such as two and three-wheeler electric vehicles (EVs), battery manufacturing, and associated charging infrastructure. This investment is intended to facilitate the introduction of new technologies, validate innovative financing models aimed at enhancing affordability and accessibility to electric transportation. At scale, these solutions are projected to substantially reduce emissions from the transportation sector, which currently contributes to approximately a quarter of all energy-related CO2 emissions. Further, Prosperete Growth Fund seeks to invest in businesses that utilize innovative pay as you go models in energy transition. The fund will also invest in agricultural infrastructure and technologies that supports income generation and increases smallholder farmers adaptive capacity to the effects of climate change. Increasing access to these products will likely also empower small holder farmers. Prosperete Growth Fund also focuses on mitigation and adaptation outcomes through distributed renewable energy systems, low-carbon building materials, circular economy practices, and constructing resilient infrastructure, which enhance sustainable energy supply and reduce emissions from urban development.

7. By establishing a USD 220 million fund, Prosperete estimates to enable 6.25 million tons of CO_{2eq} in avoided emissions, and support more than 1 million people adapt to climate change during the fund's life. Prosperete will invest to help scale enterprises, attract commercial capital from institutional investors and drive transformative change. As these companies scale, they are expected to (i) generate employment (ii) provide access to low-carbon and climate-resilience solutions in different emerging markets, and (iii) lead towards improved affordability of such solutions. The companies supported will continue to have additional impact post Prosperete's exit as well. (iv) Prosperete's model of working in partnership with other funds in the region will create co-investment opportunities, knowledge sharing and cross fertilization across emerging markets to accelerate the availability of climate solutions.

8. The following table summarizes the key barriers and how they are addressed through the theory of change (activities and outputs):

Barrier	**Output Area**	**Activities / Sub-activities that address the identifie barrier**
Barrier 1: Limited scale up capital and Risk-reward profile unattractive for private investors	Output 2: Growth Stage Investments and support for scaling of approx. 10 to 12 portfolio companies	Activity 1: Setting Up Equity Fund Sub-Activity 1.1 and 1.3: Equity Fund formation and Fundraising Activities: Sub-Activity 1.2: Team Buildout: Sub-Activity 1.4: Management over 10-year life; Activity 2: Growth Stage Investments Sub-Activity 2.1: Ongoing operations: Equity Fund administration and reporting, deal sourcing, due diligence Sub-Activity 2.2: Deployment of capital in 10 to 12 Portfolio companies Sub-Activity 2.3: Post-Investment Engagement Sub-Activity 2.4: Exit investments, return capital and profits to investors, close fund Sub-activity 2.5: Measurement, management and reporting of mitigation and adaptation outcomes
Barrier 2: Adoption barriers for climate solutions driven by high cost	Output 2: Growth Stage Investments and support for scaling of approx. 10 to 12 portfolio companies Output 3: Technology transfer by companies through sharing of knowledge, exports, expansion of operations, or joint ventures	Activity 2: Growth Stage Investments Sub-Activity 2.3: Post-Investment Engagement Activity 3: Technology transfer Sub-Activity 3.1: Development of expansion plan for portfolio companies Sub-Activity: 3.2: Export to other markets through inputs and Prosperete network Sub-Activity 3.3: Regional funds collaboration (via partnerships or otherwise) for assistance and knowledge exchange

Barrier 3: Limited cross-market expansion and exchange of technology	Output 2: Growth Stage Investments and support for scaling for 10 to 12 portfolio companies Output 3: Technology transfer by companies through exports, expansion of operations, or joint ventures	Activity 2: Growth Stage Investments Sub-Activity 2.2: Deployment of capital in 10 to 12 Portfolio companies Sub-Activity 2.3: Post-Investment Engagement Activity 3: Technology transfer Sub-Activity 3.1: Development of expansion plan for portfolio companies Sub-Activity: 3.2: Export to other markets through inputs and Prosperete network Sub-Activity 3.3: Regional funds collaboration (via partnerships or otherwise) for assistance and knowledge exchange
Barrier 4: Nascent climate ecosystems in emerging markets	Output 4: Skills developed in climate ecosystem through mentorship sessions	Activity 3: Technology transfer across EMs Sub-Activity 3.3: Regional funds collaboration (via partnerships or otherwise) for assistance and knowledge exchange Activity 4: Capacity Building Sub-Activity 4.1: Development of Action Plan and helping with growth Sub-Activity 4.2: Participation in Management / Board Meetings of portfolio companies Sub-Activity 4.3: Knowledge and best practices sessions Sub-Activity 4.4: Holding mentorship sessions for women in climate ecosystem and focus on women in pipeline

9. Prosperete estimates that the Fund will be able to mobilize more than a USD 1 billion in climate financing from public and private financing. This will be enabled through investments in rounds where Prosperete invests and further fundraising by the investee company. Through its network, IFC will actively support Prosperete's mobilization activities.

The Fund aims to achieve the following outcomes:

10. **Outcome 1: Reduced GHG emissions due to adoption of solutions in energy transition, low-emission transportation and urban environment**

Prosperete is focusing on companies that provide low-emission solutions through multi-renewable energy sources, increasing energy productivity of existing solar and wind farms, battery and pump storage solutions that address intermittency of renewable energy and grid-based solutions that improve the offtake of renewable energy.

Prosperete will invest in sustainable building materials, not only mitigating emissions from hard to abate sector but also enable creation of affordable housing. Some of Prosperete's portfolio companies might contribute enhancing infrastructure asset's longevity and resilience by offering real-time data and analytics. This improves performance predictability and enables quick responses to climate change impacts across various sectors, enabling tailored interventions to mitigate climate risks effectively, thereby advancing adaptation efforts. These can be achieved through the portfolio companies employing principles of circular economy, use of low carbon building materials, lower land and water footprint. Furthermore, the integration of AI in industrial processes enhances efficiency, leading to significant mitigation benefits. AI-driven predictive maintenance reduces equipment downtime and defects, optimizing resource utilization. Real-time monitoring and data analytics streamline operations, minimizing energy consumption and waste generation.

11. **Outcome 2: Increased climate resilience, increased food and water security**

Enhancing the resilience of lower-income populations involves providing access to climate-friendly productive solutions, bolstering food security, and offering a wider array of reliable climate-resilient opportunities for employment, income generation, and economic advancement. As outlined in section B.1., emerging markets confront significant climate hazards such as heightened droughts, extreme rainfall, and exposure to severe heat waves, alongside increased weather variability. Investing in the specified energy and climate solutions is anticipated to fortify the resilience of the businesses served, enabling them to more effectively cater to low-income clientele amidst these challenges. Thus, it becomes essential to foster businesses that empower communities to diversify their incomes, whether through increasing affordability or promoting adaptation measures that enhance community resilience. For example, the solar-

powered water pump company can help reduce water stress and at the same time increase farmer income generation due to higher yields.

12. **Outcome 3: Increased availability of climate solutions across emerging markets through technology transfer**

    Prosperete is focused on creating advanced climate development ecosystems in emerging markets by exporting clean technologies and partnering with regional investment funds. Through collaboration with investors and institutions, Prosperete is building a strong market pipeline, assessing global scalability, and supporting design of tailored expansion plans for its investee companies.

    To ensure technology transfer, Prosperete has set targets across:
    - Monitoring of execution of technology transfer plan by companies
    - Partnership with other funds for local expertise and sharing of pipeline

13. **Outcome 4: Strengthened ecosystem for climate innovations with knowledge exchange, skills development**
    Through the establishment of partnerships, IFC and Prosperete will facilitate knowledge and investment flows, bridging gaps to accelerate climate action. Furthermore, Prosperete would work on gender outcomes to ensure that such ecosystems are most inclusive. This will ensure increased economic participation, safer working environment and accelerated climate action in these markets on a sustained basis.

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

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, cities, 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
Reduced GHG emissions due to adoption of solutions in energy transition, low-emission transportation and urban environment	☒	☒	☒	☐	☐	☐	☐	☐
Increased climate resilience for vulnerable populations, increased food and water security and enabling resilient infrastructure	☐	☐	☐	☐	☐	☒	☒	☐
Increased availability of climate solutions across emerging markets through technology transfer	☒	☒	☐	☐	☐	☐	☐	☐

Co-benefit number	**Co-benefit**					
	Environmental	**Social**	**Economic**	**Gender**	**Adaptation**	**Mitigation**
Creation of jobs in climate sector	☐	☒	☒	☐	☐	☐
Enhanced gender inclusivity in climate ecosystem	☐	☐	☐	☒	☐	☐

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

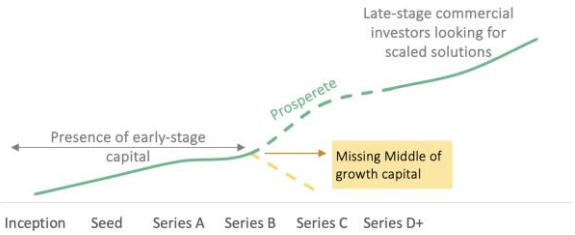
Setting up and operating USD 220 million Investment Fund

1. Prosperete is setting up a USD 220mn growth equity fund with a hard cap of USD 270mn, to promote SMEs and start-ups focused on climate mitigation and adaptation by leveraging technology and business model innovation to provide solutions at scale.
   Prosperete's market assessment over the last two years across select markets, shows a lack of growth equity that limits the ability of innovative start-ups and Small and Medium Enterprises (SMEs) to achieve scale and create large scale impact.
2. Prosperete Growth Fund will leverage private and institutional capital at the fund level for further investment into low-carbon projects in Emerging Markets. The key output of the program is long-term investment of Equity capital in (1) Energy Transition, (2) Food and Water Security, (3) Low-emission transport, and (4) Urban Environment and Data Systems projects with strong climate impact and innovation potential. These sectors correspond to the following GCF result areas:

   - MRA - 1: Energy Generation and Access
   - MRA - 2: Low Emission Transport
   - MRA - 3: Buildings, Cities, industries, and appliances
   - ARA - 2: Health, well-being, food and water security
   - ARA - 3: Infrastructure and built environment

3. The fund addresses the missing middle of growth stage between early-stage capital and late-stage capital. Growth equity, along with Prosperete support for portfolio companies for market expansion, will enable the creation of large-scale global enterprises that can successfully crowd-in late-stage private capital to climate sectors.

4. Prosperete Growth focuses on growth stage companies with ticket sizes of USD 5 million - USD 20 million and on its core expertise of scaling businesses across different markets through its global experience and network. Prosperete will create positive outcomes by investing in and scaling mitigation and adaptation solutions and projects that have achieved product market fit.



5. Prosperete will catalyse private finance supported by concessional equity from GCF to invest in growth stage companies that address climate challenges in India and Mauritius and improve the livelihoods of those affected by climate change.

6. **Many climate solutions come with initial investment costs that can be prohibitive for businesses and communities with limited resources.** To foster widespread adoption, it is essential to make these solutions more economically viable and accessible. Prosperete will help climate solutions grow, reducing costs through economies of scale, and provide transition finance to make these solutions more accessible. This is expected to accelerate the deployment of affordable and scalable climate solutions, facilitate their integration into people's daily lives, and promote sustainable development on a global scale.

7. Prosperete will invest USD 5 million to USD 20 million (excluding co-investments), giving the Fund a significant minority stake to ensure that Prosperete can guide the investee/founders with strategic inputs and ensure adherence to environmental, social and governance standards. It is expected that the Fund will make 10-12 such investments over the Fund's life. Traditional investors work with investment horizons of 3 – 5 years. Prosperete invests with a longer investment horizon of 5 to 8 years to help companies which face elongated enterprise sales cycles.

8. The Prosperete Growth Fund's comprehensive sector mapping and expertise underscore the significant market opportunities within the target sectors. Within the fund's investment pipeline, the Prosperete team has curated an indicative advanced pipeline featuring investment opportunities across our focal verticals where it can deploy money post availability of capital.

9. **Prosperete's Growth Fund is of ESS risk category I-2**. Prosperete primarily invests in solutions with environmental or safety risks in category B or category C. However, given climate solutions' link to physical assets, some solutions such as recycling, sustainable HVAC solutions, or battery manufacturing may have operation centres. Using the weakest link approach, the programme has been categorized in risk category I-2.

Investments from Prosperete Growth Fund:

10. Prosperete's investment criteria are multi-faceted to ensure both commercial and climate outcomes from its investments. The preliminary eligibility criteria utilized while identifying companies at screening stage are highlighted below:
    - Focus Areas: Green Projects in the sectors/focus areas of Prosperete which have carbon mitigation / adaptation impact. Sectors include energy, energy efficiency, food and water security, mobility and transportation, urban environment and data systems. Prosperete applies the IFC exclusion list.
    - Stage: Companies looking for scale-up capital to expand their climate-focused offerings
    - Any E&S Category A projects would not be eligible for financing

11. Geographical Considerations: Prosperete invests in companies where NOLs have been obtained i.e., India, and Mauritius.

12. Prosperete evaluates companies' ability to enable technology transfer through export or expansion of company's offerings. Possibility of such transfer and proposed expansion plan, if any, will be an input for growth projections.

13. Prosperete further evaluates a company's climate thesis against possible technologies and sub-sectors as enlisted below and climate impact of investment as per Eligibility Criteria.

14. **Technologies/sub-sectors:** Prosperete Growth Fund will invest in companies deploying climate technologies in the focus countries. The list below provides an indicative set of sub-sectors where Prosperete may invest, these may be in companies whose core business are climate solutions, or existing players who are expanding their businesses into such products / solutions. Prosperete considers investments in solutions that accelerate adoption of these products / services, such as financing of electric vehicles or renewable energy. The Fund may add additional sectors basis development of solutions at growth stage and mitigation / adaptation impact.

Segment / sub-sector	Description
Energy Transition	
Distributed renewables (+ storage)	Solar home systems for households and commercial and industrial solar, including mini grids
Energy storage (primarily battery energy storage systems)	Grid-connected storage Energy storage solutions for consumers and businesses, specifically those that increase the usability of renewable energy solutions (e.g. home energy storage)
Battery recycling / 2nd life models	Recycling/upcycling of used Li-ion and other batteries for reuse of component materials or repurposing for 2nd life batteries
Smart metering	Smart metering systems for grid-connected and off-grid distribution networks, to make power grids more capable of efficiently and reliably operating with renewables
Renewable energy financing	Financing platforms and fintech solutions for renewable energy companies and projects
Modernization of Grids and Software	Software platforms focused on energy sector, including integrated software and smart device systems for remote monitoring and control of energy generation assets, and reduction in energy consumption
Energy Supply Chain	Clean energy production equipment such as solar panels, mature electrolyser solutions etc.
New forms of clean energy	New forms of clean energy such as new solar technologies, application of green hydrogen etc.
Energy Efficiency	Monitoring and development of better processes for lower energy consumption or Use of efficient equipment and reduction in HVAC etc. services consumed for savings; Industrial Efficiency: Energy efficient equipment across HVAC, motors, pumps etc. Target improvements in energy efficiency must be at least 20% against a conservative baseline.
Urban environment and data systems	
Infrastructure Monitoring	Infrastructure monitoring that uses IoT sensors and predictive analytics to detect early signs of wear in assets like pipelines and energy grids, reducing emergency repairs, energy waste, and associated carbon emissions — for example, preventing water pipe bursts that would otherwise cause significant water loss and diesel-heavy emergency interventions.
"Green" manufacturing	Manufacturing processes and equipment that use less rawmaterial, produce less waste and consume less energy.
Sustainable packaging and other materials	Alternatives to traditional packaging and other materials with relatively more limited carbon footprints (during production, transport, use σdisposal) – e.g. bioplastics, recycled paper and cardboard, etc.
Low-carbon building material	Materials – such as concrete, recycled panels that have lower carbon footprints (during production, transport, use σdisposal) than baseline alternatives over lifetime

Waste management and circular economy	Solutions that avoid waste generation (e.g. composting, recycling) or reduce the GHG emissions from stored waste (e.g.landfill management), including plastics recycling
Sanitation	Technologies and processes that reduce GHG emissions associated with sewage management – e.g. variable-speed pumps, energy efficient stirring, methane avoidance or capture,etc.
Waste to energy	Pyrolysis and other energy recovery processes that utilize wasteconversion technologies to generate heat and electricity from non-reusable and non-recyclable waste materials
Renewables-based ESCOs	Renewable power for mobile connectivity, including ESCOmodels for solar-powered mobile towers
Low-emission transport	
EV Manufacturers or equipment suppliers	Electric vehicles and associated supply chain to change user behaviour to use electric alternatives to fossil-fuel
EV charging	Models for roll-out and management of EV charging networks,including fast-charge technology, batter swap models, and software platforms for battery network optimization
EV financing	Financing solutions for electric vehicles and fleet transition toEVs, such as asset finance, pay as you drive, etc.
EV Fleets	Reduction of emissions through use of electric vehicles as commercial fleet vehicles
Shared mobility	Business cases around shared mobility solutions (commuterbuses, last-mile solutions, etc.).
Smart mobility	Route planning; apps for minimising fuel/energy consumption intransport systems and public/private fleet management
Logistics platforms	Solutions focused on reducing emissions in supply chain, including optimization of logistics systems, reduction of food loss in supply chains
Food and Water Security	
Farm Equipment	Equipment that helps improve productivity
Smart Farming	Sustainable food production methods; Weather monitoring facilitating climate informed advisory and risk management services
Cold Storage	Enables food to last for longer and reduces food wastage
Water Systems	Water-resilience for agriculture
Waste-Water treatment	Improve health and water security through efficient treatment

Key Outputs from Prosperete Growth Fund

15. **Output 1: Creation of Prosperete Growth Fund**

    Creation of fund entities and achieving first close and final close. Prosperete targets to raise USD 220mn by final close. The establishment of the fund and related structure have been further described in section B.4.

16. **Output 2: Growth Stage Investments and support for scaling of approx. 10 to 12 portfolio companies**
    Post setup of the fund and fundraise, Prosperete will be able to lead investment rounds into companies providing climate solutions. Prosperete will invest at growth stage and transitioning companies focussed on providing mitigation and or adaptation solutions.

    By leading investment rounds, Prosperete will be able to mobilize capital within that round itself (expected to be 1.5-2x of Prosperete's investment). Such growth stage investments will allow companies to grow their solutions beyond demonstrations and initial clients, developing capacity to serve institutional clients across different regions.

17. **Output 3: Technology transfer by companies through sharing of knowledge, exports, expansion of operations, or joint ventures**

    Working with portfolio companies, Prosperete supports them in expanding to other emerging markets in need of climate solutions.

18. **Output 4: Skills developed in climate ecosystem through mentorship**

    Prosperete looks to create an enabling ecosystem for climate solutions by having mentorship sessions for skills development and making the climate ecosystem deeper in focus countries.

Key Activities under Prosperete Growth Fund

19. **Activity 1: Setting Up Equity Fund**

    - **Sub-Activity 1.1 and 1.3: Equity Fund formation and Fundraising Activities:** IFC, as Accredited Entity, is channelling GCF resources into the Prosperete Growth Fund, a $220M Growth Equity Fund being established

by Prosperete.

The Fund will utilize blended-finance structure to unlock climate investment into emerging markets. The Fund targets business models that deploy low-carbon solutions in an inclusive and sustainable way and that enables people to participate in a greener economy and have a more sustainable growth path out of poverty.

Fund formation. Establishment of the Fund entity and all partnership terms have been agreed

Fundraising. Engagement with development finance institutions, institutional investors, and family offices to achieve final close of the $220M Fund. In case of oversubscriptions, the Prosperete Growth Fund has an option to raise another USD 50mn through green shoe (in addition to the fund target of USD 220mn).

- **Sub-Activity 1.2: Team Buildout:**
The organization is being built out at both senior and junior levels with strong values of trust, integrity, and collaboration. Prosperete is forming a multi-generational team which will grow with the organization.

- **Sub-Activity 1.4: Management over 10-year life;**
As Fund Manager, Prosperete will oversee the fund deployment for a 5-year investment period, followed by 5 years of portfolio monitoring. Prosperete will ensure prudent management, strategizing exits, and timely capital returns to investors, maintaining rigorous oversight to maximize returns and ensuring achievement of climate outcomes. IFC, as the Accredited Entity, will maintain overall fiduciary accountability to GCF throughout the 10-year fund life, providing supervisory oversight of fund operations and climate impact reporting in accordance with GCF requirements.

20. **<u>Activity 2: Growth Stage Investments</u>**

- **Sub-Activity 2.1: Ongoing operations: Equity Fund administration and reporting, deal sourcing, due diligence**
Prosperete Growth Fund strategically identifies investment opportunities, ensuring alignment with its impact and financial objectives. Leveraging partner networks, it gains proprietary access to established companies, fostering deeper understanding. Additionally, it collaborates with early-stage capital providers to track ventures and conducts sector analysis to identify investment avenues, nurturing potential winners closely.

Prosperete Growth Fund will invest across both mitigation and adaptation solutions, and has identified four thematic verticals that represent the new landscape of low-carbon solutions:

- **Energy Transition:** Prosperete focuses on investing in energy power generation, aiming to overcome barriers like unreliable energy sources and financing issues for clean energy adoption. The Fund will deploy Distributed Energy Resource Systems (DERS) and modernize grids to increase renewable energy adoption, ensuring sustainable energy access and reducing greenhouse gas emissions. In energy efficiency, Prosperete Growth Fund intends to address challenges such as knowledge gaps and high upfront costs by investing in monitoring, pay-as-you-go models, and industrial efficiency solutions, leading to reduced energy intensity and GHG emissions.
- **Low Emissions Transport:** enterprises operating within the rapidly evolving mobility and logistics sectors are witnessing significant transformations driven by innovative electric vehicle battery models and artificial intelligence technologies. These advancements are fostering rapid innovation within fragmented markets, paving the way for the development of climate-resilient transportation systems
- **Food and Water Security:** Prosperete aims to invest in agriculture and food security by promoting sustainable farming techniques, aiming to increase productivity. Additionally, the Fund plans to address water security by implementing energy-efficient water systems and improving waste-water treatment, aiming to enhance adaptive capacity and overall food and water security amidst looming challenges and growing global demand.
- **Urban environment and data systems:** Prosperete's investments target the development of sustainable urban infrastructure and carbon monitoring systems to mitigate barriers like inadequate waste treatment and emissions monitoring. By promoting low-carbon building materials and renewable energy solutions, Prosperete aims to reduce GHG emissions, enhance urban resilience, and improve disaster preparedness, thus contributing to a sustainable future amidst increasing urbanization and climate risks.

Prosperete Investment Process:

21. Prosperete Growth Fund applies a rigorous screening approach to assess eligibility for investment. Below is the summary of investment and portfolio process, with impact assessment integrated at every stage, and a highlight on

the screening and assessment criteria. Prosperete's investment process is guided by its *Investment and Portfolio Process Policy*. The policy describes the eligibility criteria and elaborates how the Prosperete team evaluates and ensures positive climate impact and the approach to managing environmental, social and governance (ESG) risks and performance in its investments.

22. Prosperete will integrate an assessment of the criteria of the joint MDBs-IDFC climate finance methodology for mitigation and adaptation in its investment process. Furthermore, Prosperete applies the IFC Exclusion List for all its investments.

Furthermore, Prosperete does not invest in any Category A projects. Prosperete also screens the investments for factor such as operations in conflict area and risk to workers, as well as climate-related risks in line with Prosperete's ESMS**.** The Prosperete team uses the exclusion list as a screening tool for investments.

Screening and Initial diligence

At this stage, Prosperete Growth Fund identifies investment opportunities and selects them based on their ability to achieve and align with the stated impact and financial goals of the Fund. Prosperete uses the following approach to build a strong pipeline of investee companies:

23. Proprietary access to companies – Leverage experience of its partners to get access to companies. Several growth stage companies have approached the Prosperete team based on their deep domain expertise.

24. Work with eco-system – Prosperete uses its eco-system of early-stage capital providers to keep track of young companies. Such ecosystem includes partnerships with capital providers, incubators, accelerators, and knowledge institutions. This is used to build pipeline of companies for investment as well as develop in-depth domain expertise

25. Top-down sector work – Prosperete undertakes sector studies and identify attractive sub-sectors for investments. Prosperete then identifies potential candidates for investments, and progress with further diligence and analysis.

Alignment and Impact Assessment of Companies:

Following the initial assessment of companies during company meetings, each opportunity undergoes evaluation during pipeline meetings, initiation memos, and a comprehensive due diligence process. The due diligence process informs investment decision-making and pinpoint areas where Prosperete may help enhance financial and impact management within the investee company.

26. Screening and Initial diligence: Prosperete identifies investment opportunities and select them based on their ability to achieve and align with the stated impact and financial goals of the fund.

27. Screening Against Eligibility Criteria: At the screening stage itself, Prosperete applies its eligibility criteria which includes (i) review against the Exclusion List (ii) check alignment of the prospective opportunity with focus sectors and sub-sectors), and (iii) check if the company's solution can create meaningful mitigation and adaptation outcomes. This work is led by Prosperete's Climate Lead. An early assessment of viability of proposed business and potential investment returns is also undertaken during the screening stage.

    As part of assessing a potential investment's eligibility, Prosperete also assigns preliminary E&S assessment to a pipeline opportunity, with any E&S Category A projects not being eligible for financing.

28. Financial/Commercial assessment: Prosperete assesses the information provided by the company against the team's market knowledge and research. This includes assessing the business model for aspects such as unit economics, management team experience, fit for the local market, potential for regional expansion, poverty and climate impact. The team also assesses the viability of the business based on strength of existing constraints / economic situation.

29. Climate/Impact assessment: Impact assessment at Prosperete is guided by: Impact Policy, Impact Measurement and Management procedures, Responsible Investing Policy and the Environmental and Social Management System, implemented under the oversight of IFC as the Accredited Entity in accordance with GCF requirements. Assessment of the climate impacts of potential investments takes place during the 'initial DD" and "Impact assessment" stages. Investment must demonstrate i) their potential to make a significant contribution to Prosperete's two overarching climate targets: (1) avoiding / averting tonnes of CO2 during Fund life cycle and (2) strengthening resilience and adaptation for individuals.

    To evaluate their eligibility, Prosperete assesses each company against their mitigation and adaptation impact potential. These higher-level criteria will be complemented by the ones outlined in the joint MDBs-IDFC climate finance methodologies for mitigation and adaptation:

    - Mitigation impacts: The Prosperete assesses each investment opportunity for its GHG emissions reduction

potential. Financial projections are used together with the Prosperete's mitigation calculation methodology to estimate potential future mitigation impacts. Investments are then categorized as having High, Medium or Low mitigation potential. Decisions to progress is based on the outcomes of this assessment.

- Adaptation impacts: The Prosperete team assesses each investment opportunity's potential for adaptation impacts, utilizing the following criteria: direct and indirect beneficiaries reached, and maladaptation assessment. This assists in assessing overall contribution/mission alignment with Prosperete's adaptation targets.
- ESG audit: The ESG risks screening is undertaken based on initial assessment of the potential portfolio company. Potential investments will be screened using information provided and categorized according to inherent risks factors affecting various E&S aspects with the following objectives: Minimize the negative impacts and E&S risks of its activities and, in addition, generate positive financial, social and environmental impacts, Act in accordance with applicable laws and regulations, Align with relevant international standards and principles i.e., IFC Performance Standards. Prosperete has a comprehensive ESMS which includes, an ESG checklist and assessment tool to assess ESG factors. Prosperete ESMS will be strengthened to better integrate the identification, assessment and management of physical climate risks in a manner proportional to its investment strategy and investee's risk profile.

30. Technology Transfer: Each investment is evaluated for its global scalability and replicability across other emerging markets. Such expansion can happen either through company setting up operations, export of solutions, or working with partner companies for effective and low-cost deployment of climate solutions in other markets.

31. Gender Lens and Gender Opportunity and alignment: Prosperete lays a deep emphasis on gender opportunity and expects to set a target that 50% of portfolio companies meet one 2X Criteria at the time of exit. Prosperete has made a clear commitment to investing with a gender lens. A key output in its Gender Action Plan is also to partner with Fund portfolio companies to increase female workforce participation across their organizations, including in senior leadership. To this end, Prosperete agrees a gender action plan with each portfolio company with clear timebound requirements and responsibilities. Each portfolio company will also include impact measurement and management measures that explicitly consider gender, diversity and inclusion.

32. Prosperete's approach involves identifying companies with the potential to emerge as climate industry leaders, focusing on those demonstrating market traction and scalability within their respective sectors, supported by robust product-market fit and proven technological capabilities and their commitment to creating measurable impact in the countries they operate in. Emphasis is placed on partnering with management teams exhibiting maturity, ambition, and a clear vision for regional or global leadership. Prosperete's transactional methodology prioritizes valuation practices and deal execution.

33. Prosperete is committed to nurturing portfolio companies towards scale and maturity. Drawing upon its team's extensive market knowledge, Prosperete will work with investee companies for organization building and demand creation. Prosperete actively engages with companies at the board level for strategic alignment and growth. Creation of scaled companies will allow Prosperete to work with large scale commercial capital investors who actively seek to invest in such scaled organizations. Most importantly the scaling up of climate solutions will create a positive impact in addressing climate mitigation and adaptation.

34. *Sub-Activity 2.1.1:* *Company Meetings:* During the initial diligence phase, thorough assessments are conducted through extensive engagement with company management and scrutiny of the founder's vision and strategic direction. Company's thesis and business undergo rigorous testing against the team's market expertise and research findings. Companies demonstrating alignment with criteria encompassing unit economics, management proficiency, local market suitability, regional expansion potential, and impact on poverty and climate, proceed to subsequent stages.

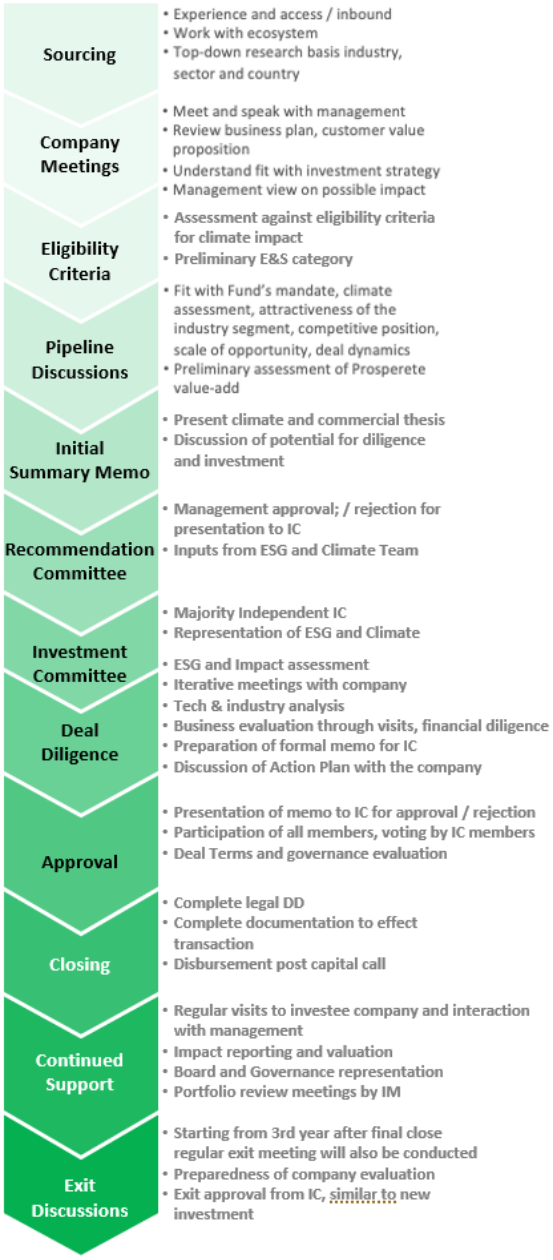
    Sub-Activity 2.1.2: Pipeline Discussions: These meetings include evaluation of fit with Fund's investment mandate, climate assessment, attractiveness of the industry segment, competitive position of the target, scale of the opportunity, deal dynamics including reason to sell and competition, potential exit options and any preliminary

assessment of Prosperete angle.

Sub-Activity 2.1.3: Initial Summary Memo: Basis initial assessment, each investment is screened by Recommendation Committee, which takes into consideration the climate impact, management quality, financial and commercial assessment, ability to create gender outcomes before recommending any investment to Prosperete Growth Fund's Investment Committee. The recommendation committee considers inputs from ESG and Climate team during its decision making.

Post approval from Recommendation Committee, the Initial Summary Memo is presented to the Investment Committee. Comprising seasoned investment professionals with extensive expertise in private equity, development finance, and operations, Prosperete's Investment Committee meticulously evaluates opportunities at this pivotal stage.

Sub-Activity 2.1.4: Deal Diligence. Following the Investment Committee approval based on the Preliminary Investment Memo, the team proceeds to full commercial diligence. Prosperete employs a comprehensive diligence process for each investment, encompassing evaluation of the founder and track record, management assessment, industry and technology evaluation, business analysis, and legal scrutiny, and climate impact validation. During such detailed deal diligence, a key evaluation criterion is ex-ante mitigation or adaptation estimates.



35. Prosperete undertakes a comprehensive risk assessment of each investment:

- The Prosperete Growth Fund implements a thorough due diligence procedure, encompassing comprehensive analyses of financial, legal, operational, market, competition, and ESG factors.
- Any investments made by Prosperete are subject to background check on key parties behind the investee company and their founders. These checks include checks on their history, checks on international database including UN Sanctions List, litigation history etc. In cases such checks throw a red flag typically Prosperete does not deal with such entities unless a detailed investigation proves otherwise. Furthermore, Prosperete also has an AML officer to investigate such matters and keep a tab on all Prosperete activities in relation to money laundering and terrorist financing risks.
- Prosperete undertakes ESG assessment of companies prior to making investments. Prosperete has a comprehensive ESMS which includes, an ESG checklist and assessment tool to assess ESG factors. Any high risk / category A project is not taken up by Prosperete. An E&S action plan is agreed with the company and its implementation closely monitored.

The investment team prepares memos for the Investment Committee, adhering to Prosperete's policies and investor guidance. The IC members also provide input on critical areas for further diligence. This information is presented to the IC at an interim meeting, where parameters for investment terms are discussed and agreed in principle.

Sub-Activity 2.2: Deployment of capital in 10 to 12 Portfolio companies

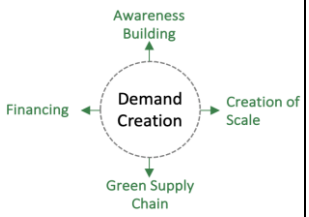
Prosperete will deploy capital in climate companies post approval from the Investment Committee, largely providing growth equity for primary capital raises. Based on the approval from the Investment Committee, the team negotiates terms with the company to execute a term sheet. Terms are determined based upon the Fund team's insight from a range of local transactions and structured to manage the specific risks and opportunities of

each investment. Upon execution, the team engages external advisors for legal and ESG due diligence. Any findings from the external diligence are reflected in the transaction documents, which include an ESG Action Plan and, where applicable, a 100-Day Operational Plan. The final terms and diligence findings are presented to the IC for final approval.

The investment terms are formally documented with external counsel advising. Investment documentation may include technology transfer plan, impact, gender,and ESG provisions.

Sub-Activity 2.3: Post-Investment Engagement

Prosperete intends to take a board seat and otherwise have oversight over its investments. The team's deep experience with scaling enterprises is complementary to investee management teams. In particular, the investment team's perspective on industry best practices and local context are sought out by entrepreneurs and co-investors alike, considering the unique challenges of building a fast-growing business in emerging markets. Prosperete adds value to portfolio companies, including the following:



Demand Creation will require work across several aspects, including awareness building among customers and working with key customers, utilizing sector expertise to enable suitable policies and regulations etc. Vulnerable populations constitute the biggest users and beneficiaries of such products. To enable demand in this segment, it is important that relevant solutions (financial and otherwise) are available, and these solutions are affordable for them. Affordability, in turn, depends on making sure that companies have the right supply chain, appropriate economies of scale and appropriate capital costs. In addition, customers have low-risk appetite to transition from legacy systems to climate-friendly solutions unless their requirements are met. Without growth equity, companies are often unable to integrate customer requirements into their climate solutions. Patient capital can support companies through the long-sales cycle and build required critical mass to establish trust. There have been industries where such scaling up has been established such as solar and the 2 and 3-wheeler sectors in Asian markets.

Attracting anchor customers, developing critical scale, and availability of financing will create network effects for these solutions. After a company gains a significant share in one-market, Prosperete will seek to ensure that these globally competitive solutions scale to other emerging markets as well.

Periodic financial and impact reporting received from the portfolio companies

Prosperete conducts regular portfolio reviews, with a maximum gap of 3 months between meetings. Each review entails a detailed examination of at least one company, covering performance versus projections, action plan follow-ups, exit strategies, and new strategies. Information from these reviews informs quarterly and annual reports, including industry trends, investment summaries, impact assessments, and ESG improvements. Additionally, the team tracks news on portfolio companies and conducts impact deep dives to optimize climate and social impacts.

Active monitoring is crucial to minimizing risks and capitalizing on opportunities to enhance investments through continuous improvements. Once invested, Prosperete works closely with investee companies to monitor risks

- Quarterly meetings with portfolio companies to closely monitor performance
- Proactively identify any signs of financial or operational distress

The Prosperete team will receive periodic financial and impact reporting from portfolio companies - including cash flow, management reports, board reports and impact reach. The team will utilize this information to track the progress and company and suggest redressals, if any are required. The team will also track news on each of the portfolio companies.

Portfolio support across financial management and capital raise

The Prosperete team will seek to provide value addition and support to portfolio companies to help them professionalize, scale, and raise further equity capital and access appropriate debt financing for growth

Sub-Activity 2.4: Exit investments, return capital and profits to investors, close fund

At the heart of Prosperete's investment philosophy lies the objective of fostering the development of scalable climate enterprises with measurable impact, with the aim of achieving exit upon investment maturity, typically within a 4 to 6-year timeframe. The exit strategy encompasses various avenues, including company sales to strategic or financial buyers, initial public offerings (IPOs), or management buyouts, as well as secondary sales of shares to later-stage

investors may be pursued. Prosperete is committed to ensuring sustained positive impact post-exit by cultivating sustainable business models aligned with a robust policy and operations framework and actively seeking buyers who share a commitment to continuing scaling up of impact.

Pursue Exits: As the fund progresses in its investment period, regular exit meeting will also be conducted. The sole purpose of this meeting will be to keep a tab on the preparedness of companies for potential exit and ensuring both value and impact maximization to make companies ready for a successful exit by the Fund. Each Company will be included in exit meetings after 2 years of its investment or indicated timeline for exit (if earlier).

Sub-activity 2.5: Measurement, management and reporting of mitigation and adaptation outcomes

Impact measurement, management, and reporting will be conducted in strict accordance with the project's Monitoring, Reporting, and Verification plan. The MRV framework establishes robust tracking across both climate metrics—such as greenhouse gas emission reductions and climate resilience indicators—and broader co-benefits.

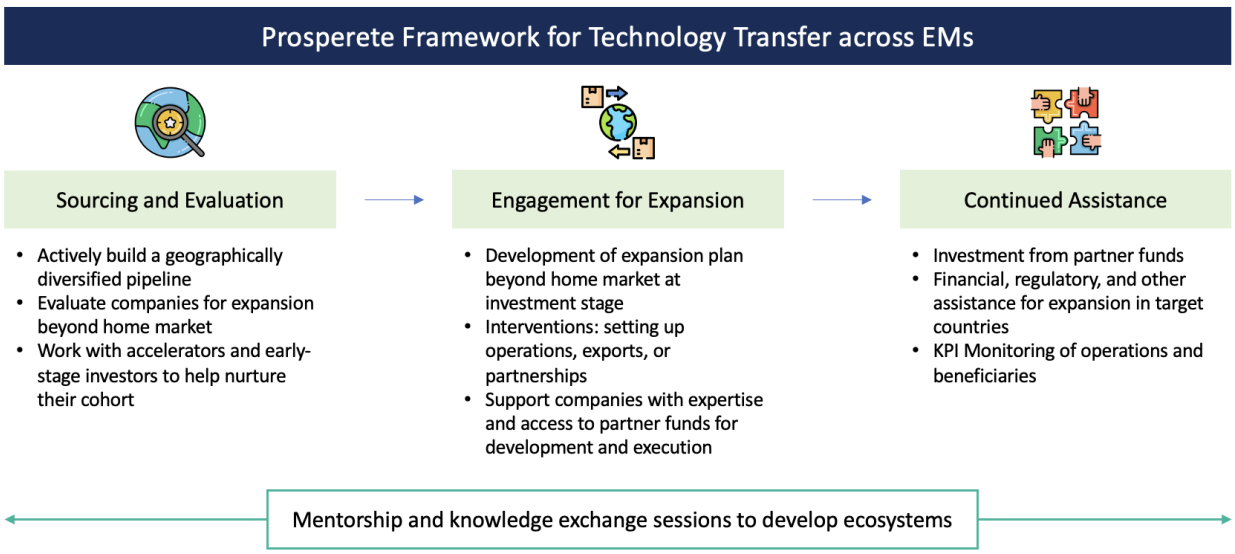
Climate outcomes will be quantified following international standards (CDM, Gold Standard, WRI etc.), while social, gender, and environmental safeguards will align with frameworks such as the 2x standard, IRIS+ catalog ensure transparent and verifiable impacts.

36. Activity 3: Technology Transfer

Expansion across EMs presents an opportunity for climate focused growth stage companies. Exporting to other markets can create impact at scale while contributing to their commercial success. During the diligence process, **each opportunity is evaluated on current and potential application across India and Mauritius and other EMs**.

At the time of investment, Prosperete collaborates with each investee company to create an expansion plan, evaluating target countries and devising action plans. Prosperete provides expertise from regional funds and partners, facilitating interventions such as operations setup, exports, or partnerships, and supports companies with access to partner funds for development and execution. This plan is then reviewed periodically via Prosperete's active engagement with the companies.

Prosperete also utilizes its network to help with the expansion of these companies as well as tie-up with regional financiers. Such partnerships enable local expertise and customer relations in support of these companies.



Prosperete is working with multiple regional funds as partner funds to have 'boots on the ground' for companies expanding to other markets as well as act as co-investment partners. These funds look to partner with Prosperete as they understand the growing importance of technology for accelerated climate solutions (outside infrastructure and traditional VC) and look to develop expertise through these deals. Prosperete will evaluate investee companies of partner funds to see if the solutions they offer can be scaled to its Target Countries. Prosperete will partner with local business houses and local debt financiers. Such partnerships and expansion of solutions would not only enable exchange of technologies from one region to another, but also develop local funding ecosystems which catalyse further climate finance.

Sub-Activity 3.1: Development of expansion plan for portfolio companies

Sub-Activity 3.2: Export to other markets through inputs and Prosperete network

Sub-Activity 3.3: Regional funds collaboration (via partnerships or otherwise) for assistance and knowledge exchange

37. Activity 4: Capacity Building

Sub-Activity 4.1: Development of Action Plan and organization building

At the time of investment, Prosperete will work with each company to develop an expansion plan to evaluate potential countries for expansion and action plan for the same. Prosperete would provide expertise from regional funds and partners.

For developing the Action Plan, Prosperete works with the investee company's management to identify areas to improve and suggested steps for the same. Such Action Plan would also include evaluation of company's expansion plan beyond its home market.

The Action Plan for investee companies would also detail the plan for climate impact monitoring and enhancement. Such plan would at the minimum encompass tracking the carbon footprint, and in some cases measures to enhance their climate impact. The Action plan will cover action items for addressing ESG related concerns. The formulation, implementation and monitoring of the Action Plan would be overseen by Prosperete's ESG Officer along with the active involvement of the investment team.

Organization Building and Team Buildout

At the growth stage, a company requires capital as well as operating expertise to move beyond early-adopter customers and build an organization that can last for decades. Apart from continued product excellence, investee companies need to build pillars across **management, teams, processes, systems, and capital** to be able to support the growth of its climate solution. Another key component of this is to make sure that the companies work closely with their stakeholders including customers and suppliers. Building in a comprehensive Environmental, Social and Governance (ESG) system into the operations and investments of the companies is a core part of the support that Prosperete will provide to its portfolio companies.

As a company's solution is scaled and provided to customers across multiple geographies, it is essential to ensure consistency and process replicability for smooth operations. Prosperete will help the company build these pillars and invest in the **right talent and supply chain** to be able to fulfil the solution's growth potential. Prosperete will help its portfolio companies in identifying gaps for hiring and finding suitable candidates. Another key component of Prosperete's support is establishing appropriate systems and processes to ensure execution and governance over the long-term. Through its investment, Prosperete will enable long-lasting enterprises, that serve large markets, and attract late-stage capital, creating impact over multiple decades. Assist companies with and help companies develop capacity in impact/ESG management through knowledge sessions, assistance with consultants

Providing support on increasing and measuring climate impact is critical as it is often central to a portfolio company's purpose and objective. GCF and IFC's institutional support and expertise on climate measurement will be highly valuable for the portfolio companies. GCF and IFC's support would add credibility to their impact results which will enhance investor confidence and interest. Prosperete's efforts would deepen understanding of mitigation and adaptation impact and promote best practices in climate impact knowledge and data across its portfolio companies and markets.

At the fund level, Prosperete will undertake comprehensive reporting and impact assessment. Prosperete will also sign up to disclosure standards such as the UN Principles of Responsible Investing, and other leading multilateral agency frameworks. Prosperete invests in companies with **high standards of ESG**. The ESG due diligence will be based on IFC Performance Standards and cover several ESG-related issues. Post-investment, the Prosperete team will work with investee companies to build their in-house ESG capacity.

Sub-Activity 4.2: Participation in Management / Board Meetings of Portfolio Companies

Prosperete, through substantial minority investments, will pursue board representation in portfolio companies, guided by its commitment to robust corporate governance and strategic guidance. Emphasizing adherence to best practices in corporate governance, the team rigorously upholds these policies internally and advocates for their strict implementation within portfolio companies.

Sub-Activity 4.3: Knowledge and best practices sessions

Prosperete will assist in capacity building across different markets for climate investments, and measurement and reporting. This will foster ecosystem awareness by sharing best practices and promoting diversity and inclusion initiatives.

Prosperete will utilize research publications, knowledge transfer sessions to increase climate awareness across different sectors and emerging markets. Such activities are intended to create awareness across multiple stakeholders: entrepreneurs, regional investment funds, policy, and others. Such ecosystem activities are needed as only a few markets currently have the ability to create scale solutions. Through export of solutions and market making activities, Prosperete intends to accelerate development of solutions where it is not present and provide growth capital where such ecosystems are at nascent stage.

Sub-Activity 4.4: Holding mentorship sessions for women in climate ecosystem and focus on women in pipeline

The Prosperete team believes in promoting gender equality and its leadership has been participating in multiple programs. Prosperete will spearhead these initiatives as a fund by creating mentorship programs for women to develop skillset in climate and investing.

Furthermore, Prosperete will require all its investee companies to sign up to gender diversity targets and adhere to the achievement of those targets. Prosperete will actively seek out companies with female founders and those with greater share of women in senior leadership. Inclusion of people from vulnerable sections in customer, supplier and employee base will be another added monitorable.

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

1. Prosperete has setup a fund in Mauritius, Prosperete Growth Fund I (the "**Fund**" or "**Prosperete Growth Fund**") incorporated as a company limited by shares and holding a global business license ("**GBL**"). The Fund is licensed as a closed-ended fund ("**CEF**") by the Mauritius Financial Services Commission ("**FSC**"). The Fund will be an Executing Entity.
2. Pursuant to Mauritius law, the Fund requires an investment manager and, as such, Prosperete has also established an investment manager Prosperete Investment Management Ltd. ("**Mauritius IM**"), incorporated as a company limited by shares and holding a GBL. The Mauritius IM is licensed as a CIS Manager by FSC.
3. Prosperete Growth Advisors LLP is a limited liability partnership established and existing under the laws of India ("**India LLP**" or "**Sub-Advisor**").

Accredited Entity

Role of IFC as Accredited Entity

IFC Institutional Track Record and Relevance

4. As the private sector arm of the World Bank Group, the International Finance Corporation (IFC) brings deep experience in mobilizing private capital for climate-aligned investments in developing countries. IFC has extensive experience structuring and managing complex investment platforms that combine concessional and commercial capital, underpinned by strong fiduciary standards, environmental and social safeguards, and institutional governance.

5. In FY 2025, the IFC committed **USD 71.7 billion in total investments, including mobilization from other investors**, an increase from USD 56.1 billion in fiscal year 2024, reflecting IFC's expanding role in catalyzing private capital at scale in **77 countries** in FY25, supporting **346 projects**, with a continued focus on job creation, private-sector development, and climate-aligned growth.

6. Climate action remains a central pillar of IFC's mandate. IFC operates in more than 100 countries and deploys a range of investment, advisory, and blended-finance instruments to support climate mitigation and adaptation, market creation, and private-sector growth. In line with the World Bank Group's vision of creating a world free of poverty on a livable planet, IFC integrates climate considerations across its investment, advisory, and risk-management activities. IFC has published **eight consecutive climate-related disclosures**, aligned with global best practices, demonstrating sustained institutional commitment to climate mitigation, adaptation, and resilience. IFC's climate strategy emphasizes mobilizing private capital, setting market standards, and supporting the development of climate-smart infrastructure, financial markets, and technologies in emerging economies. IFC also brings long-standing experience in climate-relevant infrastructure sectors, including water and wastewater. Over multiple decades, IFC has supported private sector participation in water supply and sanitation through both investments and transaction advisory services, including structuring complex public-private partnerships and first-of-their-kind transactions in emerging markets.

7. As part of its approach to reaching higher-risk and underserved markets, IFC has developed and deployed dedicated **blended-finance platforms** designed to catalyze private equity for climate investments, through junior equity positions in emerging markets. Through such platforms, IFC supports local and regional fund managers, strengthens investment ecosystems, and crowds in institutional investors that would otherwise have limited exposure to these markets. This model enables IFC to extend its reach beyond direct investments, accelerate the scale-up of climate-relevant enterprises, and ate the commercial viability of investments in challenging market contexts.

8. IFCs experience deploying blended-finance platforms reinforces and substantiates IFC's role as the **AE for Prosperete Growth Fund**. Acting as AE, IFC applies the same institutional governance, blended-finance principles, and standard of care used across its own operations when deploying GCF resources. IFC's ability to structure junior and risk-bearing capital positions allows it to de-risk investments, mobilize commercial capital, and support scalable private-sector solutions for climate impact. This combination of scale, governance, and blended-finance expertise underpins IFC's capacity to act as a credible and experienced AE for the Prosperete Growth Fund and comparable climate-focused investment vehicles.

Financing Structure and Role of IFC as Accredited Entity

In accordance with the Accreditation Master Agreement (AMA) dated 22 November 2017, IFC and GCF will enter into a Funded Activity Agreement (FAA) in terms that are being prepared. Given IFC's legal and operational framework for equity fund investments, IFC will act as the investor of record for the GCF-funded investment in its capacity as Accredited Entity and will hold the shares issued by the Fund on behalf of GCF, rather than the shares being issued directly in GCF's name. This approach is consistent with IFC's role and responsibilities as Accredited Entity under the AMA.

9. GCF resources will be provided to IFC and will deployed in accordance with the Funded Activity Agreement (FAA) entered into between GCF and IFC pursuant to the AMA. The FAA will constitute the primary legal instrument governing the use, administration, monitoring and reporting of GCF proceeds. IFC's trust fund framework describes only the internal administrative arrangements through which IFC receives, segregates, accounts for and administers contributor resources; it does not create an additional layer in the investment structure and does not alter the legal flow of funds established under the AMA and FAA. IFC, in its capacity as AE, will invest the GCF-funded portion directly into Prosperete Growth Fund I through the applicable investment documentation. No intermediary investment vehicle sits between IFC and the Fund for purposes of the GCF investment, and GCF proceeds will not be routed through any vehicle that invests in activities outside the scope of the approved funded activity, nor commingled with investments unrelated to the funded activity.

10. IFC, on behalf of GCF, shall channel GCF funds to Prosperete Growth Fund I. IFC will enter into a Share Subscription Agreement and Shareholders Agreement with the Fund in respect of GCF's commitment and IFC's own commitment; The Subscription Agreement will detail the commitment amount from GCF (with IFC acting as the AE) and from IFC's own account, in line with the FAA signed between GCF and IFC. Prosperete Growth Fund I will be the recipient of the GCF-funded investment and will serve as the Executing Entity for the funded activity. The Fund will deploy capital into eligible portfolio companies in accordance with the approved Funding Proposal, the Fund's investment policy, and the requirements of the FAA.

11. IFC acting as the AE for GCF's commitment will be the junior equity investor that will absorb higher risk of underlying Prosperete fund performance and thereby provide required capital protection to de-risk and mobilize institutional commercial investors. Such structure is in line with industry best practices for private equity funds that look to mobilize capital for climate. See section B.5 for discussion of the GCF additionality.

IFC Blended Finance Governance and Management

12. The junior equity commitment on behalf of GCF will be managed by **IFC's Partnership & Blended Finance Department**, which has been deploying concessional resources since 2010 and has an extensive track record in structuring and managing blended-finance investments. IFC's blended-finance approach is governed by robust institutional arrangements designed to ensure integrity, transparency, and the appropriate use of concessional resources.

13. At the core of the Blended Finance governance framework is a Vice-President-level **Blended Finance Committee (BFC)**, which reviews and approves the use, structure, and terms of all concessional co-investments. The Blended Finance Department operates with dedicated teams responsible for structuring and overseeing concessional components, separate from IFC's own-account investment teams, ensuring effective segregation of roles and mitigation of conflicts of interest.

14. IFC's governance for blended finance balances efficiency, accountability, and transparency. Under its current policies and procedures, which may be updated from time to time, IFC applies the following Blended Finance Governance and

Principles in the deployment of funds on behalf of all its contributor partners, including funds provided by the GCF for concessional co-investments:

IFC Blended Finance Principles

15. IFC applies a disciplined and targeted approach in line with the **DFI Enhanced Blended Concessional Finance Principles for Private Sector Projects**, including:
    - **Rationale for Concessional Finance:** Concessional resources are used only where market financing is unavailable or insufficient and where such support is necessary to achieve development and climate outcomes.
    - **Crowding-in and Minimum Concessionality:** Concessionality is limited to the minimum required to catalyse private capital and support market development.
    - **Commercial Sustainability:** Investments aim to achieve sustainable impact and contribute to long-term commercial viability.
    - **Reinforcing Markets:** Interventions address market failures while minimizing the risk of distortion or crowding out private finance.
    - **Promoting High Standards:** Investments promote strong standards in corporate governance, environmental and social performance, integrity, transparency, and disclosure.

16. Standard of Care for IFC-Managed Contributor Resources: IFC policies require it to exercise the same standard of care to invest on behalf of contributor partners (i.e., GCF) as it exercises with respect to the administration and management of its own affairs, including the use of qualified staff and the application of relevant IFC policies and procedures, such as performance standards and integrity due diligence.
17. Managing Potential Conflicts of Interest: To address concerns around the blending of concessional funds from contributor partners (i.e., GCF) alongside IFC's own account resources, IFC policies and procedures require an effective segregation of funds; separate teams to structure the concessional contributor portion of the transaction; and decision-making by a separate and independent approval body (the Blended Finance Committee) composed of members of IFC senior management, or by the Blended Finance Director under delegated authority from the BFC. The Blended Finance Committee, or the Blended Finance Director, decides on the use, structure, and terms of all contributor-funded concessional investments at IFC. With a focused, measured and disciplined approach to blending concessional funds, IFC is carefully balancing the potential risks inherent in embedding subsidies in private sector projects.
18. Approval Process: The approval process for concessional funding has been designed to be aligned as closely as possible with IFC's project approval process to create efficiency and ensure the Programme benefits from IFC's well-established risk management procedures, while balancing the need for strong governance. This is possible with the delegated authority from contributors. IFC has the sole responsibility for the selection, supervision and execution of the investments under this Programme, and will report to the Contributor of their progress. IFC will enter into any documentation executed in connection with the utilization of the Contribution Funds in its capacity as the Implementing Entity of the Blended Finance Component of the Programme.
19. Reporting to the Board: All Blended Finance projects follow the applicable board procedure for the IFC own account investment. Board documentation includes an articulation on IFC's blended finance principles. In addition, IFC reports periodically to its Board on its Blended Finance activities.

Contractual Arrangements

20. The Shareholders Agreement among all investors in the Fund, the Fund, the sponsors and Prosperete Investment Management Ltd will include the key commercial terms of the investment (including the distribution waterfall), the roles and responsibilities of the Mauritius IM. The Shareholder's Agreement will document the GCF requirements under the FAA that are common to all investors.
21. The Investment Management Agreement between the Fund and Prosperete Investment Management Ltd will set out the Mauritius investment manager's role and responsibilities with respect to the Fund and its investment activities.

Investment Manager

22. The Mauritius IM manages the day-to-day operations of the Fund. The Mauritius IM will report to the investors in the Fund through quarterly and annual reports (including independent valuer's valuation report and financial statements).

23. The Mauritius IM is supported in its work by the Sub-Advisor and the Mauritius Administrator. Pursuant to the sub-advisory agreement described above, the Mauritius IM benefits from the Sub-Advisor's extensive experience and track record in sourcing, diligence and recommending investment opportunities to it.

Key Governance Bodies

24. Prosperete has multiple bodies to oversee governance of its operations. Please see section G.3. for a description and composition of key Governance bodies. Prosperete's governance structure is designed to balance investor oversight with specialized investment expertise. The framework consists of two primary bodies:

I. Investors' Advisory Committee (IAC)

The IAC serves as the **investors' supervisory body**, primarily focused on fund transparency and compliance. Its role is to review fund operations and provide formal approval for any material deviations from the fund's mandate.

II. Investment Committee (IC)

The IC is the **strategic decision-making body** responsible for the fund's financial and impact performance. Its mandate includes approving new investments, monitoring the existing portfolio, and ensuring every deal aligns with the fund's overarching strategy.

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

1. Globally, most countries are focused on achieving their NDCs and addressing the needs of their citizens. In developed countries, ageing infrastructure, ageing populations and the need to revamp older more polluting assets creates more pressure to increase domestic green investments. In addition, many developed countries have created incentives to support the greening of their economies such as the Inflation Reduction Act in the US and support for energy transition across Europe. This has meant that Emerging Markets have to compete for funds to meet their climate commitments. Climate solutions have a long sales cycle and require time to scale in comparison to traditional venture investments, which increases the risk for commercial investors to invest in a climate fund. Emerging markets have investors willing to take the risk at early-stages of the development of technology or other solutions but do not have the larger capital to scale these solutions. Institutional capital is necessary for climate solutions to be present across multiple geographies and create large-scale impact.

2. Prosperete has interest from several institutional investors who believe in the fund's investment thesis but have low-risk tolerance due to their capital profile. There is high-risk perception due to the dual perceived risks of emerging markets and adoption risks of climate solutions. To be effective, a growth stage climate fund needs to have a minimum viable size. Achieving this size is difficult without both concessional and commercial capital. Commercial capital typically resists investing in first time funds without risk protection mechanisms. Companies focused on climate solutions require longer holding periods whereas commercial investors typically prefer shorter periods. GCF's concessionality will help bridge this gap between risk appetite of commercial investors and their return expectations. Therefore, GCF's Funding is critical to help create the foundation that, in turn, enables scaled and timely solutions that help address climate change in emerging economies.

3. <u>Challenging Macroeconomic Environment:</u>
    a. In 2026, climate action is facing growing headwinds. Amid economic uncertainty, geopolitical instability, and rising populist sentiment in some parts of the world, there has been increasing pushback against ambitious climate agendas. Public discourse in several major economies has questioned the pace and cost of low emissions solutions, leading to delays in policy implementation and a more cautious investment environment.
    b. Under these conditions, many investors are prioritizing domestic challenges—such as aging infrastructure, energy security, and economic resilience—over cross-border climate investments. Developed markets, bolstered by government incentives and policy support, are seeing more capital flow into local green initiatives, often at the expense of international climate efforts.
    c. This reallocation of capital, combined with an overall reduction in the availability of climate finance, creates a double burden for emerging markets. These regions, which are both highly vulnerable to climate impacts and essential to global mitigation goals, are now facing a shortfall in urgently needed investment. While there is widespread recognition that emerging markets must be part of the solution to climate change, current financial trends risk leaving them behind at a critical moment.
    d. GCF's junior equity funding can truly be the catalyst that attracts capital to EMs to accelerate climate solutions due to its concessional nature and its ability to mitigate perceived and real risks of investing in Emerging Markets and in Climate. The presence of GCF would enable commercial investors to see lower risk as well as improve their returns thereby making EM Climate investments attractive to commercial and institutional investors. Once experienced Fund Managers such as Prosperete are able to demonstrate a combination of financial returns and climate impact, commercial capital will become more comfortable investing in EMs. A similar trend has been observed in technology investments such as in Renewable Energy farms, which initially required blended finance from Development Finance

institutions and subsequently were able to attract institutional capital. The availability of concessional GCF capital will have the catalytic impact to help scale climate investments in EMs and improving access and affordability and resilience of agriculture, infrastructure and all basic services to vulnerable populations.

4. Need for Technology Transfer
    a. Prosperete's innovative approach of have a multi-country approach to expansion of solutions and providing them assistance throughout the investment to be able to deploy their solutions across different emerging markets requires the support of GCF.
    b. Current climate investments in emerging markets have a country-specific focus and are therefore unable to exchange solutions, leading to development of inefficient solutions which do not maximize impact as well as create limited markets for such solutions, leading to commercially undesirable outcomes.
    c. GCF, with its global mandate, can help Prosperete create a global emerging markets platform over the long-term which can provide capital and adequate support to mitigation and adaptation solutions suited for these markets.

5. Need for Growth Investing Ecosystem:
    a. As highlighted earlier, emerging markets lack sufficient growth stage capital, resulting in only 9% of companies in EMs, in the climate space, successfully transition to Series B after seed funding, compared to the global average of 27% for similar companies. The investing ecosystem, especially in emerging markets, is going through one of its most severe funding winters, with funding for climate solutions companies at Series B to Series C stage falling by more than 50% in 2022-2023 in India, SE Asia, Africa and MENA.
    b. In such a scenario, and given the urgency for viable climate solutions, GCF's concessional support will provide a catalysing impact and attract private capital through the creation of a growth-stage fund such as Prosperete which would enable much needed funding and creation of the ecosystem for climate solutions across EMs.

6. Signalling effect:
    a. The participation of the GCF in Prosperete Growth Fund holds significant value as it brings to the table unparalleled expertise in climate finance on a global scale. GCF's involvement enhances the project by providing essential guidance in establishing climate eligibility criteria and validating our methodology for assessing climate impact. Given GCF's influential role and widespread support, its endorsement is crucial, particularly as other Development Finance Institutions (DFIs) and investors increasingly prioritize investments aligned assurances regarding climate neutrality in their portfolios. Within our impact thesis, emphasis on adaptation and resilience has grown paramount, and GCF emerges as a pivotal partner, offering invaluable thought leadership and resources as Prosperete develops methodologies to monitor and evaluate adaptation outcomes. Moreover, GCF's partnership reinforces our commitment to environmental and social best practices, reassuring investors of robust risk management policies and procedures. Prosperete has implemented several governance and policy enhancements as recommended by GCF and its advisors. This demonstrates Prosperete strong commitment to global best practices.
    b. GCF's in-depth diligence, governance mechanisms, and strong credentials will provide a strong signal to these investors and family offices who wish to invest in climate funds but often lack resources or expertise for in-depth evaluation.
    c. Moreover, such capital will enable the Prosperete to mitigate private sector investors' stance of not considering first-time funds.
    d. GCF's concessional investment would catalyse commercial investors and allow for large streams of capital to target the scaling of climate-positive solutions. GCF's anchor investment will allow Prosperete to raise a fund of appropriate size by attracting investors to contribute and fill the missing middle for climate solutions.
    e. Prosperete has early interest from multiple investors, with potential contributions of more than ~USD 200 million, looking to invest in Prosperete Growth Fund subject to commitment from GCF.

7. Concessionality:

    The Prosperete Growth Fund has a blended structure including a concessional layer of junior capital to crowd in commercial investors who perceive emerging markets and climate investments as high-risk.

    Private capital contributions to the Fund are essential to provide adequate growth capital to climate start-ups. A key part of Prosperete's theory of change is to mobilize capital from large institutional investors, such as global asset management firms. Prosperete has interests from family offices and private institutional investors across USA, Europe, and India. However, during our conversations, these have noted that while they are interested in Prosperete's investment thesis and recognize the expertise of the Prosperete team, they perceive expected returns from climate as low and risk perception as high. Further, historically, newly launched funds focussed on emerging areas have been able to raise capital from multilateral organisations only, leading to sub-optimal size. Commercial investors contribute to these strategies only at the stage of the second or third fund. GCF's concessionality will provide a fillip to catalyse investment from such risk-averse investors and help bring in private

capital to the climate sector sooner through the Prosperete Growth Fund, thereby allowing an optimum scale and capital mix to the Fund, and ultimately accelerating action on climate change from the first fund itself. Concessional capital from GCF will help bridge the gap between perceived returns from climate investments and the desired returns of commercial investors. The Prosperete team has assessed the relative size of the Junior and Senior Equity components based on direct feedback from potential investors as well as our internal fund modelling. In addition, Prosperete has assessed structures successfully utilized by other fund managers to attract an appropriate blend of capital from the target investor base.

As a result, the Junior Equity is sized at 25% of the total fund size and below 1.0X the Senior A component.

The requested concessionality has additionality for the following attributes and reasons:

a. **GCF concessional equity investment of up to USD 40 million will be used as junior capital providing additional risk protection for investors.** The junior capital will act as concessional capital to improve the risk-reward attributes by protecting the eligible investors in case of lower-than-expected returns.
b. Sustainability investments require long tenor of 10 to 12 years whereas commercial investors prefer shorter investment periods of 5 to 7 years. First pay-out for commercial investors would reduce their average duration and alleviate any tenor concerns.

The junior equity would mitigate downside risks for commercial and private investors, enabling Prosperete to raise a fund of viable size for growth equity investments. The junior equity is expected to reduce the payback period for commercial investors by 1 to 2 years, further reducing the risk for these investors.
Without the requested concessionality, Prosperete may not be able to able to raise a fund of sufficient size, thereby leaving the scarcity of growth capital for climate solutions unaddressed.
Institutional backing from GCF, along with the Prosperete team's track record, will alleviate the concerns of such investors. Therefore, this investment has strong additionality for the climate ecosystem in Emerging Markets. It also provides EM a fighting chance to urgently address climate mitigation and adaptation needs through accelerated solutions that leverage technology or business models to enhance affordability and access to such solutions. We are also seeking Junior Equity investments from other investors to collaborate alongside GCF.

GCF's investment of USD 40mn will be used as junior capital providing risk protection to commercial investors; GCF's investment could catalyse capital by alleviating private investors' concerns around risk profile, tenor, first-time fund, and enabling co-financing at portfolio companies. GCF's investment will provide critical signalling (described in paragraph 6 above) to other potential co-financiers for the fund as well as enable Prosperete portfolio companies to attract private capital through verified evaluation of climate impact adhering to GCF standards and processes. Greater flows of private capital enabled by GCF's funding are critical to accelerate climate action while pursuing economic growth for sustainable well-being of communities.

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

1. As described in previous sections, Prosperete is a growth-equity investment fund focussed on investing in and scaling climate solutions across Emerging Markets. Having done extensive program development, funded by a very experienced team, the Prosperete Growth Fund will be ready to start committing capital to its investee companies, right from the first close of the Fund. Prosperete's investment in these solutions would result in build out of several large-scale enterprises. Thereafter, Prosperete would bring in long term investors by selling its stake in its investee companies to institutional investors who are looking to invest at scale and thereby return capital to investors in Prosperete.
2. With the creation of scaled climate companies, vulnerable communities in emerging economies will be able to access affordable solutions which help them mitigate their carbon footprint and, in some cases, adapt better to climate crises. Scaled climate solutions will help create both direct and indirect employment for several people besides improving livelihoods for many. Expansion across emerging economies will make sure that people get these solutions faster and in a manner that takes care of local realities. This will create a virtuous cycle of more private capital and effective solutions being developed for vulnerable communities in emerging economies.
3. *Return of Capital to Investors:* Each of the investments will typically be held for a period of 5 to 8 years. Prosperete will hold regular exit committee meetings to discuss the potential to exit the company and discuss key action items to add value to the company and the best method of obtaining optimum value from the exit. Typical exit options from investee companies include sale to a strategic buyer, sale to a financial buyer, a public listing, or share buyback by the company or a buyout by the sponsors. As Prosperete generates returns on its invested capital, it would distribute its capital to GCF and other investors. Prosperete has confidence that there will be exit opportunities across the focus themes.
   a) Many firms are pursuing joint-ventures and acquisitions as part of their growth strategy, and are looking to acquire solutions that generate impact and have achieved certain scale

b) The burgeoning interest in mergers and acquisitions (M&A) within the climate and renewable energy sectors is becoming more pronounced globally. This trend is gradually gaining traction in emerging markets as well, where strategic and commercial financial buyers are increasingly investing across various sectors, signalling a growing convergence of interests and opportunities in these markets.
c) Late-stage investors looking for large climate focussed companies to invest. Prosperete has spoken to multiple late stage investors looking to invest more than 200 million dollars+ in each investment
d) Increased availability of debt to finance working capital and CAPEX, which is expected to further maximize equity investor returns. Increased debt availability (local currency) in the industry is encouraging.
e) Increasing appetite of public investors in climate, as highlighted by listing of companies such as IREDA in India

C. FINANCING INFORMATION

C.1. Total financing

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

GCF financial instrument	Amount	Tenor	Grace period	Pricing
(i) Senior loans	-	-	-	-
(ii) Subordinated loans	-	-	-	-
(iii) Equity	40	-		8% hurdle rate + shared-return
(iv) Guarantees	-	-		
(v) Reimbursable grants	-	-		
(vi) Grants	-	-		
(vii) Results-based payments	-	-		

(b) Co-financing information	Total amount	Currency
	180	million USD ($)

Name of institution	Financial instrument	Amount	Currency	Tenor & grace	Pricing	Seniority
Foundations, family offices	Equity	20	million USD ($)	-	-	-
DFIs	Equity	80	million USD ($)	-	-	-
Private institutions	Equity	80	million USD ($)	-	-	-

(c) Total financing (c) = (a)+(b)	Amount	Currency
	220	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).

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

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

Prosperete is in active conversations with multiple multilateral and private investors for investment in the Prosperete Growth Fund for a total of USD220 million, including GCF concessional investment of USD50 million. Few of these investors have expressed interest to participate in Prosperete subject to GCF's participation in the form concessional equity. The prospective investors are keen to invest in climate solutions but would need the mitigation of risk through the participation of GCF.

Prosperete is further engaging with commercial investors, who await first close and commitment from GCF with junior equity before committing to Prosperete Growth Fund. Select pipeline of investors is provided below, with those highlighted in blue representing Commercial / Eligible Investors for GCF Junior Equity Support.
The fund is expected to leverage USD 1 billion of capital through the fund through investments mobilized in Prosperete's investment round and further investment raised by portfolio company.

C.2. Financing by component

Component	Output	Indicative cost million USD ($)	GCF financing		Co-financing		
			Amount million USD ($)	Financial Instrument	Amount million USD ($)	Financial Instrument	Name of Institutions
Prosperete Growth Fund	1: Setting Up Equity Fund	2.2	0.4	Equity	1.8	Equity	See note 1 below
	2: Growth Stage Investments	217.8	39.6	Equity	178.2	Equity	See note 1 below
	3 and 4: Technology Transfer and Capacity Building	0	Cost internalized by Investment Manager (Prosperete Investment Management Ltd.)				
Indicative total cost (USD)		220 million	50 million		170 million		

(1) All Fund activities to be co-financed Pari-passu with all Fund investors, expected to include development finance institutions, private global philanthropy, family offices, pension funds, commercial asset managers, etc.

Note: For illustrative purposes only. Actual budget by component is subject to change.

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

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

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

C.3.1 Does GCF funding finance capacity building activities?	Yes ☒ No ☐
C.3.2. Does GCF funding finance technology development/transfer?	Yes ☒ No ☐

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

Prosperete's investment thesis is built upon ability of emerging markets to develop and interchange solutions for collective development, including through technology transfer. Prosperete will catalyse the development of climate ecosystems in emerging markets by employing a two-pronged strategy.

Initially, by investing in developed solutions in target countries, Prosperete can establish a presence and cultivate partnerships with local stakeholders to develop and implement tailored climate solutions. Leveraging the insights and experiences gained from this endeavour, Prosperete can export successful models and solutions to other emerging markets, facilitating knowledge transfer and fostering cross-border collaboration. As described in Activity 3, transfer of technology amongst different emerging markets and subsequent development of ecosystems is central to Prosperete's strategy.

Concurrently, Prosperete can collaborate with regional funds to co-invest in targeted markets, thereby enhancing market-making capacity and bolstering the adoption of climate solutions across diverse geographies. This approach not only amplifies Prosperete's impact but also contributes to the broader goal of accelerating climate action and sustainable development in emerging markets globally.

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. Overall Impact Targets: Prosperete Growth Fund will identify and scale investments that offer low-carbon solutions, increase affordability, and help emerging markets pursue climate-friendly growth. Through these solutions, approximately 1.3 million beneficiaries will be directly or indirectly supported to better adapt to climate change and avoid/reduce an estimated 6.25 million tonnes of CO_{2eq}.

2. Prosperete expects to unleash the following mitigation potential:
   Prosperete's investment focus spans multiple sectors that are relevant for addressing climate change. In the energy sector, Prosperete seeks to support the increased deployment and integration of renewable energy through investments in energy storage and smart-grid technologies, among the others. Prosperete is also actively exploring opportunities in low-emission transport, including electric vehicles and battery swapping solutions. In addition, Prosperete intends to invest in low-emission building materials and industrial applications, aiming to reduce GHG emissions from challenging sectors such as buildings, and industries (MRA 1, MRA 2, MRA 3).

   Enabled avoided emissions are integral to the Fund's thesis and to the mitigation pathways of the target countries. In target countries, the binding constraint is not the absence of demand for low-carbon solutions, but the absence of local manufacturing, distribution and financing capacity to supply them at affordable cost. Through investments in components, infrastructure or services required for other low-carbon solutions to operate or scale such as batteries for electric vehicles, Prosperete aims to facilitate deployment, generate economies of scale and, ultimately help reduce the cost of these solutions. It also helps build the domestic capacity on which each country's longer-term NDC trajectory depends, and, given the Fund's technology-transfer focus, allows solutions proven in one target market to be deployed across comparable emerging markets.

   Through its investments in companies providing direct and enabling decarbonization solutions, Prosperete estimates that the deployment and use of its investees' technologies, products and services could enable the reduction/avoidance of approximately 6.25 million tCO_{2eq} of cumulative GHG emissions over the Fund's lifetime. This figure represents an indicative portfolio-level estimate of the wider effect of these solutions relative to defined, more carbon-intensive alternatives. It includes: (i) 0.4 million tCO_{2eq} from direct reductions generated through lower energy or material consumption, such as energy-efficient HVAC systems; and ii) 5.85 million tCO_{2eq} from avoided lifecycle emissions where low-carbon products or business models displace higher-emitting alternatives, such as electric vehicles replacing internal-combustion-engine vehicles or recycled materials replacing virgin plastics; (iii) reductions enabled by intermediate technologies, infrastructure and financial services that facilitate the deployment of low-carbon solutions, such as EV batteries and charging infrastructure, grid analytics, smart meters and EV financing.

3. Prosperete expects to achieve the following Adaptation objectives:
   Prosperete will primarily contribute to adaptation by increasing access to adaptation and resilience enabling technologies, products and services. Examples of adaptation and resilience solutions from Prosperete Fund's pipeline companies include agricultural technologies improving farmers' know how and water efficient solar-powered water pumps. Sustainable cold storage is also another possible solution offered by target companies, which could contribute mitigating post-harvest losses and safeguarding product safety (ARA 2).
   Furthermore, Prosperete might also invest in companies that can contribute enhancing the climate-resilience of infrastructure assets by providing real-time data and analytics to bolster performance predictability and monitor the impact of climate change (ARA3).

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

1. Recent S2G Ventures' (a global climate tech investor) analysis shows that while developed market investors have raised USD 270bn for energy transition between 2017 and 2022 of that only USD 50bn (18%) was for growth stage capital[29]. This funding gap problem at the growth stage, is much more severe in Emerging Markets. Capital flows are constrained by the dual risk of Emerging Markets and climate investments being considered "risky". The early-stage investments being smaller in size and more widespread, investors tend to spread themselves across several small investments. At the growth stage, there is a need for deep diligence,

selectivity, and the market test of customer preferences, scaled enough operations to show a path to profitability, and the need to serve emerging market consumers for whom affordability is a key constraint. At the growth stage, companies compete with mature industrialized sectors with incumbent technologies and products across several markets. To be able to compete, the climate solutions have to be affordable, be scalable across markets, and achieve these while building their organizations and operational processes.

2. **Prosperete is creating an integrated platform that can identify solutions in one market and then scale them across different EMs through technology transfer.** Prosperete will enable globalization of climate solutions that will not only create impact at scale but also reduce costs further, enhancing affordability and creating a virtuous cycle. Presence of growth capital will help enhance success of climate solutions and create more avenues for later stage climate investments by large commercial investors. Investments in transitioning solutions will lead to faster adoption of climate technology and greening of supply chains.

   As these organisations scale, their climate impact will continue to grow and benefit society even after Prosperete's exit. Today there are few companies offering climate solutions at scale that large private and institutional capital can invest in. Prosperete's portfolio will become a pipeline for large funds to invest in and provide an exit for Prosperete's investment.

3. Potential for scaling up and replication

Scaling climate solutions across EMs will lead to opening-up of these markets for investors and attract additional global capital to accelerating climate solutions in EMs. Innovative technology exchange between the global south and adoption of best-in-class global technologies will be facilitated. Deployment of these solutions will create green supply chains and ecosystems of financiers and investors with expertise in climate solutions. Enablement of climate funding across countries where funds can deploy money with attractive risk adjusted returns will scale climate solutions across all continents.

Building successful climate companies plays a pivotal role in catalysing broader climate action by serving as inspiring examples and demonstrating the economic viability of sustainable practices. Prosperete, with its technical expertise and network of growth and late-stage investors, will enable creation of such enterprises, de-risking the sector for commercial investors. Prosperete, along with its investee companies, will conduct knowledge sessions for building an ecosystem focussed on climate solutions, spreading best practices, accelerating innovation, and attracting more talent to the sector. Investments by large investors (financial as well as strategic) and public listing of scaled Prosperete portfolio companies will create a strong signalling effect through public recognition, fostering investor confidence and driving capital allocation towards impactful solutions. Additionally, positive media coverage raises public awareness and fosters consumer demand for sustainable products and services. This positive reinforcement loop can inspire a new generation of entrepreneurs to launch their own climate-focused ventures, creating a domino effect that propels progress towards a more sustainable future.

Success stories not only attract attention and investment to the green economy but also provide tangible evidence that innovative climate solutions can address pressing environmental challenges while generating financial returns and improving livelihoods.

4. Potential for knowledge sharing and learning

As portfolio companies scale and expand to other EMs, Prosperete's regional funds partner could look at co-investment in such companies.

Co-investment with Prosperete will help these funds underwrite deals and develop sector expertise in the sectors of electric mobility, green supply chains, energy transition, and data analytics for infrastructure. During the investment process, regional funds will also get access to Prosperete's expert network to deepen their understanding of climate technologies. Furthermore, regional funds would provide local market understanding and support to expanding portfolio companies. Prosperete also evaluates investee companies of partner funds to see if the solutions they offer can be scaled to other relevant EMs. The similarities in the climate needs and solutions across these countries and regions suggest clear benefits from following a cross-border approach to scaling. This will create an ecosystem for climate investing across EMs.

Through Prosperete Growth Fund, the team intends to share these learnings through webinars, publications, as well as annual impact reports to stakeholders. Prosperete team continues to actively participate in public conferences and share our expertise with the community.

5. Contribution to the creation of an enabling environment

Globally, commercial investors are increasingly allocating capital to climate solutions. The UN-Convened Net Zero Asset Owners Alliance now has investors with more than USD 11 trillion of capital[30]. However, large commercial investors seek organizations operating at a certain minimum scale to deploy this capital. The perception of dual risk of investing in EMs and the adoption risks of climate solutions restricts capital flows. This is then further constrained by the small scale of these companies. Through growth equity, Prosperete will be able to mitigate these barriers and crowd-in investments through:

Prosperete's strategy encompasses several key initiatives to foster the growth and scalability of climate solutions. Firstly, through leading Growth Stage Investment Rounds, Prosperete aims to spearhead investment activities, leveraging its position to attract additional investors to participate in funding rounds alongside Prosperete. Prosperete has been working on its pipeline of climate solutions for more than 2 years, identifying more than 150 investment opportunities in India alone, which have received early-stage funding for climate action. Additionally, Prosperete has forged strong partnerships with partner funds across pivotal markets, facilitating co-investment opportunities in growth stage companies across emerging markets (EMs).

Secondly, Prosperete prioritizes the Creation of Scaled Climate Solutions Deployment by emphasizing the scaling of portfolio companies to appeal to large institutional investors. Recognizing the current disinclination of commercial and institutional investors towards investing in climate solutions in Emerging Markets due to perceived limitations in scale and investment ticket size, Prosperete seeks to mitigate these concerns with the support of the GCF through junior capital and its comprehensive approach and knowledge of the target sectors and target countries. By demonstrating the scalability and financial viability of green technologies, Prosperete aims to set a precedent for other investors to engage in the development of climate-focused solutions.

Lastly, Prosperete recognizes the importance of Attracting Talent to drive the success and growth of potential investee companies. Beyond climate action, the achievements of these companies are poised to attract engineering and financial talent, fostering a broader ecosystem conducive to the creation of climate-focused and sustainable businesses. The influx of skilled talent is anticipated to play a pivotal role in enabling the scale-up and success of these companies, further contributing to the advancement of climate solutions across EMs.

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

The need for green growth in Emerging Markets is paramount to address both environmental sustainability and economic development challenges. These regions are experiencing rapid population growth, urbanization, and industrialization, which, if not managed sustainably, could lead to very poor outcomes for the globe. Green growth initiatives offer a viable pathway to simultaneously address these challenges by fostering economic development while minimizing negative environmental impacts. Investing in scalable solutions that have climate action at the core not only reduces the carbon footprint but also creates jobs, enhances energy security, and promote resilience to climate change. Additionally, green growth can attract international investments, spur innovation, and position these Emerging Markets as leaders in the global transition to a more sustainable and resilient future.



Through its growth fund, Prosperete directly contributes to UN's Sustainability Development Goals (SDGs) 6, 7, 8, 9, and 13. Prosperete will work towards these SDGs through its investments in water-use efficiency, clean energy, and other low-carbon solutions. Prosperete will take SMEs and start-ups from Emerging Markets and help them scale globally, transitioning into global enterprises, leading to economic growth. Furthermore, through partnerships and growth of sustainable industries, Prosperete will also contribute to SDG 17, SDG 12, SDG 11, and SDG 5.

Economic Co-Benefits: Establishing large scale companies and export hubs forms a key pillar in sustained growth of economies. Prosperete will provide a substantial contribution to the economic development and sustainable growth in participating countries. The fund will enable business development and job creation in target countries as well as attract more talent towards establishing climate companies. Furthermore, the success of the fund will de-risk the climate sector in these economies to enable larger pools of institutional capital investments in local companies.

Environmental Co-benefits: Prosperete is focused on generating environmental co-benefits across all its investments. The team follows IFC Performance Standards for diligence and monitoring of investments, and transparently report to GCF on all investments. All portfolio companies are required to monitor emissions and develop an impact action plan as well as follow ESG standards.

Social Co-benefits: Social objectives form a key part of Prosperete's investment thesis. The Fund is working with organisations such as Dasra (a non-profit that works on measurement and reporting of industrial working conditions) to develop a comprehensive plan to evaluate various aspects of portfolio companies such as rights of informal workers,

gender equality and safety requirements. Further, by investing in increased affordability and easier access to solutions such as green transportation, Prosperete is creating increased livelihood and resilience for people at the base of the pyramid.

Gender-sensitive development benefits: Prosperete is founded and led by a woman, and its senior leadership is more than 50% female. Prosperete is focussed on achieving positive gender outcomes and applies an Intersectional Gender Lens and is Aligned with the 2x criteria. Prosperete has set a target of 50% of its portfolio companies meeting one 2X Criteria at the time of exit. To that end, Prosperete will agree on a gender action plan with each investee company level, to increase female workforce participation across their organizations, including in senior leadership; with clear timebound requirements and responsibilities. Each portfolio company will explicitly be required to report on gender, as agreed in its gender action plan.

Ecosystem level: ensure increased access to funding for women led companies and engage in transformative activities to help counter regressive gender norms.

Prosperete will monitor and ensure that it tracks and measures relevant data and reports on gender metrics.

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

The vulnerability of specific populations in India and Mauritius to climate impacts necessitates innovative solutions from businesses specializing in climate and environmental technologies.

The increasing urbanization and the vulnerability of infrastructure to climate hazards underscore the need for green building materials. Businesses can supply materials that reduce the urban heat island effect and improve the energy efficiency of buildings, catering to the growing demand for sustainable urban planning.

Further, these countries have advocated for the needs in sustainable mobility creating a demand for cost and time-effective solutions in the EV landscape, to reduce their transportation-based GHG emissions and create green jobs. Scaling-up manufacturing of EV batteries can reduce costs and make electric vehicles more accessible, fulfilling both the supply need for localized production and the demand for sustainable transportation solutions. Financing remains a significant barrier to the adoption of green technologies. Companies providing green financing can bridge the gap by offering loans, subsidies, or other financial products specifically designed to support the procurement and installation of EV infrastructure, thereby stimulating both the supply of capital and the demand for eco-friendly transport solutions. As a complement to electric vehicles, battery swapping stations can address any concerns related to range per charge of battery and reduce downtime for charging, particularly in urban areas where space is a premium. This infrastructure supports the rapid deployment of EVs by meeting the growing demand for convenient and fast recharging solutions.

Significant percentages of the population in these countries face inadequate access to improved drinking water and sanitation facilities. Businesses can invest in decentralized wastewater treatment technologies and water purification systems that require a lower land footprint, meeting the critical need for clean water and sanitation.

Climate change significantly impacts agricultural outputs due to changes in rainfall patterns and increasing temperatures. Businesses can offer AI-based climate solutions for agriculture, providing predictive analytics for weather and soil health, and introduce drought-resistant crop varieties to enhance food security. Moreover, for projected decrease in water availability and altered rainfall patterns, solar-powered water pumps could provide a sustainable solution to irrigation needs, reducing reliance on inconsistent rainfall.

On the supply side, enduring financial shortfalls in the region necessitate increased private investment characterized by a relatively higher tolerance for risk. This is to support innovative enterprises committed to the inclusive growth of Asia and Africa, particularly those that have shown promising results. Summary of vulnerable population in the target countries is provided below.

India[31]	• Marginal farmers, estimated to be around 150-200 million people, who rely on rain-fed agriculture and are vulnerable to changes in precipitation patterns and water availability. • Coastal communities, particularly in states like Tamil Nadu, Andhra Pradesh, Orissa, and West Bengal, who are at risk from cyclones, storm surges, and sea-level rise. • South Asia, including India, is expected to experience an estimated 17 to 36 million internal climate migrants by 2050, with many coming from communities dependent on rain-fed croplands for their livelihoods. • Additionally, without adaptation measures, extreme river floods are expected to affect an additional 13 to 34 million people by the 2040s, and coastal flooding is expected to affect an additional 5 to 18 million people by the 2070s to the end of the century.
Mauritius	• Around 90 percent of Mauritius' households are aware of climate change, and a great majority perceives it as a threat, including to food and water security

	• 17% of the coastline of Mauritius has eroded over the long-term (1967-2012) which represent 13 km of coastline in Mauritius. • Mauritius is highly vulnerable to adverse impacts of climate change. According to the World Risk Report of 2018, Mauritius is ranked as the 16th country with the highest disaster risk and ranked 10th on the list of countries most exposed to natural hazards

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

The Prosperete team has a long history of having worked in the target countries in policy dialogues and investments in energy and renewable sectors, ports, telecoms, roads, gas flaring, water and energy efficiency, financial services, among others.

Prosperete has consulted with various governments during the design of the program. Prosperete has received encouraging feedback. **Prosperete has had consultations with all representatives from all target countries, providing NDAs and articulating strong support and country ownership.**

Prosperete has support from the Government of India and its ministries (inc. Agricultural Ministry and Ministry of Finance) based on extensive inter-ministerial consultations undertaken in respect of Prosperete's funding proposal submission under the PSAA framework (FP264). In relation to this funding proposal, the **Ministry of Environment, Forests and Climate Change**, the NDA has communicated they are working on issuing the NOL for Prosperete Growth Fund, agreeing that the inclusion of IFC as the AE strengths the proposal further.

Prosperete has setup the Fund and the Investment Manager in Mauritius and both entities are regulated by the Financial Services Commission, Mauritius. Mauritius, widely considered a global investment destination by investors, is key for Prosperete to catalyse climate finance for emerging markets. Given the country's climate needs and its sophisticated financial and investment ecosystem, **Mauritius is a key hub to mobilize climate finance for the Global South.** The government has taken significant steps, including the creation of the Mauritius International Financial Centre (MIFC), which offers a conducive environment for green finance and sustainable investments. The Government of Mauritius is actively working on introducing a sustainable finance framework[32] including through the creation of the Mauritius International Financial Centre (MIFC), which offers a conducive environment for green finance and sustainable investments. In support of this effort, IFC, as Accredited Entity, will lead engagement with the Government of Mauritius, with Prosperete supporting implementation to strengthen climate capacity across Mauritius through joint efforts in developing climate mitigation and adaptation programs, advancing climate finance awareness, and establishing green finance education initiatives, with the shared goal of positioning Mauritius as a leading regional hub for sustainable finance.

The Government of Bangladesh has received IFC's NOL request and is reviewing it. IFC continues to work with the Bangladesh NDA for approval of the NOL. If a compliant NOL is received, Bangladesh may be added as a target country and GCF Board approval may be requested for an additional USD 10mn, bringing the total GCF funding to USD 50mn.

Each of the Governments of the target countries are enthusiastic about investments to accelerate climate solutions. Representatives are keen to improve reliable access to energy, affordable clean mobility, resilient infrastructure, and other technology solutions for their people. Prosperete has presented its thesis to participating countries and initial discussions indicate strong interest from governments and the private sector in collaborating closely.

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

1. IFC, as the Accredited Entity, is requesting Junior Equity infusion of USD 40mn from GCF to be invested in the Prosperete Growth Fund. Enabled by GCF's anchor investment, will be able to raise a fund of requisite size and attract institutional capital from other like-minded investors who wish to invest in climate but are currently hindered by perceived risks of investing in emerging markets and in new areas such as climate solutions. Prosperete can leverage GCF's investments by 3.4x and raise a USD 220mn fund basis the anchor investment of 40mn. In turn, the Fund's investments could further mobilize up to USD 1 billion.
2. Prosperete has garnered interest from institutional investors who align with the Fund's investment thesis and team but exhibit a cautious approach due to their conservative capital profile and hesitation to back first-time funds. The prevailing high-risk perception stems from concerns regarding both the uncertainties associated with emerging markets and the adoption risks inherent in climate solutions. A significant challenge for a growth-stage climate fund is attaining a minimum viable size, which is particularly daunting without a mix of concessional and commercial capital. Commercial investors may hesitate to invest in first-time funds lacking risk protection

mechanisms. The concessional support from GCF serves as a crucial bridge, facilitating the creation of a foundation that enables the implementation of scaled and timely solutions to combat climate change in emerging economies. GCF would not be crowding out private capital, but rather catalysing investment by private capital managers seeking to achieve social impact and financial return.

3. Prosperete seeks to generate positive financial and impact outcomes for our investors and stakeholders. This desire promotes sustainable business models in the underlying investee companies, keeping a focus on strong product-market fit, and appropriate pricing and credit policies, to ensure strong businesses achieve significant scale. In turn, it also builds the track record of impact funds to support future investment from return-seeking investors.

4. Considering a $220 million Fund size, with an estimated GHG emission reduction target of 6.25 million tCO_{2eq}, this investment could result in an average cost of GHG emission reduction of $35.2 per tCO2eq. As such, IFC consider this proposal to be cost-effective relative to other low emissions interventions e.g.,

    - India's Carbon Credit Trading Scheme (CCTS): the projected prices in the initial phase range around $ 8–12/tCO_2 while potentially rising over time. Prosperete's implied abatement cost sits above expected early Indian compliance prices, but within the range anticipated as the market matures and moves beyond low-cost efficiency measures
    - Sectoral marginal abatement costs in India (thermal power industry) range between ~ US$ 46.43–71.11 per ton CO_2 depending on the policy scenario chosen.
    - The average cost-effectiveness of GCF energy sector portfolio ranges between $ 43.98 and $68.89 per tCO2e, USD 34.3/tCO2e for energy efficiency projects, USD 47.8/tCO2e for buildings and urban systems, $62/tCO2e for energy access and power generation and USD 74.6/tCO2e for low-emission transport () projects according to IEG, 2024.

5. EPA and other federal agencies use the social cost of carbon (SCC) to estimate the climate benefits of rulemakings. The SCC is an estimate of the economic damages associated with a small increase in carbon dioxide (CO2) emissions, conventionally one metric ton, each year. This dollar figure also represents the value of damages avoided for a small emission reduction (i.e., the benefit of a CO2 reduction). The EPA estimates the social cost of CO2 to be between $14 and $138.61 per ton.[33]

6. Prosperete is convinced that its proposal presents a cost-effective approach to reducing CO2eq emissions, while improving affordability of climate solutions through scalability and thus enabling such solutions to become mainstreamed.

7. Furthermore, the program is being designed in consultation with national stakeholders as well as commercial investors. There is very strong additionality that GCF will have by supporting growth stage Climate Funds focused on the EMs. Prosperete will work on a model of strong collaboration among the targeted countries and bringing best in class technologies; crowding in commercial capital into climate solutions for Emerging Markets that make basic services more accessible and affordable. Prosperete has an experienced team, with strong gender diversity and hands on experience / track record in scaling climate solutions across Emerging Markets.

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)

Assessment Dimension	Current state (baseline)		Potential target scenario (Description)	How the project/programme will contribute (Description)
	Description	Rating		
Scale	There is a growing investment in climate solutions, which is contributing to the development of carbon and climate resilient solutions. However, this development is currently limited to early-stage, and the sector is still in its nascency (compared to other sectors), as solutions are often restricted to their home markets	Low	Availability of capital across all stage of development of a climate solution, across different markets which have availability of climate solutions. This would result in creation of large viable businesses that offer low-carbon and climate resilient solutions, ultimately reducing GHG emissions and improving resilience of vulnerable communities	Prosperete Growth Fund aims to mobilize capital at growth stage to enable creation of scaled climate enterprises through technology transfer. Prosperete will help with the global expansion of these enterprises across different emerging markets, thus supporting the deployment of low-carbon and climate resilient solutions over the life and post. Such scale is expected to reduce the cost of solutions, in turn increasing affordability and access, as well as attract late-stage commercial capital to climate solutions.
Replicability	There are currently limited number of growth funds for climate solutions in emerging markets. Prosperete's focus countries have more than 2 billion growth stage under-investments,	Low	Influx of institutional capital into the sector from multiple providers, deploying the much-needed equity capital at scale for growth stage climate solutions in emerging markets. A vibrant market needs multiple funds investing to support climate companies adequately.	It is expected that the success of Prosperete and investee organisations will lead to a strong signalling effect for capital and talent that green technologies can scale and become large commercial enterprises. This is expected to catalyse further innovation in technologies and investments from other industry participants. Prosperete will also partner with local funds across different markets and enable market making, creating more pools of capital across emerging markets.

Sustainability	Investments into the climate sector and climate solutions are growing, however sustainable and profitable business models at large scale across various sub-sectors are yet to be established, especially in emerging markets	Low	A shared climate landscape across emerging markets with the exchange of best technologies will create wide-scale adaptation and mitigation impact. Creation of an enabling environment where viable climate solutions are able to attract capital at all stages of their development and growth. Ensuring continuous access to financing for vital segments within the climate sector and climate solutions, particularly in areas with substantial potential for reducing greenhouse gas emissions and enhancing climate resilience at both household and business levels.	The exit strategy entails selling investee companies to new or existing market participants, such as late-stage investors, who will sustain and expand the companies' impact. This divestment signifies market maturity and ensures continuity of intervention.

E.3. GCF Outcome level: Reduced emissions and increased resilience (IRMF core indicators 1-4, quantitative indicators)

GCF Result Area	IRMF Indicator	Means of Verification (MoV)	Baseline	Target[4]		Assumptions / Note
				Mid-term	Final[5]	
All Mitigation Areas	Core 1: GHG emissions reduced, avoided or removed/sequestered	As described below	0	1.5 mn tCO_2	6.25 mn tCO_2	Core 1 target is additive of emissions reduction targets from MRA1, MRA 2, and MRA 3. GHG emission reductions (avoided emissions) for MRA1, MRA 2, MRA 3 are calculated as the total emission reductions achieved by Prosperete portfolio companies. Prosperete modelled the mitigation

[4] Note: Assuming a 10-year Fund Life, mid-term point is estimated at 5 years after first close. Final targets as at 2035 (assuming two one-year extensions)
[5] 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.

						outcome based on an indicative portfolio . Modelling is based on pipeline company's current operations and indicated sales growth. The estimate reflects the 'base case'. The growth achieved by these companies is source of uncertainty.
All adaptation results areas	Core 2: Direct and indirect beneficiaries reached	As described below	0	Total: 0.3 mn Direct: 0.2mn Indirect: 0.1mn	Total: 1.3 mn (approx. 1.27 mn) Direct: 1mn Indirect: 0.3mn	Core 2 target is additive of emissions reduction targets from ARA 2 and ARA 3. Female beneficiaries expected to be 30% of total beneficiaries.

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 6: Degree to which GCF investments contribute to technology deployment, dissemination, development or transfer and innovation	Early-stage investments have led to development of climate solutions at an early stage in some markets. However, these markets are unable to scale solutions due to confinement in single market. At the same time, many	low	Development of an ecosystem working across emerging markets to develop climate solutions suited for these markets and transfer	Prosperete Growth Fund seeks to identify investment opportunities that promote affordability of essential services, demonstrating that nations can leapfrog fossil-fuels to green growth. Prosperete will also leverage key markets to export climate	Multi-countries

	emerging markets are unable to develop solutions and therefore unable access to affordable mitigation and adaptation solutions. There is a need for innovative financing along with an ecosystem approach to scale climate solutions and enable transfer from these solutions across emerging markets.		such solutions across multiple emerging markets.	solutions to other emerging markets and accelerate the creation of climate ecosystems across different markets.	
Core indicator 7: Degree to which GCF Investments contribute to market development/transformation at the sectoral, local, or national level	GCF investments have led to development of solutions in multiple markets, but these often plateau at early-stage. Despite the existence of regulatory and policy frameworks, many sub-sectors within the market still exhibit limited development. There is a critical need for increased capital, particularly at growth stage, to facilitate large-scale investments that will advance overall market maturity.	medium	Robust financial markets providing diverse products to facilitate capital investment across the sector, thereby fostering the adoption of low-carbon and climate-resilient solutions. This dynamic is expected to drive down costs and enhance the appeal of these solutions relative to traditional fossil fuel alternatives.	Prosperete not only provides growth financing to investee companies across different sectors which enables their scaling but also promotes these companies to expand to multiple markets and help develop low-carbon ecosystems there. Prosperete plans to collaborate with regional funds to co-invest in portfolio companies as they scale across emerging markets. This partnership aims to assist these funds in assessing deals and cultivating sector expertise climate sectors, with access to Prosperete's expert network enhancing their understanding of climate technologies	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	The development of best practices and a diverse range of financing solutions within this sector is still ongoing. Many local financial institutions lack the capability to provide financing due to limited understanding perceived risks associated with factors like unproven technology, limited operating history, and inadequate data on residual value. While there are some newcomers targeting specific market segments or products, enhancing the capacity to offer a comprehensive range of financing solutions is crucial for scaling up the adoption of climate solutions	low	Expertise in financing products and optimal practices across various sub-sectors is being refined. Enhanced capacity among financial institutions to offer tailored financing solutions to companies and customers in climate, under favourable terms, is imperative. Additionally, financiers contribute insights and experiences to inform the formulation of policies and regulations within this sphere.	Prosperete will provide growth capital and help develop solutions for climate that currently do not exist. Furthermore, Prosperete works with regional financiers in different markets to undertake capacity building for climate sectors. Prosperete management team also regularly participates in forums of knowledge sharing to support regulations and policy in the space.	Multi-countries

E.5. Project/programme specific indicators (project outcomes and outputs)

Project/programme results (outcomes/ outputs)	Project/programme specific Indicator	Means of Verification (MoV)	Baseline	Target		Assumptions / Note
				Mid-term	Final	

Management Indicators						
Output 1: Creation of Prosperete Growth Fund	Creation of Prosperete Growth Fund	Audited Fund financials	-	USD 220mn	USD 220mn	Assumes willingness of investors to invest in Prosperete post GCF Contribution; Final target same as mid-term target as fundraise to be completed before mid-term.
	Number of companies in which Prosperete leads the investment round	Audited financial statement of companies	-	1	3	Assumes willingness of investors to invest subject to availability of lead investor Source: Audited financial statements
Output 2: Growth Stage Investments and support for scaling of approx. 10 to 12 portfolio companies	Number of companies and initiatives supported through equity investments	Investment Manager reports (Quarterly and Annual)	-	8	8	Source: Investment Manager Reporting
	Reporting on investment performance and value addition in portfolio companies	Annual independent evaluations of fund performance. To be shared with investors by way of quarterly and annual reports.	n/a	Quarterly and annual reports	Quarterly and annual reports	Investment manager will regularly prepare reports for investors covering fund performance and updates at the portfolio level. Data Sources: Self-reported performance data from portfolio Companies; Financial statements.
Outcome 3: Increased availability of climate solutions across emerging markets through technology transfer	Number of companies expanding beyond home market	Audited financial statement of companies	-	1	3	Assistance from Prosperete identifying network to enable expansion; availability of customer in other markets Assumes supportive policy and regulatory environment. Ability of countries to export solutions from one market to another Data Sources: Self-reported Company data; Audited Company Financial statements.
	Companies with expansion / technology transfer plan	Investment Manager reporting to GCF	TBD	5	7	Assumes ability of pipeline companies to expand beyond home market
Market Transformation Indicators						

Outcome 4: Strengthened ecosystem in EMs for creation of scaled climate companies	Investors / Funds apart from Prosperete investing in climate-focussed companies		-	5 across the Target countries	10 across the Target countries	
	Number of climate and ESG action plans developed and (successfully) implemented	Investment Manager reporting to GCF	-	3	7	
	Preparation of gender action plans for portfolio companies	Investment manager reporting to GCF	-	3	6	Prosperete ability to develop and share market expertise Continue to interest of women and men entrepreneurs to develop solutions in climate Data Source: investment Manager Reporting
	Number of female employees, management team members and board directors recruited, trained, and supported at portfolio companies	Company audited financials with verification	-	200	500	
	Number of mentorship sessions held	Investment manager reporting to investors	-	5	10	
Project/programme co-benefit indicators						
Co-Benefit 1: Economic Co-Benefit of Creation of Jobs in Climate Sector	Direct and indirect work opportunities created at portfolio company level	Periodic portfolio company data and independent verifications	-	500	1,200	Jobs created would heavily depend on business model of the selected portfolio companies. Baseline and targets will be established basis portfolio company selection and growth projections.
Co-Benefit 2: Enhanced gender inclusivity in climate ecosystem	50% portfolio companies meet one 2X Criteria at the time of exit	Periodic portfolio company data and independent verification	-	10%	50%	To be implemented through company-specific Gender Action Plans

E.6. Project/programme activities and deliverables

Activities	Description	Sub-activities	Deliverables
Activity 1: Setting Up Equity Fund	Prosperete Growth Fund is targeting to raise USD 220 million with the help of anchor contribution from GCF. The fund is advised by Prosperete, which screens investments and diligence for financial and impact returns. The portfolio will be actively monitored till exit decisions.	• Sub-Activity 1.1: Equity Fund Formation • Sub-Activity 1.2: Team Buildout • Sub-Activity 1.3: Fundraising Activities • Sub-Activity 1.4: Management over 10-year life;	○ Fund Entity Formation and signing binding agreements ○ Buildout of team towards first and final close ○ Achieving final close for Prosperete Growth Fund
Activity 2: Growth Stage Investments	Prosperete will actively work with pipeline companies to enable scaling of climate	• Sub-Activity 2.1: Ongoing operations: Equity Fund administration and reporting, deal sourcing, due diligence	○ Final IC Approval and Disbursement ○ Capital calls based on portfolio company requirements

	solutions, through strategic input, organization building, connect with clients.	• Sub-Activity 2.2: Deployment of capital in 10 to 12 Portfolio companies • Sub-Activity 2.3: Post-Investment Engagement • Sub-Activity 2.4: Exit investments, return capital and profits to investors, close fund • Sub-activity 2.5: Measurement, management and reporting of mitigation and adaptation outcomes	○ Periodic impact reports prepared and distributed quarterly, with two independent evaluations (mid- term and final) also undertaken. ○ Presentation of Exit thesis to Investment Committee ○ Approval of Exit, Exit Process, and Distribution of Capital to Investors
Activity 3: Technology transfer	Expansion of solutions to other emerging markets through export and building partnerships with other funds for interchanging of solutions and expertise	• Sub-Activity 3.1: Development of expansion plan for portfolio companies • Sub-Activity 3.2: Export to other markets through inputs and Prosperete network • Sub-Activity 3.3: Regional funds collaboration (via partnerships or otherwise) for assistance and knowledge exchange	○ Formulation of expansion strategy beyond home markets ○ Sharing of portfolio company insights for enhanced understanding and knowledge of sector along with periodic cadence ○ Investments from partner / other funds into Prosperete portfolio companies
Activity 4: Capacity Building	Activities across the ecosystem for sharing of best practices and increasing gender inclusivity in climate sectors	• Sub-Activity 4.1: Development of Action Plan and organization building • Sub-Activity 4.2: Participation in Management / Board Meetings of Portfolio Companies • Sub-Activity 4.3: Knowledge and best practices sessions • Sub-Activity 4.4: Holding mentorship sessions for women in climate ecosystem and focus on women in pipeline	○ Formulation of Action Plan for portfolio companies ○ Participation in board meetings ○ Industry analysis basis portfolio companies, Prosperete sector expertise, industry advisors ○ Publication of reports and / or research pieces for public dissemination ○ Best practices and knowledge transfer sessions for portfolio companies and ecosystem ○ Mentorship sessions for women in climate sector

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

Reporting schedule for GCF

IFC is responsible for the supervision of the GCF-funded portion of the Prosperete Growth Fund, including monitoring and reporting results to GCF. IFC will use in-house resources to track and report relevant indicators to GCF. IFC will work closely with the Fund and the IM to obtain all necessary data in the logical framework. A dedicated results measurement specialist at IFC will be responsible for evaluating the data collected annually by the Project company against the ex-ante assigned targets listed above.

IFC will retain the services of a qualified external third party to undertake interim and final independent evaluations in accordance with the GCF's evaluation criteria as per the GCF Evaluation Policy. Accordingly, these independent evaluations will embed an assessment of the Project's contributions to a paradigm shift and enabling environment using a three-point scale rating. These evaluations will use a mixed methods approach to assess the performance of the Project and identify lessons learned that could strengthen future programming. IFC will notify GCF should the Project appear unlikely to achieve expected results and/or fail at its objectives due to extraordinary

circumstances (natural disaster, political unrest, etc.). An interim evaluation is planned in 2031, at the end of fund's investment period, and a final-term evaluation in 2036, at the end of the fund timeline.

The following outlines the reporting schedule that Prosperete Growth Fund will follow:

1. Fund quarterly and annual reporting
2. Annual Performance Report
3. Independent Interim Evaluation Report
4. Independent Final Evaluation Report
5. ESG Reporting

- Prosperete Growth Fund will provide quarterly financial statements as well as undertake Annual Performance Review for GCF.
- Given the nature of the programme, with Prosperete targeting impact through providing growth equity to climate positive enterprises, Prosperete will track the impact of these companies in their focus geographies. Prosperete will ensure best practices are followed in reporting to both its investors as well as its national stakeholders. Climate targets will be the responsibility of ESG and Climate Lead. The ESG and Climate officer will guide the investment team in assessing potential impact of a company and ongoing engagement. The ESG and Climate Lead will take ownership of measuring and recording climate impacts of investee companies.
- To track that the Fund is achieving its mitigation and adaptation targets, the Prosperete team will work with each investee company and an external impact expert to develop and track several indicators that will measure progress at the fund and portfolio levels. The Fund will also initiate various surveys over the course of the Fund's life to evaluate improvements in climate resilience among beneficiaries, including improved income levels, income stability, access to climate information systems, and other metrics. The Fund will consolidate data for analysis and form insights at Fund level mid-term and at the end of the fund's life. This will help track progress against set objectives and enable the Fund to provide timely feedback to investee companies where realignment in their business strategy is required.
- For adaptation, direct and indirect beneficiaries will be assessed by the portfolio companies, who are required to report data to Prosperete on a periodic basis. Prosperete will help its portfolio companies to build requisite capacity for accurate measurement and cogent communication of its impact on beneficiaries. Prosperete will conduct periodic surveys and audit to ensure accuracy of the data. As mentioned above, Prosperete will integrate reporting on impact and Action Plan into its investment's legal documents for each investment. Such requirements will be enforced through possible representation of Prosperete on board of the companies, as well as binding covenants.
- For Mitigation, Prosperete utilizes globally recognized methodologies such as IFIs - Harmonization of Standards for GHG accounting, GHG Protocol, CDM / Verra / Other methodologies to calculate GHG reduction outcome achieved by each of the companies. Such evaluation would be conducted by independent impact experts with disclosure to all Prosperete investors and will be guided by Prosperete's *Monitoring Reporting and Verification (MRV) Plan*.
- In line with IFC's Action Plan for Prosperete, IFC will require Prosperete to develop a comprehensive MRV Protocol establishing procedures for: data collection and recording; assessment methodologies, including project boundary definition and baseline determination; documentation of assumptions and reference sources; emissions accounting; monitoring approaches and reporting frequency; roles and responsibilities (including any independent third parties engaged); data quality assurance (QA/QC) and verification procedures; and reporting requirements and governance. Implementation of the Protocol will include standardized measurement and reporting templates, cascaded to portfolio companies through the shareholders' agreements with each investee. For relatively more complex investments, IFC will require Prosperete to engage qualified third-party experts (for instance through Life Cycle Assessments) to demonstrate mitigation outcomes. With Prosperete's support, IFC will conduct independent verification of climate outcomes during implementation and at the end of the Fund's life and will review the adequacy of these arrangements through its Accredited Entity oversight responsibilities.

- For adaptation, in addition to the number of beneficiaries supported to better adapt to the effects of climate change (tracked at investment and portfolio level), Prosperete will track and report investment-specific adaptation and resilience indicators tailored to each investee's business model, technology and targeted adaptation outcome. To strengthen outcome-level resilience measurement, qualified third-party experts will be engaged, where appropriate, to assess and evidence resilience outcomes achieved (e.g., using standardized methodologies for measuring household resilience to climate shocks)."
- Ex-post evaluation of the Fund's climate mitigation and adaptation impacts will be carried out at two intervals:
  - Interim evaluation (at the 5th year): During the Mid-term evaluation, Prosperete would have deployed its capital (excluding follow-on), but substantial development outcomes are not anticipated due to the portfolio's incomplete maturation. Consequently, the evaluation will primarily scrutinize the implementation of the investment strategy, encompassing metrics such as the number of portfolio companies invested by the Fund, GHG emissions reduction, capital mobilized in investment rounds, current countries of operation, total number impact to establish credible baseline.
  - Final Evaluation (end of Fund life): For the final evaluations it is expected that the fund will have achieved maturity. The end of program evaluation of the Fund will comply with the GCF evaluation policy. An independent evaluation will track key performance indicators and results. Prosperete will conduct evaluations during exit discussions with the company and aggregate such information at the of fund life.
- Climate finance reporting: in addition to climate impacts, Prosperete will also track and report on an annual basis to interested investors the alignment of its investments with the joint MDBs-IDFC climate finance methodology, qualification rationale and associated investment amounts.
- ESG Reporting
  - Prosperete will annually provide investors with a comprehensive report on the Environmental, Social, and Governance (ESG) performance of both Prosperete and its investee companies. The Prosperete Growth Fund will diligently oversee ESG considerations in portfolio companies, encompassing the monitoring of ESG risk areas, tracking progress on the Action Plan, and assessing any business changes that may pose additional ESG risks. Prosperete benefits from an in-house Climate and ESG expert who will guide the ESG officer to make sure that ESG considerations and capacity in portfolio companies is up to par with the Fund's ESMS.
  - Annually, the Fund will conduct an ESG review of each portfolio. This review aims to evaluate the ESG performance of portfolio companies, pinpoint those encountering significant challenges in implementing ESG plans, highlight superior performance, and identify emerging ESG risks linked to business models. The insights garnered will facilitate in-depth discussions among the investment team and the Investment Committee (IC) to determine optimal support strategies for portfolio companies. Additionally, the Fund will conduct mid-term and completion date reviews of action plans to gauge progress in addressing ESG gaps identified during the diligence stage and to address any additional gaps or initiatives required to fulfil action items.
  - Supervision arrangements and reporting schedules described in Section G.3 will also apply to the tracking of all Gender Action Plan (GAP) milestones.
- As the funded activity is a closed-ended private equity fund, returns to investors (including GCF) arise through equity distributions rather than sub-project-level repayment flows, and a fixed reflow schedule is not applicable. IFC, as AE, will track and report to GCF capital deployed per portfolio company, exit proceeds, distributions, GCF's cumulative principal recovery, and any material compliance or integrity events, through quarterly and annual reports and the independent evaluations provided under the FAA.
- The Fund will report actual deployment, climate outcomes and beneficiary impacts by country, enabling GCF to monitor the geographic distribution of investments and resulting climate benefits over time.

F. RISK ASSESSMENT AND MANAGEMENT

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

Selected Risk Factor 1 – Fundraising Risk

Category	Probability	Impact
Other	Medium	High

Description

There is limited availability of capital for such growth funds because of high-risk perception due to the perceived dual risks of emerging markets and limited adoption of climate solutions. Prosperete may not achieve such a sufficient size unless multiple commercial and development institutions that Prosperete is already engaging with, decide to invest in the Fund. These investors often look for a first-mover anchor contribution before providing binding commitments. For Prosperete this risk gets accentuated with it being a first-time fund.

Mitigation Measure(s)

An anchor contribution from GCF in the form of Junior equity would provide the necessary signal to other investors, alleviating fundraising risks to a large extent. GCF's participation as a concessional investor, together with IFC's oversight as Accredited Entity, reinforces the fund's alignment with rigorous climate and fiduciary standards. Further, availability of junior capital will alleviate their perception of risk with downside protection.

Prosperete is engaging with its investors (excluding GCF) to avail bridge financing but has received feedback that other investors will follow GCF lead. In the absence of bridge financing, Prosperete may only be able to do very small investments during the period of first close to final close, thereby limiting potential climate impact.

Selected Risk Factor 2 - Risks arising from emerging solutions in climate

Category	Probability	Impact
Technical and operational	Medium	High

Description

Prosperete Growth Fund will invest in growth-stage companies. By definition, these businesses face execution and scaling risks, including broader market adoption of their product, competitive pressures and evolving market dynamics. While they have demonstrated traction, these companies may fail or may take longer than anticipated to achieve scale and sustained profitability. Prosperete, therefore, may not be able to achieve its financial and climate impact objectives.

Mitigation Measure(s)

Prosperete will invest in companies that show strong evidence of product-market fit, revenue growth and business model validation, and are focused on scaling operations, expanding into new markets, and accelerating growth through larger capital deployment.

Moreover, Prosperete's team implements a thorough due diligence procedure, encompassing comprehensive analyses of financial, operational, market, competition, and ESG factors. This meticulous process enables the Fund to evaluate exceptional investments, ultimately selecting companies distinguished by robust management teams which can scale their globally competitive climate solutions. Once invested, Prosperete works closely with investee companies to help them build organizations and grow their business.

From a climate impact standpoint, Prosperete has conducted sensitivity analysis presenting both the pessimistic, base and optimistic scenarios. Its targets reflect the base case, which is however dependent on several assumptions, including the size of the Fund, holding period and the growth of investee's activities.

This risk needs to be considered when assessing the likely impact from this investment.

Selected Risk Factor 3 - Risks arising from business uncertainty

Category	Probability	Impact
Technical and operational	Low	Medium

Description

Prosperete Growth Fund seeks significant minority stakes with strong contractual rights. As such, Prosperete Growth Fund cannot control the management and activities of its portfolio companies. This may result in having limited say in selecting the right strategy for the business or poor execution of the selected strategy.

Mitigation Measure(s)

Prosperete conducts a thorough diligence of strategy and the management ability to execute the strategy. Once invested, Prosperete will have periodic meetings with management to discuss ongoing business and climate plans, and required pivots, if any. Furthermore, Prosperete will not only provide investment capital but expects to provide strategic advice and additional resources, identifying and working with co-investors, and providing access to local networks of experts and value-add partners.

Selected Risk Factor 4 – Valuation and Investment Risk

Category	Probability	Impact
Technical and operational	Medium	Medium

Description

Prosperete Growth Fund is focussed on making private investments, which creates limited liquidity options for exits. These companies would be able to provide such liquidity options only after achieving scale. Furthermore, there is a higher risk of price discovery and valuation as a fund operating in private markets. Additionally, the investment presents macroeconomic risks if economies in which these companies operate, face headwinds, funding for climate solutions dries up, or there is reduction in valuation of investments, all creating risks for investment returns. This risk also includes currency risk, as portfolio investments will be operating in local market currencies v/s USD, exposing the Fund's investments in portfolio companies to fluctuations in exchange rates.

Mitigation Measure(s)

The Prosperete Team has extensive experience of working with large institutional investors and expertise in what such investors look for while underwriting deals. The Team expects to maintain ongoing relationships with potential strategic acquirers of portfolio companies and growth stage investment firms to help improve exit opportunities for Fund investments.

Prosperete will carefully monitor investments, including quarterly review of exit opportunities so that necessary action can be taken on given opportunities.

In addition, the Fund may utilize alternative investment structures reflective of market conditions..

Currency exposure arising due to company operations will be monitored closely. Part of this risk will be mitigated as Companies expand their business operations to overseas markets beyond their home country.

Selected Risk Factor 5 – Availability of attractive investment opportunities

Category	Probability	Impact
Technical and operational	Low	Medium

Description

The Prosperete Growth Fund aims to invest in businesses offering climate solutions in the target countries. However, the fund might face challenges in targeting some of the strategic sectors and markets that are often in early stages. The fund's ability to find such pipeline is contingent upon companies being able to meet Prosperete's investment criteria. Risks include potential product underperformance as well as market risks such as affordability.

Mitigation Measure(s)

Prosperete has been working in this space for more than 36 months and has been able to build a robust pipeline of attractive investment opportunities. In addition, Prosperete is engaged in deepening its understanding of relevant emerging technologies as well to make sure it can spot companies early and keep track of those as they become investible for Prosperete.

Working across sectors and countries also helps mitigate this risk.

Selected Risk Factor 6 – Risks coming from first time fund limited geographic spread

Category	Probability	Impact
Technical and operational	Low	Low

Description

Prosperete is perceived as a first-time fund and has a wide geographic mandate. This may mean that the team is stretched and may not be able to have feet on the ground.

Mitigation Measure(s)

The Prosperete team has been working on the Prosperete Growth Fund for more than a year. This helped brings stability to the team. Team's extensive experience in sustainability sector is unparallel. Given that climate sector itself is emerging set up of platforms like Prosperete are critical. Anchor investment from GCF in the form of junior capital along with extensive due diligence will help mitigate the risk of fund raise significantly. The fund will directly invest in India and Mauritius. These companies will be encouraged to invest across target countries along with partner funds including in Asia and Africa. This will allow multiplication of expertise and on ground presence. As Prosperete expands it will boost its presence across markets and open up its direct investments in other markets as well.

Selected Risk Factor 7 – E&S risks coming from activities of portfolio companies		
Category	**Probability**	**Impact**
Technical and operational	Low	Low
Description		
Prosperete is investing in companies with medium to low ESG risk. There might be issues arising relating to customer safety, employment conditions etc that will need to be closely monitored.		
Mitigation Measure(s)		
Prosperete conducts an in-depth ESG assessment of companies prior to making investments. Any high risk / cat A project is not taken up by Prosperete. An ESM action plan will be agreed with the company, and its implementation will be closely monitored. Prosperete assessment includes potential impact on Indigenous People, and Sexual Exploitation, Abuse, and Harassment (SEAH) practices etc. Separately, Prosperete also has gender policy and action plan to make sure portfolio companies enhance gender employment in target countries. Where applicable, Prosperete will also evaluate physical climate-related risks and be supported in the analysis by third parties.		

G. GCF POLICIES AND STANDARDS

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

1. As a Financial Intermediary (GCF category I-2) Prosperete will disclose information on each of its potential investees prior to making a decision to invest.

#	IFC Performance Standard	Risk Level in Companies	Risk in Supply Chain
1	Environmental and Social Risk Management	Medium	Medium
2	Labor and Working Conditions	Medium	Medium
3	Resource Efficiency and Pollution Prevention	Medium	Medium
4	Community Health, Safety, and Security	Medium	Medium
5	Land Acquisition/ Involuntary Resettlement	Low	Low
6	Biodiversity and Natural Resources	Low	Low
7	Indigenous Peoples	Low	Low
8	Cultural Heritage	Low	Low
9	Stakeholder Engagement and Information Disclosure	Low	Low
10	Climate change Resilience and Adaptation	Low	Low

2. It is Prosperete's endeavor to meet the highest standards of corporate stewardship by investing responsibly and engaging with communities where Prosperete works and invests. 'Responsible Investing' is a key guiding philosophy for Prosperete. Prosperete recognizes that ESG aspects are among the key influencers of the value and long-term performance of any company. Prosperete is committed to the implementation of ESG policies within its own organization and organizations that it partners with and invests in.
3. Prosperete follows a comprehensive ESMS which ensures that all its operations are in strict compliance with globally accepted best practices on ESG related matters. Prosperete reckons that ESG aspects are also important determinants to the value of any company and hence has integrated ESG aspects into the various stages of its investment process.
4. Prosperete invests in low-carbon mitigation and adaptation solutions, which are not expected to have material climate risks, but rather to contribute to climate mitigation and adaptation. Investee companies will be encouraged to monitor and manage their exposure to physical and transition risks of climate change, including in their supply chains.
5. Indigenous people are not likely to be directly affected through the activities of investee companies. Prosperete monitors exposure to and impacts on indigenous peoples in its prescribed ESG due diligence, operations and annual review.
6. Community health, safety, and security, and the environment may be impacted by use and disposal of electric vehicle technologies, HVAC systems, distributed solar etc. Prosperete will monitor and encourage best practices for managing e-waste disposal, responsible sourcing of materials for manufacturing, and employee wellbeing.
7. Prosperete will continue to strengthen its monitoring and ESG management in the supply chain of its investee companies. A particular consideration is forced labor and child labor in the whole value chain and in the target countries. Prosperete will continue to monitor human rights risk assessment, policies, and implementation.
8. Job creation is a key impact created as companies scale operations and increase their workforce and contractor networks. There is a continued focus on ensuring sound labor practices.
9. Any investment is undertaken only if it does not pose any significant risks to the project or the IPs etc.
10. Prosperete's annual report to Limited Partners will include its ESG practices and detailed ESG and impact performance of its investee companies. Prosperete will also comply with IFC Performance Standards.

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

Prosperete is committed to gender mainstreaming and enhancement of gender equality outcomes across its investments and operations. Prosperete has adopted a Gender Policy which serves as a governance framework for gender integration into Prosperete's investment decision-making process. The Gender Policy addresses gender integration in Prosperete's approaches, procedures, investment, and portfolio decision-making, as well as its internal functioning.

In order to arrive at a comprehensive gender assessment to understand the roles, rights, needs, and opportunities of women and men across target countries and focus areas, the team undertook desktop research, obtained feedback from stakeholder consultations and collated learnings from the experiences of its senior leadership..

The team also reviewed gender-lens investing frameworks, such as the 2X Challenge, which supports increased funding for women across the investment value chain, specifically promoting female entrepreneurship, leadership, employment. Additionally, the team examined existing literature, including by other investing organizations to understand the unique gender challenges within the energy industry, with a particular focus on climate solutions.

Based on this gender assessment, Prosperete has created a Gender Action Plan setting out specific actions to be implemented at the Fund level, portfolio company level and ecosystem level by Prosperete during the Fund's life. **Prosperete will monitor and achieve the following gender outcomes:**

- **Output 1: Building the first women-led, growth stage climate focused fund in India**
  - Achieve a gender balanced workforce; and
  - Applying the gender lens in investment decision-making and portfolio management. Supporting activities to include:
    - Working closely with WinPE and other similar forums to build and maintain relationships with women entrepreneurs
    - Mentor a diverse team with high female representation
    - 50% of portfolio companies meet one 2X Criteria at the time of exit
- **Output 2: Partner with Fund portfolio companies to increase female workforce participation across their organizations, including in senior leadership**
  - Development of Gender Action Plans for each portfolio company, where applicable. The GAPs will be formulated basis assessment at the time of investment due diligence.
  - Supporting portfolio companies in attracting, retaining and supporting a gender diverse workforce.
    - Implementation of non-discrimination as part of HR policies
    - Implementation of all gender-related legal and regulatory Mechanisms, including in respect of SEAH / sexual harassment policies
    - Conducting 1 annual training on gender sensitization
    - Adoption of at least 1 policy associated with building gender inclusive workplace that goes beyond legal and regulatory requirements
- **Output 3: Enable increased access to venture capital financing for women-owned/ women-led startups**
  - Supporting capacity building for female founders building technology solutions for climate; Creating avenues to help women founders access domain knowledge, mentorship and networks
- **Output 4: Transformative activities to help overcome gender norms**
  - Identify key regressive gender norms in each market, work with stakeholders in creating awareness and workshops to help in transforming gender norms

Prosperete requires every portfolio company to implement a SEAH policy that aligns with the IFC SEAH Toolkit (2022) and includes several mandatory elements. These policies must clearly define prohibited conduct, including unwelcome physical contact, sexual demands, and sexually colored remarks. Companies must establish a Committee to ensure impartial investigations. The framework must safeguard confidentiality and provide robust anti-retaliation protections for complainants and witnesses.

Procedurally, the policy must outline a time-bound investigation process—completing inquiries within 90 days—and offer survivor support, such as specialized leave, transfers, or medical compensation. Sanctions for substantiated misconduct must range from written warnings to termination of services. To ensure consistency across diverse jurisdictions, Prosperete refers portfolio companies to the IFC SEAH Toolkit.

The Fund will support portfolio companies in enhancing their gender inclusion and diversity practices, driving greater women's economic empowerment outcomes through their business activities. This will be achieved through the development of Gender Action Plans for each investment, which will include measures to support increased female leadership in management and governance structures. Additionally, the team assists companies in developing policies and procedures to prevent SEAH and to provide gender-sensitive and survivor-centred incident responses. This will include formulating a SEAH policy that, among other things, emphasizes providing a safe and trusted environment for those affected by SEAH to step forward to report incidents and concerns, protection for those affected as well as whistleblowers and/or witnesses, and appropriate measures against any form of retaliation. Implementation will also be monitored by Prosperete's board representative on the portfolio company's board.

The Gender Assessment and Gender Action Plan are provided in Annex 8.

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

Prosperete has multiple governing bodies to oversee the operations of the Fund.

The Investment Manager (IM) prepares investment memos for consideration of the IC with the help of and inputs from Sub-Advisor. The IC oversees the diligence and makes sure that investments are made on terms approved by the IC.

After investment approval, the primary responsibility of the IM is to monitor portfolio performance against the targets established during the investment phase, encompassing financial, climate, SDG, and ESS impacts. The IM's team will monitor investments, sit on boards of individual portfolio companies and maintain direct communication with company management through site visits and regular interactions.

The IM team will work closely with portfolio companies, helping with organization strategize, build out etc. The team will receive detailed management reports with relevant metrics on a regular basis. Monthly meetings will be held to discuss portfolio updates and progress, identify potential risks, review financial performance, and assess overall governance. Strategies and next steps will be agreed upon and implemented by the respective teams. Additionally, a comprehensive quarterly review of each portfolio company will be conducted both at the company as well as at IC level.

Portfolio performance will be monitored through the following:

- Quarterly reporting from portfolio companies
- Periodic board meetings and ongoing communication with management to enhance company value
- Periodic Site visits
- Engaging with other co-investors
- Feedback from key stakeholders
- Monitoring news flow for the sector and the company
- Ensuring compliance with relevant agreements
- Monitoring compliances
- Performance reviews by the investment team against both commercial and impact-related targets

Based on this monitoring process, the IM will submit the following reports:

- Quarterly reports on Fund performance, including individual company performance
- Annual audited statements
- Annual ESS report
- Annual climate and sustainability impact report

The IM adheres to fiduciary duties according to PE industry best practices, reporting on Fund performance quarterly and annually to the IAC and investors. Independent service providers audit annual financial statements to ensure transparency and control of fund flows. Impact reporting is conducted annually, Environmental and Social Governance Review is carried out in accordance with Prosperete ESMS and IFC Performance Standards.

Procurement activities are undertaken in connection with the funded activity, whether by the Accredited Entity or the Executing Entities, will be conducted in accordance with IFC's applicable procurement policies and procedures, consistent with clause 14 of the Accreditation Master Agreement (AMA). This applies to Prosperete Growth Fund I ("Fund"), Prosperete Investment Management Ltd. ("IM"), and Prosperete Growth Advisors LLP ("Sub-Advisor") as Executing Entities.

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) including explanatory note on NOLs **(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: Indigenous Peoples (IP) Management Framework
☒	Annex 8	Gender assessment and project/programme-level action plan **(template provided)**

[1] IMF: Addressing Climate Change In Mauritius: Financing And Reform Options
[2] SADRI: Drought Resilience Profiles | Mauritius
[3] ReliefWeb - Disaster Management & Climate Change Handbook - Mauritius (June 2024)
[4] EDGAR - Emissions Database for Global Atmospheric Research
[5] India's Nationally Determined Contribution (2031-2035)
[6] https://www.iea.org/countries/india/emissions
[7] BNEF (2022) Financing India's 2030 Renewable Ambitions, estimates that India will require $223 billion of investment between 2022-2029 to meet its solar and wind capacity targets ; EMBER (2025) reports that total renewable power investments must reach USD 300 billion by 2032 to meet the National Electricity Plan (NEP) targets.
[8] How India can tackle climate change and win the EV race
[9] IEA: Global Energy Review: CO2 Emissions in 2021 Global emissions rebound sharply to highest ever level
[10] UNDP: Developing a Comprehensive Strategy for Waste-to-Resource Transformation in Mauritius
[11] CEEW: Reach for the Sun
[12] Enerdata: Energy Intensity
[13] IEA: Energy Intensity
[14] UNEP - Transport
[15] BBVA: Economic Watch
[16] WEF: Why smallholder farmers are central to new food security interventions
[17] IPCC: Sixth Assessment Report
[18] UN: The World's Food Supply is Made Insecure by Climate Change
[19] Access to water in developing countries
[20] WRI: IPCC 1.5° Report: We Need to Build and Live Differently in Cities
[21] IEA: Global Status Report for Buildings and Construction 2019
[22] BCG: The Sustainability Imperative in Emerging Markets
[23] IMF: Addressing Climate Change In Mauritius
[24] Sources: IEA — World Energy Investment 2025; Climate Policy Initiative — Landscape of Green Finance in India (2024); Deloitte — The Climate Response: Tapping into India's Climate and Energy Transition Opportunity (2025); CEEW-CEF — India's Electric Mobility Transformation and related reports; IEEFA — Capital Flows in India's Electric Transport Sector (2026); NITI Aayog — National Infrastructure Pipeline and circular economy estimates; Ellen MacArthur Foundation / UNCTAD — Circular Economy in India (2016, updated 2023); CEA — National Electricity Plan (2023). Circularity investment need estimated at ~10–12% of the projected 2030 circular-economy

opportunity value (Kalaari/Accenture/NITI), consistent with global circular-economy capex-to-revenue benchmarks.

[25] Sources: Government of Mauritius — NDC 3.0 (2025) and Updated NDC (2021); Economic Development Board — Renewable Energy Roadmap 2030; Ministry of Energy & Public Utilities — 10-Year Electric Vehicle Integration Roadmap (2021) and Renewable Energy Strategic Plan 2025–2030; World Bank — Mauritius Country Climate and Development Report (2025); UNDP-GEF — Promoting Low-Carbon Electric Public Bus Transport in Mauritius; Bank of Mauritius — Sustainable Finance Framework (2023). Transport and Circularity investment needs estimated by combining published EV roadmap targets (26,000–30,000 EVs by 2030) with unit capex benchmarks for charging infrastructure and waste-diversification plants (composting, sorting, WtE, biogas) required to meet the 70% landfill-diversion goal.

[26] IPCC AR6: Vulnerability – Summary for Policymakers

[27] The Rockefeller Foundation and The/Nudge Institute Unveil Climate Change's Impact on Smallholder Farmers in India, Paving the Way for Resilient Solutions

[28] IEA: World Energy Investment 2022

[29] MIT: Climate tech is back—and this time, it can't afford to fail

[30] UN: Net-Zero Asset Owner Alliance raises expectations for members' real economy impact with updated Protocol

[31] Climate Risk Country Profile: India (2021): The World Bank Group.

[32] MIFC: Mauritius IFC Takes a Sustainable Leap with Inaugural Green Bond Listing

[33] https://www.epa.gov/sites/default/files/2016-12/documents/social_cost_of_carbon_fact_sheet.pdf