Funding Proposal

FP328: Transformation Pathways Initiative (TPI)

Cote d'Ivoire, Dominican Republic (the), Ecuador, India, Mexico, Nigeria, Peru, Serbia, South Africa, Uzbekistan | Finance in Motion Asset Management S. à r. l. (FiM) | 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)	Not applicable		

A.4. Result area(s)		**GCF contribution**	**Co-financers' contribution[1]**
	Mitigation total	80 %	80 %
	☒ Energy generation and access	17.5 %	17.5 %
	☒ Low-emission transport	5 %	5 %
	☒ Buildings, cities, industries and appliances	57.5 %	57.5 %
	☐ Forestry and land use	0 %	0 %
	Adaptation total	20 %	20 %
	☒ Most vulnerable people and communities	10 %	10 %
	☒ Health and well-being, and food and water security	10 %	10 %
	☐ Infrastructure and built environment	0 %	0 %
	☐ Ecosystems and ecosystem services	0 %	0 %

A.5. Expected mitigation outcome *(Core indicator 1: GHG emissions reduced, avoided or removed / sequestered)*	31.15 $MtCO_{2e}$	**A.6. Expected adaptation outcome** *(Core indicator 2: direct and indirect beneficiaries reached)*	*Total # of direct and indirect beneficiaries* 1,445,781	
			# of direct beneficiaries 38,465	*# of indirect beneficiaries* 1,407,315
			% of direct beneficiaries in total population 0.01%	*% of indirect beneficiaries in total population* 0.45%

A.7. Total financing (GCF + co-finance[2])	720.0 million USD	**A.9. Project size**	Large (Over USD 250 million)
A.8. Total GCF funding requested	187.0 million USD		

[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	☒ Grant 12.000.000 ☐ Loan Enter number ☐ Guarantee Enter number	☒ Equity 175.000.000 ☐ Results-based payment Enter number	
A.11. Implementation period	Total implementation period 20 years (of which 5-year ramp-up period and 15-year investment & wind-down period. Each GCF equity contribution has a 15 year tenor) With the option for the GCF, at a future date, to extend the tenor of its equity contributions by 5 years and thereby extend the total implementation period to up 25 years[3]	**A.12. Total lifespan**	35 years
A.13. Expected date of AE internal approval	11/18/2026	**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?	NOT APPLICABLE Yes ☐ No ☐	**A.18. Is this FP included in the country programme?**	Yes ☐ No ☒
A.19. Complementarity and coherence	Yes ☒ No ☐		

[3] With any decision on extension to be taken in line with the relevant GCF Policy on Restructuring and Cancellation

A.20. Executing Entity information	• Finance in Motion Asset Management S.a.r.l. (Finance in Motion or FiM) will be the Accredited Entity for the Programme under the Project Specific Assessment Approach (PSAA) modality. • Finance in Motion will act as Executing Entity for Component 1 and Component 2 Activities 2.1.1 and 2.1.2. • The Transformation Pathways Initiatives Fund and the General Partner (both to be established as Luxembourg domiciled entities) will act as Executing Entities for Component 1. • Local Financial Institutions (FIs) will act as Executing Entities for Component 1 Activity 1.2.1. • The United Nations Industrial Development Organization (UNIDO; GCF Accredited Entity since 21 August 2020) will act as Executing Entity for Component 2 Activities 2.2.1 and 2.2.2.

A.21. Executive summary

Climate change problem

The industrial and agrifood productive sectors are cornerstones of economic development across the Transformation Pathway's Initiative's (TPI) 10 target emerging markets and developing economies (EMDEs): Côte d'Ivoire, Dominican Republic, Ecuador, India, Mexico, Nigeria, Peru, Serbia, South Africa, and Uzbekistan**.** Together, industry and agrifood systems account for over 40% of global greenhouse gas (GHG) emissions.[4] [5] At the same time, these sectors are severely vulnerable to increasing climate risks including heat stress, prolonged droughts, changing precipitation patterns which disrupt production processes and threaten supply chains.

Despite their significant contribution to global emissions, low-GHG industrial transformation has received only 2% of tracked international climate finance[6,7]

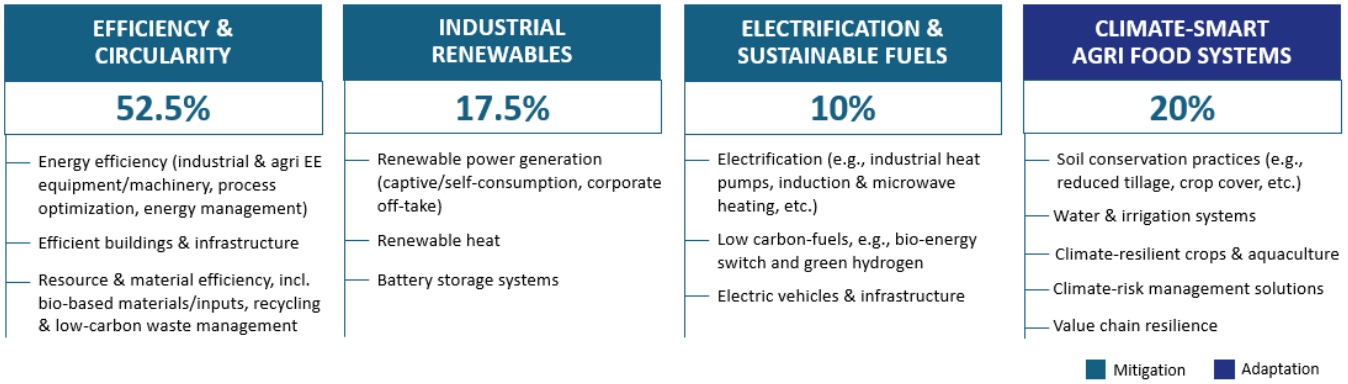
Institutional investors face constraints entering emerging market climate finance due to fiduciary duties, regulatory requirements (such as capital charges), and risk-return hurdles. To allocate capital safely, pension funds and insurers require specific conditions: scale, broad geographical diversification, product standardization, and investment-grade risk mitigation.

Proposed interventions

The Transformation Pathways Initiative (TPI) mobilizes institutional private capital to accelerate low-GHG industry and the transformation to climate-resilient agri-food systems across emerging markets. The TPI is designed as a blended debt fund with a closely linked, targeted technical assistance facility. It deploys targeted blended debt to companies within segments of industrial value chains where the deployment of proven climate technologies is constrained by structural financing and capacity barriers. The fund provides a clear thematic focus by driving investments in priority sectors that differ between countries based on climate relevance, relevance for socio-economic development, financing additionality and implementation feasibility, and by focusing on four core investment topic: (i) Efficiency and Circularity, (ii) Industrial Renewables, (iii), Electrification and Sustainable fuels and (iv) Climate-smart Agrifood Systems. Tailoring the fund's investment strategy to national contexts, priorities and needs has been a proven component of the multi-country funds that FiM currently manages to ensure both additionality and complementarity of the provided finance, as well as successful uptake of the funds' offerings in the local context (i.e. ensuring demand). Tailoring the fund's investment strategies to country needs also aligns with the priorities expressed by NDAs to target a broad range of sectoral and technological focus areas within industry and agri-food systems.

4 IPCC Sixth Assessment Report, Working Group III, Chapter 11
5 IPCC Sixth Assessment Report, Working Group III, Chapter 11
6 Climate Policy Initiative. (2024). Global Landscape of Climate Finance 2024
7 BCG (2025) Financial Institutions Global Asset Management Report 2025: 23rd Edition

Table 1: *Target technologies by investment topic and expected shares in overall portolio*



Component 1: Transformation Pathways Initiative – Blended Finance Debt Fund

Component 1 deploys USD 700 million in blended debt capital in a revolving manner. The financial structure is designed to directly address the barriers faced by institutional investors. By utilizing the GCF's first-loss junior equity to absorb idiosyncratic market risks, the TPI creates an investment-grade senior risk profile. The fund structure provides the risk mitigation, scale, and diversification that pension funds and insurers require, facilitating the mobilization of institutional capital into emerging market low-GHG industry. The TPI addresses structural financing and capacity barriers faced by local companies in industry and agri-food systems by investing through two distinct delivery channels:

- **Intermediated lending**: Deploying about 60% of the portfolio via Financial Intermediaries (FIs). A focus lies on **'Complex-to-abate' fragmented value chains** targeting SMEs whose climate investments are too small and dispersed for direct international financing, but who remain structurally excluded from local commercial credit due to short loan tenors, rigid collateral requirements, and a lack of technical readiness. By providing mid- to long-term debt and technical assistance to local FIs, the TPI aggregates this demand and creates transformative impact within local financial sectors.
- **Direct lending**: Deploying approximately 40% of the portfolio through targeted corporate and project financing, to both address **hard-to-abate emission sources** and **bridge the 'missing middle' financing gap across sectors**. These are capital-intensive investments requiring ticket sizes (e.g., USD 10–45 million) that are often too large, long-dated, or structurally complex for local commercial banks, yet fall below the typical minimum transaction thresholds of direct Development Finance Institution (DFI) financing. Crucially, direct financing demonstrates the commercial viability of complex, capital-intensive low-GHG and resilience investments that are underserved by local banks, creating replicable models that can be scaled and financed by broader markets over time.

Component 2: Transformation Pathways Initiative – Technical Assistance Facility (TAF)

Operating alongside the Fund, Component 2 is a USD 20 million TAF (comprised of USD 12 million from the GCF and USD 8 million from other donors).

- The Finance Track, executed by Finance in Motion (FiM), delivers transaction-enabling services and helps green partner FIs by building their climate-aligned strategies and green loan products.
- The Market Track, executed by UNIDO, brings deep expertise in delivering sector-level technical assistance. UNIDO provides investment readiness advisory to SMEs, works with sector associations on knowledge-sharing, leads proactive, localized stakeholder and community engagement, and engages with regulators to strengthen enabling environments and unlock private-sector investment opportunities.

The TPI utilizes a highly capital-efficient, revolving fund structure. GCF's catalytic first-loss junior equity contribution of USD 175 million achieves a lifetime private capital mobilization of over 1:10. This explicitly demonstrates the transformational impact of leveraging institutional investments.

The TPI is executed by FiM, drawing on FiM's 15-plus year track record in originating and managing climate-focused debt portfolios across diverse EMDEs, its extensive local presence and in-depth technical expertise across the target sectors and technologies included in the TPI. FiM manages EUR 4.3 billion in assets with an outstanding cumulative track record[8]. Rigorous, demonstrated credit risk management prudently leverages GCF's first-loss junior shares.

Climate results

To meet national resilience needs, the TPI allocates 20% of the fund specifically to climate adaptation, bridging industrial mitigation with agrifood resilience. The fund recognizes that integrated industrial and agrifood value chains face a compounded climate threat: agri-food systems are highly vulnerable to physical climate shocks, while downstream value-added processing is often locked into carbon-intensive technologies. The Programme benchmarks favourably on mitigation impact relative to the requested GCF contribution and tenor. Over its 20-year lifespan, the TPI is estimated to reduce 31.1 MtCO2e of GHG emissions and directly benefit nearly 39,000 people (and over 1,400,000 indirectly) through enhanced resilience, based on a conservative definition of beneficiary.

[8] Figures as of Q4 2025

B. PROJECT/PROGRAMME INFORMATION

B.1. Climate context

Climate change problem Industry and agri-food productive sectors are cornerstones of economic development, as well as major contributors to global GHG emissions. Industry accounts for over a third of total GHG emissions, with direct emissions of 14.1 gigatons (Gt) CO_{2e} and 5.9 Gt CO_{2e} arising from indirect emissions, primarily linked to electricity consumption[9]. The primary drivers of industrial GHG emissions are power consumption and the combustion of fossil fuels for process heat, followed by emissions from industrial processes, product use, and waste. Agrifood systems add an additional 8%[10], underscoring their significance in the climate challenge.

These sectors have seen significant growth in the Programme's target countries, with manufacturing activity more than doubling on average on a per capita basis over the last 20 years and almost tripling on an absolute basis[11]. These sectors are forecast to continue to grow significantly under a business-as-usual scenario with **major and increasing contributions from EMDEs**, who account for over half of global manufacturing value-added and roughly two thirds of manufactured goods consumption. Immediate action to reduce GHG emissions from global value chains is essential, with most investments required in EMDEs, where industry and agrifood systems are expanding rapidly and shaping future emissions trajectories. At the same time, GHG mitigation in the sector is found to be cost efficient but hindered by systemic financial and non-financial barriers (see below). According to CPI research, **reducing emissions in industry is more cost-effective**, measured in GHG avoided per USD, than energy sector interventions, on average, and 2-3 times more efficient than mitigation efforts in the transport or buildings sector[12]. However, low-GHG emission transitions in industry are starkly underfunded in EMDEs. In recent years, the sector received on average 2% of tracked climate finance, with underfunding particularly severe in EMDEs[13].

Although dynamics vary across countries and industrial sub-sectors, **the industrial and agrifood sectors in EMDEs are deeply interconnected within broader, often export-oriented value chains.** These value chains are central to economic development, driving job creation and economic growth across emerging markets. Export-oriented industries, often operating with tight margins, can benefit from embracing low-GHG, climate resilient technologies, especially as global markets increasingly demand sustainable practices. Meeting value-chain driven climate-related requirements can strengthen market access and foster economic resilience. By prioritizing competitiveness alongside climate action, EMDEs can position themselves as leaders in the global transition to a low-GHG economy, driving both economic development and environmental stewardship. Agri-food systems face a particularly compounded climate threat: industrial value-added processing and manufacturing is locked into carbon-intensive, inefficient technologies, while agri-food systems are highly vulnerable to physical climate shocks. This presents a unique transformational opportunity: TPI interventions can provide both mitigation benefits (low-GHG interventions for processors and manufacturers) and adaptation benefits (e.g. resilient practices/technologies for producers) across value chains.

Mitigation needs and GHG emissions profile

While the industrial and agrifood sectors are critical to economic development across the TPI target countries, their continued reliance on fossil fuels and inefficient technologies presents a major low-GHG transformation challenge. To outline the specific mitigation needs across the target regions, Table 1 details the baseline GHG emissions profile and the key sectoral drivers currently locking industry and agri-food systems into carbon-intensive pathways.

[9] IPCC Sixth Assessment Report, Working Group III, Chapter 11
[10] IPCC Sixth Assessment Report, Working Group III, Chapter 7; 8% exclude emissions from deforestation and other land-use changes
[11] Relative change based on manufacturing value-added on a per capita basis and absolute change adjusted for population growth. UNIDO (2024) Data Browser – SDG 9 indicators
[12] Based on data in Climate Policy Initiative (*CPI), 2025, Global Landscape of Climate Finance*" on climate finance needs and GHG mitigation potentials by 2030.
[13] CPI, 2024, *Global Landscape of Climate Finance* 2024; based on average total climate finance in 2021/22.

Table 1: Baseline emissions profiles (2023) and key drivers per country. Note: Industrial emissions include industrial process emissions, emissions from energy use in manufacturing/construction and from electricity use in industry/construction. Source: Climate Watch data for 2023; UNSD Electricity Profiles 2023, Ember Carbon Emissions Intensity 2023.

Country	Baseline Total GHG Emissions ex. LULUCF (per capita)	Industry share of GHG emissions	Key drivers for GHG emissions in industry and agri-food systems
Côte d'Ivoire	52 $MtCO_2e$ (1.7 tCO_2e p.c.)	42.5%	– Significant self-generation across manufacturing and agro-processing, as well as large industrial process emissions – Cocoa, cashew, rubber and palm-oil processing add material industrial energy demand.
Dominican Republic	47 $MtCO_2e$ (4.1 tCO_2e p.c.)	29.5%	– Imported fossil fuels underpin industrial electricity and process heat demand. – Manufacturing, refrigeration and cold-chain activity are key sources of industrial energy use.
Ecuador	77 $MtCO_2e$ (4.3 tCO_2e p.c.)	13.2%	– Inefficient industrial energy use raises production costs and emissions intensity. – Food processing, aquaculture, cement and ceramics are principal emissions sources.
India	4,125 $MtCO_2e$ (2.9 tCO_2e p.c.)	32.8%	– Coal-based power and process heat remain central drivers of industrial emissions. – Chemicals, pharmaceuticals, textiles and metals add substantial energy-intensive demand.
Mexico	715 $MtCO_2e$ (5.5 tCO_2e p.c.)	26.7%	– Fossil fuels remain material for industrial heat and manufacturing processes. – Cement and export-oriented manufacturing contribute significantly to industrial emissions.
Nigeria	307 $MtCO_2e$ (1.3 tCO_2e p.c.)	9.4%	– Unreliable grid supply drives diesel self-generation, likely understating industrial emissions. – Cement, petrochemicals and agro-processing are growing sources of fossil-fuel demand.
Peru	115 $MtCO_2e$ (3.4 tCO_2e p.c.)	23.6%	– Fossil fuels remain important for industrial heat and manufacturing processes. – Cement, textiles, paper, packaging and agro-industry concentrate industrial emissions.
Serbia	68 $MtCO_2e$ (10.0 tCO_2e p.c.)	19.0%	– Carbon-intensive electricity and high energy intensity drive industrial emissions. – Ageing industrial assets constrain efficiency and sustain elevated emissions intensity.
South Africa	458 $MtCO_2e$ (7.2 tCO_2e p.c.)	29.3%	– Coal-fired electricity creates high indirect emissions across industrial users. – Chemicals, metals, machinery and food processing are major energy-intensive subsectors.
Uzbekistan	190 $MtCO_2e$ (5.3 tCO_2e p.c.)	23.3%	– Natural gas dependence drives emissions from power, heat and industrial production. – Textiles, construction materials and manufacturing remain energy-intensive emissions sources.

Adaptation needs, climate hazards and vulnerabilities

Climate hazards and agrifood vulnerability The agri-food systems across the TPI's 10 partner countries represent a critical backbone of economic development, rural employment, and food security. However, these value chains are highly exposed to escalating physical climate risks. Under moderate and high-emission climate scenarios (RCP4.5 and 8.5), mean annual temperatures in the targeted partner countries are projected to rise by 2 to 5°C by the end of the century. This warming is accompanied by increasingly erratic precipitation patterns, severe water stress, and the escalating frequency of droughts and heatwaves.

These climate hazards translate directly into severe operational and economic vulnerabilities. For example, in South Africa, rising temperatures and prolonged droughts are projected to reduce the yields of staple crops like maize by up to 30% by mid-century, while heat stress and declining pasture quality could reduce meat and dairy yields by 10-15%. Across the target regions, climate variability continuously disrupts supply chains, accelerates post-harvest spoilage, and threatens the business continuity of the agro-processing sector and e livelihoods of people employed in agriculture, their families and communities.

Causality and adaptation impact pathways To address these vulnerabilities, the TPI dedicates 20% of its financing to adaptation interventions within agrifood systems. By providing patient, risk-tolerant debt through both intermediated and direct lending channels, the TPI enables the deployment of climate-resilient agriculture and resilient processing technologies.

The Programme's adaptation approach is based on a clear impact pathway, linking identified climate hazards to climate impacts on agrifood systems, targeted adaptation interventions, and resulting resilience outcomes for vulnerable communities, workers, and enterprises.

Table 2 illustrates the causal logic by mapping the relationships between key climate hazards, affected systems, examples of adaptation investments that may be supported by the TPI, and the resilience outcomes they are expected to achieve.

Table 2: Adaptation impact pathways for TPI adaptation investment examples in agrifood systems

SECTOR	CLIMATE HAZARD	CLIMATE IMPACT	EXPOSED SYSTEM	TPI RESPONSE	ADAPTATION OUTCOME
PRIMARY AGRICULTURE & SMALLHOLDER SUPPLY CHAINS	Prolonged droughts, erratic precipitation, and severe water stress.	Declining agricultural productivity due to water shortages, soil degradation, and shifting rainfall patterns.	Agricultural soils, crop yields, livestock production, and vulnerable rural livelihoods.	Financing soil conservation practices; advanced water storage; efficient irrigation systems; the adoption of drought-resistant crop varieties.	Enhanced soil moisture retention; stabilised agricultural productivity; reduced dependency on strained water resources; and safeguarded incomes against climate shocks.
AGRO-PROCESSING & COLD CHAIN LOGISTICS	Rising temperatures, extreme heat-waves, and flooding.	Heat stress accelerates post-harvest spoilage and increases cooling costs. Flooding and extreme weather events damage logistics infrastructure and disrupt power supplies to critical processing facilities.	Agro-processing facilities, cold-chain infrastructure, food security, and SME business continuity.	Financing enhanced refrigeration and cooling systems, water reuse and recycling, and captive renewable-storage solutions to ensure power reliability during grid outages.	Reduced post-harvest product losses, improved water security for processing, ensured business continuity during extreme weather, and protected food security.

While the above table presents the sector-level adaptation impact pathways and overarching causal logic of the Programme, climate risks and resilience needs vary across TPI's target countries. The Programme will therefore apply these impact pathways in country-specific contexts characterized by different hazard profiles, exposure levels, and vulnerability patterns.

To provide a high-level overview of these differences, **Error! Reference source not found.** summarises the principal climate hazards affecting agrifood systems in the ten target countries, the key risks and impacts for agricultural value chains, and indicative categories of adaptation investments that may be supported through the TPI. The table illustrates how the Programme's adaptation strategy responds to diverse local climate challenges while maintaining a consistent focus on strengthening resilience, safeguarding productivity, and supporting climate-resilient livelihoods. Detailed country-level analyses of hazards, impacts, vulnerability considerations, and potential adaptation measures are provided in Annex 23.

Table 3: Analysis of climate hazards, risk/impacts and potential adaptation activities per country

COUNTRY	KEY CLIMATE HAZARDS	MAIN AGRIFOOD RISKS & IMPACTS	PRIORITY ADAPTATION MEASURES
CÔTE D'IVOIRE	Rising temperatures, rainfall variability, flooding, drought, wildfire risk	Declining cocoa yields, heat and water stress, infrastructure damage from flooding	Climate-smart agriculture, agroforestry, efficient irrigation, water storage, flood protection, early warning systems
DOMINICAN REPUBLIC	Heat, drought, changing rainfall patterns, hurricanes and tropical storms	Yield reductions in sugarcane, coffee, cocoa and banana; storm damage to agricultural assets	Water-efficient irrigation, drought management, resilient storage infrastructure, storm-proofing and early warning systems
ECUADOR	Heat stress, drought, flooding, extreme rainfall, El Niño-related events	Reduced yields of maize and rice, water scarcity, flood and landslide damage	Climate-smart agriculture, water conservation, flood management, resilient infrastructure and early warning systems
INDIA	Extreme heat, drought, flooding, erratic monsoons, wildfire risk	Reduced crop yields, lower livestock productivity, water scarcity and food security risks	Heat-resilient farming, efficient irrigation, water storage, flood management and wildfire prevention
MEXICO	Rising temperatures, drought, water stress, flooding	Yield declines in maize, wheat, beans and rice; reduced livestock productivity and water availability	Water-efficient irrigation, drought-resilient crops, flood-resilient infrastructure and soil moisture management
NIGERIA	Heat stress, drought, flooding, rainfall variability	Lower productivity of staple crops, increased crop failures and livelihood risks for smallholders	Irrigation expansion, water storage, drought adaptation, flood management and climate-resilient agriculture
PERU	Rising temperatures, glacier retreat, drought, flooding	Reduced water availability, lower agricultural productivity, increased flood damage	Water resource management, efficient irrigation, flood protection and climate-resilient farming practices
SERBIA	Heat stress, drought, flooding, wildfire and erosion risks	Higher irrigation demand, lower agricultural productivity and increasing water scarcity	Efficient irrigation, water management, erosion control, heat adaptation and wildfire prevention
SOUTH AFRICA	Heat stress, drought, water scarcity, flooding, wildfires	Significant yield losses in maize and wheat, declining water availability and growing climate vulnerability	Water-efficient technologies, drought-resistant crops, flood protection and wildfire management
UZBEKISTAN	Extreme heat, water scarcity, drought, flooding	Major yield losses for wheat and cotton, heightened pressure on irrigated agriculture	Efficient irrigation, water-saving technologies, drought adaptation, flood management and climate risk planning

The Climate Finance Gap: climate investments in developing countries remain far below the levels needed to align with global climate goals - particularly in sectors such as industry and agrifood systems, which are both high-impact and underfunded. Significant financing gaps persist in both mitigation and adaptation, with emerging markets especially constrained in mobilizing private capital at scale. According to CPI's most recent Top-Down Climate Finance Needs report, developing countries require more than USD 2.4 trillion annually by 2030, yet actual flows cover less than one-third of this need. The TPI Programme target markets alone

require over USD 200 billion annually based on the results of a related bottom-up assessment by CPI, noting that study has only partial country/needs coverage (i.e. provides a conservative/ underestimate) (Table 4). The UNFCCC Standing Committee on Finance has consistently emphasized that public and concessional resources alone are insufficient to meet this scale of demand and that substantially increased mobilization of private capital, particularly long-term institutional capital, is essential to achieving climate objectives in EMDEs.[14] Global institutional investors collectively manage capital in the order of USD 130 trillion, the vast majority of which remains concentrated in advanced economies rather than deployed in emerging markets. Redirecting even a small share of around 1–3% of institutional assets toward well-structured, appropriately de-risked investments could substantially close the climate finance gap in EMDEs.

Investment in climate-resilient agri-food systems face a specific financing gap. Small and mid-sized agribusinesses face mounting costs for water and adaptation technologies but are structurally underserved by commercial banks. Because agribusinesses often experience seasonal cash flows and high exposure to commodity and weather volatility, local lenders view them as high-risk. Furthermore, commercial banks are often reluctant to provide the mid-to long-term debt required for resilience investments (such as advanced irrigation or cold-chain infrastructure) because the financial returns of adaptation are often realized as "avoided crop losses" or "export-market continuity" rather than contracted, immediate cash flows.

The Programme directly addresses the financing shortfall in industry and agri-food systems by channelling blended capital towards companies and project companies that address key mitigation and adaptation needs in industry and agrifood systems in strategically selected countries. Through four core investment themes – i) efficiency & circularity, ii) industrial renewables, iii) electrification & sustainable fuels, and iv) climate-resilient agriculture, in country-specific priority sectors, the Programme responds to the mitigation and adaptation needs of industrial and agri-food sectors. It does this in alignment with the target countries' national priorities including Nationally Determined Contributions (NDCs), National Adaptation Plans (NAPs), and other climate and/or sustainable industrial development strategies.

	Average bottom-up climate finance needs by 2030 based on NDC, by country and objective (USD bn)					Sectors covered in financing needs and/or NDC target & measures and/or national climate policies/strategies		
Country	Yearly needs 2021 - 2030 (average scenario) 2022 USD bn				Cumulative needs 2021 - 2030 (average scenario) 2022 USD bn	Industry	AFOLU*	Energy
	Mitigation	Adaptation	Multiple Objectives	Total	Total			
Côte d'Ivoire	1	1	0	2	20	•	•	•
Dominican Republic	1	1	0	2	19	•	•	•
Ecuador			0.7	0.7	6.5	•	•	•
India				83	834	•	•	•
Mexico	17	0	0	17	168	•	•	•
Nigeria	19	0	0	19	191	•	•	•
Peru	N/A	N/A	N/A	N/A	N/A	•	•	•
Serbia	N/A	N/A	N/A	N/A	N/A	•	•	•
South Africa	7	16	0	23	228	•	•	•
Uzbekistan	N/A	N/A	N/A	N/A	N/A	•	•	•
Total/Average	45	18	1	147	1466	21	21	21

*Agriculture, forestry, other land use

Sources: Climate Policy Initiative, 2024, Bottom-up Climate Finance Needs; Climate Watch by World Resources Institute; National policies & strategies

Table 4: Financing needs and priority sectors[15]

Alignment with national priorities

The TPI contributes to operationalising the Nationally Determined Contributions (NDCs) and National Adaptation Plans (NAPs) of the 10 target countries. Combined, industry and agri-food systems contribute an average of 42% (25% for industry only – including direct and indirect emissions) of total baseline emissions across these target markets, meaning their transition to low-GHG pathways is a strict prerequisite for these nations to achieve their Paris Agreement commitments.

[14] UNFCCC Standing Committee on Finance (2024/2025), *Sixth Biennial Assessment and Overview of Climate Finance Flows*

[15] Finance needs by 2030 may differ from numbers provided in original NDCs as values in Table 2 are in USD billion (2022).

The TPI's four investment themes directly support specific national policy targets:

- **Mitigation Targets (NDCs):** The Programme's focus on efficiency and electrification and industrial renewables directly supports highly specific national mitigation goals. For example, Côte d'Ivoire's NDC targets a 20% increase in industrial energy efficiency and the addition of 490 MW of solar capacity by 2030. India's NDC commits to a 45% reduction in the emission intensity of its GDP which is heavily industry driven and achieving 50% non-fossil power capacity by 2030. Similarly, Nigeria's NDC explicitly models 14 $MtCO_2eq$ in mitigation potential from industrial processes, while Uzbekistan aims to double its national energy-efficiency indicator and achieve 25% renewable power generation by 2030.
- **Adaptation Targets (NAPs):** To support the Programme's 20% adaptation allocation, TPI aligns with the agricultural and supply-chain resilience priorities defined in host country NAPs. For instance, the NAPs of the Dominican Republic and Ecuador explicitly prioritize increasing water-use efficiency and adopting climate-resilient technologies in food production. Mexico and South Africa similarly prioritize resilient agricultural production systems, disaster risk management, and the protection of food security in their national strategies.

Alignment with Sustainable Finance Strategies Crucially, while the financial sector is not always explicitly referenced in overarching NDCs, all target countries have established or are developing national climate, green or sustainable finance strategies. These strategies formally recognize the key role of the local financial sector to achieve national climate targets. By deploying a target share of 60% of the TPI's investments via intermediated lending and providing Technical Assistance to green local partner FIs, the TPI directly supports these national financial sector policies, transforming local banks into conduits for NDC implementation.

More details on each country's GHG emission profile, mitigation needs, policy framing, and expected interventions can be found in Annex 2.

Complementarity and Coherence

The TPI complements (see Annex 2 for a more detailed review) the efforts of multilateral financing sources – including the Global Environment Facility, Adaptation Fund, Climate Investment Funds (CIF), and existing GCF projects – as well as regionally relevant DFIs – including IFC, IDB, AfDB, EBRD and local DFIs – by significantly expanding the availability of private-sector climate finance in underfunded sectors such as industry and agrifood systems. Finance in Motion has a more than 15-year track record in providing private debt offerings that are complementary and additional to DFI lending strategies, as evidenced by the significant investments (approx. USD 1.2 billion as of Q4 2025) of eight different MDBs/DFIs in funds managed by Finance in Motion.

The TPI will provide terms and structures that have strict financial additionality versus commercial market practices. Financial additionality derives from several features: a higher risk appetite that allows lending to less established or riskier entities; favourable risk-adjusted pricing/return requirements; willingness to take junior positions in loan syndications to crowd in other private financiers; flexibility to offer longer tenors; and the ability to structure non-standard terms, collateral requirements, and limited or non-recourse financing. The TPI will scale-up proven, and grow emerging, climate solutions through intermediated financial sector channels (targeting primarily SMEs) and direct lending (targeting companies and project companies/SPVs). The fund's target countries have established various baseline programmes to address industrial emissions and agricultural resilience. A comprehensive, country-by-country mapping of these baseline interventions, and the specific financing gaps within them, is detailed in the Feasibility Study (Annex 2). The TPI is explicitly designed to complement, rather than duplicate existing national and multi-country climate finance initiatives, including by supporting investments that no longer require grant-based or highly concessional sovereign programmes that lack the scale and private-sector leverage to transform entire industrial sectors. At the same time, the TPI complements large-scale DFI lending e.g. the CIF Industry Decarbonization Program which typically target major corporates in heavy-emitting sectors (like primary steel or cement) through the TPI's explicit focus on private institutional capital mobilisation and private sector investment channels, solutions, and investees, as well as by catering to the "missing middle" of investment/ticket sizes that typically are too

large/non-standard for local lending practices, yet fall under the threshold of DFIs to be considered for financing.

The TPI has also been structured to ensure **strong coherence with GCF's broader portfolio**. It seeks to:

- **Scale up activities previously piloted** through GEF and GCF projects by expanding financing for proven technologies and business models in low-GHG industry and climate-resilient agrifood systems.
- **Leverage parallel financing** and selected **co-financing opportunities** from existing and upcoming projects, ensuring coordinated deployment of concessional capital and maximizing catalytic impact.
- **Support the mainstreaming of climate finance** within domestic financial systems by working directly with local financial institutions, with targeted technical assistance to enhance sustainable finance capacities, pipeline development, and climate impact monitoring.
- Facilitate the **dissemination of best practices** and climate investment standards across financial intermediaries and corporate borrowers, reinforcing alignment with the methodologies and safeguards of other climate funds.

Specific complementarity with other GCF funded investments and technical assistance is analysed as part of the initial assessment of pipeline companies for investments by the Blended Finance Debt Fund, and as part of the planning of TA activities under the Finance and Market Track (see Annex 21).

PROJECTS / PROGRAMME	COMMON COUNTRIES	REMAINING GAPS / BARRIERS	TYPE OF SYNERGIES
FP025 – EBRD: GCF-EBRD SEFF Co-financing Programme: The TPI is complementary to prior FP025 by building on the foundational climate finance ecosystems partially established through EBRD's SEFFs. In overlapping geographies, the two programmes can coordinate through common local financial institutions, syndicated FI lending, and shared TA efforts.	Serbia	Shortage of mid- to long-term debt financing at the local level on appropriate, commercial terms, including for investments that are of a size below the focus of most DFIs but beyond the scope of local financial sectors.	While FP025 focuses on small-scale EE/ RE improvements with concessional elements, the TPI enables larger climate-resilient CAPEX and transformational investments across agrifood and industrial sectors. TPI can help scale up scale up investment activities of Fis graduating from SEFF engagement, making the projects into natural complements in both scope and sequencing.
FP095 - AFD: Transforming Financial Systems for Climate: The TPI complements FP095 by deepening sectoral focus in climate-resilient agriculture and low-GHG industry - sectors that are climate-critical but underserved. TPI deploys financing with strict financial additionality versus commercial market practices. and targets larger private-sector actors, including agribusinesses and industrial firms, which are outside the primary focus of FP095. The overlap in geographies provides opportunities to scale up climate lending ecosystems, and the two initiatives operate at complementary ends of the climate finance value chain.	Cote d'Ivoire, Ecuador, Nigeria, South Africa	Lack of targeted lenders familiar with specific industry/ technology risks, and within the corporate sector, oftentimes a low awareness of characteristics and benefits of low-GHG climate-resilient technologies. Shortage of mid- to long-term debt financing at the local level on appropriate, commercial terms.	The TPI leverages the capacity gains FP095 creates in FIs to deliver actual transaction flow, while offering technical assistance tailored to project- and borrower-level needs. FP095 builds financial system readiness; the TPI activates climate investments at scale.
FP140 – EBRD: High Impact Programme for the Corporate Sector: In overlapping markets, the two initiatives can operate in parallel and synergistically: FP140 targets larger corporates able to commit to GHG or resilience KPIs, using SLL/PBF mechanisms.	Serbia, Uzbekistan	Shortage of mid- to long-term debt financing at the local level on appropriate, commercial terms, including for investments that are of a size below the focus of most DFIs but beyond the scope of local financial sectors. Within the corporate sector, especially for SMEs, there is oftentimes a low	TPI can finance smaller/mid-sized firms and builds the local finance ecosystem (via local FIs) and offers TA to improve investment readiness. This structure enables graduated engagement: Companies supported by the TPI could later qualify for SLLs under FP140, local FIs supported by the TPI could co-

		awareness of characteristics and benefits of low-GHG climate-resilient technologies.	finance deals with EBRD or refer pipeline.
FP212 – FMO: &Green Fund: Investing in Inclusive Agriculture and Protecting Forests: The &Green Fund and the TPI offer complementary financing solutions that, when combined, can accelerate the transition to sustainable, climate-resilient and deforestation-free agriculture. The &Green Fund focuses on large-scale commodity producers, providing tailored financing, while the TPI works	Cote d'Ivoire, Ecuador	Shortage of mid- to long-term debt financing at the local level on appropriate, commercial terms, including for SMEs and mid-sized agribusinesses. FP212 engagement focused on land-use related sectors.	TPI complements FP212 through its focus on industry more broadly and - in the agri-business sector - by targeting SMEs through local financial institutions and direct lending to medium-sized agribusinesses (typically further downstream in value chains), ensuring that smaller agribusinesses also receive financing for low-GHG and climate-resilient improvements.
FP230 – COFIDES: Kuali Fund-GCF: The Kuali Fund-GCF invests in local financial service providers (small banks, MFIs, cooperatives, non-bank financial institutions etc) to support climate-smart agriculture, adaptation and mitigation solutions for vulnerable SMEs, smallholder farmers and households with a strong focus on land-use sectors, climate-smart agriculture and financial inclusion. TPI complements this by focusing on low-GHG industry, agro-processing, manufacturing and value-chain transformation, and by mobilizing larger volumes of medium- to long-term debt.	Peru, India	Shortage of medium- to long-term financing for climate investments requiring payback periods beyond typical microfinance or SME lending tenors. Limited availability of financing for low-GHG industrial technologies, climate-resilient processing infrastructure, resource-efficiency investments, and larger-scale corporate climate investments. Lack of local lenders with experience assessing technology and transition risks in industrial and agro-industrial sectors.	TPI provides a natural scale-up pathway by financing larger climate investments. Capacity built under Kuali can generate climate-focused borrowers and FIs that subsequently graduate to larger climate transactions financed by TPI. Together, the two programmes address different segments of the financing market and create a continuum from early-stage inclusion-focused climate finance to transformational investment and capital mobilization
FP253 – EBRD: Greening Financial Systems: Delivering Climate Finance for All: FP253 and TPI complement each other well. Both FP253 and TPI support climate mainstreaming without duplicating efforts. In common markets, co-financing opportunities are anticipated, with FP253 enhancing FI pipelines and TPI scaling climate-aligned finance to real economy actors.	Serbia, Uzbekistan	Within the corporate sector, oftentimes a low awareness of characteristics and benefits of low-GHG climate-resilient technologies. Shortage of mid- to long-term debt financing at the local level on appropriate, commercial terms and lack of targeted lenders familiar with specific industry/ technology risks	FP253 builds climate finance capacities within selected financial institutions, while the TPI targets debt to agribusinesses and industrial actors directly or through FIs. The TPI finances technologies beyond energy efficiency, including resource efficiency, electrification, and bio-based inputs.

TPI Additionality: To ensure continuous additionality over the Fund's 20-year lifespan, the TPI's assessment of each potential investment includes both a dedicated financial and non-financial additionality screening that is conducted ex-ante, prior to investment approval, and integrated into FiM's established Impact Scoring Tool. Further to this, given increasing market maturity, C&I solar investments must satisfy a dedicated additionality assessment against a market penetration threshold, that is systematically revised to reflect evolving market adoption. By subjecting every investment to a specific assessment of eligibility and additionality the Fund ensures that capital is directed toward activities that deliver meaningful climate additionality and accelerate market transformation beyond what would reasonably occur under a business-as-usual scenario.

B.2 (a). Theory of change narrative and diagram

Goal statement and intervention logic

The Transformation Pathways Initiative (TPI) is designed to address a critical market failure: the structural inability of domestic and international financial markets to fund the low-GHG and climate-resilient transformation of industrial and agrifood value chains in Emerging Markets and Developing Economies (EMDEs).

The TPI Theory of Change (ToC) is anchored in the following logic:

IF the Programme mobilizes private capital through the blended-finance structure, strengthens the capacity of financial institutions and borrowers to identify, finance and implement low-GHG and climate-resilient investments, and improves the enabling conditions for climate finance in industry and agrifood systems,

THEN financial institutions and businesses in partner countries will increase investment in low-GHG technologies, climate-resilient practices and enabling infrastructure, accelerating the low-GHG transition and climate resilience of industry and agrifood systems,

BECAUSE the Programme reduces financial, technical and market barriers to climate investment, demonstrates the viability of climate-compatible business models, and embeds climate finance capabilities and incentives within local financial markets, catalysing sustained private-sector investment beyond the Programme's direct intervention**.**

The TPI is built around two mutually reinforcing components specifically designed to dismantle the interconnected financial, knowledge, and market barriers identified by the programme (Table 5):

Component 1: Blended Finance Debt Fund

TPI's blended finance debt fund **mobilizes private capital for low-GHG climate-resilient industry and agrifood systems (Output 1).** The mobilization of private capital is achieved by establishing the Blended Finance Debt Fund in a way that makes is attractive to private investors, including institutional investors from developed countries and EMDEs, by continuous fund-raising with private investors and effective fund management (Activities 1.1.1 – 1.1.3).

Moreover, Component 1 directly leads to **increased investment in low-GHG climate-resilient industry, agrifood systems and enabling infrastructure in partner countries (Output 2**). Component 1 acts to mainstream the deployment of climate solutions across these markets and helps to achieve levels of technology penetration that have their own commercial momentum and create viable markets without the support of targeted interventions like the TPI.

In doing so, Component 1 directly **reduces and avoids GHG emissions (Outcome 1)** and **increases the resilience of vulnerable people and communities involved in agri-food systems (Outcome 2).** In addition, the investments in low-GHG climate-resilient industry, agrifood systems and enabling infrastructure lead to co-benefits such as supporting green jobs for men and women and water savings. Through the practical experience with undertaking such investments Component 1 also contributes to **improved private sector capacities for investments aligned with industrial low-GHG pathways (Outcome 3).**

Component 2: Technical Assistance Facility (TAF)

To deepen and strengthen the Fund's climate impacts, including beyond the scope of the individual investments undertaken by the Fund, the TPI is accompanied by a **Technical Assistance Facility (TAF) (Component 2)** with a Finance Track and a Market Track.

Component 2 delivers **Output 2.1. Enhanced capacities of borrowers for preparing, implementing and reporting on low-GHG climate resilient investments and for gender-inclusive climate-compatible financial systems** and **Output 2.2. Improved investment readiness and market environment for low-GHG climate resilient industrial investments**.

- **Output 2.1 is implemented under the Finance Track** of the TAF through the provision of transaction enabling technical assistance services, incl. project preparation advisory, technical/E&S DD advisory and impact assessments & reporting (Activity 2.1.1) and through providing support for mainstreaming climate finance for (potential) investees and the financial sector, incl. development of green loan products, end-client advisory services, capacity building and training of staff (Activity 2.1.2).
- **Output 2.2 is implemented under the Market Track** of the TAF through providing investment readiness support incl. identification of low-GHG climate-resilient investments projects, targeted advisory support for next-gen technologies (Activity 2.2.1), and technical assistance for investment market development support and scaling via targeted capacity building and advisory support (Activity 2.2.2).

The two tracks of the TAF enable the investment activities of the Fund to succeed by creating a pipeline of capable investees and therefore leading to additional investments (Output 1.2).

A **focus on gender-equality**, not only in access to TA resources, but also in project design, is a feature of both TAF Tracks. All TA components integrate gender aspects where relevant to contribute to gender equality by addressing limited access to finance and capacity building of women borrowers and women entrepreneurs, as well as awareness raising on gender equality across different stakeholders in the industrial sector and agrifood systems.

The TAF also leads to **Outcome 3: Improved enabling environment** and public and private sector capacities for investments aligned with industrial low-GHG pathways, thereby contributing to the paradigm shift impact in the partner countries.

Barriers

The Programme has identified the following **key financial, capacity, market and regulatory barriers** to mobilizing large-scale private investments into the low-GHG transformation of industry in EMDEs and for an increased uptake of low-GHG, climate-resilient investments in the Programme's partner countries. The TPI initiative was designed in direct response to these barriers, as highlighted below (Table 5).

Table 5: Identified barriers, programme solutions and rational for GCF involvement

Barrier type	Description of the barrier	TPI intervention	GCF additionality & rationale
1. Financial (Institutional Level)	**Idiosyncratic EMDE risks**: private sector, particularly institutional, investors are deterred by illiquidity of investments, high (perceived) country and sector/technology risks, historical volatility and regulatory hurdles for investing into EMDE debt.	Establishment of the TPI blended finance debt fund to mobilize private capital at scale **(Output 1.1)**	GCF first-loss equity is the indispensable catalyst. It absorbs frontier risks, elevating the Fund to an investment-grade profile that meets the strict fiduciary mandates of institutional investors, mobilizing private capital at a 1:10 ratio over the Fund's lifetime
2. Financial (Borrower Level)	**High-upfront CAPEX requirements for investments in low-GHG climate-resilient solutions** and a) shortage of mid- to long-term debt financing at the local level on appropriate terms, b) limited syndication and structured lending capacities, c) lack of targeted lenders familiar with specific industry/technology risks, and d) investments that are of a size below the focus of most	Deployment of targeted debt through both direct and intermediated FI channels **(Output 1.2)**	GCF concessionality allows the Fund to offer the patient, risk-adjusted, mid- to long-tenor debt necessary for climate investments that commercial lenders currently reject

	DFIs but beyond the scope of local financial sectors.		
3. Capacity (Financial Sector)	**Financial sector familiarity**: Local FIs lack the tools and experience to underwrite low-GHG technologies and agrifood adaptation	The TAF Finance Track (FiM) mainstreams climate finance within partner FIs via product development, staff training, and ESMS integration **(Output 2.1)**	GCF support ensures that FIs receive the bespoke, hands-on advisory needed to build institutional capacity, enabling them to systematically originate, underwrite, and manage climate-aligned loan portfolios
4. Market & Knowledge (Corporate Level)	**Investee readiness**: SMEs often lack the technical awareness and capacity to originate bankable, low-GHG and climate-resilient projects	The TAF Market Track (UNIDO) provides upstream investment-readiness advisory (e.g., energy audits, pre-feasibility studies) **(Output 2.2)**	GCF grant funding bridges the critical pre-investment gap, allowing UNIDO to systematically convert fragmented market potential into a derisked, bankable pipeline for the Fund
5. Regulatory & Enabling Environment	**Fragmented ecosystems**: Regulatory frameworks provide insufficient incentives for transition, compounding the risks for early movers	The TAF Market Track (UNIDO) engages with regulators and industry associations to strengthen policies and standards **(Output 2.2)**	GCF support enables systemic market-building, translating national policy signals into investable opportunities and ensuring long-term market sustainability

Core assumptions and risks

The ToC is based on the following **assumptions**:

- The market environment / macroeconomic conditions in partner countries stay within the range where a private debt fund can viably operate.
- There is continued growth of demand from companies in industry, agrifood systems and enabling infrastructure to invest in low-GHG climate resilient solutions.
- The international and national climate policy environment continues to support investments in low-GHG climate resilient industry and agrifood systems.

Risks to achieving the Programme's outputs, outcomes and climate goals include credit risk (relevant to Output 1.2), currency risk (relevant to Output 1.2), market risk and political country risk (relevant to Outputs 1.2, 1.1), ramp-up risk (relevant to Outputs 1.1, 1.2, 2.1, 2.2), legal risk (relevant to all outputs), refinancing risk (relevant to Output 1.1) and implementation risk (relevant to Output 1.2),. These risks are further explained in chapter F.1.

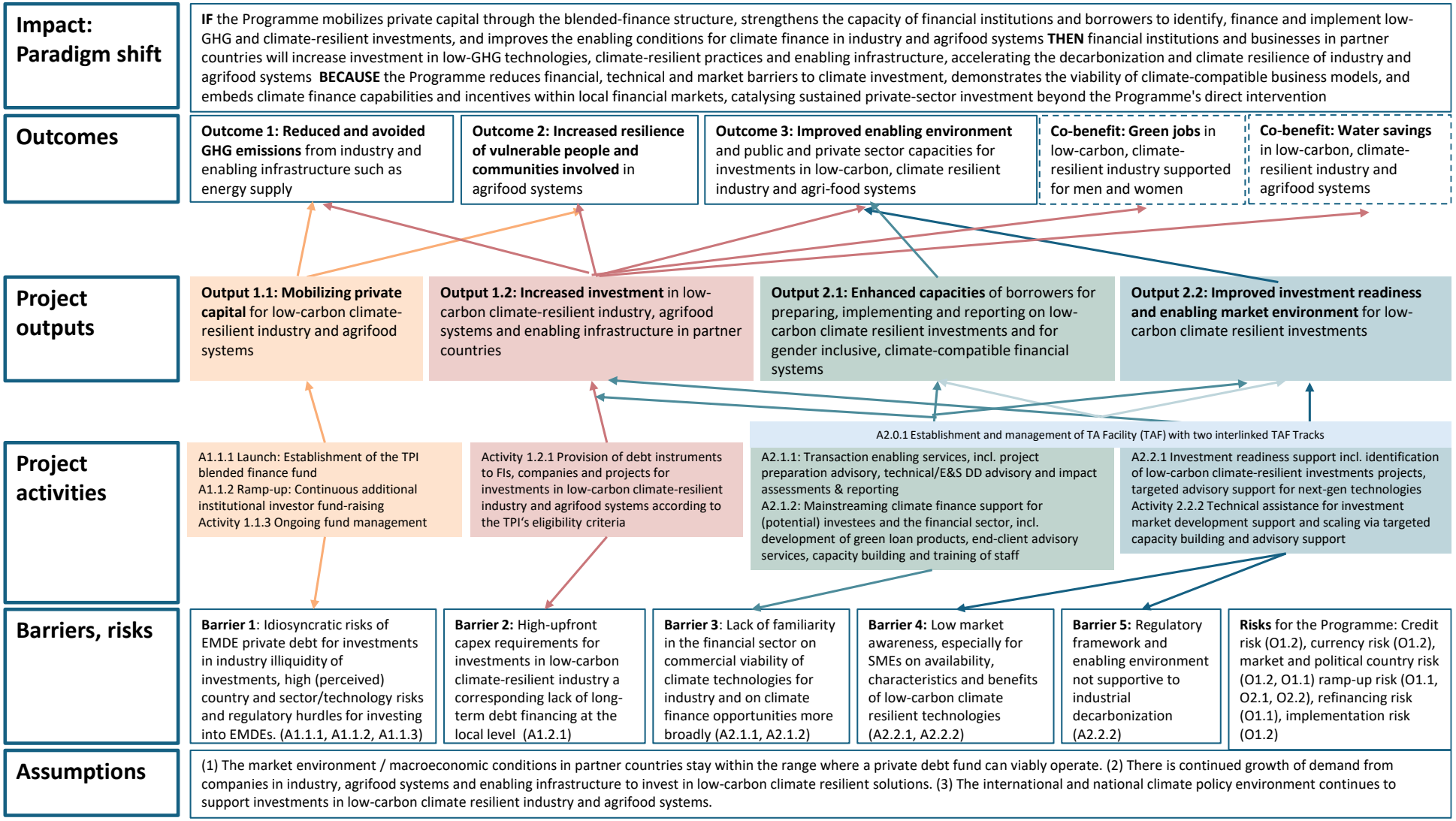


Figure 1: Transformation Pathways Initiative (TPI) Theory of Change

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
Outcome 1: Reduced and avoided GHG emissions from industry and enabling infrastructure	☒	☒	☒	☐	☐	☐	☐	☐
Outcome 2: Increased resilience of vulnerable people and communities involved in agri-food systems	☐	☐	☐	☐	☒	☒	☐	☐
Outcome 3; Improved enabling environment and public and private sector capacities for investments in low-GHG, climate resilient industry and agri-food systems	☒	☒	☒	☐	☒	☒	☐	☐

Co-benefit number	Co-benefit					
	Environmental	**Social**	**Economic**	**Gender**	**Adaptation**	**Mitigation**
Co-benefit 1: Green jobs in low-GHG, climate resilient industry supported for men and women	☐	☐	☒	☐	☐	☐
Co-benefit 2: Water savings in low-GHG, climate resilient industry and agri-food systems	☒	☐	☐	☐	☐	☐

B.3. Project/programme description

Programme approach

Finance in Motion has a 15-plus year track record in successfully originating a pipeline of climate debt investments across diverse EMDEs and has deployed over USD 10 billion of impact capital in over 40 EMDEs. Leveraging this experience, the Transformation Pathways Initiative (TPI) will **mobilize private institutional capital to accelerate low-GHG industrial transformation and agri-food resilience across emerging markets**. The TPI is designed as a blended debt fund with a closely linked technical assistance facility.

It focuses on the segments of industrial and agri-food value chains, where the deployment of proven technologies and climate solutions is limited by structural financial and capacity barriers (Figure 2).

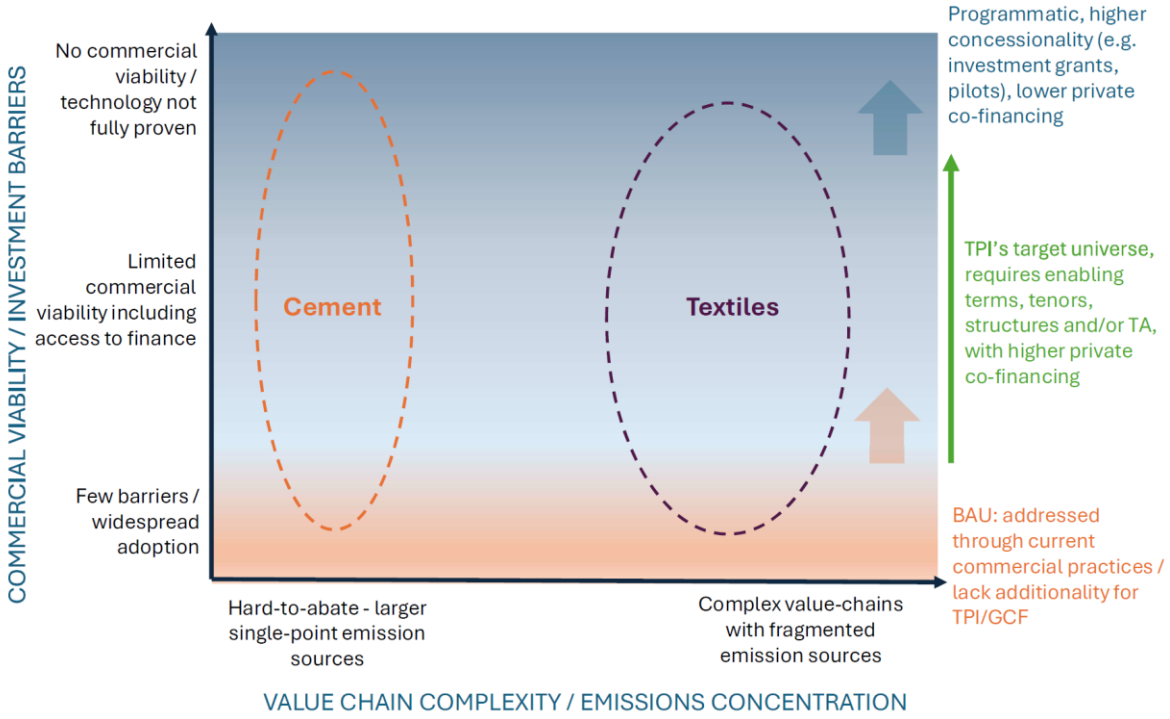


Figure 2: TPI target investment universe vs commercial viability (incl. investment barriers) and value chain complexity/emissions concentration[16]

Through its dual investment channels of intermediated financing and direct lending the TPI's addresses two largely distinct structural challenges:

- **"Complex-to-abate" Value Chains:** These are highly fragmented value chains with diffuse emission sources and often high vulnerability to climate risks, primarily consisting of a broad base of value-added processing and light-manufacturing SMEs and mid-sized companies in industry and agri-food systems. Because individual capital expenditures in this segment are relatively small, they are highly transaction-intensive and ideally suited to be served by the local financial sector rather than directly by international climate finance mechanisms. To address these, the TPI primarily utilizes intermediated lending (about 60% of its portfolio), working through local Financial Intermediaries (FIs). Backed by targeted technical assistance, this channel allows the TPI to aggregate smaller clean technology capital expenditures - such as high-efficiency motors, resource-efficiency upgrades, and efficient water or drip irrigation systems - leveraging local financial institutions to penetrate deep into fragmented market segments. Crucially, this indirect channel serves as a highly scalable mechanism to green the local financial sector by embedding climate-aligned lending practices into their core operations.

[16] Finance in Motion (2026)

- **"Hard-to-abate" Sectors:** These involve larger, often single-point emission sources requiring highly capital-intensive upgrades (e.g., larger corporates and mid-market industrial facilities) that require larger, longer-tenor investments. Local commercial banks are typically unable to finance these interventions due to a structural lack of long-term liquidity, limits in single party lending volumes and corresponding lack of depth in local bank syndication markets, and/or a lack of technical expertise to assess emerging low-carbon and climate-resilient technology risks. To address this, the TPI primarily works through direct lending (approximately 40% of the portfolio), providing the scalable, mid- to long-term capital required for complex industrial upgrades. Crucially, direct financing demonstrates the commercial viability of complex, capital-intensive low-GHG and resilience investments that are underserved by local banks, creating replicable models that can be scaled and financed by broader markets over time. In selected markets, intermediated financing can also offer a channel to reach these typically larger firms, backed by appropriate long-term TPI financing and technical assistance.

The fund provides a clear thematic focus by prioritizing focus sectors within industry and agri-food systems at the national level based on their climate relevance, relevance for socio-economic development, financing additionality and implementation feasibility, and by driving investments through four investment topics: (i) Efficiency and Circularity, (ii) Industrial Renewables, (iii), Electrification and Sustainable fuels and (iv) Climate-smart Agrifood Systems (Figure 3), that align with NDCs and other national priorities. Tailoring the fund's investment strategies to country needs also aligns with the priorities expressed by NDAs to target a broad range of sectoral and technological focus areas within industry and agri-food systems.

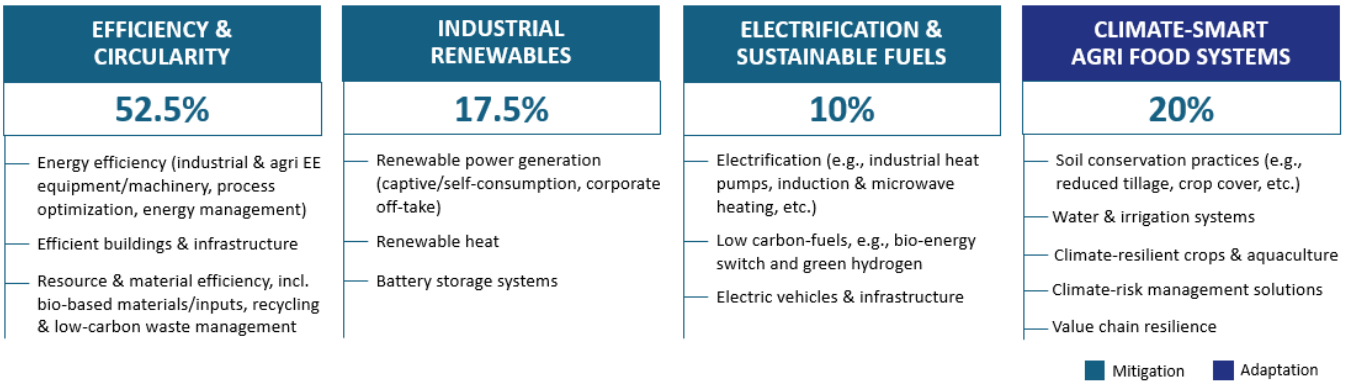


Figure 3: Target technologies by investment topic and estimated share in overall portfolio

The first three pillars are focused on climate change mitigation, contributing to a reduction in GHG emissions across industrial and agricultural value chains, while the fourth pillar focuses on enhancing the resilience of agri-food systems to the impacts of climate change. Each of these investment pillars need to massively scale their deployment across TPI target markets to achieve levels of technology and practice penetration that have their own commercial momentum. Within these themes, the fund targets replicable, but otherwise financing constrained, technology interventions and bottlenecks within export-oriented value-added processing, industry and manufacturing value chains.

Table 6 illustrates how the TPI's targeted interventions will resolve specific bottlenecks within high-impact priority sectors to unlock measurable low-GHG and climate-resilience outcomes.

Table 6: Climate needs and barriers, priority sectors and TPI interventions

Country	Identified barriers and gaps	Priority sectors	Sample TPI interventions
Côte d'Ivoire (Emerging industrial economy)	– Limited affordable long-term finance for industrial and agro-processing upgrades. – Cocoa, cashew, rubber and palm-oil chains face efficiency, logistics and bankability gaps.	– Agricultural production, processing and cold-chain logistics – Food and beverage manufacturing – Chemicals, plastics, and pharmaceuticals	– FI-led SME finance for efficient agro-processing, renewable cold chains and logistics. – TA for audits, project preparation and climate-impact assessment.

Dominican Republic (Emerging industrial economy)	– Fossil-fuel dependence exposes industry and agro-processing to power-cost volatility. – SMEs in food, beverage, packaging and chemicals lack longer-tenor capex finance.	– Agricultural production, processing and cold-chain logistics – Food and beverage manufacturing – Chemicals, plastics, and pharmaceuticals	– Finance for efficient boilers, motors, refrigeration, HVAC, water reuse and wastewater treatment. – TA for green SME products covering efficiency and resilient cold chains.
Ecuador (Mid-sized industrial economy)	– Agro-industry and aquaculture face water, climate-resilience and resource-efficiency constraints. – SMEs/mid-caps need longer-tenor finance and stronger pipeline, technica and climate-finance capacity.	– Agricultural production, processing and cold-chain logistics – Food and beverage manufacturing – Manufacture of non-metallic mineral products – Chemicals, plastics, and pharmaceuticals	– Direct/FI lending for efficient irrigation, resilient cold chains, cleaner production and processing renewables. – TA with associations, FIs and service providers for replicable investment models.
India (Large industrial economy)	– Emissions are driven by coal-based energy, energy-intensive manufacturing and fragmented MSME chains. – MSMEs face weak long-term finance and project preparation; – Agri-food value chains face adaptation needs around irrigation, storage and resilient supply chains.	– Agricultural production, processing and cold-chain logistics – Food and beverage manufacturing – Chemicals, plastics, and pharmaceuticals – Textiles, apparel, leather and footwear – Machinery, components and metal fabrication	– Direct lending for efficiency, process optimisation, electrified heat and fuel-switching. – FI lending for MSME efficiency and climate-resilient agri-food, with TA for audits and bankability.
Mexico (Large industrial economy)	– Industrial sectors rely on fossil fuels for process heat and face climate-competitiveness pressures. – Export-oriented SMEs/suppliers face high borrowing costs, compliance capex and longer-tenor debt gaps. – The market has relevant policy and investment activity, but gaps remain for structured, longer-tenor debt for industrial upgrades.	– Agricultural production, processing and cold-chain logistics – Food and beverage manufacturing – Manufacture of non-metallic mineral products – Electrical, Electronic & Medical Technology Manufacturing – Automotive and transport equipment	– Direct lending for efficiency, heat recovery and low-carbon materials in automotive, minerals and food. – Selective finance, efficient HVAC/cooling and BESS integrated RE for electronics and medical-device manufacturing.
Nigeria (Large industrial economy)	– Unreliable grid supply drives diesel self-generation across industry and agro-processing. – SMEs lack climate finance, TA and bankable preparation – Emissions concentrate in cement, petrochemicals and energy-intensive manufacturing. –	– Agricultural production, processing and cold-chain logistics – Food and beverage manufacturing – Manufacture of non-metallic mineral products – Chemicals, plastics, and pharmaceuticals – Textiles, apparel, leather and footwear	– FI-led lending for efficient motors, refrigeration, boilers and processing equipment, as well as SME oriented RE replacing diesel generation – Selective direct lending for cement or chemicals/plastics efficiency, waste-heat recovery, alternative fuels or circularity where bankable.
Peru (Mid-sized industrial economy)	– Agro-export and processing chains face climate risks, water constraints and cold-chain/logistics needs. – Firms lack longer-tenor capex finance, project preparation and technical capacity for efficiency and resilience upgrades.	– Agricultural production, processing and cold-chain logistics – Food and beverage manufacturing – Textiles, apparel, leather and footwear – Machinery, components and metal fabrication	– SME credit lines for textile, food-processing and machinery efficiency, with TA for audits. – Direct/FI lending for irrigation, water-retention basins, resilient processing and cold chains
Serbia (Manu.-intensive economy)	– Ageing assets, high energy intensity and EU-linked supply-chain pressures drive manufacturing investment needs. – Exporters and SME suppliers face low-GHG transformation pressure, limited collateral and project-preparation barriers.	– Food and beverage manufacturing – Chemicals, plastics, and pharmaceuticals – Machinery, components and metal fabrication – Automotive and transport equipment	– FI-led/selective direct finance for efficiency, boiler/steam, compressed air, refrigeration, heat recovery and rooftop solar. – TA for feasibility, permitting, technical screening and climate-impact documentation.
South Africa	– Coal-based electricity and supply constraints create high Scope 2 emissions and operational risks.	– Agricultural production, processing and cold-chain logistics – Food and beverage manufacturing	– Direct finance for efficiency, heat recovery and resource efficiency.

(Large industrial economy)	– Mid-market firms need structured finance for efficiency, self-generation, heat recovery, process upgrades and water-resilient agri-processing. .	– Chemicals, plastics, and pharmaceuticals – Textiles, apparel, leather and footwear – Machinery, components and metal fabrication	– FI lending for water efficiency, resilient cold chains, process upgrades and circular materials.
Uzbekistan (Manu.-intensive economy)	– Energy-intensive manufacturing creates needs in textiles, food processing and construction-related manufacturing. – SMEs/mid-sized firms lack tailored climate finance and TA; agriculture faces heat, water scarcity and irrigation-efficiency challenges.	– Agricultural production, processing and cold-chain logistics – Food and beverage manufacturing – Textiles, apparel, leather and footwear – Machinery, components and metal fabrication	– FI-led lending for motors, boilers, chillers, waste-heat recovery, water reuse and rooftop solar. – Adaptation finance for drip irrigation, water-saving agro-processing and resilient cotton, wheat and food value chains

To enable this comprehensive approach, the TPI utilizes a blended finance structure designed to mobilize private capital at scale and on terms that allow the fund to provide financial additionality. This pooled fund structure translates emerging market private debt into standardized investment products that mitigate the specific risks, capital charges, and fiduciary constraints[17] that otherwise deter private institutional capital. In this way, the Programme successfully crowds in institutional investors - such as pension funds, insurers, commercial banks, and other asset managers - channelling their resources into underfunded industrial and agrifood sectors in EMDEs to support both intermediated and direct lending modalities. Targeted technical assistance anchors and amplifies the impact of climate investments and thereby plays a key role in supporting the required transformation in TPI target markets.

Geographic focus

The TPI is structured as a multi-regional fund active in Côte d'Ivoire, Dominican Republic, Ecuador, India, Mexico, Nigeria, Peru, Serbia, South Africa, and Uzbekistan. The Fund's partner countries were selected through a two-stage process combining climate impact potential, industrial relevance, climate vulnerability, and alignment with national climate priorities. A second screening assessed investment fundamentals, financing additionality, financial-sector depth, sovereign risk, and portfolio diversification. In this way, beyond supporting the programme's climate objectives, the country selection approach also seeks to create a geographically diversified and investable portfolio that is attractive to institutional investors and facilitates the mobilisation of private capital at scale. Participation in the final portfolio additionally required demonstrated government interest in the Programme and willingness to support the necessary GCF approval processes.

Spreading investments across these diverse geographies provides the diversification and scale needed to unlock institutional capital. This multi-country approach directly targets the financial and technical barriers preventing emerging markets from enacting low-GHG industrial transformation and adapting agrifood systems to climate impacts. By blending lower-middle-income countries (which face high investment risk-premiums) with larger manufacturing hubs, the TPI balances risk while effectively scaling clean-technology investments. Ultimately, this structure drives a paradigm shift: proving that low-GHG, climate-resilient investments are commercially viable across varied economies, thereby crowding in long-term private finance. Regarding the investment strategy, this multi-region approach allows the Fund to tap into a broader range of opportunities, leveraging the unique strengths and growth potentials of different markets. While one certain sector or climate solution may need financing in a specific market (e.g., more fundamental energy efficiency improvements delivered via local FI partners), a different climate solution or business model will require another financing strategy elsewhere (e.g., non-recourse structures for emerging ESCO/RESCO models). Crucially, having a diversified fund ultimately makes it possible for private institutional capital to flow to individual countries on suitable terms, which typically will not occur through a locally focused investment program where isolated risk profiles are often prohibitive.

[17] As just one example, Solvency II, a cornerstone of European insurance regulation, steers insurers towards safer, more liquid assets, making riskier EMDE investments less attractive. Under Solvency II, the 'matching adjustment' allows insurers to discount long-term liabilities favourably but only for investment-grade assets with fixed cash flows, excluding many EMDEs with lower sovereign ratings. ODI (2025) Mobilising European Institutional Investors into Emerging Markets and Developing Economies

To address specific market failures and prevent the clustering of capital in a single market, the TPI establishes a target minimum financing allocation of USD 75 million per partner country over the Programme lifetime. Final investment volumes over time will be impacted by many factors including the prevailing operating environment in each country, noting the extended timeframe of the Programme. Portfolio concentration risks are further managed through strict regulatory exposure limits codified in the Fund's documentation. Beyond these structural risk parameters, the portfolio intentionally combines countries with differing levels of market maturity and size of economy. By blending diverse countries, the Fund leverages deeper local financial sectors to scale investments, while it includes underdeveloped markets to maximise climate-finance additionality.

Programme components

The Programme is implemented through two components – **Component 1: Transformation Pathways Initiative – Blended Finance Debt Fund** and **Component 2: Transformation Pathways Initiative – Technical Assistance Facility (TAF).** The following describes for each component the results that will be achieved and the underlying outputs and activities.

Component 1: Transformation Pathways Initiative – Blended Finance Debt Fund

- Financed by 175 million USD junior shares contribution by the GCF, 525 million USD senior shares/notes contribution from private investors that revolve – i.e. are redeemed and reissued over the vehicle lifetime)
- Component 1 implemented by Finance in Motion as EE, further the TPI Fund as EE and, in respect of the on-lending of proceeds, local FIs as EEs. The TPI's direct and indirect investees (including via local FIs) are the beneficiaries.

The TPI will be established as a blended finance private debt fund that mobilizes investments in senior shares and notes from private investors, enabled by a first-loss junior share contribution of the GCF. The fund has a 20-year implementation period, including ramp-up and wind-down (see B.5. below for more details). The Blended Finance Debt Fund delivers Output 1.1 and 1.2 through the following activities:

<u>Output 1.1 Mobilizing private capital for low-GHG climate-resilient industry and agrifood systems</u>

- *Activity 1.1.1 Launch: Establishment of the Blended Finance Debt Fund:* FiM will document, register and launch the TPI (under FiM's licence as an Alternative Investment Fund Manager; AIFM) with an initial investor base including the GCF and private investors as co-financing. See Figure 4 in Chapter B.4 for a depiction of the Fund structure. In this activity the operational/legal documentation, and Fund governance will be finalized.
- *Activity 1.1.2 Ramp-up: Continuous institutional investor fund-raising:* Given the TPI's variable share structure and growth plan during the 5-year ramp up period, private fund-raising will continue in line with portfolio growth. The TPI will raise US$ 525 million in institutional capital to reach full scale, including launch and ramp-up. The activity will be headed by FiM as EE, building on its successful track record in this regard and its existing investor relations and sales capacities, as well as third party distribution support[18]. The ongoing draw-down of the GCF junior shares will be matched with appropriate institutional capital co-financing per an agreed schedule with the GCF, with co-finance requirements specified in the term sheet which ensure that GCF capital is only subscribed if respective co-financing is mobilized simultaneously. With a Programme implementation period of 20 years, FiM will continuously manage the mobilization of new private capital over time given an assumed tenor of 7 to 10 years for senior shares and of 3 to 7 years for notes. This ensures that fund level co-financing ratios are maintained and that the junior capital achieves a targeted lifetime co-financing ratio (see B.5. below for more details).
- *Activity 1.1.3 Ongoing fund management:* This activity includes ongoing management of the TPI's portfolio and reporting on financial and non-financial (including impact and other KPIs) results to investors and

[18] Pre-marketing activity demonstrates strong interest from key target institutional investors/limited partners (LPs), both existing investors in FiM funds, as well as new investors for whom the target sectors and climate focus are relevant. These are primarily leading insurance providers and pension companies. Finance in Motion brings strong experience in raising and growing blended-capital vehicles, having mobilised over USD 3 billion of private institutional capital to date, supported by junior public commitments.

stakeholders, including NDAs. Fund management comprises inter alia asset and liability management, portfolio risk management, financial reporting, ESG risk management, and impact monitoring and reporting. With a Programme implementation period of 20 years, FiM will continuously manage the re-investment of amortizing assets (as a revolving fund) to achieve the total targeted climate financing volume and the efficient leverage of catalytic/concessional capital (see B.5. below for more details). Through active liquidity monitoring and management, FiM ensures that maturing notes and senior shares can be repaid out of the available cash that the Fund holds and that the fund subscribes to sufficient new funding to fund the investment pipeline and maintain the targeted co-financing ratios.

Output 1.2 Increased investment in low-GHG climate-resilient technologies and practices in industry, agrifood systems and enabling infrastructure in partner countries

- *Activity 1.2.1 Provision of debt instruments to FIs, companies and projects for investments in low-GHG climate-resilient industry and agrifood systems according to TPI eligibility criteria:* The TPI will make investments that advance the low-GHG transition and future-proof industry by reducing GHG emissions and increasing the resilience of vulnerable communities to effectively address the varying needs of the market, the Fund deploys capital through intermediated and direct lending. The TPI applies the following (Table 7) indicative financing parameters to reach a broad range of companies by size and sector.

Table 7: Indicative Financing Parameters by Lending Modality

Modality	Target investee	Financing instruments	Indicative terms
Intermediated lending (60%)	Financial institutions (local commercial banks, leasing companies, NBFIs)	Senior or subordinated loans, bonds, or other debt instruments	– FI ticket size: USD 5–50 million – Average sub-loan ticket sizes: USD 200k (SMEs), USD 2.5m (corporates) – Tenors: typically 5 to 10 years
Direct lending (40%)	Mid-sized corporates & infrastructure SPVs	Corporate loans, project finance, and other structured debt instruments	– Direct ticket size: USD 5-50 million – Tenors: average 8 years (up to 15 years)

The asset split by country will directly depend on local market conditions and needs, including characteristics of existing financial systems and levels of climate technology penetration across sectors. For example, it is expected in a market such as Côte d'Ivoire that a larger portion of the lending is intermediated to SMEs via local financial institutions supported by appropriate TA, whereas in markets like India, South Africa, or Mexico, there may be a stronger focus on providing direct financing for corporates or industrial infrastructure reflecting both gaps and opportunities in those markets. Similarly, differences in sectoral composition and technology needs meant that the TPI will necessarily tailor its lending to those industries and agri-food sectors that see demand for emerging or under-financed climate technologies. A set of exemplary investments are shown below.

Eligibility of target investments

The Fund's eligibility criteria and investment process are designed to ensure that the Fund's investments in low-GHG, climate resilient technologies and solutions are ambitious, in line with established methodologies, while also seeking to drive adoption at scale in line with the Fund's ToC. An indicative list of eligible activities is provided in Annex II of the Operations Manual (Annex 21), along with requirements for measurement/assessment requirements to confirm each financed activity meets the Fund's eligibility criteria. To ensure the highest levels of climate impact, investees must use the Fund's proceeds solely for eligible climate investments, in line with the Operations Manual. Investments must achieve emission reductions or adaptation impacts according to eligibility and additionality criteria aligned with GCF best practices and established reporting frameworks.

TPI climate mitigation eligibility criteria are grounded in the GCF overarching principles for climate mitigation potential and further build on internationally recognized frameworks, including:

a) MDB Common Principles for Climate Mitigation Finance Tracking[19] to ensure robust assessment and reporting of climate mitigation activities
b) MDB Joint Assessment Framework for Paris Alignment[20] to ensure investments are consistent with the climate change mitigation and adaptation goals of the Paris Agreement,
c) Recognised best-in-class eligibility frameworks/taxonomies, such as the substantial contribution criteria of the EU Taxonomy[21].

Aligned with the MDB Principles, the Fund can finance negative/no/low emission activities, transitional and enabling activities. To qualify, underlying investments must demonstrate a substantial reduction in GHG emissions against recognised baselines and additionality criteria; meet the mitigation requirements of the EU Taxonomy; or finance eligible energy service and supply companies[22].

TPI climate adaptation eligibility criteria are grounded in the GCF guiding principles for adaptation impact potential to ensure robust assessment and reporting of climate adaptation activities. Due to climate change risks and vulnerabilities in agrifood systems, the TPI predominantly focuses on increasing climate resilience in this sector by i) enhancing climate risk management practices at the investee level, including through the use of physical climate risk assessments and development of corresponding adaptation plans that include practices associated with reducing climate change vulnerability, and ii) through specific investments in adaptation interventions that enhance the resilience of beneficiaries to relevant climate hazards, such as efficient irrigation, hydroponic production, agroforestry, shaded systems, and water retention infrastructure, where these can be demonstrated to respond to a climate hazard. The additionality of these adaptation interventions draws on adaptation frameworks such as the Climate Bonds Resilience Taxonomy, ensuring interventions are both impactful and in line with existing best practices. TPI will also target mitigation solutions in agrifood systems when available and eligible against appropriate baselines, such as low/zero-carbon agricultural production techniques and equipment.

Maladaptation and fossil-fuel lock-in exclusion filter: to prevent fossil-fuel lock-in, the Fund enforces strict early-replacement thresholds for brownfield investments and retrofits: carbon-intensive technologies must be replaced before the end of their remaining technical lifetime, and the investment must demonstrate that the baseline asset would have otherwise continued operation. Investments in adaptation and resilience are screened against maladaptation to ensure they do not inadvertently transfer or increase climate vulnerability in adjacent systems or communities (e.g., ensuring agricultural upgrades do not deplete shared local water resources).

Due diligence and screening process: each investment undergoes a comprehensive technical and financial due diligence including evaluation via a dedicated and established Impact Scoring Tool that requires the assessment of both financial and non-financial additionality. Further to this, given increasing market maturity, C&I solar investments must satisfy a dedicated additionality assessment against a market penetration threshold, that is systematically revised to reflect evolving market adoption. Where impact assessments are required to establish eligibility, these follow the “International Financial Institution (IFI) Framework for a Harmonized Approach to Greenhouse Gas Accounting” (see Annex 21). In addition to core credit underwriting aspects, the DD further includes analysis of the targeted use of proceeds, alignment with national legal and regulatory frameworks, E&S risk management practices, and potential technical assistance needs. Annex 21 gives a detailed overview of the investment process.

Component 2: Transformation Pathways Initiative – Technical Assistance Facility (TAF)

[19] Common Principles for Climate Mitigation Tracking (2023),available here.
[20] https://www.worldbank.org/en/publication/paris-alignment/joint-mdb-paris-alignment-approach
[21] The EU Taxonomy criteria can be found i.a. in the EU Taxonomy Navigator, available here.
[22] Companies that manufacture products, or provide related services, that enable a substantial contribution climate change mitigation (e.g., manufacturing of renewable energy technologies)

- Financed by 12.0 million USD grant contribution by the GCF and 8.0 million USD grant contribution from other donors.
- Subcomponent 2.1 (Finance Track) implemented by FiM as EE. Subcomponent 2.2 (Market Track) implemented by UNIDO as EE.

- *Activity 2.0.1 Establishment and management of the Technical Assistance Facility (TAF) with two interlinked Tracks:* FiM and UNIDO will jointly engage in a structured process to establish the TAF governance and operational structures, including programme-level and operational-level coordination bodies (see B.4 below). The management and operation of the two TAF Tracks follows best practices to ensure efficiency, transparency, quality, and alignment with the Fund's objectives. Each TAF Track management team contracts and manages consultants through legal agreements that define deliverables, timelines, and performance metrics. In addition, an Insights Manager drives knowledge management by capturing and synthesizing lessons from both TAF Tracks in a shared repository. Systematic data collection ensures that lessons learned are not only gathered but also analysed and shared with the wider market to help financiers, industry, and policymakers advance industrial climate finance activities. Against a Programme implementation period of 20 years, the two EEs will jointly seek additional technical assistance resources/grants in a timely manner in line with future Programme needs. Activity 2.0.1 equally contributes to Output 2.1 and 2.2.

Subcomponent 2.1 Technical Assistance Facility (TAF) - Finance Track

Subcomponent 2.1 delivers Output 2.1. Enhanced capacities of borrowers for preparing, implementing and reporting on low-GHG climate resilient investments and for gender inclusive, climate-compatible financial systems through the activities listed below**.** Subcomponent 2.1 will be implemented by Finance in Motion as Executing Entity. Beneficiaries of Output 2.1 are investees of direct and intermediated lending of the TPI, as well as financial sector stakeholders, such as central banks and regulators.

- *Activity 2.1.1 Transaction enabling services:* This activity includes TA services that directly support the origination, implementation and reporting on the loans extended by the TPI. It includes project preparation advisory, incl. feasibility studies or studies to establish minimum criteria, providing technical/E&S due diligence advisory, impact assessments, and setting up reporting approaches for the Fund and investees. These services facilitate the investment in technically sound, financially viable projects, the fulfilment of highest E&S standards and the alignment of investments with TPI's climate objectives.
- *Activity 2.1.2 Mainstreaming climate finance for (potential) investees and the financial sector:* This activity offers TA support to investees and potential investees of the Fund to both a) improve client-uptake of TPI financing (e.g. for developing green/eco loan products, outreach/marketing/awareness-raising strategies, and end-client oriented advisory services), and b) build up climate-compatible financial systems (e.g. capacity building and training of staff, development of sustainability strategies and practices, and championing of sustainable finance with central banks and regulators. In line with the Gender Action Plan, this includes supporting investees in addressing material gender-related risks and institutionalizing gender mainstreaming in policies and processes. For the TAF Finance Track, technical assistance needs are identified on an ongoing basis in direct discussion/cooperation with investees and financial sector stakeholders.

Activity 2.1.1 Example: Transaction Enabling Services

Target: Partner Financial Institution

Objective: Enable TPI FI investee to receive and channel financing to eligible end-clients

Activities:

- End-client advisory services: advice to end-clients on feasibility and sustainability of proposed projects, focusing on engineering designs, operational plans, and compliance with E&S standards
- Impact assessment services: conduct confirmatory impact assessments of financed measures, evaluating baseline and post-investment KPIs
- Impact monitoring & reporting system: implement a reporting platform to track sub-loans and impact indicators, including staff training on data collection and processes

Activity 2.1.2 Example: Mainstreaming Climate Finance

Target: Partner financial institution

Objective: Enable TPI FI investee to grow its climate lending capacities and ambition aligned to ESG risk management standards

Activities:

- Diagnostic study of internal capacity and gaps including recommendations
- Development of ESG risk management policy and procedures
- Climate compatible lending strategy development built on segment specific market surveys
- Climate solution focused product development, implementation and marketing/client promotion
- Staff training and coaching

Subcomponent 2.2 Technical Assistance Facility (TAF) – Market Track

Subcomponent 2.2 delivers Output 2.2 Improved investment readiness and enabling market environment for low-GHG climate-resilient investments through the activities listed below**.** It will be implemented by UNIDO as Executing Entity.

- *Activity 2.2.1 Investment readiness support:* This activity engages with primarily SMEs and mid-sized companies that are prospective investees of the TPI's intermediated FI lending. It includes the identification of low-GHG climate-resilient investments projects via pre-feasibility assessments (including among other measures energy audits), targeted advisory support, and investment plan development. The activity builds a pipeline of new/additional investments for lending by FIs, catalyses the deployment of climate solutions in a market segment with generally low technical awareness and capacity, and helps to future proof SMEs.
- *Activity 2.2.2 Market development and scaling:* This activity acts to increase the supply of investment ready projects and companies for the TPI (via both direct and intermediated lending models) by enhancing the investment enabling environment in a targeted way in selected partner countries. Informed by potential direct and indirect investees of the Fund, this activity engages with sector/industry associations, industry regulators, and other public bodies/agencies in selected markets and sector where structural barriers are preventing viable investment opportunities from emerging. It will unlock private-sector investment opportunities through activities that focus on: a) raising awareness at company and sector level of the benefits of specific climate solutions in the local context (via e.g. sectoral investment/feasibility assessments), b) improved regulatory frameworks, standards and enforcement (via e.g. mandatory audit or energy management system schemes). The activity also ensures that experiences and learnings from the TPI's direct investment activities are disseminated within the respective sector and among financial institutions to enable a transition of larger-scale climate investments becoming investable for the local financial sector over time (see also chapter 5.2 in Annex 2). In addition, the activity ensures that experiences from investments are integrated into the improved design of regulations and promotional activities of sector-entities (such as associations) to strengthen the enabling environment for low-GHG industry and climate resilience.

Activity 2.2.1 Example: Investment Readiness Support

Target: SMEs adopting Electric Motor Driven Systems (EMDS)

Objective: Identify SME climate finance opportunities for financing by TPI partner FIs, thereby accelerating market penetration of efficient motors

Activities:
- Detailed motor efficiency audits for selected enterprises conducted by UNIDO-trained motor system optimization experts
- Technical and business advisory services for motor upgrade projects development
- System optimization for EMDS and install EE motors in enterprises
- Public private partnerships with international suppliers developed to accelerate the deployment of EE motors.

Activity 2.2.2 Example: Market Development & Scaling

Target: Companies in the textile and garment sector

Objective: Create climate finance opportunities for TPI by strengthening and enforcing a zero-waste policy in the textile sector to maintain or increase competitiveness

Activities:
- Stakeholder consultation and mapping
- Comprehensive analysis of policies, regulations and buyer requirements relevant to textile & garment sector.
- Technology review and cost assessment to provide sub-sector specific inputs on financing needs
- Outreach and awareness raising on enhanced resource efficiency costs/benefits in the context of global competitiveness.
- Evidence-based policy design and recommendations

Through its two mutually reinforcing components, the TPI comprehensively addresses the barriers described under B.2 above. The Blended Finance Debt Fund (Component 1) addresses the financial barriers for advancing the low-GHG transformation and future-proofing industry. Effective fund structuring, management, and active fundraising efforts (Activities 1.1.1, 1.1.2, and 1.1.3) attract private investors, reducing the funding gap for the low-GHG transformation and future-proofing of industry (Barrier 1). At the same time, the TPI provides long-term financing with requisite structures/terms (Activity 1.2.1) that is lacking in partner countries (Barrier 2). The Technical Assistance Facility (TAF) (Component 2) addresses the identified knowledge and capacity barriers. By increasing awareness of the commercial viability of low-GHG, climate-resilient technologies and solutions, and by integrating climate finance opportunities more broadly into investment decision-making (Activities A.2.1.1 and A.2.1.2), the Programme tackles the challenge of limited familiarity with these technologies and their market potential (Barrier 3) The TAF Market Track works across targeted industrial sectors on improving awareness of the characteristics and benefits of low-GHG climate-resilient technologies, improving the enabling environment for the low-GHG transformation of industry, and catalysing new investment opportunities at the SME level (Barriers 4 & 5).

B.4. Implementation arrangements

Governance arrangements

The core element of the TPI Programme is the blended finance debt fund that will be established under Luxembourg law/regulations and managed by FiM as EE and registered AIFM. Alongside this, the Programme will establish an appropriate structure for TA delivery, a TA Facility with two Tracks, based on a Fiduciary Agreement with a Luxembourg based custodian/fiduciary bank for the TAF – Finance Track executed by FiM and a Trust Fund Agreement between FiM and UNIDO for the TAF-Market track executed by UNIDO. A Strategic Committee will be created by the founding partners of the Programme to oversee the work of the two components of the Programme, to monitor progress and align on market, investment and capacity development priorities, risks and opportunities.

Please also see Annex 9 Legal Due Diligence for additional details.

TPI Blended Finance Debt Fund

The Fund will be structured under Luxembourg law and regulations as an alternative investment fund (AIF) set up as a Luxembourg limited partnership, with a general partner (GP) and limited partners (LP) formalized through a partnership agreement. The GCF would invest the junior capital as an LP in this partnership, over time alongside other LPs investing the senior capital. Based on these partnership interests in the capital structure, the Fund

would then issue fixed-income notes to institutional investors which are senior to the LPs. The organizational and governance setup would then include the following bodies and entities (see also Annexes 9 and 21):

- *Limited Partners (LPs)*: The GCF will invest in the junior capital through junior limited partnership interests and private investors will invest in the senior capital through senior limited partnership interests. LPs would be granted protective rights, which are held to prohibit fundamental changes in the activities of the fund that the LPs do not agree with and usually only apply in exceptional circumstances.
- *General Partner (GP)*: An entity to be created by Finance in Motion will act as GP. The GP would then, per usual practice, be given the broad decision-making powers (substantive rights) covering operating and financing decisions (except for areas where LP's protective rights apply), or it could be structured as an orphan entity without management rights which appoints the AIFM as statutory manager.
- *Limited Partner Advisory Committee (LPAC)*: The Fund partnership agreement will establish an LPAC as a governance and oversight body representing the interests of the LPs. It will not be involved in the day-to-day management of the fund and will be given responsibilities typical for LPACs in the market, such as oversight over conflicts of interest, valuation and audit matters, or other matters in the governance or compliance of the fund. The LPAC's role is advisory, supportive, and protective of LP interests – ensuring the GP operates within the governing documents and market standards.
- *Alternative Investment Fund Manager (AIFM):* Finance in Motion Asset Management will be appointed to act as AIFM and to provide amongst other portfolio management, risk management, marketing and administrative services to the Fund, as further described in an AIFM agreement. For more efficient conduct of its business, the AIFM may delegate to third parties the power to carry out some functions on its behalf, subject to limitations and requirements, in accordance with applicable laws and regulations. The delegated functions shall remain under the supervision and responsibility of the AIFM. As part of its duties to perform the portfolio management for the Fund, the AIFM will set up an Investment Committee to take investment decisions for the Fund and employ an appropriate risk management function.
- *Investment Committee*: The AIFM will establish the Investment Committee that shall take the relevant investment-related decisions within the AIFM. The Investment Committee shall consist of qualified members of the AIFM staff such as the Head of Portfolio Management Debt and independent, non-AIFM senior experts with in-depth regional, climate, and/or fund experience. The IC has the responsibility to ensure that all investments and portfolio management decisions are in line with the fund documentation, investment guidelines, impact strategy and other fund regulations.
- *Risk management function*: The AIFM employs an appropriate risk management system consisting of mainly two elements: (i) an organisational element in which the permanent risk management function plays a central role, and (ii) a procedural element documented in the risk management policy, which sets out measures and procedures employed to measure and manage risks, the safeguards for independent performance of the risk management function, the techniques used to manage risks and the details of the allocation of responsibilities within the AIFM for risk management and operating procedures. In addition, the risk management function of the AIFM shall ensure that the risk profile of the Fund as disclosed in the Fund documentation is consistent with the limits as defined by the AIFM.
- *Depositary*: The Fund will appoint a Luxembourg-based licensed depositary with the core responsibilities of cash flow monitoring, asset ownership verification and general oversight responsibility, in line with Luxembourg regulation and the AIFM law. The depositary is responsible for the safekeeping of the assets of the Fund.
- *Administrative Agent*: The Fund and the AIFM will appoint a Luxembourg-based licensed administrative agent to provide administrative and registrar agency services to the Fund. As such the administrative agent shall perform all administrative duties that arise in connection with the administration of the Fund, including the issue and, where applicable, redemption of shares and repayment of notes, the calculation of the shares' net asset value (NAV), the accounting and maintenance of the register of shareholders and noteholders, the proper book-keeping of the Fund, and the mailing of relevant statements, reports, notices and other documents to the shareholders and noteholders.

- *Other service providers*: In addition, the Fund will appoint additional service providers as required or needed, such as the Fund's auditors, legal counsel or any other service provider.

The above describes the targeted structure and governance arrangements. It is in line with regulatory requirements and common market practice for similar blended finance investment vehicles. Similar structures have been successfully managed and advised by Finance in Motion, at scale, for over 15 years. FiM has made a meaningful investment in all the Funds it manages. FiM will make a GP commitment in line with market standards, to be provided in proportion with subscription of other capital. To further align a mechanism will be contractually agreed by which dividends earned by FiM's interests would be reduced accordingly in years in which the GCF's junior interests would have suffered from realized write-offs. This further ensures that FiM's financial participation is directly linked to the preservation of portfolio value and long-term fund performance.

TPI Technical Assistance Facility (TAF)

The TAF with its two tracks shall be overseen by the TAF Coordination Group ("TAFCG") coordinated by UNIDO. The TAFCG is composed of management representatives of both EEs and provides coordination and strategic direction and guidance on priorities with respect to country, sector, technology and investment themes, while also establishing mechanisms for information-sharing between the two TAF Tracks to maximize synergies. The TAFCG also evaluates the monitoring and evaluation (M&E) frameworks of the respective tracks to assess progress, effectiveness, and impact.

Technical Assistance resources shall be made available through:

1) for the Finance Track, a Fiduciary Arrangement governed by a Fiduciary Agreement between: i) the Donors/Contributors to the TAF (including FiM acting as AE); ii) the fiduciary Bank (the fiduciary) and iii) FiM (acting as EE for Subcomponent 2.1),
2) for the Market Track, a Multi-party ledger account structure governed by individual Funding Agreements between: i) the Donors/Contributors to the TAF (including FiM acting as AE) and (ii) UNIDO (acting as EE for Subcomponent 2.2).

This structure allows additional flexibility for future TA grant funding to be raised from additional sources, as planned, and allocated to the TAF and adequately incorporated in governance arrangements. The Luxembourg Trust and Fiduciary Contracts Act 2003 provides the legal basis for the creation of the relevant fiduciary arrangements, which are a proven approach for the deployment of TA resources by private sector entities. Similar structures have been used successfully by FiM to allocate cumulatively more than 125 million USD (as of Q4 2025) of TA resources. The second type of structure has been used successfully by UNIDO over several decades to accept funding from multiple donors while keeping the ability to earmark funding and report to each donor based on individual contributions and mandates. Figure 4 shows the governance structure, flow of funds and legal arrangements of the TPI Technical Assistance Facility.

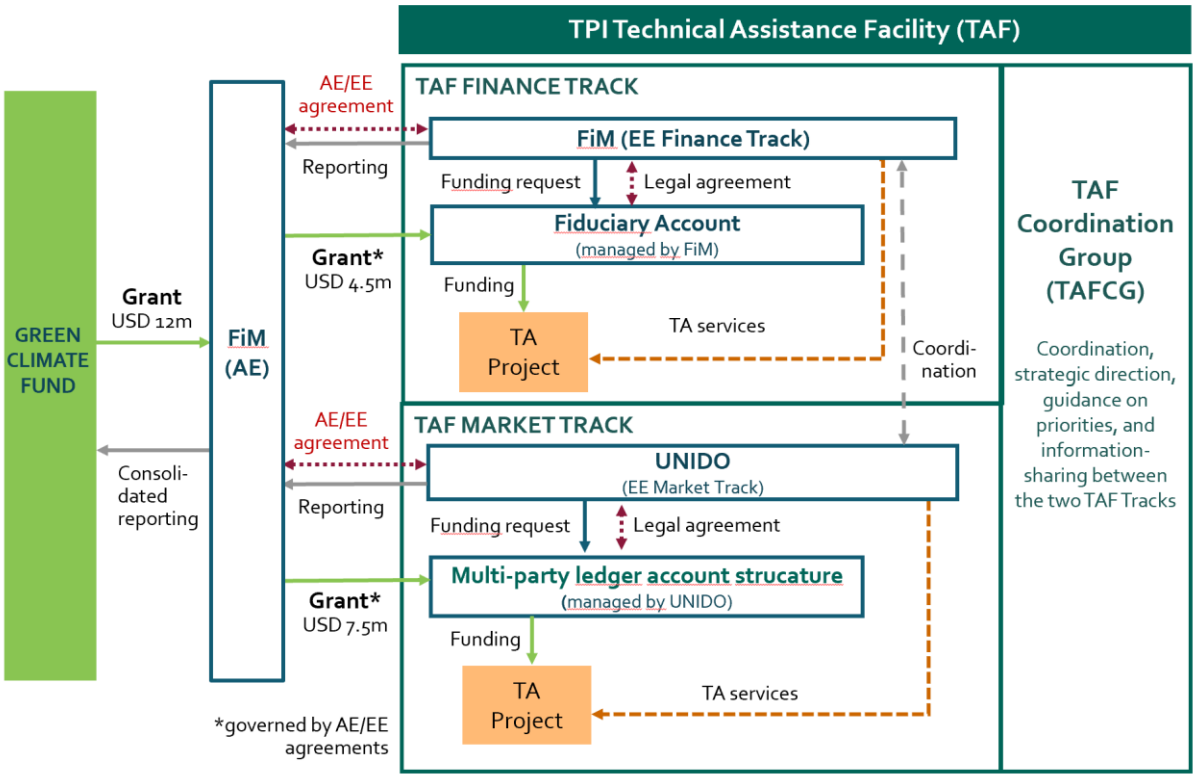


Figure 4: Governance structure, flow of funds and legal arrangements of the TPI Technical Assistance Facility

Flow of funds

Figure 5 shows an overview of the generalised financing structure and flow of funds. The Fund comprises first-loss junior shares, held by GCF, as well as senior shares and notes held by private investors. It provides debt instruments directly to companies and projects in industry and agrifood systems, or via credit lines to local financial institutions that on-lend to eligible companies and projects.[23] The TAF, complements the Fund by offering technical assistance for (potential) investees, as well as policy makers and private sector actors who play a crucial role to drive the market transformation, with a focus on interventions that are aligned to the investment strategy of the Fund and local market needs.

[23] In selected instances the TPI may provide financing via both intermediated and direct lending modalities to the same company or project, for example in the case of a local partner FI seeking to syndicate with the Fund given specific limits they face or the need for the engagement of a specialised lender.

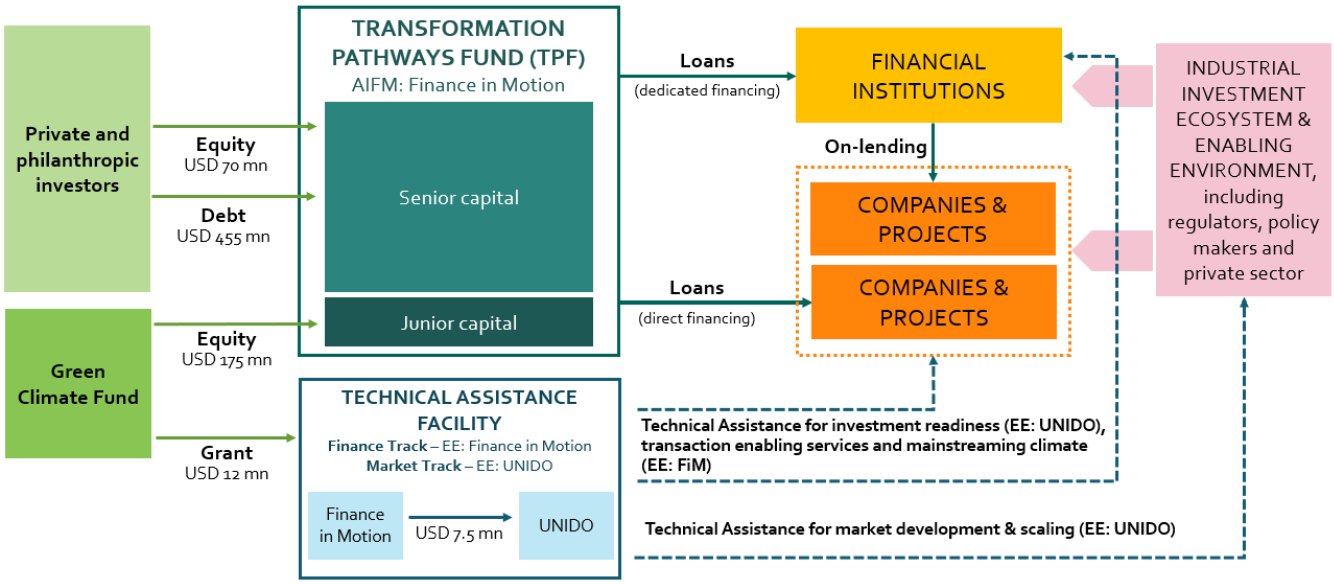


Figure 5: Overview of proposed financing structure and flow of funds

The Fund applies a set of investment criteria that describe the commercial and strategic parameters guiding pipeline development across financial institutions, corporates and project finance, as detailed in Annex 21 (Operations Manual). Financial institution investments target regulated and non-regulated entities with proven track records and the capacity to serve target segments aligned with the Fund's impact objectives, through medium- to long-term financing with ticket sizes in the range of USD 5–50 million and tenors aligned with balance-sheet and on-lending needs. Direct lending focuses on lower to mid-sized companies with limited access to long-term financing and high-impact larger sized companies with the right risk/return profile, with indicative ticket sizes of USD 5-50m and medium- to long-term tenors, and on investments into mid-market infrastructure projects and larger high-impact projects, leveraging on the existing know how and expertise within FiM's existing funds, typically with tenors of 10–15 years. Across all segments, investments are assessed on a case-by-case basis, informed by country and sector assessments, counterparty strength and resilience, and alignment with the Fund's climate and additionality objectives, and remain subject to full due diligence and approval in line with the Fund's governance framework.

Experience and track record of AE and EEs

Finance in Motion Asset Management S.à r.l. (FiM) is a private limited company (société à responsabilité limitée), incorporated under the laws of the Grand Duchy of Luxembourg. FiM is a leader in emerging market blended impact funds, advising USD 4.3 billion in assets across ten funds, all Article 9 SFDR compliant. Of this, over USD 1 billion of assets are invested into climate change mitigation, including renewable energy, industrial efficiency, and sustainable mobility and over USD 900 million with a thematic focus on climate resilience and biodiversity conservation in agricultural value chains. The company has 15+ years of experience in originating climate investments, and across the targeted asset classes, and has invested in over 40 EMDEs through an extensive local network of 13 offices. Through its 300 employees and established network of external consultants, FiM has the technical and financial expertise to identify and assess investments across the TPI's target sectors, investment themes and financing modalities including indirect and direct lending. (See Annex 2a for details on FiM's track record) FiM's regional offices will support origination, management and monitoring of the TPI's investments and TA activities. The funds advised by FiM have proven their ability to mobilize private institutional capital, with over 3 billion USD mobilized to date, driven by an exceptional track record. FiM has extensive experience in delivering TA alongside investments, with almost 2,000 TA projects provided for a total contract value of over USD 125 million.

For the delivery of the Technical Assistance Facility, Finance in Motion's capabilities are complementary to the skills and capacities of UNIDO. The Programme optimizes the impact and efficiency of TA provision, as each

entity draws on their unique strengths and builds on existing relationships and activities with key stakeholders in partner countries.

The **United Nations Industrial Development Organization (UNIDO)** is the specialized agency of the United Nations whose mandate is to promote a path of industrialization that is economically competitive, socially inclusive, and environmentally sustainable, thus fostering "inclusive and sustainable industrial development". UNIDO's standard setting, normative function and convening power are important elements to realize a structural impact in the target markets by the Programme. UNIDO is well positioned to build on successful previous and ongoing investment readiness support and capacity building activities towards SMEs and companies to improve their access to climate finance and create an investment-ready pipeline for the local financial institutions supported by TPI: e.g. the Private Financing Advisory Network (PFAN) mobilized USD 2.2 billion for PFAN supported climate SMEs. On the market development and scaling side, UNIDO has a wealth of experience working on strengthening enabling environments and successfully implemented key flagship projects related to the key thematic investment themes of the Programme like the Global Eco-Industrial Parks Program, Industrial Energy Efficiency Accelerator, and the SWITCH to Circular Economy Value Chains (SWITCH2CE) programme. Due to its global reach and established partnerships with governments, industry associations, companies and financial intermediaries it can build on the learnings from country specific technical assistance projects implemented by UNIDO in the field of low-GHG industry, circularity, blue economy, agrifood systems and adaptation. UNIDO is an accredited entity to the GCF since 21 August 2020, thus meeting the GCF's standards for implementing technical assistance activities in line with its mandate and based on extensive experience and expertise.

Drawing on the complementary track records of both institutions, the TPI demonstrates a strong level of implementation readiness. As Component 1 EE, FiM brings extensive experience in fundraising and managing comparable blended-finance vehicles, has pre-marketed the proposed fund to impact-oriented institutional investors (including existing), and has developed a strong pipeline of eligible investments. Moreover, the established on-the-ground presence of FiM and UNIDO across target markets enables effective TA delivery, supporting a timely fund launch and efficient execution.

Local FIs in the target countries will act as EEs for intermediated lending, leveraging their established local presence, client base, and market knowledge to efficiently on-lend TPI funding to eligible end-clients in line with the Fund's requirements. The local FI EEs will be necessarily identified in the course of Programme delivery after appropriate due diligence and contracting arrangements, building on a strong pipeline of potential local FI partners available to the TPI Fund.

B.5. Justification for GCF funding request

EMDEs need private capital to support climate finance flows to industry and agrifood systems

There is an urgent and pressing need to substantially grow climate finance flows to industry and agrifood systems in EMDEs which have grown rapidly to account for 50% of global trade and almost two thirds of manufactured goods consumption yet see extremely low levels of dedicated climate financing to these sectors (less than 2% of tracked climate finance[24]). While non-financial barriers such as capacity gaps within financial institutions and companies exist, the structural absence of appropriate, mid- to long-term private debt at the local level is a key constraint preventing industrial and agrifood enterprises from deploying capital-intensive climate solutions.[25] Public finance must be deployed catalytically to finance the low-GHG transition and resilience of industrial value chains by mobilizing a fraction of the roughly USD 130 trillion institutional capital pool. The TPI will help address the

[24] CPI (2025) Global Landscape of Climate Finance 2025
[25] See e.g. SEED / adelphi (2024). *Closing the Climate Financing Gap for SMEs: Insights on innovative climate financing for climate-smart SMEs,* available here*:* ISF Advisors / United Nations Capital Development Fund (UNCDF) (2025). *The case of missing middles: Gaps in the development finance landscape,* available here

shortage of dedicated long-term funding for clean technologies and climate resilience, with the Programme mobilizing approx. 1.9 billion USD in total financing[26]).

GCF will have a catalytic effect to mobilize private institutional capital at scale

TPI seeks GCF funding as junior, first-loss shares to address the key financial barriers to private capital mobilization into industrial low-GHG pathways in EMDEs. This junior contribution by the GCF has a **highly catalytic effect** and efficiently mobilizes private capital over the Programme implementation period, achieving lifetime levels **of private mobilization of over 1:10 through ongoing asset-liability management** (i.e. the continuous mobilization of private capital to allow for the continuous reinvestment of asset inflows as they amortize). This targeted lifetime mobilization ratio is strictly grounded in FiM's proven operational track record. Across its existing portfolio of over EUR 4.3 billion AUM with 100% invested in EMDEs, FiM has demonstrated the capacity to achieve comparable or higher mobilization multiples, successfully leveraging first-loss public capital to continuously crowd in risk-averse institutional investors over extended fund lifetimes. See Annex 3 for definitions, assumptions and total lifetime funding subscriptions.

Private institutional investors face significant risk and structural restrictions to invest in private debt in emerging markets, which is further compounded by the additional challenges of investing in impactful climate projects. **Junior investors play a key role in reducing risk and associated volatility for senior investors**, unlocking private capital. This capital protection for senior investors enables the involvement of institutional investors whose risk-return and/or regulatory requirements[27] otherwise restrict their engagement in such markets and instruments. Junior capital is therefore essential in attracting institutional investors, given the higher risks (both real and perceived) and corresponding lack of commensurate risk-adjusted returns (from the investor perspective) associated with EMDE private debt investing for impact. **Without the 25% first loss tranche provided by the GCF, the TPI would not achieve an investment grade rating, which is a critical prerequisite for participation by most institutional investors.** This has been confirmed through a rating assessment exercise by a major global credit rating agency on the TPI Blended Debt Fund (see below), confirming the additionality and catalytic role of the GCF's first-loss investment. To protect GCF resources and mitigate fundraising risk, individual tranches of GCF junior shares will only be drawn down and subscribed by the Fund if the corresponding private co-financing is secured in parallel at the pre-agreed ratios.

Such a structure can also provide entry points for domestic institutional investors to invest in climate action in their home markets/regions. These investors typically face fewer information asymmetries than international investors, and often may seek to support domestic investments, but face the same challenges as the wider set of institutional investors – i.e. a preference or fiduciary duty for market-conform investment products with adequate risk-return profiles. As a result, less than 1% of the capital currently financing climate activities in all EMDEs comes from domestic institutional investors[28]. However, these **pools of domestic capital could triple to $45 trillion by 2040 as these economies mature[29], such that even modest allocations to climate finance via blended structures can deliver transformational changes**. Targeting these pools of domestic capital is part of the fundraising strategy of the TPI given the close alignment in interests and outcomes.

The blended fund private debt structure creates adequate risk-adjusted returns, with minimum concessionality

The blended fund private debt structure allows investment products to be offered that mitigate the risks and fiduciary constraints that otherwise deter private institutional capital. To meet the needs of investors (and based on FiM's long track record of successfully mobilizing private institutional capital in EMDEs), while ensuring minimum concessionality, the **junior shares tranche is determined through a detailed assessment of the risk profile of the Fund's target markets and indicative investment portfolio**, using industry standard methodologies (as

[26] The lifetime mobilized finance considers a) private capital mobilized at the fund level including replacement of maturing capital over the implementation period – approx. 1.35 billion USD, b) parallel financing mobilized from partner FIs – approx. 0.21 billion USD, and c) parallel financing mobilized as equity contributions at the investment level – approx. 0.35 billion USD

[27] As just one example, Solvency II, a cornerstone of European insurance regulation, steers insurers towards safer, more liquid assets, making riskier EMDE investments less attractive. Under Solvency II, the 'matching adjustment' allows insurers to discount long-term liabilities favourably but only for investment-grade assets with fixed cash flows, excluding many EMDEs with lower sovereign ratings. ODI (2025) Mobilising European Institutional Investors into Emerging Markets and Developing Economies

[28] CPI (2026) Global Landscape of Climate Finance

[29] Blended Finance Taskforce (2024) Mobilising Domestic Capital to Drive Climate-Positive Growth

adopted by private investors in assessing their participation in such investment vehicles) for assessing the risk of mixed debt portfolios and cross-country exposures. The tranched structure is designed to offer an investment-grade risk profile to senior private investors to be able to tap into a large pool of institutional capital that typically require such a product profile. The **TPI has successfully completed a Rating Assessment Service (RAS) of the fund structure by one of the major global credit rating agencies,** to both evidence the viability of the structure to deliver investment-grade products, and to help ensure that mobilized capital is raised cost effectively. At launch and in the initial 2-3 years, private investors face elevated risk given the lack of fund-specific track record and limited diversification. As the fund successfully ramps up and maintains high asset quality, private investor return expectations can be expected to reduce over time as rating levels are realised, with this translating into a further reduced cost of capital for beneficiaries, as well as additional returns to the GCF as junior investor.

The GCF catalytic contribution allows the TPI to target a risk-adjusted return sufficient to attract institutional investors based on FiM's strong track record and extensive market sounding. It remains however below several market standards (including comparably rated offerings in OECD markets), especially given the reduced liquidity offered by EMDE private debt impact funds like TPI, with this illiquidity generally coming at a significant premium vs liquid investments, and primarily at launch and in the initial years as the track record is not yet built. The **GCF contribution offers investors improved downside protection in case of portfolio underperformance and thereby contributes to improving the rating for such investors**. In this way, by reducing risks, catalytic junior shares from the GCF are crucial to generate a suitable target risk-return profile for impact-oriented private investors, making it a key enabler for leveraging private institutional capital into new regions and themes.

The GCF catalytic contribution is also essential to attract private investors into Senior Shares, such that the fund can mobilize the fixed-income institutional capital at scale while adhering to regulatory maximum leverage requirements. Under applicable regulation from the Alternative Investment Fund Management Directive (AIFMD) for loan-originating funds like the TPI (please see Annex 9 for further details), the total fund volume cannot exceed 300% of the share capital. The targeted 1:3 co-financing of the GCF shares with private capital is thus only possible if minimum 10% of the fund is additional senior capital is mobilized. Catalytic terms for the GCF contribution allows a market-aligned investment opportunity for private investors into the Senior Shares, which in turn co-enable the additional private co-financing at scale into the most senior note products.

The TPI structure has been designed to ensure that the concessionality of catalytic junior shares is minimized and justified, based on the FiM's long track record in raising and deploying blended debt funds in EMDEs. **FiM's exceptional credit track record in private debt investing in EMDEs, outperforming comparable peers, provides optimal leverage potential while helping to safeguard the GCF's junior share capital and enhance its returns.**

GCF blending will broaden the portfolio composition and increase climate impact

In the absence of the proposed blended finance debt fund with GCF support, the above factors will continue to significantly deter institutional investors from financing the low-GHG transformation of industrial value chains in EMDEs leading to much less and narrower financing with reduced climate outcomes. The blended approach provides risk-sharing, mitigates information asymmetries for private investors, and enables the Fund to attract and incentivize private sector investment.

Access to global, long-term catalytic capital is paramount to launch and successfully operate a private debt impact fund at scale in tight margin environments in EMDEs. Without junior GCF funding, the TPI Programme's climate outcomes would not be able to be viably pursued, with potential alternate sources of junior capital expected to restrict the Fund in scale, scope and geographies.

Implementation period maximizes impact through revolving fund structure

The proposed blended finance approach is particularly impactful because of the extended implantation period. The Fund has a 20-year lifetime (though leverages GCF junior share contributions with a 15-year tenor for each tranche subscribed), including ramp-up and wind-down, which offers three significant benefits in the context of offering private-debt instruments for climate investments:

1. **Maximizing institutional co-financing**: The Fund operates on a tranched basis, where the GCF's junior shares serve as the foundational first-loss layer allowing the Fund to attract senior private capital. The tenor

of the underlying junior shares allows the Fund to mobilize several cycles of e.g. 3-to-7-year private capital investments – i.e. to achieve a lifetime mobilization ratio several times higher than observed in the nominal capital structure. These lengths of private investment more closely match the needs of a larger universe of institutional investors (given the generally illiquid nature of such investments) while also reducing funding costs of the TPI to the benefit of investees (as standard for shorter tenored senior instruments). The long-tenor first-loss contribution by the GCF is the critical component enabling over time to offer a continuous investment-grade fixed-income investment opportunity for large institutional investors.

2. **Multiplying climate impacts:** The TPI makes revolving debt investments in its target markets – i.e. as those investments repay/amortize the proceeds are reinvested a second or third or subsequent time, drastically increasing the total financing that flows to beneficiaries. This is also significantly more efficient in terms of asset liability management and allows the Fund to maximise the total volume of climate financing that can be delivered against a given catalytic/concessional contribution. The revolving nature of the Fund is well suited to the amortising assets that it supports (as compared to e.g. a private equity fund that provides for point in time exits from investments) meaning that the Fund's capital is constantly being reinvested for climate outcomes.

3. **Enabling long-term asset financing:** An extended fund life provides the flexibility for the Fund to invest in longer tenor assets as often required in the market. This is particularly important towards the middle and end of the Fund's lifecycle (e.g. making 10-year investments in year 8 or 9).

In a tranched investment fund, private investors in senior tranches rely on the secured minimum risk protection from junior capital. The fund manager continuously manages this matching of assets and liabilities considering all contractual and planned liquidity in- and out-flows. Therefore, the Fund will start deleveraging 5-6 years before the end of the term of the junior shares, as private investor tenors would otherwise go beyond the maturity of the junior capital and asset amortizing repayment profiles similarly require wind-down over an extended period. Shorter implementation periods therefore come at the expense of significant inefficiencies in the utilization of junior capital and total private mobilization.

The proposed overall program life of 20 years follows from this reasoning. Moreover, the Fund will be ramped up to its target size during the first four to five years through a series of subscriptions/closings from GCF and matching co-financing from private investors. When each of those GCF subscriptions has a tenor of 15 years, there is a corresponding natural wind-down/staggering of their repayment in the final five years of the program life. This would allow for a more effective asset-liability management and private investor co-financing in the final phase of the Programme, maximizing impact and mobilization for a given GCF contribution.

A significant upside could be achieved through a possible extension of the GCF junior shares by five years, as this would allow the Fund to operate at full scale for a longer period. Such an extension would significantly increase the efficiency of the catalytic contribution of junior shares, with private mobilisation rising from approximately 1:10.2 to 13.3, with corresponding increases in the total delivered climate finance of the TPI (from USD 2.02b to 2.93b). This would translate into significantly higher climate and market-transformation outcomes for the same level of junior shares**.**

GCF grant deployed as TA to support systemic change and create outsized impact

In addition to the junior shares, the **Programme seeks GCF Funding as a TA grant to anchor and amplify the Fund's climate impacts and strengthen the paradigm shift ambitions of the TPI.** Targeted technical assistance will be implemented to improve the capacities of local financial and industrial sectors for scaling-up and replication of climate investments to create true commercial momentum for the low-GHG transformation of industry and deliver a paradigm shift. Strengthening the enabling environment and helping to create climate-compatible local financial institutions are catalysts to increase climate finance flows from local and international investors. According to recent publications from Convergence[30], TA deployed to support systemic changes reliably creates larger impacts on the investment environment than only supporting individual companies or projects.

[30] Convergence, State of Blended Finance 2024: Climate Edition

The Finance Track and the Market Track of the Technical Assistance Facility both support systemic change:

- **The Market Track** includes technical assistance activities for: i) investment-readiness support for companies and SMEs to deliver a pipeline of final beneficiaries for partner FIs of the Fund, and ii) market development support and scaling, to help selected partner countries to strengthen their enabling environment in specific sectors. **Both activities are designed to build future pipeline of bankable projects and investments for the TPI and its partner institutions.** Through these company and sector-led efforts, the Programme will ensure the generation of a growing pipeline of compelling investment opportunities for TPI and other investors leading to a systemic shift and transforming industry sustainably.
- **The Finance Track** is designed to a) green local financial markets by building the capacities to mainstream industrial and agrifood focused climate finance, b) provide transaction enabling services that facilitate Fund investments in technically sound, financially viable projects, that fulfil ESG risk standards, and that align with TPI's climate objectives. This **improves the quantity and quality of climate investments, developing the capacities to continue these activities into the future.**

The grant request for the TPI TAF has been determined based on a logic of minimum viable size drawing on the extensive experience of UNIDO and FiM in designing efficient TA initiatives, and taking into the account the significant investment volumes that the TPI will deliver (several times larger than the nominal fund size due to the revolving nature as a private debt vehicle). Compared to industry-wide common practice of TA deployment in blended finance vehicles, which stands at 5-7% of technical assistance spent as percentage of total investments[31], the GCF funding sought for the TPI TAF is modestly sized. It amounts to 1.7% of total fund size and <0,5% of investments (i.e. funds disbursed to borrowers over the life-time of the fund). The PSAA applicant undertakes to raise additional TA resources beyond those provided by GCF. An additional USD 8 million of funding for the TPI TAF will be raised from other predominantly public sources in order to allow the TPI to have increased depth in TA offering across both tracks. The GCF NDAs and relevant Ministries from programme partner markets have seen the TA as a vital element of the TPI to successfully tackle the identified barriers in their markets and deliver climate outcomes for beneficiaries.

B.6. Exit strategy

The Programme has an extended implementation period of 20 years during which the TPI's own investment and TA activities, as well as broader market dynamics will result in a significantly different set of conditions for future low-GHG and resilient investments.

- The TPI will leave a legacy of local financial sector climate finance lenders through its long-term cooperation with partner financial institutions and the provision of a combination of targeted finance and tailored TA. These banks and other financial institutions will have developed climate compatible strategies and products that continue to benefit target countries beyond the lifetime of the Fund.
- Each subscription of shares invested by the GCF into the TPI will be redeemed on the contractually fixed redemption date 15 years following the subscription date at the then prevailing valuation (NAV). This allows the fund manager to maximize mobilization of private capital and hence overall climate impact, while it gives contractual certainty to the GCF regarding the exit of its investment.[32]
- Each subscription of senior shares by private investors into the TPI will be redeemed on the contractually fixed redemption date at the then prevailing valuation (NAV). The tenor of senior shares can vary as negotiated with senior shareholders over time and is assumed to be between 7 and 10 years. Each subscription of notes by private investors is repaid on the contractually fixed maturity date of such note. The tenor of notes can vary as negotiated with noteholders over time and is assumed to be between 3 and 7 years.
- The TPI, over its lifetime, will demonstrate to private institutional investors the viability of EMDE debt investments in support of industrial climate action and help alleviate markets perceptions of EMDE

[31] Convergence, Data Brief DATA | September 2023 Blending with Technical Assistance

[32] A possible extension of the junior equity maturity by five years, subject to an agreed upon advance notice period, would significantly improve investment leverage and private capital mobilisation per junior share and deliver material additional climate outcomes.

idiosyncratic risks. The Fund, as a structured investment vehicle provides an entry point for these investors, including local/national institutional investors to engage with these topics and markets and will grow the universe of EMDE impact investors to the benefit of broader private mobilization in the future.

- The TPI predominantly targets final investments – either via intermediation or directly – related to long-life infrastructure and CAPEX investments with operational lifetimes of up to 25-30 years that will significantly extend beyond the Programme implementation period.
- TPI TA activities in support of improved enabling environments for the low-GHG transformation of industry and resilient agrifood system investments will create a more conducive setting for future private sector financing of these technologies. The establishment of improved regulatory frameworks, standards and incentives; the building of awareness of the benefits of such investments amongst target beneficiaries; and the demonstration of successful investment cases will all contribute to the long-term sustainability of these vital investments.
- The TPI will also engage at the systemic level with local central banks, regulators and governmental agencies to promote the development of local sustainable finance regulation and disclosure standards that bring additional focus and attention to industry and agrifood system investments – for example local sustainable finance taxonomies and climate finance tracking systems.
- Lastly, the TPI's knowledge management and transfer activities will ensure that related initiatives benefit from the learnings and experiences of the Programme to inform their improved design and create South-South learnings and replication potential.

C. FINANCING INFORMATION

C.1. Total financing

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

GCF financial instrument	Amount	Tenor	Grace period	Pricing
(i) Senior loans	0			
(ii) Subordinated loans	0			
(iii) Equity	175.000.000	15 years of each tranche subscribed[33] GCF commitment in junior interests.		[34]
(iv) Guarantees	0			
(v) Reimbursable grants	0			
(vi) Grants	12.000.000			
(vii) Results-based payments	0			

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

Name of institution	Financial instrument	Amount	Currency	Tenor & grace	Pricing	Seniority
Institutional investors/LPs	Equity	70	million USD ($)	7-10 years	[35]	senior
Institutional investors (notes)	Senior Loans	455	million USD ($)	3-10 years	[36]	senior
TPI TAF	Grant	8	million USD ($)	n.a.	n.a.	non-reimbursable

(c) Total financing (c) = (a)+(b)	Amount	Currency
	720.0	million USD ($)
	The above figures conservatively reflect fund structure co-financing levels – i.e. co-financing observable in the capital structure of the TPI fund and TAF.	

[33] With the possibility, at an appropriate point in time, for the GCF to request an extension of each subscribed tranche by 5 additional years

[34] GCF return is made up of a target return and complementary dividends. Please see Annex 3 Financial Analysis for a detailed description of the income waterfall and the modelling assumptions and results. The junior limited partner interests are remunerated on the basis of an income waterfall as specified in Annex 3a. Their remuneration is composed of a target dividend determined in the respective subscription document and a potential complementary dividend allocated to all partnership interests at the end of the waterfall. A mechanism will be contractually agreed by which dividends earned by the GP commitment would be reduced accordingly in years in which the GCF's Junior Shares would have suffered from realized write-offs

[35] The senior limited partner interests are remunerated on the basis of an income waterfall as specified in Annex 3a. Their remuneration is composed of a target dividend determined in the respective subscription document and a potential complementary dividend allocated to all partnership interests at the end of the waterfall. Target dividend levels are negotiated for each subscription with each investor and may differ between investors. Please see Annex 3 for estimated total returns including complementary dividends,.

[36] The Note investors are remunerated through fixed-income interest. The applicable interest rate is specified in the subscription agreement and is negotiated for each Note subscription with each investor. Interest levels will therefore differ across subscriptions and over time. Please see Annex 3 for detailed assumptions and sensitivities regarding the pricing of Notes.

	However, the TPI achieves significantly higher levels of true private mobilization over its programme lifetime, given the revolving nature of the fund, which delivers a total volume of climate investments several times larger than the fund capitalisation. The revolving structure is adopted to efficiently leverage junior capital and maximise institutional investor mobilisation – see Section B.5. Lifetime mobilization reaches a ratio of over 1:10 and considers a) private capital mobilized at the fund level including replacement of maturing capital over the implementation period – approx. 1.35 billion USD, b) parallel financing mobilized from partner FIs – approx. 0.21 billion USD, and c) parallel financing mobilized as equity contributions at the investment level – approx. 0.35 billion USD.

C.2. Financing by component

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

Component	Output	Indicative cost million USD ($)	GCF financing		Co-financing		
			Amount Options	Financial Instrument	Amount Options	Financial Instrument	Name of Institutions
Component 1: Transformation Pathways Initiative – Blended Finance Debt Fund	Output 1.1: Mobilizing private capital for low-GHG climate-resilient industry and agrifood systems	700.0 million USD	175.0 million USD	Equity	70.0 million USD	Equity	Institutional investors/LPs
					455.0 million USD	Senior Loan	Institutional investors (notes)
	Output 1.2: Increased investment in low-GHG climate-resilient industry and agrifood systems						
Component 2: Transformation Pathways Initiative – Technical Assistance Facility	Output 2.1: Enhanced capacities of borrowers	8.5	4.5	Grants	4	Grants	Other donors (incl. DFIs & foundations)
	Output 2.2: Improved investment readiness and enabling market environment	11.5	7.5	Grants	4	Grants	Other donors (incl. DFIs & foundations)
Indicative total cost (USD)		720.0 million	187.0 million		533.0 million		

C.3 Capacity building and technology development/transfer

C.3.1 Does GCF funding finance capacity building activities?	Yes ☒ No ☐
C.3.2. Does GCF funding finance technology development/transfer?	Yes ☐ No ☒
GCF funding under Component 2 will include capacity building activities with investees and potential investees of the Fund's direct and intermediated lending activities, including SMEs, and of stakeholders in the broader	

financial sector such as Central Banks and in industry and agri-food sectors such as sector/industry associations and governmental agencies. Activities will include inter alia capacity development for developing climate/eco loan products, for developing a pipeline of low-GHG investments in industry, training of staff of partner FIs on climate compatible lending, and of staff of central banks and regulators on climate compatible financial system development. The GCF's total funding for Component 2 amounts to 12 million USD of which a portion will target capacity building activities directly and further fraction contribute to such activities more indirectly.	

D. EXPECTED PERFORMANCE AGAINST INVESTMENT CRITERIA

D.1. Impact potential

Mitigation impact potential: Consistent with GCF Core Indicator 1 (GHG emissions reduced, avoided or removed), the TPI Programme is estimated to reduce 31.1 $MtCO_{2e}$ of GHG emissions over the total lifespan of the financed technologies and investments in the partner countries. This mitigation impact is distributed across three GCF Results Areas:

1. MRA1: 19.1 MtCO2e from energy generation and access;
2. MRA2: 180 ktCO2e from low-emission transport; and
3. MRA3: 11.9 MtCO2e from buildings, cities, industries, and appliances.

The Programme expects to finance the installation of 483 MW of renewable energy capacity, generating 16.2 TWh of renewable energy, and will result in 18.9 TWh of annual energy savings.

The expected mitigation impact is distributed across the investment themes as follows:

Investment theme	**Annual GHG reductions**	**Lifetime GHG reductions**
Industrial Renewables	271.3 $ktCO_2e$/year	19,102 $ktCO_2e$
Efficiency and Circularity	324.0 $ktCO_2e$/year	11,865 $ktCO_2e$
Electrification and Sustainable Fuels	5.3 $ktCO_2e$/year	180.5 $ktCO_2e$
Total	600.1 $ktCO_2e$/year	31,148 $ktCO_2e$

The structural efficiency of the 20-year revolving fund significantly enhances the climate impact per initial unit of capital deployed. Based on the target fund size, the mitigation financing ratio is calculated at 23.6 USD/tCO2e based on total financing and 4.8 USD/tCO2e based on the GCF contribution which benchmarks favourably vs similar programmes with a focus on FI intermediated mitigation finance.

The estimation of the mitigation impact is based on standard methodologies and DFI-aligned approaches to calculating emissions factors as applied for other blended funds advised by FiM with DFI investor bases. CO_2 emissions reductions are calculated and reported in accordance with the requirements of the IFI Framework for a Harmonized Approach for GHG Accounting and its corresponding supporting standards. For more details on the calculation methodology and results, refer to Annex 22. FiM has more than 15 years of experience in assessing and tracking climate mitigation finance outcomes to DFI standards including the adoption of dedicated tools for financial intermediaries.

Adaptation impact potential Consistent with GCF Core Indicator 2, the Programme is expected to reach a total of 1,445,780 beneficiaries, comprising 38,465 direct beneficiaries and 1,407,315 indirect beneficiaries. This represents approximately 0.01% and 0.45% of the total population across the target countries, respectively. Furthermore, adaptation interventions are expected to bring 90,000 hectares of natural resources under improved climate-resilient management practices, and a total of 516,000 hectares of farmland under sustainable management (Table 8).

Table 8: Adaptation Impact Potential

Indicator	Definition	Final Expected Outcome
Direct beneficiaries reached (Core 2)	Individuals who receive targeted support (financing) from the Fund and have a measurable adaptation benefit from a project intervention	38.5k *male: ~23.8k, female: ~14.7k*
Indirect beneficiaries reached (Core 2)	Employees of the direct beneficiaries and their dependents/households	1,407.3k *male: ~756k, female: ~651k*
Hectares of natural resources brought under improved climate-resilient management (Core 4)	Total area newly brought under improved climate-resilient management practices	90k ha
Hectares of farmland under sustainable management	Total area under sustainable management (newly and existing)	516k ha
Number of farmers applying climate-resilient agricultural practices	Equivalent to direct beneficiaries	38.5k

Importantly, the estimate of direct beneficiaries is deliberately conservative. **Direct beneficiaries are restricted to the number of sub-borrowers that directly receive TPI financing for interventions that reduce their vulnerability to climate change**. These sub-borrowers are largely businesses that implement resilient business practices or invest in new resilient technologies. Beneficiary counts do not extend to employees, households, value chain actors, or surrounding communities who will also benefit from the enhanced resilience of these businesses. The Programme also combines financing with technical assistance, climate risk management support, and capacity building to ensure that adaptation investments are robustly designed and capable of delivering lasting resilience outcomes.

Climate adaptation measures supported by the Programme largely aim to reduce the risks related to climate variability—such as floods, extreme temperatures, or droughts—that directly threaten business continuity and, by extension, employee livelihoods. By enhancing the climate resilience of these businesses, as a means to address existential risks, clear benefits extend downstream to their employees and their families through improved income security and job security. By supporting companies in building resilience to these risks, the Programme helps safeguard the income, employment, and livelihoods of those working within them. This is especially relevant in regions where the formal job market is limited and agribusinesses serve as major employers.

From a gender and inclusion perspective, many employees, particularly women and youth, may not own or manage the businesses themselves but rely heavily on them for economic participation. The employees of the direct beneficiaries (est. 364,000) and their dependents/households (est. 1,043,250) are categorised as indirect beneficiaries given their reliance on the business continuity of TPI adaptation finance recipients.

The number of direct beneficiaries, employees per sub-borrower, and dependents were calculated using impact methodologies and data sources developed for comparable investments in the same target regions. Additional indirect benefits – such as improved resilience of local communities through enhanced food security, strengthened value chains, or improved water availability – are not estimated. As a result, the reported beneficiary numbers should be viewed as a prudent estimate of the Programme's impact that prioritises robust attribution over broader but less certain resilience benefits. For more details on the calculation methodology and results, refer to Annex 23.

D.2. Paradigm shift potential

The Transformation Pathways Initiative (TPI) drives a paradigm shift through the structural mobilization of institutional capital, the mainstreaming of climate finance within local banking sectors, the demonstration of commercial viability in direct lending, and targeted market building.

Overall paradigm shift: mobilising institutional capital at scale: A critical barrier to industrial climate finance in Emerging Markets and Developing Economies (EMDEs) is the mismatch between the risk-return requirements of global institutional investors and the idiosyncratic risks of EMDE private debt. The TPI addresses this by utilizing the GCF's first-loss junior equity to absorb initial portfolio losses, thereby creating an investment-grade senior risk profile. This translates heterogeneous, real-economy climate projects into a standardized fixed-income product capable of meeting the strict fiduciary and regulatory constraints of pension funds and insurers. Crucially, through its 20-year revolving structure, the TPI does not execute a one-time capital mobilization; it establishes a repeatable capital-markets channel, targeting a lifetime private capital mobilization ratio of over 1:10 and building durable institutional demand for EMDE climate debt.

The Programme's design makes a significant contribution to a paradigm shift towards future-proof industry and agrifood systems. It will substantially increase the availability of private institutional capital flowing to EMDEs for climate action, with a focus on acutely underfunded sectors. At the same time, it combines tangible climate change mitigation and adaptation investments with strategic technical assistance to improve the capacities of local financial and industrial sectors to scale-up and replicate these investments beyond the direct scope of the Fund's investments. TPI engagement to help transform and make financial sectors climate compatible is particularly critical. In EMDEs banks are the foundational provider of credit to businesses and private infrastructure, with large portfolios and client bases that offer the opportunity for steering towards climate outcomes. Given the immense climate finance need in EMDEs, only the domestic financial sector can deliver quickly enough, at scale, and with the necessary reach, meaning banks represent a vital solution commensurate to the size of the crisis at hand. IFC estimates that climate lending by EMDE banks should increase to up to 30% of portfolios by 2030, from often negligible or low shares today[37]. TPI provides comprehensive support and advice to partner FIs via TA (Sub-component 2.1) to mainstream and implement climate finance into their business models and strategies. This allows banks to reap the benefits of growing their climate finance offering and to build this into a core pillar of their business. Supporting banks in this way amplifies the Fund's paradigm shift well beyond its financing activities alone. A further paradigm shift outcome lies in the Programme's ability to attract institutional investors into sectors and markets that have historically been perceived as too small, fragmented, or high-risk. By demonstrating investability and building a track record of climate-positive returns, TPI aims to catalyse a lasting change in investor behaviour, unlocking larger volumes of commercial capital for industrial and agrifood transitions in EMDEs.

Potential for scaling-up and replication: The Programme has been specifically designed to ensure scaling up in the targeted sectors and participating countries through the following features and activities. The Fund's variable share structure allows additional growth beyond the currently envisaged target size of 700 million USD, should additional derisking instruments be made available. The absorptive capacity for additional mitigation and adaptation investments in the Fund's target sectors is many times larger than the current investment pipeline and total investment volumes planned. Furthermore, the programme operationalises scaling and replication through its two investment channels:

[37] IFC (2018) Greening Banks & Capital Markets for Growth

- **Intermediated lending (60%).** Local financial institutions are critical to systemic change given their distribution networks and SME client bases. TPI credit lines, paired with Technical Assistance (TA), require partner FIs to apply strict climate eligibility, impact monitoring, and environmental and social (E&S) risk assessments. Repeated origination embeds these capabilities into mainstream banking operations, allowing FIs to progressively replicate climate lending using their own balance sheets.
- **Direct Lending (40%):** Direct investments in both hard-to-abate sectors and to bridge the 'missing middle' financing gap across sectors serve a strict demonstration function designed to unlock specific replication pathways. By financing technically complex, larger, or risker investments, the TPI generates operational data and contractual precedents that establish reference asset classes. The Programme systematically drives scaling and replication through:
    - **Co-financing and funded risk participations:** Shifting local lending practices by co-financing or syndicating transactions alongside local commercial banks. This allows domestic institutions to enter unfamiliar climate sectors and extend tenors while relying on the TPI's technical appraisal, thereby building their internal capacity to replicate transactions independently.
    - **Broadening the lender base:** Utilizing the TPI's specialized impact structuring, Environmental and Social (E&S) requirements, and impact-monitoring frameworks to validate complex borrower business models, thereby making these companies investible for subsequent co-lenders and mainstream capital.
    - **Cross-Country value chain integration:** Leveraging the TPI's multi-country structure to finance multiple actors along the same value chain (from primary producers to processors and traders). This approach reinforces common expectations regarding traceability and resource efficiency, allowing technologies and financing structures proven in one market to be adapted across jurisdictions.
    - **Working Capital for climate-technology providers:** Financing the long-term working capital cycles of Engineering, Procurement, and Construction (EPC) contractors and climate-service providers. This enables them to hold inventory and extend supplier terms, driving a multiplier effect in the deployment of climate infrastructure across multiple third-party industrial sites rather than limiting impact to a single facility.
    - **Successive intra-group investments:** Proving the commercial and technical viability of low-GHG upgrades or resilience measures in a single subsidiary to establish the precedent for group-wide transformation across diversified EMDE industrial conglomerates.

Potential for knowledge sharing & learning: The Programme is expected to generate and disseminate knowledge and learnings as part of Programme's vision for paradigm change. The Programme will be, as far as its proponents are aware, the first fund focused on driving sustainable industrial transformation in global value chains. Hence novel lessons learned from this endeavour will be documented and disseminated through peer exchange, webinars, panel discussions, publications, conferences, and via other online means. These lessons learned can include the Programme's experience in: challenges and opportunities to invest in low-GHG climate resilient industry; developing climate-compatible lending products for industry by local financial institutions; lessons on effective methods of TA provision; lessons on how industry stakeholders (corporates, financiers) can support SMEs suppliers on their sustainability journey (e.g. supply chain innovation, financing); and lessons on market gaps and policy recommendations.

The TAF establishes a feedback loop between investment execution and market development. Financing opportunities and requirements (such as operational data, technology performance metrics, transition strategies, or structuring needs) are captured in a shared knowledge repository. Through UNIDO's Market Track, this data is disseminated via practitioner exchanges, sector associations, and peer-learning networks to inform both corporate borrowers and local financiers across the 10 target countries, establishing cross-country sectoral competence.

Contribution to an enabling environment: The Programme contributes to a stronger enabling environment for low-GHG and climate-resilient investments in industry and agrifood systems via the Blended Finance

Debt Fund and its Technical Assistance Facility. The Programme delivers a combination of tangible investments and accompanying technical assistance that develops a pipeline of investments, builds capacities for their implementation and captures experiences and lessons learned to mainstream these into strategies and product offerings of local financial institutions. The Programme will thus create and strengthen markets for low-GHG, climate resilient technologies in its target sectors in partner countries. Experience with undertaking investments and strengthened capacities will reduce transaction costs and (perceived) risks for future investments, while stimulating demand for green technologies and practices. At the same time, as the Fund gains a track-record of successful implementation, institutional investors will become more confident to invest in low-GHG, climate resilient technologies in EMDEs, thus progressively lowering the need for first-loss capital. The Programme this contributes to overcoming the systemic barriers for low-emission development in industry described under A.2 in its partner countries.

The Technical Assistance Facility (TAF) systematically dismantles the knowledge and capacity barriers preventing the deployment of capital:

- The **Finance Track (FiM)** targets the internal constraints of local banking sectors by supporting partner FIs with the development of climate-aligned lending strategies, green product design, and E&S risk management integration.
- The **Market Track (UNIDO)** provides upstream investment-readiness advisory (e.g., targeted energy audits and pre-feasibility assessments) to SMEs and corporates. This translates fragmented technical potential into a derisked, bankable pipeline, ensuring that capital deployment is not stalled by a lack of investment-ready projects.

Contribution to regulatory framework and policies: The TAF Market Track will offer targeted advisory support and capacity building to selected governmental agencies to strengthen regulatory frameworks, standards, policies and incentives for investments into low-GHG, climate resilient technologies and services in industry and agri-food systems. This type of technical assistance will be limited to those selected countries where fundamental market constraints, in the form of a weak or under-developed regulatory framework hamper the investment activities of the Fund, with subsequent programming of assistance focused strictly on those areas of engagement that directly complement the Fund's investment activities.

While the TPI is primarily a private-sector financing vehicle, its Market Track (executed by UNIDO) actively engages with sector associations, industry regulators, and public agencies to address specific regulatory bottlenecks identified during the Fund's origination activities. By anchoring policy dialogue in actual financing requirements, the TAF provides evidence-based recommendations to strengthen industrial efficiency standards, improve waste management and circularity regulations, and enhance climate-risk disclosure requirements. This targeted engagement ensures that domestic policy frameworks evolve to sustain and incentivize low-GHG and climate-resilient investments beyond the Programme's lifespan.

D.3. Sustainable development

The TPI strategically contributes to sustainable development by mobilizing private capital to enhance investments in low-GHG, climate-resilient industries and agrifood systems, and by strengthening the financial sectors in partner countries. Its primary focus aligns with SDG 13 (Climate Action) and SDG 9 (Industry, Innovation and Infrastructure), while generating measurable co-benefits across additional SDGs. To ensure robust delivery, the Accredited Entity's impact management capabilities are externally verified by BlueMark, ranking them as a Practice Leader.

Environmental Co-Benefits The Programme advances SDG 7 (Affordable and Clean Energy) and SDG 12 (Responsible Consumption and Production) by financing energy efficiency, renewable energy integration, circularity, and sustainable resource management across industries. The TPI targets approximately 2.14 million cubic metres of lifetime water savings through water-efficient processing and irrigation interventions. Within agrifood systems, investments in soil conservation, water retention, and agroforestry are projected to bring 516,000 hectares of farmland under sustainable management and support 38,465 farmers adopting climate-resilient practices.

Social and Health Co-Benefits In alignment with SDG 2 (Zero Hunger) and SDG 8 (Decent Work and Economic Growth), adaptation investments strengthen food systems, reduce post-harvest losses, and improve food security in target countries. The Programme targets the support of approximately 517,000 green jobs over its lifetime (estimated using the Joint Impact Model and disaggregated by gender), while directly benefiting 38,465 sub-borrowers and indirectly benefiting 1,407,315 individuals through improved resilience and income stability. Recognizing that industrial modernization involves job transformation, the Programme's Environmental and Social Management System (ESMS) explicitly enforces safeguards aligned with ILO Fundamental Conventions to protect livelihoods, occupational health and safety, and working conditions, ensuring an inclusive and just transition.

Economic Co-Benefits The TPI stimulates inclusive economic development and industrial competitiveness (SDG 8, SDG 9) by financing investments that reduce operating costs, improve productivity, and enable companies to meet increasingly stringent export market and regulatory requirements. In manufacturing industries such as textiles production or food and beverage manufacturing, energy costs may typically represent 5 to 20% of operational expenses, while in certain energy intensive industries this share can double[38]. Furthermore, the Programme advances SDG 17 (Partnerships for the Goals) through its blended finance model and Technical Assistance Facility (TAF). By combining capital deployment with UNIDO-led technical assistance, the TPI mobilizes institutional capital, supports market development, and fosters multi-stakeholder collaboration to drive systemic, long-term improvements in industrial standards and regulations.

Gender-Sensitive Development Benefits The Programme systematically advances SDG 5 (Gender Equality) by integrating gender considerations across governance, investment due diligence, and capacity building. Informed by country- and sector-specific assessments, the Gender Action Plan enforces measures to mitigate risks of Sexual Exploitation, Abuse, and Harassment (SEAH) and Gender-Based Violence (GBV), while addressing barriers to access to finance for women-owned and women-led businesses. Investees are required to provide gender-disaggregated reporting, including employment metrics and the gender pay gap, to track outcomes and implement corrective actions, helping to ensure women benefit equitably from the low-carbon transition.

Environmental co-benefits	
SDG 13 Climate Action	The Programme directly supports climate mitigation and adaptation impacts through incentivizing low-GHG investments and climate-resilient practices.
SDG 7 Affordable and Clean Energy	By financing energy efficiency measures and promoting the adoption of renewable energy in industrial and agri-food sectors, the Programme reduces carbon footprints and advances clean energy access.
SDG 12 Responsible Consumption & Production	The Programme encourages sustainable resource management, waste reduction, and the adoption of efficient, environmentally responsible practices across industries.
Social Co-Benefits (Including Health Co-Benefits)	
SDG 2 Zero Hunger	By financing climate-resilient agricultural practices, the Programme strengthens food systems and improves food security in partner countries.
SDG 5 Gender Equality	The Program promotes a gender-responsive financial sector, industry, and agrifood systems by addressing disparities in access to finance, employment, and capacity building.
SDG 8 Decent Work & Economic Growth	By fostering green and inclusive business practices, it supports green job opportunities for men and women.
SDG 13 Climate Action	The Programme's climate action will contribute to healthier ecosystems and communities (including through improved air quality).
Economic Co-Benefits	

[38] IEA (2026) Energy Technology Perspectives - Supply chain risks and industrial competitiveness

SDG 8 Decent Work & Economic Growth	The Programme stimulates inclusive economic development promoting green jobs.
SDG 9 Industry, Innovation, and Infrastructure	It enhances energy and resource efficiency as well as uptake of innovative, sustainable technologies supporting competitiveness and growth of industrial enterprises and agri-food value chains.
SDG 17 Partnerships for the Goals:	Through its blended finance model and Technical Assistance Facility, the Programme mobilizes capital and fosters multi-stakeholder collaboration to drive systemic transformation in finance and industry.

Gender-Sensitive Development Benefits

SDG 5 Gender Equality	The Programme addresses gender disparities by promoting a gender-responsive financial sector, industry, and agrifood systems.
SDG 8 Decent Work & Economic Growth	By promoting green jobs for women and men in green sectors, the Programme supports more inclusive labour markets and economic development.

D.4. Needs of recipient

Vulnerability and financing gaps in priority sectors: Industrial companies and agri-businesses in the Programme's partner countries face growing pressure to stay competitive in local or international markets while adapting to climate risks and global sustainability demands. Yet access to climate finance remains a major barrier. Although global climate finance more than doubled between 2018 and 2024, significant disparities persist.[39] On average, partner countries require over 200 billion USD annually to meet their 2030 mitigation targets based on bottom-up estimates, but climate finance growth has slowed or declined in regions like Sub-Saharan Africa and Latin America (Annex 2). Despite being major emission sources, industry and agriculture receive only 5% of tracked mitigation and dual-benefit funding and less than 2% of mitigation funding. In Programme regions, industry's share of mitigation finance remains critically low, where these figures are available, e.g. 3.3% in Latin America and 4.5% in Eastern Europe and Central Asia.[40] This underinvestment hampers the ability of SMEs and companies to transition toward low-GHG resilient practices while maintaining or improving competitiveness.

Structural barriers further constrain access to finance. In emerging markets challenges such as debt burdens, limited capital inflows, conservative lending practices, and inefficient financial systems hinder investment in sustainable practices:

- Across **Africa**, industrial emissions are rising, though the sector remains relatively underdeveloped. The key challenges include unreliable and (often) carbon-intensive energy supply, low levels of energy efficiency, and limited access to finance and clean technologies.
- In **Asia**, fast-growing industrial economies face mounting emissions from textiles & apparel, electronics & machinery, pharmaceuticals, cement, and steel, as well as growing sustainability demands driven by buyer/off-taker environmental commitments. Key constraints include coal-dependency, inefficient technologies (sector dependent), limited waste management standards and lower levels of circularity.
- Industrial emissions in **Latin America** primarily stem from cement, steel & metals, pulp & paper, mining & extraction, food & beverages, and export-oriented light manufacturing. Core challenges include fossil-fuel reliance for heat, low uptake of circular practices, limited adoption of distributed/industrial renewables, and weak enforcement of efficiency standards.
- **Eastern Europe and Central Asia** faces challenges with often outdated industrial infrastructure, high energy intensity, and continued fossil fuel dependence, including in grid supply. Key constraints include limited access to appropriate finance, inefficient technologies and processes, and regulatory frameworks for low-GHG emission development that are only recently beginning to take force.

[39] Climate Policy Initiative, 2026, *Global Landscape of Climate Finance*
[40] Climate Policy Initiative, 2025, *Global Landscape of Climate Finance*

Without access to affordable long-term financing and adequate borrowing costs, these regions risk falling behind in sustainable industrialization and economic growth.[41]

In each partner country, the programme focuses its investments on priority sectors, investment themes, technologies and financing modalities which reflect the priorities and needs expressed by NDAs and other stakeholders during the NOL process and which offer significant opportunities for climate impacts and socio-economic development (see Table 6 for an overview of priority sectors and interventions)

Complementarity with existing baseline programmes: Target countries have established various baseline programmes to address industrial emissions, including sovereign grant schemes and multilateral development bank (MDB) interventions, such as the Climate Investment Funds (CIF) Industrial Decarbonization Programs in Mexico and South Africa**.** While existing initiatives - such as the CIF Industrial Decarbonization Programs and various national credit lines - play a vital role in reducing upfront costs, building early-stage capacity, and piloting transformative technologies using public or concessional funding, a structural gap remains in scaling these solutions across broader value chains. The TPI complements these foundational efforts by acting as a provider of follow-on private debt capital designed to translate policy signals and successful pilots into broader commercial replication. Consequently, the unmet recipient need is the mobilization of private institutional capital at scale. The TPI addresses this specific gap by providing medium- to long-term debt and mid-sized tickets (USD 5–50 million) that translate sovereign policy signals into actual capital expenditure, complementing rather than duplicating existing concessional initiatives.

Furthermore, the Programme is structured to ensure strict coherence with the broader GCF portfolio by creating natural scale-up pathways and addressing distinct market segments:

- Differentiation by Target Segment: While existing initiatives like the Kuali Fund (FP230) focus on microfinance and smallholder inclusion, or the &Green Fund (FP212) focus on land-use and deforestation, the TPI is focused on low-GHG industrial development, mid-stream agro-processing, and value-chain transformation.
- Scaling Financial Sector Readiness: The TPI complements foundational capacity-building programmes - such as AFD's Transforming Financial Systems for Climate (FP095) and EBRD's Greening Financial Systems (FP253) - by providing the specialized debt and transaction-level technical assistance required to convert that institutional readiness into large-scale climate investments.
- Graduation Pathways for Borrowers: In limited markets (Serbia) overlapping with EBRD's SEFF Co-financing Programme (FP025), the TPI enables scale-up by financing larger, transformational climate-resilient CAPEX that exceeds the parameters of small-scale energy efficiency improvements.

Blended finance is recognized as a key tool to mobilize private investment in EMDEs. According to Convergence[42], low-GHG industry remains significantly underfunded relative to sectors like renewable energy, against a backdrop of a growing blended finance market. Expanding blended finance to support energy efficiency, low-GHG technologies, and circularity in industry is essential to ensure competitiveness and sustainable livelihoods in a low-GHG global economy. Extreme weather events and shifting climate patterns threaten agrifood systems, which support on average 29% of the population and 13% of GDP across target countries (for more details on each country's vulnerability refer to Annex 2), however adaptation finance to these value chains remains insufficient in EMDEs.

Partner countries clearly recognize the role of international finance and private sector investment in meeting NDC goals related to industry and agrifood systems, but without targeted financial and technical support, businesses risk losing market access and falling behind in global value chains increasingly shaped by sustainability requirements and a changing climate.

Financial sector and institutional capacity needs: Local financial institutions can play a crucial role in bridging the finance gap but often lack experience in assessing the viability of climate technologies and structuring suitable products. Strengthening their capacity - through technical assistance, tailored debt

[41] UNIDO, 2024, *Industrial Development Report*
[42] Convergence, *State of Blended Finance 2024: Climate Edition*

instruments, and support for climate risk and impact reporting - is key to scaling finance for industrial and agri-businesses. To reach businesses at scale, broader institutional capacity building is needed, including through sector and industry associations that can disseminate best practices and support sector-wide transitions to low-GHG, climate-resilient business models.

D.5. Country ownership

The Programme addresses three dimensions of country ownership, which are shaped through engagement with the NDA and a range of domestic stakeholders, ensuring that the Programme is tailored to each country's unique situation and conditions while aligning with national priorities and development needs:

Alignment with national climate and industrial policies: The industrial sector and agri-business in each of the Programme's partner countries is a key driver of economic growth, contributing significantly to GDP, employment, and strategic integration into global value chains. Strengthening its competitiveness and resilience is crucial for long-term sustainable development – in this regard the TPI is closely aligned with the Nationally Determined Contributions (NDCs) and National Adaptation Plans (NAPs) of the 10 target countries, which emphasise industrial energy efficiency, renewable energy deployment, and the reduction of agrifood vulnerability. The Programme translates these national targets into specific investments, ensuring that capital is directed toward sectors recognized by host governments as critical for transitioning to low-GHG, climate-resilient development pathways. The Funding Proposal is supported by No-Objection Letters (NOLs) from the NDAs of all 10 target countries. Full details are presented in Annex 2.

Crucially, because the Programme operates over a 20-year lifespan, the TPI ensures dynamic, long-term alignment with these evolving national policies through regular, structured communication with the NDAs. This ongoing governance mechanism systematically captures policy updates, allowing the Fund to adjust its priorities to remain aligned with national strategies as NDCs are ratcheted upward over the next two decades.

Financial sector alignment While national climate policies and NDCs focus primarily on real-economy targets, the successful implementation of these goals depends on domestic capital mobilization. All 10 target countries have established or are currently developing national sustainable finance strategies. These frameworks formally recognize and mandate the financial sector's role in achieving climate targets. By utilizing local financial institutions for its intermediated lending and providing them with targeted technical assistance, the TPI directly operationalizes these national sustainable finance strategies, building domestic institutional capacity to sustain climate lending.

Stakeholder engagement: The Programme's design and investment strategy were informed by consultations with core stakeholders, including government ministries, industrial associations, civil society organizations, and local financial institutions. Potential investees confirmed substantial demand for targeted climate debt, while civil society stakeholders highlighted the need to address the high upfront costs and technical barriers faced by MSMEs.

The Programme is aware of the challenges of administering multi-country GCF initiatives in a way that meets the informational and strategic alignment needs of local stakeholders. To ensure ongoing country ownership during the Programme's implementation, regular exchange with the NDAs and other relevant Ministries, and where relevant with national EEs, will take place throughout the lifetime of the Programme. Country-specific arrangements with NDAs for ongoing engagement help ensure that activities are well-communicated and continue to be aligned with national priorities. Between UNIDO and FiM there is a local market presence/office in 9 of the 10 target markets, which has been engaged to support these discussions. The Programme's stakeholder engagement plan enhances country ownership further by involving key local stakeholders. This involves potential investees and recipients of technical assistance – such as local financial institutions, industrial companies and agribusinesses, financial sector actors, regulators – as well as relevant ministries, industry associations, local agrifood networks, and women associations.

Stakeholder consultations across varied stakeholder groups (including representatives of vulnerable groups, indigenous peoples and gender-focused organisations) provide several findings, which confirm the TPI Programme objectives and will guide its implementation. For details refer to the Programme's stakeholder engagement strategy and individual feedback, Annex 7.

- Potential investees consistently expressed strong interest in targeted financing and additional syndication capacity related to climate solutions for industry and agrifood systems, noting the significant demand for financing in the targeted sectors.
- There was broad political support from non-investee stakeholders, welcoming its global scope and inclusion of a range of target countries
- Feedback from civil organizations highlighted the challenges faced by MSMEs, including low awareness of climate solutions, complex financing options, and high upfront costs for clean technologies. Stakeholders advocated for simpler processes, more outreach in regional languages, and inclusive access.
- Indigenous Peoples' organisations emphasised meaningful participation where activities may intersect with land, water, agrifood or renewable energy value chains, including respect for customary governance and traditional knowledge, transparent benefit-sharing and more accessible pathways for grassroots organisations to engage in TA and climate finance.

Indigenous Peoples: Within the agri-food sector, specific consideration was given to consultations with Indigenous People, as rural, agricultural and land-use supply chains may directly or indirectly intersect with Indigenous People's territories, ancestral lands, and communities. By fostering inclusive and structured collaboration, the Programme aims to ensure locally driven implementation that is transparent, responsive to national needs, and supportive of long-term sustainability. Crucially, the Programme recognizes that mitigation and adaptation investments in sustainable fuels and climate-resilient agrifood systems depend on rural and agricultural supply chains that may intersect with Indigenous Peoples' territories, ancestral lands, and communities. To ensure robust safeguards and inclusive design, the Stakeholder Engagement Plan mandates proactive mapping and targeted consultations with Indigenous Peoples prior to investment and during the pipeline development phase. This structured engagement ensures that customary governance, traditional knowledge, and localized climate vulnerabilities are actively integrated into the Fund's overarching investment targeting and adaptation finance deployment.

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

The blended fund structure and efficient capital mobilisation: The TPI is designed to address a fundamental market failure in climate finance: despite strong underlying credit performance and substantial investment opportunities in EMDEs, institutional investors allocate only a limited share of their capital to EMDE private debt. The principal constraint is not a lack of investable climate opportunities, but a mismatch between institutional investors' risk, return, liquidity, rating, and regulatory requirements and the characteristics of EMDE private debt. The Programme achieves high levels of lifetime private capital mobilization (over 1:10) through the way the TPI is structured (targeting an investment-grade rated senior product as required by most institutional investors) and deployed. A positive indicative rating via a Rating Assessment Service has already been achieved from one of the major global rating agencies to confirm the viability of this approach. Private capital will be, in the large majority, institutional investors who have traditionally not provided meaningful levels of climate finance in most EMDEs, nor in relation to industry and agrifood systems. While historical evidence, including GEMs data and Finance in Motion's own track record, suggests that EMDE private debt can deliver attractive risk-adjusted performance, institutional investors remain constrained by investment-grade requirements, capital regulations, country-risk limits, and expectations for predictable fixed-income returns. The Fund also targets domestic institutional investors that are underrepresented in global climate finance flows, who face similar fiduciary and risk-return challenges as foreign investors though have, in principle, strong alignment to the positive domestic outcomes the TPI will deliver. See also B.5 Justification of GCF Funding Request. The TPI structure translates these real-economy climate projects into an investment-grade rated senior product, effectively mobilizing institutional investors - such as pension funds and insurers - at scale.

Co-financing and disbursement linkage: To mitigate upfront disbursement risks and safeguard GCF resources, the Term Sheet mandates that individual tranches of GCF junior shares will only be drawn down and subscribed by the Fund if the corresponding private co-financing is secured and invested in parallel. This

guarantees that GCF capital is always matched at the pre-agreed levels. Should the Fund not be able to mobilize sufficient private capital, undrawn GCF funding will be released back to the GCF at agreed break-points, eliminating the risk of GCF capital being stranded in an under-scaled fund.

The proposal's cost effectiveness compares favourably with GCF projects in the same sector: The financing efficiency for the mitigation portion of the Programme is approx. 23.6 USD/tCO_2 based on total financing and 4.8 USD/tCO_2 based on GCF amount only. This compares favourably with GCF projects in the same sector, contributed to by the revolving nature of the TPI, as well as to the shadow price of carbon as adopted by the World Bank for all investment project financing by the International Bank for Reconstruction and Development (IBRD) and the International Development Assistance (IDA) that is subject to greenhouse gas (GHG) emissions accounting[43]. Across the GCF portfolio, a recent Secretariat analysis of Annual Performance Reports (APRs) found that the average abatement cost for mitigation projects overall is USD 23.22 per tCO2eq, calculated based on the impact achieved relative to the amount disbursed[44]. CPI research estimates that GHG avoidance in industry is estimated to be slightly more efficient per USD than energy sector interventions, and 2-3 times more efficient than investments in transport or buildings[45].

Cost-effectiveness of adaptation beneficiaries: The adaptation calculations explained in Section D1 Impact Potential use an intentionally strict, conservative attribution methodology limited solely to the sub-borrowing entities. When factoring in the continuous reinvestment of amortising assets over the 20-year fund lifespan, and the 743,670 indirect beneficiaries whose employment and household incomes are systematically protected against physical climate shocks, the overall efficiency of GCF capital is very high.

GCF capital is used to enable significant private mobilization – at fund and domestic levels – during ramp-up and over time: Following ramp-up, the TPI will have 525 million USD of private capital, when considering the capital structure of the Fund. This is further leveraged in the investment portfolio with a) additional private parallel financing mobilized by domestic FIs who are investees of the Fund, i.e. domestic FIs are required to provide additional matching against the financing provided by the Fund when taking on subordinated debt, and b) equity contributions by beneficiaries/investees in accordance with conservative estimates. Accounting for domestic parallel financing, the TPI has a point-in-time co-financing ratio of 1:4.2.

Given the revolving nature of the Fund (and as evidenced in current funds managed by FiM) – whereby amortizing financing that the Fund provides is reinvested several times over and in parallel private investors are mobilized several times over, it is most appropriate to consider lifetime mobilization ratios. Over the Programme implementation period, the mobilization ratio reaches 1:10.3, with total mobilization of 1.9 bn USD of private capital[46]. The lifetime co-financing ratio considers additional private capital mobilized to replace maturing capital over the entire lifetime of the Programme.

GCF junior shares are used efficiently with minimum concessionality: The TPI structure and the terms and conditions of the GCF junior shares have been designed to ensure that the concessionality of catalytic junior shares is minimized and justified, based on the FiM's long track record in raising and deploying blended debt funds in EMDEs. See also B.5 Justification of GCF Funding Request.

The TPI design seeks to keep the ratio of junior shares at a minimum level while providing adequate derisking for investors. During development and market sounding potential institutional investors for the TPI have stressed the need for de-risking to the extent proposed in the Programme to meet risk-return expectations and benchmarks of alternative similarly profiled non-EMDE investment products (from a risk-return perspective). The first-loss protection through the GCF junior shares is determined via industry standard models as a viable minimum to provide the required protection to market to investors a (near-) investment grade product, in line with fiduciary and internal requirements. The use of concessional capital is therefore carefully calibrated to address specific market barriers and mobilize institutional capital that would otherwise not be deployed to climate investments in EMDEs.

[43] WorldBank (2024) 2024 Guidance Note on Shadow Price of Carbon in Economic Analysis

44 Green Climate Fund (2026). Status of the GCF resources, portfolio and pipeline. Available at: https://www.greenclimate.fund/sites/default/files/document/09-status-gcf-resources-portfolio-and-pipeline-gcf-b44-inf08.pdf

[45] CPI (2024) Global Landscape of Climate Finance 2024

[46] The lifetime mobilization ratio considers a) private capital mobilized at the fund level including replacement of maturing capital over the implementation period – approx. 1.35 billion USD, b) parallel financing mobilized from partner FIs – approx. 0.21 billion USD, and c) parallel financing mobilized as equity contributions at the investment level – approx. 0.35 billion USD.

The level of derisking provided by the GCF junior shares in the capital structure is found to be low vs comparable loan-originating blended debt vehicles operating at scale, and peer funds managed and advised by Finance in Motion. Those funds have combined public investor risk buffers at higher levels than the TPI Debt Fund, where private investors typically benefit from risk protection of mezzanine capital provided by public DFIs/IFIs, as well as junior public capital. Annex 3 (Financial Analysis) provides additional details and a sensitivity analysis showing that concessional junior shares from GCF are necessary to ensure that TPI investments can generate adequate returns for private investors in the Fund. The proposed structure demonstrates how limited concessional capital can unlock substantially larger volumes of institutional investment while allowing GCF resources to be recycled through the revolving nature of the Fund.

Track record and junior equity preservation: Efficiency is further safeguarded by the Accredited Entity's outstanding credit risk management track record, which demonstrates very low historical realized losses (write-offs) in managing comparable EMDE private debt portfolios. While junior tranches in similar funds may show temporary Net Asset Value (NAV) fluctuations due to IFRS expected-loss provisions, these unrealized impairments are released as portfolios successfully repay. The exceptionally low rate of realized defaults is important in signalling long-term preservation and recycling of the GCF principal.

Innovation and use of best-available technologies: The Programme champions technologies, that are not adequately represented in the Fund's partner countries. The TPI does this not only through the financing it extends, but also by supporting these technologies under the investment readiness activities of the TAF Market Track (to build pipelines of bankable projects) and providing financing to projects as they reach commercial viability. The TPI approach to eligibility allows for novel or emerging technologies to be supported by financing during the lifetime of the Programme, where these are in line with the Fund's results areas, thematic focus, and can demonstrate the appropriate mitigation outcomes.

Additionality to prevent concessional lock-in: Recognizing the extended 20-year lifespan of the Programme, the TPI applies a rigorous assessment framework to ensure that GCF resources are directed towards investments that deliver climate and financing additionality. The Fund focuses on commercially viable and technically proven technologies whose deployment remains constrained by tenor, liquidity, structuring, or capacity barriers, rather than supporting investments that would proceed under business-as-usual conditions.

All investments are screened against the MDB Common Principles for Climate Mitigation Finance Tracking, MDB Common Principles for Climate Change Adaptation Finance Tracking, the MDB Joint Framework for Paris Alignment, and relevant EU Taxonomy criteria, ensuring that supported activities are scientifically credible, Paris-aligned, and capable of delivering measurable climate outcomes. In addition, every investment is assessed through a dedicated Impact Scoring Tool (IST), which evaluates both financial or non-financial additionality in the local context, ensuring that TPI financing is directed towards transactions where barriers to implementation, access to finance, market development, or technology adoption would otherwise constrain progress.

Particular scrutiny is applied to C&I solar, where increasing market maturity and financing viability requires a dedicated additionality assessment. In these cases, investments are evaluated against market-specific penetration thresholds and only supported where clear evidence exists of underpenetration or tangible barriers. The combined approach seeks to ensure that GCF capital is channelled towards investments that would otherwise be delayed, reduced in scale, or not implemented, thereby maximising both climate impact and the catalytic use of concessional resources.

Through the TPI's design, the Programme maximizes private capital leverage from institutional investors into climate change mitigation and adaptation. In doing so, the TPI represents a significant evolution of the blended finance approaches that FiM has been successfully applying for over 15 years in support of climate action. In addition, the TPI will seek to mobilize local sources of institutional capital who have a more direct alignment with the national objectives of the TPI in a given country, while also having more familiarity with the specifics of EMDE investments.

E. LOGICAL FRAMEWORK

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	Despite contributing an average of 45% of greenhouse gas emissions across the target markets, industry and agrifood systems remain critically underfunded, receiving less than 2% of tracked global climate finance. The fundamental barrier to scaling climate action is a structural risk-return mismatch. While global institutional investors control approximately USD 130 trillion in capital, idiosyncratic emerging market risks, illiquidity, and strict fiduciary constraints prevent these funds from reaching developing economies. Domestically, the scale of climate investment is stalled by a pervasive "missing middle" financing gap. Local financial institutions lack the long-term liquidity, E&S risk appetite, and technical capacity to underwrite complex climate technologies,	Low	In the target scenario, the idiosyncratic risks of emerging market climate debt are structurally mitigated, establishing a standardized, investment-grade asset class that safely channels a portion of the global institutional capital pool into EMDE industrial transitions. At the market level, partner financial institutions will have transformed into active portfolio aggregators, having permanently mainstreamed climate-aligned lending and climate risk assessments into their core operations to seamlessly reach fragmented, "complex-to-abate" SME supply chains. Concurrently, larger "hard-to-abate" industrial corporates will have reliable access to the scalable, long-tenor debt required for capital-intensive upgrades. Ultimately, through the continuous reinvestment of capital over a 20-year horizon and the strengthening of the regulatory ecosystem, domestic financial markets will possess the institutionalized expertise to independently originate, underwrite, and scale low-GHG and climate-	The Transformation Pathways Initiative (TPI) achieves systemic scale by fundamentally altering the risk-return profile of emerging market climate debt. While global institutional investors control approximately USD 130 trillion in capital, this vast pool largely bypasses developing economies due to strict fiduciary constraints and idiosyncratic risks. **Component 1 (Blended Finance Debt Fund)** bridges this gap by utilizing a 25% first-loss GCF tranche to target an investment-grade senior risk profile. Through this structural derisking **(Output 1.1)**, the Programme safely unlocks USD 1,351 million in private institutional capital that would otherwise remain sidelined, mobilizing private finance at a ratio of over 1:10 including local contributions. Once mobilized, this capital is driven deep into the real economy through a powerful multiplier effect **(Output 1.2)**. By employing a 20-year revolving structure, the Fund continuously reinvests amortizing assets to deploy an estimated USD 2,022 million in climate financing over its lifetime. To ensure this massive capital deployment reaches maximum market scale, the TPI operates through dual delivery channels. It utilizes local Financial Intermediaries (FIs) as portfolio aggregators to penetrate

	while direct international DFI lending cannot efficiently reach many parts of fragmented supply chains. Consequently, a vast base of industrial corporates and agribusinesses—despite possessing commercially viable low-GHG and adaptation opportunities—remains locked out of the patient, appropriately tenored capital required to transition.		resilient technologies without relying on concessional intervention.	fragmented, "complex-to-abate" SME supply chains, while concurrently deploying direct lending to both bridge the "missing middle" financing gap across sectors and finance larger, "hard-to-abate" industrial upgrades. To guarantee that this capital deployment is not stalled by market friction, **Component 2 (Technical Assistance Facility)** systematically removes the capacity bottlenecks that typically limit scale in emerging markets. Under the Finance Track **(Output 2.1)**, the Programme institutionalizes scale by equipping partner FIs with the internal climate-risk frameworks and green product designs necessary to independently grow their climate-aligned lending volumes. Simultaneously, the Market Track **(Output 2.2)** actively transforms latent market demand into a scaled, bankable pipeline by providing upstream investment-readiness advisory—such as energy audits and pre-feasibility studies—directly to SMEs. Together, these tracks foster an enabling ecosystem that ensures the mobilized capital is continuously met with a robust supply of investable climate solutions.
Replicability	Despite growing awareness of climate finance, the replication of large-scale climate investment initiatives in industry and agri-food systems remains limited across the partner counties due to fragmented efforts, regulatory inconsistencies, and insufficient financial sector engagement. While some countries have introduced green taxonomies and climate-related financial	Medium	In the target scenario, climate finance will have become a more mainstream and self-sustaining practice across partner countries. Financial institutions will have integrated climate finance into their core business models, offering a wider range of climate finance products tailored to their local markets. Equipped with sector-specific knowledge, they will independently assess and finance low-GHG and climate-resilient investments, replicating climate-aligned lending without relying on external support.	The Transformation Pathways Initiative (TPI) systematically drives replicability by converting isolated climate interventions into standardized, highly replicable reference asset classes. Under **Component 1 (Blended Finance Debt Fund)**, the Programme executes targeted direct investments **(Output 1.2)** in hard-to-abate sectors and to bridge the ‘missing-middle’ across sectors that serve a demonstration function. By financing technically complex, larger, or risker investments, the TPI generates the operational data and contractual precedents necessary to validate commercial viability. To deliver replication, the Fund utilizes specific structural

	regulations, their implementation is uneven, and many financial institutions still lack incentives, capacity, and standardized frameworks to scale climate finance independently. For systemic change, financial institutions must gain the confidence, expertise, and regulatory support needed to embed climate finance into their core operations, ensuring that climate investment models can be replicated beyond a few early adopters. Similarly, large-scale deployment of low-GHG, climate resilient technologies and solutions in industry and agri-food systems is often limited due to lacking technical capacities for developing, evaluating and implementing low-GHG, climate resilient projects and investments. Moreover, many businesses lack access to finance at suitable tenors and conditions.		The success of these investments will foster further replication beyond initial TPI partners, accelerating the transition to climate-compatible industries and agrifood systems. Moreover, private institutional investors will have become more familiar with private debt investments in Emerging Markets in the TPI's target sectors. This familiarity will encourage new capital inflows into similar funds and investment structures. The experience and capacities gained by investees will also lead to a replication of investments, as low-GHG, climate resilient technologies and practices will become more mainstream in partner countries.	mechanisms: it co-finances alongside local commercial banks, allowing domestic institutions to enter unfamiliar climate sectors while relying on the TPI's technical appraisal. It finances the long-term working capital of climate-technology providers and EPC contractors, creating a multiplier effect that deploys climate infrastructure across multiple third-party industrial sites. Furthermore, it leverages its multi-country structure to finance actors along cross-border value chains, ensuring that successful traceability and resource-efficiency models proven in one market are adapted across jurisdictions. At the institutional level, providing verified performance track records for EMDE private debt **(Output 1.1)** gives global institutional investors the confidence required to replicate their capital allocations in future climate funds. To ensure that this replication is not constrained by market friction, **Component 2 (Technical Assistance Facility)** institutionalizes climate finance within the broader market. The Finance Track **(Output 2.1)** equips partner Financial Intermediaries with the E&S frameworks and green loan methodologies required to independently replicate climate lending across their broader SME portfolios. Simultaneously, UNIDO's Market Track **(Output 2.2)** actively disseminates the technical learnings and investment-readiness tools derived from the Fund's investments to industry associations and regulators, ensuring that successfully piloted low-GHG business models are widely replicated by peer companies and broader value-chain actors.
Sustainability	The climate crisis is making climate-aligned investments increasingly essential across the partner countries, especially as	Medium	In the potential target scenario, the sustainability of the Programme's result will be driven by increased capacities at both the institutional and market level. Through the	The Transformation Pathways Initiative (TPI) achieves long-term sustainability by transitioning climate finance from a specialized, concessional intervention into a permanent, self-sustaining market function. Under **Component 1 (Blended Finance Debt Fund)**, the

countries work to meet their Paris Agreement commitments. Growth trends in climate finance and low-GHG, climate resilient investments for industry and agri-food systems need to be sustained and increased in the light of increasing climate impacts, growing regulatory pressures on global value chains and resource constraints.

TAF, businesses and financial institutions will have gained the skills, tools, and expertise to independently plan, assess, structure, and scale climate investments and climate finance. At the same time, businesses will have built practical experience in implementing low-GHG and climate-resilient investments, further embedding these practices across industries. Similarly, institutional investors will have built confidence in private debt investments in low-GHG, climate resilient industry and agri-food systems in emerging markets and continue to allocate funds there.

By engaging in climate finance, partner institutions will have developed long-term strategies, financial products, and risk assessment frameworks that integrate Environmental and Social (E&S) standards and responsive approaches. This will ensure that sustainable finance becomes a core part of their operations, continuing beyond the Programme's lifespan.

Programme's extended 20-year revolving structure ensures that mobilized capital is continuously recycled across multiple generations of climate technology, aligning financial deployment with the 25-to-30-year operational lifespans of many underlying industrial and agrifood assets.

However, true sustainability is secured by permanently altering domestic market behaviour through **Component 2 (Technical Assistance Facility)**. Under the Finance Track **(Output 2.1)**, the Programme treats local Financial Intermediaries not merely as conduits for a credit line, but as partners in institutional transformation. By working directly with local banks to integrate robust Environmental and Social (E&S) standards, gender-responsive lending policies, and climate-risk assessment tools into their core underwriting operations, the TPI embeds climate finance into their practices. Over the Programme's lifespan, the practical experience gained by local relationship managers, credit officers, and risk teams solidifies into permanent institutional knowledge. This capacity-building ensures that these institutions will continue to originate and finance low-GHG and climate-resilient projects using their own balance sheets after the TPI's exit.

At the real-economy level, the Market Track **(Output 2.2)** ensures sustainability by resolving the broader ecosystem barriers that typically threaten the longevity of climate interventions. By creating a direct feedback loop between the Fund's investment experiences and the Technical Assistance Facility, UNIDO actively engages with regulators, public sector actors, and industry associations to improve market standards based on verified, real-world transaction data. This targeted engagement ensures that domestic policy frameworks and market ecosystems permanently evolve to incentivize and sustain climate-aligned investments, leaving behind a resilient, independent green finance ecosystem that no longer requires concessional support.

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		Assumptions / Note
				Mid-term	Final[47]	
MRA3 Buildings, cities, industries and appliances	Core 1: GHG emissions reduced, avoided or removed/sequestered	Ex-ante and ex-post assessment, impact calculation methodology; third-party verification for larger sub-loans	0	972 $ktCO_{2e}$	End of implementation period: 8.2 $MtCO_{2e}$ End of total lifetime: 11.9 $MtCO_{2e}$	'Final' taken at end of 25-year implementation period, as well as at the end of total lifespan of the Programme, 'mid-term' at five-years following ramp-up. TPI will use globally recognised standards and accounting methodologies for emissions reductions baselines and calculations. Detailed sector and country-specific calculations can be found in Annex 22, along with a methodological description.
MRA3 Buildings, cities, industries and appliances	Supplementary 1.1: Annual energy savings	Ex-ante and ex-post assessment, data collection on sub-loan basis; third-party verification for larger sub-loans	0	2.2 TWh	18.9 TWh	Detailed sector and country-specific calculations can be found in Annex 22, along with a methodological description.
MRA1 Energy generation and access	Core 1: GHG emissions reduced, avoided or removed/sequestered	Ex-ante and ex-post assessment, impact calculation methodology; third-party verification for larger sub-loans	0	814 $ktCO_{2e}$	End of implementation period:11.2 $MtCO_{2e}$ End of total lifetime: 19.1 $MtCO_{2e}$	Detailed country-specific calculations can be found in Annex 22, along with a methodological description.

[47] 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.

MRA1 Energy generation and access	Supplementary 1.3: Installed renewable energy capacity	Ex-ante and ex-post assessment, data collection on sub-loan basis	0	172 MW	483 MW	Detailed country-specific calculations can be found in Annex 22, along with a methodological description.
MRA1 Energy generation and access	Supplementary 1.4: Renewable energy generated	Ex-ante and ex-post assessment, data collection on sub-loan basis; third-party verification for project finance	0	880 GWh	End of implementation period: 12.1 TWh End of total lifetime: 16.2 TWh	Detailed country-specific calculations can be found in Annex 22, along with a methodological description.
MRA2 Low-emission transport	Core 1: GHG emissions reduced, avoided or removed/sequestered	Ex-ante and ex-post assessment, data collection on sub-loan basis; third-party verification for larger sub-loans	0	16 $ktCO_{2e}$	End of implementation period: 141 $ktCO_{2e}$ End of total lifetime: 180 $ktCO_{2e}$	Detailed country-specific calculations can be found in Annex 22, along with a methodological description.
ARA1 Most vulnerable people and communities	Core 2: Direct and indirect beneficiaries reached	Direct beneficiary: from investee reporting Indirect beneficiaries: estimation based on regional or, if available, country-specific household size	0	Direct: ~ 13.6k Male: ~8.4k Female: ~5.2k Indirect: ~500k Male: ~269k Female: ~231k	Direct: ~ 38.5k Male: ~23.8k Female: ~14.7k Indirect: ~1,407k Male: ~756k Female: ~651k	For each transaction, beneficiaries are identified as those with benefits that are ongoing or permanent and that positively impact the climate resilience of livelihoods. This may include services that enhance agricultural outputs, water and food supply, financial stability, education and job security.
ARA2 Health, well-being, food and water security	Core 4: Hectares of natural resources brought under improved low-emission and/or climate-resilient management practice	Ex-ante data collection on hectares, and sub-loan reporting (ex-post)	0	32k ha	90k ha	The figures reflect CAPEX investments solely for production, either as initial investments or for expanding operations, to adopt low-emission and/or climate-resilient management practices.

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

Core Indicator	Baseline context (description)	Rating for current state (baseline)	Target scenario (description)	How the project will contribute	Coverage
Core indicator 7: Degree to which GCF Investments contribute to market development/transformation at the sectoral, local, or national level	There are few programmes active in the TPI partner countries on financing the low-GHG transformation of industrial value chains. Interventions that incentivize market actors such as (mandatory) energy efficiency audits and technology standards are applied in some countries and industrial (sub)sectors, but not comprehensively. At the same time, the demand from companies in industry and agri-food systems for low-GHG, climate resilient technologies and solutions lags far behind the scale of technology deployment required to meet climate targets due to significant barriers. These barriers include a shortage of mid- to long-term debt financing at the local level on appropriate terms, a low awareness of characteristics and benefits of low-GHG climate-resilient technologies and limited technical capacities for the development and implementation of investments in these technologies and solutions.	medium	In the target scenario, there is a significant growth in demand for low-GHG, climate resilient technologies and solutions in industry and agri-food systems in partner countries and an increased availability of appropriately structured climate finance for the TPI's target sectors. The target scenario also includes a strong pipeline of investment-ready financing opportunities for the TPI and partner financial institutions.	The Programme will contribute to market development and transformation through its Blended Finance Debt Fund, which will make significant investments in low carbon, climate resilient industry and agri-food value chains. Moreover, through its Technical Assistance Facility, the Programme will create a strong pipeline of investment-ready financing opportunities, build awareness on the viability of these investments both with local financial institutions and private sector actors, as well as relevant technical and institutional capacities for large-scale deployment of low-GHG, climate resilient technologies, which will lead to sustained market development.	Multi-countries
Core indicator 8: Degree to which GCF investments contribute to effective knowledge generation and learning processes, and use of good practices,	Within the financial sector in the Programme's partner countries, there is a lack of familiarity on the commercial viability of low-GHG, climate-resilient technologies and solutions in industry and agri-food systems. Within the corporate sector, especially for SMEs, there is oftentimes a low awareness of characteristics and benefits of such	low	In the target scenario, information on technology characteristics and commercial viability of low-GHG, climate-resilient technologies and solutions in industry and agri-food systems is widely available in the TPI's partner countries within the private sector, financial institutions and relevant government agencies. There	The Programme will contribute to effective knowledge generation and learning processes through its TAF, including through offering trainings and a knowledge-sharing platform and by developing and widely disseminating targeted knowledge products with success stories on best practices and lessons learned.	Multi-countries

methodologies and standards	technologies and limited technical capacities for the development and implementation of investments in these technologies. There are also limited mechanisms for knowledge sharing on deploying low-GHG climate-resilient technologies in the Programme's target countries		will also be improved structures for knowledge sharing which will lead to the replication of successful approaches for the deployment of low-GHG climate-resilient technologies in the TPI's focus sectors.		
Core Indicator 6: Degree to which GCF investments contribute to technology deployment, dissemination, development or transfer and innovation	The deployment of low-GHG, climate-resilient technologies and solutions in industry and agri-food systems in the TPI's partner countries lags far behind the scale needed to meet countries' climate targets.	low	In the target scenario, deployment of these technologies will have increased significantly across the Programme's target countries and across different industrial and agri-food (sub-) sectors and value chains and will continue beyond the intervention of the Programme.	The Programme will lead to increased levels of technology deployment through the significant investments undertaken by its Blended Finance Debt Fund, and through its TAF, which will contribute to structural improvements in the enabling environment and technical capacities for investments in low-GHG, climate resilient industry and agri-food systems.	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	
						'Final' taken at the end of the lifespan of the Programme, 'mid-term' at five-years following ramp-up.
Outcome 1: Reduced and avoided GHG emissions from industry and enabling infrastructure such as energy supply	GHG emissions reduced	• Investee reporting • Programme monitoring • Independent verification	0	1.8 $MtCO_{2e}$	31.1 $MtCO_{2e}$	TPI will use globally recognized standards and accounting methodologies for emissions reductions baselines and calculations. Detailed sector and country-specific calculations can be found in Annex 22, along with a methodological description.
Outcome 2: Increased resilience of vulnerable	• Hectares of farmland under sustainable management	• Investee reporting • Programme monitoring	0	• Hectares of farmland under	• Hectares of farmland under sustainable	For each transaction, farmers supported are identified as those in the agriculture, aquaculture and

people and communities involved in agrifood systems	• Number of farmers applying climate-resilient agricultural practices			sustainable management: 183k ha • Number of farmers adopting climate-resilient agricultural practices: 13.7k	management: 516k ha • Number of farmers adopting climate-resilient agricultural practices: 38.5k	fishery sectors that are the (sub-)borrowers of the TPI and that report climate-resilient practices/investments.
Outcome 3: Improved enabling environment and public and private sector capacities for investments in industrial low-GHG development	Number of organizations (incl. financial institutions, companies, regulators etc.) with improved technical and/or institutional capacities for low-GHG, climate resilient investments in industry and agri-food systems.	• Programme monitoring including TA completion reports • Strategy documents, annual reports etc by financial institutions, government policy documents, or similar	0	55	210	Organizations with improved technical and/or institutional capacities include i.a. financial institutions that have integrated climate considerations more strongly in their operations, companies that apply improved technical capacities for the origination and implementation of low-GHG climate resilient investments, SMEs with feasible investment plans related to TPI investment topics, regulatory bodies with improved incentives or standards.
Output 1.1: Mobilizing private capital for low-GHG climate-resilient industry and agrifood systems	Volume of private capital mobilized for low-GHG climate-resilient industry and agrifood systems	Programme monitoring	0	525 million USD	1,351 million USD	Conservatively only considers private capital that is invested into the Fund structure (i.e. notes and senior shares) and does not consider local financial institutions contribution, e.g., providing additional matching funds against the financing provided for subordinated debt, or equity secured for Fund debt provision.
Output 1.2: Increased investment in low-GHG climate-resilient industry, agrifood systems and enabling infrastructure in partner countries	Volume disbursed for investment in low-GHG climate-resilient industry, agrifood systems and enabling infrastructure in partner countries	Programme monitoring	0	700 million USD	2,001 million USD	Assuming a conservative recycling rate of funding based on experience from similar funds and average tenors observed across regions and asset types.

Output 2.1: Enhanced capacities of borrowers for preparing, implementing and reporting on low-GHG climate resilient investments and for gender inclusive, climate-compatible financial systems	• Number of TA projects provided to investees on preparing/enabling, implementing, and reporting low-GHG, climate-resilient investments • Number of TA projects supporting borrowers integrating gender-inclusive and/or climate-compatible investment criteria, green product offering, or strategies	Programme monitoring	0	• 35 • 7	• 65 • 15	• Includes specific activities such as impact assessment programmes, capacity building and training programmes, and due diligence support, E&S management system development, amongst others. • Includes institutional/strategic capacity building, such as climate-compatible financial product development, climate/sustainability strategies, and climate-aligned green bond frameworks strategies, amongst others.
Output 2.2: Improved investment readiness and enabling market environment for low-GHG climate resilient investments	• Number of businesses or projects supported on improved investment readiness for low-GHG, climate-resilient investments. • Number of new or improved regulations or standards introduced to support low-GHG, climate-resilient investments in industry and agri-food systems. • Number of TA projects enabling the financial sector for low-GHG, climate-resilient investments	Programme monitoring	0	• 160 • 4 • 1	• 630 • 10 • 4	Based on an estimated number of businesses and regulators reached
Project/programme co-benefit indicators						
Co-benefit 1: Green jobs in low-GHG, climate-resilient	Number of jobs supported in low-GHG, climate-resilient industry	• Investee reporting to Programme • Programme monitoring	0	116k	325k	Estimated based on Joint Impact Model (JIM) and assumed

ndustry supported for men and women	supported, disaggregated by gender					investment pipeline/portfolio composition
Co-benefit 2: Water savings in low-GHG, climate-resilient industry and agrifood systems	m3 of water saved in climate resilient industry and agrifood systems	• Investee reporting to Programme • Programme monitoring	0	• ~760k m³	• ~2,142k m³	Estimated based on experience from existing investment funds

E.6. Project/programme activities and deliverables

Activities	Description	Sub-activities	Deliverables
Activity 1.1.1 Launch: Establishment of the Blended Finance Debt Fund	FiM will document, register and launch the TPI (under FiM's licence as an Alternative Investment Fund Manager; AIFM) with an initial investor base including the GCF. In this activity the operational and legal documentation, and Fund governance will be finalized.	Sub-activity 1.1.1.1 Finalization of the operational and legal documentation and Fund registration and launch Sub-activity 1.1.1.2 Outreach to initial private investors and negotiation of term sheets Sub-activity 1.1.1.3 Establishment of Fund governance structures	✓ Registration of TPI with Luxembourg authorities ✓ Fund governance structures established and operationalized ✓ Launch of Fund
Activity 1.1.2 *Ramp*-up: Continuous additional private investor fund-raising	The TPI aims to raise up to US$ 525 million in private capital based on a proven track record of existing investor relations and sales capacities as well as third party distribution support.	Sub-activity 1.1.2.1 Outreach to private investors including through promotional campaigns, participation at investor events, and distribution partners etc. Sub-activity 1.1.2.2 Negotiation of financing agreements with private investors	✓ Signed financing agreements with private investors
Activity 1.1.3 Ongoing fund management	This activity includes ongoing management of the TPI's portfolio and reporting on financial and non-financial (including impact and other KPIs) results to investors and stakeholders including NDAs. Fund management comprises inter alia asset and liability management, portfolio risk management, and re-investment of amortizing assets. Monitoring and reporting include financial reporting, and impact monitoring and reporting.	Sub-activity 1.1.3.1 Ongoing fund management including asset and liability management, portfolio risk management, and re-investment of amortizing assets. Sub-activity 1.1.3.2 Financial reporting Sub-activity 1.1.3.2 Impact monitoring and reporting	✓ Regular financial reporting and other reporting (e.g. protocols of TPI Board Meetings) ✓ Regular reporting on TPI's impact to the GCF, other investors and the public
Activity 1.2.2 Provision of debt instruments to FIs, companies and projects for investments in low-GHG climate-resilient industry and agrifood systems	The TPI provides debt through both intermediated and direct lending approaches. For intermediated lending, the Fund extends debt to financial institutions, including local banks and non-bank financial institutions, in the form of senior or subordinated loans, bonds, or other debt instruments. During ramp-up, 20 investments to	Sub-activity 1.2.2.1 Due diligence of potential investees for direct and intermediated lending Sub-activity 1.2.2.2 Disbursement of debt instruments to FIs, companies and	✓ Approved Investment Proposals ✓ Signed loan / debt instrument documents

according to TPI eligibility criteria	financial institutions in the amount of USD 370 million is planned. These financial institutions then on-lend to their clients for low-GHG, climate-resilient investments for industry and agrifood systems based on agreed eligibility criteria. The TPI also lends directly to companies and enabling infrastructure projects (such as industrial renewables). During ramp-up, 17 investments to companies and 8 investments to infrastructure projects are planned, in the amount of USD 295m and 127.4m respectively. All investments undergo thorough due diligence, including analysis of the targeted use of proceeds, financial and market position of the investee, alignment with national legal and regulatory frameworks, E&S risk management practices, financial risk considerations, and potential technical assistance needs.	projects for investments in low-GHG climate-resilient industry and agrifood systems		
Activity 2.0.1 Establishment of the Technical Assistance Facility (TAF) with two interlinked Tracks (Finance Track and Market Track)	The setup of the TAF involves a structured process to establish the governance and operational structure including programme-level and operational-level coordination bodies. Each TAF Track management team contracts and manages consultants through legal agreements that define deliverables, timelines, and performance metrics. For the TAF Finance Track, technical assistance needs are identified on an ongoing basis in direct discussion/cooperation with investees and financial sector stakeholders. For the TAF Market Track, annual workplans will be prepared based on a needs assessment and gap analysis on a country and sector level. Noting the 25-year implementation period, periodic fundraising for TA grants will be pursued on a needs basis.	Sub-activity 2.0.1.1 Establishment of governance structures and operational procedures for the implementation of the TA Facility	✓ ✓	Operational manual for TA implementation TA Governance committees formed
		Sub-activity 2.0.1.2 Management of Finance Track of TA Facility, including needs assessments for TA services, contracting and managing of consultants	✓	Regular reporting on operational performance of TA Facility
		Sub-activity 2.0.1.3 Management of Market Track of TA Facility, including needs assessments for TA services, contracting and managing of consultants	✓	Annual workplans for the TA activities of the Market Track of the TA Facility
		Sub-activity 2.0.1.4 Periodic fundraising over TPI lifetime for additional TA Facility resources	✓	Signed agreements (Fiduciary and Trust) for financing of TA Facility
		Sub-activity 2.0.1.5 Monitoring and reporting on technical assistance	✓	Regular reporting on outcomes and impact of TA services
Activity 2.1.1 Transaction enabling services	Implementation of TA services that directly support the origination, implementation and reporting on the loans extended by the TPI, including project preparation	Sub-activity 2.1.1.1 Implementation of TA services for enabling TPI transactions	✓	Final reports and deliverables of TA projects, including MRV against project KPIs

	advisory, incl. feasibility studies or studies to establish minimum criteria, providing technical/E&S due diligence advisory, impact assessments, and setting up reporting approaches for the Fund and investees.		✓ Annual reports (financial & performance) on TA activities ✓
Activity 2.1.2 Mainstreaming climate finance support for (potential) investees and the financial sector:	Implementation of TA services for investees and potential investees of the Fund to a) improve client-uptake of TPI financing (e.g. for developing green/eco loan products, outreach/marketing/awareness-raising strategies, and end-client oriented advisory services), and b) build up climate-compatible financial systems (e.g. capacity building and training of staff, development of sustainability strategies and practices, and championing of sustainable finance with central banks and regulators.	Sub-activity 2.1.2.1 Implementation of TA services for mainstreaming climate finance	✓ Final reports and deliverables of TA projects, including MRV against project KPIs ✓ Annual reports (financial & performance) on TA activities
Activity 2.2.1 Investment readiness support	Implementation of TA services for SMEs and mid-sized companies that are prospective investees of the TPI's indirect lending on the identification of low-GHG climate-resilient investments projects, pre-feasibility studies (including i.e. energy audits, and targeted advisory support for next-gen technologies such as digitization and smart manufacturing, renewable fuels or industrial carbon management)	Sub-activity 2.2.1.1 Implementation of TA services for investment readiness	✓ Final reports and deliverables of TA projects ✓ Investment-ready projects/companies ✓ Pre-feasibility assessment reports ✓ Annual reports (financial & performance) on TA activities
Activity 2.2.2 Technical assistance for investment market development and scaling	Implementation of TA services for selected sector/industry associations, government (incl. governmental agencies) on targeted capacity building and advisory support to strengthen enabling environments and ensure that experiences and learnings from the TPI's investment activities are integrated into the improved design of policies and regulations in industry and agri-food systems.	Sub-activity 2.2.2.1 Implementation of TA services for investment market development and scaling	✓ Final reports and deliverables of TA projects ✓ Skills and capacity building programs ✓ Survey results for policymakers and sector stakeholders with recommendations ✓ Knowledge products ✓ Established data collection frameworks ✓ Annual reports (financial & performance) on TA activities

E.7. Monitoring, reporting and evaluation arrangements

Monitoring, reporting and evaluation (MRE) will be conducted in accordance with industry best practice and will draw on established and proven processes and systems within FiM and UNIDO.

Responsibilities for monitoring

FiM as AE is responsible for monitoring and reporting on the Programme. The monitoring of the Programme will draw on FiM's established expertise and proprietary systems. Monitoring for the Programme will be in line with FiM's policies, the terms of the AMA/FAA, and Annex 11 Monitoring and Evaluation Plan. The implementation of each activity of the Programme will be managed and monitored at project and Programme level by FiM's in-house staff (or as needed, procured thematic experts). FiM has dedicated staff in its Fund Management, Investment Management, Risk and Compliance, and Sustainability Divisions that will conduct monitor project risks, prepare mitigation measures, and actively manage Programme outcomes/performance throughout the implementation period.

Specifically, i) the **E&S Risk Management** team is responsible for monitoring, managing and mitigating the ESG risks of the Programme, ii) the **Impact** team is responsible for measuring, monitoring, managing and reporting on positive impact (in alignment with best industry practices for impact management and measurement), as well as alignment with and disclosures on relevant sustainable finance regulations, iii) the **Technical Assistance** team is responsible for implementing and monitoring the activities of Sub-component 2.1, as well as integrating the reporting for UNIDO as EE for Sub-component 2.2, under the guidance of the TAF Coordination Group (TAFCG).

Monitoring arrangements between FiM as AE and UNIDO as EE will be established through a respective funding agreement between the organizations, in line with the established monitoring policies and procedures maintained by UNIDO (and known to the GCF through their independent accreditation as AE), specifically its Monitoring and Reporting Policy (DGB/2021/14) which is the Organization's monitoring and reporting framework for systematic and evidence-based monitoring.

Monitoring and Reporting

FiM maintains and adopts proprietary tools, developed for the monitoring of private debt investments in EMDEs, that are used to successfully monitor over 4 billion USD in AUM across approximately 40 markets. These tools are developed to facilitate monitoring of different asset classes, with a specific focus on FIs, given the additional challenges of monitoring intermediated portfolios. Monitoring tools for FIs focus on assessing and monitoring the use of proceeds (i.e. its allocation to eligible investments) and associated outcomes. FiM has over 15 years of experience in assessing and monitoring the climate benefits of investments, including via financial intermediaries, through the deployment of specialised tools. FiM's monitoring systems are interconnected through a Business Intelligence (BI) tool administrated by a dedicated Reporting Team. This integration ensures that all relevant information is easily accessible and can be used to generate comprehensive reports on the Programme's impact and progress.

FiM also has established procedures and tools to monitor the expected and achieved outcomes of investments at disbursement and at exit. Prior to investment a structured evaluation of the investment's impact potential in alignment with the Programme's mission and objectives is conducted. This evaluation includes an assessment of the investee's capacities and practices, along with an analysis of the impact the investment is expected to achieve. At exit an evaluation of investment outcomes is conducted using data collected during the investment period. The exit process aims to understand the transformation of the investee towards more sustainable practices, as well as to identify lessons learned

In addition to the APR, periodic reporting will be provided by FiM to the GCF on agreed reporting timelines captured in the Term Sheet and FAA, covering both financial reporting (including annual audited financial statements) and non-financial reporting (including Programme indicators described in the logical framework and performance against ESMS requirements).

Evaluation

FiM as AE is responsible for coordinating the independent interim and final evaluations and has experience with similar evaluations for existing public investors. The evaluations may include assessments against the criteria of relevance, effectiveness, and sustainability, among others, with evaluation criteria as required by the GCF Evaluation Policy. The Programme includes two independent evaluations: an interim independent evaluation to assess the Programme's progress, identifying strengths, areas for improvement, and any necessary adjustments to enhance effectiveness, and a final independent evaluation at the completion date to assess its overall impact, and contribution to the Programme's long-term objectives, including its role in scaling climate finance and strengthening institutional capacities. Two mid-term evaluations will be undertaken, the first when the Fund has disbursed an initial volume of 1 billion USD to investees (targeted by year 6 of the implementation period) and/or mid-point of scheduled Programme duration, the second targeted by year 11 of the implementation period.

F. RISK ASSESSMENT AND MANAGEMENT

F.1. Risk factors and mitigations measures

Selected Risk Factor 1

Category	Probability	Impact
Credit	Medium	Medium

Description

Credit risk refers to the risk that an investee/borrower of TPI would fail to meet its contractual obligations toward the Fund. The borrowing financial institutions, corporates or SPVs, might default due to general country risks (see below); industry risk developments; deterioration of financial position of the investee, or a combination of all. Such events, would affect the overall profitability of the TPI and may lead to an absorption of credit/impairment losses by the GCF's first loss junior shares contribution.

Mitigation Measure(s)

Credit risk is mitigated by FiM's robust internal risk management procedures that follow best-in-class approaches. After the pre-analysis phase of each investment, Finance in Motion conducts a risk-based Due Diligence (DD) on proposed investments, which includes a comprehensive credit risk assessment of all financial and non-financial risks that affect borrower's creditworthiness. The DD may take place on-site or off-site and its scope is determined based on the potential borrower's risk profile, business model and other investment-specific considerations. Finance in Motion's risk management procedures also include considerations for country risks, including political risks (see below), and various stress testing assessment on risk drivers the borrower could be vulnerable to. Borrower-level risk evaluation will also be framed by clear credit risk guidelines and Fund-level risk appetite statement with defined risk limits.

Finance in Motion has extensive experience of managing private debt portfolios through various economic, political and security crises, as well as in recovering non-performing investments. Robust risk management processes and tools, combined with the local expertise and market agility are key factors that allow Finance in Motion to reliably control credit risks. This is evidenced by FiM's historical outperformance over a 15+ year period in terms of realised credit losses vs peer EMDE lending institutions according to data of the Global Emerging Markets Risk Database (GEMs), one of the world's largest credit risk databases for the emerging markets operations of MDBs and DFIs. The database pools data on credit defaults on the loans extended by consortium members, the migrations of their clients' credit rating and the recoveries on defaulted projects. Across the funds advised or managed by Finance in Motion, with over 10 billion USD in cumulative investments, historical realized losses were limited to levels well below peer averages in the GEMs database.

Selected Risk Factor 2

Category	Probability	Impact
Credit	Medium	Medium

Description

Country risks refer to the operating environment risks TPI's borrowers are exposed to, which could include economic risks stemming from the target country's structure of the economy, global economic downturns that could affect local economies, deterioration of country's public finances/sovereign risk which could affect financial sector stability, or other regulatory or **political risks** that could affect overall aggregate demand or hamper the ability of borrowers to raise funding in capital markets or otherwise affect their operations. Additionally, and in rare circumstance of sovereign distress, the Fund as an external investor in the country, could be exposed to debt payment risks due the sovereign imposing capital transfer restrictions outside the country to preserve foreign currency reserves. Country risks could therefore affect overall borrower credit risks and increase expected credit losses/impairment losses for the Junior Shares.

Market risks refer to the risk of negative impacts on the Fund's financial performance due to adverse movements in market prices like interest rate, foreign exchange rates, traded equity prices etc. The Fund

could be exposed to interest rate risks due to mismatches in interest reference rates it charges to borrowers and has to service for its liabilities (notes) or mismatches due to the types of interest rates it receives/pays on assets/liabilities (fixed interest rate vs volatile). Such mismatches, if not mitigated, could affect, positively or negatively, the Fund's profitability – net interest income. FX risks refer to the risk of currency fluctuations which could affect the Fund's financial position when its assets are translated in a different currency. FX risks for TPI can arise when assets/liabilities are denominated in a different currency than the base currency of the Fund and there are mismatches between assets and liabilities, denominated in the same currency. Such mismatches, if not mitigated, can affect the TPI's financial position via positive or negative FX result that in the latter case would diminish assets value and incur (un-)realised losses on Junior share NAVs.

Mitigation Measure(s)

Market risk and political risk are mitigated by FiM's robust internal risk management procedures that follow best-in-class approaches. Finance in Motion's risk management procedures include considerations for country risks, including political risks, and various stress testing assessment on risk drivers the borrower could be vulnerable to. Additionally, portfolio-level credit risks are steered by robust defined limit framework which restricts portfolio concentrations by single country; single name or industry and frame the targeted average asset risk of the Fund's investment portfolio along with defined share leverage targets.

Finance in Motion has extensive experience of managing private debt portfolios through various economic, political and security crises, as well as in recovering non-performing investments. Related to market risks, Finance in Motion applies a strict asset and liability management policy with thorough monitoring and decision-making on market risks in a dedicated asset-liability management committee. Through matching of assets and liabilities and the hedging through derivative contracts, the fund will ensure that it does not have any open currency positions (please see also risk factor 6 below). Interest rate risks are also mitigated by matching the interest variability of assets and liabilities accordingly – and can be further managed through interest rate hedging if required.

Selected Risk Factor 3

Category	Probability	Impact
Technical and operational	Low	Medium

Description

Origination risk refers to the risk of building up the fund's investment portfolio in a timely manner and in line with the conversations with NDAs and other national stakeholders during the TPI's preparation phase, including in markets that are new to Finance in Motion. The probability of the risk is considered low: The TPI's partner countries have been chosen for conducive investment environment and investment opportunities relevant for the industrial and agri-food system funding gap.

Mitigation Measure(s)

Origination risk is mitigated by Finance in Motion's 15+ year track record of successfully building debt portfolios in a diverse set of markets, including successfully entering 11 new countries within the past 5 years. Pipeline identification is conducted through FiM's established origination capabilities as well as through externally contracted investment advisers. The universe of eligible investments is broader than in other asset classes, such as private equity, as there is no requirement to identify viable exit mechanisms given the amortizing nature of debt transactions.

Selected Risk Factor 4

Category	Probability	Impact
Prohibited practices	Low	Medium

Description

Prohibited practice risk refers to compliance issues and policy breaches (e.g. regarding prohibited practices, anti-money laundering, environmental and social safeguards, Indigenous Peoples, gender, and monitoring and accountability) by the AE, EE and other related partners in the operation of the Programme.

In addition to the legal implications of such policy breaches, they also carry a **legal and reputational risk** for Finance in Motion, UNIDO and the GCF.

Mitigation Measure(s)

Prohibited practice risk is mitigated by FiM's proven compliance track record and established policy framework, including on AML, environmental and social safeguards, Indigenous Peoples, and other risk factors. FiM has advised and managed investment vehicles with funding from a variety of DFIs and donors for over 15 years, consistently passed their external reviews, and has never recorded any material compliance breaches. It manages risks related to prohibited practices through a robust governance and compliance framework aligned with GCF and international standards. A zero-tolerance approach to fraud, corruption, financial misconduct, and policy breaches is embedded in its Code of Conduct, supported by mandatory training, independent Compliance and Risk functions, and internal audit under a three-lines-of-defence model. Comprehensive AML/CFT controls, including risk-based due diligence, sanctions screening, and ongoing monitoring, apply across all operations. Environmental and social risks—covering Indigenous Peoples, gender, and SEA/SH—are systematically identified and managed through fund-specific ESMS aligned with IFC Performance Standards (and GCF requirements for the TPI), exclusion lists, action plans, and regular monitoring. The same requirements are contractually extended to executing entities, complemented by grievance and whistleblowing mechanisms, audits, and enforcement measures, including suspension or clawback of funds in cases of non-compliance.

Selected Risk Factor 5

Category	Probability	Impact
Technical and operational	Low	Low

Description

Risk of misalignment with national climate priorities, including priorities in NDCs, NAPs and other national climate policy documents and specific priorities expressed by NDAs and other stakeholders is considered low. It could result in a loss of trust in the Programme, reputational damage, reduced country ownership, and potential non-alignment with GCF programming standards. Such misalignment may also hinder implementation or limit stakeholder cooperation.

Mitigation Measure(s)

The risk is mitigated through a detailed mapping of national priorities and needs (see Annex 2b), FiM's and UNIDO's local presence and ongoing demand-driven engagement with NDAs, partner ministries, and key stakeholders to ensure alignment with country climate strategies. Extensive stakeholder consultations were undertaken during Programme preparation, and their inputs directly informed the design and focus of the Fund's activities. This is further reinforced through systematic alignment of the Fund's eligibility criteria and investment focus with countries' NDCs and other relevant national climate policy documents. Going forward, the Programme will maintain regular strategic dialogue with and reporting to NDAs to share progress, confirm continued alignment, and understand evolving national priorities and the outlook for the Fund.

Selected Risk Factor 6

Category	Probability	Impact
Forex	Low	Low

Description

Currency risk is related to a deprecation of loan value in case of local currency lending which may impact the overall profitability of the Fund. Many emerging market currencies remain vulnerable to global economic shifts, particularly the strength of the U.S. dollar, which has seen volatility due to changing Federal Reserve policies and geopolitical tensions. For example, recent pressure on African currencies, highlights the risk of local currency devaluation, which can erode the value of debt repayments in hard currency terms. In addition, currency risk may arise from FX mismatches in hard currency, e.g. between assets and liabilities denominated in USD vs. EUR. Currency risk could also indirectly affect the fund by inducing credit risk for its investees, should they not be well-positioned to withstand currency shocks. Currency risk is not considered a material risk for the Fund. (see below).

Mitigation Measure(s)
Currency risk is mitigated by focusing on lending in hard currency and by allowing partner financial institutions to manage local currency conversion, as needed, for on-lending to SMEs or to extend hard currency lending to export oriented end-clients in many instances (conforming with responsible lending practice requirements). Mitigating currency risk is facilitated by the fact that a significant part of export-oriented manufacturing activity in partner countries is linked to the U.S. dollar. It is anticipated, based on the experiences of Finance in Motion in investing in these markets, that corporate borrowers are able to responsibly borrow in hard currency when they produce for exports denominated in hard currency. Whether local FIs are able to take on local currency risk is part of the careful due diligence process prior to concluding any loan agreements. The TPI may offer local currency lending where requested and where viable options for currency hedging are available (e.g. TCX or others). All trades in derivatives are executed based on standardized ISDA agreements and applying FiM's Asset and Liability Management Policy and Best Execution and Selection Policy. The Fund will at all times ensure it does not operate an open currency position, neither in local currencies nor in other hard currencies (e.g. USD-EUR). Potential FX-induced credit risk and the investee's strength, sophistication, and ability to monitor, manage and withstand currency movements and shocks are key components of the due diligence and underwriting analysis before any investment is made.

Selected Risk Factor 7		
Category	**Probability**	**Impact**
Other	Low	Medium

Description
Fundraising (ramp-up) risk relates to a risk of a failure to mobilize sufficient institutional capital to support full Fund ramp-up. This could have negative impact on the drawing down the full amount of the GCF's funding commitment (see note on disbursement schedule below) and on the lifetime co-financing ratio of the Fund.

Mitigation Measure(s)
Fundraising risk is mitigated, first by proven investor relations capacities, market sounding, and distribution/placement partnerships, as well as the engagement of external rating agencies. Based on Finance in Motion's track record of successfully mobilizing private investments (>USD 3b in institutional capital mobilised) and engagement there is confidence in the design and features of the Fund. This has been confirmed by the performance of a Risk Assessment Service of the fund structure by a leading global rating agency confirming viability of the fund to deliver investment-grade senior products. Second, ramp up risk is mitigated by a competitive product offering underpinned by the blended fund structure. The attractiveness of the Fund has been confirmed by ongoing conversations with institutional investors (both existing investors in FiM funds and new prospective) during the Programme development phase (see Annex 2a Feasibility Study for more detail on institutional co-financing and status). Third, as part of the Term Sheet (see Annex 14), the disbursement of subsequent tranches of GCF junior shares will be contingent on agreed-upon minimum commitments of private capital. This ensures that minimum agreed co-financing ratios in the fund structure are met at all times.

Selected Risk Factor 8		
Category	**Probability**	**Impact**
Other	Low	Medium

Description
There is a small **refinancing risk,** namely the risk the private capital invested in the TPI cannot adequately be renewed/rolled over when it is redeemed, as the private capital will have a shorter tenor compared to the junior shares. This could happen due to e.g. a material deterioration in the portfolio quality or substantial change in market conditions.

Mitigation Measure(s)

Refinancing risk is mitigated in several ways. First, both the private notes of the Fund and the underlying assets are extended on a floating rate basis (or hedged in the case of fixed assets), this reduces the risk of changing macroeconomic conditions materially shifting the pricing of notes. Second, portfolio quality is carefully managed based on a well-established approach to risk management that has produced an outstanding 15+ year track record (see 'credit risk' above). Third, there is a process of active ALM that takes place throughout the full lifecycle of the Fund make sure that impending roll-overs and resulting liquidity risks are addressed and managed early. Fourth, the intention to rate the senior fund product and increase product standardization gives significant planning advantages in allowing investors to roll-over or be onboarded swiftly. The Programme's term sheet (Annex 14) includes co-financing ratios, that the Fund will adhere to at all times. Lastly, it is Finance in Motion's experience from other impact debt funds that the build-up of a successful fund track record over time improves the product offering to private investors and increases the likelihood of re-investments from private investors on efficient terms and conditions.

Selected Risk Factor 9		
Category	**Probability**	**Impact**
Technical and operational	Low	Low
Description		
Implementation risk may occur at investee or sub-borrower level related to the installation, operation and maintenance of technologies financed by the Fund. However, this is not considered a material risk to Fund operations or outcomes (see below)		
Mitigation Measure(s)		
Implementation risk is mitigated by the robust due diligence processes of partner FIs (for intermediate lending) and Finance in Motion (for direct financing), and by technical assistance that improves investment readiness and supports project preparation. This selects for viable project/investment plans, or in instances where this is observed to be lacking, the improvement of such plans via TA activities. Based on the track record of Finance in Motion in delivering both climate mitigation and adaptation finance, this has not been a material challenge/issue for similar investment strategies.		

G. GCF POLICIES AND STANDARDS

G.1. Environmental and social risk assessment

Environmental and Social Risk Assessment
The Programme is classified as Intermediation-2 (I-2), this categorization reflects the Programme's scope to finance activities with medium E&S risks, which are limited, site-specific, and manageable through appropriate mitigation measures. In line with this categorization, the Programme will explicitly exclude any investments that fall under Category A or FI-1, thereby avoiding high-risk activities with significant or irreversible impacts.

The Programme will operate as a Fund supporting both Direct Investments (corporate and project-based) and investments through Financial Intermediaries (FIs), with a wide geographical scope. To manage E&S risks across this diverse portfolio, a robust Environmental and Social Management System (ESMS) has been established (see Annex 6 to the Funding Proposal). The ESMS was developed in alignment with the GCF Environmental and Social Policy, the IFC Performance Standards (2012), and other applicable international frameworks.

Environmental and Social Management Instruments
The Programme has adopted a comprehensive suite of E&S assessment and management instruments, including:

- An E&S Policy, articulating the Programme's core principles and commitments, such as alignment with international standards, investment exclusions (defining ineligible activities), and minimum and risk-based E&S requirements.
- Detailed E&S Procedures tailored to each of its investment modalities (Direct Investments and FIs), which guide screening, categorization, due diligence, monitoring, and reporting.
- A Grievance Redress Mechanism (GRM) accessible to all stakeholders.
- Supporting tools (including screening checklists, due diligence questionnaire, etc.,)
- SEAH approach statement.
- Indigenous People's Planning Framework.

Institutional Capacity and Oversight
The Fund's E&S Policy and Procedures will be implemented by FiM. FiM's E&S assessment draws on the expertise of a dedicated E&S Team and is further supported by FiM's broader sustainability-related capacities, including dedicated impact management and green finance functions. In addition, the Fund will appoint a dedicated E&S Officer responsible for overseeing the consistent application of the E&S Policy and Procedures across the Fund's operations.

The Programme's E&S policy and procedures ensure that the Fund's E&S performance is regularly reported to the Board of Directors. The dedicated E&S Officer will ensure adherence to policy requirements is monitored and continually improved.

Environmental and Social Risks
Typical E&S risks and impacts in the sectors to be funded by the Programme are listed below:

- Soil, water, and air pollution.
- Waste generation and hazardous materials management.
- Land use impacts and biodiversity disruption.
- Inadequate labour and working conditions.
- Occupational Health and Safety (OHS) hazards.
- Community Health and Safety concerns.
- Gender, diversity and inclusion impacts, including Sexual Exploitation, Abuse, and Harassment (SEAH).
- Involuntary resettlement and land acquisition (minor / limited).
- Impacts on Indigenous Peoples (minor / limited).

Each Investment will be assessed on a case-by-case basis. Commensurate with the risks identified during due diligence, appropriate mitigation measures will be developed accordingly in conformance with the Fund's precautionary approach to E&S risks. The Programme and its Investees will maintain continuous oversight to support compliance throughout the investment lifecycle, from preparation to implementation and operation.

Risk Categorization and Assessment
All proposed investments undergo E&S screening and categorization as defined in the ESMS (Annex 6).

All Investees must meet or have capacity to meet through mitigation measures, including Environmental and Social Action Plans, the standards and requirements detailed in the Fund's E&S policy. Investees must further demonstrate adequate E&S capacity that is commensurate with the E&S risk profile of the proposed investment.

Where gaps are identified, Technical Assistance (TA) may be deployed as an instrument to strengthen E&S management systems and capabilities, helping to support investees to meet the Programme's standards and requirements.

For Direct Investments, the E&S due diligence focuses on the risks associated with the financed activities, associated facilities, and the capacity of the Investee to manage them. Category B projects are subject to enhanced due diligence and are required to comply with the relevant IFC Performance Standards (PS1–PS8).

For FI Investments, the focus shifts to assessing the FI's internal ESMS, including its ability to identify, assess, and manage E&S risks within sub-loans. Only FIs with adequate E&S risk management capacity are eligible for Programme financing. Oversight mechanisms, including monitoring and reporting requirements, are in place to ensure alignment with the Programme's E&S standards.

Stakeholder Engagement and Disclosure
Consultations have been conducted with relevant stakeholders at the Programme level, and each direct sub-project will be required to conduct stakeholder engagement proportionate to the scale of risks and impacts. For FI-2, Category B and B+ projects E&S documentation will be disclosed publicly as described in Annex 6.

The Fund will maintain a Grievance Redress Mechanism (GRM) to enable affected communities and stakeholders to raise concerns and seek resolution.

G.2. Gender assessment and action plan

Aligned with its mission, the TPI Programme promotes a gender-responsive financial sector, industry, and agrifood systems by addressing disparities in access to finance, employment, and capacity building. It focuses on mitigating risks related to SEAH and GBV, while supporting green jobs and improved working conditions for women – who are disproportionately affected by these risks and often lack adequate rights, protections, and representation in the Programme's target sectors. The Programme also aims to increase financing for low-GHG, climate-resilient industries and agrifood systems, benefiting financial institutions (FIs) and companies — including women-owned/led businesses and female clients of FIs.

The Programme has conducted a comprehensive gender assessment and developed a Gender Action Plan (GAP) (Annex 8), aligned with the GCF Gender Policy, to integrate gender considerations across all Fund processes and investment stages. It was developed based on internal expertise, country assessments, and sectoral analyses, with a particular focus on SEAH and GBV.

The country assessments identify women—especially in agrifood systems and low-GHG industries—as vulnerable due to limited access to finance, underrepresentation in formal employment and leadership, poor working conditions, and exposure to SEAH and GBV. These vulnerabilities are amplified by legal, social, and economic barriers in target countries. The key recommendations of the gender assessment include:

1. **Establish a gender-responsive Fund framework** by ensuring diverse representation in decision-making, adopting a Fund-wide gender strategy, integrating gender criteria into investment processes and impact systems, and allocating dedicated resources for implementation.

2. **Promote gender-responsive, low-GHG, climate-resilient** investments by requiring gender assessments and safeguards for investees, building capacity among financial institutions, facilitating peer learning, and collecting gender-disaggregated data.
3. **Strengthen the enabling environment** by engaging public sector actors, women's business associations, and supporting women-led businesses through targeted outreach and investment readiness support.

Guided by the country assessments' findings, the Programme has developed the gender approach and GAP to outline concrete actions aligned with the Programme's logical framework and define respective indicators and targets to monitor the progress:

- **Institutional framework and gender mainstreaming**
  - Mainstream gender in strategy, governance (target: 40% female representation), and monitoring.
  - Oversight by FiM's Impact Team, who are formally responsible for Fund-level gender considerations across all of the funds managed/advised by FiM.
  - Regular gender training and tool enhancement.
- **Component 1: Transformation Pathways Initiative – Blended Finance Debt Fund**
  - Conduct gender-responsive due diligence using standardized tools.
  - Identify and mitigate SEAH/GBV risks through E&S assessments and engagement with investees.
  - Monitor impact and progress towards gender objectives based on gender-disaggregated impact KPIs.
- **Component 2: Transformation Pathways Initiative – TAF**
  - Provide technical assistance through the TAF Finance Track for policy development, inclusive product design, and staff training among investees.
  - Promote gender-sensitive consultations in TAF Market Track activities.

Implementation of the GAP is led by the dedicated specialist, who oversees overall coordination and works in close and continuous exchange with the internal E&S expert acting as SEAH Point of Contact (POC), while TA providers support the implementation of the GAP. Progress is tracked using gender-responsive indicators and disaggregated data to monitor the Fund's performance against the targets set in the GAP.

G.3. Financial management and procurement

Financial Management

Section B.4 Implementation Arrangements describes the contractual relationship between FiM as AE, the TPI Blended Finance Debt Fund, the TA Facility (TAF) with respective EEs, and Fund investees. The detailed provisions regarding financial management of GCF resources by the AE will be described in the FAA. FiM will be overall responsible for Programme implementation and reporting obligations to the GCF. Periodic reporting will be provided by FiM to the GCF on agreed reporting timelines captured in the Term Sheet and FAA.

FiM will be responsible for establishing KYC/due diligence processes including anti-money laundering and other evaluations of investors according to each respective institution's internal policy requirements. FiM as licensed external AIFM will be responsible for portfolio management, risk management, selected marketing and administrative services to the Fund. Financial statements will be prepared in accordance with international accounting standards.

Procurement

The procurement of Goods and Services for Funded Activities, whether by FiM as AE, the TPI or TA Facility, or by a third party, shall be done in accordance with relevant procurement rules, policies and procedures, which are consistent with international procurement standards. FiM, in its capacity as EE and AIFM will oversee the fund's procurement of services from various professional service providers, including e.g. custodian bank, administration agent, auditor, and legal counsel amongst other services (as standard roles for an alternative investment fund of this nature). In doing do it will follow its established and documented

internal procurement procedures that require a structured approach to seeking offers (for services of this nature) and contracting service providers robustly in line with the standards of the Luxembourg fund industry and requirements of the regulator for the out-sourcing of AIFM related activities. FiM, in its capacity as EE and TA Manager of the Finance Track will procure TA services in line with a dedicated TPI TA Facility Policy and Procedures that ensure alignment to the requirements of grant providers, as is established practice across other TA Facilities that they manage. UNIDO in its capacity as EE and TA Manager for the Market Track will procure TA services in line with the UNIDO Procurement Manual that is aligned with UN standards and their GCF accreditation. The respective procurement procedure/ manual of the AE and UNIDO as EE outline the processes and procedures for each procurement method and procuring party, as well as their applicable thresholds. Please see Annex 10 for the detailed procurement plan for the Programme.

G.4. Disclosure of funding proposal

☐ No confidential information: The PSAA applicant 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 PSAA applicant 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 PSAA applicant 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 PSAA applicant's disclosure policy, and
- redacted copy for disclosure on the GCF website.

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

H. ANNEXES

H.1. Mandatory annexes

☒ Annex 1 NDA no-objection letter(s) **(template provided)**

☒ Annex 2 Feasibility study and market study

☒ Annex 3 Economic and/or financial analyses in spreadsheet format

☒ Annex 4 Detailed budget plan **(template provided)**

☒ Annex 5 Implementation timetable including key project/programme milestones **(template provided)**

☒ Annex 6 E&S document corresponding to the E&S category (A, B or C; or I1, I2 or I3):
(ESS disclosure form provided)
☐ Environmental and Social Impact Assessment (ESIA) or
☐ Environmental and Social Management Plan (ESMP) or
☒ Environmental and Social Management System (ESMS)
☐ Others (please specify – e.g. Resettlement Action Plan, Resettlement Policy Framework, Indigenous People's Plan, Land Acquisition Plan, etc.)

☒ Annex 7 Summary of consultations and stakeholder engagement plan

☒ Annex 8 Gender assessment and project/programme-level action plan **(template provided)**

☒ Annex 9 Legal due diligence (regulation, taxation and insurance)

☒ Annex 10 Procurement plan **(template provided)**

☒ Annex 11 Monitoring and evaluation plan **(template provided)**

☒ Annex 12 AE fee request **(template provided)**

☐ Annex 13 Co-financing commitment letter, if applicable **(template provided)**

☒ Annex 14 Term sheet including a detailed disbursement schedule and, if applicable, repayment schedule

H.2. Other annexes as applicable

☐ Annex 15 Evidence of internal approval **(template provided)**

☒ Annex 17 Multi-country project/programme information **(template provided)**

☐ Annex 18 Appraisal, due diligence or evaluation report for proposals based on up-scaling or replicating a pilot project

☐ Annex 19 Procedures for controlling procurement by third parties or executing entities undertaking projects financed by the entity

☒ Annex 20 First level AML/CFT (KYC) assessment

☒ Annex 21 Operations manual (Operations and maintenance)

☒ Annex 22 Assessment of GHG emission reductions and their monitoring and reporting (for mitigation and cross cutting-projects)[48]

☒ Annex 23 Adaptation Approach

☒ Annex 24 FiM Track Record

☒ Annex 25 FiM Organizational Capacity

- ☒ Annex 26 CPRM EY Independent Review Report (September 2025 – Executive Summary)
- ☒ Annex 27 FiM Ownership Structure
- ☒ Annex 28 FiM/GCF risk workshop (September 2025)
- ☒ Annex 29 Investment Committee Terms of Reference (December 2025)
- ☒ Annex 30 Rating Methodology – MDBs and other supranationals

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

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