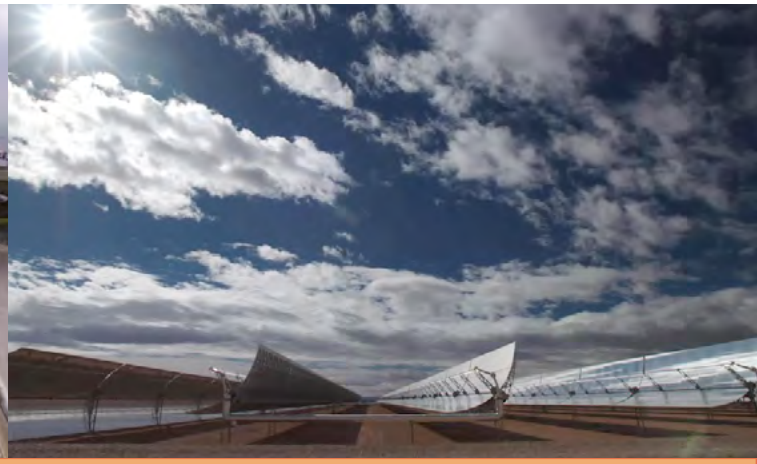
ClimaSouth

HANDBOOK N°8

Euro South Mediterranean Initiative:
Climate Resilient Societies
Supported by Low Carbon Economies





Accessing climate finance

A step-by-step approach for practitioners

Project funded by the European Union

Project implemented by
AGRICONSULTING CONSORTIUM
Agriconsulting Agrer CMCC CIHEAM-IAM Bari
d'Appolonia Pescares Typsa Sviluppo Globale

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FOREWORD

The Mediterranean region has been identified as a climate change hotspot by the Intergovernmental Panel on Climate Change (IPCC). Most countries in the region are already experiencing rising temperatures, increasing water scarcity, rising frequency of droughts and forest fires, as well as growing rates of desertification. The entry into force of the Paris Agreement represents an historical step in the fight against climate change. However, enhancing access to climate finance remains a critical challenge for its implementation. The EU-funded ClimaSouth project supports partner countries in the ENPI South region (Algeria, Egypt, Israel, Jordan, Lebanon, Libya, Morocco, Palestine and Tunisia) towards low carbon development while building climate resilience. The project also supports South-South cooperation and information sharing on climate change issues within the region as well as closer dialogue and partnership with the European Union.

As part of its efforts to enhance climate change strategic planning and action on the ground, the ClimaSouth project is producing a series of handbooks tailored to the needs of the ENPI region. The key users targeted include relevant government departments at operational and policy levels, climate change units and committees, decision makers, meteorological services, members of local government, the private sector and civil society. The ClimaSouth handbooks are based on peer-to-peer seminars and training sessions held by the project, which are designed to support national administrations in the development and implementation of climate change policy; they further help stakeholders in the region to engage more effectively in the global climate change framework.

This eighth handbook in the series addresses the needs which emerged during the ClimaSouth Climate Finance regional workshop held in Barcelona on 9 – 11 March 2016 at the headquarters of the Union for the Mediterranean (UfM). Following the workshop, a study was commissioned by the ClimaSouth project and supported by the EU-funded Facility for Regional Policy Dialogue on Integrated Maritime Policy and Climate Change (FacIMP/BE CC). The results of the study are presented in this handbook as a practical set of tools for key government and other stakeholders in partner countries to access climate finance. The tools focus on the preparation and assessment of project applications. Collectively, the various elements developed are designed (1) to support climate finance capacity building/training in workshop type settings, and (2) to guide and facilitate the elaboration of climate finance applications, with or without external experts. Although specifically conceived for the ENPI South countries, the guidelines in the handbook do not have a strict geographical connotation and may be used by stakeholders globally.

We hope the handbook will contribute to future efforts in securing adequate financial resources for climate action.

Ottavio Novelli
Agriconsulting Consortium
Project Director

Bernardo Sala
ClimaSouth
Team Leader

CLIMASOUTH HANDBOOKS

Handbook N. 1: Building Capacity & Mainstreaming Climate Change Policy
Handbook N. 2: Improving Climate Information
Handbook N. 3: An Introduction to Greenhouse Gas Inventories and MRV
Handbook N. 4: Long-range Energy Alternatives Planning System (LEAP) & Greenhouse Gas (GHG) Modelling
Handbook N. 5: Low-Emission Development Strategy (LEDS)
Handbook N. 6: Downscaling Climate Modelling for High-Resolution Climate Information and Impact Assessment
Handbook N. 7: Connecting Downscaling, Impacts and Adaptation: A Summary
Handbook N. 8: Accessing climate finance

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LIST OF ACRONYMS

AAF	African Agriculture Fund
AF	Adaptation Fund
AFD	French Development Agency
AfDB	African Development Bank
ASAP	Adaptation for Smallholder Agriculture Programme
AusAID	Australian Aid
AWF	Africa Water Facility
BCP	Banque Centrale Populaire
BEIS	Department for Business, Energy & Industrial Strategy
BMU	German Federal Ministry for the Environment, Nature Conservation and Nuclear Safety
CAMENA	Climate Action in the Middle East and North Africa
CDM	Clean Development Mechanism
CFI	Corporate Finance Institution
CIFs	Climate Investment Funds
COP	Conference of the Parties
CS	ClimaSouth
CSO	Civil Society Organization
CTF	Clean Technology Fund
DAC	Development Assistance Committee
DFI	Development Finance Institution
DFID	Department for International Development
DRR	Disaster Risk Reduction
EASME	Executive Agency for Small and Medium-Sized Enterprises
EBRD	European Bank for Reconstruction and Development
EC	European Commission
EE	Energy Efficiency
EFKM	Danish Ministry of Energy, Utilities and Climate
EIB	European Investment Bank
ENP	European Neighbourhood Policy
ENPI	European Neighbourhood and Partnership Instrument
ENRM	Environment and Natural Resource Management
ESCO	Energy Service Company/Energy Savings Company

ETC	Early Transition Countries
EU	European Union
EUBEC	EU Platform for Blending in External Cooperation
FacIMP/BE CC	Facility for Regional Policy Dialogue on Integrated Maritime Policy and Climate Change
FEMIP	Facility for Euro-Mediterranean Investment and Partnership
FFEM	French Global Environment Facility
FI	Financial Institution
FINTECC	Finance and Technology Transfer Centre for Climate Change
GCF	Green Climate Fund
GEEREF	Global Energy Efficiency and Renewable Energy Fund
GEF	Global Environment Facility
GHG	Greenhouse Gas
GIZ	German International Cooperation
IBRD	International Bank for Reconstruction and Development
ICF	International Climate Fund
ICI	International Climate Initiative
IDA	International Development Association
IFAD	International Fund for Agricultural Development
IFC	International Finance Corporation
INDC	Intended Nationally Determined Contributions
IRR	Internal Rate of Return
IPCC	Intergovernmental Panel on Climate Change
KFW	German Development Bank
M&E	Monitoring and Evaluation
MDB	Multilateral Development Bank
MeHSIP	Mediterranean Hot Spots Investment Programme
MENA	Middle East & North Africa
MFI	Monetary Financial Institution
MNC	Multinational Corporation
NAMA	Nationally Appropriate Mitigation Action
NAPA	National Adaptation Programmes of Action
NDA	National Designated Authority

NDC	Nationally Determined Contribution
NeCF	NEFCO Carbon Fund
NEFCO	Nordic Environment Finance Corporation
NGO	Non-Governmental Organization
NIF	Neighbourhood Investment Facility
NSP	NAMA Support Project
O&M	Operations & Maintenance
ODA	Official Development Aid
OECD	Organization for Economic Co-operation and Development
PE	Private Equity
PIF	Project Identification Form
PoA	Programme of Activities
PPA	Power Purchase Agreement
PPIAF	Public-Private Infrastructure Advisory Facility
PPP	Public-Private-Partnership
RBF	Results-Based Financing
RBM	Results-Based Management
RE	Renewable Energy
REDD	Reducing Emissions from Deforestation and Forest Degradation
SCCF	Special Climate Change Fund
SEFA	Sustainable Energy Fund for Africa
SEMED	Southern and Eastern Mediterranean
SIDA	Swedish International Development Agency
SIE	Society of Energy Investment
SMART	Simple, Measurable, Achievable, Realistic, Time-bound
SME	Small and Medium-Sized Enterprise
TA	Technical Assistance
UNCCD	United Nations Convention to Combat Desertification
UNDP	United Nations Development Programme
UNFCCC	United Nations Framework Convention on Climate Change
USAID	United States Agency for International Development
VC	Venture Capital

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1. HOW TO USE THIS HANDBOOK

1.1 Background

Climate finance is understood as encompassing all sources of climate-specific and -relevant finance, covering capital flows both for mitigation of greenhouse gases, and for adaptation to climate change. In line with calls by the international community, projected financial flows should include national and international funds which may originate both from public and from private sources. The project/programme development process often requires the *blending* of different financial mechanisms and the leveraging of finance from different sources throughout the project / programme cycle. This is particularly relevant in the case of larger initiatives, which are deemed scalable and that may require financial matchmaking expertise.

This handbook is conceived as a toolbox for key government and other stakeholders in partner countries in their efforts to access climate finance. The ClimaSouth project uses an approach to access finance through learning-by-doing and capacity building. Facilitating the development of proposals and interfacing with sources of finance for climate-relevant/-specific projects and programs is the vehicle through which capacity for climate finance is further enhanced.

The tools presented in the handbook focus on the preparation and assessment of project applications. Collectively, its elements are designed to (1) support climate finance capacity building/training in workshop type settings, and (2) guide and facilitate the elaboration of climate finance applications, with or without external experts.

The handbook is seen as a living document, to be regularly updated based on experiences and lessons learned using the toolbox. It builds on existing national capacities to raise funding in compliance with the requirements of entities such as the Adaptation Fund, the Climate Investment Funds, the Green Climate Fund and other funding options.

1.2 Target groups and use by different stakeholders

The set of tools presented in the handbook target key government and other stakeholders in partner countries to access climate finance by assessing and preparing project applications. However, the information provided - especially on templates, checklists and additional documentation - is not bound to any geographical region and can therefore be used by interested stakeholders globally.

The toolbox can be used by any public, non-governmental or private stakeholder aiming at developing and implementing climate actions with the need for funding. Key potential beneficiaries include relevant government departments at operational and policy levels, such as national focal points for the United Nations Framework Convention on Climate Change (UNFCCC), climate change units and committees, decision makers, meteorological services, forestry departments and other stakeholders such as local government, civil society representatives and private sector actors.

The individual tools provided may be used for the desk-based development (templates) and assessment (checklists) of climate projects or programmes as well as in a

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seminar or workshop setting. Depending on the scope of the exercise and level of knowledge of actual users, there may be the need for additional technical and financial climate expertise at different stages of the process.

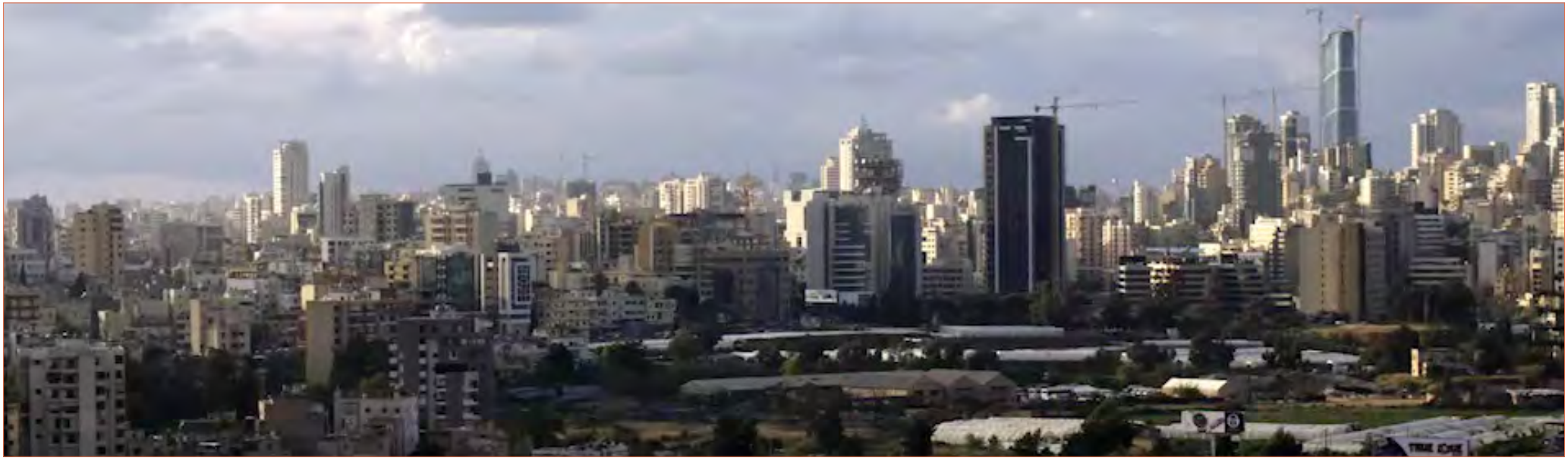
In some cases the focus will be on preparing 'concepts' to underpin discussions with financial institutions, funds or funding programs, with the aim of leading to the further development of proposals. In other cases, the focus will be on directly preparing the full proposals as bankable documents.

Materials and tools are provided, following a "shopping basket" approach, which allows either to start small with limited funding, or to build on an the early phase of an existing project/program, using catalytic funding to leverage additional funds further down the line.

This complies with the increasing tendency of public financial players to privilege projects or programs endowed with co-financing, and not to individually finance all components of proposed projects/programs.

The tools also aim at incorporating private sector perspectives, in order to potentially leverage funding for private climate initiatives through public co- or seed finance, and public-private partnerships for the joint funding of climate actions.

The role of the main multilateral and bilateral climate funds and programmes is presented. Other co-funding opportunities are also introduced, focussing on unilateral/regional climate funds and programmes in the MENA region as well as climate development finance via conventional development aid channels and private sector finance.



2. FUNDING PROJECTS AND PROGRAMMES

2.1 Funding options

The main types of climate finance are examined, although the coverage cannot be exhaustive. Where possible, the examples provided were selected due to their potential for generalisation and extension under the type of climate finance broadly being considered.

The focus is on the major multilateral and bilateral funds/programmes relevant for the ClimaSouth countries. Bilateral and multilateral climate and development finance are dealt with more generally. A country study for unilateral financing opportunities in Morocco was selected as a specific example which could be applied to other ClimaSouth partner countries.

The same applies to private sector finance. The various financial instruments, mechanisms and basic requirements for making use of them are outlined. Non-governmental, philanthropic and social investors are also assessed.

2.2 Blending and leveraging finance

The combination of traditional investments with innovative financing is increasingly gaining traction, with larger funds expecting to leverage more private investments together with public finance.

Blending aims, *inter alia*, at: (i) financing projects that would otherwise not be financed thanks to the pooling of resources and the complementary use of grants and loans, and (ii) ensuring a high leverage effect on limited grant resources. Blending also allows for different funding sources taking on the types of risk that they have appetite for.

Within the European Union, the EU Platform for Blending in External Cooperation (EUBEC) is aiming at up-scaled support to private investments and leveraging private capital across the board. In the context of ENPI South countries, the Neighbourhood Investment Facility (NIF) is a good example of a relevant EU Regional Blending Facility.

2.3 Overall process, steps and related tools

The overall process is illustrated through 3 sets of complementary documents, containing information and guidance for the preparation and assessment of concepts and proposals:

1. Templates with guidance on how to apply for funding.
2. Checklists with guidance on how to assess concepts and proposals in terms of the quality of their content and the completeness of the information provided.
3. Complementary guideline documents on:
   a. The overall process of applying for mainly publicly or mainly privately financed projects or programmes (flow charts/decision trees).
   b. Explanatory notes to the flow charts/decision trees with selection questions.
   c. Overview of main funding sources covering size, sectors, finance instruments provided and key project and investment criteria; a more detailed overview is provided for multilateral and bilateral funds and programmes, while a more general overview is given for conventional, multilateral and bilateral climate development finance as well as for private, non-governmental and philanthropic finance.

3. APPLYING TEMPLATES AND CHECKLISTS

3.1 Templates

Templates and related guidance have been generalized taking into account the specificities of different funding programs and with a view to facilitating the transfer of information from one template to another, simply using copy & paste.

The templates are meant for use by project proponents (public and private sector) and may be provided by officials with a responsibility linked to climate change. They include references to important sources of information and examples of sound/best practices.

Concept note template (see Section 4): used to assess interest from funding organizations and funds.

Full proposal template (see Section 5): used for preparing full proposals.

3.2 Checklists

Checklists are tools to assess concepts and proposals though external or internal reviews by officials/managers in a supervisory capacity. A simple scoring system has been developed to assist with the decisions as to whether the concept or proposal under consideration should be taken forward, sent back with a request for additional information or rejected outright. The scoring takes into account the completeness of the information provided, the quality of the content, and whether the proposed project/programme has a chance to get off the ground.

Screening checklist (see end of this Chapter): used to conduct a first screening of proposals submitted and guide further development efforts.

Concept checklist (see Section 4.3): used to assess whether the elements required for a concept note are covered.

Full proposal checklist (see Section 5.3): used to assess whether the elements required for a full proposal are covered.

3.3 Further supporting documentation and tools and their application

Further, detailed guidance is given as part of the annotations and explanatory notes to the checklists, templates and flow charts in this handbook. The overview of funding options is intended as a first reference document, providing guidance on which funding sources and opportunities may best apply to a given project concept or proposal.

Decision tree (see Sections 3.5 & 3.6): The flow charts/decision trees show two simplified funding processes; one for a mainly publicly funded project or programme, and the other for a mainly privately funded project or programme. The processes presented for larger projects/programmes are based on the assumption that a promoter starts from scratch or builds on an existing project/programme infrastructure by trying to 'cash in' on different sources and/

or blending of financial mechanisms. Leveraging more finance may be achieved through several funding opportunities and/or rounds and using initial public seed funding to attract (more) private investments.

Explanatory notes to the flowcharts/decision trees (incl. selection questions) (see Sections 3.5 & 3.6): Explanatory notes assist with understanding the overall process, including the various foreseen steps, and the decisions needed to raise funds for a particular climate action.

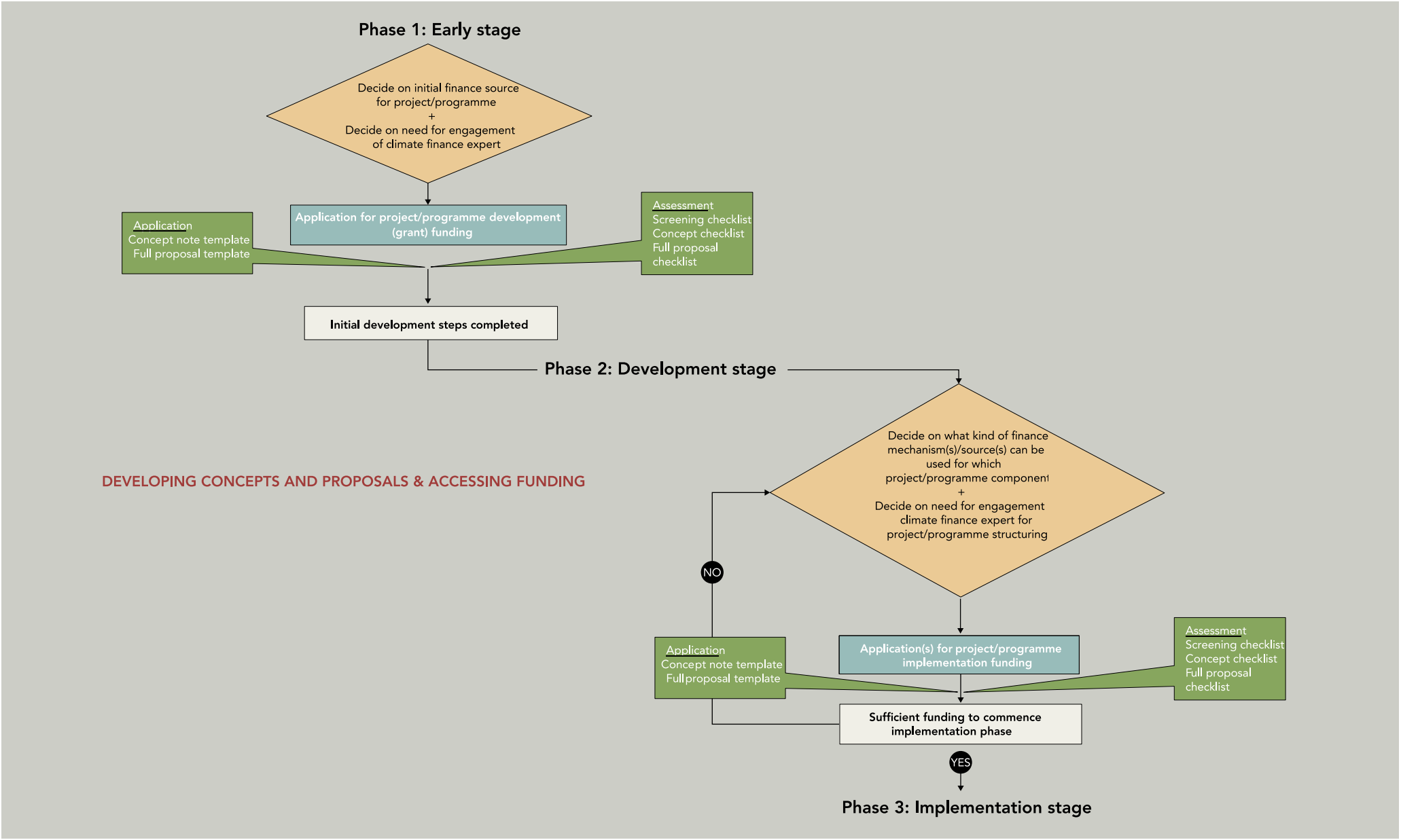
Funds overview (see Annexes 2-7): The overview matrix shows the main multilateral and bilateral funds/programmes, bilateral & multilateral (climate) development finance, a unilateral banking sector case study (Morocco), and private sector & non-governmental/philanthropic/social investors opportunities with regard to funding for climate change projects in ENPI South countries.

Only the multilateral and bilateral funds/programmes are described individually, whereas the other groups and funding opportunities are described more in general as a group. Any major differences with regards to the use of financial instruments and mechanisms or the basic requirements to access funding are pointed out.

3.4 Overall application process and use of the tools throughout the process

Early stage: The flow chart below presents a typical, generalized funding process, based on the assumption that a promoter starts from scratch or builds on the architecture of an existing project/programme. In the latter case, the promoter will most likely be able to move to the ensuing development stage immediately, assuming a project idea can be developed into a viable concept in-house. If this is not the case, the promoter may apply for grant funding from a national or international source to develop the concept or project/programme idea. The need for full-fledged proposals depends on the requirements of individual funding sources and on the amount of funding being requested. Generally, requesting funding for the further development of concepts or project ideas is less cumbersome than requesting funding for the subsequent development stages. Whether a climate finance expert needs to be engaged during this phase depends on the availability of in-house expertise with the promoter and its potential partners.

Development stage: Generally, the preparation of an initial concept note is followed by a full proposal once the concept passes the assessment criteria of the financial institution being approached (see figure below). In some cases it is instrumental to focus directly on preparing the full proposals as bankable documents. If several funding sources are approached, in order to reach financial closure, this may become a reiterative process. Indeed, larger projects/programmes that need to blend different funding sources and financial mechanisms often go through multiple funding rounds, either in succession or in parallel.


Phase 1: Early stage
Decide on initial finance source for project/programme
+
Decide on need for engagement of climate finance expert
Application for project/programme development (grant) funding
Application
Concept note template
Full proposal template
Assessment
Screening checklist
Concept checklist
Full proposal checklist
Initial development steps completed
Phase 2: Development stage
DEVELOPING CONCEPTS AND PROPOSALS & ACCESSING FUNDING
Decide on what kind of finance mechanism(s)/source(s) can be used for which project/programme component
+
Decide on need for engagement climate finance expert for project/programme structuring
NO
Application
Concept note template
Full proposal template
Application(s) for project/programme implementation funding
Assessment
Screening checklist
Concept checklist
Full proposal checklist
Sufficient funding to commence implementation phase
YES
Phase 3: Implementation stage

3.5 Case A: mainly publically funded projects/programmes

A simplified fund raising process for a mainly publicly funded project or programme is illustrated in the decision tree below.

A promoter either starts from scratch or builds on an existing project/programme infrastructure trying to 'cash in' on different sources and/or blending of financial mechanisms, This would allow the leveraging of more finance through several funding opportunities and/or rounds, and by using initial public seed funding to attract further public and/or private investments.

A rather complex process going through several and/or parallel funding rounds applies to larger projects/programmes, such as investment programmes. On the other hand, a small-scale adaptation proposal may rely on one grant funding source only, considering, for example, a second round in a phase 2 after completion of phase 1 (2-3 years). The explanatory notes and the decision tree below are complementary and should be viewed together (see also the "project/programme screening checklist" at the end of this Chapter).

Early stage

In the initial situation, the following scenarios can be assumed for a mainly non-profitable adaptation/mitigation project or programme by public, non-governmental or community based organizations:

Early stage without any technical/project/programme infrastructure and seed funding. In this case seeking a partner with track record and expertise in the field is not only advisable but necessary to receive funding later in the process.

Early stage building on existing technical/project/programme infrastructure and without seed funding. Often an application for a project development grant will help to overcome this first hurdle, i.e. usually the stage where project idea or concept notes need to be prepared.

Early stage building on existing technical/project/programme infrastructure and with seed funding. The project/programme will be able to complete the development stage on its own – including feasibility studies etc.

Which climate change issue will the project/programme address (mitigation/adaptation/both) and in which economic sector/subsector will the interventions be made?

Clarifying these key aspects as part of the preparation process will help narrowing down:

a) the list of funds/programmes to be approached to obtain a technical assistance (TA) grant to further develop the idea into a feasible project/programme, and

b) the list of potential national or international public, private and/or non-for-profit partners needed to develop a bankable project [e.g. a seed bank project in the agriculture sector driven by a government organization may approach the International Fund for Agricultural Development (IFAD) for a TA grant (see overview of main multilateral funds/programs in Annex 2).

Development stage

1. Initial development steps have been taken, either because a project development grant has been received and/or a new component is piggybacked on an existing / project/programme infrastructure:

Check the possibility of adding/integrating a profitable component and/or a component reducing economic losses to open up for potential private investments

Investigate first application(s) for public funding/support at the local or national level, which may include technical assistance and/or in-kind support – using existing business relations and networks

- Project/programme idea or concept notes and/or full proposals need to be prepared
- Either first funding and support from public sources at the national or local level are received (e.g. national funds and/or agencies/ministries at the national and/or local level),

OR

Seek other means to get first funding to cover key operational/implementation needs/activities for the initial phase of a project programme such as via (int.) non-governmental, philanthropic or multilateral/bilateral players active in the country – using existing business relations and networks (see below)

- Project/programme idea or concept notes and/or full proposals need to be prepared
- Potentially national or local public sources may open up (in parallel) when international donor funding is received (e.g. via national budget contributions required by donors to free up climate development finance flows a project/programme may benefit from)

2. The preparation of applications for public funding from multilateral, bilateral, philanthropic and/or other non-governmental/research sources at the international level will often require a close cooperation with national public bodies facilitating access to these sources (e.g. in the case of direct access funding will even flow through these bodies; in other cases approval or endorsement letters will be required at least - using existing business relations and networks):

Concept notes and/or full proposals need to be prepared.

Seek direct contact with those donor organizations where relationships exist, best based on prior, successful experiences, and inquire about funding opportunities based on knowledge of and matching of funding priorities with project/programme objectives and activities, *or*

Seek to establish such contacts and/or simply identify relevant funds/funding programmes and prepare sound funding proposal(s)

In the case of larger project/programme proposals blending of different sources of finance and financial instruments requires technically savvy experts with skills and expertise on project/programme financing, structuring and financial matchmaking:

- Split project/programme into components (e.g. capacity building/education/awareness vs demonstration of

technology/management solutions vs large(r) scale deployment of technology/management solutions);

- Smaller projects or, if the focus is on a very particular sector/field, the project/programme may stick to one key (donor) funding source and may only need to comply with limited co-funding requirements.

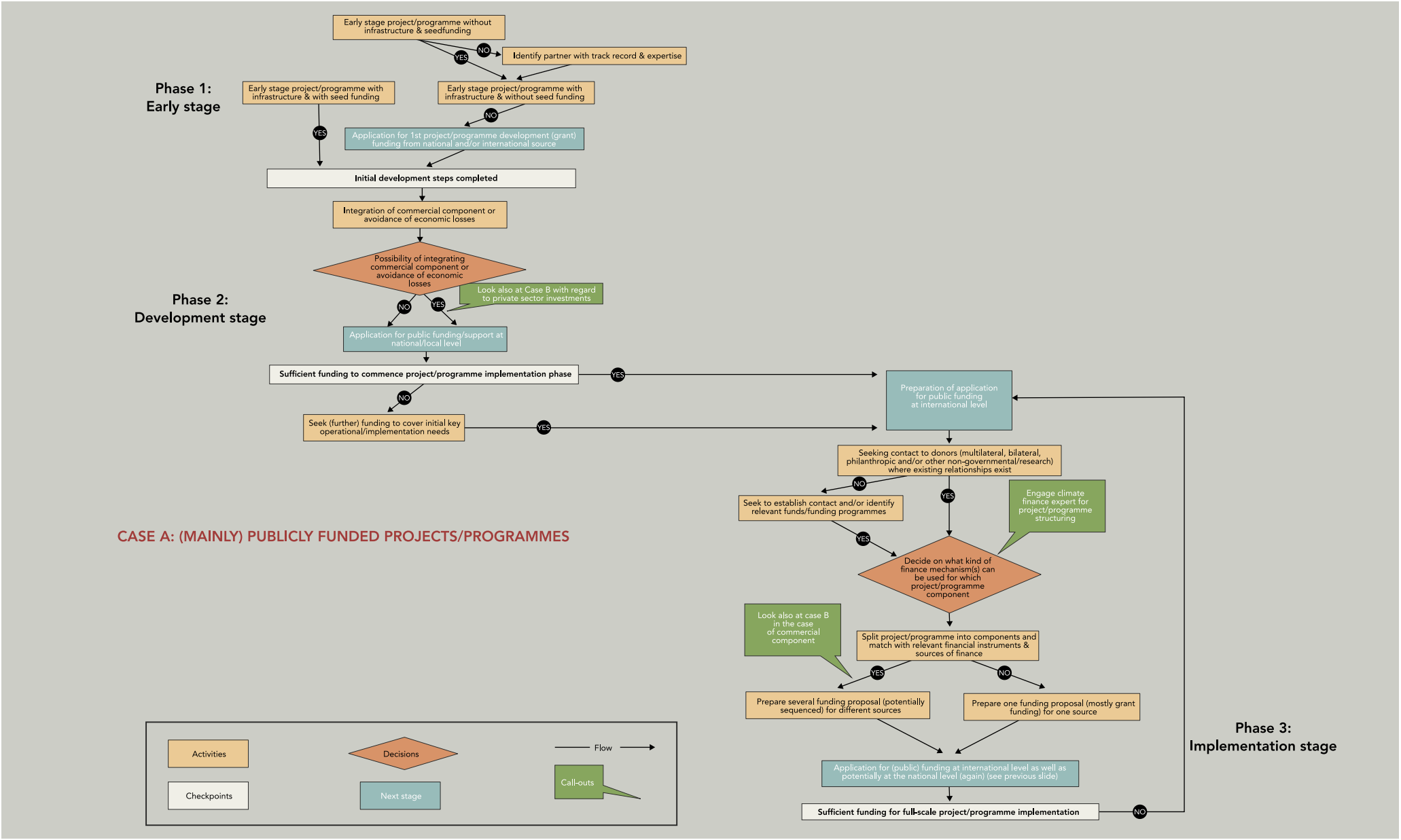
3. The following aspects and questions should be taken into account as part of the preparation process at this stage:

What kind of intervention will be (mainly) pursued (TA, demonstration project, investment project, investment program)? The further development of the idea and a related concept note during the early stage (see above) should allow to answer these questions, which are important with regard to what kind of funding sources and finance mechanisms can be considered (see below). E.g. TAs and demonstration project may use more conventional climate development finance, whereas larger investment programs will rather be financed by (development) finance institutions (see overview of main multilateral funds/programs and unilateral case study in Annexes 2 and 5). The World Bank's Climate Investment Funds are an example for the latter.

What is the overall size of the project in terms of finance required and what are the appropriate finance mechanisms to achieve financial closure? The further development of the idea and a related concept note during the early stage (see above), should lead to a preliminary budget as well as a project architecture which also determines possible financial structures. This again determines the use of financial instruments. Certain projects/programmes such as the abovementioned investment programs will probably look at (concessional) loans or equity funding in the case of targeting private sector clean energy projects (for example see the EU's Global Energy Efficiency and Renewable Energy Fund in the overview of main multilateral funds/programs in Annex 2). Other projects/programmes focusing on establishing enabling conditions with regard to the policy environment or capacity building measures for public and/or private sector stakeholders may approach some of the dedicated multilateral or bilateral grant funding opportunities for such interventions, such as the Africa Climate Change Fund, the Global Environment Facility or the International Climate Initiative.

What kind of ownership structure is foreseen? Certain funds or funding programmes will only finance public or private undertakings, others focus on public-private-partnerships.

Where will the project/programme be implemented? Some funds invest globally, others only in certain regions or specific countries (the overview of funds/programs in Annex 2). Depending on the country and sector for which the intervention is being considered, climate development finance opportunities for public sector initiatives via conventional development cooperation channels will often narrow down the list of approachable donors in a given country. This is not related to all agencies operating in all countries and sectors, therefore the relevant donor agencies operating in the targeted country and sector should be taken into account, in the case this funding option is considered.


Phase 1: Early stage
Early stage project/programme without infrastructure & seedfunding
NO
YES
Identify partner with track record & expertise
Early stage project/programme with infrastructure & with seed funding
Early stage project/programme with infrastructure & without seed funding
NO
YES
Application for 1st project/programme development (grant) funding from national and/or international source
Initial development steps completed
Integration of commercial component or avoidance of economic losses
Phase 2: Development stage
Possibility of integrating commercial component or avoidance of economic losses
Look also at Case B with regard to private sector investments
NO
YES
Application for public funding/support at national/local level
Sufficient funding to commence project/programme implementation phase
YES
NO
Seek (further) funding to cover initial key operational/implementation needs
YES
CASE A: (MAINLY) PUBLICLY FUNDED PROJECTS/PROGRAMMES
Preparation of application for public funding at international level
Seeking contact to donors (multilateral, bilateral, philanthropic and/or other non-governmental/research) where existing relationships exist
NO
YES
Seek to establish contact and/or identify relevant funds/funding programmes
YES
Engage climate finance expert for project/programme structuring
Decide on what kind of finance mechanism(s) can be used for which project/programme component
Look also at case B in the case of commercial component
Split project/programme into components and match with relevant financial instruments & sources of finance
YES
NO
Prepare several funding proposal (potentially sequenced) for different sources
Prepare one funding proposal (mostly grant funding) for one source
Application for (public) funding at international level as well as potentially at the national level (again) (see previous slide)
Sufficient funding for full-scale project/programme implementation
NO
Phase 3: Implementation stage
Activities
Checkpoints
Decisions
Next stage
Flow
Call-outs

3.6 Case B: mainly privately funded projects/programmes

A simplified fund raising process for a mainly privately funded project or programme is illustrated in the decision tree below.

A promoter either starts from scratch or builds on an existing project/programme infrastructure trying to 'cash in' on different sources and/or blending of financial mechanisms. This would allow the leveraging of more finance through several funding opportunities and/or rounds, while using initial seed funding to attract further private and/or public investments.

A rather more complex process involving several funding rounds applies to larger projects/programmes, such as investment programmes, or when a smaller business or project will want to grow further and expand after an initial phase. The explanatory notes and the decision tree below are complementary and should be viewed together (see also the "project/programme screening checklist" at the end of this Chapter).

SMEs or projects with strong characteristics to leverage private finance

Numerous types of small and medium-sized enterprises (SMEs) or projects seek private finance for adaptation or mitigation actions. In most cases, finding private finance is not an easy task. It requires patience and compelling arguments to convince the private investors and/or lenders that they are considering a good investment opportunity. The deciding factor is the identification of SMEs or projects featuring strong characteristics for the leveraging of private finance. In most cases, the funding will occur in stages, coinciding with the various development phases of the SMEs/projects. Later stages of investment will call on different types of investors or lenders.

The SMEs/projects may have one or several of the following 6 characteristics which will be instrumental in enhancing chances to attract private funding. These 6 characteristics are neither exclusive, nor exhaustive. Other characteristics, which will influence the confidence of potential investors or lenders, may exist; these may be specific to the SMEs/projects in question. These characteristics are listed below, starting from the most significant:

1. The SME/project may be part of a large organisation, e.g. company, multinational corporation (MNC), etc., which can lend some support, knowhow and/or provide financial backing,
2. The SME/project may already be profitable?
3. The SME/project may have a reasonable chance to be profitable in the foreseeable future according to robust business plan?
4. Only part(s) of the SME/project may be profitable?
5. The SME/project has large MNCs, technology providers as clients, suppliers or is within the same field as large MNCs, technology providers?
6. The SME/project has an important sustainability component and can significantly enhance the image of MNCs or other large organisations, and represent a considerable marketing advantage?

However, in many cases and especially for projects which have hardly any of the above strong characteristics, the first step will be to find public funding or private funding dedicated to adaptation or mitigation, which is not conditional on a comfortable financial return. For instance, to target private donors, it is important to understand if the SME/project's activities may coincide with the mandates of:

- philanthropic organisations, foundations, (e.g. Bill & Melinda Gates Foundation, Elma Foundation, Gatsby Charitable Foundation, Maria Wrigley Trust, Rockefeller Foundation, Shell Foundation, etc.), or
- NGOs who have the ability to finance projects, (e.g. http://collateralfreeloans.blogspot.sg/2010/12/organization-and-ngos-that-give-loan.html provides a brief, non-exhaustive, list of NGOs lending in Africa), or
- MNCs who may be interested in the commercial image that the SMEs/projects bring and/or see the need to adapt their operations. For instance, in the agro-food business, an MNC such as Coca Cola is committed to water conservation through its water stewardship, and Nestle helps coffee and cocoa farmers to adapt to new weather conditions.

Once initial funds have been successfully raised, other rounds of fund raising become possible, with the aim of attracting other investors until eventually the project is rendered profitable.

Generally, SMEs/projects will fall into one of the following categories:

Category A. Many SMEs/projects will have varying degrees of the strong characteristics enumerated above.

Category B. Some (very few, however) SMEs/projects will have a comfortable level of profitability. These are more likely to be in mitigation SMEs located in advanced developing countries, rather than in less developed countries. The SMEs/projects can base their search for funding exclusively on financial grounds. These may rely on a combination of debt coming from local or international banks, monetary financial institutions (MFI) and/or private equity funding from venture capital/private equity (VC/PE) finance firms, banks, MNC, etc.

Category C. Some SMEs/projects, especially those associated with adaptation, will not have any of the strong characteristics enumerated above. In these cases, only public funding and private funding, unconstrained by profitability criteria, may be involved (see above, foundations, NGOs, MNCs).

The example illustrated below is based on Category B, which is the most common and often the most complex, as it requires reaching out to a number of channels to access the financing required.

Early phase

All SMEs/projects will go through successive development phases. These involve an early phase of conceptualisation and product development, including fine tuning of projects, final planning, putting together pilots, sometimes hiring an initial team, etc. This early stage can be costly and generally does not generate financial revenues.

In developing countries, such as many in the MENA region, this early phase is usually financed by a combina-

tion of own finance (savings, family, friends), public finance (grant), foundations, philanthropic organisation, or NGOs who have the ability to finance projects. Other potential sources may include MNCs, interested by the commercial image that the SMEs/projects may bring, or other interests and private seed capital, angel investors, mostly established entrepreneurs willing to take stakes in start-ups.

This initial stage most often includes some technical assistance (TA), e.g. to firm up a concept idea or implement a pilot project or access to provision of information (climate data for instance). In such cases, assistance from combination of consultants, academics, specialised NGOs and technology providers, usually proves to be effective. The "Private Sector Initiative" of the UNFCCC, provides an extensive potential list of partners, including research organisations, NGOs, universities, private sector organisations, and UN organisations, specialising in mitigation and adaptation. Such TA can also be provided by venture capital firms and angel investors. This is, however, less common in developing than in developed countries. TA may also be finance from a grant from development finance institutions (DFI) or other donor agencies.

The elaboration of SMEs/project is often facilitated, particularly in developing countries, by technical assistance in the following fields:

- Financial literacy training
- Resource planning and budgeting
- Business plan development
- Finance and accounting training
- Marketing support and market studies
- Strategic planning
- Legal support
- Operational and process improvement
- Facilitating access to international supply chains
- Information technology

In addition, post-investment TA may help with improving the quality of the investments and preparing the company for exit.

Development and implementation stages

The subsequent development stages include generating some initial revenue (despite usually remaining cash flow negative) as well as delivering a proven product and concept. This generally includes finding elements of finance, which can then be used to leverage further funding. The sources of finance to look at first are often the ones relying on the least on financial profitability. Financial organisations looking to invest and mainly looking at profitability and the robustness of the investment case are most convinced by such leverages. In other words, the SMEs/projects manages to secure funding whether this is from public sources (DFIs), foundations and philanthropic organisations, NGOs or MNCs, first. It is significantly easier to leverage this amount to find debt (loan from local or international bank) or even sell part of the SME equity (e.g. via "impact investments"). Equity investment is further explained below.

Exploring how to use public sources of finance is often seen as the most obvious initial choice to leverage private

funding. However, timing is also an important consideration and the lengthy process that public funding may require (even to access a mere promise of funding) can be discouraging for a developer or a private investor, unless the developer is able to successfully respond to a tender. This may lead developers to exclusively rely on private sources.

Furthermore, as part of the initial stage, local regulations have to be carefully surveyed for potential subsidies, tax credits and other advantages. These will be additional elements of leverage in the search for further finance. Local administration and authorities are often the best points of contact to find out about such regulations.

Following the initial stage, the SME/project hopefully reaches a more mature stage, becoming an established company/project with sustained positive cash flow, a growing customer base and a sustainably viable business. Reaching this mature phase usually means financing a funding gap which may be addressed with debt. Such debt may be best reached via a combination of public development commercial banks such as IFC, EBRD, EIB, (etc.) or from DFI grants (such as AfDB, KFW, AFD, DFID, etc.), which may then be leveraged to local private lenders, i.e. local banks, micro finance institutions or even NGOs. A list of NGOs lending in Africa can be found here. In some cases, the contribution of DFIs can be via a local financial institution through the ease of lending conditions, i.e. better lending rate due to guarantee on potential default rates provided by DFIs.

The parallel avenue to debt is equity. SMEs/projects can raise funds by selling part of the company's equity to VC/PE players (technically venture capital firms invest in earlier stages and riskier SMEs than private equity firms), MNCs or complementary medium size organisations. Such organisations include public organisations like the IFC and the World Bank (especially within its Climate Innovation Centres, located in 5 Africa countries including Morocco. It also includes VCs/PEs specialised in ventures from developing countries, such as impact investments players and crowdfunding and more conventional, established VCs/PEs. "Asset Impacts" provides a non-exhaustive list of impact investors. Examples of VC/PE funds include, for instance, the African Agriculture Fund (AAF) with its SME fund, LeapFrog Investments fund, AfricInvest-FMO or GroFin fund. Some MFIs can be approached within the Africap Microfinance Fund.

Another way of financing is using mezzanine financing. This is a hybrid of debt and equity financing that, in the case of default, gives the lender the rights to convert to an ownership or equity interest in the company, after venture capital companies and other senior lenders are paid. Mezzanine financing, usually completed with little due diligence on the part of the lender and little or no collateral on the part of the borrower, is treated like equity on a company's balance sheet.

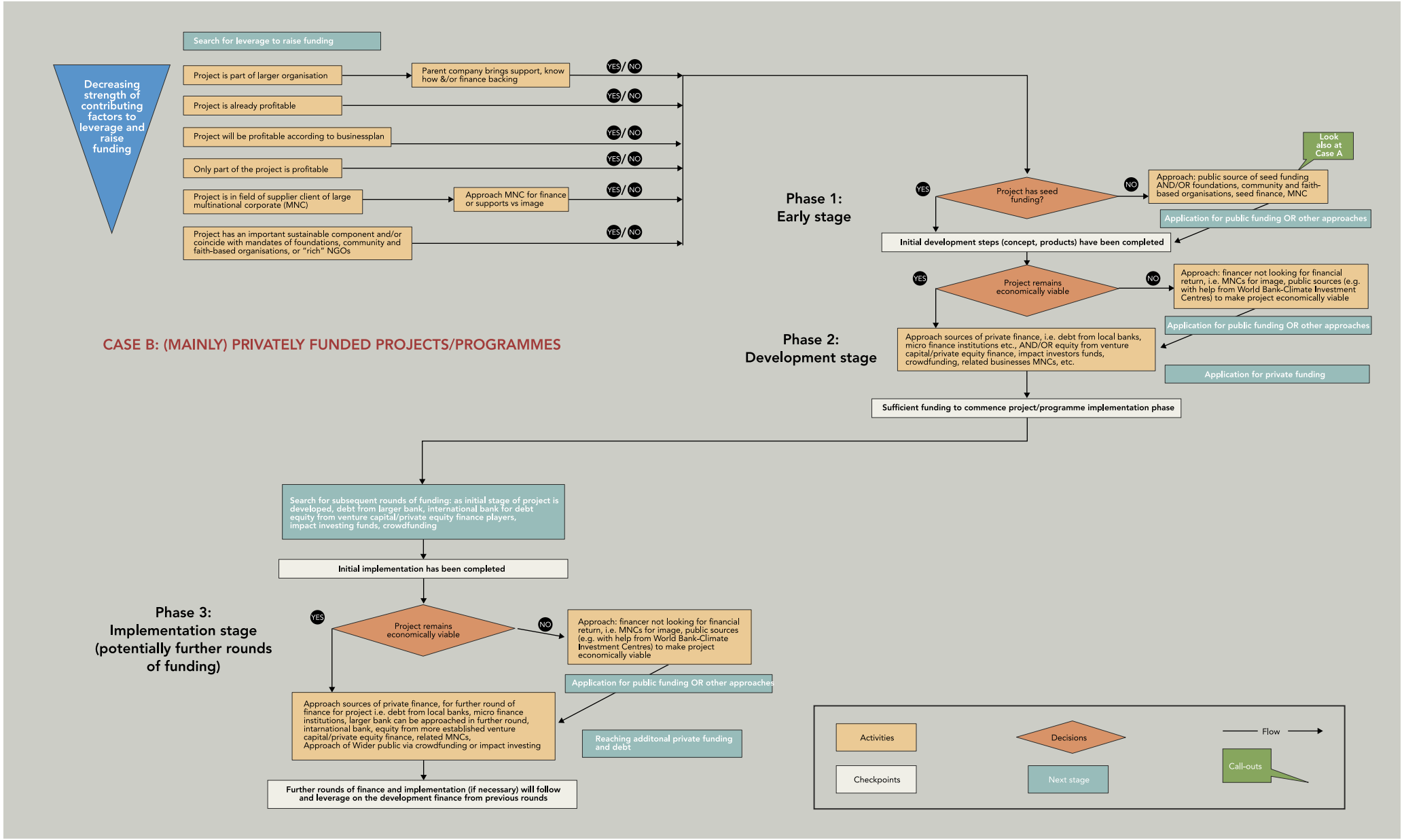
An efficient use of resources from donors to reduce costs and risks is essential to attract and further leverage private funds.

Large sources of institutional investments

Large pockets of finance may also be available, such as bonds, large equities from institutional investors. However, in practice these are geared for large investments (usually $100millions and above) which is very uncommon in the mitigation and adaptation cases being considered.

Pooling of investments to reach such high volume of investment is possible (on paper); however, in practice, the lack of consistency between projects and the advanced financial process that it requires (accounting, monitoring performance), makes such schemes very difficult to implement.

Institutional investors such as pension funds have in some cases some resources for the development of small ventures. These are usually potentially


Search for leverage to raise funding
Decreasing strength of contributing factors to leverage and raise funding
Project is part of larger organisation
Parent company brings support, know how &/or finance backing
Project is already profitable
Project will be profitable according to businessplan
Only part of the project is profitable
Project is in field of supplier client of large multinational corporate (MNC)
Approach MNC for finance or supports vs image
Project has an important sustainable component and/or coincide with mandates of foundations, community and faith-based organisations, or "rich" NGOs
YES / NO
CASE B: (MAINLY) PRIVATELY FUNDED PROJECTS/PROGRAMMES
Phase 1: Early stage
Project has seed funding?
Look also at Case A
Approach: public source of seed funding AND/OR foundations, community and faith-based organisations, seed finance, MNC
Application for public funding OR other approaches
Initial development steps (concept, products) have been completed
Phase 2: Development stage
Project remains economically viable
Approach: financer not looking for financial return, i.e. MNCs for image, public sources (e.g. with help from World Bank-Climate Investment Centres) to make project economically viable
Application for public funding OR other approaches
Approach sources of private finance, i.e. debt from local banks, micro finance institutions etc., AND/OR equity from venture capital/private equity finance, impact investors funds, crowdfunding, related businesses MNCs, etc.
Application for private funding
Sufficient funding to commence project/programme implementation phase
Phase 3: Implementation stage (potentially further rounds of funding)
Search for subsequent rounds of funding: as initial stage of project is developed, debt from larger bank, international bank for debt equity from venture capital/private equity finance players, impact investing funds, crowdfunding
Initial implementation has been completed
Project remains economically viable
Approach: financer not looking for financial return, i.e. MNCs for image, public sources (e.g. with help from World Bank-Climate Investment Centres) to make project economically viable
Application for public funding OR other approaches
Approach sources of private finance, for further round of finance for project i.e. debt from local banks, micro finance institutions, larger bank can be approached in further round, intarnational bank, equity from more established venture capital/private equity finance, related MNCs, Approach of Wider public via crowdfunding or impact investing
Reaching additonal private funding and debt
Further rounds of finance and implementation (if necessary) will follow and leverage on the development finance from previous rounds
Activities
Checkpoints
Decisions
Next stage
Flow
Call-outs

available for SMEs/projects which have successfully gone through the initial hurdles and are growing as successful businesses.

3.7 Screening Form

The screening checklist is used when assessing project ideas or concepts, either for external or internal reviews by officials/managers in a supervisory capacity. The purpose of the checklist is to conduct a first screening of proposals and guide further development efforts. A simple scoring system has been developed to assist with the decisions as to whether the concept or proposal under consideration should be taken forward, sent back with a request for additional information or rejected outright. The scoring takes into account to what extent the requested information has been provided as well as the actual contents and whether the proposed project/programme has a chance to get off the ground. The related concept note template can be found in Section 4.

KEY ASPECTS/ELEMENTS	QUESTIONS & ISSUES TO BE CONSIDERED	RATING (FROM 1-3*)
Project/programme description	• Is the technical nature of the project clear and sound? • Is the location and context in which the project/programme will be implemented clearly described? • Are the project promoter/sponsor and beneficiaries, if different, well described? Is there information allowing for a first assessment of the sponsor's experience, operational and financial capacities and creditworthiness?	
Type of project/programme and expected results	Will the proposed climate action lead to (a) emission reductions/avoidance, or (b) adaptation or both (e.g. a climate smart approach combining resilience, adaptation and mitigation)? **In the case of (a) mitigation** • Are the reference scenario/baseline GHG emissions and the project scenario provided? • Is a first estimate of annual GHG emissions/emission reductions available? • Are the GHG reductions measurable and quantifiable? **In the case of (b) adaptation** • Are the vulnerabilities to climate change this project/programme will limit described? • Are the expected developments/trends under the reference scenario in the target sector(s) in the absence of the adaptation intervention described? • Are the specific adaptation activities that will be implemented and increased climate resilience through this project/programme elaborated?	
Compliance with national priorities	• Does the project/programme fit in with national climate action priorities as laid out in the relevant national climate strategies, policies and action plans and related national communications? • Has the project/programme been subject to an environmental impact study and, if so, are the results available?	
Implementation plan	• Who will implement the project, when and how will it be implemented? • Is the preparation of an MRV component described?	
Indicative budget and co-financing	• Is the overall budget for this project provided? • Are the levels and sources of co-financing the proposed project/programme provided (including financing structure and timing of public/private contributions)?	

*Note: The scoring should be done per row taking into consideration to what extent the requested information in the row has been provided. The scoring scale is: 1. No information available (including upon request) 2.Information partially available (with a chance to be provided in due course) 3. Information is generally/fully available (minor gaps will be addressed shortly). Applicants that are not able to provide any of the above key information within a reasonable timeline (a couple of weeks), i.e. a score of 1, should not be further considered in the process. Applications that score 3 across the board can progress to the next assessment level. Applications that receive a score of 2 in (a) certain category/ies should be given the chance to achieve a score of 3 once the information is provided. The scoring should take the actual contents into account and whether the proposed project/programme has a chance to get off the ground (e.g. a proposal not being able to show any kind of contribution of resources, even in-kind, or cannot demonstrate a basic understanding of designing climate actions, or in-country experience or addressing government priorities should not be further considered).

Project implemented by AGRICONSULTING CONSORTIUM
Agriconsulting Agrer CMCC CIHEAM-IAM Bari d'Appolonia Pescares Typsa Sviluppo Globale
Project funded by the European Union

4. DEVELOPING A CONCEPT NOTE

The concept note template and related guidance has been generalized, taking into account the specificities of different funding programs. The aim has also been to facilitate the transfer of information from one template to another, simply using copy & paste.

The template is meant for use by project proponents from the public and private sector, and may be provided by officials with a responsibility linked to climate change. It includes references to important sources of information and examples of sound/best practices (See Concept Note Checklist at the end of this chapter).

4.1 General information about the programme/project

4.1.1 Basic information

This section gives the title and location of the proposed programme/project and details of the concept note's applicant for the application process.

Project/Programme title: .....

Country/Region: .....

Accredited Entity[1]: .....

National Designated Authority:[2] .....

Primary Implementing Institution: .....

[Note: This should be the institution leading the proposal and eventually the implementation of the project.]

Executing entity / beneficiary: .....

[Note: This can list all other institutions that will support and participate in the implementation of the proposed project.]

Contact person: .....

Email: .....

Phone: .....

4.1.2 Profile of the programme/project

This section provides the profile of the proposed programme/project: what type of climate project, budget size and timeframe.

[Note: The amount should include all budgeted activities, including management costs. The figure should thus match the 'total amount of financing requested by the project' as reflected in the logical framework.]

[1] These bodies are only relevant in the context of direct access to climate finance such as under the Green Climate Fund or the Adaptation Fund

[2] Ibid.

Key considerations when developing funding concepts & proposals:

- Information about particular decision-making processes or criteria by the relevant multilaterals or bilateral financing sources should be gathered.
- There are differences in the sources of finance for climate action programmes and projects with regards to specific objectives, target countries and regions, technology and sector focus, financing mechanisms used, and proposal requirements.
- It is important to make a strong case for justifying the need for financing by the fund targeted for the project being proposed.
- There are a number of common principles for securing public and private climate change (adaptation) financing that include focusing on the project sponsor (creditworthiness, reputation and experience), return on investment, making use of collaborative action, communicating the rationale for action, and building local capacity.
- Improving the enabling environment for investment by providing the appropriate administrative framework and developing the capacity to absorb resources can improve a country's ability to attract finance and its ability to use that investment effectively.
- Both public and private funders will be attracted by investment climates that promise stability and good governance.

Focus: mitigation / adaptation / cross-cutting

Programme/project type: *Describe what sector/result area the programme/project addresses. For mitigation, e.g.: Energy access and power generation; Low emission transport; Buildings, cities, industries and appliances; Forestry and land use. For adaptation, e.g. most vulnerable people and communities; Health and well-being, and food and water security; Infrastructure and built environment; Ecosystems and ecosystem services.*

[Note: Most financing sources address a wide range of mitigation/adaptation technologies and/or shifts in management and planning approaches, the most common being renewable energy and energy efficiency in the context of mitigation. Some other the sources may be more narrowly focused, such as in the case of forestry.]

Implementing partner(s): Public / private / public-private-partnership

[Note: The basics should be clarified in writing so that agreements can be made as soon as (or in advance of, with a condition precedent) funding is made available, depending on the particular situation of the project. Organizations and entities implementing projects on the ground include government bodies, national institutions, international organisations, local communities, non-governmental organisations, academic and research institutions and private sector entities.]

Estimated implementation start and end date:

Current status: *Indicate status during proposal submission, e.g. pre-feasibility, feasibility, key contracts etc.*

Key considerations with regard to funding sources:

- The mobilisation and use of national financial resources should be considered from the beginning as it will also help with getting international support as well as better determine where such support is most needed.
- Negotiating in parallel and on different elements of the project/programme is not unusual – including the development costs – as they may be funded by different sources.
- Blending of various different financial sources such as government budget lines, NGO and community groups contributions next to development assistance and climate finance (bilateral or multilateral) may be required to get a project/programme off the ground (see below).
- Furthermore, innovative finance mechanisms should be investigated and be brought into play, if possible. Any chance to engage the private sector with regards to bringing equity or debt funding to the project should be explored.
- Climate action projects, in particular adaptation projects, will often be financed through collaboration between private sources of capital, public donors, non-governmental organisations (NGOs), and local institutions (both public and private). Similarly, the financing for these projects will likely include a mix of private, public, and philanthropic funds. One of the key strategies for seeking funding for adaptation projects is to structure projects to take advantage of both these sources of funding.
- The key difference between public and private financing is the investor's motivation. The primary motivation for suppliers of private finance is to maximise private return on their investment (directly or indirectly). Public sector financing, on the other hand, does not necessarily need to be 'profitable' but is generally motivated by a desire to maximise 'economic returns*' per invested dollar.

* Economic returns on investment are the returns on investment from perspective of the national economy, rather than from the narrow perspective of commercial investors.

4.2 Programme/project details

4.2.1 Description of the programme/project

This section provides the description of the programme/project objectives and activities.

[Note: Formulate a clear, overall objective and specific objectives and related activities and outcomes which should be measurable; budget resources should be allocated to them accordingly]

Programme/project objectives: *Describe clearly and accurately the overall objective(s)*

[Note: This should outline in one or maximum two sentences detailing the overarching objective of the proposed project.]

Programme/project design: *Describe what activities will be implemented and describe their specific objectives*

[Note: Depending on the project activity, different approaches to implementation may therefore be chosen (e.g. land management strategies to respond to disasters and/or sequester carbon, plantation of trees to protect against certain vulnerabilities and/or sequester carbon, assess in more detail a climate risk, e.g. in the case of forestry or agricultural production). One or more "typical" adaptation/mitigation activity/ies should be identified and the approach to implementation should be clear and transparent.]

Blending public and private finance sources:

- The major sources of financing for climate change mitigation activities include multilateral, bilateral and private financing sources.
- Most likely, many climate change adaptation projects will also need to be financed by a mix of public and private funds.
- When identifying private sector funding opportunities, it is important to understand equity and debt, and understand their main motivation (see above) and risk profiles.
- The attraction of foundations and social investors for developing countries is that unlike traditional private finance, these investors may accept lower returns as a trade-off for making a positive social impact.
- Developing countries can create conditions to attract investments by reducing risks or increasing rewards.
- Most private finance for adaptation in developing countries is likely to come from domestic sources. Adaptation actions that will attract private sector capital are those that can produce reliable market returns in the short run or high returns over a longer time frame.
- Developed country financial institutions tend to invest directly in some assets, but these are typically large projects that involve entities with substantial financial resources such as national or state governments or large private firms.
- Specific arrangements such as project finance and public-private partnerships may be needed to attract international investors.
- Developed country financial institutions also channel funds through financial institutions in the recipient country for smaller projects.
- Developing country governments can increase the amount of international private finance that is available domestically. Strategies include encouraging local financial institutions to explore relationships with developed country institutions that have appropriate funds; using public-private project finance where appropriate; and encouraging foreign direct investment.
- In addition, developing countries should work with investors to identify the barriers to investment and design projects or implement measures that minimise those barriers

Programme/project rationale: *Describe why the activities are being undertaken. Specify the location and implementation context of the programme/project.*

[Note: It is crucial for the realization of the project that the definition of the project objective is clear - How is resilience/reduction of GHG emissions enhanced or how is the current level of resilience at least maintained/further release of GHG emissions avoided? - and realistic in the face of any given constraints: can the project be financed? In what timeframe can the project be completed? Is there a buy in and support from the stakeholders? The aim of the project as well as its positive and negative impacts should be clearly defined.]

Rationale for involvement of financing source: *Describe how the programme/project is consistent with the strategic objectives of the financing source, and why its contribution is critical for the programme/project*

[Note: Consider which fund(s)/funding sources you are going to target and whether your project will address the respective priorities and objectives]

4.2.2 Financing/cost information

This section gives information on the financing of the programme/project.

[Note: Some projects require funding for the further preparation of the project/programme. A well-prepared initial concept is still required to ask for a small grant for further development]

Total investment costs: €/$ … *provide an estimate of the total project costs (in € or US$)*

Budget use: *specified and broken down in categories such as:*

- Development costs of the programme/project
- Implementation costs, including evaluation and monitoring
- Costs for each activity
- Other relevant categories, such as: programme management, including normal staff, office, travel and start-up expenses; Engineering services and other technical assistance; External consultants; Marketing; Training; Use of funds for concessional co-finance, such as loan loss reserves or other credit enhancements or direct capital subsidies

[Note: Project management costs are the budgeted costs for general administrative services which are not directly related to any of the project outcomes and outputs.]

Requested amount from financing source: €/$ … *indicate the amount for each financial instrument (senior loan, subordinated loan, equity, guarantee, reimbursable grant, grant)*

Exit strategy (finances): *Describe what happens after the programme/project is implemented with support from the financing source.*

[Note: How are the benefits from the project / programme sustained after the involvement of the funders ends (all

funds invested, all loans repaid in full)? How are annual O&M costs covered? Are results measured and reported, and if so, how and where?.]

Co-financing: *Indicate the sources of co-financing, and the type of co-financing (senior loan, subordinated loan, equity, guarantee, reimbursable grant, grant) and amount of co-financing from each source.*

[Note: Successful new projects often build on an existing project/programme infrastructure with secured funding (e.g. adding an adaptation/mitigation component to an existing development project-see also programmatic approach by the GEF/AF/GCF). Other projects/programmes need to look for funding this as well. This is related to full cost financing offered by multilaterals and whether further co-finance is required to implement the project.]

4.2.3 Expected results and benefits

This section outlines the expected results and benefits from the programme/project.

[Note: In order to prove the impact the project will actually have, it is important to establish a baseline scenario that describes what would have happened if the project did not exist (the establishment of the baseline scenario can at this stage be qualitative rather than quantitative).]

Baseline conditions: *describe the baseline conditions in absence of the activities, including key issues, barriers and challenges. Examples are: baseline scenario and trends of GHG emissions (mitigation) or vulnerabilities (adaptation); level of exposure to climate risks for beneficiary country and groups; fiscal or balance of payment gap that prevents from addressing the needs; shortcomings of local capital market; needs for strengthening institutions and implementation capacity*

[Note: This section should contain a brief description of the initial situation and the relevant development activities that would/should be implemented in the absence of climate change in the targeted sector and region.]

Specific attention is to be paid to climate impacts, catalysing impacts and sustainability of impacts:

Climate impact potential: *Specify the expected mitigation/adaptation impacts, such as total tonnes of CO2eq avoided or reduced per annum, total number of direct and indirect beneficiaries, number of beneficiaries relative to total population. For mitigation, specific attention to be paid to: baseline emissions, expected avoided emissions. For adaptation, specific attention to be paid to: ecological and socio-economic context of the programme/project and its perspectives to climate change, forms of vulnerability and existing resilience capacity, which vulnerabilities will the programme/project limit.*

[Note: This section should give a concise description of each of the specific adaptation/mitigation activities/investments that the project would implement, how they build on to existing development activities (i.e. the baseline activities identified above), how they will be implemented in practice, and what impacts they are expected to have in terms of reducing the climate change vulnerabilities or improving the GHG emissions profile described above. This section should demonstrate to the donor how the project will lead to concrete and measurable impacts in the tar-

Demonstrate ownership and coherence & alignment with national climate strategy and priorities:

- Depending on the adaptation/mitigation measure, be it a sector-wide policy or a specific project for a certain region, different political decision-making processes will be required to make the implementation happen. At the same time, it is also crucial to ensure that these processes are aligned with host country policy on adaptation.
- To ensure the project will be supported from the wider political community the appropriate decision-makers will have to be identified at the local, regional and national levels. By working with these individuals it needs to be determined if and how the adaptation can be integrated into existing frameworks for the long-run.
- It is important to consider the work done on existing adaptation/mitigation plans such as the National Adaptation Programs of Action (NAPA), Nationally Appropriate Mitigation Actions (NAMA), National Communications to the UNFCCC and the UNCCD. Projects within the respective priority categories are very likely to gain political or even financial support by public institutions.
- The backing of a public institution or the government can also help to access funding at international level.

geted sector and/or region. The discussion can take its starting point in the differentiation between 'investment activities' and 'capacity building activities'.]

Catalysing impact potential: *Specify the potential for scaling-up and replication, knowledge and learning, contribution to enabling environment and regulatory or policy framework.*

[Note: For instance, many programmes seek to demonstrate successful financing mechanisms and business models, engage commercial parties and then promote a commercially self-sustaining market dynamic, so that market actors will continue to develop, implement and finance energy efficiency/renewable energy projects after the programme is completed. This is an attractive strategy for funders. The plan of the programme to achieve this result should be discussed, along with strategies for replication. A budget for replication could constitute a second phase of a programme.]

Sustainable development potential: *Specify the expected economic, social and environmental co-benefits (impacts on job creation, technology transfer, economic activities, increased resilience, improved nutrition, etc.)*

Sustainability of impacts: *Specify how the programme/project activities will continue after completion, e.g. whether and how market actors will continue to develop, implement and finance activities.*

[Note: This section should demonstrate to the funder how the project interventions have been designed in a way that insures that adaptation/mitigation benefits are sustained beyond the lifetime of the funder's involvement. This discussion could include elements both of financial, social and environmental sustainability as relevant.]

4.2.4 Implementation and management plan

This section outlines the implementation and management plan for the programme/project.

Implementing entity: *Describe who will implement the programme/project and their comparative advantage(s) compared to other potential implementing entities. Describe their experience and credibility. Describe the project management/organisational structure: specify the specific roles and responsibilities of each of the implementing entities, their level of involvement in the project design and imple-*

mentation, and underlying contractual arrangements. Describe who will take care of the monitoring process.

[Note: This section should clearly outline the institutional setup of the proposed project (i.e. who will do what and when, what will be the management structure for the project, how will the activities of different executing partners be coordinated etc.). The comparative advantage of the implementing institution(s) (compared to other potential implementing institutions) should also be outlined here.]

Embedding: *Describe how the programme/project will be coordinated or mainstreamed with related ongoing activities*

[Note: This section should briefly identify all relevant related initiatives/projects that are currently being carried out in the targeted sector and region, and discuss how the proposed project will ensure that its activities are appropriately linked and coordinated with these. The aim is to assure the potential donor that the project will not overlap, duplicate or negatively impact any other development activities and that all potential synergies and appropriate collaboration with existing activities are fully exploited. This question is partly linked with the issue of the baseline scenario described above, as the project will need to coordinate/cooperate with any relevant business-as-usual development activity underpinning the proposed adaptation/mitigation project (see above)].

Specific attention to be paid to country ownership and stakeholder engagement:

Country ownership: *Describe how the ownership of the beneficiary country is constituted. This can include: coherence and alignment with the country's national climate strategy and priorities in mitigation or adaptation (including national communications, Nationally Determined Contributions (NDC) or Intended Nationally Determined Contributions (INDC)) as well as relevant national legislation and regulations; government permission or endorsement to implement the programme/project*

Stakeholder engagement: *Describe the process and feedback received from civil society organizations and other relevant stakeholders*

[Note: Extensive consultations with the stakeholder groups are advised, starting with the project planning stage. Developing and implementing an adaptation/mitigation measure should draw interest from a number of stakeholders.]

4.2.5 Risk analysis

This section outlines the foreseen risks and measures to mitigate these risks.

[Note: All programmes involve certain risks, in programme implementation and also in market conditions that are outside the programme's control. For instance, for EE/RE project development and finance programmes, the biggest implementation risks typically concern marketing success and the long sales and development time required to get projects ready for investment. This is also a main focus of technical assistance efforts and programme activities.]

4.2.6 Evaluation and impact metrics

This section provides information on the M&E and MRV methodology.

Monitoring progress: *Describe who takes care of the monitoring process (see implementation and management plan); when will the monitoring take place; indicators used for monitoring progress and implementation for each activity*

Feedback mechanisms: *Describe how feedback on implementation and progress will be used to strengthen performance and management of the programme/project*

Measurement, Reporting and Verification methodology: *Describe the methodology for measurement, reporting and verification of the outcomes and outputs of the activities, including the indicators used; describe if and how the net GHG emission reductions can be measured and tracked.*

4.3 Concept review checklist

The concept checklist is used when assessing project ideas or concepts, either for external or internal reviews by officials/managers in a supervisory capacity. The purpose of the concept checklist is to assess whether the necessary elements for a concept note are covered. A simple scoring system has been developed with a view to assisting with the decisions as to whether the considered idea or concept should be taken forward, sent back with a request for additional information or entirely rejected. The scoring takes into account to what extent the requested information has been provided as well as the actual contents and whether the proposed project/programme has a chance to get off the ground. The related concept note template can be found in Section 4.

MONITORING AND EVALUATION

Monitoring and evaluation (M&E) are integral to the implementation of the programme/project. The M&E plan should be developed early to ensure that a baseline is established and begin collecting data needed for the evaluation. A programme's M&E framework will serve several purposes: 1. Monitor progress towards programme objectives 2. Strengthen programme performance and management by providing feedback on implementation 3. Provide a base for reporting and technical and financial accountability. M&E will evaluate the programme's direct impacts: total projects supported by the programme and their related GHG emissions reductions, for example. Other key indicators measures should also be defined, including indirect market development impacts. In order to capture market transformation effects, an M&E plan should assess the programme's indirect impacts and demonstration effects. This is often done through interviews with programme stakeholders, both participants and non-participants.

BEST PRACTICE & GUIDANCE RESOURCE MATERIAL

UNEP TNA Guidebook: Accessing International Funding for Climate Change Adaptation – includes examples of how to present projects/programmes & a showcase example);

UNEP TNA Guidebook: Accessing International Financing for Climate Change Mitigation – includes examples of how to present projects/programmes & a showcase example

UNDP toolkit for designing adaptation initiatives

GEF: Financing Adaptation Action – including showcase examples

GEF: Time to Adapt: Insights from the GEF's Experience in Adaptation to Climate Change – including showcase examples

GEF: Least Developed Countries Fund - including showcase examples

GEF: Accessing Resources under the SCCF

GEF: Accessing Resources under the LDCF

GCF: Investment Opportunities for the Green Climate Fund & Engaging with the Green Climate Fund

Adaptation Fund: Climate Finance: Direct Access

Key aspects/elements	Questions & issues to be considered	Rating (from 1-3*)
Project/programme description	• Is the overall objective of the project/programme clearly and accurately defined? • Are the location and the implementation context of the project/programme specified? • Who is the project sponsor and is the sponsor experienced, credible and has sufficient operational and financial capacities? • Is the technical nature of the project/programme and the provided information/data consistent and sound? • Are there different activities with specific objectives described and related data allowing to measures progress and implementation? • Are an overall budget and a distribution across activities provided? • Who is involved in financing the project/programme and at what financing levels?	
Type of project/programme and expected results	Will the proposed climate action lead to (a) emission reductions/avoidance, or (b) adaptation or (c) both (e.g. a climate smart approach combining resilience, adaptation and mitigation)? *In the case of (a) mitigation* • Are the reference scenario/baseline GHG emissions and the project scenario provided? • Are the annual net GHG emissions without the project provided? • Are the annual net GHG emissions with the project provided? • Can the long-term net GHG emission reductions of the project be measured and tracked? • Additionality: Are the emission reductions only possible with the project? (Comment: This applies only to mitigation actions creating carbon credits for the international compliance market) *In the case of (b) adaptation* • Are the climate context and the current ecological and socio-economic context of the project and its perspectives in relation to climate change clearly described? • Are there and what are the different forms of vulnerability present in the project environment and does an own resilience capacity exist without the project? • Are the vulnerabilities to climate change this project/programme will limit described? • Are the expected developments/trends under the reference scenario in the target sector(s) in the absence of the adaptation intervention described? • Are the specific adaptation activities that will be implemented and increase climate resilience through this project/programme described? • Does the proposed monitoring include appropriate measurable indicators to assess the success of the adaptation measures proposed by this project/programme? • Are the proposed activities only realized with the requested funding? What percentage? (Comment: Incremental cost)	
Compliance with national priorities	• Has the project/programme been subject to an environmental impact study and, if so, do we agree to its implementation then? • Are the various activities proposed by the project/programme in accordance with the relevant national legislation and regulations of the country? • Does the project/programme fit in with national climate action priorities as laid out in the relevant national climate strategies, policies and action plans and related national communications and is it contributing to the Nationally Determined Contributions (NDC) or to the Intended Nationally Determined Contributions (INDC)? • Is there a government permission or endorsement to implement the project in the context of climate policy in the country?	
Implementation and monitoring plans	• Are the project stakeholders (local, regional, national and international) known? • Are the specific roles and responsibilities of each of these stakeholders in the proposed project described? • Is the level of involvement of these actors in the project design and its implementation described? • Is there a future formalized project management/organizational structure with clear roles and responsibilities for the different partners with underlying contractual arrangements? • Is there an organization or partner in the project/programme taking care of the monitoring? How?	

Indicative budget and co-financing	• Is there an overall budget for this project? The following details need to be looked at:
	  • The budget should be based on a detailed estimate of an activity-based budget
	  • The budget estimate must be prepared distinguishing the development costs of the project/programme and the costs of implementation (incl. the monitoring)
	  • Are the financing requirements and potential sources to cover them known? Is level of financial participation at the national level assured and by whom?
	  • Are the levels, nature and sources of co-financing the project expects known?
	  • Is there a need for funding the (further) preparation of the project?
	  • Is/are the fund(s)/financing that will be targeted if the project meets the eligibility criteria mentioned?	

*Note: The scoring should be done per row taking into consideration to what extent the requested information in the row has been provided. The scoring scale is: 1. No information available (including upon request) 2.Information partially available (with a chance to be provided in due course) 3. Information is generally/fully available (minor gaps will be addressed shortly). Applicants that are not able to provide any of the above key information within a reasonable timeline (a couple of weeks), i.e. a score of 1, should not be further considered in the process. Applications that score 3 across the board can progress to the next assessment level. Applications that receive a score of 2 in (a) certain category/ies should be given the chance to achieve a score of 3 once the information is provided. The scoring should take the actual contents into account and whether the proposed project/programme has a chance to get off the ground (e.g. a proposal not being able to show any kind of contribution of resources, even in-kind, or cannot demonstrate a basic understanding of designing climate actions, or in-country experience or addressing government priorities should not be further considered).

Project implemented by AGRICONSULTING CONSORTIUM
Agriconsulting Agrer CMCC CIHEAM-IAM Bari d'Appolonia Pescares Typsa Sviluppo Globale

Project funded by the European Union

5. DEVELOPING A FULL PROPOSAL

The full proposal template and related guidance has been generalized, taking into account the specificities of different funding programs. The aim has also been to facilitate the transfer of information from one template to another, simply using copy & paste.

The template is meant for use by project proponents from the public and private sector, and may be provided by officials with a responsibility linked to climate change. It includes references to important sources of information and examples of sound/best practices (See Proposal Checklist at the end of this chapter).

Key considerations when developing funding concepts & proposals:

- Information about particular decision-making processes or criteria by the relevant multilaterals or bilateral financing sources should be gathered
- There are differences in the sources of finance for climate action programmes and projects with regard to specific objectives, target countries and regions, technology and sector focus, financing mechanisms used, and proposal requirements.
- It is important to make a strong case for justifying the need for financing by the fund targeted for the project being proposed.
- There are a number of common principles for securing public and private climate change financing that include focusing on the project sponsor (creditworthiness, reputation and experience), return on investment, making use of collaborative action, communicating the rationale for action, and building local capacity.
- Improving the enabling environment for investment by providing the appropriate administrative framework and developing the capacity to absorb resources can improve a country's ability to attract finance and its ability to use that investment effectively.
- Both public and private funders will be attracted by investment climates that promise stability and good governance.

5.1 General information about the programme/project

5.1.1 Basic information

This section gives the title and location of the proposed programme/project and details of the applicant.

Project/Programme title: .....

Country/Region: .....

Accredited Entity: [3] .....

National Designated Authority: [4] .....

Primary Implementing Institution/project sponsor: .....

[Note: This should be the institution leading the proposal and eventually the implementation of the project.]

Executing entity / beneficiary: .....

[Note: This can list all other institutions that will support and participate in the implementation of the proposed project.]

Contact person: .....

Email: .....

Phone: .....

[3] These bodies are only relevant in the context of direct access to climate finance such as under the Green Climate Fund or the Adaptation Fund

[4] Ibid.

5.1.2 Profile of the programme/project

This section provides the profile of the proposed programme/project: what type of climate project, budget size and timeframe.

[Note: The amount should include all budgeted activities, including management costs. The figure should thus match the 'total amount of financing requested by the project' as reflected in the logical framework.]

Focus: mitigation / adaptation / cross-cutting

Programme/project type: *Indicate what sector/result area the programme/project addresses by checking the box(es) in the table below.*

[Note: Most financing sources address a wide range of mitigation/adaptation technologies and/or shifts in management and planning approaches, the most common being renewable energy and energy efficiency in the context of mitigation. Some other the sources may be more narrowly focused, such as in the case of forestry.]

Implementing partner(s): *Public / private / public-private-partnership*

[Note: The basics should be clarified in writing so that agreements can be made as soon as (or in advance of, with a condition precedent) funding is made available, depending on the particular situation of the project. Organizations and entities implementing projects on the ground include government bodies, national institutions, international organisations, local communities, non-governmental organisations, academic and research institutions and private sector entities.]

Which of the following targeted results areas does the proposed project/ programme address?

Reduced emissions from:

- ☐ Energy access and power generation
  (E.g. on-grid, micro-grid or off-grid solar, wind, geothermal, etc.)
- ☐ Low emission transport
  (E.g. high-speed rail, rapid bus system, etc.)
- ☐ Buildings, cities, industries and appliances
  (E.g. new and retrofitted energy-efficient buildings, energy-efficient equipment for companies and supply chain management, etc.)
- ☐ Forestry and land use
  (E.g. forest conservation and management, agroforestry, agricultural irrigation, water treatment and management, etc.)

Increased resilience of:

- ☐ Most vulnerable people and communities
  (E.g. mitigation of operational risk associated with climate change – diversification of supply sources and supply chain management, relocation of manufacturing facilities and warehouses, etc.)
- ☐ Health and well-being, and food and water security
  (E.g. climate-resilient crops, efficient irrigation systems, etc.)
- ☐ Infrastructure and built environment
  (E.g. sea walls, resilient road networks, etc.)
- ☐ Ecosystems and ecosystem services
  (E.g. ecosystem conservation and management, ecotourism, etc.)
- ☐ Cross-cutting areas, namely: …

Estimated implementation start and end date:

Current status: *Indicate status during proposal submission, e.g. pre-feasibility, feasibility, key contracts etc.*

[Note: Provide background information on project site, including: site location and ownership, site lease terms, as applicable, or other evidence of project sponsor's site control/access. Provide list of all project permits, indicating name and description of the permit, permitting agency, and status of permit. Assess any critical difficulties in obtaining permits. Provide copies of permits obtained. Identify the project professional, either engineer or attorney, best suited to give advice on completeness of permits. Review environmental impacts of the project and related assessments. Provide summary term sheet and copy of project construction contract. Indicate allocation of project construction risks (i.e., on time, on budget, responsibility for start-up and acceptance testing, and according to performance specifications). Indicate whether contract obligations are backed by Performance and Payment Bonds. Summarise Project acceptance test criteria and procedures. Identify party who will operate the project. Provide summary term sheet and copy of operations contract, if needed.

For example, take the case of an energy project: Provide summary description of PPA terms and pricing. Provide copies of all PPA-related documents. Include any transmission, wheeling or other agreements required for Project electric deliveries. Summarise creditworthiness of the power purchaser. Summarise interconnection plan. Identify any approvals needed for interconnection plan. Identify any easements that are needed for transmission lines, etc. Confirm electric utility cooperation and agreement with interconnection plan. Indicate key equipment suppliers, description of technology and terms of purchase. If purchase decision has not been made, indicate status of purchase decision and/or negotiations. Provide summary assessment of technical performance, history of the technology proposed (including history of similar installations), plant performance estimates (capacity/availability), future repair and replacement needs and plant use life. Indicate anticipated warranty terms and other services to be provided by the supplier(s). Indicate status of supplier's review of project-specifc details and power/energy output estimates.]

Programme/project design and development objectives

The programme design should be summarised, including target markets or beneficiaries, for example, equipment being promoted and the justification for the design provided based on the research and assessment. It is useful to compare the proposed programme design to the design of other climate change programme/project designs, and indicate how this programme builds on lessons learned from similar programme designs and models. For example, typical renewable energy/energy efficiency market developmental objectives may include the following:

- Promote the entry of new renewable energy/energy efficiency technologies into the market
- Promote the growth and business development of renewable energy/energy efficiency project, equipment and service companies
- Build the capacities and experience of local financial institutions in renewable energy/energy efficiency project finance, provide more favourable credit conditions to borrowers, and promote financial innovation in the market
- Demonstrate effective new renewable energy/energy efficiency project finance business models
- Provide practical demonstrations and develop effective methods for how utilities can serve as a platform for marketing and delivering renewable energy/energy efficiency projects and services in ways that benefit the customer, the utility and the general economy and society.

5.2 Programme/project details

5.2.1 Description of the programme/project

This section provides the description of the programme/project objectives and activities.

[Note: Formulate a clear, overall objective and specific objectives and related activities and outcomes which should be measurable; budget resources should be allocated to them accordingly]

Programme/project objectives: *Describe clearly and accurately the overall objective(s)*

[Note: This should outline in one or maximum two sentences the overarching objective of the proposed project.]

Programme/project design: *Describe what activities will be implemented and describe their specific objectives*

[Note: Further details are to be provided in the logical framework in Section 5.2.3. Depending on the project activity, different approaches to implementation may be chosen (e.g. land management strategies to respond to disasters and/or sequester carbon, plantation of trees to protect against certain vulnerabilities and/or sequester carbon, assess in more detail a climate risk, for example to forestry or agricultural production). One or more "typical" adaptation/mitigation activity/ies should be identified and the approach to implementation should be clear and transparent.]

Programme/project rationale: *Describe why the activities are being undertaken. Specify the location and implementation context of the programme/project.*

[Note: It is crucial to the realization of the project that the definition of the project objective is clear - How is resilience/reduction of GHG emissions enhanced or how is the current level of resilience at least maintained/further release of GHG emissions avoided? - and realistic in the face of any given constraints: can the project be financed? In what timeframe can the project be completed? Is there a buy in and support from the stakeholders? The aim of the project as well as its positive and negative impacts should be clearly defined.]

Rationale for involvement of financing source: *Describe how the programme/project is consistent with the strategic objectives of the financing source, and why its contribution is critical for the programme/project.*

[Note: Consider which fund(s)/funding sources you are going to target and whether your project will address the respective priorities and objectives. Mostly, this will entail arguing that, without the funding, the project/programme will not happen and/or how the funding from the targeted sources leverages or crowds-in other sources of finance.]

5.2.2 Financing/cost information

This section gives information on the financing of the programme/project. The information is similar to that in the concept note, but with a detailed, itemized budget.

[Note: Indicate total sources of funds, matching Project Capital Costs to uses of funds indicated above. Indicate amount and structure of project debt financing and estimated debt terms. Indicate amount of project equity and/or quasi-equity financing. Indicate amount of equity financ-

ing which will be committed and funded by the project sponsor and other parties; indicate the amount of project equity financing needed. Indicate the planned investment structure for the needed equity financing. Summarise plan to solicit and efforts made and response received to date seeking project debt and equity financing.]

Overview of financial instruments: *Fill in the table below. Give detailed information about the financial instruments, amounts and payback period, and interest rates in case of debt finance.*

<table>
<tr><th></th><th>Financial Instrument</th><th>Amount</th><th>Currency</th><th>Tenor</th><th>Pricing</th></tr>
<tr><td>Total project financing
(a) = (b) + (c)</td><td></td><td></td><td></td><td></td><td></td></tr>
<tr><td rowspan="7">(b) Requested amount from funding source

Indicate the amount for each financial instrument</td><td>Senior loans</td><td></td><td></td><td rowspan="6">( ) years

( ) years</td><td rowspan="6">( ) %

( ) %

( ) % IRR</td></tr>
<tr><td>Subordinated loans</td><td></td><td></td></tr>
<tr><td>Equity</td><td></td><td></td></tr>
<tr><td>Guarantees</td><td></td><td></td></tr>
<tr><td>Reimbursable grants</td><td></td><td></td></tr>
<tr><td>Grants</td><td></td><td></td></tr>
<tr><td>Total Requested</td><td></td><td></td><td></td><td></td></tr>
<tr><td rowspan="6">(c) Co-financing

Indicate the sources of co-financing, and the type of co-financing and amount of co-financing from each source*</td><td>Financial Instrument</td><td>Amount</td><td>Currency</td><td>Name of Institution</td><td>Seniority</td></tr>
<tr><td></td><td></td><td></td><td></td><td></td></tr>
<tr><td></td><td></td><td></td><td></td><td></td></tr>
<tr><td></td><td></td><td></td><td></td><td></td></tr>
<tr><td></td><td></td><td></td><td></td><td></td></tr>
<tr><td colspan="5">Lead financing institution:</td></tr>
<tr><td>(d) Covenants</td><td colspan="5"></td></tr>
<tr><td>(e) Fee arrangements with accredited entities (if applicable)</td><td colspan="5"></td></tr>
<tr><td>(f) Conditions precedent to disbursement</td><td colspan="5"></td></tr>
</table>

Investment rationale: *Describe how the choice of financial instrument(s) will overcome barriers and achieve project objectives, and leverage public and/or private finance. Describe how the financial structure is adequate and reasonable to achieve the project/programme objectives.*

[Note: Indicate requested concessional funding and how the requested concessional funding will leverage other funding. If project development tasks remain to get the project ready for construction financing closing and start, indicate those tasks and their estimated costs and confirm the project sponsor's ability to contribute the necessary remaining development funds.]

Investment justification: *Give an economic and financial justification for the concessionality that the funding provides and how it safeguards crowding-out effects. Provide a detailed economic and financial justification in the case of grants.*

[Note: Because most financing sources receive more proposals than they can fund, it is important to make a strong case for justifying the need to fund the proposed project. Each proposal will have its unique needs that will define the justification for financing. For instance, the need for external financing may be justified in situations such as: 1. Limited availability of funds for financing mitigation projects (lack of liquidity); 2. Reluctance of existing financing sources to provide financing for mitigation projects due to lack of knowledge or understanding; 3. High perception of risk of investments in mitigation projects; 4. Pricing distortions and/or subsidies to non-climate-friendly technologies; 5. High cost of the mitigation technologies that make them economically unattractive; 6. Characteristics of certain types of mitigation projects that make them unattractive for conventional financing.

Economic and/or financial rate of return: *Specify the expected return with and without the funding source's support, depending on the specific requirements of the targeted fund/funding programme.*

[Note: Estimates of all revenues and expenses for the expected term of the project debt. Justify all assumptions. Calculate Debt Service Coverage Ratio under various financing structures. Target ratio: 1.20-1.50, depending on other security features. Perform financial projection and sensitivity analysis using different revenue and expense assumptions. Examine price/cost escalation rates and estimate how revenues and expenses will fluctuate over time. Calculate Equity investor return on investment under different equity investment arrangements. Test financial model and key results (debt coverage ratio and equity investment Internal Rate of Return) given changes in key variables and financial structure assumptions including: resource variations, power pricing, capacity/availability assumptions, maintenance costs, debt/ equity ratio, debt term, debt interest rate, etc.]

Financial efficiency: *Describe the efficiency and effectiveness of the project/programme in comparison to an appropriate benchmark, such as total project financing relative to the mitigation/adaptation impact that the project/programme aims to achieve (e.g. cost per avoided tCO2eq)*

Financial viability: *Describe the financial viability in the long run, beyond the fund/programme activities*

Investment barriers

The proposal needs to identify which of these (or other) barriers are present and are hindering the implementation of the climate action programme or project envisioned. An excellent discussion of the potential barriers is provided in the Barriers Guidebook prepared by UNEP for the TNA project. Once the barriers have been defined, the justification for financing should follow the steps outlined below:

1. Define the existing situation and document the barriers and challenges that are preventing the actions from being implemented.
2. Identify and document the baseline conditions in the absence of the project.
3. Describe the project activities that are targeted at addressing the barriers and challenges.
4. Define clearly why these activities may not be undertaken without the additional financing requested. (This step becomes very important because most sources require co-financing and the proposal needs to identify sources for such co-financing. But the proposal must also demonstrate that these co-financing sources will only 'come to the table' if and when the proposal is successful in obtaining the financing sought.).
5. Describe how the financing will leverage the co-financing and together achieve the results that will lead to the action.
6. Document clearly all information and assumptions to develop and support the justification for financing the project.
7. Before preparing the justification for the financing, it would be very useful to review prior proposals submitted to the financing source to obtain a good understanding of how the proposal should be prepared.

Expected leverage: *Indicate expected volume of finance to be leveraged by the proposed project/programme*

Budget use: *Give a breakdown of cost estimates according to major cost categories in the table below. The components and activities should match with the logical framework of the project.*

[Note: The programme/project budget and funding request must be specified and broken down. Typical uses of funds include, taking renewable energy projects as an example: 1. Programme management, including normal staff, office, travel and start-up expenses; 2. Engineering services and other technical assistance; 3. External consultants; 4. Marketing; 5. Training; 6. Evaluation and monitoring; 7. Use of funds for concessional co-finance, such as loan loss reserves or other credit enhancements or direct capital subsidies. Project management costs are the budgeted costs for general administrative services which are not directly related to any of the project outcomes and outputs. Estimate total project capital costs. Where possible, base estimate on firm construction and equipment quotes. Estimate should include: i. Turnkey construction, plant and equipment and all site erection and civil works and interconnection; ii. Engineering and construction management; iii. Project development (breakdown between costs and fees); iv. Site acquisition (if applicable) and final site improvements; v. Construction interest (based on disbursement schedule); vi. Finance fees and expenses, including legal; vii. Working capital and reserve funds, i.e. debt reserve. Estimate non-fuel project operating costs. Where possible, base estimate on quotes. Include, where applicable: plant/facilities on-site labour; utilities; plant maintenance including parts; contract services; site lease; insurance; property taxes; management; monitoring and general and administrative; contributions to plant/equipment repair/replacement fund, and other.]

Project component	Planned activities	Planned budget						
		Funding source	Budget description*	Y1	Y2	Y3	Y4	Total
Component 1	1.1 Activity							
	1.2 Activity							
	1.3 Activity							
Component 2								
Project management costs								
Evaluation and monitoring								

* Fill in relevant categories, such as: Programme management, including normal staff, office, travel and start-up expenses; Engineering services and other technical assistance; External consultants; Marketing; Training; Use of funds for concessional co-finance, such as loan loss reserves or other credit enhancements or direct capital subsidies

Investment timeline: *Include a Financial Model to the proposal with a projection covering the period from financial closing through final maturity of the requested financing with detailed assumptions and rationale (see Section 1.2.7 Supporting documents)*

[Note: Include Month to Month Disbursement Schedule for construction financing, indicating date and amount for and construction milestone (progress point) achievements justifying each disbursement.]

Exit strategy (finances): *Describe what happens to returns on investment from the financing source after the programme/project is implemented with support from the financing source.*

[Note: How are the benefits from the project / programme sustained after the involvement of the funders ends (all funds invested, all loans repaid in full)? How are annual O&M costs covered? Are results measured and reported, and if so, how and where?.]

Financial management and procurement: *Describe the project/programme's financial management and procurement, including financial accounting, disbursement methods and auditing*

5.2.3 Project results framework / logical framework

BASELINE

A very important element of a proposal for financing climate change project or programme is the development of a credible baseline scenario. Essentially the baseline defines the conditions in the absence of the project. The reason this definition is important is that the financing sources are interested in determining what will be the effect of their financial contributions. The benefits of the project will be the net difference between what would happen in the absence of the project and what is expected to happen when the project is implemented. It is this net reduction in or adaptation to climate impacts that are attributable to the financing provided to the project and the financing institutions are interested in assuring that their funds are being used efficiently and effectively to produce net benefits that are substantial relative to the financing provided. The CDM methodologies provide good examples of how to prepare an appropriate baseline in the case of mitigation. Many financing sources are now starting to define criteria to relate the amount of financing to the mitigation results. For example, GEF is interested in the ratio of dollars per ton of GHG emission reductions. Most GEF projects are required to calculate and report on GEF funding spent per ton of CO_2 equivalent savings. It should be noted that private financing sources are more concerned with cash flows and financial returns on their investments, and may not require the detailed definition of the baseline and the net benefits calculations that most public financing sources do.

Similarly, KfW is now requiring calculation of the expected emission reductions per million Euros invested in its energy efficiency projects, as well as for renewable energy projects. Note that the baseline does not involve simply documenting the conditions before the start of the project implementation. While this documentation is necessary, it is not sufficient, because most climate change projects are multi-year projects and their beneficial impacts occur over a long period. To calculate the net benefits from a project, the baseline scenario must develop a projection of the conditions that would prevail in the absence of the project implementation. This requires the proposing country to develop a forecast of the climate impacts in the absence of the project, rather than simply document the conditions prior to the project start. The financing institutions reviewing and evaluating the proposal are likely to make a careful assessment of the baseline scenario to develop the estimates of the incremental benefits. It is therefore important to prepare the baseline scenario professionally and document all the important assumptions.

The development of the baseline scenario can be tricky and sometimes difficult. This is especially the case when the baseline describes a situation which will be replaced by the project and for that reason cannot be monitored anymore. This counterfactual character of the baseline has resulted in safeguard measures to avoid that project developers overstate the baseline description so that a larger environmental benefit can be claimed. To address this issue and avoid overstating of project or programme benefits, the financing agencies have developed methodologies and tools to conservatively estimate and document the baseline. Countries preparing proposals for (mitigation) financing should review some of the prior successful applications that have developed credible baseline scenarios and assess the applicability of the tools and methodologies used.

This section provides a detailed logical framework of the project/programme.

Baseline scenario: *Describe the baseline conditions in absence of the activities. It should include evidence of:*

- Hard historical data consulted and analysed
- Climate change problem clearly identified and stated
- Development issues identified and addressed
- Immediate, underlying and root causes identified (refer to literature on results-based management frameworks for more details)
- Vulnerable groups, areas or sectors identified (only relevant in the case of adaptation)
- Level of vulnerability assessed
- The preferred situation or vision formulated
- Barriers to the preferred situation identified (including economic/financial barriers e.g. fiscal or balance of payment gap that prevents from addressing the needs; shortcomings of local capital market; or institutional barriers e.g. needs for strengthening institutions and implementation capacity)

[Note: This section should contain a brief description of the starting situation and the relevant development activities that would/should be implemented in the absence of climate change in the targeted sector and region.]

Expected results

Expected results can typically be divided into direct results and indirect or market transformation results being sought. For example, for renewable energy/energy efficiency projects, direct results must include estimated energy saved or produced that will be directly supported by the programme and the associated estimated GHG reductions. From these values, the programme costs per unit emissions reduction can be estimated. Other main direct results include the total investment value of energy efficiency/renewable energy investments which will be supported and the estimated number of transactions. Indirect results focus on market development, capacity building, market transformation and leveraging effects of the project on increasing investment in mitigation activities.

Project results framework: *Fill in the table below. Identify clear impact indicators, as well as baseline and target values, for each of the project's outcomes and outputs. The table should be filled in clearly and realistically. Indicators should be SMART (Simple, Measurable, Achievable, Realistic, Time-bound); the data for most indicators should be readily available from existing and credible national or international sources. It should be feasible and affordable to gather the data for the indicators on an annual basis.*

[Note: The preferred format and level of detail for results frameworks vary across organizations and according to the scope and scale of the intervention, but all include the same basic components which are shown in the table below. Check if the logic framework is in accordance with the funding source's performance measurement approach (usually RFM). For more information, see World Bank IEG: Designing a results framework for achieving results*].*

Project objective: State the project objective here **Indicators:** State the overall indicators to measure the progress towards reaching the objective **Assumptions:** Cite assumptions made between achieving projects **outcomes** and reaching the project objective						
Project component	**Expected outcomes[a] and indicators[b]**	**Project baseline[c]**	**Mid-term target[d]**	**End of project target[e]**	**Expected outputs and indicators**	**Assumptions**
1. Describe the project component here	1.1 Specify the expected outcomes and 1-3 outcome indicators.				1.1.1 Specify the expected outputs and their indicators that contribute to the outcome.	Cite assumptions made between achieving projects **outputs** and reaching project **outcome**.
					1.1.2	
	1.2				1.2.1	
2.	2.1					
	2.2					
3.	3.1					
	3.2					
4. Knowledge Management and M&E						

[a] Outcomes are results that the project makes a contribution towards, and that are designed to help achieve the project objective. Achievement of outcomes will be influenced both by project outputs (project accomplishments or products) and additional factors that may be outside the direct control of the project.
[b] The outcomes need to be translated into a set of measurable indicators to establish whether progress is being achieved (effectiveness). Indicators are tied to results by focusing on one or more characteristics of the outcome. Please select pre-defined national level indicator where possible; disaggregate by sex where relevant; indicator must be a neutral unit of analysis (e.g. %-based, or #). Make sure the outcome indicators are not the outputs (which measure efforts, not effectiveness).
[c] Level at time of endorsement by financing source. In order to prove the impact the project actually had, it is important to establish a baseline scenario that describes what would have happened if the project did not exist (the establishment of the baseline scenario can at this stage be qualitative rather than quantitative).
[d] Expected level at time of mid-term review or halfway through the project
[e] Expected level at time of final evaluation or end of project

Justification: *Describe how the expected outcomes and impacts of the project/programme are justified in relation to the baseline scenario and alternative scenario(s)*

5.2.4 Impact potential

Specific attention to be paid to climate impacts, catalysing impacts and sustainability of impacts:

Climate impact potential: *Specify the expected mitigation/adaptation impacts, such as total tonnes of CO2eq avoided or reduced per annum, total number of direct and indirect beneficiaries, number of beneficiaries relative to total population. For mitigation, specific attention to be paid to: baseline emissions, expected avoided emissions. For adaptation, specific attention to be paid to: ecological and socio-economic context of the programme/project and its perspectives to climate change, forms of vulnerability and existing resilience capacity, which vulnerabilities will the programme/project limit.*

[Note: This section should give a concise description of each of the specific adaptation/mitigation activities/investments that the project would implement, how they build on to existing development activities (i.e. the baseline activities identified above), how they will be implemented in practice, and what impacts they are expected to have in terms of reducing the climate change vulnerabilities or improving the GHG emissions profile described above. This section should demonstrate to the donor how the project will lead to concrete and measurable impacts in the targeted sector and/or region. The discussion can take its starting point in the differentiation between 'investment activities' and 'capacity building activities'.]

Catalysing impact potential: *Specify the potential for scaling-up and replication, knowledge and learning, contribution to enabling environment and regulatory or policy framework:*

- **Scaling-up and replication potential:** Describe expected contributions to global low-carbon and/or climate-resilient development pathways for scaling up and replication (e.g. through theory of change)

[Note: For instance, many programmes seek to demonstrate successful financing mechanisms and business models, engage commercial parties and then promote a commercially self-sustaining market dynamic, so that market actors will continue to develop, implement and finance renewable energy/energy efficiency projects after the programme is completed. This is an attractive strategy for funders. The plan of the programme to achieve this result should be discussed, along with strategies for replication. A budget for replication could constitute a second phase of a programme.]

- **Learning and knowledge potential:** *Explain how the project/programme contributes to the creation or strengthening of knowledge, collective learning processes, or institutions.*
- **Contribution to enabling environment:** *Describe how proposed measures will create conditions that are conducive to effective and sustained participation of private and public sector actors. Explain how the proposed project/programme contributes to innovation, market development and transformation.*
- **Contribution to regulatory framework and policies:** *Explain how the project/programme strengthens the regulatory or legal frameworks to systematically drive investment in climate technologies or activities, promote development of additional low-emission policies, and/or* improve climate-responsive planning and development.

Technical assistance and capacity building needs

Programmes will typically include a technical assistance and capacity building component, working with key programme implementation partners. TA can include transaction structuring, marketing support, trainings, business planning, assistance to renewable energy/energy efficiency projects companies to integrate financing with their offers, engineering due diligence for corporate finance institutions to confirm the technical soundness of proposed projects, and other support typically focused on preparing projects for investment. Implementation partners should be interviewed to define what technical assistance and capacity building needs they have to perform their given roles.

Sustainable development potential: *Specify the expected economic, social and environmental co-benefits (impacts on job creation, technology transfer, economic activities, increased resilience, improved nutrition, etc.)*

Sustainability of impacts: *Specify how the programme/project activities will continue after its completion, e.g. whether and how market actors will continue to develop, implement and finance activities. Demonstrate that the measures to ensure sustainability of project benefits beyond the support period have been articulated (e.g. Building sufficient local capacity to maintain and scale up activities; drawing a strategy to raise additional funding; choosing activities with low maintenance costs).*

[Note: This section should demonstrate to the donor how the project interventions have been designed in a way that ensures that adaptation/mitigation benefits are sustained beyond the lifetime of the project. This discussion could include elements both of financial, social and environmental sustainability as relevant.]

Mitigation of negative impacts: *Describe main outcome of the environment and social impact assessment (if applicable) and how the project/programme will avoid or mitigate negative impacts at each stage (e.g. preparation, implementation and operation), in accordance with the funding source's environmental and social safeguard standard if specified. Take into account and describe gender aspects in accordance with the funding source's gender policy*

Sustainability and Replication

Many programmes seek to demonstrate successful financing mechanisms and business models, engage commercial parties and then promote a commercially self-sustaining market dynamic, so that market actors will continue to develop, implement and finance projects after the programme is completed. This is an attractive strategy for funders. The plan of the programme to achieve this result should be discussed, along with strategies for replication. A budget for replication could constitute a second phase of a programme.

5.2.5 Market and regulatory conditions

Market overview (if needed): *Describe the market of the product(s) or service(s). Give an overview of historical data and forecasts; key competitors with market shares and customer base; pricing structures, price controls, subsidies available and government involvement provided.*

Regulatory environment, taxation and insurance (if needed): *Describe requirements of government licenses or permits for project implementation, issuing authority and (expected) date of issue; applicable taxes and/or foreign exchange regulations; relevant insurance policies.*

5.2.6 Implementation and management plan

This section outlines the implementation and management plan for the programme/project. This is similar to the information provided in the concept note, but with considerably more detail on the implementation and coordination arrangements.

Implementation Plan and Partners

Project functions and roles should be laid out. In the following energy efficiency/renewable energy projects are used to showcase such roles and functions:

- Implementation Partners. All programme functions and roles should be laid out. Implementation partners can include corporate finance institutions, energy efficiency/renewable energy companies, end-user associations and others.
- Project Development Cycle. The energy efficiency/renewable energy project development cycle, for example, is also a useful way to organise the presentation of programme activities, tracing project development steps from marketing, engineering, financial planning through to financial closing and implementation.
- Marketing and Outreach. Marketing and outreach are critical functions that drive programme participation. Marketing allies include the energy efficiency/renewable energy companies which seek to sell their equipment and services, for example. Typical energy efficiency/renewable energy project economics from end-users' perspective should be described, as this will affect decisions to implement.
- Financing Mechanisms. The financing mechanisms that will be deployed should be described, including: the corporate finance institutions that will offer the financial products, the basic credit structure and collections mechanism for the financial product, any credit enhancements, the financing terms and how the terms are matched to the energy efficiency/renewable energy project economics, and finance origination steps. Strategy for leverage of the programme funds needs to be defined, and how the programme will recruit financial institution partners and make this an attractive business proposition for them. The target portfolio of projects to be funded can also be described.
- Stakeholders and Advisory Committee. Programme stakeholders should be identified, parties who have an interest in the programme success, including energy users, energy efficiency/renewable energy companies, financial institutions, energy utilities and interested government and development agencies, including NGOs. Many programmes set up an advisory committee of stakeholders to provide informal advice to the programme during operations and also provide a channel for communications.
- Programme Management. The organisation and staff that will manage the programme should be identified and their capacities to manage programme implementation roles discussed

Project/programme governance structure: *Describe the organizational structure, roles and responsibilities of the project/programme management unit, steering committee, implementing entities, etc.*

Implementing entities: *Describe who will implement the programme/project and their comparative advantage(s) compared to other potential implementing entities. Describe their experience and credibility. Describe the financial condition of the implementing entities. Specify the specific roles and responsibilities of each of the implementing entities, their level of involvement in the project design and implementation, and underlying contractual arrangements. Describe who will take care of the monitoring process.*

[Note: Summarise proposed legal and organisational structure for the project. This section should clearly outline the institutional setup of the proposed project (i.e. who will do what and when, what will be the management structure for the project, how will the activities of different executing partners be coordinated etc.). The comparative advantage of the implementing institution(s) (compared to other potential implementing institutions) should also be outlined here. Provide background information on the primary project sponsor or developer including: company history and background; management; financial statements; experience in projects (of the type proposed) and other similar projects, including project development, construction, operations and financing; and, other projects under development. Provide a list of other key parties to the project, indicating their role and background information on their experience, management, and financial condition. Key

parties may include: site owner; engineer; construction contractor and major sub-contractors; key equipment suppliers; operations contractor. Certain information may be in the annex or as annexed documents (see Section 5.2.9)]

Embedding: *Describe how the programme/project will be coordinated or mainstreamed with related ongoing activities*

[Note: This section should briefly identify all relevant related initiatives/projects that are currently being carried out in the targeted sector and region, and discuss how the proposed project will ensure that its activities are appropriately linked and coordinated with these. The aim is to assure the potential donor that the project will not overlap, duplicate or negatively impact any other development activities and that all potential synergies and appropriate collaboration with existing activities are fully exploited. This issue is partly linked with the question of the baseline scenario described above, as the project will need to coordinate/cooperate with any relevant business-as-usual development activity underpinning the proposed adaptation/mitigation project (see above)].

Efficiency: *Explain how best available technologies and practices are considered and applied. The innovations/modifications/adjustments that are made based on industry best practices should be specified if applicable.*

Specific attention to be paid to country ownership and stakeholder engagement:

Country ownership: *Describe how the ownership of the beneficiary country is constituted. Clearly outline why this project or programme needs to be implemented, in light of priorities in a country's national development and adaptation/mitigation plan (including national communications, Nationally Determined Contributions (NDC) or Intended Nationally Determined Contributions (INDC)) as well as relevant national legislation and regulations; government permission or endorsement to implement the programme/project. Justify the proposed actions and objectives based on country priorities.*

Stakeholder engagement: I*dentify the project/programme stakeholders, including their level of involvement and roles. Potential stakeholders include: planners in central government, sub-national level institutions, finance experts, academia, agronomists, climatologists, hydrologists, and civil society organisations. Describe the process and feedback received from civil society organizations and other relevant stakeholders. Topics to discuss include expected results, resources needed, and timelines.*

[Note: Extensive consultations with the stakeholder groups are advised, starting with the project planning stage. Developing and implementing an adaptation/mitigation measure should draw interest from a number of stakeholders.]

Milestones: *Indicate the implementation start and end date, project/programme lifespan, financial closure, and any other milestones such as deliverables.*

Demonstrate ownership and coherence & alignment with national climate strategy and priorities:

- Depending on the adaptation/mitigation measure, be it a sector-wide policy or a specific project for a certain region, different political decision-making processes will be required to make the implementation happen. At the same time, it is also crucial to ensure that these processes are aligned with host country policy on adaptation.
- To ensure the project will be supported from the wider political community the appropriate decision-makers will have to be identified at the local, regional and national levels. By working with these individuals it needs to be determined if and how the adaptation can be integrated into existing frameworks for the long-run.
- It is important to consider the work done on existing adaptation/mitigation plans such as the National Adaptation Programs of Action (NAPA), Nationally Appropriate Mitigation Actions (NAMA), National Communications to the UNFCCC and the UNCCD. Projects within the respective priority categories are very likely to gain political or even financial support by public institutions.
- The backing of a public institution or the government can also help to access funding at international level.

Multi-year work plan: *Fill in the table below. Make the timeframe as specific as possible (e.g. one column per month). Include the milestones in the overview.*

Expected outputs and result indicators	Result indicator(s)	Planned activities	Timeframe				Responsible party
			Y1	Y2	Y3	Y4	
Output 1	1.1 1.2 1.3	1.1 Activity					
		1.2 Activity					
		1.3 Activity					
Output 2							
Milestones							

5.2.7 Risk analysis

This section outlines the foreseen risks and measures to mitigate these risks.

RISKS AND RISK MANAGEMENT:

All programmes involve certain risks, in programme implementation and also in market conditions that are outside the programme's control. Risk assessment is an important step in the proposal preparation. All financing sources will require the proposing entities to identify the major risks that may affect the successful implementation of the proposed project. For energy efficiency/renewable energy project development and finance programmes, for example, the biggest implementation risks typically concern marketing success and the long sales and development time required to get projects ready for investment. This is also a main focus of technical assistance efforts and programme activities. The major types of risks include:

1. Country macro-economic conditions, interest rates, inflation, foreign exchange rates or availability of funds
2. Policy risks
3. Marketing success and uptake
4. Future energy or food prices, for instance, and government subsidies or policies
5. Credit risks of (energy) users
6. Loan or financing performance risks
7. Implementation risks, including related to staffing. These risks should be assessed and methods for mitigating and managing these risks described, by building on the capacities of programme partners and experienced consultants, through policy support from government agencies, through contingency plans, through adjustments to programme financing parameters such as levels of capital subsidy or credit enhancements.

A careful risk identification and assessment needs to be created for inclusion in the proposal. It is not sufficient to simply identify the risks. The proposal needs to assess the likelihood of each risk and define the potential impacts of the risk on the project implementation and results. It also needs to define the measures that will be taken to mitigate each risk and its impacts. While each proposed project is unique, and the specific risks pertaining to that proposed project need to be specifically assessed, much can be learned from the experience of projects financed by the various financing sources identified in this report. Project proponents can benefit from studying the proposals prepared in prior projects financed by the relevant sources and learning from them to develop an appropriate risk assessment and management plan.

Project/programme risk management framework: *Fill in the table below. This framework identifies project/programme risks, the degree of risk (high / moderate / low), and how the risks are mitigated.*

Type	Risk	Description	Probability (High-low)	Severity (High-low)	Mitigation measures
Non-financial[a]					
Financial[b]					

[a] Examples of non-financial risk categories are: technical, operational, social, environmental, regulatory, legal, compliance

[b] Examples of financial risk categories are: funding, credit, market, liquidity

5.2.8 Evaluation and impact metrics

This section provides information on the M&E and MRV methodology. It should include considerably more detail than the information provided in the concept note.

Monitoring and evaluation

Monitoring and evaluation (M&E) are integral to the implementation of the programme/project. The M&E plan should be developed early, to ensure that a baseline is established prior to beginning the collection of data needed for the evaluation. A programme's M&E framework will serve several purposes: 1. Monitor progress towards programme objectives; 2. Strengthen programme performance and management by providing feedback on implementation; 3. Provide a base for reporting and technical and financial accountability. M&E will evaluate the programme's direct impacts: total projects supported by the programme and their related GHG emissions reductions, for example. Other key indicators measures should also be defined, including indirect market development impacts. In order to capture market transformation effects, an M&E plan should assess the programme's indirect impacts and demonstration effects. This is often done through interviews with programme stakeholders, both participants and non-participants.

Monitoring Plan: *Fill in the table below. The outcomes and outputs should be in line with the logical framework provided in Section 5.2.3.*

Expected results	Results indicator(s)	Data source / collection method	Frequency of observation	Responsible for data collection	Means of verification	Assumptions and Risks	Responsible for monitoring
Outcomes							
Outcome 1	Indicator 1 Describe the indicator	List the source of the data or explain how the data will be collected and which methodology will be used	E.g. annual	E.g. National Office of Statistics	E.g. National statistics report	List assumptions and risks to collecting the project data	State the implementing entity that is responsible for monitoring of this project outcome.
	Indicator 2						
	Indicator 3						
Outcome 2							
Outcome 3							
Outputs							
Output 1.1	Indicator 1.1						
	Indicator 1.2						
Output 1.2							
Output 2.1							

Measurement, Reporting and Verification methodology: *Briefly describe the methodology for monitoring and reporting the key outcomes of the project/programme, based on the Monitoring Plan.*

M&E process: *Describe the process and a timetable for the M&E process. Describe how the mid-term and final evaluations will be organized.*

Feedback mechanisms: *Describe how feedback on implementation and progress will be used to strengthen performance and management of the programme/project*

Evaluation and impact metrics

Monitoring and evaluation (M&E) are integral to the implementation of the programme. The M&E plan should be developed early, to ensure that a baseline is established prior to beginning the collection of data needed for the evaluation (see above). A programme's M&E framework will serve several purposes:

1. Monitor progress towards programme objectives.

2. Strengthen programme performance and management by providing feedback on implementation.

3. Provide a base for reporting and technical and financial accountability.

M&E will evaluate the programme's direct impacts: total projects supported by the programme and their related GHG emissions or vulnerability reductions. Other key indicators measures should also be defined, including indirect market development impacts. In order to capture market transformation effects, an M&E plan should assess the programme's indirect impacts and demonstration effects. This is often done through interviews with programme stakeholders, both participants and non-participants.

5.2.9 Supporting documents

This section indicates which supporting documents are available. Tick the box(es) of the available documents. This list is not exhaustive as there may be further supporting documents.

- ☐ Map indicating the location of the project/programme
- ☐ Financial Model
- ☐ Letters of endorsement for all co-financing
- ☐ Pre-feasibility Study
- ☐ Feasibility Study (if available)
- ☐ Environmental and Social Impact Assessment (if available)
- ☐ Evaluation Report (if available)
- ☐ Agreements between implementing partners
- ☐ Summary term sheet
- ☐ Operations contract
- ☐ Project permits
- ☐ Documentation on ownership, site lease terms, or other evidence of project sponsor's site control/access

5.3 Proposal review checklist

The full proposal checklist is used when assessing project ideas or concepts, either for external or internal reviews by officials/managers in a supervisory capacity. The purpose of the full proposal checklist is to assess whether the necessary elements for a full proposal are covered. A simple scoring system has been developed with a view to assisting with the decisions as to whether the considered idea or concept should be taken forward, sent back with a request for additional information or entirely rejected. The scoring takes into account to what extent the requested information has been provided as well as the actual contents and whether the proposed project/programme has a chance to get off the ground. The related proposal template can be found in Section 5.

A detailed description of the governance structure of the project/programme, including, in particular in the case of public sector projects/programmes, but not limited to the organization structure, roles and responsibilities of the project/programme management unit, steering committee, executing entities and so on is available.

Project implemented by AGRICONSULTING CONSORTIUM
Agriconsulting Agrer CMCC CIHEAM-IAM Bari d'Appolonia Pescares Typsa Sviluppo Globale
Project funded by the European Union

Key aspects/elements	Questions & issues to be considered	Rating (from 1-3*)
Brief project/programme information	*Project/programme executive summary, i.e. a brief description of the proposed project/programme, including* • Objectives and primary measurable benefits (see below expected results which address underlying investment criteria) • Location • Milestones (implementation start and end date, project/programme lifespan, financial closure) • Project size (investment volume) • Sector/technologies(i.e. which results areas does the proposed project/programme address) • Involved national authorities relevant to the climate action	
Financing information and financial elements	• Funding plan with integrated financial model available and sound, including detailed activity-based budget • Description of choice of financial instruments with a view to overcome barriers, achieve objectives and leverage more finance provided • Detailed information about financial instruments, amounts as well as payback periods and interest rates in the case of debt finance • Amount requested from the/a specific fund and co-financing amounts provided? • Specification of fee arrangements with intermediary organizations is provided *Financial market information provided (if needed; usually inserted by an intermediary such as an accredited entity to the Green Climate Fund or the Adaptation Fund)* • Information about how market price or expected commercial rate return was is determined in the case of non-concessional instruments • Overview of the size of total banking assets, debt capital markets and equity capital markets provided • Overview of market rates for bonds and syndicate loans (incl. credit rating where applicable) and information about comparable transactions	
Strategic context & embedment in national priorities	Consistency with national sustainable development strategies, including, where and as appropriate, national development plans, poverty reduction strategies, national communications, (Intended) Nationally Determined Contributions, National Adaptation Programmes of Action /National Adaptation Plans, Nationally Appropriate Mitigation Actions, Technology Needs Assessment Reports etc.	
Project/programme objective and baseline scenario	*Clear and proper description of the baseline scenario (i.e. emissions baseline, climate vulnerability baseline, key barriers, challenges and/or policies), including evidence for* • Hard historical data consulted and analysed • Climate change problem clearly identified and stated • Development issues identified and addressed • Immediate, underlying and root causes identified *(refer to literature on results-based management frameworks for more details)* • Vulnerable groups, areas or sectors identified *(only relevant in the case of adaptation)* • Level of vulnerability assessed • The preferred situation or vision formulated • Barriers to the preferred situation identified *Outcomes and the impact that the project/programme will aim to achieve in improving the baseline scenario are described and clear responses identified* • One objective of the initiative identified • Outcomes of the initiative identified and feasibility assessed, including justifications provided (e.g., baseline and alternative scenario for the selected outcomes described)	
Project/programme description	Description of the main activities and the planned measures of the project/programme according to each of its components provided	

Key aspects/elements	Questions & issues to be considered	Rating (from 1-3*)
Project/programme sponsor	• Does the project/programme sponsor have operating experience in the host country or other developing countries? • What is the financial condition of the sponsor? • How will the project/programme sponsor support the project/programme in terms of equity, management, operations, production and marketing?	
Market overview (if needed)	• Is the market for the product(s) or service(s) described, including the historical data and forecasts? • Key competitors with market shares and customer base are provided (if needed). • Pricing structures, price controls, subsidies available and government involvement provided (if needed).	
Regulatory environment, taxation and insurance (if needed)	• Are details of government licenses or permits required for implementing and operating the project/programme, the issuing authority, and the date of issue or expected date of issue provided? • There is a description of applicable taxes and foreign exchange regulations. • Details on insurance policies related to the project/programme are provided	
Implementation/ institutional arrangements	• A detailed description of the governance structure of the project/programme • Operational arrangements with key contractual agreements following the completion of construction are described *(if needed, the creditworthiness of key counterparties should be assessed and risk mitigation measures described*). • Construction and supervision methodology with key contractual agreements is described • The project stakeholders at the local, regional, national and international level have been clearly identified - including their specific roles and responsibilities, the level of involvement of these actors in the project design and its implementation – and key stakeholders been initially consulted already	
Project/programme implementation plan & timeline	• A project/programme implementation plan with all activities and a timetable as per the defined activities is provided, including milestones/outputs marked (a more detailed timetable is also provided/attached to the proposal)	
Value added for a fund's involvement & longevity of project/programme	• Explanation of reasons for support by the targeted fund/funding programme • Explanation of how the project/programme sustainability will be ensured in the long run, after the project/programme is implemented with support from the specific fund/Funding programme and other sources, taking into consideration the long-term financial viability (see also below)	

Key aspects/elements	Questions & issues to be considered	Rating (from 1-3*)
Impact potential – supporting climate action objectives and result areas of funding organization(s)	Is/are the mitigation/adaptation impact(s) specified, taking into account relevant and applicable sub-criteria and assessment factors in a fund's/funding programmes investment framework? Applying international best practice, typically these investment framework look into and pay attention to: • High impact/max. potential for paradigm shift with regard to shifts towards low-carbon and climate-resilient sustainable development • Leveraging funding and potential for using of public finance and philanthropic funds to mobilize private capital • Private sector engagement • Avoidance of crowding out finance from other public and private sources • Country ownership and institutional capacity • Economic efficiency • Financial viability Are detailed methodologies used for calculating the indicators below described, are specific numerical values for the below key indicators provided and is it described how the indicator values compare to the appropriate benchmarks or reference cases established in a comparable context? *Mitigation* • Can the long-term net GHG emission reductions of the project be measured and tracked (i.e. expected tonnes of carbon dioxide equivalent [t CO2 eq.] to be reduced or avoided [annual & lifetime])? *Adaptation* • What are the specific adaptation activities that will be implemented and increase climate resilience through this project/programme? • Does the proposed monitoring include appropriate measurable indicators to assess the success of the adaptation measures proposed by this project/programme (i.e. expected total number of direct and indirect beneficiaries [reduced vulnerability or increased resilience]; number of beneficiaries relative to total population [%])?	
Scaling up potential & replicability potential **Learning and knowledge potential** **Contribution to creation of an enabling environment** **Contribution to regulatory framework and policies** **Sustainable development potential** **Country ownership (and capacity to implement, a funded project or programme),**	• Description of expected contributions to global low-carbon and/or climate-resilient development pathways for scaling up and replication provided • Explanation of how the project/programme contributes to the creation or strengthening of knowledge, collective learning processes, or institutional development • Description of how are supportive actions by the private and public sector promoted Explanation of how innovation, market development and transformation are promoted • Description of how the national / local regulatory or legal frameworks are strengthened fostering investments and climate action planning and development (if needed) • Explanation of whether the undertaking is supported by a country's enabling policy and institutional environment, or includes policy or institutional changes (if needed) • Description of the environmental, social and economic co-benefits • Description of the experience and track record of the intermediaries with respect to the activities that they are expected to undertake(if needed) • A multi-stakeholder engagement plan and consultations are specified	

Key aspects/elements	Questions & issues to be considered	Rating (from 1-3*)
Efficiency and effectiveness	• Description of how the financial structure is adequate and reasonable - addressing existing bottlenecks and/or barriers – • Expected economic and financial rate of return with and without the fund's/funding programme's support is specified • Description of the efficiency and effectiveness in comparison to an appropriate benchmark (see also below) • The co-financing ratio (total amount of co-financing divided by the fund's/funding programme's investment in the project/programme) and/or the potential to attract further investment in the long run in the case of mitigation is provided • Expected volume of finance to be leveraged as a result of the fund's/funding programme's financing, distinguishing between public and private sources, is provided • Description of the financial viability in the long run beyond the fund/programme intervention as well as a financial exit strategy in case of private sector operations • Explanation how best available technologies and practices are considered and applied. • Provision of other relevant indicators (e.g. estimated cost per co-benefit generated as a result of the project/programme)	
Economic and financial analysis **Technical evaluation** **Environmental & social assessment (incl. gender considerations)** **Financial management and procurement**	• Narrative and rationale for the detailed economic and financial analysis (including the financial model, see above) is provided • Economic and financial justification (both qualitative and quantitative) for the soft loan that the fund/funding programme provides • If a particular technological solution has been chosen, a description of why it is the most appropriate is provided • Main outcome of the environment and social impact assessment is described and the Environmental and Social Management Plan, and how the project/programme will avoid or mitigate negative impacts • Description of the project/programme's financial management and procurement, including financial accounting, disbursement methods and auditing	
Risk analysis and mitigation strategy	• A summary of main risk factors and a detailed description of risk factors and mitigation measures are provided • A risk analysis matrix is presented with the financial, technical and operational, social and environmental and other risks • A clear strategy to mitigate identified risks is presented	
Logic framework	Logic framework in accordance with the fund's/funding programme's performance measurement approach is specified, including (refer to literature on results-based management frameworks for more details): • Logical framework analysis established • Outcomes and outputs are identified and prioritised • Cost of selected outcomes and outputs identified • Indicators, risks and assumptions for each outcomes/outputs identified • Indicators are S.M.A.R.T. (Simple, Measurable, Achievable, Realistic, Time bound)	
Monitoring, reporting & evaluation	• Institutional setting and implementation arrangements for monitoring and reporting are specified, including indication on how mid-term and final evaluations will be organized • Methodologies for monitoring and reporting of the key outcomes of the project/programme are provided.	
Other	• Supporting documents for funding proposal provided, such as map indicating the location of the project/programme, financial model, letters of endorsement for all co-financing, pre-feasibility study/feasibility study. environmental and social impact assessment, evaluation report – depending on development status of the undertaking	

*Note: The scoring should be done per row taking into consideration to what extent the requested information in the row has been provided. The scoring scale is: 1. No information available (including upon request) 2.Information partially available (with a chance to be provided in due course) 3. Information is generally/fully available (minor gaps will be addressed shortly). Applicants that are not able to provide any of the above key information within a reasonable timeline (a couple of weeks), i.e. a score of 1, should not be further considered in the process. Applications that score 3 across the board can progress to the next assessment level. Applications that receive a score of 2 in (a) certain category/ies should be given the chance to achieve a score of 3 once the information is provided. The scoring should take the actual contents into account and whether the proposed project/programme has a chance to get off the ground (e.g. a proposal not being able to show any kind of contribution of resources, even in-kind, or cannot demonstrate a basic understanding of designing climate actions, or in-country experience or addressing government priorities should not be further considered).

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ANNEX 1 JARGON BUSTER

SOURCE: FacIMPBE CC Climate Finance Study MENA - Jargon Buster, sent 281016

Activity-based budget: Budget where expenditures are based on the planned activities. Determines which activities incur costs within an organization, establishing the relationships between them, and then deciding how much of the total budget should be allocated to each activity.

Baseline/business-as-usual scenario: Scenario or trend based on the assumption that operating conditions and applied policies remain what they are at present. For adaptation, it provides a projected level of vulnerability, climate risks and adaptive capacity without policy intervention or the proposed project activities. For mitigation, it provides a projected level of future emissions that would occur without policy intervention or the proposed project activities.

Benchmark: A reference index that serves as a point of comparison for evaluating a performance.

Blending: Funding arrangements that combine financial instruments such as grants, loans or equity from public and private financiers.

Bonds: Debt instruments issued by governments, corporations and other entities to raise (long-term) finance for a variety of projects and activities. A bond is a loan that investors make to the bond's issuer for a defined period of time at a variable or fixed interest rate.

Capital market: Market for buying and selling of long-term debt (e.g. bonds) and equity shares. In this market, the capital funds comprising of both equity and debt are issued and traded. This also includes private placement sources of debt and equity as well as organized markets like stock exchanges.

Co-finance: Practice whereby several entities together finance a project or provide funds to a company, thereby co-financing the full cost.

Co-financing ratio: Total amount of co-financing divided by the fund's/funding programme's investment in the project/programme.

Concessional finance: Finance offered at favorable terms, which are not offered at standard market terms. A concessional loan has special features such as no or low interest rates, extended repayment schedules, or interest rate modifications during the lifetime of the loan.

Covenant: A formal written agreement between two or more entities.

Crowding out: A proposition that suggests that public sector spending drives down or even eliminates private sector spending.

Debt: Upfront funding in the form of a loan or bond, in exchange for repayment of this funding (known as "principal") along with interest, based on pre-determined timeframes and interest rate terms.

Economic rate of return: Economic returns on investment are the returns on investment from the perspective of the national economy, rather than from that of commercial investors.

Equity: An investment in exchange for (partial) ownership of a company and entitlement to the earnings of the company after all other investors (e.g. debt-holders) have been paid. The value of the investment is related to the success or otherwise of the company, rather than the interest payments accrued by debt finance.

(Financial) exit strategy: A strategy which ensures that the ongoing activities, impact and results of the project/programme are sustained after the funding.

Financial rate of return: The gain or loss on an investment over a specified time period, expressed as a percentage of the investment's cost.

Financial structure: Framework of various types of financing employed to acquire and support resources necessary for operations.

Full cost finance: Concept applied by cash-constraint funds such as the GEF or the Adaptation Fund (AF) covering the amount of funding necessary to implement measures that would not be necessary in absence of climate change, but sometimes only a portion of a project's entire costs. For example, if a country invests in a new power plant to promote economic development, the fund may provide the additional, or incremental, funds needed to buy equipment for reducing the emissions of greenhouse gases. Enabling activities, such as preparing national communications, for example, or smaller projects relating to grassroots action sponsored by non-governmental organizations may be fully financed though.

Guarantee: Protects investors from a borrower's failure to repay their loan, which will then be (partially) paid out by the issuer of the guarantee. A guarantee either protects (a portion of) the investment through its lifetime, or covers the entire investment after a pre-specified timeframe.

Implementing Entity: An accredited entity that executes, carries out or implements a funded activity, or any part thereof. With respect to the GCF or the AF, the implementing entity is accountable for the overall management of projects, as well as for the financial, monitoring and reporting aspects of project activities.

Intended Nationally Determined Contribution (INDC): GHG emission reduction strategies that all countries that signed the UNFCCC were asked to publish in the lead up to the 2015 United Nations Climate Change Conference, COP21. The climate actions communicated in these INDCs (or the subsequent NDCs) largely determine whether the world achieves the long-term goals of the Paris Agreement: to hold the increase in global average temperature to well below 2°C, to pursue efforts to limit the increase to 1.5°C, and to achieve net zero emissions in the second half of this century.

In-kind contributions: Provisions of works, goods, services, land or real estate for which no cash payment has been made.

Innovative finance: A heterogeneous mix of innovations in fundraising and innovations in spending, i.e. both innovations in the way funds are raised as well as innovations in the ways funds are spent. Innovative development finance departs from traditional approaches to mobilizing development finance through donor budgets or multilateral and national development banks exclusively to achieve funding objectives. It aims to: 1) raise additional public funds 2) deploy public funds as a lever or catalyst for private capital, or 3) use funding more efficiently. Examples are carbon trading, REDD, microfinance, concessions, bonds, further environmental/conservation/forestry or trust funds, payments for environmental services, taxation of international financial transactions, an airline ticket levy and new market mechanisms under the Kyoto Protocol or a Kyoto follow-up agreement.

National Adaptation Programs of Action (NAPA): Documents prepared by developing countries identifying urgent and immediate needs for adapting to climate change.

National Communication: A document submitted in accordance with the UNFCCC by which a Party informs other Parties of activities undertaken to address climate change. Most developed countries have now submitted their fifth national communications; most developing countries have completed their first national communication and are in the process of preparing their second.

(National) Designated Authority (NDA): An office, ministry, or other official entity, appointed by a Party to the Kyoto Protocol to review and give national approval to projects proposed under the Clean Development Mechanism, or the main point of communication between a country and the GCF or the AF. NDA seeks to ensure that activities supported by the GCF/AF align with strategic national objectives and priorities, and help advance ambitious action on adaptation and mitigation in line with national needs. A key role of NDAs is to provide letters of nomination to direct access entities.

National Implementing Entity (NIE): The national organization accredited by the fund (e.g. GCF or AF) to receive direct financial transfers from the Fund in order to carry out projects and programmes in accordance with the governing instrument and relevant board decisions. This requires an assessment whether applicants are capable of strong financial management and of safeguarding funded projects and programmes against any unforeseen environmental or social harm.

Nationally Appropriate Mitigation Actions (NAMA): Voluntary emission reduction measures undertaken by developing countries that are reported by national governments to the UNFCCC. They can be policies, programmes or projects implemented at national, regional, or local levels.

Nationally Determined Contribution (NDC) : The contribution that each UNFCCC state party should make in order to achieve the goal of the Paris Agreement. Article 3 of the Paris Agreement requires them to be "ambitious", "represent a progression over time" and set "with the view to achieving the purpose of this Agreement". The contributions should be reported every five years and registered by the UNFCCC Secretariat. Each further ambition should be more ambitious than the previous one, according to the principle of 'progression'. The Intended Nationally Determined Contributions (INDCs) pledged during the 2015 Climate Change Conference serve—unless provided otherwise—as the initial Nationally determined contribution.

Paradigm shift: A dramatic change in approach or underlying assumptions of a discipline or group, or a change from one paradigm to another.

Power purchase agreement: A contract between an electricity generator and buyer. The PPA defines the commercial terms for the sale of electricity between the two parties, including when the project will begin commercial operation, schedule for delivery of electricity, penalties for under delivery, payment terms, and termination.

Public-Private Partnership (PPP): Forms of cooperation between public bodies and the private sector, delivering public services through risk sharing, pooling of private sector expertise or additional sources of capital.

Programmes: Programmes are designed to systematically develop and implement a series of smaller projects of a similar nature using a common financing scheme. Examples include the establishment of a dedicated credit line for financing energy efficiency projects in small and medium enterprises (SMEs) and creating financing programmes for installing solar water heaters in households.

Project financing structure: The financial structure of the project, including sources and providers of finance. Equity and debt are the two main sources.

Project finance: Financing structured around a project's own operating cash flows and assets.

Project promoter/sponsor: Entity that seeks finance for a project and makes the request for funding.

Project/programme governance structure: The management framework within which project decisions are made.

Reimbursable grant: A financial contribution, by way of donation, from the budget, with the expectation of long-term reflows at conditions specified in the financing agreement. The provider assumes the risk of total or partial failure of the investment; it can also decide if and when to reclaim its investment.

Grant: A financial contribution, by way of donation, from the budget.

Results-based management/finance: A management strategy focusing on performance and achievement of outputs, outcomes and impacts. The strategy often makes use of a logical framework, which is a management tool to improve the design of programme or project activities. It identifies strategic elements of the project/programme (inputs, outputs, outcomes, impact) and their causal relationships. It formulates indicators, and the assumptions or risks that may influence success and failure. It thus facilitates planning, execution and evaluation of the project or programme.

Stakeholders: Those who have interests in a particular decision or activity, either as individuals or as representatives of a group. This includes people who can influence a decision as well as those affected by it. Decision makers are also stakeholders. Government agencies, NGOs, communities, associations, etc. are examples of stakeholders. Stakeholders for projects on the local (e.g. farmers affected by vulnerability), regional (e.g. farmer's co-operatives or business groups), national (e.g. Ministry of Agriculture, Environment) and global level (e.g. UN organizations) should be considered.

Syndicate loans: Syndicate loans are set up when a lead bank agrees to provide a large bank debt facility to a client for a particular project, but the loan will be larger than the bank itself can provide on its own for the long term. The bank receives a fee from the client for providing, or underwriting, the whole facility at the outset and taking the risk that it can 'sell' pieces of the agreed loan to other lenders required ('syndication'), on terms and pricing already agreed with the client. The underwriting bank takes the risk that it has achieved the right balance of risk and return to attract enough other lenders into the transaction.

Technical assistance (TA): Provision of technical services, and/or funds (usually grants) for technical services, e.g. feasibility studies for projects or capacity building of local actors.

ANNEX 2. SELECTED MULTILATERAL FUNDS/PROGRAMS[5]

Fund/programme & Administering body	Field	Sector	Capitalization	Financial Instruments available	Eligibility requirements NOYES	Project/investment criteria	Examples / comments
Adaptation for Smallholder Agriculture Program (ASAP) International Fund for Agricultural Development (IFAD) (UN agency)	Adaptation Disaster risk reduction	Agriculture Natural Resource Management Sustainable land Management Water	USD 30-40 billion up to 2030	Co-financing Grant	Smallholder farmers in developing countries (Existing and new IFAD investment programmes in poor developing countries which are vulnerable to climate impacts) The objective of ASAP is to improve the climate resilience of large-scale rural development programmes and improve the capacity of at least 8 million smallholder farmers to expand their options in a rapidly changing environment. The project should increase the resilience of smallholder farmers and fall into one of the following sub-objectives: 1. Improve land management and promote gender-sensitive, climate-resilient agricultural practices and technologies 2. Increase availability and efficient use of water for smallholder agriculture production and processing 3. Increase capacity to manage short- and long-term climate risks and reduce losses from weather-related disasters 4. Increase climate resilience of rural infrastructure 5. Document and disseminate knowledge on climate-smart smallholder agriculture Key qualitative criteria are (i) the additionality of ASAP funding to the project that it is co-financing; and (ii) whether the ASAP supported project is given strong support from the beneficiary Government, the relevant IFAD Regional Division, country team and communities of smallholders including women and marginalised groups. Quantitative ex ante estimates of potential project contributions towards the ten key indicators of the ASAP Results Framework will provide the main criteria for project selection.	Based on country demand and identified institutional readiness and capacity to integrate ASAP financing into IFAD and non - IFAD investment programmes, ex ante estimates of potential project contributions towards the ten key indicators of ASAP Results Framework will provide the main criteria for project selection: 1. The number of poor smallholder whose climate resilience has been increased because of ASAP, disaggregated by gender. 2. The size of the overall resulting investment 3. The project leverage ratio of ASAP versus non - ASAP financing 4. The tonnes of GHG emissions avoided and/or sequestered 5. The increase in number of non - invasive on - farm plant species per smallholder farm supported 6. The increase in hectares of land managed under climate - resilient practices 7. The percentage change in water use efficiency per tonne/hectare in the project area by men and women 8. The number of community groups including women's organizations involved in environment and natural resource management (ENRM) and/or disaster risk reduction (DRR) formed or strengthened 9. The value of new or existing rural infrastructure made climate - resilient 10. The number of international and country dialogues to which the project would make an active contribution. ASAP financing requirements and programme size are determined by the availability of funds and IFAD's ability to effectively influence and improve large - scale investment programmes. On the latter, the volume of funding that enables IFAD to effectively shape about one-quarter of IFAD's approximately US$1 billion per year of new commitments, while indirectly influencing the remaining portfolio and, more importantly, partner government's policies and investment programmes, has been assessed at around US$150 million per year (for the first 3 years of ASAP implementation). The programme is able to absorb and deliver additional contributions, including from the private sector, bilateral and multilateral donors.	More information on how to apply: https://www.ifad.org/documents/10180/ab3054ad-d9f4-4c64-bd75-2dc7f9d4f97b.

[5] For a comprehensive overview of bilateral and multilateral public climate funding opportunities for other countries, see the OECD Climate Fund Inventory (CFI) database: http://qdd.oecd.org/subject.aspx?subject=climatefundinventory

Fund/programme & Administering body	Field	Sector	Capitalization	Financial Instruments available	Eligibility requirements NOYES	Project/investment criteria	Examples / comments
Africa Climate Change Fund (ACCF) – African Development Bank (AfDB)	Adaptation Mitigation Capacity-building	Climate-Resilience Low-Carbon Growth	EUR 9.4 million (end of 2015)	Grant	African governments, NGOs, research organisations based in Africa and regional institutions For projects of USD 250,000 or above	Eligible activities: preparation for accessing climate funding; integration of climate change and green growth into strategic documents and/or projects; preparation and funding of adaptation and mitigation projects; climate change-related knowledge management and information sharing; capacity building; preparation of climate change-resilient and low-carbon strategies and policies; green growth analysis work; advocacy and awareness-raising.	
Africa Water Facility (AWF) -AfDB	Adaptation Capacity-building	Water	EUR 130 million	Co-financing Grant Loan Risk Management	Regional member countries of the African Development Bank (AfDB), political subdivisions or agencies working within these countries, or regional agencies or institutions concerned with water resource development in Africa AWF provides support in the following areas: 1. Strengthening water governance by increasing African countries and regional organisations capacity to govern their water resources based on IWRM principles and cooperative arrangements 2. Meeting water needs through the preparation of programmes and projects that will attract follow on investments, and piloting innovative technologies and approaches that may lead to its widespread adoption 3. Strengthening the financial base of African countries and regional organisations by attracting additional funding to the sector and ensuring more effective use of available funding 4. Improving water knowledge by increasing the capacity for informed decisions making to guide water development planning and implementation The eligibility of a proposed project will be established on the basis of its demonstrated compliance with, and effective response to, the three strategic areas: (i) Preparation of investment projects and associated facilitation of up-scaling and tangible financial mobilisation; (ii) Enhancement of water governance; and (iii) Promotion of water knowledge uptake and practical use of acquired knowledge Outcomes consistent with priority issues such as Climate Change, Social and Gender Equity and Environmental Protection may be given priority	All the projects financed by the AWF should have clear performance indicators with good expected outcomes and clear targets. In considering a request for financing, due consideration is given to the following criteria: 1. Political commitment of the country as demonstrated by a clear indication of the importance accorded to the water sector 2. Consistency with national priorities and regional consensus 3. Credibility, ownership, and commitment of the beneficiary 4. Effectiveness and sustainability of the institutions and investments 5. Opportunity for effective implementation 6. Good expected outputs with clear indicators and well defined targets.	No new applications possible until further notice. AWF Funding Project proposal Form: http://www.africanwaterfacility.org/fileadmin/uploads/awf/Documents/AWF%20Application%20format%20final%20version%20English_2013.docx

Fund/programme & Administering body	Field	Sector	Capitalization	Financial Instruments available	Eligibility requirements NOYES	Project/investment criteria	Examples / comments
Clean Technology Fund (CTF), one of the Climate Investment Funds (CIF) - World Bank	Mitigation	Agriculture Energy Efficiency Renewable Energy Transport Other	Pipeline of 134 projects which totals $6.1 billion and expected co-finance of $51 billion from other sources; To date, CTF $3.9 billion (74% of CTF funding) is approved for 70 projects, leveraging $44 billion in co-financing; UK-ICF, Japan's Fast Start Finance, USA and Germany are main contributors	Grant Loan	Middle-income and developing countries. Countries that have an active multilateral development bank (MDB) country program (World Bank and Regional Development Banks) including Algeria, Egypt, Jordan, Morocco, Tunisia. Project eligibility and level of financing is assessed on potential "transformative" effects as well as project viability in the absence of concessional finance. CTF programs intend to "stimulate lasting changes in the structure/ function of a sector, or market" by improving internal rates of return on low GHG emissions investments.	Eligible activities: power sector (Renewable energy and highly efficient technologies to reduce carbon intensity); transport sector (efficiency and modal shifts); energy efficiency (buildings, industry, and agriculture).	Interested country requests a joint mission of the World Bank Group and relevant Regional Development Bank to prepare an investment plan
GEF Trust Fund - Climate Change focal area (GEF 6) (GEF6) – Global Environment Fund (GEF)	Adaptation Mitigation Capacity-building	Biodiversity Chemicals and Waste Climate Change Energy Efficiency Forestry Infrastructure Land Degradation Land use Renewable Energy Transport Water	USD 3 billion over 2015-2019, together with climate adaptation fund	Grant	Eligible country: Countries eligible to receive World Bank (IBRD and/or IDA) financing or UNDP technical assistance through its target for resource assignments from the core (specifically TRAC-1 and/or TRAC-2). GEF support is provided to government agencies, civil society organizations, private sector companies, research institutions, among the broad diversity of potential partners, to implement projects and programs in recipient countries. National priority: The project must be driven by the country (rather than by an external partner) and be consistent with national priorities that support sustainable development. GEF priorities: The project has to address one or more of the GEF focal area strategies (Biodiversity, International Waters, Land Degradation, Chemicals and Waste, and Climate Change Mitigation, as well as cross-cutting issues like sustainable forest management). Financing: The project has to seek GEF financing only for the agreed incremental costs on measures to achieve global environmental benefits. Participation: The project must involve the public in project design and implementation, following the Policy on Public Involvement in GEF-Financed Projects and the respective guidelines.	The GEF provides funding through four modalities: full-sized projects (USD >2 m), medium-sized projects (USD <2 m), enabling activities (USD <1 m) and programmatic approaches (combination of full- and medium-sized projects). The selected modality should be the one that best supports the project objectives. Each modality requires completion of a different template which can be found here http://beta.thegef.org/documents/templates.	GEF resources can be accessed through accredited GEF Agencies (https://www.thegef.org/gef/gef_agencies) or, in the case of certain enabling activities, through a direct access modality. There are different types of projects (national, regional and global). The Operational Focal Point must provide a written endorsement for all national projects. For regional projects and programs, the Operational Focal Points of all participating countries must endorse the project or program. For global projects, an endorsement letter is not required.

Fund/programme & Administering body	Field	Sector	Capitalization	Financial Instruments available	Eligibility requirements NOYES	Project/investment criteria	Examples / comments
Global Climate Partnership Fund (GCPF) Board of Directors (BMU, IFC, KfW, Denmark government etc.)	Adaptation Mitigation Technical assistance	All	USD 300 million	Mainly senior debt, but also mezzanine debt and equity (limited scale, only to projects)	Requirements for financial institutions: Financial Institutions (e.g. local commercial banks) or ESCOS (small scale renewable energy and energy efficiency service and supply companies that serve energy efficiency and renewable energy market in the target countries) that: 1. Require financing of between USD 5m and USD 30m for on-lending to green energy projects 2. Are willing to initiate or develop further green energy products (renewable energy or energy efficiency) 3. Have a social and environmental risk management system or are willing to implement one Requirements for direct project investments: Energy efficiency projects: these should improve energy efficiency and/or reduce greenhouse gas emissions of buildings, plants or processes by at least 20%. Renewable energy projects: preferred technologies include small-scale solar PV, mini-hydroelectric projects, onshore wind farms and biomass projects.	Direct project investments: All projects should ideally have a promoter effect for the local sustainable energy culture, comply with relevant environmental and social standards (e.g. IFC Performance Standards, Fund's social and environmental requirements) and ensure integration into the local economy (e.g. input of local companies and banks, job creation). The Fund will only consider commercially proven technologies (e.g. solar, wind), other technologies require approval on bankability by a qualified third party. Equity is invested alongside a (preferably local) co-investor and is only available to projects, not companies.	For FI: Investment process available on the website at http://www.gcpf.lu/investment-process.html Target countries include the following ENPI South countries: Morocco, Libya, Tunisia, Lebanon, Jordan

Fund/programme & Administering body	Field	Sector	Capitalization	Financial Instruments available	Eligibility requirements NOYES	Project/investment criteria	Examples / comments
Global Energy Efficiency and Renewable Energy Fund (GEEREF) - European Union	Mitigation	Energy Efficiency Renewable Energy	EUR 222 million (May 2015)	Equity (Fund of funds)	As a Fund-of-Funds: invests in private equity funds that specialise in providing equity finance to small and medium-sized clean energy projects in developing countries As a Fund: renewable energy and energy efficiency projects which deploy proven technologies GEEREF NeXt adopts a five-phase approach to initial fund screening, assessment and investment decision-making and monitoring: For funds: 1. Fund screening (appraisal authorization): review Environmental and Social (E&S) documentation, policies and ESMS if available against GEEREF Next requirements 2. Due diligence 3. Investment decision: Review of the materials submitted by GFO to the Investment Committee 4. Investment agreement: Negotiation of contractual agreement between GEEREF NeXt and Fund Manager For direct project investments: 1. Project screening: initial deal identification, review of E&S and assigning an environmental category for the project (A, B or C) 2. Due diligence: external due diligence for E&S for categories A and B 3. Investment decision: Term Sheet including standard general conditions regarding compliance; investment proposal 4. Investment agreement with appropriate E&S clauses Source: http://geeref.com/assets/documents/EN%20-%20FINAL%20-%20GEEREF%20NeXt%20ESMS%20-%20August%202016.pdf	Consistency with the EU's priority objectives; overall quality and soundness based on its technical soundness, capability of implementing the project, promoter's capability to operate and maintain the project, compliance with legislation and EIB guidelines, environmental impact, market and demand, investment cost and profitability. For GEEREF Next: Environmental and Social metrics: Environmental and Social Impact: Energy (capacity installed, energy generated, energy savings); Environment (CO2 reduced); Sustainable Development (Number of male employees, female employees, number of training/ awareness sessions, taxes paid, number of beneficiary households) Environmental and Social Compliance: Funds with ESMS implemented; Projects with ESMS implemented; Funds with dedicated ESG personnel; Number of grievances; Number of serious incidents and fatalities Gender assessment: Being cognisant of and striving to address gender inequalities, whether real or potential, in the project. Ensuring women and men enjoy equal access to project resources, assets, benefits, opportunities, services, capacity building. Ensuring equal voice between women and men in the decision-making processes of the project. Collecting and analysing sex–disaggregated data and qualitative information to track the real gender impacts of the project on an annual basis.	

Fund/programme & Administering body	Field	Sector	Capitalization	Financial Instruments available	Eligibility requirements NOYES	Project/investment criteria	Examples / comments
Green Climate Fund (GCF) COP (UNFCCC) and Green Climate Fund Board	Adaptation Mitigation REDD Technology transfer Capacity-building	All	USD 10.2 billion (pledged as of June 2015)	Grant Concessional loan Guarantees Equity	All developing country parties to the UNFCCC The Fund finances the agreed full and agreed incremental costs of activities to enable and support enhanced action on adaptation, mitigation (including REDD-plus), technology development and transfer (including carbon capture and storage), capacity-building and the preparation of national reports by developing countries. (Examples of areas: readiness; innovation incl. technology research and improvement; institutional capacity; capacity building; policy, regulatory and enabling environment; collaboration with private sector; deployment of technologies; access to cleaner cookstoves and lighting through innovative business models) GCF Readiness programme: (i) Strengthening NDA and Focal Point; (ii) Developing strategic framework; (iii) Accreditation of implementing entities; (iv) Pipeline development; (v) Information and experience sharing	Project size has a very wide range, with the following potential categories: Micro projects: up to and including USD 10 million Small projects: up to and including USD 50 million Medium projects: up to and including USD 250 million Large projects: above USD 250 million Five cross-cutting investment priorities: (1) climate-compatible cities; (2) sustainable low-emission climate-resilient agriculture; (3) scaling up finance for forests and climate change; (4) enhancing resilience in SIDS; (5) transforming energy generation and access Eight strategic impacts: Mitigation: Reduced emissions from (1) energy generation and access; (2) transport; (3) forest and land use; (4) buildings, cities, industries, and appliances) Adaptation: Increased resilience of (1) Health, food and water security; (2) Livelihoods of people and communities; (3) Ecosystems and ecosystem services; (4) Infrastructure and built environment. Key elements of the GCF's evolving policy framework include: 1. fiduciary standards 2. environmental and social safeguards 3. gender policy and action plan	Recipient countries can submit funding proposal through National Designated Authorities (NDAs). Package of the relevant documents "Operations Manual" is available at http://www.gcfund.org/operations/resource-guide.html#c1326
Nordic Environment Finance Corporation (NEFCO) Carbon Finance and Funds (NeCF) - NEFCO	Adaptation Mitigation	Energy Efficiency Fuel Switching Industry Renewable Energy Waste Management	EUR 165.3 million	Grant Technical assistance	Projects should be in line with the requirements of the Kyoto Protocol, in particular the fulfillment of the requirements of the JI Supervisory Committee and CDM Executive Board of the UNFCCC Secretariat, and the second trading period of the EU ETS (and subsequent periods).		Procurement under the two calls for project proposals under the Norwegian Carbon Procurement Facility has been closed at the end of 2015 when the facility reached its target through NEFCO's contracting of some 30 million CERs from 17 transactions.

Fund/programme & Administering body	Field	Sector	Capitalization	Financial Instruments available	Eligibility requirements NOYES	Project/investment criteria	Examples / comments
Public-Private Infrastructure Advisory Facility (PPIAF) - World Bank	Adaptation Capacity-building	All	Approved USD 16.95 million in FY 2016	Grant Technical Assistance	Developing or transition economies on the Organization for Economic Co-operation and Development (OECD) Development Assistance Committee's (DAC) I to IV Aid recipients are eligible for PPIAF funding. Eligible activities comprise electricity, gas transmission and distribution, water and sewage, solid waste, telecommunications, railways, airports, and roads.	Supports governments and public entities by creating enabling environment for PPP projects, early stage project conceptualization, and pre-feasibility project development; Assistance with planning and prioritizing climate-friendly projects, designing legal and regulatory environments; Assistance finding and justifying subsidy funding to pay for costs or mitigate risks that make private participation non-viable; Sub-National Technical Assistance (SNTA) in cases where PPP are impractical or inappropriate to support access to financing from banks or bond markets without relying on sovereign guarantees, obtain a credit rating - or improved rating - from a recognized credit rating agency, taking measures to enhance their creditworthiness, assisting sub-national entities access market-based financing. PPIAF accepts grant proposals that are in line with its mandate to support activities in the following categories: 1. Infrastructure development strategies to take full advantage of the potential for private sector involvement 2. Outreach and communication programs to engage stakeholders and ensure transparency and accountability in reforms 3. Design and implementation of policy, regulatory, and institutional reforms 4. Design and implementation of pioneering projects and transactions 5. Government capacity building to design and execute private infrastructure arrangements and regulate private service providers 6. Identification, dissemination, and promotion of emerging best practices 7. Creditworthiness improvement of sub-national entities	All proposals are evaluated on a rolling basis. PPIAF uses a five-step application process: 1. Contact with PPIAF 2. Concept Note 3. Submission of Application 4. Screening and Evaluation 5. Notification Source: http://www.ppiaf.org/page/apply-funds

Fund/programme & Administering body	Field	Sector	Capitalization	Financial Instruments available	Eligibility requirements NOYES	Project/investment criteria	Examples / comments
Special Climate Change Fund (SCCF) - GEF	Adaptation Mitigation Capacity-building	Agriculture Energy Forestry Industry Transport Waste Management	USD 349 million (pledged as of August 31, 2015)	Grant	All developing country Parties to UNFCCC The SCCF has four financing windows: (a) adaptation to climate change; (b) technology transfer; (c) energy, transport, industry, agriculture, forestry and waste management; and (d) economic diversification (for countries highly dependent on income generated from production, processing, and export or on consumption of fossil fuels and associated energy-intensive products). Project size can be small, medium or large, but must focus on the 'additional costs' imposed by climate change on the development baseline. Projects are intended to be nationally owned.	Pre-selection criteria for adaptation and technology windows: 1. Programme or project quality: the proposal must be country-driven; have a sound design; be sustainable and replicable; be cost-effective, and include civil society and public participation as well as gender considerations, as appropriate; and, in the case of projects submitted under the adaptation window, finance concrete adaptation activities 2. Balanced distribution of funds among eligible countries 3. Equitable regional distribution 4. Balanced support for all priority sectors 5. Balanced distribution among GEF agencies based on comparative advantage. Requires project concept and assistance from GEF implementing agency National GEF Focal Point needs to endorse project Full-sized projects (FSP) – over $1 million vs. medium-sized projects (MSP) - $1 million or below.	GEF Agency needs to submit a Project Identification Form (PIF). A PIF is a short (maximum 4 pages) description of a project concept that is used by the GEF to determine whether or not the project meets certain basic criteria. If these criteria are met, the project is included in the GEF pipeline i.e., funds are allocated to the project to cover total project costs (funds are not committed until CEO endorsement) Source: http://www.thegef.org/gef/sites/thegef.org/files/publication/23470_SCCF.pdf

Fund/programme & Administering body	Field	Sector	Capitalization	Financial Instruments available	Eligibility requirements NOYES	Project/investment criteria	Examples / comments
Sustainable Energy Fund for Africa (SEFA) – African Development Bank (AfDB)	Mitigation Capacity-building	Energy Efficiency Renewable Energy	USD 95 million (end of 2015)	Cost-sharing grants Technical assistance	Private project developers/promoters to facilitate pre-investment activities for renewable energy and energy efficiency projects	For project preparation: cost-sharing grants and technical assistance to private project developers/promoters to facilitate pre-investment activities for renewable energy and energy efficiency projects. The following minimum eligibility criteria will be used in screening project preparation grant funding requests: 1. Projects with a total investment commitment in the range of USD 30 - 200 million. 2. The underlying project must be implemented in an AfDB Regional Member Country, and the project sponsor must be registered as a legal entity in a Regional Member Country by the time of grant approval 3. Project preparation activities from pre-feasibility up to financial closure. Some pre-feasibility work will already have been carried out and preliminary viability established. 4. Beneficiaries will be expected to provide at least 30% of the total pre - investment costs. 5. Projects should be sponsored by private sector or public sector agencies where the final project is to be an Independent Power Producer (IPP) or Public – Private Partnership (PPP). State - owned utilities are not eligible for direct support. 6. Some evidence of Government endorsement (e.g. permits, concessions, Memorandums of Understanding, Power Purchase Agreement, etc.) Source: http://www.afdb.org/fileadmin/uploads/afdb/Documents/Generic-Documents/Conditions_for_PPG_Requests_-_09_2014.pdf For equity investments: combined with TA deployed by Africa Renewable Energy Fund (AREF) solely focused on small/medium (5-50 MW) independent power projects from solar, wind, biomass, hydro as well as some geothermal and stranded gas technologies For enabling environment: capacity building and advisory activities for the public sector. Not more than 10% of a SEFA grant may be utilized for capital expenditures, including equipment and software licenses	SEFA is structured to respond to requests originated or championed by AfDB staff

Fund/programme & Administering body	Field	Sector	Capitalization	Financial Instruments available	Eligibility requirements NOYES	Project/investment criteria	Examples / comments
Adaptation Fund (AF) - Adaptation Fund Board (GEF/World Bank as Trustee)	Adaptation	All	USD 343 million (December 2015)	Grant	Developing country Parties to the Kyoto Protocol that are particularly vulnerable to the adverse effects of climate change including low-lying and other small island countries, countries with low-lying coastal, arid and semi-arid areas or areas liable to floods, drought and desertification, and developing countries with fragile mountainous ecosystems. The decision on the allocation of resources of the Adaptation Fund among eligible Parties shall take in to account: (a) Level of vulnerability; (b) Level of urgency and risks arising from delay; (c) Ensuring access to the fund in a balanced and equitable manner; (d) Lessons learned in project and programme design and implementation to be captured; (e) Securing regional co -benefits to the extent possible, where applicable; (f) Maximizing multi- sectoral or cross -sectoral benefits; (g) Adaptive capacity to the adverse effects of climate change. Project screening: 1. Project document submission based on a template approved by the Board (see Annex A in http://unfccc.int/files/adaptation/implementing_adaptation/adaptation_funding_interface/application/pdf/afbguide.pdf), allocated submission periods three times a year 2. a. Review by Secretariat; b. review by Projects and Programmes Review Committee on project criteria (Annex 3 in source) 3. Committee gives recommendations to Board	Small-size projects and programmes of up to USD 1 million and regular projects and programmes of above USD 1 million. There is a country cap of USD 10 million (which is automatically the maximum funding request as well). The Board is currently investigating a possible modification to the country cap. In assessing project and programme proposals, the Adaptation Fund Board shall give particular attention to: (a) Consistency with national sustainable development strategies, including, where appropriate, national development plans, poverty reduction strategies, national communications and national adaptation programmes of action and other relevant instruments, where they exist; (b) Economic, social and environmental benefits from the projects; (c) Meeting national technical standards, where applicable; (d) Cost -effectiveness of projects and programmes; (e) Arrangements for management, including for financial and risk management; (f) Arrangements for monitoring and evaluation and impact assessment; (g) Avoiding duplication with other funding sources for adaptation for the same project activity; (h) Moving towards a programmatic approach, where appropriate. Source: https://www.adaptation-fund.org/wp-content/uploads/2015/01/OPG%20ANNEX%201.pdf	Information on how to apply: https://www.adaptation-fund.org/apply-funding/

Fund/programme & Administering body	Field	Sector	Capitalization	Financial Instruments available	Eligibility requirements NOYES	Project/investment criteria	Examples / comments
Climate Action in the Middle East and North Africa (CAMENA) – European Investment Bank (EIB)	Mitigation	Energy Efficiency Renewable Energy Transport Agriculture, forestry and land use Waste and wastewater Other	The initial funding for CAMENA is provided by the United Kingdom's Department for International Development (DFID) according to their decision made in late 2014 to make a significant contribution (GBP 15 million) to the FEMIP Trust Fund over a 4-year period (2015-2018).	Technical assistance	CAMENA can be used: 1. To identify, catalyze and prepare climate action investment projects, which could subsequently benefit from EIB financing 2. To fund actions to improve the enabling environment in relation to climate investments among public and private institutions within the Mediterranean partner countries 3. To finance equity operations Eligible countries: Algeria, Egypt, Gaza/West Bank, Israel, Jordan, Lebanon, Morocco and Tunisia	General assessment criteria include: 1. Project supports sector development: clear objective, strategic approach, fast-track solutions, replicability and demonstration effects 2. Project has an appropriate process: rational and transparent process for setting priorities, stakeholder engagement, local and national ownership, consistent with other sector policies 3. Technical, financial and economic viability (technology design, planning and phasing, cost recovery, IRR, cost-effectiveness, etc.) 4. Environmental and social soundness	
Mediterranean Hot Spots Investment Programme (MeHSIP) - EIB	Mitigation Adaptation	Industry Waste and wastewater Water	Funded by European Commission grants to the FEMIP Support Fund	Technical assistance	Eligible countries: Egypt, Jordan, Lebanon, Morocco, Palestine and Tunisia. Providing technical and financial advice for the preparation of investment projects. Supports Horizon 2020's objective to reduce pollution of the Mediterranean Sea. Eligible areas: 1. Wastewater 2. Solid waste 3. Industrial de-pollution 4. Water resources, supply and efficiency 5. Or contribute to climate change mitigation or adaptation in one or more of the above areas	General assessment criteria include: 1. Project supports sector development: clear objective, strategic approach, fast-track solutions, replicability and demonstration effects 2. Project has an appropriate process: rational and transparent process for setting priorities, stakeholder engagement, local and national ownership, consistent with other sector policies 3. Technical, financial and economic viability (technology design, planning and phasing, cost recovery, IRR, cost-effectiveness, etc.) 4. Environmental and social soundness	

Fund/programme & Administering body	Field	Sector	Capitalization	Financial Instruments available	Eligibility requirements NOYES	Project/investment criteria	Examples / comments
Horizon2020 – Executive Agency for SMEs (EASME)	Mitigation Adaptation	Energy efficiency Renewable energy Transport Cross-sectoral and technology	EUR 80 billion (2014-2020)	Grant	Applicants from non-EU countries are almost always free to take part in Horizon 2020 programs. All applications must meet the minimum conditions in the Rules for Participation. Tunisia is associated to Horizon2020 and therefore automatically eligible for funding. Non-EU applicants may be granted funding if: 1. There is a bilateral scientific / technological agreement or similar arrangement between the EU and the country where the applicant is based 2. The call for proposals clearly states that applicants based in such countries are eligible for funding 3. Their participation is deemed essential for carrying out the action by the Commission or the relevant funding body on the grounds that participation by the applicant has clear benefits for the consortium You must be a consortium of at least 3 organizations if you want to apply to run a standard research project. Each consortium member must be an organization that has legal standing such as a registered business, partnership or charity. Different funding competitions may have other conditions.	Horizon 2020 provides different types of funding schemes: 1. Research and innovation actions: research the feasibility of new knowledge or technology (funding up to 100% of direct costs) 2. Innovation actions: close to market projects (e.g. prototyping, testing, demonstrating, piloting, market replication or large-scale product validation, funding up to 70% of direct costs for companies, 100% for not-for-profit organizations) 3. Coordination and support actions: networking and coordinating research and innovation projects (e.g. standardization, dissemination, awareness-raising, networking and support services, funding up to 100% of direct costs) 4. SME instrument: for SMEs to develop growth potential. There are 3 phases and these cover the whole innovation cycle. You can also access a mentoring and coaching service.	Before being able to sign a grant agreement, one must register via the beneficiary registration tool
Finance and Technology Transfer Centre for Climate Change (FINTECC) – European Bank for Reconstruction and Development (EBRD)	Technology transfer	Energy Efficiency Water Materials	EUR 5.5 million for Southern and Eastern Mediterranean (SEMED) region (Grants EUR 5m; TA EUR 0.5m) (October 2015)	Grant Technical assistance	Two key areas: 1. Creating enabling environments for climate technology projects: policy support and market insights 2. Providing project support: technical support and investment support Three priority areas of policy support have been identified for SEMED: 1. Preparing or upgrading National Energy Efficiency Action Plans as needed 2. Creating energy performance standards and labeling (S&L) schemes 3. Developing associated S&L monitoring, verification and enforcement processes		Target countries: SEMED (Egypt, Jordan, Morocco, Tunisia), Kazakhstan, Early Transition Countries (ETCs), Ukraine

Fund/programme & Administering body	Field	Sector	Capitalization	Financial Instruments available	Eligibility requirements NOYES	Project/investment criteria	Examples / comments
NAMA Facility – NAMA Facility Board (BMUB (Germany), BEIS (UK), EFKM (Denmark), and European Commission); GIZ as trustee	Mitigation	All	More than EUR 260 million is made available	Grant	Supports implementation of the most ambitious NAMAs. The Facility conducts open competitive Calls to select NAMA Support Projects (NSPs). NSP Outlines can be submitted by: 1. A national ministry 2. Legal entities that fulfill the following criteria: a. Experience in the country of implementation (at least 3 years) b. Experience in the respective sector (at least 5 years) c. Experience with project development / management (at least 5 projects of similar size) d. Experience in development of investment/climate finance policies and/or programs (at least 5 projects) e. Experience in working with the public sector (at least 3 years) f. Average annual turnover at least EUR 1 million over the last 3 years and 10% of the requested funding volume for implementation Country needs to be ODA-eligible throughout the entire NSP implementation period.	When submitting NSP outlines, it is mandatory to use the NSP Outline template for the specific Call (published on the website). The Outline and annexes must be submitted in English. • Documents provided in English • Envisaged implementation duration of 3 - 5 years • Envisaged DPP duration of max. 18 months • Qualification of the NAMA Facility funding as ODA finance • Funding volume requested from the NAMA Facility for implementation EUR 5 - 20 million • NAMA Facility funding not used for the generation of GHG emission allowances or, if generated, verifiable cancellation	Submission deadline for 4th call is 31 October 2016. For more information on applying: General Information Document, 4th Call

ANNEX 3. SELECTED BILATERAL FUNDS/PROGRAMMES

Fund/Programme & Administering Body	Field	Sector	Capitalization/ Size	Financial Instruments available	Eligibility Requirements	Investment/ Project Criteria	Examples/comments
International Climate Initiative (ICI), German Federal Ministry for the Environment, Nature Conservation and Nuclear Safety (BMU)	Mitigation Adaptation REDD+	All	Total funding volume: €1.2 billion; €120 million per year	The ICI uses a variety of approaches including grants, concessional loans and where appropriate, project-based contributions to international funds.	GHG reduction measures in the context of building climate friendly economies and investment-related measures Energy efficiency and renewable energy/ sustainable energy systems Eligible activities: mitigation GHG emissions, adapting to the impacts of climate change, conserving natural carbon sinks with a focus on reducing emissions from deforestation and forest degradation, conserving biological diversity Potential beneficiaries: partner countries by federal implementing agencies, NGOs, business enterprises, universities and research institutes, international and multinational organizations and institutions.	Supports investment projects and activities in the fields of technology transfer, policy advice, research cooperation, capacity development and training and elaboration of studies and strategies No real restrictions on project organizations and partners known Projects should demonstrate mitigation effect, be anchored in partner countries' national strategies, be innovative and have an impact beyond the individual project itself, as well as be transferable, build on the strengths of German climate policy and have synergies with the conservation of other global environmental goods.	Two-step procedure: Project outlines evaluation (templates are provided on the ICI website) and upon approval formal grant application.

Fund/Programme & Administering Body	Field	Sector	Capitalization/ Size	Financial Instruments available	Eligibility Requirements	Investment/ Project Criteria	Examples/comments
Future of the Carbon Market Foundation, KfW	Mitigation	Renewable energy Energy efficiency	Endowment capital of EUR 10 Million	Sovereign lending, grants, loans, delegated funds (e.g. private equity funds)	Eligible activities: Start-up finance for programmatic emission reduction projects under the Kyoto Protocol (Programmes of Activities, PoAs) Raising the profile and overcoming reservations towards investing in programmatic emission reduction projects through workshops, participation in conferences and providing information Providing expertise to governments of developing countries on combining national climate change policies with market-financed programmatic projects	Priority is given to programmes that: 1. are in an advanced state of planning and preparation and, in the case of CDM PoAs, as a rule are already registered with UNFCCC, 2. are carried out in Least Developed Countries or provide strong contributions to the sustainable development of underprivileged parts of the population and populations which are particularly vulnerable to climate change, 3. are integrated into the host country's national climate policy, 4. provide valuable inputs for the development and conceptual design of new carbon market mechanisms 5. have a competent programme managing entity, 6. show evidence of being economically viable, 7. are replicable, and 8. have the potential to improve the living and working conditions of women in the host country and generally contribute to sustainable development.	Focus on LDCs Application form: http://www.carbonmarket-foundation.org/submitting-an-application

Fund/Programme & Administering Body	Field	Sector	Capitalization/ Size	Financial Instruments available	Eligibility Requirements	Investment/ Project Criteria	Examples/comments
French Global Environment Facility (Fonds Français pour l'Environnement Mondial) – FFEM, AFD's Directorate for Strategy	Mitigation Adaptation REDD+	Renewable Energy Energy efficiency Industry Agriculture Infrastructure Transport Tourism Forestry	Budget 2015-2018: €90 million	Grants, credit lines and guarantees	In line with the French commitments on issues related to climate change, in particular those relating to the organization of COP21, FFEM has sought to focus its operations on climate change mitigation and adaptation. Focus primarily on sustainable urban territories, innovative financing of biodiversity, integrated management and resilience of coastal and marine areas, the energy transition and agriculture and sustainable forests. Potential beneficiaries: developing countries	- Co-funding required - French government needs to be involved in the preparation and monitoring of projects - Innovative nature of projects important - No real restrictions on project organizations and partners - AFD often involved in managing implementation - Supplies of equipment and services, capacity building, training and measurements of results and impacts are financed	Focus on Africa and Mediterranean region

Fund/Programme & Administering Body	Field	Sector	Capitalization/ Size	Financial Instruments available	Eligibility Requirements	Investment/ Project Criteria	Examples/comments
International Climate Fund (ICF), DFID, DECC, DEFRA, FCO	Mitigation Adaptation	All	Pledges: £3.87 billion from 2011-2016	The ICF's funding portfolio is split between capital contributions/ concessional loans and grant finance ICF funds are usually channelled through global multilaterally administered programs (CIFs etc.) rather than towards specific country initiatives. Grants are used primarily as a mechanism for bilateral contributions.	- Low carbon future that reduces poverty, focusing on low carbon growth, low carbon energy, energy efficiency, clean technology innovation and finance; - Ensuring private finance contributions; - Eligible activities: building global knowledge and evidence; developing and scaling-up low-carbon and climate resilient programs; building capacity in the public and private sectors and supporting country level action; mainstreaming climate change into UK development aid; - Financing vehicles: funds are usually channelled through global multilaterally administered programs rather than towards specific country initiatives; - Potential beneficiaries: governments developing countries, civil society organizations, private sector entities.	ICF funds are usually channelled through global multilaterally administered programs rather than towards specific country initiatives. Principles guiding ICF expenditure include: • Consistency with the DAC definition of ODA; • Consistency with UK agreements on aid effectiveness (under the Paris Declaration); • Open and transparent project performance; • Choice of instrument; • Appropriate enabling environment	Active in Morocco, Algeria, Egypt, Jordan

ANNEX 4. BILATERAL & MULTILATERAL CLIMATE DEVELOPMENT FINANCE

Financial instruments available

- **Technical assistance grants:** Grant schemes to promote and build the implementation capacities of market actors (i.e. project developers) for creating a critical mass of skilled users and to remove non-financial barriers (e.g. preparation/structuring of related financial transactions)
- **Project development grants:** Assisting project developers to achieve financial closure by covering some of the costs of the more expensive and time intensive project development activities
- **Loan softening programmes:** Incentives in the form of interest subsidies or the provision of a partial guarantee. These programmes are provided alongside other financial instruments through CFIs, with the benefits passed on to customers via lower interest rates, lower front end deposits and extended loan repayment periods
- **Concessional loans:** Loans with lower interest rates and/or lenient servicing conditions when investments generate stable cash-flows. Due to the need for the amount of the loan to eventually be paid back (i.e. principal and interest), efficient operations are encouraged
- **Project loan facilities:** Financing facilities of governments or MDBs that serve as special vehicles with a view to providing project finance in the form of debt financing. Applicable for projects that do not reach financial closure because of local CFIs not being able to provide the required financing.
- **Soft loan programmes:** Loans to finance the gap during actual project preparation and pre-commercialization provided by semi-public agencies at concessional interest rates. They can introduce innovative technologies and help project developers through sharing some costs – leveraging more commercial finance by proving the viability of technologies and projects to CFIs
- **Credit lines and subordinated debt:** Debt finance to cover liquidity issues regarding medium and long-term financing requirements of projects, such as clean energy activities. For projects with high credit risks, limited or non-recourse credit lines may be applied so that the risk of the FI loans is shared by the DFI
- **Equity investments:** Investment capital via equity stakes may come not only from private sources but also from public partners who take a subordinated equity stake in a company or project – acting as a door opener for potential private equity partners (see below).

Procedures and processes

- **Multiannual frameworks with priority countries are developed and defined:** Projects can be developed according to recipient (country) demands. In some cases, regional strategies or programme documents create the framework for a couple of years. They can either be prepared by the donor country in consultation with recipient country or prepared by the recipient, or jointly prepared. The country strategies or plans are concretised by sector strategies or similar processes and documents, such as operational plans. Criteria and indicators are developed to determine the appropriate funding approach and provide a basis for the measurement of impacts.
- **Overall approach to bilateral development cooperation:** The whole process can be rather decentralised and can involve or be led by local embassies and country offices of the donor country. In other cases, headquarters of technical or financial cooperation agencies are more involved. Donor countries with large development agencies, such as Germany (GIZ/KfW), France (AFD), and Sweden (Sida), tend to be more actively involved in the development of concrete project proposals, and management and monitoring of the projects. In countries with no large development agencies, development cooperation activities are often led by the embassies. If no other implementing agencies exist, the responsibility for implementation often lies with the recipient government, or consultants or civil society organisations (CSOs). Programming of bilateral development cooperation in Norway is based on requests from partner countries. After receiving a request, the embassy prepares an agreement document that needs to be signed by both parties. The responsibility for implementation lies with the partner country.

Project implemented by AGRICONSULTING CONSORTIUM
Agriconsulting Agrer CMCC CIHEAM-IAM Bari d'Appolonia Pescares Typsa Sviluppo Globale
Project funded by the European Union

- **Funding channels:** The majority of the bilateral ODA budget is channelled by the Ministry of Foreign Affairs or Development Cooperation (or the underlying development cooperation agency). In others countries, the bilateral ODA budget is more spread over different ministries (e.g. Ministry of Finance, Ministry of Economy, Ministry of Education). Furthermore bilateral ODA is channelled through CSOs, whilst the shares of bilateral ODA to CSOs however vary widely. Usually smaller countries tend to channel larger percentages through CSOs. ODA funding to CSOs is often channelled through the national development agency's budget. This can involve competitive bidding processes
- **Tools for planning, monitoring, reporting and evaluation:** There are tools commonly used to mainstream climate change into the development cooperation project cycle. These can be summarised as: A) Ex-ante screening of climate impacts of envisaged / planned development projects (e.g. AFD selectivity matrix, Hands-on Energy Adaptation Toolkit, Climate-Proofing for Development, Quality@Entry (Q@E) peer review process, Japan's Climate Finance Impact Tool, USAID's 6-step Vulnerability & Adaptation approach, AusAID's Integrating disaster risk reduction, environment and climate change (DEC) tool, GHG Protocol by the World Resources Institute and the World Business Council for Sustainable Development); B) Ex-durante and ex-post screening of on-going projects and project portfolios (e.g. climate-proofing, OECD/DAC Rio markers) using a M&E protocol with specific climate indicators integrated into its conventional development project evaluation processes (UK) or climate proofing assessment processes with a handbook for climate and environmental assessments (Germany); C) 'Follow the money' or reporting on funds (most bilateral donors as well as multilateral climate funds have now developed results-based management frameworks to guide climate-related programmes).

Investment/Project criteria & principles

Sectors: Development cooperation is generally grouped into sectors, although these are often highly interlinked. The key sectors differ substantially between donor countries. E.g. the sectors that received the largest shares of bilateral ODA from the biggest European donor countries and the EU (2012) are education, government and civil society and humanitarian aid, while industry, construction and mining, general budget support and water and sanitation score the lowest (but are still in the top 5 of some donor countries). Mitigation mostly takes place in the infrastructure, industry, agriculture and forestry sectors. It involves three cross-sectoral actions: (1) switching to low-carbon energy sources; (2) enhancing GHG sinks; and (3) improving energy efficiency. Adaptation is generally more integrated in traditional development aid projects and approaches.

Mainstreaming strategies and approaches: There are various mainstreaming strategies and approaches recommended at the local/project level, in particular:

- Establishing climate profiling of the area to assess vulnerabilities and opportunities through the analysis of opportunities linked to an area's morphology and activities to strengthen resilience to climate change are crucial elements of such a profiling.
- Including local initiatives in broader frameworks for better national governance of actions can mainstream climate change related actions and provide more confidence in their coherence. This can also improve national governance.
- Providing and mobilising funding for the elaboration and implementation of integrated approaches by funding a variety of partnerships and types of cooperation. This can be achieved by using international funding provided by the

  Various climate-specific and relevant bilateral and multilateral sources and channels

  Local public resources (state budget, tax income)

  Private sector resources (e.g. PPPs, investment in programmes of action, foundations, microcredit institutions).
- Applying resilience and low-emission/energy criteria to local level actions with terms of reference specifying minimum low-emission and resilience conditions. These can be elaborated for local communities and applied to projects implemented, funded or subsidised by the community, and to the actions implemented in the area by local development stakeholders.
- Strengthening participation by decision-makers, planners and citizens via awareness-raising actions by organising information and training campaigns for local populations, employees of local-development support organisations and local planners and decision-makers. This is best carried out during local climate profiling and early in planning processes. Examples here include disaster risk management programs changing community perceptions of risk.

"Building blocks" for mainstreaming climate into development (which are currently either being established and also funded by donors or expected to be in place)

- An enabling environment: This is usually established through climate-relevant components of national development policies or legislation, policies/strategies and action plans or climate objectives within sectoral policies and programmes. It may include the establishment or improvement of inventories and datasets, tools, methods and institutions generating and managing such data.
- Policy and planning: Actual and effective mainstreaming of climate change considerations through integration into annual, medium- and long-term sectoral and development plans, as well as annual and medium-term expenditure and budgetary frameworks. Furthermore, resource mobilisation strategies directing the resources needed over time to reach scale and capacities to access and manage climate funds (with on-budget disbursement) are needed.
- Projects and programmes: At this stage climate-proofing tools or similar approaches can be used to ensure that climate actions are integrated into existing or planned development planning initiatives.

Integrated approaches: Most of ODA is planned and programmed bilaterally between donor and recipient countries and integration is increasing for all bilateral donors. Individual donor priorities with respect to strategies and programmes need to be taken into consideration. E.g. Spain and the EU Institutions have a preference for integrating climate considerations in projects instead of setting up projects with climate mitigation/adaptation as the main objective. Difference between mitigation and adaptation: Mitigation projects are receiving a significant amount of finance. However, unless financing and project development are integrated into national plans, their overall influence on emissions will remain limited compared to if they are automatically part of the development plans of countries. Adaptation projects are, by contrast, further integrated into national plans but until they are scaled-up their overall potential to reach as many vulnerable people, communities and societies is inhibited.

Focus on bilateral funding channels and establishment of national climate funds: Donor countries provide the majority of their climate-related ODA through bilateral channels. Several countries have also established national climate funds/programmes (see also above) to support developing countries in climate actions.

Innovative financing approaches have emerged: Several innovative financing approaches for integration of climate and development cooperation have emerged in practice. The instruments focus on: 1. Mitigating investment risk (e.g. stress-testing, lending guidelines, credit agency regulation); 2. Reducing cost of capital (e.g. monetary policy, bond markets, tax incentives, public finance institutions' instruments); 3. Making less climate-friendly assets ("brown" assets) less attractive (e.g. taxing externalities, fiduciary duties, disclosure and reporting requirements).

Support country-owned and country-led programming and actions: Climate-related development aid needs to be developed in light of local climate considerations and plans. Ownership of projects by the recipient country is widely believed to be a feature of successful projects and programmes. By giving a greater share of authority in design and implementation to experts in local circumstances within a project boundary, projects have a higher chance of being implemented in a more efficient way, at lower cost, being more integrated and co-ordinated with other national and internationally implemented projects.

Capacity building is crucial: A lot of effort has and is also been put in capacity building in developing countries in order to create a strong basis for sustainable climate integration across the national development plans and implementation of climate actions.

Climate technology development and deployment: There is a preference to support technology transfer and development as part of packages and efforts in all climate policy streams such as mitigation, adaptation and forestry. Direct support to climate technology development, and/or access and deployment at scale in the context of adaptation or off-grid energy measures in rural development interventions is probably easier to integrate into development cooperation projects and programmes than mainstreaming of large-scale industrial mitigation activities, for example. Another issue linked to the technology question is the engagement and collaboration with the private sector.

ANNEX 5. NATIONAL DEVELOPMENT FINANCE OPPORTUNITIES (CASE STUDY: MOROCCO)[6]

Financial Instruments available	Eligibility Requirements/Procedures	Investment/Project Criteria	Examples/comments
• Moroccan banks have attractive loan offers, especially for mitigating emissions (renewable energy and, RE energy efficiency, EE). • Full technical support and investment grants energy efficiency and renewable energy development, and the expansion of local production. For adaptation simple, accessible tools have existed for decades, but "under" offers in the water / agriculture / forestry sectors etc., but not as adaptation approaches per se.	**Mitigation** The Banque Populaire Group/Banque Centrale Populaire (BCP), one of the largest in the country has at least two attractive offers • Eco Energy Invest offer for RE/EE projects. This offer of by (BCP) is designed for companies that want to reduce their energy bills through an RE or EE measures. The instrument was set up by the bank with support of the EBRD, AFD and KFW within the Morocco Sustainable Energy Financing Facility (MorSEFF) financing facility (8 million Euros). Eco Energy Invest is a flexible financing instrument with an investment subsidy of 10 to 15% of the loan eligible based on EU grants. The beneficiary companies can have free technical support as well. • The Moroccan Foreign Trade Bank (BMCE Bank of Africa) and its leasing subsidiary Maghrebail lend funds to small and medium businesses and large industrial and commercial companies, including in the areas of commercial construction and energy services under MorSEFF. BMCE Bank of Africa wants to raise customer awareness by promoting technologies that contribute to energy efficiency and renewable energy development, and the expansion of local production. BMCE customers of Bank of Africa also receive support for the implementation of their projects and investment in sustainable energy subsidies. **Adaptation** The concept of adaptation is still not trickled down in the Moroccan banking sector and, yet, they support farmers through credits to face drought episodes, set up funds to help regions cope with floods and establish droughts and natural disasters insurance schemes. These are practice these banks knew and practiced for decades, in particular CREDIT AGRICOLE. What remains is to improve the mainstreaming of climate vulnerabilities and adaptation into their operations.	**Eco Invest** Among the criteria used to access this funding are: • Beneficiaries must be owned more than 50% by private entities • Investments financed within this framework, including equipment purchases, should allow an energy saving of at least 20% and a reduction in GHG emissions by at least 20%. • Anticipating climate risk The criterion ' climate risk ' is not integrated in the investment banking sector operations, yet. It is only in recent years, with the support of the World Bank, that the environmental risk at large began to timidly appear in criteria lists. Explicitly integrating climate risk in the banking operations remains a crucial need in a very vulnerable region like Morocco.	**BCP and Society of Energy Investment (SIE) to promote EE:** BCP and SIE have a partnership agreement for the support and development of the clean energy sector in Morocco - pooling their efforts in order to facilitate the energy transition thus contributing to the development of the sector through: • support for energy sector investments through financing adapted to competitive conditions; • support for SMEs and very small measures to be part of this dynamic sector by offering the most appropriate financing solutions, advice and the necessary support; • strengthening the role of large companies as drivers enhancing the development of energy efficiency. The SIE is a public company founded in 2010 acting in innovative renewable energy and energy efficiency. The SIE takes minority stakes in RE/EE companies. The SIE is the financial arm of Morocco's new energy strategy. The SIE has recently launched a RE fund and is currently working on launching a second fund on EE.

[6] Aside from the Moroccan Presidency of COP22 the Moroccan banking sector provides an interesting case study of how unilateral and regional banks in the ENPI region look at climate investments, including cutting edge initiatives putting Morocco in a frontrunner position in the region. The following financial players in the region will be looked at in a follow up phase: Bank Algerienne de Developpmement, Industrial Development and Workers Bank of Egypt, Principal Bank for Development an Agricultural Credit, Societe de Financement pour le Developpement Agricole, Societe Tunisienne de Banque, Jordan Islamic Bank, Palestine Housing and Mortgage Corporation, African Export Import Bank.

ANNEX 6. PRIVATE SECTOR FINANCE OPPORTUNITIES

Major private sector (finance) actors	Financial Instruments available	Eligibility Requirements/Procedures	Investment/Project Criteria	Examples/comments
<u>Initial phase (proof of concept, initial product development)</u> Family and friends DFI (grant and subsidy) Foundations Non-governmental/civil society organizations Angel investors MNC (within same business) Micro finance institutions (MFI) Crowdfunding platforms	Self-financing (family friends), and angel investors Grant, subsidies (public and private sources) Equity (balance sheet/off-balance sheet), Debt, subsidised debt, conditional loans Efficiency performance, value increase capture,	Business description, concept idea • Description of activity, • Initial financial projections, finance needs • Capital structure, • Foreseen competition, • Management structure & existing team, • Innovation. • Impact assessment MRV,	• Profitability • Cash flow projections, • Size, • Legal environment, • Country environment, • Main accounting elements (debts, liabilities) • Mezzanine finance • Other description elements (ownership structure, history of organisation, personnel)	In most initial stage self-finance (family, friends) represents a large part of finance. However a blending of finance sources is often the winning formulae to gather enough finance for growth to happen. This allows for leveraging between finance sources and will be an advantage for rising future capital.

ANNEX 7. PHILANTHROPIC, NON-GOVERNMENTAL AND SOCIAL INVESTMENTS

Major actors	Financial instruments available	Eligibility Requirements/Procedures	Investment/Project Criteria	Examples/comments
<u>Subsequent phases (venture economically viable, further growth development)</u> Leverage from (DFI, foundations, NGOs) Banks (international and local) International project developers/ technology providers Local project developers/technology providers/other investors Venture Capital and Private Equity organisations Impact investors investment funds Micro finance institutions (MFI) Crowdfunding platforms Institutional investors	• Self-financed growth • Grants, subsidies, to leverage growth capital • Debt, loans, structured finance mechanisms, climate bonds, securitization, pooled financing, loans guarantees, conditional loans, • Equity from VC/PE funds (balance sheet equity), efficiency performance, (equity value increase capture performance), PPPs (Public Private Partnerships) joint ownership. • Taylor made solutions: Programs for individuals can be developed where for instance they receive subsidies to see a value increase of their land or their house contributing to mitigation and adaptation	Business description: • Description of activity, • Financial Projections, • Capital Structure, • Legal requirement financial information for the past three years, accounting elements • Other financial information (e.g. tax, historical movements) • Marketing, sales, client base, • Competition, • Management & personnel, • Innovation, R&D. • Other financial information (e.g. tax, historical movements)	• Profitability • Cash flow projections, • Size, • Legal environment, • Country environment, • Main accounting elements (debts, liabilities) • Other description elements (ownership structure, history of organisation, personnel) • In the cases of Foundations, NG/CSO and impact investors, the main criteria is not profitability, but the impacts. However MFI and Crowdfunding will in most cases require profitability. In the case of MFI the lending rate can be substantially higher than of banks due to size of investment, acceptance requirements and inherent risk to the project.	In most cases a blending of finance sources is a more appropriate approach. This allows for leveraging between finance sources. Private investment mostly happens in profitable deals. In case of a not or mildly profitable deal, the investor has to find other advantages in the deal, such as image, access to other deals, etc. A coupling between DFIs with MFI can guarantee a level of loan reimbursement and lower lending rate. Carbon mechanisms can be used especially in least developed countries. It applies to mitigation projects and when adaptation is alongside mitigation e.g. in land use.

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