Proof-of-Concept: Name of Impact Finance Solution

**Applicant:** Name of organization(s)

**Date of proposal:** Version date

**Application cycle:** Submission deadline date

## Eligibility criteria

Applicants and Proposals must meet all the following criteria.

|  |  |
| --- | --- |
| **Eligibility Criteria[[1]](#footnote-1) (i.e., a proposal must meet these attributes to qualify)** | |
| Developing Countries | The proposal must target activities that benefit [ODA-eligible countries](https://www.oecd.org/dac/financing-sustainable-development/development-finance-standards/daclist.htm) as defined by the [OECD Development Assistance Committee](https://www.oecd.org/dac/). For the purposes of clarity, the applicant does not need to be domiciled in a developing country, but the end beneficiaries must be in developing countries. The Initiative will not fund proposals that involve any organization or end-beneficiaries located in countries subject to financial sanctions. . |
| SDGs | The proposal must have a strong development and impact rationale aligned to one or more of the following SDGs: 4, 8, 12 and/or 13. |
| End beneficiaries | The proposal must clearly identify the end beneficiaries in developing countries that will directly benefit and the expected impact from the solution. End beneficiaries may include persons, households, companies, SMEs/MSMEs, financial institutions, and investors located in one or more ODA-eligible countries. For proposals targeting SDG 4, preference will be given to proposals with demonstrable benefit for children, but this is not a strict requirement. |
| Impact Finance Solution | The proposal must be for the preparation or expansion of an Impact Finance Solution where financing will be deployed to one or more developing countries, contribute in a measurable way to the SDGs, and is intended to achieve market or near-market financial returns. |
| Private Investment Mobilization | The Impact Finance Solution must target the mobilization of private investment at scale to SDGs in developing countries. See Evaluation Criteria. |
| Applicants | Proposals will only be accepted from legal entities / organizations or consortium of organizations in which a lead partner holds contractual responsibility. Proof of registration will be required. For avoidance of doubt, individual persons are not eligible to apply.  Further, International Financial Institutions (IFIs), Multilateral Development Banks (MDBs), and Development Finance Institutions (DFIs) are not eligible as the lead applicant (i.e., grant recipient). In addition, legal entities where Funding Partners to this call for proposals are also shareholders are not eligible as the lead applicant. Where IFIs, MDBs, DFIs, and/or related parties to the Funding Partners are part of an alliance and the alliance seeks funding, the proposal can be eligible subject to the award funding not accruing to any of the aforementioned organizations (i.e., no direct benefits). |
| Adherence to submission requirements | Final proposals must adhere to the requirements of the Call for Proposals (i.e., fully completed proposal using the relevant application template, all the supporting documents provided, and must be submitted by the deadline to be considered). |
| Minimum size of financial solution | The minimum size of the proposed Impact Finance Solution is expected to be USD 25 million, with an exception possible depending on the SDG, sector/sub-sector, geography, and stage of the solution and will be evaluated on a case-by-case basis. |
| Budget and Self-contribution | The proposal must include a full budget including all sources and uses of project costs. The proposal must include a tangible amount of funding (cash and in-kind) from the applicant. The proposal must demonstrate that the organization(s) has prepared a fully costed budget, and is allocating adequate resources to maximize chances of success.  As guidance, it is expected the grant request amount would not exceed 50% of the total costs to complete the project, that is, other sources of funding and in-kind contributions would be equal to or greater than 50% of total budget. |
| International good practice of ESG standards | The proposal should declare and meet international good practices regarding environmental, social and governance standards, for instance Equator Principles. |
| Leverage of SDG Impact Finance Initiative resources | The proposal must describe the short-term (1 year) and medium term (5 year) expected leverage of the Initiative’s grant resources. For example, for every 1 USD of the Initiative’s resources, how much concessional and private investment funds are expected to be mobilized. |

# 1. Executive Summary

* Key highlights of the proposal for the SDG Impact Finance Initiative and Convergence
* Clearly state the requested grant amount and use of grant proceeds (consistent with the budget in Section 9 of this application)
* Clearly state the targeted SDGs and end beneficiaries
* Clearly state the target size of the Impact Finance Solution and the type of financial instrument to be provided by the Solution (e.g., debt or equity)
* Clearly state the private investment targeted in the proposal

# 2. Development Challenge

* What is the development challenge and why is it worth addressing compared to other development issues?
* Please identify which SDGs the proposal targets, and how the investments will contribute to delivering the SDG(s).
* Describe the development impact targeted.
* Briefly describe how the development problem impacts different groups differently, including women and girls.
* How will the proposed solution ensure inclusive and equitable impact for all groups? If it aims to address SDG 5 (Gender Equality), explain how specifically?
* What comparable / complementary financial solutions currently exist in the market and why are the existing market solutions inadequate to address the development challenge?

# 3. Impact Finance Solution Overview

## Introduction

* Please provide a summary overview of the proposed Impact Finance Solution and how it is intended to address the identified development challenge.
* Please explain how the proposed Solution is innovative, e.g., innovative partnerships, mobilization approaches, financial incentives for investment manager to deliver more impact etc.

## A1) Impact Finance Solution: Purpose and Structure

* Provide a structure chart / diagram for the Impact Finance Solution outlining step-by-step the flow of capital, key stakeholders, and end users.
* What is the anticipated size of the Solution and envisioned capital structure?
* What type of private capital is the Solution expected to attract (e.g., debt or equity), from what type of investor (e.g., institutional investor) and at what scale?
* What type of financial instruments will be deployed by the Solution and to whom? Who will be direct and end beneficiaries?
* Which developing country(s) (or region(s)) will be targeted? Specify if there is an initial target country for market testing and pilot? What connection does the proposing team have with the targeted countries or regions?
* Which sector(s) will be targeted?

## A2) Blended Finance Structure (if applicable)

* Will the Solution be blended, and if so, how and why is a blended finance structure needed?
* If a blended finance solution is proposed that will seek catalytic funding from an [OECD DAC member](https://www.oecd.org/dac/development-assistance-committee/), how will the Solution comply with the [OECD Blended Finance Principles](https://www.oecd.org/dac/financing-sustainable-development/blended-finance-principles/)?
* Describe the financial additionality of (i) the proposed catalytic funding and (ii) the financing instruments the Solution will deliver in the targeted market/sector/segment.

## B) Financial Terms, Returns and Economics

* What are the expected financial terms of the financing to be provided by the Solution to the market (e.g., instrument, tenor, rates, risks, security, etc.)?
* What are the expected financial risks and returns of the investment Solution?
* What returns can different types of capital in the Solution expect?
* What will be the overall return of the Solution?
* How much will be the management fees for the Solution?

## C) Pipeline

* What is the Solution’s pipeline or expected pipeline?
* Provide examples of potential investee profiles, types of projects, products / services, customers, or end users that will be financed through the Solution?
* Do the envisioned projects and transactions have access to financing currently?
* How will gender considerations be factored into building the pipeline (e.g., sourcing, analysis, research, due diligence, selection etc.)?

## D) Scalability and/or Replicability

* What is the pathway to scale and timeframe?
* How much private capital does the Solution aim to catalyze? How will this be achieved?
* Provide calculation of the SDG Impact Finance Initiative funding leverage, e.g., how much private capital is expected to be raised relative to the Initiative’s funding. Provide rationale for assumptions and calculations.
* How can the Solution’s design and structure be replicated across different sectors and/or regions?
* What key learnings and outcomes are anticipated from the proof-of-concept that may serve as a “blueprint” for other organizations to learn from?

## E) Alternatives

* How is the Solution positioned relative to existing solutions in the market? How does the Solution complement and/or improve on existing solutions?
* What types of alternative Solutions have been considered? Why is the proposed Solution the most appropriate choice?

## F) Fundraising

* What progress has been made to date in terms of any design activities and funding?
* Why does the proposed Solution require grant funding from the SDG Impact Finance Initiative?
* What other funding sources have been sought out to date, both successfully and unsuccessfully?
* What would the Initiative’s/Convergence’s position be relative to existing funders, if any?
* What are other potential funding sources being explored, if any?

## G) Milestones and Monitoring & Evlation

* What milestones will indicate progress towards scale? How will milestones be measured? What will be done if milestones are not met?
* Describe the intended Monitoring & Evaluation framework, for example, key development impact indicators, the baselines prior to intervention, the targets, the data sources to assess baseline and progress, the frequency of measurements and the reporting regime.

## H) Gender Equality

* Although SDG 6 (Gender Equality) is not an explicit core SDG targeted in this first Call for Proposals, the SDG Impact Finance Initiative and Convergence prioritize gender equality and all proposals will be assessed with a gender lens, e.g., how gender is mainstreamed. Read about SDG 6 here and gender lens investing [here](https://criterioninstitute.org/resources/the-framing-makes-the-field-how-we-research-gender-lens-investing-matters)
* If relevant, describe how the financing from the investment Solution will contribute to SDG 6: *achieving gender equality and empowering all women and girls*

# 4. Development Impact Overview

## For this section, read about the [Sustainable Development Goals](https://sdgs.un.org/goals) and describe the targeted development impact in relation to the relevant SDGs.

The Solution must target one or more of SDG 4, 8, 12 and 13. A qualifying Solution could target (i) one of the core four SGDs only, (ii) more than one of the four SDGs, or (ii) primarily one of more of the four SDGs plus secondarily one or more of the other 13 SDGs.

Please write your proposal using the guidance provide in section A, B, C and D, as appropriate. And section E of relevant. If your proposal targets move than one of the core four SDGS, please describe **separately** for each SDG. If your proposals targets SDGs beyond the core four SDGs, economically add 1-2 paragraphs in total to apply similar guidance to those SDGs.

## A) Quality Education Outcomes for SDG 4 (if targeted)

Review the objectives of SDG 4 (e.g., overview, targets and indicators) [here](https://sdgs.un.org/goals/goal4), in order to help frame your response to the following questions.

* Describe how the financing/investments from the investment Solution will contribute to *ensuring inclusive and equitable education and promoting lifelong learning opportunities for all.*
* How will quality education be incorporated into the Solution’s design, implementation, and operations?
* Who will be the ultimate beneficiaries/users and how will they benefit?
* What metrics will be used to measure and evaluate quality education? What systems / processes will be used to track metrics? What are the expected targets for the chosen metrics? For example, potential metrics could include:
  + Number of girls and boys completing quality primary and/or secondary education leading to relevant and effective learning outcomes
  + Number of girls and boys gaining access to quality early childhood development / education
  + Number of women and men gaining equal access to quality post-secondary education.
  + Number of women and men gaining equal access to quality technical and vocational skills for employment and entrepreneurship?

## B) Decent Work and Economic Growth Outcomes for SDG 8 (if targeted)

Review the objectives of SDG 8 (e.g., overview, targets and indicators) [here](https://sdgs.un.org/goals/goal8), in order to help frame your response to the following questions.

* Describe how the financing/investments from the Solution will contribute to *promoting sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all*.
* How will decent work and economic growth be incorporated into the Solution’s design, implementation, and operations?
* Who will be the ultimate beneficiaries/users and how will they benefit?
* What metrics will be used to measure and evaluate decent work and economic growth? What systems / processes will be used to track metrics? What are the expected targets for the chosen metrics? For example, potential metrics could include:
  + Number of jobs created / supported for men and women through employment opportunities
  + Number of SMEs, including women-led, benefitting from financing
  + How will stakeholders be incentivized to achieve the target outcomes?

## C) Responsible Consumption and Production Outcomes for SDG 12 (if targeted)

Review the objectives of SDG 12 (e.g., overview, targets and indicators) [here](https://sdgs.un.org/goals/goal12), in order to help frame your response to the following questions.

* Describe how the financing from the investment Solution will contribute to *ensuring sustainable consumption and production patterns.*
* How will sustainable consumption and production be incorporated into the Solution’s design, implementation, and operations?
* Who will be the ultimate beneficiaries/users and how will they benefit?
* What metrics will be used to measure and evaluate sustainable consumption and production? What systems / processes will be used to track metrics? What are the expected targets for the chosen metrics? For example, potential metrics could include:
  + Metrics on sustainable management and efficient use of natural resources
  + Metrics on environmentally sound management of chemical and waste
  + Metrics on substantially reducing waste generation through prevention, reduction, recycling and reuse
  + Metrics on encouraging companies to adopt sustainable practices
  + How will stakeholders be incentivized to achieve the target outcomes?

## D) Climate Outcomes for SDG 13 (if targeted)

Review the objectives of SDG 13 (e.g., overview, targets and indicators) [here](https://sdgs.un.org/goals/goal13), in order to help frame your response to the following questions.

* Describe how the financing from the investment Solution will contribute to *urgent action to combat climate change and its impacts.*
* Describe how the proposed Solution will contribute to the target geography’s commitments under the Paris Agreement, including its commitments under the Nationally Determined Contributions (NDCs) and/or National Adaptation Plans?
* If the primary focus of the Solution is **climate mitigation**:
  + Solutions are expected to target GHG emission reductions or avoidance commensurate to their scale.
    - How will climate mitigation be incorporated into the Solution’s design, implementation, and operations?
    - Who will be the ultimate beneficiaries/users and how will they benefit?
    - What is the estimated amount of GHG emissions reductions or avoidance? How are these estimates calculated?
    - What is the anticipated carbon impact of the Solution?
    - What metrics will be used to measure and evaluate climate mitigation impact? What systems / processes will be used to track metrics? What are the expected targets for the chosen metrics? For example, potential metrics could include:
      * Amount of greenhouse gas emissions avoided or reduced
      * Number of households and individuals (men & women) with improved access to low-emission energy sources
      * Number of SMEs, including women-led benefitting from energy efficiency financing
  + How will stakeholders be incentivized to achieve the target outcomes?
* If the primary focus of the Solution is **climate** **adaptation:**
  + Solutions are expected to target at least one of the following avoided negative impacts of climate change: (1) reduced climate vulnerability and/or (2) increased climate resilience.
    - How will climate adaptation be incorporated into the Solution’s design, implementation, and operations?
    - Who will be the ultimate beneficiaries/users and how will they benefit?
    - What is the anticipated carbon impact of the Solution?
    - How does the Solution reduce the vulnerability of natural systems AND communities to climate change and climate-related risk?
    - How does the Solution improve climate risk management?
    - How does the Solution improve the adaptive capacity and resilience of natural systems AND communities?
    - What metrics will be used to measure and evaluate climate adaptation impact? What systems / processes will be used to track metrics? What are the expected targets for the chosen metrics? For example, potential metrics could include:
      * Number of beneficiaries/users, disaggregated by gender, who are more resilient to climate change
      * Number of hectares of land restored from degradation
      * Number of hectares of natural habitat restored/preserved, area of ecosystem improved or protected, meters of coastline protected
      * Number of early warning systems supported
      * Amount of avoided decrease in income because of climate change
    - How will stakeholders be incentivized to achieve the target outcomes?

# 5. Good Practice ESG

* The proposal should identify how it will be implemented pursuant to international good practices for ESG standards, for instance the Equator Principles.
* Identify which ESG standards will be pursued.
* Will environmental, social, and governance (ESG) factors be incorporated into the Solution’s design and implementation? What ESG policies will be in place?
* What are expected environmental, social, governance (ESG) and economic outcomes of the Solution?

# 6. Stakeholders

* In the table below, specify all key stakeholders envisioned to be involved in the Solution’s structure, including:
  + Potential investors (private, public, philanthropic)
  + Investees
  + Beneficiaries/users
  + Other relevant stakeholders
* The level of engagement completed to date for each stakeholder, as well as the amount of interest they’ve expressed to participate in the Solution.
* If certain stakeholders have not been approached yet or have only expressed early-stage interest, what is the plan going forward?

|  |  |  |  |
| --- | --- | --- | --- |
| **Name of stakeholder** | **Role in the Solution** | **Level of engagement completed** | **Level of interest to participate** |
|  |  |  |  |
|  |  |  |  |
|  |  |  |  |

# 7. Risk Management

|  |  |  |
| --- | --- | --- |
| **Description of Key Risks** | **Likelihood of risk, and impact if realized** | **Mitigation plan** |
| Design Stage | | |
|  |  |  |
|  |  |  |
|  |  |  |
| Implementation Stage |  |  |
|  |  |  |
|  |  |  |
|  |  |  |

# 8. Scope of Proof-of-Concept

|  |  |  |  |
| --- | --- | --- | --- |
| **Design Activities** | **Category X** | **Category Y** | **Category Z** |
| **Description** | * Activity 1 | * Activity 2 | * Activity 3 |
| **Proposed deliverables** | * Deliverable 1 | * Deliverable 2 | * Deliverable 3 |
| **Expected duration** | * XX months | * XX months | * XX months |
| **Expected completion dates** |  |  |  |
| **Lead organization(s)** |  |  |  |

**Category X**

* Provide additional detail on the design activities to be conducted in this category
* Why the design activity is necessary
* What will be achieved through its execution, as well as initial hypotheses (e.g., if the category is gathering and assessment of investor feedback, who will be approached and what are their expected appetites?)

**Category Y**

* Provide additional detail on the design activities to be conducted in this category
* Why the design activity is necessary
* What will be achieved through its execution, as well as initial hypotheses (e.g., if the category is gathering and assessment of investor feedback, who will be approached and what are their expected appetites?)

**Category Z**

* Provide additional detail on the design activities to be conducted in this category
* Why the design activity is necessary
* What will be achieved through its execution, as well as initial hypotheses (e.g., if the category is gathering and assessment of investor feedback, who will be approached and what are their expected appetites?)

# 9. Budget

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Costs** | **Category X** | **Category Y** | **Category Z** | **Total** |
| **Cost 1** | USD | USD | USD | **USD** |
| **Cost 2** | USD | USD | USD | **USD** |
| **Cost 3** | USD | USD | USD | **USD** |
| **Total** | **USD** | **USD** | **USD** | **USD** |

**Leverage:** The Proposal must describe short (1 year) and medium term (5 year) expected leverage of SDG Impact Finance Initiative resources. For example, for every USD of the Initiative’s resources, how much concessional and private investment funds are expected to be mobilized. Provided leverage calculation and provide rationale for assumptions and calculations.

# 10. Applicant Summary

* 1-2 paragraph summary of each organization(s) applying for funding and their relevant experience, including but not limited to experience in (i) structuring, fundraising, and working in emerging markets and (ii) experience in impact finance (or development assistance)
  + Specify if the organization(s) has local presence in the target regions of the Solution.
  + Specify if the organization(s) has any internal measures and initiatives for gender equity and leadership in the workplace AND outline the following for each organization(s):
    - Percent of women ownership
    - Percent of company founder(s) who are women
    - Percent of senior management (C-suite or equivalent), Board members and Investment Committee members who are women
    - Percent of full-time employees who are women
  + Specify what internal ESG measures, policies, or initiatives are in place for the organization(s).

## Team Composition and Qualifications

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Name** | **Design role and responsibilities** | **Team lead(s)? Y/N** | **Time commitment** | **Location** | **Gender** |
| Team member 1 |  |  |  |  |  |
| Team member 2 |  |  |  |  |  |
| Team member 3 |  |  |  |  |  |

* Team member 1: One paragraph bio highlighting relevant experience
* Team member 2: One paragraph bio highlighting relevant experience
* Team member 3: One paragraph bio highlighting relevant experience

# 11. Schedule

|  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **DETAILED WORK PLAN** | | | | | | | | | | | | |
| **Activities** | **Month** | | | | | | | | | | | |
| **1** | **2** | **3** | **4** | **5** | **6** | **7** | **8** | **9** | **10** | **…** | **k** |
| **Category X** |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Category Y** |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Category Z** |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |

****Deliverables****

* Deliverable 1: Specify proposed deliverable and estimated date when deliverable will be achieved
* Deliverable 2: Specify proposed deliverable and estimated date when deliverable will be achieved
* Deliverable 3: Specify proposed deliverable and estimated date when deliverable will be achieved

# Annex

* **Annexes should not exceed 5 pages.**
* **Initial financial model** should be included as an annex, preferably in Excel format. Attach the file along with the application or the share a link to access it here.
* **Other annexes are not required.** Only use this space if there is critical information about the investment Solution, including the blended finance approach if relevant, that has not been covered in the application form above.

1. The Initiative and the Funding Partners reserve the right to amend the Eligibility Criteria and Assessment Criteria at their sole discretion. [↑](#footnote-ref-1)