Proof-of-Concept: Name of Blended Finance Vehicle

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

**Date of proposal:** Version date

**Application cycle:** Submission deadline date

# 1. Executive Summary

* Highlight key takeaways for the reviewer

# 2. Development Challenge

* What is the development challenge and why is it worth addressing compared to other issues?
* How does addressing this development challenge align with achieving the Sustainable Development Goals (SDGs)?
* How will the proposed vehicle address the climate change-gender equality nexus specifically?
* What solutions currently exist in the market and why are they inadequate to address the development challenge?

# 3. Vehicle Overview

## A) Structure

* What is the anticipated size of the vehicle and potential capital structure?
* How will the vehicle be blended?
* Why is a blended finance structure needed?
* What type of private capital is the vehicle expected to attract and at what scale?
* What is the minimum level of concessionality being targeted? How was that determined?
* What type of financial instruments will be deployed through the vehicle and to whom?
* Which region(s)/country(s) will be targeted? Specify if there is an initial target country for market testing and pilot? What connection does the team have with the targeted countries or regions?
* Which sector(s) will be targeted?
* Provide a structure chart / diagram for the vehicle outlining step-by-step the flow of capital, key stakeholders, and end users.

## B) Economics

* What are the economics of the vehicle?
* What returns can different types of capital expect?
* What will the overall return of the vehicle be?
* How much will the vehicle cost to operate?

## C) Pipeline

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

## D) Climate Outcomes

* Describe how the proposed vehicle 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 vehicle is **climate mitigation**:
  + Vehicles are expected to target GHG emission reductions or avoidance commensurate to their scale AND have an impact on gender equality and women’s empowerment.
    - How will climate mitigation be incorporated into the vehicle’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 vehicle?
    - 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:
      * 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
      * Number of jobs created for men and women through employment opportunities
  + How will stakeholders be incentivized to achieve the target outcomes?
* If the primary focus of the vehicle is **climate** **adaptation:**
  + Vehicles are expected to have an impact on gender equality and women’s empowerment, AND 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 vehicle’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 vehicle?
    - How does the vehicle reduce the vulnerability of natural systems AND communities to climate change and climate-related risk?
    - How does the vehicle improve climate risk management?
    - How does the vehicle 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?

## E) Gender Equality Outcomes

* All vehicles are expected to have an impact on gender equality and women’s empowerment.
  + How will the vehicle address gender equality? How will women and girls be empowered?
  + How will gender equality be incorporated into the vehicle’s design, implementation, and operations?
  + Has a gender analysis been conducted? If a gender analysis has been done, will there be follow-on work to build on it? For example, will a gender implementation plan (or equivalent) be developed?
  + What metrics will be set to measure and evaluate gender equality impact? What systems / processes will be used to track metrics?
    - For example, potential metrics could include:
      * Number of households provided with resilient homes (disaggregated by gender)
      * Number of women farmers implementing climate resilient agriculture practices
      * Change in expected number of lives lost (disaggregated by gender) due to the impact of extreme climate related disasters
    - Additionally, leadership, employment, and entrepreneurship metrics should be aligned with widely accepted criteria such as the ones developed by the [2X Challenge](https://www.2xchallenge.org/criteria)[[1]](#footnote-1):
      * Number of jobs created for men and women through employment opportunities. Include direct, indirect and/or suppliers and a breakdown by sector.
      * Percentage of women in leadership positions? Include C-Suite or equivalent (e.g., Managing Directors, Partners, Board members). Excludes female Board members that do not play an active role on the Board and share of women on the Board should also exceed any legal minimums.
      * Percentage of capital deployed, or portfolio dedicated to women-owned businesses or customers.
  + How will stakeholders be incentivized to achieve the target outcomes?

## F) Other Development Outcomes

* How will environmental, social, and governance (ESG) factors be incorporated into the vehicle’s design and implementation? What ESG policies will be in place?
* What are expected environmental, social, governance (ESG) and economic outcomes of the vehicle?

## G) Scalability and/or Replicability

* What is the pathway to scale and timeframe?
* How much private capital does the vehicle aim to catalyze? How will this be achieved?
* What milestones will indicate progress towards scale? How will milestones be measured? What will be done if milestones are not met?
* How can the vehicle’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?

## H) Alternatives

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

## I) Fundraising

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

# 3. Stakeholders

* In the table below, specify all key stakeholders envisioned to be involved in the vehicle’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 vehicle.
* If certain stakeholders have not been approached yet or have only expressed early-stage interest, what is the plan going forward?

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| --- | --- | --- | --- |
| **Name of stakeholder** | **Role in the vehicle** | **Level of engagement completed** | **Level of interest to participate** |
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# 4. Risk Management

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| **Description of Key Risks** | **Mitigation plan** |
| Design Stage | |
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|  |  |
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| Implementation Stage |  |
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|  |  |
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# 5. Scope of Proof-of-Concept

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| --- | --- | --- | --- |
| **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?)

# 6. Budget

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| --- | --- | --- | --- | --- |
| **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** |

# 7. Applicant Summary

* 1-2 paragraph summary of the organization(s) applying for funding and their relevant experience, including but not limited to experience in structuring, fundraising, and working in emerging markets.
  + Specify if the organization(s) has local presence in the target regions of the vehicle.
  + 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

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| --- | --- | --- | --- | --- | --- |
| **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

# 8. Schedule

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

* **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 blended finance vehicle that has not been covered in the application form above.
* **Annexes should not exceed 5 pages.**

1. The 2X Challenge was launched in June 2018 as a major new commitment of the development finance institutions (DFIs) from the G7 countries to unlock resources that will help advance women’s economic empowerment and gender equality. [↑](#footnote-ref-1)