**INNOVATION**

SnCF seeks to remove barriers to the sourcing, financing and sustainability certification of mid-sized sub-national infrastructure projects by:

- De-risking projects through concessional finance and technical assistance, while offering larger investable opportunities through the fund format
- Sourcing deals through a Technical Assistance Facility (TAF) which will also ensure standard governance, reporting, and local government capacity building to strengthen local regulations and enforcement of contracts
- Certifying all projects prior to first close using internationally recognized Gold Standard methodologies for environmental and social impact

**IMPACT**

The Initiative targets emerging market urban areas and has already procured No-Objection Letters from 42 countries across Asia, Latin America, Africa, Central Europe and the Middle East. The projects targeted have to be aligned with host countries’ NDCs, need to have a commercially viable business model, a clear climate mitigation component and contribute positively to at least two other SDGs.

The Consortium estimates that the SnCF concessional tranche could mobilize 4x private finance at the fund level and up to 24x at the project level. With a target fund goal of USD 750 million, the initiative could generate up to 1.8 GWh of renewable energy per year, create 20,000 direct jobs, avoid 3.8 million tonnes of CO2 annually and, over its lifetime, improve urban living conditions for 17 million city dwellers.
**DESIGN**

The SnCF uses a blended investment vehicle and adds several new features that make mid-size infrastructure projects more attractive for investment.

A Technical Assistance Facility (TAF) will be implemented in tandem with, yet financially and operationally separate from, the Fund. The TAF carries out three sleeves of activities: 1) project preparation; 2) impact monitoring and certification; and 3) local government capacity building.

To finance individual projects in the portfolio, SnCF will provide blended equity, while sourcing commercial debt and equity financing from international and domestic investors. The Fund anticipates this capital will be invested in a portfolio of around 40 sub-national infrastructure projects – including sustainable energy, waste & sanitation, and nature-based solutions – in up to 20 countries, with a target project size ranging from USD 5 to 75 million.

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**INVESTMENT OPPORTUNITIES**

<table>
<thead>
<tr>
<th>TYPE</th>
<th>ROLE OF CAPITAL</th>
<th>AMOUNT</th>
</tr>
</thead>
<tbody>
<tr>
<td>PUBLIC GRANT</td>
<td>Grant funding for Technical Assistance</td>
<td>US$ 28MN</td>
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<tr>
<td>COMMERCIAL EQUITY</td>
<td>Commercial investment tranche of the Fund</td>
<td>US$ 600MN</td>
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<tr>
<td>CONCESSIONAL EQUITY</td>
<td>Concessional investment tranche of the Fund</td>
<td>US$ 150MN</td>
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</tbody>
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The Global Innovation Lab for Climate Finance identifies, develops, and launches innovative finance instruments that can drive billions in private investment to action on climate change and sustainable development. The Lab is funded by the Australian Department of Foreign Affairs and Trade, Bloomberg Philanthropies, the German Federal Ministry for the Environment, Nature Conservation, and Nuclear Safety (BMU), GIZ, the International Fund for Agricultural Development (IFAD), the Netherlands Ministry for Foreign Affairs, The Rockefeller Foundation, Shakti Sustainable Energy Foundation, and the UK Department for Business, Energy & Industrial Strategy. Climate Policy Initiative serves as Secretariat.