GEF-6 PROJECT IDENTIFICATION FORM (PIF)

PROJECT TYPE: Medium-sized Project
TYPE OF TRUST FUND:GEF Trust Fund

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PART I: Project Information

Project Title:	Aligning the financial system and infrastructure investments with sustainable development - a transformational approach		
Country(ies):	Global	GEF Project ID:[1]	**9775**
GEF Agency(ies):	UNEP	GEF Agency Project ID:	01560
Other Executing Partner(s):	UNEP	Submission Date:	March 02, 2017
GEF Focal Area(s):	Climate Change Mitigation	Project Duration (Months)	24 months
Integrated Approach Pilot	IAP-Cities ☐ IAP-Commodities ☐ IAP-Food Security ☐	Corporate Program: SGP ☐	
Name of parent program:	[if applicable]	Agency Fee ($)	190,000

A. INDICATIVE FOCAL AREA STRATEGY FRAMEWORK AND OTHER PROGRAM STRATEGIES[2]

Objectives/Programs (Focal Areas, Integrated Approach Pilot, Corporate Programs)	**Trust Fund**	**(in $)**	
		GEF Project Financing	**Co-financing**
CCM-1 Program 2	GEFTF	2,000,000	3,245,000
(select) (select) (select)	(select)		
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(select) (select) (select)	(select)		
(select) (select) (select)	(select)		
Total Project Cost		2,000,000	3,245,000

B. INDICATIVE PROJECT DESCRIPTION SUMMARY

Project Objective: Build international consensus to align financial systems with sustainable development goals and catalyse national regulatory actions and regional green infrastructure investments

Project Components	**Financing Type**[3]	**Project Outcomes**	**Project Outputs**	**Trust Fund**	**(in $)**	
					GEF Project Financing	**Co-financing**
Catalyse national actions	TA	Governments agree to develop, implement and measure the impact of one or more recommendation(s) from their country roadmaps	Six countries willing and able to advance ambitious national roadmaps are selected Tools to assess and measure progress in shaping national financial system and allow benchmarking	GEF TF	700,000	1,550,000

[1] Project ID number will be assigned by GEFSEC and to be entered by Agency in subsequent document submissions.
[2] When completing Table A, refer to the excerpts on GEF 6 Results Frameworks for GETF, LDCF and SCCF and CBIT guidelines.
[3] Financing type can be either investment or technical assistance.

			across countries are developed Six partial or complete country roadmaps drafted and endorsed by the government Two country roadmap actions plans are strengthened			
Build international consensus around best practice	TA	Building international consensus on best practices (e.g. policies, regulations, standards and norms) to green the financial system	Dialogues to build consensus around best practices for green financial system are held at G7, G20, the WBG/UN Environment Roadmap on Sustainable Finance and the Group of Friends of SDG Financing Accompanied learning strategies from national experiences in greening the financial system are developed and agreed A global learning platform to build and capture consensus on harmonised green financing policies, regulations and norms is operational	GEF TF	250,000	850,000
Promote green infrastructure investments	TA	Investment community is sensitised to the benefits of green infrastructure investment principles	Green infrastructure coalition is launched Green infrastructure investment principles developed and presented to coalition investors and stakeholders Planned major transnational	GEF TF	860,000	400,000

			infrastructure investments are mapped and , overlaid against areas of globally significant environmental risk related to 3 MEAs. Environmental impacts of the mapped infrastructure are estimated. One infrastructure investment is identified, a set of specific green investment criteria is developed and environmental impacts are modelled. Measurement framework to track performance against Coalition commitments is developed and tested on the identified infrastructure investment			
			Subtotal		1,810,000	2,800,000
			Project Management Cost (PMC)[4]	GEF TF	190,000	445,000
			Total Project Cost		2,000,000	3,245,000

For multi-trust fund projects, provide the total amount of PMC in Table B, and indicate the split of PMC among the different trust funds here: (   )

C. INDICATIVE SOURCES OF CO-FINANCING FOR THE PROJECT BY NAME AND BY TYPE, IF AVAILABLE

Sources of Co-financing	Name of Co-financier	Type of Co-financing	Amount ($)
GEF Agency	UNEP	In kind	3,245,000
Recipient Government		(select)	
(select)		(select)	
(select)		(select)	
(select)		(select)	
(select)		(select)	
Total Co-financing			3,245,000

4 For GEF Project Financing up to $2 million, PMC could be up to10% of the subtotal; above $2 million, PMC could be up to 5% of the subtotal. PMC should be charged proportionately to focal areas based on focal area project financing amount in Table D below.

D. INDICATIVE TRUST FUND RESOURCES REQUESTED BY AGENCY(IES), COUNTRY(IES), FOCAL AREA AND THE PROGRAMMING OF FUNDS [a)]

GEF Agency	Trust Fund	Country/ Regional/ Global	Focal Area	Programming of Funds	(in $)		
					GEF Project Financing (a)	Agency Fee (b)[b)]	Total (c)=a+b
UNEP	GEFTF	Global	Climate Change	(select as applicable)	2,000,000	190,000	2,190,000
(select)	(select)		(select)	(select as applicable)			0
(select)	(select)		(select)	(select as applicable)			0
(select)	(select)		(select)	(select as applicable)			0
(select)	(select)		(select)	(select as applicable)			0
Total GEF Resources					2,000,000	190,000	2,190,000

a) Refer to the Fee Policy for GEF Partner Agencies.

E. PROJECT PREPARATION GRANT (PPG)[5]

Is Project Preparation Grant requested? Yes ☒ No ☐ If no, skip item E.

PPG AMOUNT REQUESTED BY AGENCY(IES), TRUST FUND, COUNTRY(IES) AND THE PROGRAMMING OF FUNDS

Project Preparation Grant amount requested: $30,000					PPG Agency Fee: 2,850		
GEF Agency	Trust Fund	Country/ Regional/Global	Focal Area	Programming of Funds	(in $)		
					PPG (a)	Agency Fee[6] (b)	Total c = a + b
UNEP	GEF TF	Global	Climate Change Mitigation	(select as applicable)	30,000	2,850	32,850
(select)	(select)		(select)	(select as applicable)			0
(select)	(select)		(select)	(select as applicable)			0
Total PPG Amount					**30,000**	**2,850**	**32,850**

[5] PPG requested amount is determined by the size of the GEF Project Financing (PF) as follows: Up to $50k for PF up to$2m (for MSP); up to $100k for PF up to $3m; $150k for PF up to $6m; $200k for PF up to $10m; and $300k for PF above $10m. On an exceptional basis, PPG amount may differ upon detailed discussion and justification with the GEFSEC.

[6] PPG fee percentage follows the percentage of the Agency fee over the GEF Project Financing amount requested.

F. PROJECT'S TARGET CONTRIBUTIONS TO GLOBAL ENVIRONMENTAL BENEFITS[7]

Provide the expected project targets as appropriate.

Corporate Results	Replenishment Targets	Project Targets
1. Maintain globally significant biodiversity and the ecosystem goods and services that it provides to society	Improved management of landscapes and seascapes covering 300 million hectares	*Hectares*
2. Sustainable land management in production systems (agriculture, rangelands, and forest landscapes)	120 million hectares under sustainable land management	*Hectares*
3. Promotion of collective management of transboundary water systems and implementation of the full range of policy, legal, and institutional reforms and investments contributing to sustainable use and maintenance of ecosystem services	Water-food-ecosystems security and conjunctive management of surface and groundwater in at least 10 freshwater basins;	*Number of freshwater basins*
	20% of globally over-exploited fisheries (by volume) moved to more sustainable levels	*Percent of fisheries, by volume*
4. Support to transformational shifts towards a low-emission and resilient development path	750 million tons of CO_{2e} mitigated (include both direct and indirect)	*Direct: 0.33 $MtCO_{2eq}$* *Indirect: 3.46 $MtCO_{2eq}$*
5. Increase in phase-out, disposal and reduction of releases of POPs, ODS, mercury and other chemicals of global concern	Disposal of 80,000 tons of POPs (PCB, obsolete pesticides)	*metric tons*
	Reduction of 1000 tons of Mercury	*metric tons*
	Phase-out of 303.44 tons of ODP (HCFC)	*ODP tons*
6. Enhance capacity of countries to implement MEAs (multilateral environmental agreements) and mainstream into national and sub-national policy, planning financial and legal frameworks	Development and sectoral planning frameworks integrate measurable targets drawn from the MEAs in at least 10 countries	*Number of Countries:*
	Functional environmental information systems are established to support decision-making in at least 10 countries	*Number of Countries:*

PART II: PROJECT JUSTIFICATION

1. *Project Description.* Briefly describe:

1) the global environmental and/or adaptation problems, root causes and barriers that need to be addressed;

Harnessing the financial system is a pre-requisite to deliver the transition to a low carbon, resilient and inclusive economy as part of the wider shift to sustainable development. An unprecedented reallocation of capital will be needed to realize the sustainable development goals (SDGs) (refer to Annex II) as well as the new climate change agreement flowing from Paris. The projected US$90 trillion needed in infrastructure investment by 2030 will all have to be aligned with a 2 degrees emissions' trajectory, resilience to environmental shocks and the replenishment of natural capital.

Three domains for intervention need to work side by side, complementing and reinforcing each other's effectiveness. Critical to aligning global financial and capital markets will be reforms in the real economy (for example through carbon pricing and measures to increase energy efficiency). Also critical is the second domain, namely the smart use of limited public funds. The third, less well-understood domain are measures within the financial system itself to green private finance through adjustments to key policies, regulations, standards and norms, as well as and in tandem with market innovations.

[7] Provide those indicator values in this table to the extent applicable to your proposed project. Progress in programming against these targets for the projects per the *Corporate Results Framework* in the *GEF-6 Programming Directions*, will be aggregated and reported during mid-term and at the conclusion of the replenishment period. There is no need to complete this table for climate adaptation projects financed solely through LDCF, SCCF or CBIT.

All three of these domains have been highlighted over the last couple of years, framed notably through three intergovernmental gatherings in 2015, namely the July Financing for Development conference in Addis Ababa, the adoption of the Sustainable Development Goals in New York in September and COP21 in December in Paris. Without doubt, however, it is the third domain that has until recently received least attention and yet provides considerable potential for aligning the financial system with sustainable development.

Over the past two years, the UN Environment's Inquiry into the Design of a Sustainable Financial System has mapped the practice and potential for advancing such an alignment. The first edition of its global report, "The Financial System We Need", launched in Lima on the 8th October 2015 at the IMF/World Bank Annual Meetings, reflects an in-depth analysis of practice in more than 15 countries and collaborative research across critical sectors and issues, such as banking, insurance, institutional investment and capital markets, captured in over 70 working papers. It described a "quiet revolution" as sustainability factors are incorporated into the rules that govern the financial system.

Much of this innovation has taken place at the national level, providing the platform for new forms of international cooperation, exemplified by the Financial Stability Board's recent focus on climate risk. At the launch, the panelists – including Bank of England Governor Mark Carney, People`s Bank of China Deputy Governor Yi Gang, and then World Bank Managing Director Bertand Badre - all highlighted the growing consensus that there is now real potential for embedding climate and broader environmental and social considerations into the fabric of financial decision-making.

2) the baseline scenario or any associated baseline projects

Green finance

The UN Environment Inquiry's second edition of its global report highlighted considerable momentum but signaled the urgent need to leverage this momentum in securing the transformation on the financial system. The second edition, "The Financial System We Need: Momentum to Transformation", was launched at the IMF/World Bank Annual Meeting in Washington DC in October 2016. With many new national and international initiatives in play, the Inquiry highlighted the accelerating momentum in advancing the alignment of the financial system with sustainable development. That said, the report pointed out the rather modest levels of measured green credit, green bonds and investment in sustainable infrastructure. Transformation, the report concluded, required a more systemic approach to scaling up ambitious national roadmaps, and ways to leverage these initiatives at the international level.

Despite work on public finance, further, the report highlighted untapped potential in leveraging the impacts of public finance, and also pointed to the opportunity afforded by disruptive innovations embodied in 'fintech', often in conjunction with artificial intelligence and the Internet of Things. In concluding, the report highlights key perspectives to inform future action:

1. Realizing the sustainable development goals and the ambitions underlying the Agenda 2030 and the Paris Agreement requires changes to the global financial system to secure an effective redeployment of private, and indeed public, financial flows.

2. Changes are needed over time in the international arrangements governing the financial system, which would include policies, regulations, standards and norms, as well as performance assessment frameworks, to embed, harmonize and ensure the effective alignment of the system with sustainable development, including climate, goals.

3. Embedding sustainable development outcomes at the core of financial system development requires key regional and international actors that shape such development (e.g. IMF, World Bank Group, other IFIs) to align around a new narrative, practices and associated tools.

4. Ambitious, timely progress at the international level in aligning the financial system with sustainable development requires national champions driving international dialogue (e.g. China advancing G20 Green Finance Study Group, Canada and Jamaica chairing the United Nation's Group of Friends of SDG Financing), design and action including collaboration in market innovation.

5. National action on aligning the financial system with sustainable development is more ambitious when there is a more systematic, long term plan for aligning financial market development with key aspects of sustainable development (e.g. Indonesia roadmap, China's 13th 5 Year Plan) involving public and private actors (e.g. London's Green Finance Initiative, South Africa's negotiated Financial Sector Code).

6. Financial market performance needs to be measured against its efficiency and effectiveness success in financing sustainable development, and its resilience during and as a result of the transition towards sustainable development.

Policy innovation for a sustainable financial system is taking place primarily at the country level, and the Inquiry wants to understand the driving imperatives behind innovations in specific locations, the lessons emerging and the potential for further developments. The Inquiry has now undertaken advanced work with national institutions and partners, focusing initially on Bangladesh, Brazil, China, Colombia, the EU, France, India, Indonesia, Kenya, the Netherlands, South Africa, Switzerland, Uganda, the UK and the USA. This work will be critical to root the Inquiry's thinking in the diversity of country realities and needs.

Green Infrastructure Investments

There is a need for common minimum green infrastructure investment principles to avoid environmental damage in countries with the weakest governance systems. The project will therefore launch a broad Green Infrastructure Coalition of public and private partners to enable pro-active advanced sustainability planning for major infrastructure and accelerate the investment flows to sustainable and green infrastructure.

Green infrastructure considers the complex interactions between human settlements and natural habitats in selecting, designing, delivering and managing infrastructure investment. When investing in housing, mobility, or energy projects, for example, a broader landscape consideration, including surface water, flood management, biodiversity, and food production, is incorporated into the planning process. In this context, green infrastructure investment can both mitigate GHG emissions and support adaptation to climate change.

UN Environment has launched a partnership with China and other countries on the *One Belt, One Road Initiative*. The initiative will provide large-scale infrastructure development across Asia, Central Asia, South Africa, the Middle East and Africa. This mammoth investment could reach $4 trillion per year in infrastructure investment. In May 2017 China will host a *Belt and Road Summit*. The Summit might be the ideal stage from which to launch the Coalition, with key Coalition members in attendance.

3) the proposed alternative scenario, GEF focal area[8] strategies, with a brief description of expected outcomes and components of the project,

Objective

[8] For biodiversity projects, in addition to explaining the project's consistency with the biodiversity focal area strategy, objectives and programs, please also describe which [Aichi Target(s)](https://www.cbd.int/sp/targets/) the project will directly contribute to achieving.

To encourage systemic changes to the financial system consistent with the need to mobilise financing for the Sustainable Development Goals by identifying and amplifying innovative market, policy and regulatory and infrastructure investment practices.

Component 1. Catalyse national actions

The project will develop criteria to draw up a list of ten countries and then will select 6 countries that are open and able to advance ambitious national roadmaps, and initiate a grouping of countries spread across Africa, Asia and Latin America that fulfill such criteria and so could make the basis of scaled up national engagement. The project will then develop a National Diagnostic tool for assessing progress in shaping the national and nationally-relevant financial system, and a tool for Measuring Progress to enable effective benchmarking and continuous improvement.

The criteria for choosing these countries will include:

- National priorities recognise sustainable development, finance and green finance
- Countries chosen are diverse in terms of geography, market development
- Countries where we have an existing relationship who have shown an interest in a national roadmap process
- Countries committed to undertaking studies and action
- Countries planning to make substantial infrastructure investments in the near future

In at least one country the project will complete a roadmap and promote green infrastructure investments to explore the cause and effect between roadmap recommendations and investments.

The G20 Green Finance Study Group, co-chaired by China and the United Kingdom, with the UN Environment Inquiry acting as the secretariat, initiated a work stream on measuring progress in 2016, and has also engaged the IMF in more systematic macro-economic analysis. One element of this work, over time, could lead to the integration of environmental considerations in key financial system diagnostics, notably the Financial Sector Assessment Programme. The project will build on this work and complete and test the Measuring Progress tool.

The diagnostic tool enables countries to undertake its own diagnostic, and on that basis build out its options for actions and means for implementation. The tool will build on the Inquiry's experience and findings as reflected in the two global reports – "The Financial System We Need" and "Momentum to Transformation". It will be applied in the selected project countries. Feedback will be gathered, synthesized and generalized to revise and standardize the diagnostic tool. It will then be peer-reviewed by the participating countries and revised for final publication at the end of the project.

Once the 6 countries have been selected they will use the diagnostic tool to assess their needs and opportunities with regard to aligning the financial system with sustainable development (re-allocation of capital, risk management, responsibility of institutions, reporting and disclosure, etc.) and design an implementation modality, the country roadmap, that will highlight priority areas to consider for action, with credible and practical measures based on rigorous assessment and informed by international best practice. Among other objectives, these roadmaps will help countries to achieve the SDGs (please refer to Annex II) and to fulfil their commitments with multilateral environmental agreements.

Some national roadmaps, for example, exist and others are in development with varied focus areas, international inputs and actors, such as the IFC working in Mongolia focused on banking, the EBRD working with the Astana Financial Centre and Government in Kazakhstan and UN Environment working in Nigeria on green bonds and Kenya on building a regional green finance hub.

This project will demonstrate proof-of-concept by building out several partial roadmaps, combining one or more from scratch, extending several action plans in countries with on-going processes, and assessing progress made in several countries with more mature green finance development plans.

Given the engagement of UN Environment Inquiry with some countries such as India, Kenya, Kazakhstan, and Nigeria the project will re-engage with 3 of them to roll out existing work to prepare *completed roadmaps* for integrating green and climate-resilient considerations into financial and capital market development, mapping out what they are already doing and identifying what is needed for building a strategic roadmap to deliver more effective outcomes. This work will draw on Inquiry's Framework for Action, which offers a structured set of policy options to better align financial systems with sustainable development and comprises:

- a toolbox of instruments based on observed practices and covers four core levers: enhancing market practice, harnessing the public balance sheet, reforming legal and market structures, encouraging cultural transformation in financial decision-making.
- suggestions for policy packages focused on financial sectors
- processes to strengthen the enabling architecture of the financial system.

Based on the countries selected as described above, the project will engage with 3 new countries to integrate sustainability and climate-compatibility considerations into financial system development. Scoping exercises (using the diagnostic tool) will be conducted to assess needs and opportunities and highlight options for action. The initial diagnosis will assess the norms and rules governing the financial system, and drawing on the toolbox and the Framework for Action, would consider the balance of policy measures taken across five approaches: market practice, public financing, policy-directed financing, cultural change, and governing arrangement. This work can complement existing assessment tools, such as the IMF/World Bank's Financial Sector Assessment Program (FSAP) and leverage where possible other ongoing related UNEP (such as on the Green Economy) and UN work to enhance the broader embedding of financial considerations into UNEP's and other UN agencies' activities and vice versa. At the end of the project, 3 *partial roadmaps* will be developed that can be completed in a second phase of this project.

Finally, the project will select two countries that have robust roadmaps and will support them in implementing recommendations of their own action plans.

Outcome 1. Governments agree to develop, implement and measure the impact of one or more recommendation(s) from their country roadmaps

1.1 Six countries willing and able to advance ambitious national roadmaps are selected
1.2 Tools to assess and measure progress in shaping national financial system and allow benchmarking across countries are developed
1.3 Six partial or complete country roadmaps drafted and endorsed by the government
1.4 Two country roadmap actions plans are strengthened

COMPONENT 2. BUILD INTERNATIONAL CONSENSUS AROUND BEST PRACTICE

Outcome 2. Building international consensus on best practices (e.g. policies, regulations, standards and norms) to green the financial system

International Dialogues: International cooperation is key to informing national and international financial market development and to the scaling up of the alignment of the financial system to sustainable development. In the short to medium term, as the momentum around green finance increases, enhancing international dialogue will have the added benefit of shaping and coordinating a more systematic approach to green finance. Existing and emerging platforms for international dialogue include the G20 most notably through the Green Finance Study Group, the G7 particularly under the Italian presidency in 2017, and the GreenInvest platform established by Germany under the G20 to facilitate dialogue between non-G20 developing countries and the G20 as well as other financial for a such as the FSB. Further platforms include the World Bank Group and UN Environment partnership to establish a Roadmap on Sustainable Finance, and the two sustainable finance initiatives within the UN system including one led by the President of the General Assembly and the joint Canadian/Jamaican co-Chaired Group of Friends of SDG Financing.

The country work is continually supported by international and regional multi-country processes that aim to offer a vehicle through which a range of countries active in green finance reform can share experience and participate in the global debate to take the green finance sector reform agenda forward. The process builds on both existing dialogues and research (such as the IMF/World Bank's Financial Sector Assessment Programme and the World Bank's Financial Development Report) and will help facilitate the consolidation of existing processes that look at multiple dimensions of financial system performance such as effectiveness, efficiency and resilience, which form the basis for viable pathways that have the potential for rapid scaling.

In support of this work, the project will organise dialogues and events with either a focus on a particular topic the Inquiry is working on or a particular region or groupings. Many of these dialogues will be held on the margins of intergovernmental and regional meetings such as the World Bank/IMF Annual Meetings, the United Nations Environment Assembly, the UNFCCC COP 23 and COP 24, the UNECA-AU Conference of African Ministers of Finance, Planning and Economy, the PAGE Ministerial Conference and the Alliance for Financial Inclusion's Global Policy Forum 2017. These will be organised with a focus to expand and enhance the dialogue on global environment and sustainability beyond existing conversations to include a broader participation from Ministries, national organisations, intergovernmental organisations, as well as international expert networks. As part of this an inventory of key stakeholders and connections will be created within selected countries and across selected regions to enable further inclusion and cooperation.

Global learning platform: To build consensus, the project will collect and share best practices from international fora and national experiences and launch a Global learning platform to facilitate this. The Global learning platform will require (i) reaching agreement on collaboration in learning between key international actors, such as the IMF/World Bank, the BIS/FSB, MDBs and financial standards organizations, and international expert networks; and (ii) building an agreed approach to learning from national experience making use in particular of 'accompanied learning' strategies and an agreed basis to upgrade, the diagnostic and measuring progress tools. The project will (i) map international institutions, methods – including measurement - and standards relevant to embedding environmental considerations in financial system development and assessment, identifying progress made towards embedding relevant considerations, and highlighting gaps given our knowledge of the need and emerging market and national practices; and (ii) draw on the country level experience of the Sustainable Banking Network and other international initiatives of advancing voluntary and regulatory standards for sustainable finance, identify and prioritize key reforms including methods, standards and measurement approaches of embedding environmental considerations into financial sector development at the country level.

Advancing international norms: The project will build on the cooperation and expertise surfaced through the Inquiry's initial work and developed through the international cooperation and the global learning platform, to advance the practice of harmonisation of policies, regulations, standards and norms that could embed financial market practice aligned to sustainable development, and specifically to environmental imperatives and goals.

Outputs:

2.1 Dialogues to build consensus around best practices for green financial system are held at G7, G20, at the WBG/UN Environment Partnership on Sustainable Finance and the Friends of SDG Financing events
2.2 Accompanied learning strategies from national experiences in greening the financial system are developed and agreed
2.3 A global learning platform to build and capture consensus on harmonised green financing policies, regulations and norms is operational

COMPONENT 3. GREEN INFRASTRUCTURE INVESTMENTS

Outcome 3. Investment community is sensitised to the benefits of green infrastructure investment principles

The project will launch a high profile green infrastructure coalition of investors and stakeholders who commit to promoting investments in green and sustainable infrastructure that will help GEF countries to achieve sustainable development goals and targets that they have committed to under the Multilateral Environmental Agreements. The coalition would be launched with at least ten large companies – including private financial institutions- involved large-scale infrastructure investment and development, as well as ten International Organizations and NGOs that represent stakeholder interests (e.g. GGGI, WWF, TNC)[9]. This would provide the coalition with a critical mass that would drive its expansion in both size and geographical scope.

After the launch, coalition members would meet to solidify coalition membership and governance and develop a set of commitments or guidelines for how investors and stakeholders can work together to ensure that infrastructure investments are channelled into sustainable infrastructure. This work would link the regulatory and systems-level reforms being undertaken in Components 1 and 2 to actual investors and stakeholders. The ultimate objective would be to obtain measureable commitments from the coalition members related to sustainable infrastructure investments.

This component would also involve the mapping of globally significant regional, sub-regional and transnational infrastructure development projects that impact GEF recipient countries, overlaid against critical biodiversity zones, threatened habitat, and other criteria relevant to the MEAs. Once globally significant infrastructure projects have been identified and mapped, the project will estimate how the mapped infrastructure investments will impact the global environment in terms of the objectives of the UNFCCC, UNCCD, and/or the CBD.

As the project evolves into a second year, and informed by the preliminary results of the mapping, the coalition membership will be expanded to include more regional companies and stakeholder organizations and deepening engagement at the regional or sub-regional level. For example, engagement could take place in one of the major "One Belt, One Road" regions such as Central Asia (where the project could link to the work already begun by the European Commission and the UN Economic Commission for Europe).

At the regional or sub-regional level, the coalition would develop a set of sustainable infrastructure investment criteria related to a specific transnational green infrastructure investment. The project will use modelling to assess the impacts of these investment-specific criteria against the objectives of the MEAs, and the results will be used to inform the finalization and implementation of the criteria. The modelling will use UN Environment's Integrated Green Economy Modelling (IGEM) tool and adapt it to the investment-specific context. The coalition would then obtain measureable commitments from an investor to apply the criteria to the selected investment. The project would also develop a measurement framework with which to track performance against the commitments.

Beyond their application under this project, the outputs of Component 3 have the potential be used for future work of GEF. The mapping and estimation of impacts can facilitate the planning of sustainable infrastructure projects and directly connect regional infrastructure needs with the MEA agendas. They will provide decision-makers with information about key areas to target for the greening of infrastructure investments. In addition to minimizing negative impacts from planned infrastructure development (i.e. less bad), the project would also help identify important opportunities for sustainable infrastructure development (i.e. more good) – opportunities that will ultimately help countries achieve their commitments under the MEAs and the 2030 Agenda for Sustainable Development.

In addition, the regional coalition approach, the IGEM tool, and the measurement framework that will be piloted on one green infrastructure investment under this project, can all be implemented in other regions and at the global scale as part of future GEF work.

3.1 Green Infrastructure Coalition is launched

3.2 Green infrastructure investment principles developed and presented to Coalition investors and stakeholders

[9] Global Green Growth Institute (GGGI), World Wide Fund for Nature (WWF), The Nature Conservancy (TNC),

3.3 Planned major transnational infrastructure investments are mapped and overlaid against areas of globally significant environmental risk related to 3 MEAs.

3.4 Environmental impacts of the mapped infrastructure are estimated.

3.5 One infrastructure investment is identified, a set of specific green investment criteria is developed and environmental impacts are modelled.

3.6 Measurement framework to track performance against Coalition commitments is developed and tested on the identified infrastructure investment

4) incremental/additional cost reasoning and expected contributions from the baseline, the GEFTF, LDCF, SCCF, CBIT and co-financing;

The Finance sector globally responds to markets regulation and risk. However with few exceptions the finance sector does not have a comprehensive understanding of risks related to the environment or the transition costs of environmental regulation. Hence while countries do have environmental regulations and through in country business the finance community respects these regulations, they have not yet begun to proactively calibrate accuracy of forecast environment impacts on the profitability of their portfolios. This project aims to stimulate an enabling environment in which select countries review and agree to regulatory measures to promote sustainable development and green financing. These in turn will influence specific green infrastructure investment and the combined experiences will be used to develop international best practices for green finance and green infrastructure investment as the next step in wide spread national up take of these measures.

5) global environmental benefits (GEFTF) and/or adaptation benefits (LDCF/SCCF); and

Part of the project's goal is to catalyse national action through the development of country roadmaps (Component 1). These roadmaps are expected to shape the national financial systems and align them with sustainable development and environmental goals – including the reduction of GHG emissions.

As described earlier, 6 countries will be selected to undergo the different steps of Component 1 (outputs 1.1 to 1.3), but only 2 of them will have the roadmap action plans strengthened by the end of the project (output 1.4). These 2 countries will be the ones generating the direct environmental benefits (i.e. GHG emissions reduction) through the implementation of their action plans – starting 1 year after project completion. On the other hand, indirect environmental benefits would stem from the 4 remaining countries that could potentially take up the development of their roadmaps and translate them into actions a few years after the end of the project. As a conservative assumption, it is considered that only 3 out of the 4 remaining countries will succeed to translate their roadmaps into action – starting 5 years after the end of the project.

The project's environmental impacts have been quantified as fractional contribution to the Intended Nationally Determined Contributions (INDCs) of the selected countries between 2020 and 2030 – this period being the project's "period of influence". As a conservative assumption, it has been considered that the impact of the project would account for 0.1% of each country's GHG emissions savings as defined in their INDCs. For the purpose of this PIF, the INDCs of 6 previously mentioned countries (namely Argentina, India, Kenya, Kazakhstan, Morocco, Mongolia and Nigeria) have been used to perform the GHG emissions reduction calculations. However, these calculations will later be refined along the development of the project, and during the project's implementation phase as the 6 final countries are selected.

For the purpose of these calculations and as a conservative assumption, the 2 countries contributing the least to GHG savings have been considered as the 2 "selected countries" for roadmap strengthening (output 1.4). They are therefore considered as the 2 countries generating the direct GHG emissions reduction. As for the indirect GHG savings, the 3 least contributing countries out of the 4 remaining ones have been considered.

As such, the project is expected to lead to a **direct mitigation of 333,900 tCO2eq** over the 10 years following the project's completion. This translates into a **cost effectiveness of 3.13 US$ per tCO2eq** mitigated. Additionally, the project could contribute to global environmental benefits with a potential **indirect mitigation of 3,460,000 tCO2eq**.

During CEO endorsement development, Global Environmental Benefits from Component 3 will be assessed and the calculations will be refined if needed.

6) innovation, sustainability and potential for scaling up.

Innovation: Traditional approaches to addressing climate and environmental issues have tended to coalesce around interventions in the real economy (such as carbon pricing or regulation) and the intelligent use of public funds. The potential of aligning the financial system and infrastructure investments to sustainable development to complement the two more established solution spaces is a line of thinking that has started to gain popular acceptance over the past 18 months. Deepening and extending this innovative thinking remains an area of considerable untapped potential for delivering on environmental benefits.

Sustainability: The sustainability of this project is predicated on the several factors including: (i) embedding sustainable development goals into the design and functioning of financial and capital markets and infrastructure investments, (ii) bringing to international attention examples of innovation and best practice, and (iii) contributing to significant change by helping to catalyse individual efforts that in isolation will struggle to bring about transformative change, but that taken together, can help catalyse systemic change.

Potential for scaling-up: Based on the Inquiry findings, the potential to catalyse a virtuous circle that can accelerate transformation and alignment based on three core pillars:

A. *National champions* grounded in domestic roadmaps/national plans for aligning the financial system with sustainable development.
B. *International cooperation* key to informing national and international financial market developments.
C. *Market engagement and innovation*, to inspire, direct and leverage actions by non-market actors.

The proposed transformational pathway of this project combines simplicity with scale. It builds ambitious action through bottom-up processes and roadmaps developed through collaboration of private and public actors, recognizing the critical role of international actors and common approaches. In fact, the proposed approach builds on what we already know can work, but takes such practice to scale. UNEP through the Inquiry has identified, encouraged and supported the early stage development of each of the three pillars. From this perspective, the proposed transformational pathway involves not so much something new, but an ambitious scaling of a tried and tested approach.

The project will work with specific investors to test green investment principles. In parallel it will seek to build a coalition of willing investors and map major planned transnational infrastructure investment as a basis for scaling up best practices in the future.

2. Stakeholders. Will project design include the participation of relevant stakeholders from civil society organizations (yes ☐ /no☒) and indigenous peoples (yes ☐ /no☒)? If yes, identify key stakeholders and briefly describe how they will be engaged in project preparation.

Country partnerships will in the main require multiple actors, consistent with the project's efforts to build multi-stakeholder platforms at the national level to advance more systematic, ambitious and impactful approaches. In most instances, that said, there are lead institutions, partly resulting from their mandate, but also often because of their previous involvement in the broader sustainable development arena that might have resulted from specific historic circumstances or unusual leadership. Below are examples of such institutions with which we have already engaged, and which would offer strong, but not exclusive, bridging in building domestic processes linked to international practice.

Stakeholder categories	**Stakeholder List**	**Stakeholder Roles**
International Financial Institutions	BIS, EU, FSB, G7, G20, IFC, IMF, Multi National Development Banks, OECD, UN Agencies, World Bank as well as the Principles for Sustainable Investment, Sustainable Banking Network, Alliance for Financial Inclusion	Providing networks, technical support and platforms for consensus building.
National Regulatory Institutions	The list of stakeholders for this will be dependent on the chosen country's structure. However as a starting point we would look to engage with the Central Bank, Ministry of Environment, Ministry of Finance/Treasury and other involved and engaged ministries and regulators. As examples: Central Bank of Morocco, Ministry of Finance Argentina, Ministry of Treasury Argentina, Central Bank of Argentina, Central Bank of Kenya, Ministry of Finance India, Ministry of Environment, Forest and Climate Change of India, Ministry of Environment of Nigeria, Central Bank of Nigeria, Ministry of Environment of Mongolia	Leaders on the national engagements including providing the mandate, convening stakeholders and contributing knowledge.
Financial Institutions	The list of stakeholders for this will be dependent on the chosen country's structure. However, as a starting point we would look to engage with institutions such as industry bodies (Banking, Insurance) and national think tanks. As examples: Federation of Indian Chamber of Commerce and Industry (FICCI),	Leading on private sector engagement in the process and in contributing knowledge.

	National Institute of Public Finance & Policy for India, Kenyan Bankers Association, Mongolian Bankers Association	
Private Sector Investors	The list of stakeholders for this will be dependent on which businesses join the coalition, as well as which infrastructure investment is ultimately selected for project component 3. As examples: BYD, Broad Group, Everbright International, Elion.	Providing industry leadership through participation in the project Coalition. Making a specific investment using Coalition infrastructure investment principles.
International Organizations, Intergovernmental Organizations, and NGOs	The list of stakeholders for this will be dependent on which organizations join the coalition, as well as which infrastructure investment is ultimately selected for project component 3. As examples: GGGI, WWF, TNC, UNECE, UNDP, Interstate Commission for Sustainable Development (ICSD), China-ASEAN Centre for Environmental Cooperation (CSEC). [10]	Providing guidance and leadership on green infrastructure investment principles. Leading regional engagement.

3. Gender Equality and Women's Empowerment. Are issues on gender equality and women's empowerment taken into account? (yes ☒ /no☐). If yes, briefly describe how it will be mainstreamed into project preparation (e.g. gender analysis), taking into account the differences, needs, roles and priorities of women and men.

The project will incorporate gender equality and women's empowerment into its approach and outcomes in multiple ways. Gender will be built into national roadmaps by utilising the expertise, networks and research undertaken by engaged stakeholders such as the AFI, IFC, UN Environment, UN Women, and the World Bank. Further, a specific example is to incorporate, where available, gender specific analysis into the national roadmap tools, such as disaggregated gender data on women's participation in finance.

To enhance international dialogues, the project will draw on the Inquiry's network of high-level financial leaders such as Kathy Bardswick CEO of The Co-Operators; Maria Kiwanuka Finance Advisor to the President Uganda; Rachel Kyte, CEO, Sustainable Energy for All; and Nicky Newton-King CEO Johannesburg Stock Exchange for their inputs and participation to ensure that women and gender are increasing included in international discussions and represented in finance events.

Gender will be built into the design of the global learning platform, in part through the inclusion of gender specific learning from across the local, national and regional levels as well as through continued and new collaborations. For example with UN Women who previously have contributed to a gender focused piece to the report "Fintech and

[10] United Nations Development Programme (UNDP), Green Growth Knowledge Platform (GGKP), Interstate Commission for Sustainable Development (ICSD), China-ASEAN Centre for Environmental Cooperation (CSEC).

Sustainable Development: Assessing the Implications" and who co-hosted a briefing for the President of the UN General Assembly H.E. Ambassador Peter Thomson and his staff on "Aligning Green Finance with Sustainable Development".

4 Risks. Indicate risks, including climate change, potential social and environmental risks that might prevent the project objectives from being achieved, and, if possible, propose measures that address these risks to be further developed during the project design (table format acceptable).

Risk	Likelihood of Risk	Risk Mitigation Measure
No agreement on sustainable development or green finance within key ministries and institutions of selected countries on common interests	medium	Country selection criteria will include the interest and willingness of countries to promote sustainable development and green finance. The project will retain the option to change countries in the event that country loses interest in green finance or green infrastructure work.
Shallow pool of expertise available that understands both fintech and sustainable development	low	Leverage international networks of organisations through the dialogue and global platform of the project
Reluctance to develop or endorse a performance measurement framework	low	Country selection criteria will include the interest and willingness of countries to promote sustainable development and green finance.
Reluctance of businesses to commit to adoption of green infrastructure investment principles and apply them to projects.	medium	Selection of businesses for Coalition membership will be based on a demonstrated interest and commitment to sustainable development principles and corporate social responsibility, as well as their positions within their respective industries. Inclusion of measurement framework in the project will help to promote application of the principles that have been adopted.
Lack of cross-country and cross-institutional learning preventing the up-taking of best practice into international norms and standards	high	Systematic approach as proposed in the project to enable the transformative opportunity to be realized
Lack of data required to conduct analysis of impacts of planned major transnational infrastructure investments on the objectives of the MEAs.	medium.	Leverage green infrastructure coalition partners and their networks to access the required data.
Lack of data required to conduct analysis of impacts of one specific infrastructure investments on the objectives of the MEAs.	low	The investment being analysed will be selected in part based on availability of data.

5. Coordination. Outline the coordination with other relevant GEF-financed and other initiatives.

Links with existing initiatives: The Inquiry recognizes that international cooperation and dialogue are a pre-requisite for any successful pathway to scale the alignment of the financial system to sustainable development. In particular, in the short to medium term, as the momentum around green finance increases, enhancing international cooperation and dialogue will have the added benefit of shaping and coordinating a more systematic approach to green finance. The project will benefit from the Inquiry's continuing coordination efforts across a global network of partners and collaborations including:

- as secretariat to the G20 Green Finance Study Group at the request of the co-chairs China and the United Kingdom,
- in partnership with the IMF and World Bank on a Roadmap for Sustainable Finance,
- as the secretariat for the GreenInvest Platform under the G20 Sustainability Working Group, and
- as a partner in the joint Canadian/Jamaican co-Chaired Group of Friends of SDG Financing.

Further partners include the AFI, BIS, Climate Bonds Initiative, CERES, Carbon Tracker, G7, G20, European Commission, FSB, IFC, IMF, OECD, Principles for Responsible Investment, Sustainable Banking Network, Sustainable Stock Exchanges, UN Environment Finance Initiative, UN President of the General Assembly, the World Bank, and others.

For the green infrastructure component, project activities will build upon, and maximize synergies with, UN Environment's ongoing work on green economy in Central Asia and on the sustainable development of the One Belt, One Road initiative, as well as the development of a generic Green Economy Policy Review framework. It will leverage the expertise of current partner organizations such as UNDP, GGGI, CSEC, GGKP, and others. For the analytical work, project activities will build upon UN Environment's Integrated Green Economy Modelling Tool (IGEM) and, to the extent possible, leverage the organization's existing network of international modelling experts.

Coordination: At CEO endorsement development phase, the project will develop a coordination mechanism involving a Steering Committee, an Advisory Group and technical working groups to reflect and define a process for coordinating the above mentioned partnerships and initiatives, so that the outcome of their work can inform and feed into project activities and materials. The project will also set up a management team that will ensure the daily management of the project.

6. Consistency with National Priorities. Is the project consistent with the National strategies and plans or reports and assessments under relevant conventions? (yes ☒ /no☐). If yes, which ones and how: NAPAs, NAPs, ASGM NAPs, MIAs, NBSAPs, NCs, TNAs, NCSAs, NIPs, PRSPs, NPFE, BURs, INDCs, etc.

The 2016 G20 meeting in China approved a G20 Action Plan on the 2030 Agenda for Sustainable Development, which identifies

> "…issues of common concern and encouraging policy dialogue, coherence and coordination, G20 collective actions are framed around Sustainable Development Sectors (SDS) including Infrastructure, Agriculture, Food Security and Nutrition, Human Resource Development and Employment, Financial Inclusion and Remittances, Domestic Resource Mobilization, Industrialization, Inclusive Business, Energy, Trade and Investment, Anti-Corruption, International Financial Architecture, Growth Strategies, Climate Finance and Green Finance, Innovation, and Global Health. These SDS outlined in the Action Plan reflect ongoing, mid and long-term G20 commitments and are intended to be updated and adapted to reflect successive G20 presidency priorities."

In addition countries have made *Nationally Determined Contributions* to meet international climate goals. This is accompanied by a USD 100 billion by 2020 commitment by developed countries. If this project is successful in redirecting flows towards sustainable development it will support national declarations to sustainable development and climate change.

7. Knowledge Management. Outline the knowledge management approach for the project, including, if any, plans for the project to learn from other relevant projects and initiatives, to assess and document in a user-friendly form, and share these experiences and expertise with relevant stakeholders.

Establishing the global learning platform is the lynchpin to enabling a systemically influential program under GEF7. Appropriate tools and national roadmaps make up two of the pre-requisites. Building agreement amongst key institutions and networks is the third, critical element for paving the way for a systemic and transformational change.

The Inquiry already maintains publicly available knowledge repositories on its own website “Inquiry live”: a knowledge base of publications (maintained by the publications manager) that is searchable by the elements of the framework for action developed in its global report (policy levers, asset pools and performance frameworks), as well as by country, geographic focus and content type; and a database of policies and measures on the innovations and actions countries took to align their financial systems with sustainable development that is to be developed. Further Inquiry Live also acts as the host for both the G20 Green Finance Study Group’s Document Repository (includes the G20 Green Finance Synthesis report and the 14 background papers to this) and the GreenInvest Platform.

The project will launch a Global Learning Platform to enable learning from the local, national and regional levels to be cross-fertilized and inform the development of international norms. This is explained in more detail on Component 2 on the Alternative Scenario section.

The project will also ensure that Coalition outputs, lessons learned, and other knowledge generated by the green infrastructure component is made available on the appropriate web platforms, and through Coalition members’ networks and platforms, as applicable.

The Inquiry also looks to learn from the experts it invites to its meetings, by organising structured interviews to feed into input papers to the meeting, which are subsequently turned into output papers and disseminated.

PART III: APPROVAL/ENDORSEMENT BY GEF OPERATIONAL FOCAL POINT(S) AND GEF AGENCY(IES)

A. RECORD OF ENDORSEMENT[11] OF GEF OPERATIONAL FOCAL POINT (S) ON BEHALF OF THE GOVERNMENT(S):

(Please attach the Operational Focal Point endorsement letter(s) with this template. For SGP, use this SGP OFP endorsement letter).

NAME	POSITION	MINISTRY	DATE *(MM/dd/yyyy)*

B. GEF AGENCY(IES) CERTIFICATION

This request has been prepared in accordance with GEF policies[12] and procedures and meets the GEF criteria for project identification and preparation under GEF-6.

[11] For regional and/or global projects in which participating countries are identified, OFP endorsement letters from these countries are required even though there may not be a STAR allocation associated with the project.

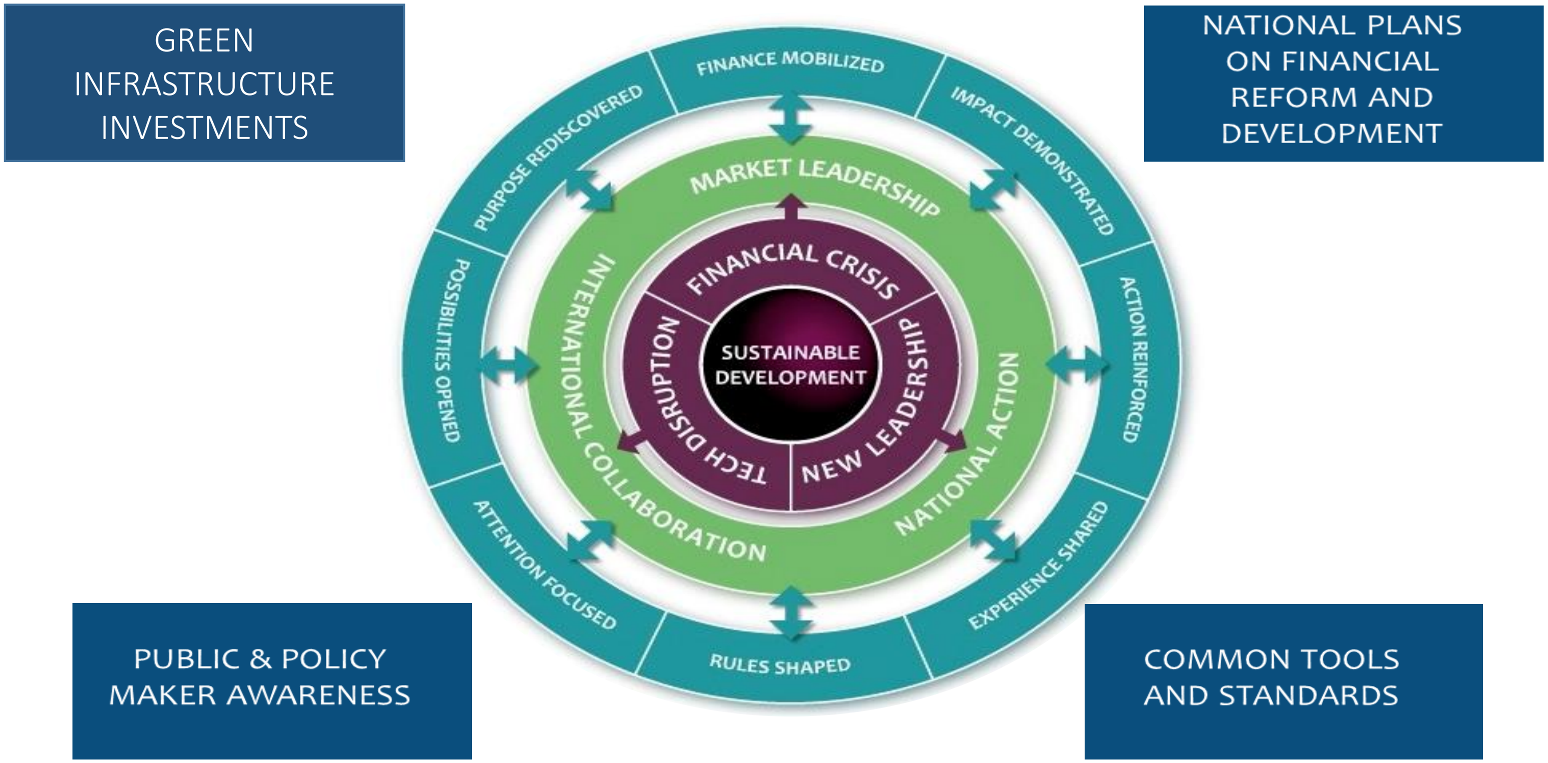
[12] GEF policies encompass all managed trust funds, namely: GEFTF, LDCF, SCCF and CBIT

Agency Coordinator, Agency name	Signature	Date *(MM/dd/yyyy)*	Project Contact Person	Telephone	Email
Brennan Van Dyke Chief, Strategic Donor Partnerships and Global Funds Coordination UN Environment	Brennan Van Dyke	March 30, 2017	Ruth Coutto UN Environment Climate Change Mitigation Unit, Co-ortfolio/Task Manager	+33 1 44 37 16 34	Ruth.coutto@unep.org

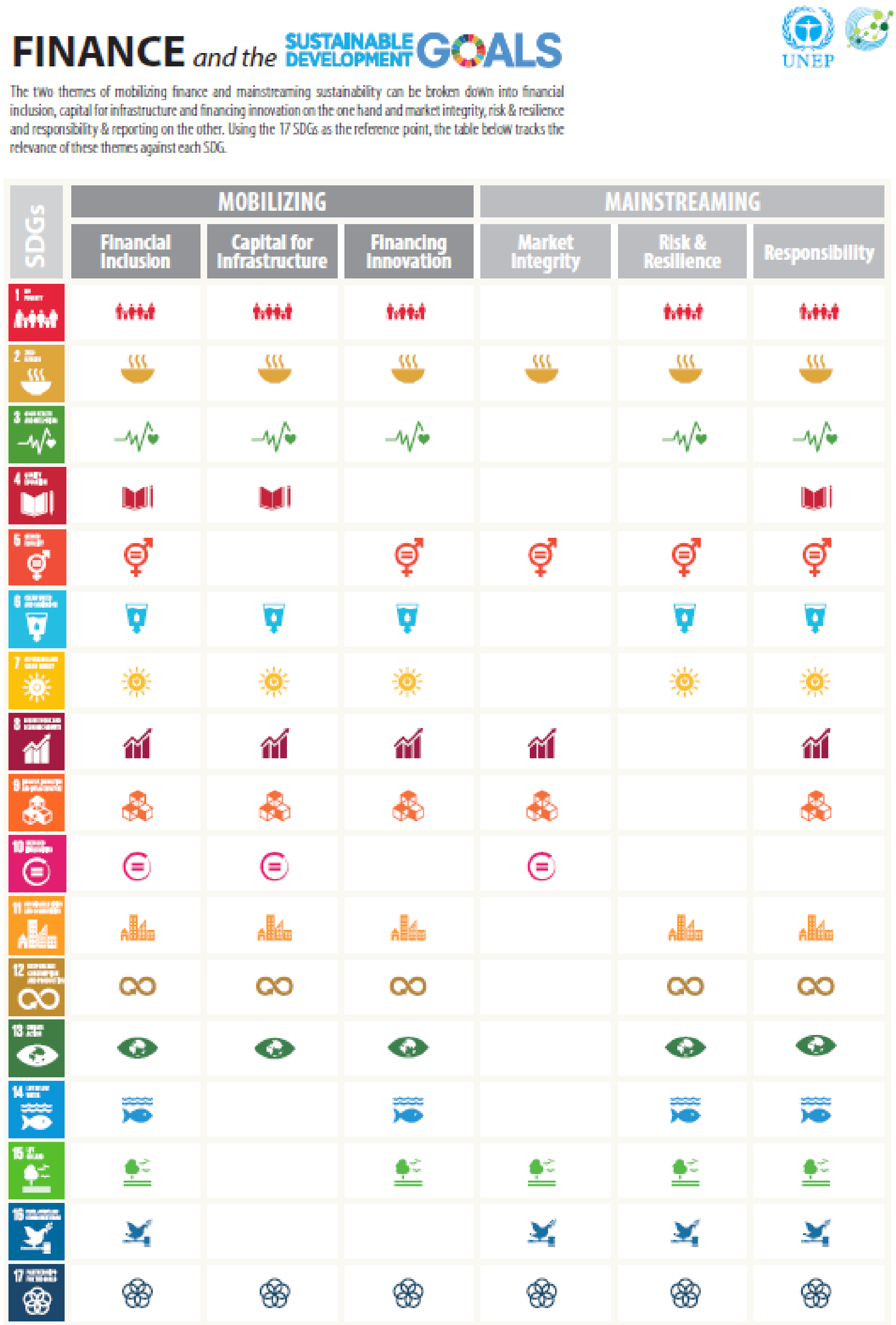
C. Additional GEF Project Agency Certification (Applicable Only to newly accredited GEF Project Agencies)

For newly accredited GEF Project Agencies, please download and fill up the required **GEF Project Agency Certification of Ceiling Information Template** to be attached as an annex to the PIF.

Annex I: Theory of Change



Annex Two: Mapping the Financing of the Sustainable Development Goals



Source: Developed by UNEP Inquiry, 2016