

# Climate Aggregation Platform

## Financial Innovation Challenge

### Call for Proposals



Photo credit: Zambia-health centre with solar panels  
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[www.undp.org/climate-aggregation-platform](http://www.undp.org/climate-aggregation-platform)



## Call for Proposals

Through the CAP Financial Innovation Challenge (CAP FIC), UNDP will crowdsource **Innovative Financial Aggregation Structures and Models** for small-scale, low-carbon energy assets in developing countries.

Successful applicants will be awarded **up to US\$ 40,000** to develop the proposed innovations.



## What is the objective of the CAP FIC?

- ▶ Foster the development of **Innovative Financial Aggregation Structures and Models** that can help increase the **availability and reduce the cost of financing for low-carbon energy in developing countries**. And, in doing so, help **close the investment gap to achieve universal energy access**.
- ▶ Facilitate the **transfer of know-how and innovative solutions** that can help overcome development challenges in developing countries and contribute to the achievement of the **Sustainable Development Goals**, notably **SDG7 & SDG13**.



## Who can participate?

A wide range of entities can apply as long as they can demonstrate their capacity to develop novel aggregative approaches to financing low-carbon energy and meet the eligibility criteria ([See the Guidelines for more details](#)). This includes:

### “Buy-side” Actors

Commercial banks (international or domestic); impact and mission-driven investors; financial intermediaries; development banks; digital platforms; crowdfunding platforms; FinTech’s; etc.

### “Sell-side” Actors

Project originators or developers and energy companies (e.g., distributed energy service companies (DESCOs), PAYGO solar companies, etc.)

### Other relevant entities

Government agencies; digital solutions providers; specialised consulting firms; research institutions; industry associations; credit rating agencies; etc.



## What kind of innovations?

**Innovative Financial Aggregation Structures and Models** (mechanisms, instruments, processes, tools, business, and financing models) for **small-scale, low-carbon energy assets in developing countries**.

- ▶ **First-of-a-kind solutions** that have not yet been attempted anywhere before;
- ▶ Or existing and proven approaches **adapted to a new market/sector, geography, or context**.



# What is Financial Aggregation?

Financial Aggregation can take different forms, but it can be generally understood as a process in which an aggregating entity standardises and bundles together multiple small-scale, low-carbon energy assets.

It can then obtain financing, or refinancing, from investors based on the future cash flows from these assets.

→ The CAP FIC is open to solutions involving **financial aggregation at different levels** (i.e., bundling individual assets, projects, or companies) and to **other innovative aggregative models** (e.g., innovative carbon credit solutions, renewable energy certificates, innovative models for receivables financing, digital aggregation platforms, etc.).

→ The CAP FIC's focus is on **debt aggregation transactions**. This excludes equity aggregation transactions (e.g., yieldcos).

To learn more about financial aggregation please see UNDP's and the Climate Bonds Initiative report on "Linking Global Finance to Small-Scale Clean Energy"



# What is the technology focus?

The CAP FIC will focus on innovations that support the deployment of **distributed, small-scale low carbon energy assets in developing countries**. This includes a wide range of technologies:

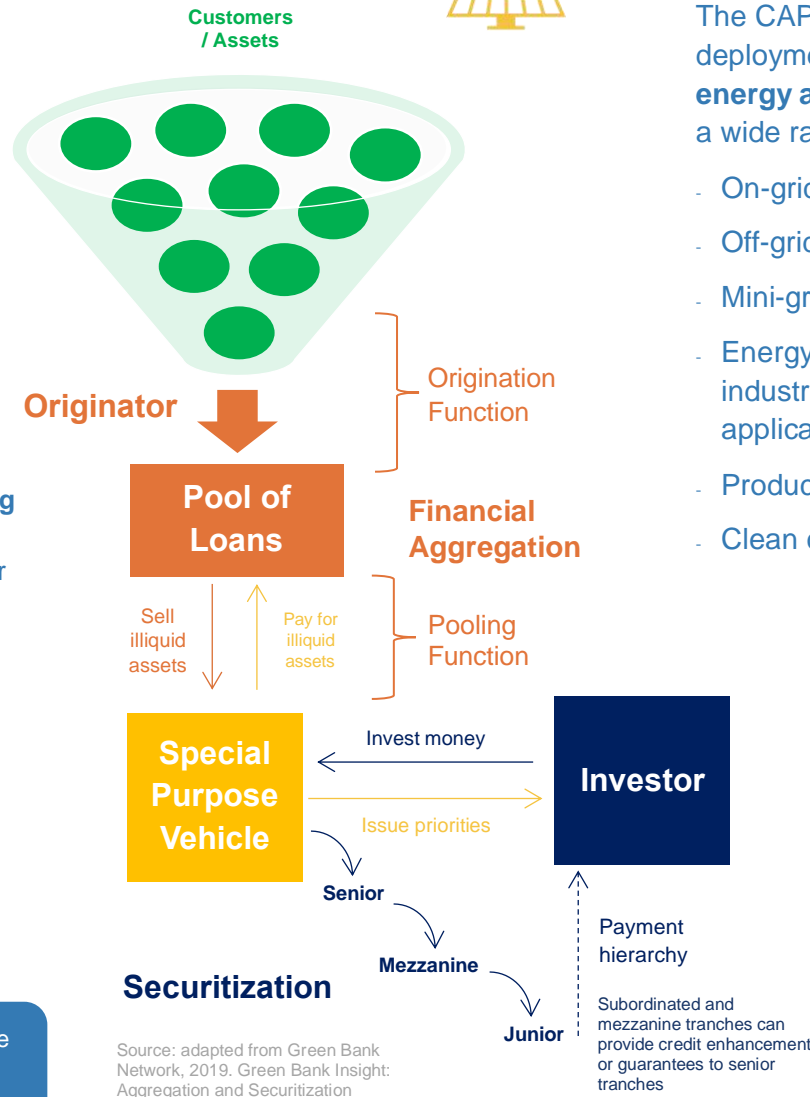
- On-grid solar PV (residential, C&I)
- Off-grid solar PV including PAYGO solar
- Mini-grids
- Energy efficient solutions for buildings, lighting, industrial, agricultural, and transport (e.g., e-mobility) applications
- Productive use appliances
- Clean cooking solutions



# Target Countries

The proposed Innovative Financial Aggregation Structures or Models **must be developed in view of being deployed in one or multiple developing countries in Eastern Africa** but may be submitted by applicants from any country.

The CAP FIC will support **up to 5 projects** including **at least one project in Uganda and one project in Rwanda**.



Source: adapted from Green Bank Network, 2019. Green Bank Insight: Aggregation and Securitization



## What do the winners get?<sup>1</sup>

- ▶ Receive an award of **up to US\$40,000<sup>2</sup>** to develop a **Feasibility Study** (over a period of **4 months**) for an **Innovative Financial Aggregation Structure or Model**.
- ▶ UNDP will promote the selected **Innovative Financial Aggregation Structures or Models** within UNDP and to a broader audience across its network.
- ▶ **Possibility to access the UNDP global presence** (+170 countries) and networks to help support the selected solutions to scale-up and replicate to new countries.
- ▶ **Promising solutions** could later be considered for further engagement as part of UNDP's *Sustainable Energy Hub* or other UNDP initiatives.



## How do I submit an idea?

Click [here](#) to register and download the Application Package.

Read the [Guidelines](#) carefully and follow the instructions to complete and submit an [Application Form](#) and the required attachments before the deadline.



The deadline for submissions of Applications is **August 31st, 2022, at 12:00 PM EAT**

<sup>1</sup> The CAP FIC will support **up to 5 projects** including **at least one project in Uganda and one project in Rwanda**.



## What are the evaluation criteria?

- Degree of Innovation **15%**
- Development Impact **15%**
- Technical Merit & Feasibility **15%**
- Experience of the Team **15%**
- Potential for Scale Up & Replication **10%**
- Long-term Sustainability **15%**
- Additionality **5%**
- Budget & Value for Money **5%**
- Co-funding **5%**

Please refer to the [guidelines](#) for details on the evaluation criteria and process.

<sup>2</sup> Under the conditions of UNDP's standard [Innovation Challenge Agreement](#)





## Where can we get more information?

More information and updates on the *CAP FIC* can be found here: <https://www.undp.org/climate-aggregation-platform/cap-financial-innovation-challenge>

We will host an online information session on the *CAP FIC* on **Tuesday, 9th Aug 2022, 15:00-16:00 EAT** ([click to register](#))

Feel free to reach out to us at [cap.fic@undp.org](mailto:cap.fic@undp.org) at any point in the process and we will do our best to answer your questions.

Please include “CAP FIC” and the name of the Applicant in the Subject line. UNDP will consider incoming questions until **Aug 18th, 2022, at 12:00 PM EAT**.

To learn more about financial aggregation please refer to the joint UNDP / Climate Bonds Initiative report:

*“Linking Global Finance to Small-Scale Clean Energy – Financial Aggregation for Distributed Renewable Energy in Developing Countries”*

### UNDP

UNDP is the leading United Nations organisation fighting to end the injustice of poverty, inequality, and climate change. Working with our broad network of experts and partners in 170 countries, we help nations build integrated, lasting solutions for people and the planet.

Learn more at [undp.org](http://undp.org) or follow at @UNDP.

### The Climate Aggregation Platform (CAP)

The Climate Aggregation Platform (CAP) is a Global Environment Facility (GEF)-a funded project implemented by UNDP, which, in partnership with the Climate Bonds Initiative, seeks to promote the scale-up of financial aggregation for small-scale, low-carbon energy assets in developing countries.

The CAP aims to advance and raise awareness for innovative solutions to market barriers for financial aggregation – with the goal to increase access to low-cost financing for low-carbon energy. In so doing, the project can improve the lives of people in developing countries, bringing about affordable, reliable, and clean energy.

The CAP is a flagship initiative of UNDP’s Sustainable Energy Hub to support the structuring and deployment of innovative business models and financial mechanisms to accelerate energy access and the clean energy transition.

Learn more at [www.undp.org/climate-aggregation-platform](http://www.undp.org/climate-aggregation-platform)

