

MITIGATING CLIMATE CHANGE TOGETHER



Investing in
energy efficiency and
renewable energy



**GLOBAL CLIMATE
PARTNERSHIP FUND**
managed by responsAbility



Federal Ministry for the
Environment, Nature Conservation,
Building and Nuclear Safety



European
Investment
Bank



ukaid
from the British people

MINISTRY OF FOREIGN AFFAIRS OF DENMARK

DANIDA | INTERNATIONAL
DEVELOPMENT COOPERATION

KFW



IFC | International
Finance Corporation
WORLD BANK GROUP

OeEB

Oesterreichische Entwicklungsbank AG

FMO

Entrepreneurial
Development
Bank



ÄRZTEVERSORGUNG
Westfalen-Lippe

ASN  BANK

responsAbility

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WHAT WE ARE ABOUT



Global



Our activities span the globe, because CO₂ emissions are a global issue.

To be most effective against climate change, we focus on non-OECD economies which are expected to account for the vast majority of growth in global energy demand over the coming decades.

Climate



Mitigating climate change requires the reduction of CO₂ emissions.

This is why only projects that generate significant energy savings and reduce greenhouse gas emissions by 20% are eligible for funding.

Partnership



Collaboration is key for worldwide action against climate change,

with nearly USD 1.5 trillion of climate finance needed every year. GCPF is set up as a public-private partnership which attracts private investments through first-loss guarantees by public entities and is teaming up with local partner institutions to drive energy investments on the ground.

Fund

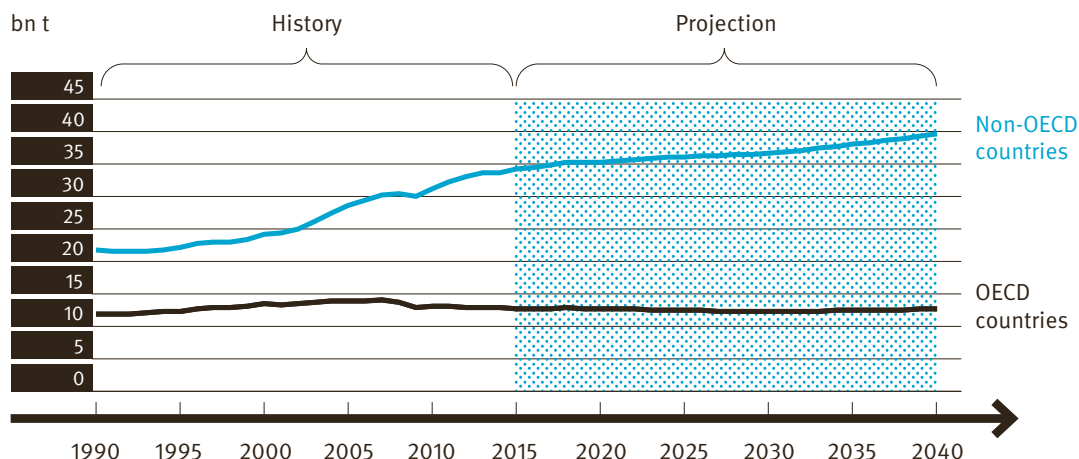


The vibrant and growing energy market is attractive for all types of investors.

We drive funds to renewable energy and energy efficiency projects, and we also increase the practical know-how of energy companies and financial institutions so that they, and the environment, can thrive in the future.

MARKET OUTLOOK

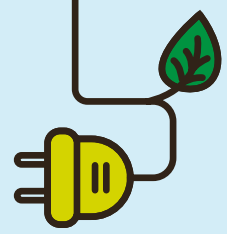
» WORLDWIDE ENERGY DEMAND ON THE RISE



WORLDWIDE ENERGY DEMAND ON THE RISE

World energy consumption is forecasted to increase by 28% between 2015 and 2040. Most of this increase is expected to come from non-OECD countries due to strong economic growth, increased access to energy and quickly growing populations. Over the same period and almost entirely due to emission growth in non-OECD countries, world energy-related CO₂ emissions are projected to increase at an average of 0.6% per year. This growth is slowed by increases in energy efficiency and a gradual shift from coal towards natural gas and renewable energy sources.¹ By targeting both energy efficiency and renewable energy generation, GCPF taps into the energy market potential while at the same time mitigating climate change.

¹ U.S. Energy Information Administration, *International Energy Outlook 2017*, September 2017



» ENERGY EFFICIENCY

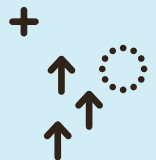
Non-OECD economies have a higher energy intensity than OECD economies, partially because they tend to be more focused on energy-intensive industries such as the manufacturing sector. Achieving the same output with less energy is key to sustainably meeting fast-growing energy demand. Efficiency gains offer an economically attractive answer to energy security and climate concerns while at the same time creating attractive investment opportunities in the area of green energy financing. Capturing the global energy efficiency opportunity will require global investments of around USD 50 billion a year over the next few decades.

» RENEWABLE ENERGY GENERATION

Energy consumption in non-OECD countries is expected to increase 41 % between 2015 and 2040.² With the rapid decrease in the cost of renewable energy (RE) technologies, RE generation accounts for the majority of new power generation facilities coming online. The policy drivers for RE in developing countries – energy diversification, local pollution and fast-growing power demand – remain robust. There is now more investment in renewables in emerging economies than in OECD countries. Annual investments in new RE capacity up to 2020 are expected to average USD 230 billion, with non-OECD members expected to attract over half of this total.

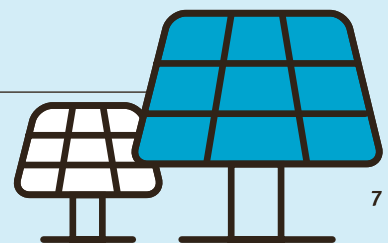
» ENERGY ACCESS THROUGH DISTRIBUTED GENERATION

Nearly 1.3 billion people in developing countries still need to gain access to electricity. Distributed Generation (DG), the production of electricity near its point of use, is the complementary alternative to the production of electricity in large centralized plants. Relying largely on renewable energy solutions, DG may serve single structures, such as homes or businesses, or larger commercial and industrial needs. DG encompasses off-grid solutions (solar lanterns, solar home systems, captive generation, rooftop solar, etc.) as well as on-grid/hybrid solutions (grid-connected microgrids or generation units). The global decentralized energy market potential outside the OECD is estimated at an additional USD 40 billion annually.³

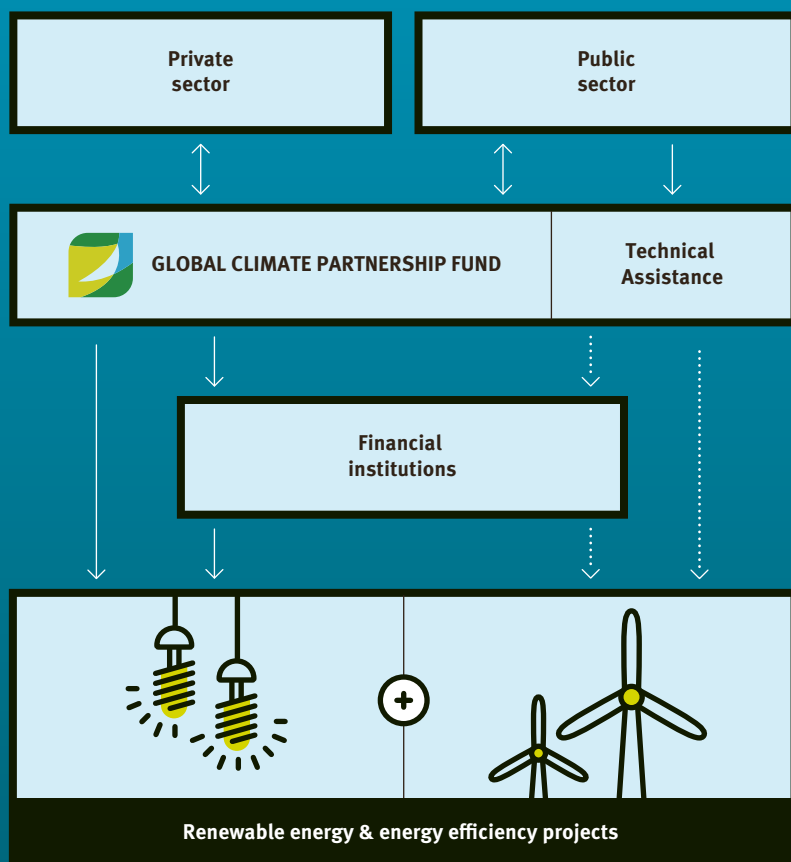


² U.S. Energy Information Administration, *International Energy Outlook 2017*, September 2017

³ Bloomberg New Energy Finance



HOW GCPF WORKS



The Global Climate Partnership Fund (GCPF) is an investment company under Luxembourg law. It was established by the German Federal Ministry for the Environment, Nature Conservation, Building and Nuclear Safety (BMUB) and KfW Entwicklungsbank in 2009 as a public-private partnership.

GCPF tackles the shortage of appropriate financing for low-carbon projects in developing economies.

The Fund focuses on financing energy efficiency and renewable energy projects for SMEs and private households in developing countries, primarily in cooperation with local financial institutions, but also directly. The Fund provides funding in areas that do not require subsidies to unleash their potential but remain insufficiently served by private capital providers.

Only projects that generate significant energy savings and pledge to reduce projected greenhouse gas emissions by 20% are eligible for funding. On the renewable energy side, the Fund targets projects that are beyond the reach of the traditional renewable energy financing providers due to their small size and perceived lower bankability.

Through its Technical Assistance Facility, GCPF provides know-how and project support for partner institutions to develop their green lending portfolio and bring projects to fruition.

Filling financing gaps

20 % CO₂ emission reduction

Technical support for partners

FUND PRINCIPLES – A LONG-TERM VIEW

Sustainability

For GCPF, sustainability is about combining economic and ecological principles to create lasting impact in both fields.

GCPF achieves sustainability:

- By financing economically sound investments, the Fund ensures that its capital is reused several times, thus increasing its impact.
- By introducing or enhancing innovative climate lending products of local banks, GCPF helps the financial sector to expand into the green energy financing space.
- With its economically sustainable set-up and measurable impact, GCPF is establishing itself as an attractive investment opportunity for both public and private investors.

Additionality

GCPF only provides resources to areas that currently lack appropriate funding. Thereby the Fund creates “additional” emission reductions that otherwise would not be realized.

HOW TO INVEST »» IN GCPF

GCPF unites different parties towards the common goal of climate change mitigation from an investment vehicle with a financial return. To achieve this, the Fund issues notes and Class A shares to private investors to leverage the two share classes oriented towards public investors.

PRIVATE INVESTORS BENEFIT FROM

- + a unique opportunity to invest in energy efficiency and renewable energy in developing countries
- + stable returns from a well-diversified portfolio
- + a floating interest rate with semi-annual interest payments
- + a first-loss risk cushion provided by more junior share classes funded through highly rated institutions

PUBLIC INVESTORS BENEFIT FROM

- + a unique opportunity to drive energy efficiency and renewable energy in developing countries via a financially sustainable vehicle
- + investments in carefully selected and monitored projects
- + multiplied impact, for each USD invested as capital is reused several times
- + funding leveraged by attracting private sector financing

THE GCPF CAPITAL STRUCTURE

Class C shares (first loss)	Target return: fixed rate or floating rate p.a. Duration: unlimited	Public	Governments, donors
Class B shares (mezzanine)	Target return: target dividend + complementary dividend	Public	Development Finance institutions
Class A shares (senior)	Duration: 5 – 15 years/tranche	Public + private	Development Finance institutions + qualified investors
Notes	Target return: floating rate interest rate of USD 6 months Libor plus a spread Duration: 5 – 7 years/tranche	Private	Qualified investors

“Our investment further
strengthens the relevance
of sustainable investments
in our portfolio.”

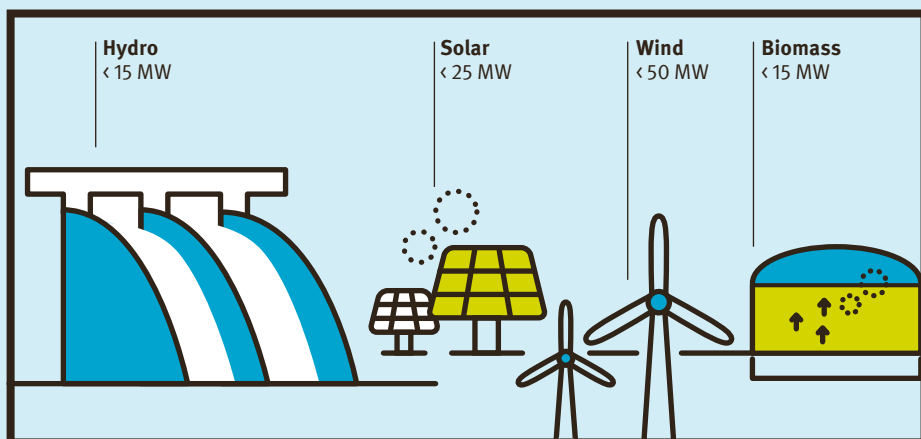


Christian Mosel,
CEO of Ärzteversorgung
Westfalen-Lippe

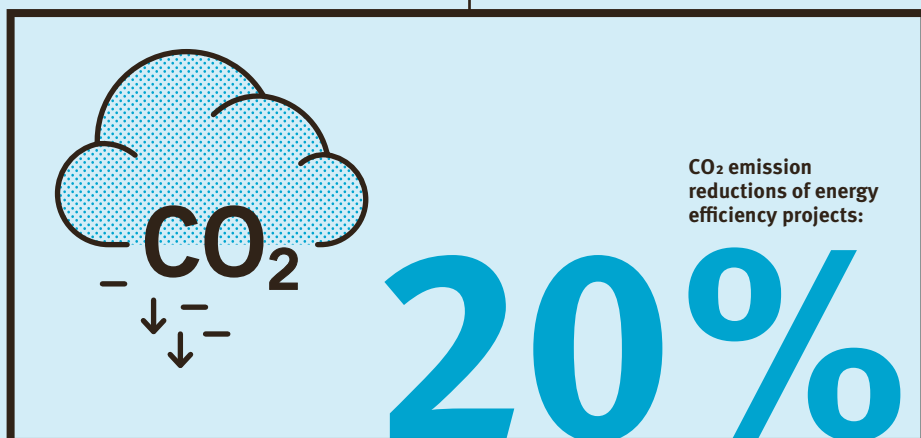
ELIGIBLE PROJECTS



RENEWABLE ENERGY



ENERGY EFFICIENCY









Renewable energy and **energy efficiency** projects across a range of loan sizes and sectors are eligible for GCPF funding.

All projects financed by the Fund should reduce carbon emissions by 20% and should comply with the requirements of GCPF's Environmental & Social Management System.

The Fund may only invest in non-high income countries, as defined by the World Bank.

EXAMPLES OF ELIGIBLE PROJECTS

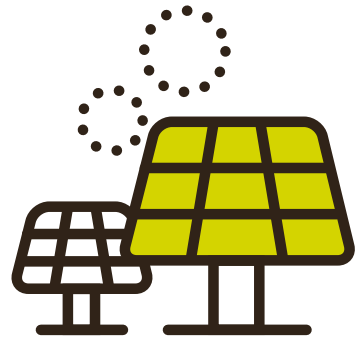
		RETAIL, MICRO AND SMALL ENTERPRISES	SMALL AND MEDIUM-SIZED ENTERPRISES	LARGE ENTERPRISES
	Agriculture	<ul style="list-style-type: none"> – Drip irrigation – Solar-powered water pumps 	<ul style="list-style-type: none"> – Agricultural equipment – Tractor replacement 	<ul style="list-style-type: none"> – Solar PV plant to power food processing factory
	Building	<ul style="list-style-type: none"> – Lighting upgrades – Solar thermal heaters 	<ul style="list-style-type: none"> – Heating, cooling and ventilation systems – Lighting upgrades 	<ul style="list-style-type: none"> – Building retrofits – Insulation
	Consumer appliances	<ul style="list-style-type: none"> – Air conditioners – Refrigerators 		
	Industrial	<ul style="list-style-type: none"> – Ovens for bakeries – Sewing machines 	<ul style="list-style-type: none"> – Production equipment – Office equipment 	<ul style="list-style-type: none"> – Industrial equipment upgrades – Commercial refrigeration
	Renewable energy	<ul style="list-style-type: none"> – Solar home systems 	<ul style="list-style-type: none"> – Power generation for self-consumption, e.g. solar PV – Biogas digesters 	<ul style="list-style-type: none"> – Hydro < 25 MW – Biomass < 25 MW – Wind < 50 MW – Solar PV < 25 MW
	Transport	<ul style="list-style-type: none"> – Hybrid cars – Electric cars 	<ul style="list-style-type: none"> – Fuel conversion from diesel to natural gas 	<ul style="list-style-type: none"> – Fleet upgrades

Size of loans

A middle-aged man with a mustache and short dark hair is smiling at the camera. He is wearing a light blue button-down shirt. Behind him are rows of solar panels and tall sugarcane stalks under a clear blue sky. A yellow safety vest is partially visible on the right side of the frame.

SWEET DEAL!

**Drip irrigation, solar panels
and energy-efficient pumps
for India's sugar cane farmers**



GROWING TO DIZZY HEIGHTS

India is the second-largest producer of sugar in the world. Cultivation of sugar cane on the sub-continent dates back over 3,000 years. Today, the perennial plant which can reach up to 6 metres is cultivated nearly all over the vast country.

Fifty million farmers and their families directly depend on the crop as a livelihood, the sugar industry provides direct and indirect employment to 2 million people.

With sugar cane, water management is key and farmers help their crop grow by providing irrigation. GCPF partner **RBL Bank** ensures this is done in a climate-friendly way.



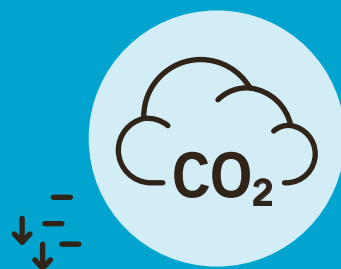
“I no longer depend on grid electricity, which is unreliable in villages and comes mostly at night.”

Laxman Pasare,
Karadga, Karnataka

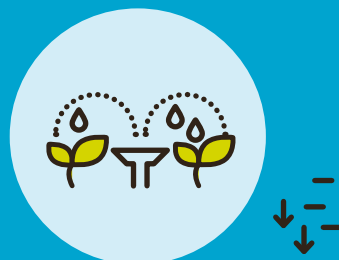


Karadga in the state of Karnataka, one of India's sugar heartlands: Laxman Pasare is proudly demonstrating his new energy-efficient water pump and micro irrigation system powered through four solar panels installed on his fields. Starting from the nearby well, the pump distributes water to every single sugar cane plant, releasing the liquid through tiny holes in the hose.

For Laxman, the commercial benefits are compelling: "With the drip irrigation system, crops grow up to 30% higher while using 40% less water. As the well no longer dries up towards the end of the season, I can grow vegetables all year and generate additional income."



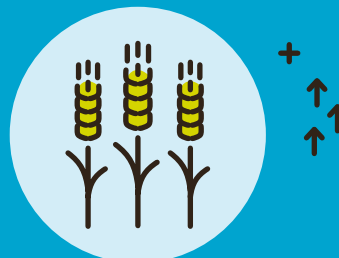
Energy-efficient pumps run on electricity generated by locally installed solar panels.



Drip irrigation releases tiny drops of water directly to the plants' roots, thereby avoiding wastage.



Sugar cane grows up to 30% higher thanks to efficient irrigation, leading to increased income.



Wells conserve their water longer into the dry period, allowing farmers to grow additional crops.

Manish, how did RBL Bank take energy loans to the rural segment?

We were looking for a solution that was related to clients' livelihoods as well as mitigating climate change. For sugar cane farmers, for instance, irrigation was the biggest challenge. Micro irrigation increases yields by 30 %, but requires energy for pumps – either expensive fossil fuel or electricity. Though the government provides free electricity for farmers, it is only available for 1 – 2 hours at a time.

How did solar systems get into the equation?

We started out financing energy-efficient pumps. Thanks to solar systems becoming affordable, we are now promoting solar pumps. They increase the availability of pumps to 6 to 8 hours a day – during the daytime, which is a great benefit to the farmers.



RBL BANK, INDIA

RBL Bank is one of India's fastest-growing private sector banks and services 4 million customers. Having started out with a strong focus on agriculture, the bank today offers all types of commercial banking. RBL Bank introduced GCPF-financed climate loans for the agricultural segment in 2013 and has since disbursed USD 21 million in the area.



“Today, 45 % of Indian agriculture uses irrigation. Out of these 45 %, only 5 – 7 % are water-efficient. The potential is enormous”

Manish Kumar,
Product Head,
Retail Agribusiness at RBL Bank



How did you design the lending model?

Sugar cane and irrigation companies help us reach out to their partner farmers, which drastically reduces the cost of delivery of the credit. The sugar cane companies then repay us after the harvest before paying their farmers.

What is the role funds like GCPF should play in the area?

By providing an optimal combination of long-term credit and technological support – like in the case of GCPF Technical Assistance – climate funds can help one of the biggest human-made contributors to climate change: agriculture.





SUN CATCHER

Enhanced energy security
and reduced reliance on
electricity imports in Namibia

SOLAR ENERGY FOR THE GRID

With an average of 10 hours of sunlight per day, Namibia has some of the best solar resources in the world. Until now, however, this potential has gone largely unexploited. As much as 40 % of the rural population lack access to energy and Namibia currently imports 60 % of the power it uses from neighbouring countries.

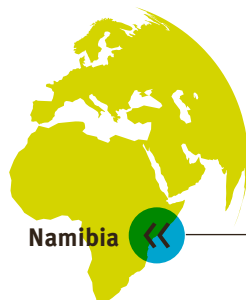
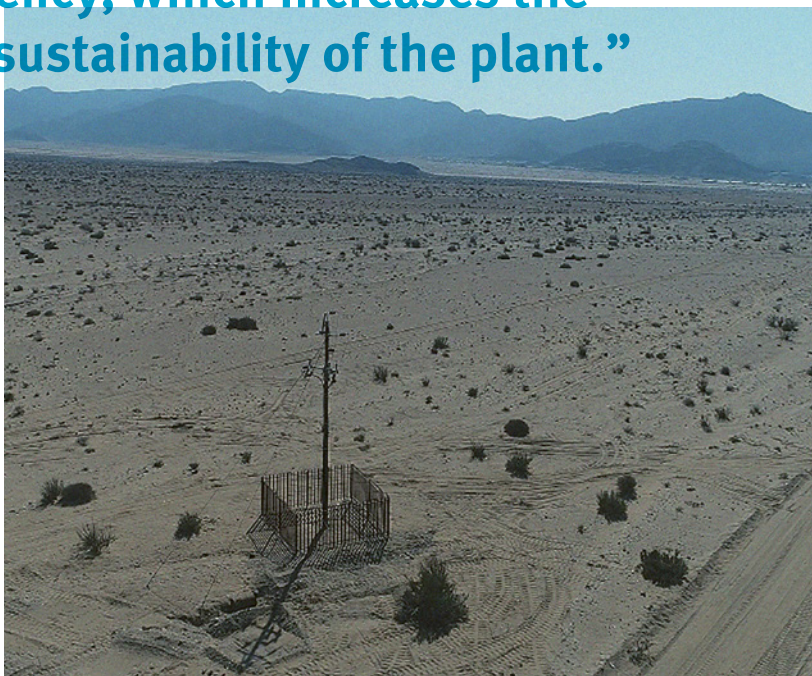
The solar PV farm in Rosh Pinah, developed by **AEE Power Ventures**, is part of the GCPF portfolio.

By feeding 13.5 GWh of electricity into the national grid on an annual basis, the plant helps to enhance energy security and reduce Namibia's dependence on electricity imports.

30 % of the project are owned by previously disadvantaged Namibians. In addition to offering a reliable energy supply, the project contributes to the local community by providing employment and promoting the transfer of skills.

“The financing solution allows the utilities company to buy power in local currency, which increases the financial sustainability of the plant.”

Miguel Zaldivar,
General Manager
AEE Power Ventures



Namibia



GREEN LIGHT

Pioneering climate loans in
Panama, the first focus is on
green buildings.

EXPANDING THE PORTFOLIO

While there have been some pilots and publicly financed experiential green lending in Panama, there is still little experience with dedicated green financing facilities for local banks.

In cooperation with GCPF, **Global Bank** is developing a niche in green lending focused on corporate green building while complementing this with other areas including small- to medium-scale renewable energy projects and energy efficiency investments particularly in the agriculture and industrial sectors.

The flagship investment under the GCPF facility is the bank's new LEED-certified head office building, Global Bank Santa Maria, the first green building the Fund is financing in Latin America.



“We view this partnership as a way to differentiate ourselves in the competitive local market.”

Jorge Vallarino Jr.,
Executive Vice President, Global Bank



EXPERT SUPPORT

Employing GCPF's Technical Assistance Facility, Global Bank has been working with a local energy consultant and integrator to obtain technical energy expertise for project identification, appraisal and eligibility verification. The consultant furthermore supports the bank in systematically offering and explaining the benefits of green loans to clients, thereby facilitating the creation of a green loan portfolio.





SOLAR FUTURE

Rooftop solar energy
for the Asian
corporate sector

ENERGIZING INDUSTRIAL PLANTS

Many companies find it challenging to reduce costs in a competitive environment. Having achieved cost parity with grid-connected power in most countries in Asia-Pacific, solar PV is now seeing explosive growth in demand.

Singapore-based **Cleantech Solar** helps commercial and industrial companies across Asia to exploit the potential of cost-effective solar power by financing, constructing, owning and operating solar PV projects across Asia.

In the case of a beverage company's manufacturing facility in Cambodia, Cleantech Solar took full project design, implementation and financing responsibility in a 20-year partnership. Today, 8,224 solar PV modules are capable of generating over 3,800,000 kWh of electricity per year, enabling the company in Cambodia to self-generate a significant part of its energy consumption. In addition, each kWh generated from the plentiful Cambodian sun means less CO₂ emissions for the company.



“We are helping corporates hedge against volatile power prices.”

Raju Shukla,
Cleantech Solar Co-Founder
and Executive Chairman



OFFERING FOR PORTFOLIO COMPANIES



FINANCIAL INSTITUTIONS

- Dedicated funding in the form of senior or subordinated debt at attractive conditions
- Mid- to long-term financing (usually between 5 and 10 years)
- Total facilities are usually between USD 10 million and USD 30 million (may be disbursed in several tranches)
- Access to a Technical Assistance Facility
- Financing of up to 49.9 % of tier 1 capital



RENEWABLE ENERGY AND ENERGY EFFICIENCY PROJECTS

- Direct funding in the form of senior debt (project finance as well as corporate loans)
- A typical loan size between USD 8 and 15 million
- Maturities up to 10 years, exceptions up to 15 years available for non-recourse project finance with a long-term power purchase agreement
- Primary focus in South/South-East Asia and sub-Saharan Africa, with investments in other regions possible

OPPORTUNITIES FOR FINANCIAL INSTITUTIONS

Strategic positioning

Banks that can position themselves as leaders in the green lending market benefit from a key branding advantage in increasingly competitive markets.

Long maturities

The long-term benefits of green investments are undisputed – but often remain out of reach because of a lack of long-term funding. Therefore, GCPF loans tend to have long maturities, which make such projects feasible in local financial markets.

Access to know-how

GCPF's Technical Assistance Facility is designed primarily to promote green lending activities by supporting the Fund's partners in creating successful products and projects.



TECHNICAL » ASSISTANCE

GETTING GREEN LENDING UP TO SPEED

Feedback from GCPF partner institutions across the developing world confirm: Technical know-how is crucial, for novices in the green energy arena as well as for experienced practitioners seeking to exploit its full potential.

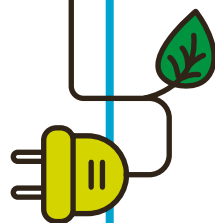
The Global Climate Partnership Fund is supported by its proprietary Technical Assistance Facility. Providing consultancy and individual support, Technical Assistance helps to overcome key challenges when launching financing for energy efficiency or renewable energy projects, including a lack of experience in identifying and evaluating the risk and return of individual investment opportunities.

Technical Assistance services are supplied by third-party providers with proven experience in their field, while the Fund's Technical Assistance team structures consultancy projects and ensures they meet the targets defined at the outset.

The Technical Assistance Facility finances all sorts of advisory support:

ASK GCPF:

- Best practice exchange
- Tailored system selection
- Alternative fuel options
- Building insulation standards
- Domestic policy trends
- Expert market assessment
- Vendor finance schemes
- International E&S best practices
- Project risk consultancy
- Independent consultancy
- Green building standards
- Identification of qualified suppliers
- Best practice advice
- Individual energy assessment



“We felt we had exploited the conventional potential of the area. GCPF put us in touch with the best local consultant who helped us take green lending to a higher level.”



Federico Chavarría,
Banco Promerica, Costa Rica

PROJECT »ASSESSMENT AND MONITORING

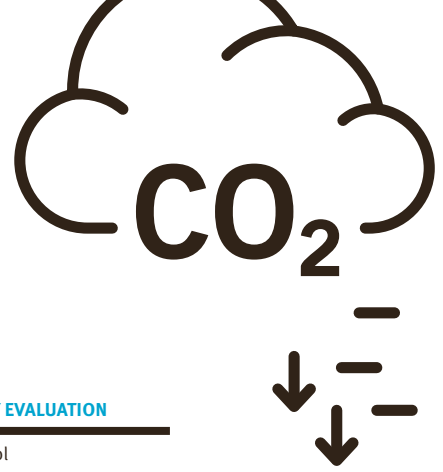
Given the wide variety of projects eligible for GCPF funding, the measurement and monitoring of emission reductions must strike the right balance between accuracy and practicality of implementation and is therefore adapted according to the size and nature of the project.

For example, reporting of small, standardized energy efficiency projects such as air conditioners is based on the equipment model. Larger, complex projects require a detailed energy analysis, which the Fund may finance through the Technical Assistance Facility.

To ensure that GCPF-funded projects meet the Fund's eligibility requirements, projects are subject to an ex ante assessment and ex post monitoring.

The investment manager's carbon reporting team reviews all loans reported by partner institutions. This responsibility team consists of engineers with broad experience in the design and construction of energy efficiency and renewable energy projects.

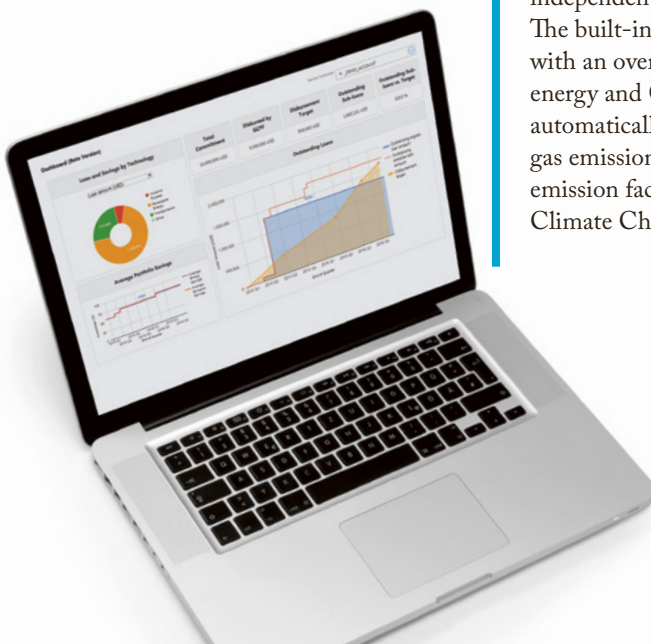
Partner institutions are continually assisted in the practical implementation of the GCPF reporting requirements. With several thousand sub-loans financed by GCPF every quarter, reporting and eligibility approval need to be efficient and error-proof, yet pragmatic enough for a challenging operating environment. The GCPF reporting tool is a central component of this process.



TYPE OF INVESTMENT	LOAN SIZE	BASIS FOR ELIGIBILITY EVALUATION
Energy efficiency/ standardized investments	< USD 150,000	– Carbon reporting tool
Energy efficiency/ non-standardized investments	> USD 150,000 < USD 500,000	– Technical data – Cost/benefit energy analysis
Energy efficiency/ comprehensive investments	> USD 500,000	– Technical data – Detailed energy analysis
Renewable energy (RE)	No minimum or maximum loan size	– Technical data – Mandatory detailed business plan

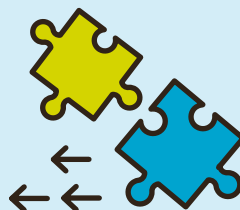
CARBON REPORTING TOOL

GCPF-funded projects are reported through a proprietary and user-friendly online tool that has been independently reviewed for accuracy and consistency. The built-in dashboard provides partner institutions with an overview of their on-lending progress as well as energy and CO₂ reductions. The carbon reporting tool automatically converts energy savings into greenhouse gas emission reductions using consistent data sources for emission factors such as the Intergovernmental Panel on Climate Change and the International Energy Agency.



BOARD OF DIRECTORS

Appointed by the GCPF shareholders, the Board of Directors has an oversight role and is responsible for defining GCPF's strategic direction. It has sole power to administer and manage the Fund.



INVESTMENT COMMITTEE

The Investment Committee is appointed by the Board of Directors. Its main function is to approve the investment decisions proposed by the investment manager and to monitor its other activities.

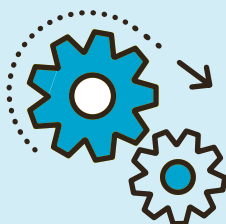
TECHNICAL ASSISTANCE COMMITTEE

Appointed by facility donors, the Technical Assistance Committee ensures that the Technical Assistance provided by GCPF supports the Fund's objectives and activities.



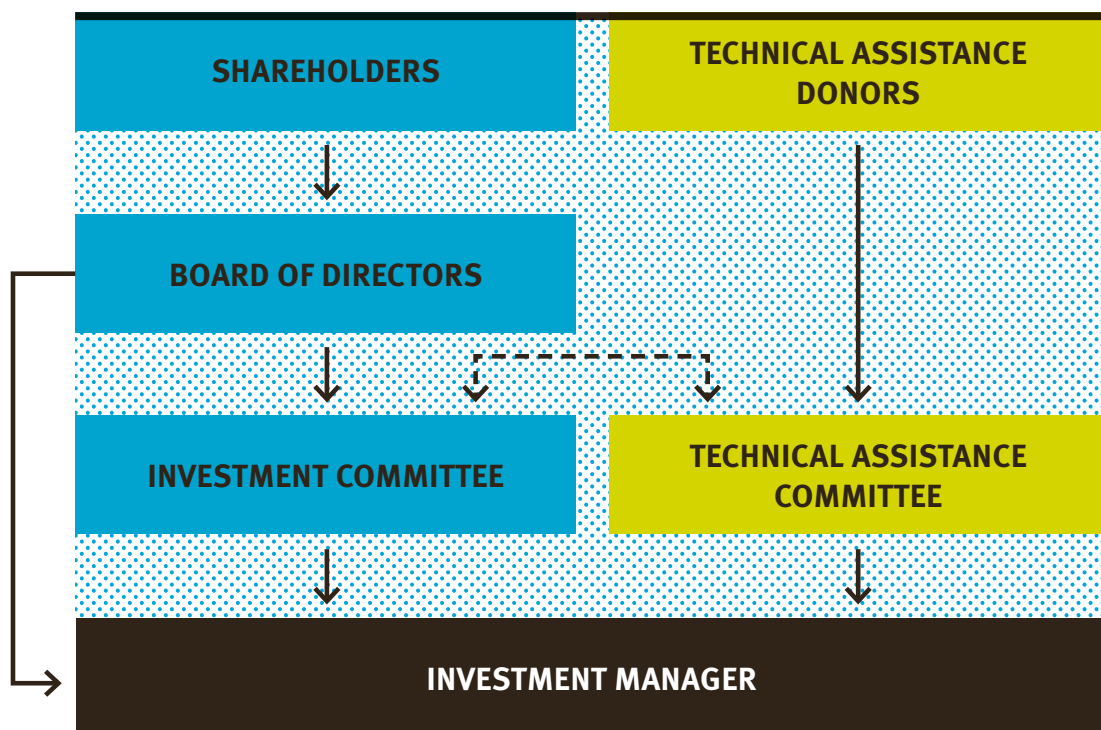
INVESTMENT MANAGER

responsAbility Investments is responsible for GCPF's business activities targeting both investors and portfolio companies, as well as managing the Technical Assistance Facility.



FUND » GOVERNANCE

GCPF's clear governance structure underscores its commitment to transparency and accountability.



ENVIRONMENTAL AND SOCIAL »» MANAGEMENT SYSTEM

GCPF manages social and environmental risks in operations by applying the highest recognized standards. The Fund's Environmental and Social Management System (ESMS) outlines the specific performance requirements with which all directly or indirectly funded projects must comply. The ESMS details how the Fund assesses compliance with environmental and social management requirements throughout the prescreening phase, the due diligence process and the subsequent monitoring over the course of the investment. The Fund may only finance IFC category A projects under certain strict conditions. The ESMS outlines corrective actions to be taken in case of discrepancies between the observed status quo and the requirements and defines social and environmental reporting standards for the Fund's stakeholders. The ESMS screening reflects the human rights, labour standards, environmental impact, impact on communities and corruption.

External audits of the ESMS are carried out periodically to identify any gaps in its scope or content.

INVESTEES MUST COMPLY WITH

- a social and environmental exclusion list
- locally applicable social and environmental laws
- IFC Performance Standards

AN EXPERT » INVESTMENT TEAM

CATERPILLARY ACCESS TO PROJECTS

- » in the areas of renewable energy and energy efficiency thanks to an unparalleled network of financial institutions in developing countries

MULTIFACETED FINANCING KNOW-HOW

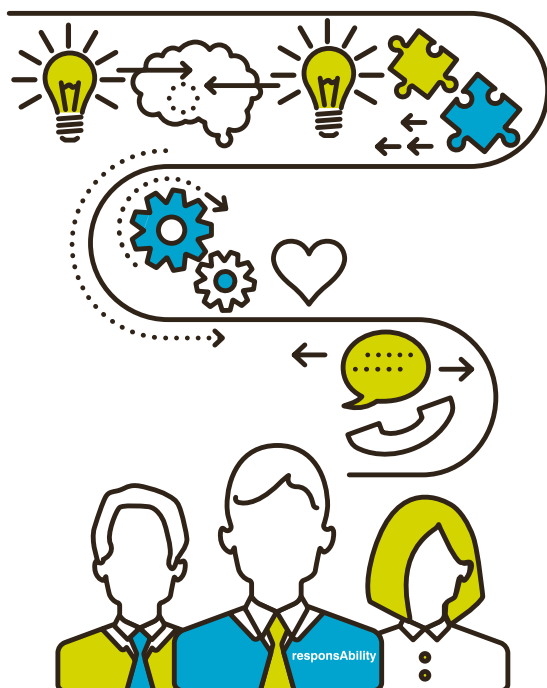
- » for financial institutions, growth companies and renewable energy projects in GCPF markets

IN-HOUSE TECHNICAL EXPERTISE

- » regarding energy solutions, combining engineering skills with experience of accompanying projects across four continents

GLOBAL NETWORK OF CONSULTANTS

- » to support portfolio companies with tailored advisory services designed to further develop diverse skill sets related to climate change mitigation



GCPF is managed by responsAbility Investments, a leading impact investor focusing on emerging economies with a global portfolio of partner institutions in 90 countries. A core team of experts dedicated to GCPF and based on four continents combines expertise in financing, energy and technical assistance to ensure that funded projects meet the Fund's CO₂ emission reduction and economic viability objectives.

CONTRIBUTING »» TO THE SDGs



The Sustainable Development Goals (SDGs), launched in 2016 by the United Nations, serve as a frame of reference for governments, NGOs, companies and investors, enabling public and private organizations to join forces in order to end poverty, protect the planet and ensure prosperity for all.

Relevant indicators

To effectively describe the Fund's impact, the investment manager uses a number of development impact indicators linked to the UN SDGs. The framework is based on a University of Cambridge Institute for Sustainability Leadership report¹ and distils the UN SDGs into six impact themes relevant to investors.

The Fund's impact

The Fund's main impact is in the field of climate stability through the reduction of greenhouse gas emissions. However, through its financing, the Fund's impact goes beyond climate change mitigation, with a positive impact on well-being, employment, resource usage as well as markets and infrastructure development in investee countries.

¹ University of Cambridge Institute for Sustainability Leadership (CISL)
In search of impact: Measuring the full value of capital. Cambridge, UK. (2016, May).

CLIMATE STABILITY



The Fund directly finances the provision of almost 700 GWh per year in clean energy. It also contributes to climate change mitigation by reducing CO₂ emissions by more than 450,000tCO₂/year. The Fund mobilizes private and public capital for climate finance. The demonstration effect of the Fund is expected to be conducive to the sustained participation of private investors in climate finance in developing countries.

BASIC NEEDS



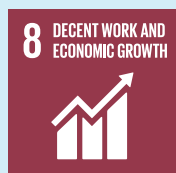
The Fund provides access to affordable and clean energy by extending loans dedicated to providing energy solutions (solar homes systems, solar appliances, etc.) to low-income households, directly or via financial institutions.

WELL-BEING



The Fund brings about improvements in health conditions by reducing domestic and ambient pollution levels, a leading cause of mortality among women and children in the developing world.

DECENT WORK



By investing in financial institutions, local companies and projects the Fund brings capital to developing countries, thus creating employment. By exploring new green lending products with financial institutions the Fund fosters innovation and economic growth.

HEALTHY ECOSYSTEM & RESOURCE SECURITY



The Fund supports sustainable use of resources, reducing a country's material footprint by replacing fossil fuel usage with renewable energy.

MARKETS & INFRASTRUCTURE



The Fund supports industry innovation towards more sustainable and efficient technologies and develops countries' infrastructure by supporting clean energy production.

IMPRINT

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April 2018

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**GCPF
ANNUAL
REPORT**
2017

2017



**GLOBAL CLIMATE
PARTNERSHIP FUND**
managed by responsAbility

»» CONTENTS

GCPF ANNUAL REPORT 2017

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“In 2017, GCPF has grown by nearly 50 % and is now firmly established as an important player in the climate finance sector.”

Claudia Arce,
Chairperson of the Board



2017 has been a successful year for the Global Climate Partnership Fund on more than one level:

Funding commitments to GCPF increased by 48% or USD 200 million to a total of USD 616 million at year-end. Importantly, the share of private investors in the Fund doubled to over 30% of total liabilities.

Over the same period, GCPF further diversified its investment portfolio, adding 9 partner institutions and bringing the number of investment markets up to 22 across four continents. At the end of 2017, GCPF's 30 partner institutions had disbursed sub-loans amounting to USD 137 million, a 53% increase over 2016.

As a result, investment volume grew by 43%, the highest year-on-year growth seen in

the past five years. With USD 482 million invested volume at the end of 2017, the psychologically important USD 500 million threshold was crossed in early 2018, establishing the Fund as a successful major player in the climate finance sector open to private investors.

In line with GCPF's mission to mitigate climate change, projects financed since inception of the Fund contributed over 10 million t of CO₂ lifetime savings. Projects financed in 2017 contributed 1.7 million t of CO₂ to this total.

This strong growth reflects the confidence of both public and private investors in GCPF's ability to scale up climate financing in developing countries with the objective to effectively combat climate change while delivering attractive returns for investors.

THE GLOBAL CLIMATE PARTNERSHIP FUND

» 2017



10.1 m t

Total expected lifetime
CO₂ reduction for
projects financed since
inception of the Fund



USD 482 m

invested capital



22

investment
countries



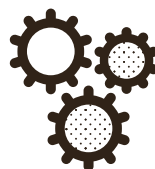
53,404

sub-loans disbursed
by partner
institutions since
inception



30

partner institutions



44

Technical Assistance
projects initiated
in 2017 to promote
green lending

HIGHLIGHTS

»» 2017

Ten million t of CO₂ lifetime savings:

Total expected lifetime CO₂ reductions for all projects financed by the Fund since inception reached 10 million t in 2017 – the equivalent of total CO₂ emissions of Tanzania for 2015.

Forty-four % growth in invested volume:

The volume invested by the Fund increased from USD 335 million at the end of 2016 to USD 482 million at the end of 2017, the highest year-on-year growth in invested volume in the past five years.

Increased geographical reach:

GCPF further expanded its network in 2017, adding nine new partner institutions – Ameriabank, Armenia; Banco Davivienda, El Salvador; CIFI and Global Bank, Panama; Hatton National Bank, Sri Lanka; Aloe Investments, Namibia; Mobisol, Tanzania; Cleantech Solar, active across Asia; and Ganesh, India – in new markets – Armenia, El Salvador, Namibia and Panama.

New financing structure employed:

GCPF closed its first project finance-type transaction for a 5 MW solar power plant project in Namibia. The plant became operational in mid-2017 and has started delivering electricity to consumers.

Landmark transaction closed:

In one of the largest special purpose vehicle debt transactions in the off-grid solar market to date, GCPF co-financed Tanzania-based Mobisol, a leader in the off-grid solar space. This off-balance-sheet structured receivable financing facility was the first closed by GCPF.

Share of private investments doubled:

2017 saw a USD 124 million increase in private investments in the Fund – from existing investors Ärzteversorgung Westfalen-Lippe and ASN Bank, a new individual private investor and responsibility-managed fund – bringing the share of private investors to over 30% of total liabilities.

Substantial increase in Class A and Class B shares:

GCPF secured USD 75 million of commitments in Class A and Class B shares from the European Investment Bank (EIB), which can be drawn down over a five-year period.

Technical Assistance boosted:

The GCPF Technical Assistance Facility initiated 44 new projects with existing and potential investees. In order to inspire financial institutions to tap the green lending potential in their market segments the Technical Assistance unit developed a dedicated green lending guide for practitioners.

EUROPE/ASIA

Mongolia

XacBank

Ukraine

Ukreximbank

Georgia

TBC Bank

Armenia

Ameriabank

Turkey

Şekerbank

Bangladesh

The City Bank

Southeast Bank

India

RBL Bank

SREI Infrastructure Finance

Sri Lanka

Hatton National Bank

Pan Asia Bank

Vietnam

VietinBank

Cambodia

Prasac

Singapore

Cleantech Solar

AFRICA

Kenya

Chase Bank

Tanzania

Mobisol

Off Grid Electric

Namibia

Aloe Investments

South Africa

Cronimet



INVESTMENT UNIVERSE

»» USD 482 M
INVESTED IN
22 COUNTRIES
GLOBALLY



LATIN AMERICA

Honduras

Banco Atlántida

El Salvador

Banco Davivienda

Dominican Republic

Banco Promerica

Nicaragua

Banpro

Costa Rica

Banco Promerica
Costa Rica

Panama

CIFI
Global Bank

Ecuador

Banco Pichincha
Banco ProCredit

Brazil

Banco Pine

Figures in USD m

INVESTMENT PORTFOLIO

**Disbursed investments
by partner institution**
Outstanding amount
(USD m)

Şekerbank	30	Cleantech Solar	20	HNB	10
SREI Infrastructure Finance	30	RBL Bank	20	Banco ProCredit	6
The City Bank	30	Southeast Bank	20	Banco Promerica Dominican Republic	5
Ukreximbank	30	Banco Atlántida	15	Prasac	5
Pan Asia Bank	27	Banco Pichincha	15	Mobisol	4
Banpro	25	Banco Davivienda	15	Cronimet	1
TBC Bank	25	XacBank	15	Off Grid Electric	1
VietinBank	25	Global Bank	13	Ganesh	0*
CIFI	23	Aloe Investments	13		
Banco Promerica Costa Rica	20	Ameriabank	10		
Chase Bank	20	Banco Pine	10		
Total USD m					482**

**Disbursed investments
by country**
Outstanding amount
(USD m)

Bangladesh	50	Kenya	20
India	50	Singapore***	20
Sri Lanka	37	El Salvador	15
Panama	36	Honduras	15
Turkey	30	Mongolia	15
Ukraine	30	South Africa	13
Georgia	25	Armenia	10
Nicaragua	25	Brazil	10
Vietnam	25	Cambodia	5
Ecuador	21	Dominican Republic	5
Costa Rica	20	Mauritius	5
Total USD m		482****	

*
USD 2.4 million committed but not yet
disbursed

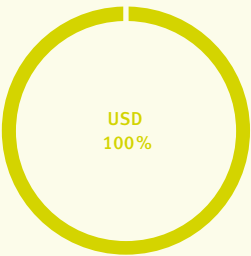
**
Individual figures and totals represent the
value with the smallest rounding error.

Corporate loan to a Singapore holding
company. The holding company has
9 months to utilize the capital for projects
located in South and South-East Asia.
Once capital will be allocated to projects,
the country will be adjusted.

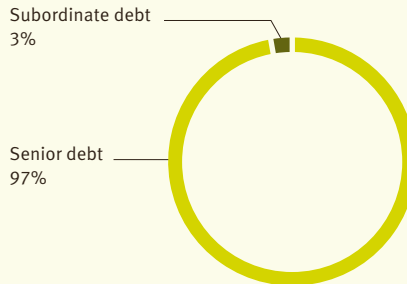
All figures are rounded.

GCPF's invested volume grew by USD 147 million to USD 482 million in 2017, a year-on-year increase of 43 %. Contributing to this were USD 107 million and USD 65 million of disbursements to new and existing counterparties, respectively, with repayments accounting for the difference between the amount disbursed and the growth in investment volume. The investment portfolio was further diversified geographically and now covers 22 countries across four continents.

Disbursed investments
by currency

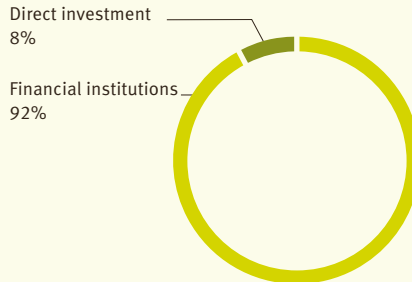


Disbursed investments
by financial instrument



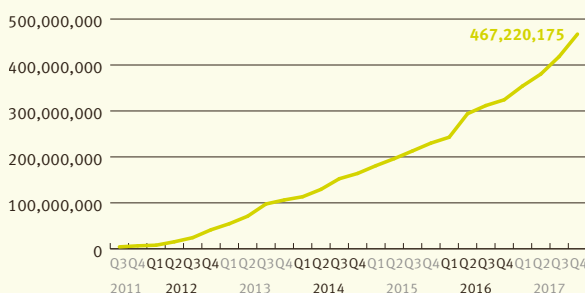
The Fund's portfolio consists only of USD exposures and bears no direct currency risk. Financial institutions account for 92% of the portfolio. GCPF has increased its share of DI investments from 2% in 2016 to 8% in 2017 by disbursing USD 36 million to three new counterparties in Africa and Asia.

Disbursed investments
by type of partner
institution

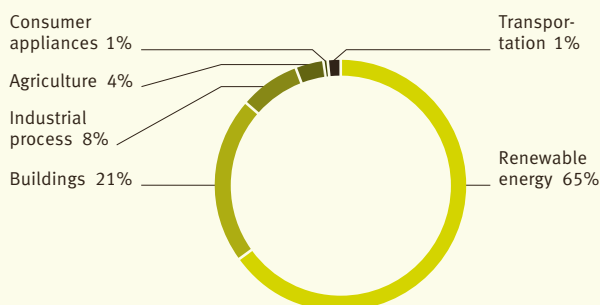


ENERGY AND CO₂ EMISSION REDUCTIONS

Cumulative value of disbursed sub-loans, since inception (USD)



Annual CO₂ reductions by technology since inception*

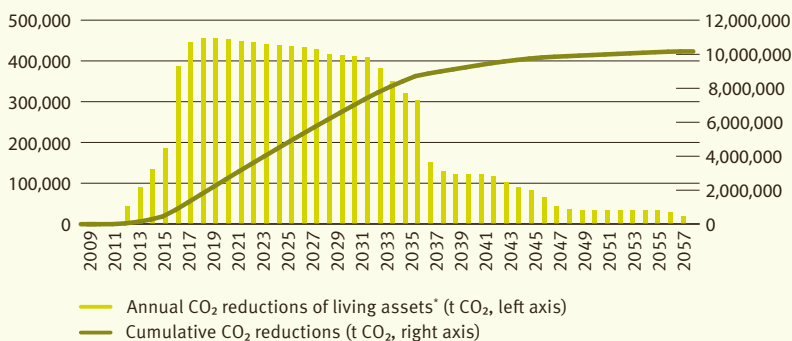


In 2017, GCPF's partner institutions disbursed sub-loans with a value of over USD 137 million, an increase of 53 % compared to 2016. The average loan size has increased due to a decrease in consumer appliances loans with relatively small average size. Since inception, the Fund disbursed more than 53,400 sub-loans with a cumulative total value of over USD 467 million. While the share of funds allocated to renewable energy projects has increased in the last two years, the energy efficiency projects continue to constitute the majority of the Fund's portfolio representing 61 % of the total on-lent amount since inception.

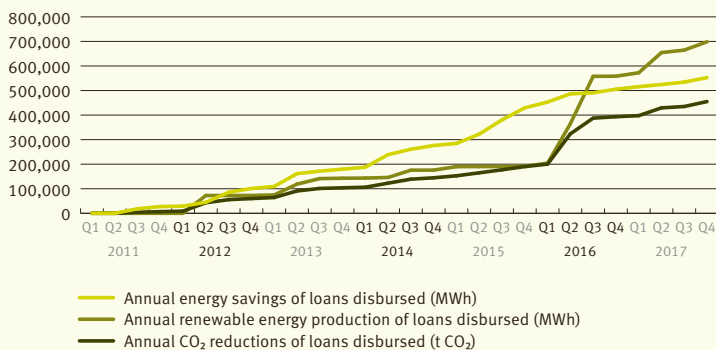
The total annual renewable energy production from projects financed by the Fund amounted to almost 700 GWh by the end of 2017. The sub-loans disbursed in 2017 contributed to over 140 GWh to this total. The increase of capacity in production mainly came from the financing of small-scale solar and biogas projects.

In addition, energy efficiency projects financed by the Fund

Projected lifetime CO₂ savings of financed assets



Annual energy savings, renewable energy production and CO₂ reductions of portfolio*



are expected to generate energy savings of over 550 GWh annually. The sub-loans disbursed in 2017 contributed with about 72 GWh compared to 80 GWh in 2016. The slight decrease is due to increased financing of green buildings which have a low investment efficiency.

As of the end of 2017, the total expected lifetime CO₂ emission reductions for all projects financed by the Fund since inception amount to over 10 million t of CO₂. Projects financed in 2017 contributed 1.7 million t of CO₂

to this total, a decrease compared to 2016 given the lower amount of renewable energy produced by projects financed during the year.

The impact of the GCPF portfolio is reviewed by an external auditor every three years according to the external quality assurance system embedded in the GCPF project assessment and monitoring framework. The last portfolio review in 2016 recognized a high degree of completeness in the design of the methodology.

* Only includes financed assets still generating savings.

PARTNER INSTITUTIONS

Institution facts

Partner institution	Country	Type of projects funded	Disbursements to GCPF-funded eligible projects since inception (USD)
Ameriabank	Armenia	Mainly corporate energy efficiency loans, such as industrial and agricultural processes upgrades	–
Banco Atlántida	Honduras	Small hydropower projects	15,000,000
Banco Pichincha	Ecuador	Mainly energy-efficient appliances such as washing machines and fridges. The opportunity to finance energy efficient vehicles is being reviewed.	79,366,226
Banco Pine	Brazil	Energy efficiency measures for industrial processes	9,527,319
Banco ProCredit	Ecuador	Mainly small/mid-size SME loans for equipment replacement, ranging from bakery ovens to sewing equipment, workshop machines, plotters, tractors, taxis	14,403,819
Banco Promerica CR	Costa Rica	Predominantly RE (PV/hydro) and bus fleet replacements	12,604,953
Banco Promerica DR	Dominican Republic	Targeting solar PV and consumer lending for energy-efficient appliances	2,773,670
Banpro	Nicaragua	Projects across all sectors, ranging from commercial AC replacement projects, through industrial process upgrades and car replacement projects to solar PV projects – from small to 1MW scale	26,076,469
Chase Bank	Kenya	The bank has not reported any loans given the receivership situation.	–
CiFi	Panama	Renewable energy projects – mainly biomass and solar PV	2,100,000
Banco Davivienda	El Salvador	Renewable energy projects – mainly solar PV	3,103,503
Hatton National Bank	Sri Lanka	Not applicable – GCPF partner as of September 2017 – most likely the institutions will finance renewable energy projects.	–
Pan Asia Bank	Sri Lanka	Hybrid cars are accounted for 100 % of the reported green lending portfolio.	23,627,001
Prasac	Cambodia	Mainly EE farming equipment, SHS and energy-efficient consumer appliances	7,061,774
RBL Bank	India	Primarily efficient pumping and drip irrigation systems for smallholders. In addition, one solar PV equipment supplier has also been financed.	20,882,907

¹ Compliance with GCPF's social and environmental exclusion list and maintenance of a social and environmental management system: last check

² World Bank, 2016 figures

³ Gross domestic product at purchasing power parity, per capita, World Bank, figures for 2016

⁴ Gross domestic product growth, constant prices, local currency, World Bank, figures for 2016

⁵ OECD Air and GHG emissions, 2015 figures

Compliance confirmed ¹	Country facts				
	Population (m) ²	GDP (USD m) ³	GDP growth ⁴	Total CO ₂ emissions (t) ⁵	CO ₂ emissions per capita (t) ⁶
December 2016	3.0	8,833	0.2 %	4,700,000	1.6
June 2017	9.1	4,737	3.6 %	9,200,000	1.1
June 2017	16.4	11,242	-1.6 %	37,600,000	2.3
June 2017	207.7	15,124	-3.6 %	450,800,000	2.2
May 2017	16.4	11,242	-1.6 %	37,600,000	2.3
June 2017	4.9	16,610	4.3 %	6,900,000	1.4
June 2017	10.6	15,205	6.7 %	21,400,000	2
June 2017	6.2	5,540	4.7 %	5,100,000	0.8
June 2017	48.5	3,155	5.8 %	14,100,000	0.3
August 2017	4.0	23,009	4.8 %	10,700,000	2.7
December 2016	6.3	8,617	2.4 %	6,500,000	1.1
August 2016	21.2	12,552	4.4 %	19,500,000	0.9
June 2017	21.2	12,552	4.4 %	19,500,000	0.9
June 2017	15.8	3,737	7.0 %	8,000,000	0.5
June 2017	1,324.2	6,571	7.1 %	2,066,000,000	1.6

⁶ OECD Air and GHG emissions, 2015 figures





Institution facts

Partner institution	Country	Type of projects funded	Disbursements to GCPF-funded eligible projects since inception (USD)
Şekerbank	Turkey	Mainly insulation projects, but also some tractors and solar thermal installations for agricultural clients	64,887,181
Southeast Bank	Bangladesh	Primarily energy efficiency projects in the ready-made garment sector, financing equipment such as label weaving machines, dryers, irons and washing machines	13,394,397
SREI	India	One large 50 MW wind-power plant reported, accounting for 2m tonnes of the Fund's lifetime savings	30,000,000
TBC Bank	Georgia	Focus is on RE energy projects – this far only small-scale hydropower plants	9,000,000
The City Bank	Bangladesh	Mainly energy efficiency projects in the ready-made garment sector, financing equipment such as label weaving machines, dryers, irons and washing machines	19,265,815
Ukreximbank	Ukraine	Several RE projects, mainly solar PV, as well as industrial process loans	30,000,000
VietinBank	Vietnam	Mainly industrial processes upgrades in various industries, pharmaceutical, plastic and agricultural sector. Going forward, the GCPF scope will be mainly on small-scale hydro.	13,646,735
XacBank	Mongolia	A variety of projects, mainly linked to the building sector, such as insulation and windows, mortgages for energy-efficient housing, and boiler replacement. Also hybrid cars have been reported, using a baseline study financed by the TA facility.	20,050,448
Global Bank	Panama	Targeting green buildings for a new green lending product, as well as renewable energy projects	10,400,000
Cronimet	South Africa	Off-grid solar PV installation for a chromium mine in South Africa. The PV substitutes part of the electricity which would otherwise be produced by diesel generators.	2,830,000
Off Grid Electric	Tanzania	Off-grid solar home system distributor. The systems are sold together in packages with energy-efficient appliances (e.g. LEDs, TVs, fans).	1,217,959
Aloe Investments	Namibia	Grid-connected PV installation	8,600,000 ⁸
Cleantech Solar ⁷	Pan-Asia	Rooftop solar projects in various countries in South-East Asia	–
Mobisol	Tanzania	Financing of receivables of credit sales of SHS and appliances to households and SMEs in Tanzania	3,500,000

¹ Compliance with GCPF's social and environmental exclusion list and maintenance of a social and environmental management system: last check

² World Bank, 2016 figures

³ Gross domestic product at purchasing power parity, per capita, World Bank, figures for 2016

⁴ Gross domestic product growth, constant prices, local currency, World Bank, figures for 2016

⁵ OECD Air and GHG emissions, 2015 figures

Country facts	Country	Compliance confirmed ¹	Population (m) ²	GDP (USD m) ³	GDP growth ⁴	Total CO ₂ emissions (t) ⁵	CO ₂ emissions per capita (t) ⁶
	United Kingdom	June 2017	79.5	25,247	3.2 %	317,200,000	4.1
	France	June 2017	163.0	3,580	7.1 %	70,500,000	0.4
	Germany	June 2017	1,324.2	6,571	7.1 %	2,066,000,000	1.6
	Spain	June 2017	3.7	10,005	2.8 %	8,400,000	2.3
	Italy	June 2017	163.0	3,580	7.1 %	70,500,000	0.4
	Poland	June 2017	45.0	8,270	2.3 %	189,400,000	4.2
	Czech Republic	June 2017	92.7	6,296	6.2 %	168,300,000	1.8
	Sweden	October 2017	3.0	12,252	1.2 %	17,200,000	5.8
	Denmark	July 2017	4.0	23,009	4.9 %	10,700,000	2.7
	Belgium	June 2017	55.9	13,197	0.3 %	427,600,000	7.8
	Netherlands	June 2017	55.6	2,786	7.0 %	11,600,000	0.2
	Australia	April 2016	2.5	10,625	1.1 %	3,800,000	1.6
	Canada	June 2017	–	–	–	–	–
	United States	July 2017	55.6	2,786	7.0 %	11,600,000	0.2

⁶ OECD Air and GHG emissions, 2015 figures

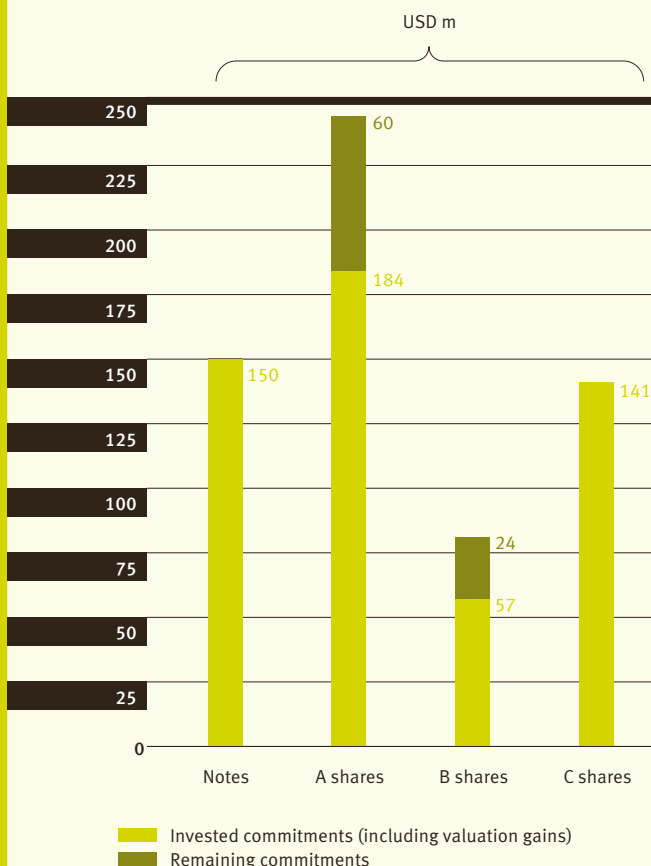
⁷ The holding company based in Singapore has 9 months to utilize the capital for projects located across

South and South-East Asia. Once capital is allocated to a specific project, the respective country will be added to the list.

⁸ GCPF extended a loan of USD 12.5 m to a conduit bank to serve as a guarantee to fund the renewable project in local currency. The actual amount allocated to the project is USD 8.6 m.

FUNDING SITUATION

Split of commitments and subscriptions according to share class/notes

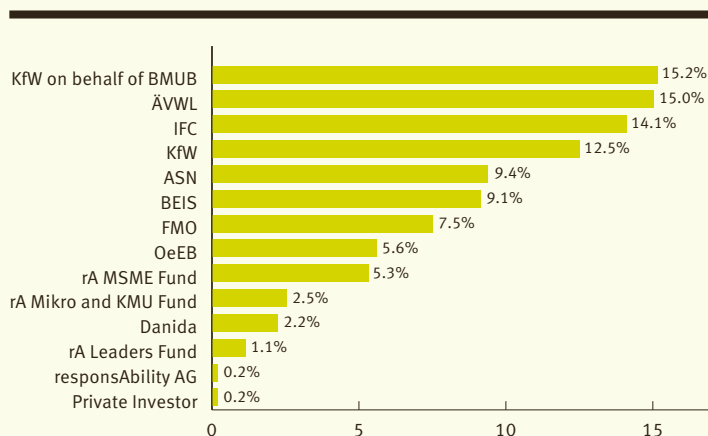


NB: Figures are rounded.

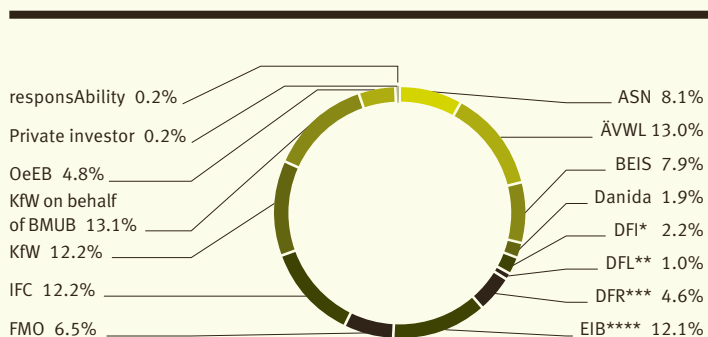
As of the end of 2017, funding commitments to GCPF totalled USD 616 million resulting in an increase of USD 200 million for the year. Out of the total commitments USD 532 million were subscribed. During the year the Fund has raised notes capital from responsibility-managed funds and one additional private investor and increased the existing subscription with the Dutch bank ASN and the German Pension Fund AVWL. Consequently the share of private investors doubled in 2017 bringing it to over 30% of the total liabilities. The Fund also raised additional Class A and Class B shares from EIB and responsibility-managed funds.

Subscribed capital by investor (%)

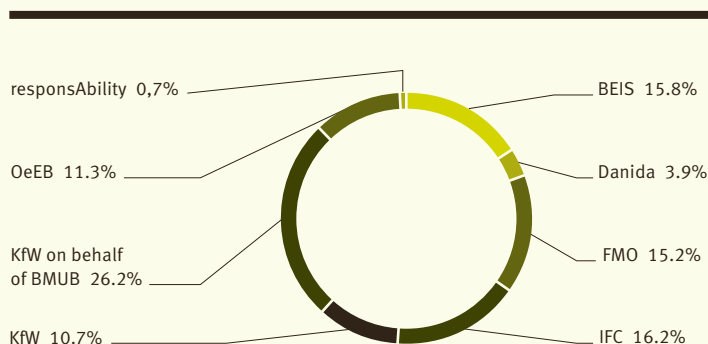
Note: In percentage of total drawn amount plus notes at nominal



Current split of investments committed to GCPF



Shareholder structure based on voting rights



* RESPONSABILITY SICAV (LUX) MIKRO- UND KMU FINANZ FONDS

** RESPONSABILITY SICAV (LUX) MICRO AND SME FINANCE LEADERS

*** rA MICRO AND SME FINANCE FUND

**** Funds from EIB were committed but not yet disbursed

TECHNICAL ASSISTANCE

TAILORED SUPPORT FOR PARTNER INSTITUTIONS

2017 was an exceptional year for the Global Climate Partnership Fund's Technical Assistance (TA) Facility. Thanks to the contribution from the UK Department for Business, Energy and Industrial Strategy (BEIS) as well as a contribution from the Fund's income, the Facility's funding situation is secured for the coming years.

This allowed the TA Manager to focus on streamlining processes and entering into framework contracts with specialized consultants to meet recurrent consultancy demand for GCPF partner institutions. Under clear predefined eligibility criteria and capped funding thresholds, the Manager can inform potential and existing partner institutions about such standard offerings, which will complement the tailored TA projects going forward.

THE GCPF TECHNICAL ASSISTANCE FACILITY

The GCPF Technical Assistance is key to the success of improved energy efficiency and the growth of renewable energy markets in the target countries. The GCPF Technical Assistance Facility helps bridge knowledge gaps and supports GCPF in fulfilling its role as a market enabler.

The Technical Assistance Facility is set up independently from the Fund. Its activities are overseen by the TA Committee (*see p. 20*), which acts at arm's length from the Fund.

The Facility is managed by a dedicated team within the investment manager responsAbility Investments. It initiates projects in close cooperation with GCPF partner institutions. Consultancy services are implemented by third-party providers who are selected through a tender process.

GCPF TECHNICAL ASSISTANCE FACILITY: KEY FIGURES 2017

Projects managed (ongoing and completed)	45
Projects approved	44
Funds disbursed	USD 0.7 m
Funding approved	USD 2.6 m
Partner institutions supported	24 (out of 30)
Consultants hired	15

In the course of 2017, 44 new Technical Assistance projects were approved, an increase of over 175 % compared to 2016. Among others, GCPF entered into a partnership with UN Environment to develop country-specific baseline studies which aim at facilitating the reporting of standard measures for vehicles and appliances in different markets. GCPF will benefit from this collaboration in terms of having a consistent calculation methodology and cost-efficient delivery of baseline data.

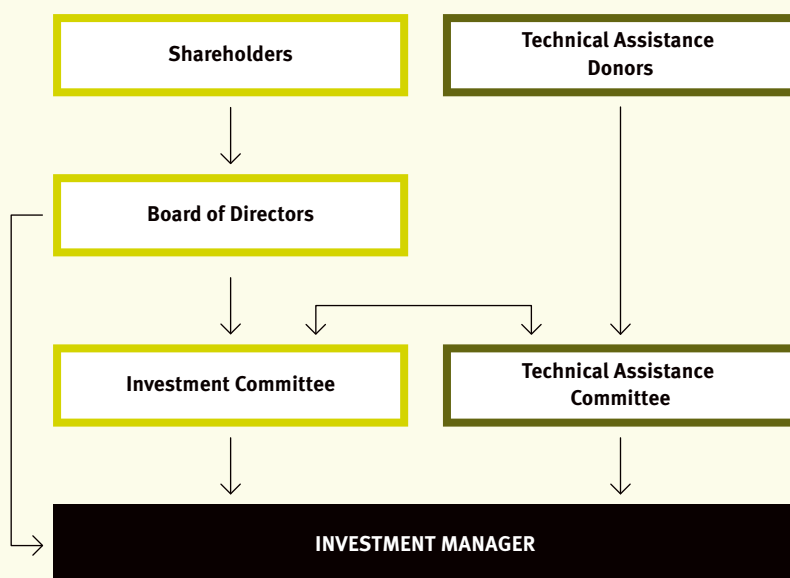
The USD 2.6 million of new funds approved include the funding of standardized measures which are expected to be disbursed over a time frame of 1–3 years. To communicate the availability of these measures to partner

institutions, a series of leaflets have been developed.

In order to raise awareness for the TA offering, the TA Manager furthermore increased its communication activities towards existing and potential partner institutions. This includes the development of a green lending guidebook designed to enable bank staff to quickly understand the opportunity of climate loans within their daily business and to recommend adequate measures to their clients.

The TA Manager furthermore continued its efforts to create a platform for peer exchange within the green lending community that will go live in 2018.

FUND GOVERNANCE



Board of Directors

Appointed by the GCPF shareholders, the Board of Directors has an oversight role and is responsible for defining GCPF's strategic direction. It has sole power to administer and manage the Fund.

- Claudia Arce, Chairperson
- Sharmila Hardi
- Constanze Kreiss
- Cornelis van Aerssen
- James McEwen

Investment Committee

The Investment Committee is appointed by the Board of Directors. Its main function is to approve the investment decisions proposed by the investment manager and to monitor its other activities.

- Dr Claudia Loy, Chairperson
- Judith Brandsma
- Dr Juan Alario
- Lydia Schot

Technical Assistance Committee

Appointed by facility donors, the Technical Assistance Committee ensures that the Technical Assistance provided by GCPF supports the Fund's objectives and activities.

- Constanze Kreiss
- Ritu Kumar

Claudia Arce (since 2015)

is Director for South Asia at KfW Group and has ample experience in climate change and energy efficiency financing through public-private partnerships.

Juan Alario, PhD (since 2017)

is an independent project advisor in energy matters with 30 years of experience in project evaluation and financing for the European Investment Bank.

Judith Brandsma (since 2015)

has been a member of GCPF's Investment Committee since 2015. She has more than 20 years of experience in financial sector development, at the World Bank and as an independent advisor to international development finance institutions.

Sharmila Hardi (since 2017)

is the Global Head of IFC's Banking, Small and Medium Enterprise Business line, SME Finance Forum and the Banking on Women product and has had 25 years of experience in financing with IFC.

Constanze Kreiss (since 2015)

is a qualified banker with ample experience in development finance, Constanze joined KfW in 2008 and specializes in financial sector development.

Ritu Kumar (since 2015)

is Director of Environmental and Social Responsibility at the UK development finance institution CDC Group. Ritu has over 25 years of experience in managing environment and social issues in emerging markets.

Claudia Loy, PhD (since 2010)

As KfW's Sustainability Officer, she heads the bank's centre of competence for environmental and social sustainability.

James McEwen (since 2016)

is Finance Director of the Legal Aid Agency, which is part of the UK's Justice Department. At the former Department of Energy & Climate Change, James served as Head of Financial Strategy and as a Director for Energy Efficiency and Fuel Poverty.

Lydia Schot (since 2017)

has over 20 years of experience in a project development and financing environment, mainly in the energy sector in the emerging markets of Africa, Eastern Europe and Asia. Lydia is currently a commercial manager at Eneco and prior to that she was a senior project development manager at IFC InfraVentures where she co-developed a number of infrastructure projects in Eastern Africa.

Cornelis van Aerssen (since 2016)

In his role as Senior Investment Officer at FMO, he arranges syndicated loans for financial institutions in Africa, Asia, Europe and Latin America and has ample experience in funding financial institutions in Eastern Europe and Central Asia.

GCPF's clear governance structures underscore its commitment to transparency and accountability.

AN EXPERT INVESTMENT TEAM

responsAbility Investments AG, a globally leading asset manager in the field of development investments, is responsible for running GCPF's business activities and for managing the Technical Assistance Facility. Headquartered in Zurich, Switzerland, and with local offices across four continents, responsAbility manages 14 investment vehicles.

Extensive networks

As a leading private sector investor in micro and SME finance, responsAbility has developed strong and long-standing working relationships with a broad network of financial institutions in emerging economies. Through 15 years of operations, responsAbility investment specialists have developed a thorough understanding of the needs and aspirations of these partner institutions.

Interdisciplinary teams

Within responsAbility, GCPF is managed by a core team of 18 experts that combine expertise in investment, energy, technical assistance as well as environmental and social risk management. Working closely with responsAbility specialists across the globe, they ensure that funded projects meet the Fund's objectives as to the reduction of CO₂ emissions and economic viability.

responsAbility

(responsAbility Investments AG)

FOUNDED

2003

ASSETS UNDER MANAGEMENT

USD 3 bn

OFFICES WORLDWIDE

10

EMPLOYEES WORLDWIDE

240

INVESTMENT COUNTRIES

90

HIGH-IMPACT PORTFOLIO COMPANIES

540

FINANCIAL STATEMENTS

BALANCE SHEET

STATEMENT OF FINANCIAL POSITION As at 31 December 2017 (in USD)

	31.12.2017	31.12.2016
NON-CURRENT ASSETS		
Loans and advances to partner institutions	421,361,786	332,824,459
	421,361,786	332,824,459
CURRENT ASSETS		
Derivative financial instruments	–	55,678
Loans and advances to partner institutions	41,217,959	–
Interest receivable on loans to partner institutions	1,687,123	98,228
Other receivables and prepayments	657,533	–
Cash and cash equivalents	64,774,120	55,601,732
	108,336,734	55,755,638
Total assets	529,698,520	388,580,097

STATEMENT OF FINANCIAL POSITION
As at 31 December 2017 (in USD)

	31.12.2017	31.12.2016
CURRENT LIABILITIES		
Distribution payable to holders of Class A shares and Class B shares	8,224,044	5,341,976
Accrued investment management fees	2,729,639	1,814,920
Accrued Technical Assistance Facility contribution	423,900	627,487
Direct operating expenses payable	733,771	733,404
Other payables	–	–
Structuring fees payable	–	199,751
Derivative financial instruments	9,912	–
Interest on notes	470,076	–
	12,591,342	8,717,538
NON-CURRENT LIABILITIES		
Class A shares	183,675,373	151,925,373
Class B shares	57,425,373	32,425,373
Notes	150,000,000	55,000,000
	391,100,746	239,350,746
TOTAL LIABILITIES	403,692,088	248,068,284
EQUITY		
Share capital	141,324,176	141,324,176
Profit brought forward	(812,363)	(1,824,130)
Profit for the year	(14,505,381)	1,011,767
Total equity	126,006,432	140,511,813
Total liabilities and equity	529,698,520	388,580,097

INCOME STATEMENT

STATEMENT OF COMPREHENSIVE INCOME For the year from 1 January to 31 December 2017 (in USD)

	2017	2016
INCOME		
Interest income	19,729,241	13,991,774
Other income	1,693,507	384,345
Realized foreign exchange gains	12,674	15,100
Total income	21,435,422	14,391,219
EXPENSES		
Loan loss allowance	(16,400,002)	–
Net fair value movement on derivative financial instruments	(20,904)	(48,591)
Investment management fees	(6,152,392)	(4,513,764)
Technical Assistance Facility contribution	(423,900)	(627,487)
Direct operating expenses	(1,449,979)	(1,349,103)
Other operating expenses	(4,724)	(2,805)
Interest on notes	(2,985,568)	(1,248,428)
Realized foreign exchange losses	(19,886)	(10,009)
Withholding taxes	(259,406)	(237,289)
Total expenses	(27,716,760)	(8,037,477)
Total operating profit before taxes and distribution	(6,281,338)	6,353,743
Distribution to holders of redeemable ordinary shares	(8,224,043)	(5,341,976)
Profit for the year	(14,505,381)	1,011,767
Other comprehensive income (net of tax)	–	–
Total comprehensive income for the period (net of tax)	(14,505,381)	1,011,767

STATEMENT OF CHANGES IN NET ASSETS

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE ORDINARY SHARES AND EQUITY For the year from 1 January to 31 December 2017 (in USD)

	CLASS A SHARES		CLASS B SHARES		CLASS C SHARES		COMBINED NET ASSETS ATTRIBUTABLE TO SHARE- HOLDER
	Net assets attributable to shareholders	Number of shares	Net assets attributable to shareholders	Number of shares	Net assets attributable to shareholders	Number of shares	
As at 31 December 2016	151,925,373	1,013	32,425,373	1,297	140,511,813	2,822	324,862,559
Issue of redeemable ordinary shares	31,750,000	212	25,000,000	1,000	–	–	56,750,000
Redemption of redeemable ordinary shares	–	–	–	–	–	–	–
Issue of equity	–	–	–	–	–	–	–
Redemption of equity	–	–	–	–	–	–	–
As at 31 December 2017	183,675,373	1,224	57,425,373	2,297	140,511,813	2,822	381,612,559
Increase in net assets attribut- able to holders of redeemable ordinary shares from transactions in shares	–	–	–	–	–	–	–
Decrease in net assets attribut- able to holders of redeemable ordinary shares from transactions in shares	–	–	–	–	–	–	–
Operating gain before tax and distribution	5,575,286	–	2,648,758	–	(14,505,381)	–	(6,281,338)
Distribution pay- able to holders of Class A and Class B shares	(5,575,286)	–	(2,648,758)	–	–	–	(8,224,043)
As of 31 December 2017	183,675,373	1,224	57,425,373	2,297	126,006,432	2,822	367,107,178

The accompanying notes are an integral part of the financial statements.

CASH FLOW STATEMENT

STATEMENT OF CASH FLOWS For the year ended 31 December 2017 (in USD)

	2017	2016
CASH FLOW FROM OPERATING ACTIVITIES		
Profit for the year	(14,505,381)	1,011,767
Adjustments to reconcile profit for the year to net cash flows:		
Net fair value movement on derivative financial instruments	52,184	19,344
Loans to partner institutions (loss) allowance	(16,400,002)	–
Working capital adjustments:		
Net (increase) / decrease in other receivables and prepayments	(644,127)	61,461
Net (increase) / decrease in interest receivable	(1,588,895)	587,427
Net increase / (decrease) in distribution payable to holders of Class A and Class B shares	2,882,068	1,477,423
Net increase / (decrease) in interest payable to noteholders	470 076.05	–
Net increase / (decrease) in investment management fees	914,719	86,201
Net increase / (decrease) in Technical Assistance Facility contribution	(203,587)	114,422
Net increase / (decrease) in direct operating expenses payable	(2,633)	253,148
Net increase / (decrease) in other payable	–	(20,000,000)
Net increase / (decrease) in structuring fees payable	(196,751)	99,751
Net cash flows from / (used in) operating activities	(29,222,328)	(16,289,056)
CASH FLOWS FROM INVESTING ACTIVITIES		
Net (increase) / decrease in loans to partner institutions	(113,355,284)	(49,373,245)
Net cash flows used in investing activities	(113,355,284)	(49,373,245)
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash received on shares issued	56,750,000	63,176,813
Cash paid on shares redeemed	–	–
Cash received from notes issued	95,000,000	25,000,000
Net cash flows from financing activities	151,750,000	88,176,813
Net (decrease) / increase in cash and cash equivalents	9,172,388	22,514,513
Cash and cash equivalents at 1 January	55,601,732	33,087,220
Closing cash and cash equivalents at 31 December	64,774,120	55,601,732

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