



How to access the Green Climate Fund for the private sector



Ministry of the
Environment, Japan



Overseas Environmental
Cooperation Center,
Japan



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The Ministry of the Environment, Japan

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ABBREVIATION

| Abbreviation | English |
|--------------|--|
| AE | Accredited Entity |
| COP | Conference of the Parties |
| CSO | Civil Society Organization |
| DAE | Direct Access Entity |
| EE | Executing Entity |
| ESCO | Energy Service Company |
| ESIA | Environmental and Social Impact Assessment |
| ESMP | Environmental, Social and Management Plan |
| ESS | Environmental and Social Safeguard |
| FAA | Funded Activity Agreement |
| FP | Funding Proposal |
| GCF | Green Climate Fund |
| GHG | Greenhouse Gas |
| IAE | International Access Entity |
| ICB | International Competitive Bidding |
| IDB | Inter-American Development Bank |
| ITAP | independent Technical Advisory Panel |
| LAC | Latin American Countries |
| LDC | Least Developed Countries |
| NDA | National Designated Authority |
| NDC | Nationally Determined Contributions |
| PMF-A | Performance Measurement Framework- Adaptation |
| PMF-M | Performance Measurement Framework-Mitigation |
| PPF | Project Preparation Facility |
| PSF | Private Sector Facility |

| Abbreviation | English |
|---------------|---|
| PV | Photo Voltaic |
| RFP | Request for Proposals |
| SAP | Simplified Approval Process |
| SIDS | Small Island Developing States |
| TNA | Technology Needs Assessment |
| UNDP | United Nations Development Programme |
| UNFCCC | United Nations Framework Convention on Climate Change |

INTRODUCTION

The Green Climate Fund (GCF) is an operating entity of the financial Mechanism of the United Nations Framework Convention on Climate Change (UNFCCC). It was established at the 16th session of the Conference of the Parties (COP16) to the UNFCCC. Its governance differs from existing climate finance mechanism in area of finance instilment, investment of criteria as well as the enormous amount of contributions from the Parties which has caught a great deal of worldwide attention.

GCF project/programme is evaluated by 6 investment criteria which is one of the unique concept of the GCF. Funding proposal is expected to clarify its effectiveness of the Fund based on the criteria such as paradigm shift potential, sustainable development potential and impact potential. In addition, it emphasizes importance of country ownership and needs of the recipient are also included in the investment criteria. Accredited Entity (AE) which plays a central role both of project development and management is selected by national designate authorities (NDA), and project need to be endorsed by the NDA before submitting to the GCF secretariat.

Another important aspect in the GCF is private sector engagement. Private sector involvement is inevitable for implementation of the Paris Agreement with a view to climate action as well as to introduce

100 billion USD for climate finance. Hence the GCF promotes the participation of the private sector in various ways.

This guidebook is designed for GCF project development by the private sector. Chapter 1 describes principle elements for the GCF project development, chapter 2 indicates possible ways of participation to GCF project. Given some readers are not familiar to the GCF, the guidebook gives idea of entry point to the GCF project, various ways of participation, and linkage with key player in GCF project development process. A template of the funding proposal and its description of contents are also provided. Chapter 3 highlights details of 6 investment criteria including information on coverage area, activity-specific sub-criteria, and indicative assessment factors based on the GCF official document. The final chapter provides tips and ingenuity for generating funding proposal based on experiences.

1. BASIC INFORMATION ON GREEN CLIMATE FUND

1.1 About the Fund

The GCF is an operating entity of the Financial Mechanism of the UNFCCC¹. It was established at the COP16 in Cancun, Mexico, in 2011, and became fully operational in 2015. The purpose of the GCF is to make a significant and ambitious contribution to the global efforts towards attaining the goals set by the international community to combat climate change. In the context of sustainable development, the Fund will promote the paradigm shift towards low-emission and climate-resilient development pathways by providing support to developing countries to limit or reduce their greenhouse gas (GHG) emissions and to adapt to the impacts of climate change, taking into account the needs of those developing countries particularly vulnerable to the adverse effects of climate change.

The Fund promotes a country-driven approach and strengthens engagement at the country level through effective involvement of relevant institutions and stakeholders. National Designated Authorities (NDAs) for each developing country act as the country's interface with the Fund, and are involved closely in all of the GCF's funding processes. A multi-layered approach also helps to mobilize

¹ Detail of the governing instrument of the Green climate fund is in UNFCCC document, FCCC/CP/2011/9/Add.1.

climate finance, working directly with the public and private sectors.

The GCF is guided by the principle and provisions of the Convention, and the Board of the fund consists of 24 members who oversee the operations of all relevant functions of the fund. The Board meeting is held in approximately three times a year² and decides relevant modalities, guidelines and standards as well as evaluating Funding Proposals for possible approval.

1.2 Target area

The GCF makes allocation under adaptation, mitigation and the Private Sector Facility (PSF)³. There are equal amounts of funding for projects on mitigation of climate change effects, and on adaptation to its adverse effects. In relation to adaptation, resources are allocated based on the urgent and immediate needs of vulnerable countries, in particular Least Developed Countries (LDCs), Small Island Developing States (SIDS) and African States, as well as geographical balanced approach.

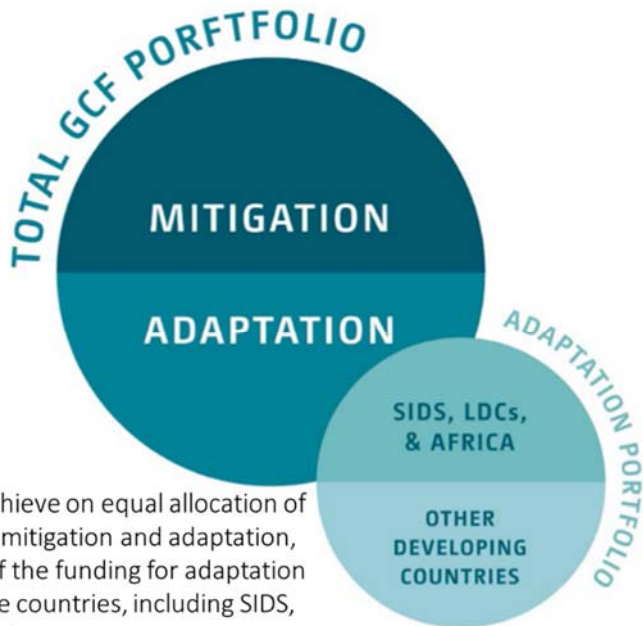
It will also support, among others, actions that enable preparation of national reports⁴, and operates a readiness and preparatory support programme and project preparatory facility (PPF) that are discussed later.

² At least two board meetings a year are required.

³ Ref. GCF document, DECISION B.05/05.

⁴ National reports include National Adaptation Plan (NAP).

The GCF will support developing countries through both project-based and programmatic approaches that are in line with national strategies and plans, including reducing GHG emission.



The fund aims to achieve on equal allocation of its sources towards mitigation and adaptation, while at least half of the funding for adaptation is for the vulnerable countries, including SIDS, LDCs and African States.

Figure 1 Funding allocation for mitigation, adaptation and prioritized countries⁵.

⁵ Ref. GCF Element 01 (2015)

The Fund also defines eight strategic impacts to be achieved at the fund level, four mitigation and four adaptation as described below⁶.

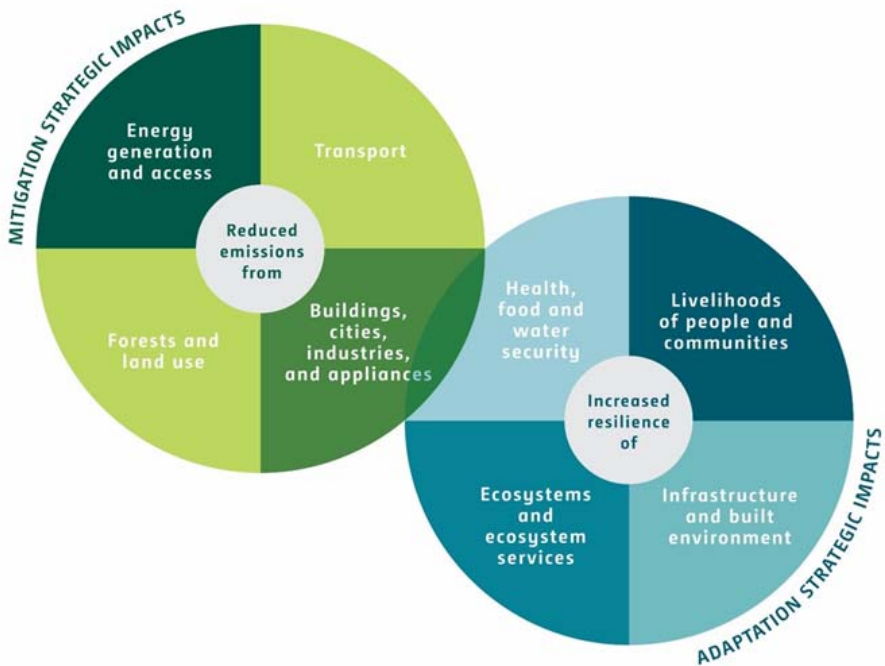


Figure 2 Eight strategic impact areas from mitigation and adaptation

⁶ Ref. GCF Elements 01 (2015), and GCF document, DECISION B. 07/04.

1.3 Financial Instruments

The GCF offers non-repayable grants, concessional loans, guarantees and equity (the latter two instruments represent repayable grants). The Board may further approve other modalities, instruments, or financing facilities to disburse GCF funds as it deems appropriate. According to the governing instrument of the GCF approved at the COP17, the GCF may use results-based financing to enable mitigation and adaptation actions⁷.

Table 1 Financial instrument and its conditions⁸

| Instrument | Conditions |
|------------|---|
| Grant | No return condition |
| Loan | Two types of concessional loans with specific conditions set at project level |
| Guarantees | Specific conditions set at project level |
| Equity | Specific conditions set at project level |

⁷ Ref. GCF document, DECISION B.18/07 (REDD Plus results based payment pilot programme)

⁸ Ref. GCF document, DECISION B.09/04, Annex II

Table 2 Terms and conditions of outgoing grants

| Condition | Grants |
|---------------|--|
| Currency | Major convertible currency |
| Interest rate | Grants without repayment contingency: no reimbursement required* Grants with repayment contingency: terms adapted to the required concessionality of the project or programme |
| Maturity | |
| Grace period | |

*All grants will be subject to an obligation for repayment if the recipient is found to be in material breach of its contractual obligations towards the Fund or involved in a material violation of the Fund's integrity or fiduciary standards, including those on corruption and fraud.

Table 3 Terms and conditions of outgoing concessional loans to the public sector⁹

| Concessionality | High | Low |
|---|----------------------------|----------------------------|
| Currency | Major convertible currency | Major convertible currency |
| Maturity (year) | 40 | 20 |
| Grace period (year) | 10 | 5 |
| Annual principal repayment year 11-20/6-20 (% of initial principal) | 2% | 6.7% |
| Annual principle repayment year 21-40 (% of initial principal) | 4% | N/A |
| Interest | 0.00% | 0.75% |
| Service fee (per annum) | 0.25% | 0.5% |
| Commitment fee (per annum) | Up to 0.5% | Up to 0.75% |

⁹ Ref. GCF document, DECISION B.09/04, Annex II

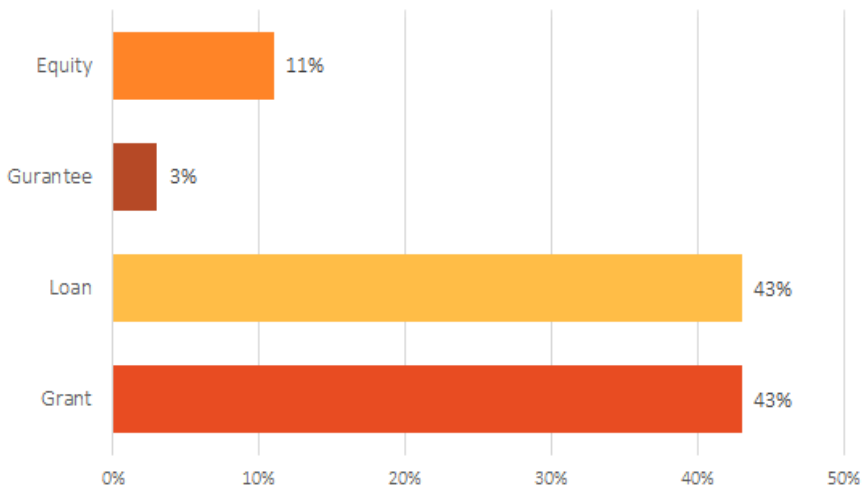


Figure 3 Funding amount by financial instrument (as of 15 Mar. 2018)¹⁰

¹⁰ Ref. GCF Portfolio dashboard
[<https://www.greenclimate.fund/what-we-do/portfolio-dashboard>]

1.4 Investment criteria

In addition to the 8 strategic impact area for mitigation and adaptation mentioned above, GCF and the independent Technical Advisory Panel (iTAP) will independently assess the performance of the project or programme against the criteria included in the Fund's investment framework¹¹. The criteria consists of 6 elements, and further details including coverage area, the activity-specific sub-criteria as well as indicative assessment factors (including indicators) are described in Chapter 3.

¹¹ Ref. GCF document, DECISION B.09/04

IMPACT POTENTIAL

Potential of the programme/project to contribute to the achievement of the Fund's objectives and result areas

PARADIGM SHIFT POTENTIAL

Degree to which the proposed activity can catalyse impact beyond a one-off project or programme investment

SUSTAINABLE DEVELOPMENT POTENTIAL

Wider benefits and priorities.

COUNTRY OWNERSHIP

Beneficiary country ownership of, and capacity to implement, a funded project programme (policies, climate strategies and institutions)

EFFICIENCY AND EFFECTIVENESS

Economic and, if appropriate, financial soundness of the programme/project

NEEDS OF THE RECIPIENT

Vulnerability and financing needs of the beneficiary country and population

Figure 4 The Fund's six investment criteria.

1.5 Modalities of Access

NDA and Focal points, and AEs play important roles in accessing the Fund. These roles are compiled in this section. Information on the accreditation process, application forms and nomination letter templates can be found at the GCF website¹².

■ NDAs and Focal Points

To be able to access funding from the GCF, a developing country has to nominate a NDA or a Focal Point and inform the GCF Secretariat accordingly. The NDA/Focal Point will serve as an interface between its country and the GCF, and play an important role in coordinating GCF activities in the country. Currently, 146 initial NDA or Focal Points have been appointed and all of their contact information is uploaded and updated on the GCF website within the country directory. Among others, every Funding Proposal submitted to the GCF has to be no-objected by the NDA/Focal Point of a respective country, or countries in case of a regional project, to ensure compatibility of a project with relevant national policy and compliance with national environmental and social safeguard policies. In this regard, when developing a GCF projects, it is essential to communicate with one's NDA or Focal Point at an early stage of

¹² Fine print [https://www.greenclimate.fund/how-we-work/empowering-countries/fine-print#p_p_id_56_INSTANCE_4CvAHaIYKHcJ_]

development to make sure that the project design is compatible with national policies and GCF country programme.

In addition to the aforementioned, the NDA/Focal Point has crucial roles in project development such as:

- Coordinates the development of country programme;
- Appoints DAEs;
- Issues No-objection letters for project/programmes; and
- Requests and coordinates readiness support.

Table 4 provides information on NDA/Focal point in Asia Pacific region¹³.

¹³ Country Directory [<https://www.greenclimate.fund/how-we-work/tools/country-directory>]

Table 4 List of NDA and Focal point in Asia Pacific country¹⁴

| Country | NDA or Focal point |
|-------------|--|
| Bangladesh | ECONOMIC RELATIONS DIVISION, MINISTRY OF FINANCE Mr. Kazi Shofiqul Azam Secretary (in charge) |
| Bhutan | GROSS NATIONAL HAPPINESS COMMISSION Mr. Thinley Namgyel Secretary |
| Cambodia | CAMBODIA KH Cambodia MINISTRY OF ENVIRONMENT His Excellency Say Samal Minister |
| Cook Island | CLIMATE CHANGE COOK ISLANDS DIVISION OF THE OFFICE OF THE PRIME MINISTER Ms. Ana Tiraa Director |
| Fiji | MINISTRY OF ECONOMY Ms. Makereta Konrote Permanent Secretary for Finance |
| India | MINISTRY OF ENVIRONMENT, FORESTS AND CLIMATE CHANGE Mr. Ravi S. Prasad Joint Secretary |
| Indonesia | FISCAL POLICY AGENCY, MINISTRY OF FINANCE Mr. Parjiono Director of Center for Climate Finance and Multilateral Policy / Head of NDA Secretariat |
| Kiribati | MINISTRY OF FINANCE AND ECONOMIC DEVELOPMENT Honourable Dr. Teuea Toatu Minister Mr. Jonathan Mitchell Program Finance Officer |
| Lao PDR | MINISTRY OF NATURAL RESOURCES AND ENVIRONMENT Mr. Syamphone Sengchandala Director of Management and Coordination Division Department of Disaster Management and Climate Change |
| Malaysia | MINISTRY OF NATURAL RESOURCES AND ENVIRONMENT |

¹⁴ As of March 2018

| Country | NDA or Focal point |
|------------------|---|
| | Mr. Dato' Azimuddin Bin Bahari Deputy Secretary General |
| Maldives | MINISTRY OF ENVIRONMENT AND ENERGY Mr. Amjad Abdulla Director General, Climate Change Department |
| Marshall Island | OFFICE OF ENVIRONMENTAL PLANNING AND POLICY COORDINATION Mr. Warwick Harris Acting Director |
| Micronesia | DEPARTMENT OF FINANCE AND ADMINISTRATION Ms. Sihna N. Lawrence Secretary |
| Mongolia | MINISTRY OF ENVIRONMENT, GREEN DEVELOPMENT AND TOURISM Mr. Batjargal Zamba (Focal Point) Nature Conservation Fund |
| Myanmar | MINISTRY OF ENVIRONMENTAL CONSERVATION AND FORESTRY Mr. Hla Maung Thein Director General, Environmental Conservation Department |
| Nauru | DEPARTMENT OF FOREIGN AFFAIRS AND TRADE Mr. Michael Aroi Secretary |
| Nepal | INTERNATIONAL ECONOMIC COOPERATION COORDINATION DIVISION, MINISTRY OF FINANCE Mr. Kewal Prasad Bhandari Joint Secretary |
| Niue | MINISTRY OF FINANCE His Excellency The Honourable Toke Tufukia Talagi Minister of Central Agency |
| Palau | PALAU NATIONAL GRANTS OFFICE Ms. Judy L. Dean Grants Coordinator |
| Papua New Guinea | OFFICE OF CLIMATE CHANGE AND DEVELOPMENT Mr. Ruel Yamuna Acting Managing Director Climate Change and Development Authority |

| Country | NDA or Focal point |
|----------------|--|
| Philippines | DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES Mr. Roy A. Climatu Secretary |
| Samoa | MINISTRY OF FINANCE Mr. Lavea Tupaimatuna Iulai Lavea Chief Executive Officer |
| Solomon Island | MINISTRY OF ENVIRONMENT, CLIMATE CHANGE, DISASTER MANAGEMENT AND METEOROLOGY Dr. Melchior Matakai Permanent Secretary |
| Sri Lanka | MINISTRY OF MAHAWELI DEVELOPMENT AND ENVIRONMENT Mr. Anura Dissanayake Secretary |
| Thailand | OFFICE OF NATURAL RESOURCES AND ENVIRONMENTAL POLICY AND PLANNING Dr. Phirun Saiyasitpanich (Focal Point) Director of Climate Change Management and Coordination Division |
| Timor-Leste | NATIONAL DIRECTORATE FOR CLIMATE CHANGE Mr. Augusto Manuel Pinto (Focal Point) Director |
| Tuvalu | GOVERNMENT OF TUVALU His Excellency The Honourable Enele Sosene Sopoaga Prime Minister |
| Vanuatu | MINISTRY OF CLIMATE CHANGE, CHANGE ADAPTATION, METEOROLOGY, GEO-HAZARDS, ENVIRONMENT, ENERGY AND DISASTER MANAGEMENT Mr. Jesse Benjamin Director General Ministry of Climate Change |
| Viet Nam | MINISTRY OF PLANNING AND INVESTMENT Dr. Pham Hoang Mai Director General, Department of Science, Education, Natural Resources and Environment |

■ **Accredited Entity (AE)**¹⁵

Access to fund resources will be through AEs, i.e., national, regional and international entities accredited by the Board. AEs can submit funding proposals to the GCF and once these funding proposals are approved by the Board, AEs will be entitled to receive GCF finance and coordinate the implementation of an approved project or programme. There are two modalities (Direct access entity and International access entities) to access the fund, and currently 59 entities are accredited by the GCF.

Direct Access Entity (DAE)

Recipient countries can nominate competent subnational, national and regional implementing entities for accreditation to request, receive and implement GCF funding. Once accredited, such entities are referred to as Direct Access Entities (DAEs). Enhancement of direct access is promoted by the Board in order to strengthen country ownership.

International Access Entity

Recipient countries will also be able to access the Fund through accredited international entities, including United Nations agencies, multilateral development banks, international financial institutions, regional institutions and entities registered and operating in countries

¹⁵ Accredited entity, [<https://www.greenclimate.fund/how-we-work/tools/entity-directory>]

that are not recipient/beneficiary countries.

AEs are responsible for developing and submitting Funding Proposals, which meet GCF policies, standards and safeguards. Once approved, AEs will manage and coordinate the implementation of projects and programmes. During accreditation period and project development/implementation, AEs must demonstrate their commitment to climate change and sustainable development by implementing high fiduciary standards, including social and environmental safeguards, open procurement processes and untied aid.

According to the GCFs “fit for purpose” accreditation model, AEs can get accredited for varying functions. These functions include maximum size of GCF finance they can receive for one single project/programme, maximum environmental and social risks funded projects may include, and ways of delivering GCF finance (project implemented directly by AE; on-granting; on-lending/blending). Therefore, when designing a GCF project and if a project is not developed by an AE, project developers should carefully choose AEs in line with their accreditation features (i.e. Entity programme¹⁶).

Scopes of each AE accredited by January 2018 are referred in next

¹⁶ During the course of the accreditation process, each entity needs to submit their entity programme to the GCF that indicates their policy and way of engagement to the GCF. Up to now, no entity programme is published.

pages in accordance with GCF document. A scope and course of action provided by the PT Sarana Multi Insrastructure (PT SMI) from Indonesia¹⁷ is also summarized.

¹⁷ Information on other DAEs in Asia Pacific region are summarized in Appendix.

Direct
Access
Entities



Morocco



Morocco



Senegal



China



Korea



Ethiopia



Rwanda



India



Kenya



Bangladesh



BOAD
BANQUE OcéANIE NNE
DE DÉVELOPPEMENT



CABI



DEVELOPMENT BANK
OF LATIN AMERICA



Caribbean Community
Climate Change Centre



International
Access
Entities



AFRICA FINANCE CORPORATION



Asian Development Bank



AGENCE FRANÇAISE
DE DÉVELOPPEMENT



Food and Agriculture
Organization of the
United Nations



giz Deutsche Gesellschaft
für Internationale
Zusammenarbeit (GIZ) GmbH



Inter-American
Development Bank



GRUPE AGENCY FRANÇAISE DE DÉVELOPPEMENT



Accredited Entities



Mapping of GCF Accredited entities and their accreditation scopes (GCF/B.19/14/Rev.01)

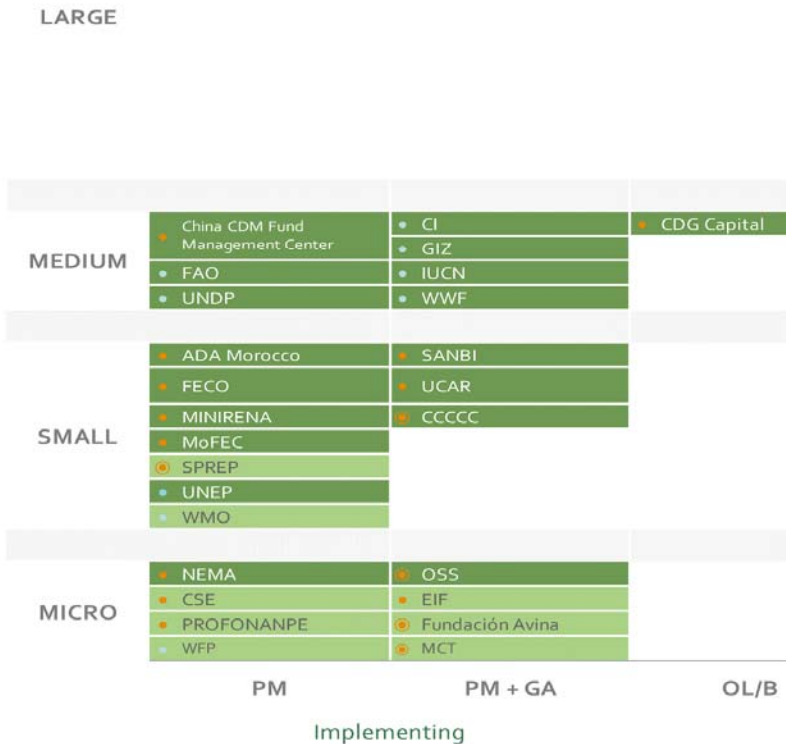
| |
|----------------|
| Category A/I-1 |
| Category B/I-2 |
| Category C/I-3 |

- Direct (national)
- Direct (regional)
- International

- PM Project management
- GA Grant award
- OL/B On-lending / blending

● BTMU

PROJECT / PROGRAMME ACTIVITY SIZE CATEGORY



FI

L Loan
 E Equity
 G Guarantees

59 AEs

| | | | | | | |
|-----|--------|-----|----------|-----|--------------------|-----|
| LEG | • AFC | LEG | • CABEI | LEG | • ADB | LEG |
| | • CIB | LEG | • CAF | LEG | • AFD | LG |
| | • HSBC | LEG | • DBSA | LEG | • AfDB | LEG |
| | | | • NABARD | LEG | • Deutsche Bank AG | LEG |
| | | | • SIDBI | LEG | • EBRD | LEG |
| | | | | | • EIB | LEG |
| | | | | | • FMO | LEG |
| | | | | | • IDB | LEG |
| | | | | | • IFC | LEG |
| | | | | | • JICA | L |
| | | | | | • KfW | LEG |
| | | | | | • PROPARCO | LEG |
| | | | | | • World Bank | LG |

| | | | | | | |
|-----|---------|-----|--------|----|--------|---|
| LEG | • IDCOL | L | • BOAD | LG | • IFAD | L |
| | • KDB | LEG | | | | |

| | | | | | | |
|--|-----------|-----|-------------------------|----|--|--|
| | • Xacbank | LEG | • CDB | LE | | |
| | | | • DOE Antigua & Barbuda | L | | |
| | | | • PT SMI | L | | |
| | | | • PKSf | L | | |

| | | | | | | |
|--|--|--|----------|-----|--|--|
| | | | • FDB | LEG | | |
| | | | • Acumen | LE | | |

PM + OL/B

PM + GA + OL/B

Intermediating

Both

FANCING MODALITY

PT Sarana Multi Infrastruktur (PT SMI)

Scope as DAE

| | |
|---|---|
| Access modality: | Direct access, national |
| Location / Headquarter | Indonesia |
| Maximum size of an individual project or activity within a programme | Small |
| Fiduciary functions | Project management; grant award, on-lending and/or blending (for loans) |
| Maximum environmental and social risk category | Middle (category B) |

Course of Action

- PT Sarana Multi Infrastruktur (PT SMI), is a national entity with the goal of serving as a catalyst for accelerating national infrastructure development in Indonesia. The PT SMI supports the fulfilment of its government's infrastructure development objectives by implementing projects through public-private partnerships. It mobilizes resources from multilateral and bilateral financial institutions in order to finance infrastructure projects.
- Since its establishment in 2009, the PT SMI has partnered with a number of entities to support infrastructure projects, including renewable energy projects such as hydropower, wind and biogas energy projects in Indonesia. Other sectors that the PT SMI focuses on are transport, water, waste management, energy efficiency, health, agriculture, education and tourism.

- PT SMI has experienced in financing 10 renewable energy projects amounting to around USD 436 million to date and has experience in developing and implementing projects using different financial instrument.

■ Executing Entity (EE)

AEs can use one or several Executing Entities (EEs) to implement all or parts of an approved Funding Proposal. EEs are subcontracted by AEs and will be in charge of executing eligible activities supported by the GCF under oversight of the AE. Note that no accreditation is necessary for EEs and that an AE can also execute a project or programme by itself, i.e. without EEs¹⁸.

¹⁸ Green Climate Fund Proposal Toolkit 2017 (ACCLIMATISE and CDKN)

2. HOW TO ACCESS FUNDING

Chapter 2 seeks ways for private sector to engage in GCF project development. It highlights the following aspects:

- Project approval process
- Various entry points by the private sector
- Way of private sector engagement in GCF project
- Private Sector Facility
- Contents of GCF Funding Proposal

2.1 Project approval process

There are two options for submitting Funding Proposal. The first option is that the GCF may invite the submission of Concept Notes or Funding Proposals as part of a Request for Proposals (RFP)¹⁹. The micro-, small-, and medium-sized enterprises pilot programme; enhancing direct access; and mobilizing funding at scale pilot Programme has been requested through the RFP. The second option is for AEs to submit spontaneous Concept Notes or Funding Proposals at any time.

To date, most Concept Notes and Funding Proposals have been submitted to the GCF following the second option, thus this chapter highlights the way of spontaneous submission in light of possible way of private sector engagement.

Figure 5 indicates project approval process and there are several key players and elements required to be involved in each step (1-6).

¹⁹ Details can find at GCF procurement [<https://www.greenclimate.fund/who-we-are/procurement>]



Figure 5 Project approval process²⁰

²⁰ See GCF Elements 01 (2015)

Step 1: Generation of Project idea

NDA and AEs (possibly supported by project proponents) formulate a project idea in accordance with the requirements of the GCF investment framework ²¹ . Ideally, a project idea will also be compatible with the Country Programme of the country(ies)²² where project interventions are foreseen (one of the NDA tasks is to coordinate the elaboration of Country Programmes). There is also probability that the private sector provide their inputs of project idea at this stage.

Step 2: Concept Note

Although not an obligation, the GCF recommends submission of a Concept Note by the AE, which is ideally reviewed and endorsed by the NDA/Focal Point. There is a template and guideline for Concept Notes available at the GCF website²³ which needs to be used and completed. Submitting a Concept Note can be helpful for AEs and project proponents, as they receive early feedback and recommendations, which may help reduce extra works and time needed to prepare full Funding Proposals. A Concept Note endorsed by the GCF Secretariat along with a No-Objection letter from the NDA/Focal Point is also needed to receive financial support from the

²¹ Ref. GCF document Decision B.09/05. The 6 investment criteria are included investment framework.

²² NDA produce a country program which three countries are published.

²³ GCF fine print [<https://www.greenclimate.fund/how-we-work/funding-projects/fine-print>]

GCF PPF²⁴.

Step 2a: Elaboration and implementation of PPF Request

AEs (especially DAEs) in consultation with the NDAs/Focal Points, can request PPF support to finance the elaboration of background/supporting studies which need to be submitted together with a Funding Proposal, such as feasibility study, Environmental and Social Impact Assessment (ESIA), gender assessment and action plan, risk assessment or procurement plan, etc²⁵. (Details are described in Chapter 2.2 section.)

Step 3: Funding Proposal

The elaboration and submission of a Funding Proposal is mandatory in order to receive GCF finance for a project or programme. There is a template for Funding Proposals available at the GCF website²⁶ which needs to be used and completed. Once completed, the AE will submit the Funding Proposal to the GCF Secretariat along with a No-Objection letter signed by the NDA(s)/Focal Point(s) of the country(ies) where the proposed project or programme will be implemented.

²⁴ Project Preparation Facility (PPF) is designed for DAE. International access entity also can use but it may request additional description for its necessity. Details on PPF are described in GCF101 [<https://www.greenclimate.fund/gcf101/empowering-countries/readiness-support>] and Fine point [https://www.greenclimate.fund/how-we-work/empowering-countries/fine-print#p_p_id_56_INSTANCE_4CvAHaYKHcJ_].

²⁵ Also see the GCF funding proposal in Chapter 2.5 in this document.

²⁶ See Chapter 3 in this document

Step 4: Analysis and recommendation

The GCF Secretariat and the iTAP will assess submitted Funding Proposals for their compliance with environmental and social safeguards, gender, risk and other relevant performance policies. Importantly, they will also assess the proposals on the degree to which the criteria set out in the GCF Investment Framework are complied with. Based on these assessments (due diligence), the GCF Secretariat and iTAP will formulate recommendations for the GCF Board.

Step 5: Board decision and legal arrangements

To date, GCF Board meetings have been held approximately 3 times a year. During these meetings, Funding Proposals submitted for approval are discussed. The Board may reject or approve Funding Proposals. In case of approval, the Board may also formulate additional conditions that will need to be met before or during project/programme implementation.

Step 6: Legal arrangements

The GCF Secretariat will inform the respective AE and NDA(s)/Focal Point(s) on the decision taken by the Board. In case the Funding Proposal is approved, the GCF Executive Director and the AE will sign the necessary legal agreements, i.e. a Funded Activity Agreement (FAA).

The final step: Implementation

Once the FAA is signed and relevant conditions are fulfilled, the project / programme implementation phase may start with the transfer of funds from the GCF to the AE. The AE will coordinate, manage and oversee the implementation of activities included in the approved project / programme. The AE will also be responsible for carrying out mandatory monitoring and evaluation processes throughout project implementation and after project closure.

2.2 Various entry points by the private sector

There are several options for private companies to get involved in a GCF projects. Broadly, two areas for such engagement may be defined as:

1. Readiness work for NDA and AE; and
2. Project development and implementation.

These options are depicted in the figures on “Various entry points for the private sector in GCF readiness work” and “Various entry points for the private sector in development/implementation of GCF CNs & FPs” in p.42 and p.44 respectively.

Entry point 1. Readiness work for NDA and AE

In Readiness and Preparatory Support Programme²⁷, the GCF Board has allocated dedicated resources, capped at US \$1 million per developing country per year, to assist developing countries in preparing to effectively access and deploy the GCF funding. Priority for readiness support is given to most vulnerable developing countries, including LDCs, SIDS and African States, with a minimum of 50 percent of the readiness funding being earmarked for these countries. The participation in the Readiness and Preparatory Support Programme is coordinated by a NDA or Focal Point of a respective country. Depending on a country's needs, specific readiness support activities may include institutional strengthening of the NDA/Focal Point,

²⁷ Details are in GCF101 [<https://www.greenclimate.fund/gcf101>]

development of strategic frameworks and country programmes for engagement with the GCF, assistance in accreditation and capacity building of accredited direct access entities, and support for the formulation of national adaptation plans and/or other adaptation planning processes. A template for submission of a Readiness and Preparatory Support Proposal can be found in the later section. In this readiness programme, the private sector can engage in the process also.

Readiness assistance requested by NDAs

This readiness programme aims to strengthen NDAs and includes various NDA support such as establishment of no-objection procedure and stakeholder engagement processes, elaborating/updating of GCF Country Programmes and project pipelines, elaboration of National Adaptation Strategies and Action Plans. The two current modalities are:

Option 1.

NDA requests assistance from GCF and the NDA itself will be the contractor and responsible for delivery to GCF.

Option 2.

NDA requests assistance from GCF and proposes a delivery partner²⁸; the contractor and responsible party for delivery will be

²⁸ Several international institutes (i.e. GIZ, UNDP, UNEP, GGGI) concluded framework agreement with GCF. [<https://www.greenclimate.fund/-/gcf-concludes-framework-agreements-with-undp-unep-and-giz-to-support-country-readiness>]

Detail descriptions regarding to the delivery partner can be found in GCF101 [<https://www.greenclimate.fund/gcf101/empowering-countries/readiness-support#step->

a delivery partner. Delivery partners need to undergo a Financial Management Capacity Assessment, unless they are AEs.

Under option 2, private companies chosen by the NDA can provide consulting services and other services needed for implementing readiness assistance. Part of the services may be procured through international competitive tenders.

(Also see “Various entry points for the private sector in GCF readiness work” R1.)

Readiness assistance requested by AEs

An AE can request support for elaborating gap assessments against GCF accreditation standards, work leading to closing/addressing such accreditation gaps, or work allowing AEs (especially DAEs) to address accreditation conditions stipulated by the GCF Board. Under this readiness assistance request by AEs, private companies can provide consulting services and other services as a Service contractor²⁹. Part of the services may also be procured through

[1-submit-a-readiness-proposal]

²⁹ According to the Administrative Guideline on Procurement (GCF/B.08/31) paragraph 2.19-2.22, there is two descriptions: Service contractor is Specialist engaged to provide specific technical services or processes related to or arising from institutional procurement of goods and/or services, and renders specific technical services that include, but are not limited to, formulating technical specifications for institutional goods and/or services being procured; and Service Provider is a business firm or entity that provides a defined range of services to the Fund and under such conditions as may be agreed in a service contract.

international competitive tenders.

(Also see “Various entry points for the private sector in GCF readiness work” R2.)

Entry point 2. Project development and implementation

To date, most of the Concept Notes and Funding Proposals submitted to the GCF represent projects and programmes that the GCF did not specifically invite³⁰. Project development in the figure on “Various entry points for the private sector in project development/implementation” can be distinguished into 4 phases as:

- Generation of project ideas (P1);
- Development, submission and endorsement of Concept Notes (P2);
- Development, submission and approval of full Funding Proposals (P3); and
- Implementation of Funding Proposals (P4).

There are many possibilities for private sector entities to participate by supporting AEs in the development of project ideas (P1), Concept Notes (P2) and/or Funding Proposals (P3). Such support may consist of, for example, advising/training AEs, accessing PPF, completing the

³⁰ Funding Proposal can be submitted to GCF either by spontaneously or by responding to Request for Funding Proposal (RFP) which is posted under GCF procurement. [<https://www.greenclimate.fund/who-we-are/procurement>]

Funding Proposal templates for AEs, carrying out studies which are compulsory at Funding Proposal stage (i.e. Feasibility study, ESIA, gender assessment/action plan, etc.). If the PPF application is approved, private companies can contract with AE through international competitive bidding in order to support the creation of funding proposals including these investigations and report preparations.

Depending on the project/programme considered in a Concept Note and Funding Proposal, information on technology/services can be provided by the private sector. Another possibility for private sector entities to be involved is as an eventual executing entity, i.e. entity that will implement part or all of the Funding Proposal (technology provider, intermediary, construction, services, O&M, etc.). Moreover, the private sector may engage by monitoring project implementation and evaluating projects (near/full term) - such assignments will likely be contracted following competitive international tendering (P4).

Co-finance for the proposal is another option to engage in a GCF project/programme and if this is the case, co-financing agreements would typically need to be signed ahead of GCF Board approval of the Funding Proposal.

Elaboration and implementation of Project Preparation Facility (PPF)

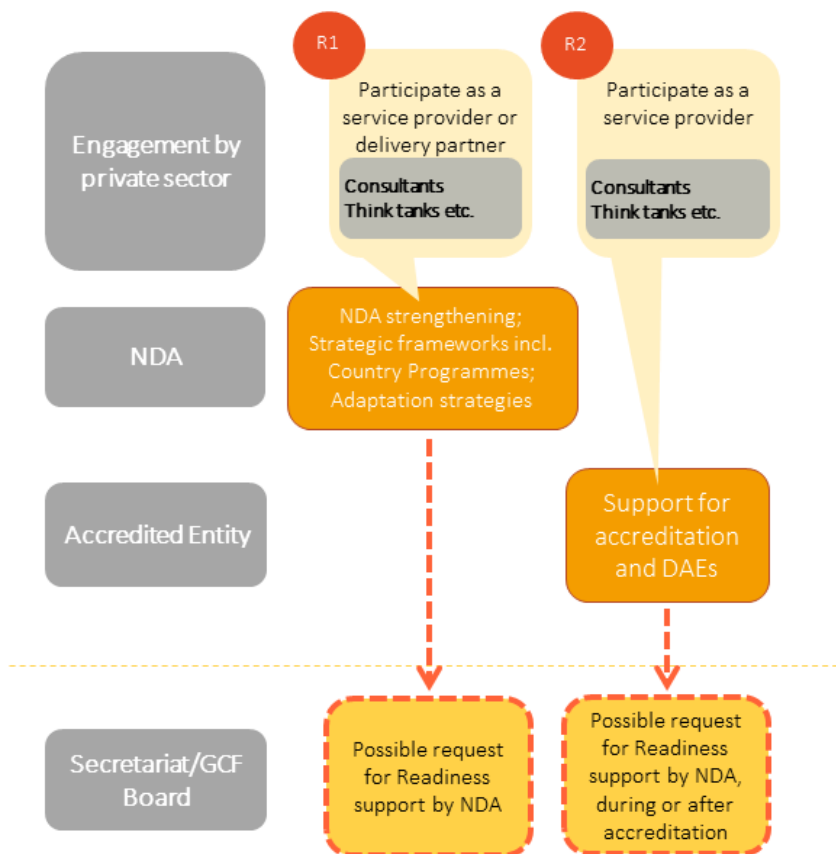
requests

PPF will support project and programme preparation requests from AEs, especially DAE, and for projects in the micro-to-small size category with a view to enhancing the balance and diversity of the project pipeline. The following activities are to be considered under the PPF.

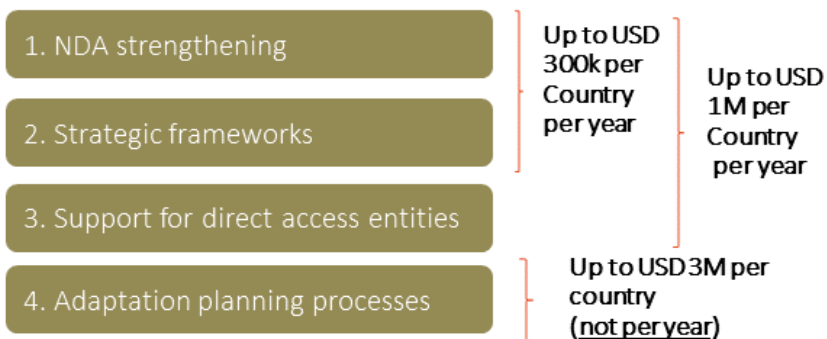
- Pre-feasibility and feasibility studies, and project design
- Environmental, social and gender studies
- Risk assessments
- Identification of programme- and project-level indicators
- Pre-contract services, including the revision of tender documents
- Advisory services and/or other services to financially structure a proposed activity

AE will develop a PPF request in consultation with NDA or Focal Point and submit the request with a No-Objection letter to a corresponding Concept Note. PPF request and the Funding Proposal being developed are limited to a maximum amount of USD 1.5 million. Support for PPF requests will be in the form of grants and repayable grants, and equity may also be considered for private sector projects. The Board has authorized the Executive Director to approve PPF request. Proposal developed with PPF resources should be submitted to the Board within two years after the PPF request was approved.

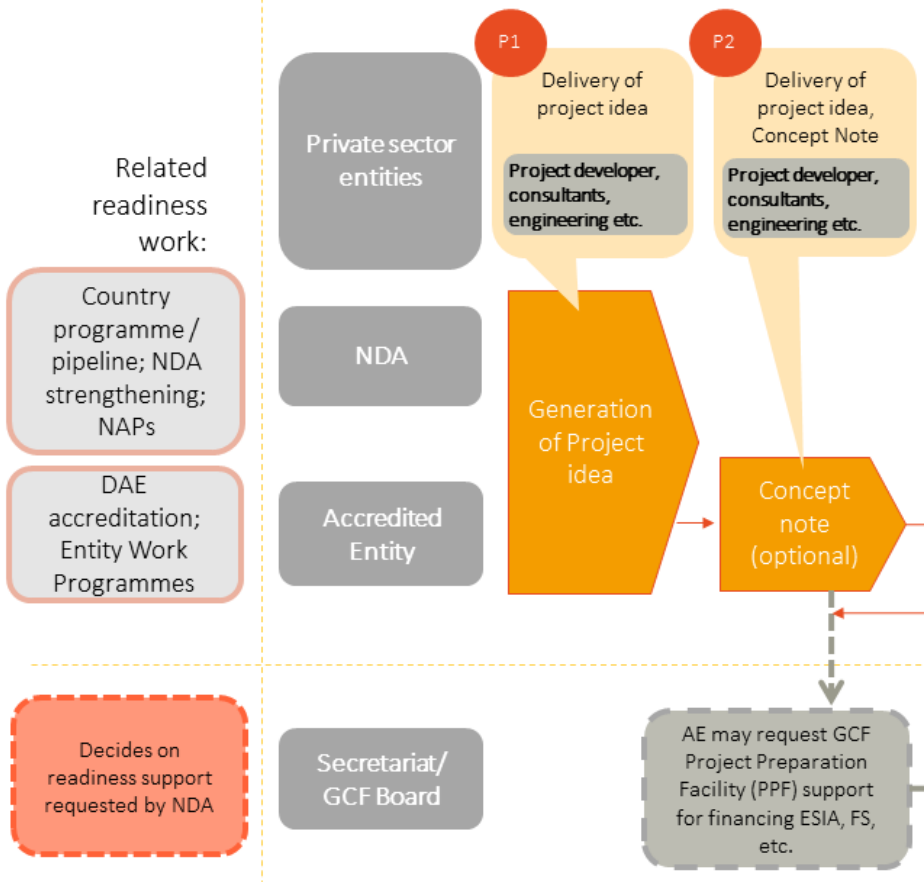
Various entry points for the private sector for: **GCF readiness work**



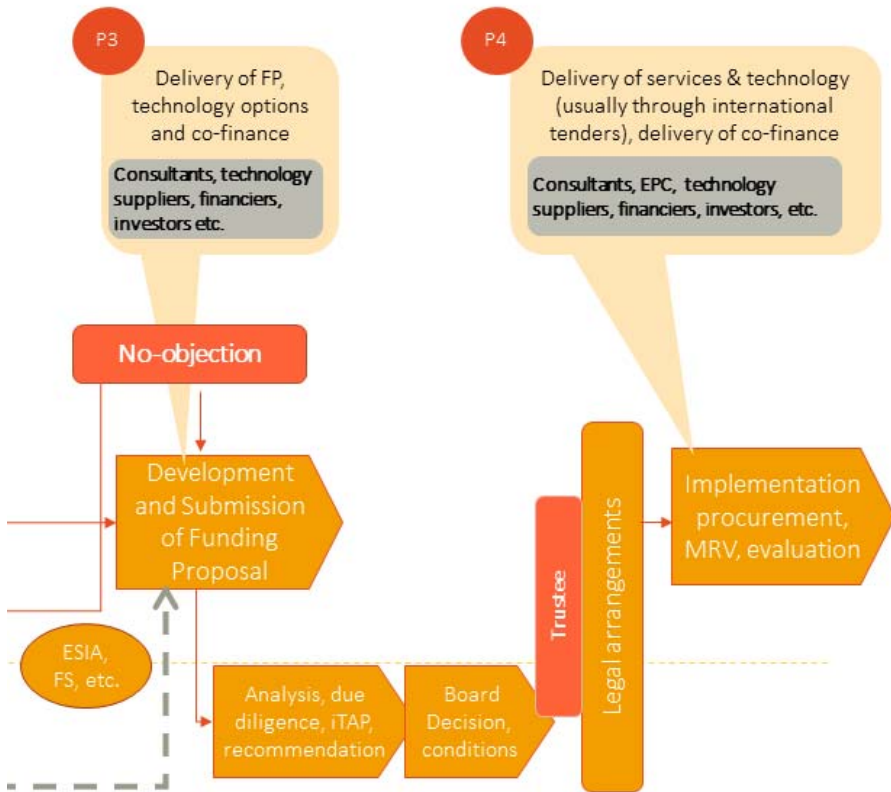
Four areas of support



Various entry points for the private sector in Development/implementation



of GCF CNs & FPs



2.3 Ways of engagement in GCF project

More than 70 Funding Proposals have been approved as of March 2018. The analysis of these projects reveals that a wide variety of implementation structures exist. As shown in the figure “Ways of private sector engagement in different types of project structures”, these examples include:

Case 1. Project is implemented directly by the AE;

Case 2. The AE operates a (revolving) Fund, which on-lends to beneficiaries (intermediation structure operated by the AE); and

Case 3. The AE co-finances a third-party investment programme (intermediation structure operated by a third party).

Case 1. Project directly implemented by the AE

Entry points for the private sector in such types of projects are:

- 1) Co-financing party;
- 2) Pre-subcontract to implement parts of the project; and
- 3) International competitive bidding (ICB).

Case 2. Intermediation structures operated by the AE

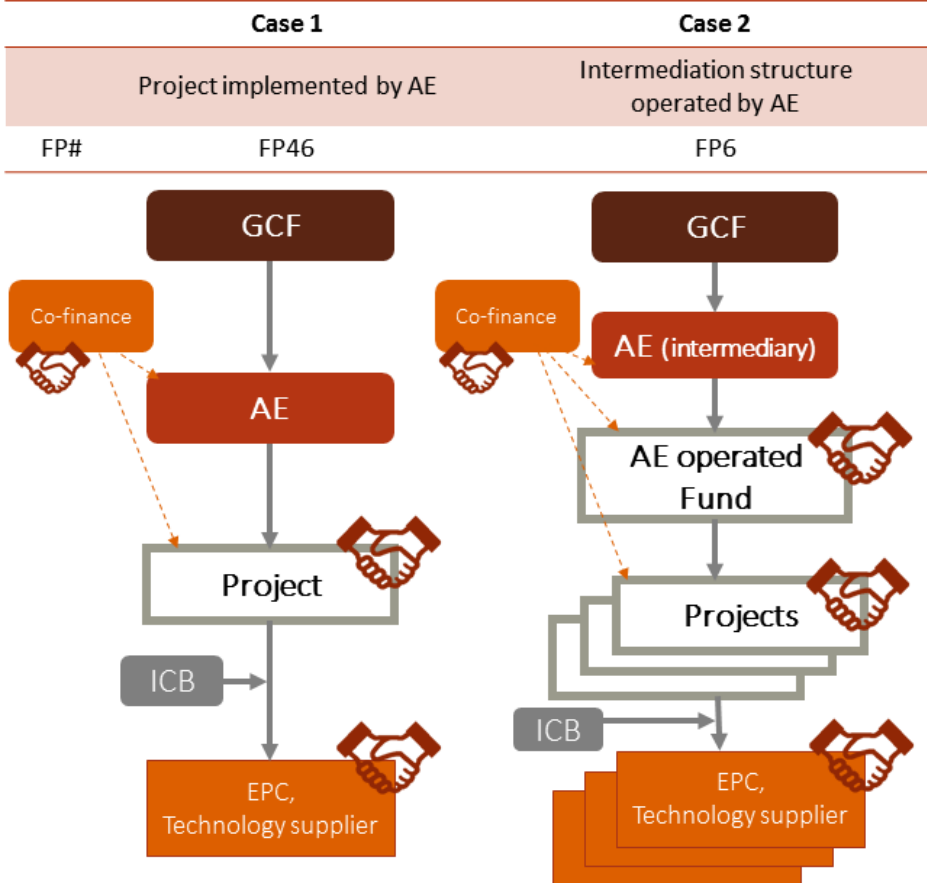
Entry points for the private sector will be typically the same as case 1 and in addition include opportunities at the stage when the AE established intermediation Fund selects and contracts sub-projects. Various type of investment strategies such as combination ESCO business with Green bond, investment of local fund (fund of funds)

have been approved by the Board. Note that this type of project structure can be proposed and implemented by those AEs only, which are accredited by the GCF for on-lending and on-granting GCF finance.

Case 3. Intermediation structure operated by a third party

Entry points for private sector are the same as with the previous structure, except that the intermediation structure is operated by a third party, i.e. private sector would engage with this third party. Such project structures can be used by AEs which lack the specialized fiduciary standard for grant awards and/or specialized fiduciary standard for on-lending and blending, but still would like to implement intermediation structures in their project/programme.

Ways of private sector engagement of project structure

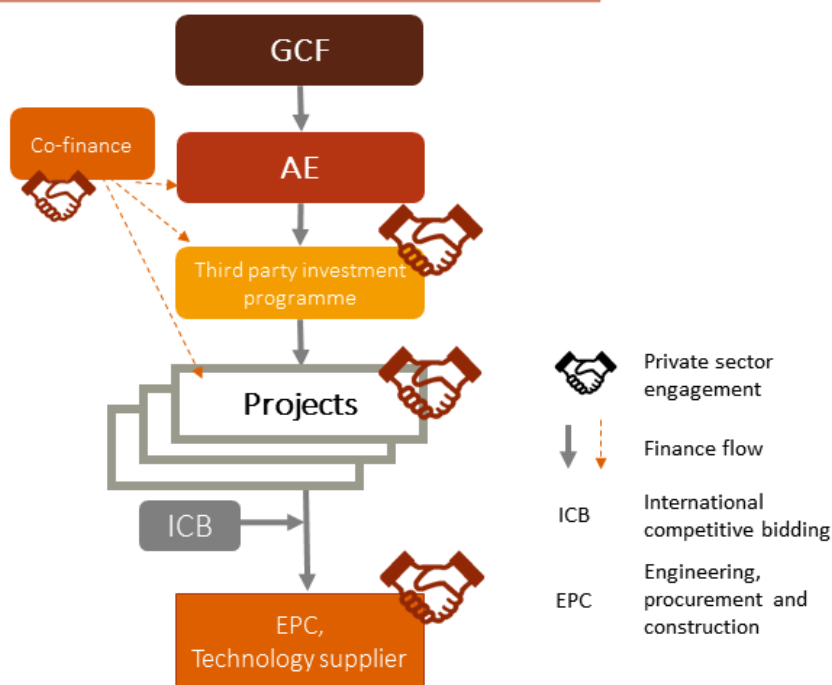


in different types

Case 3

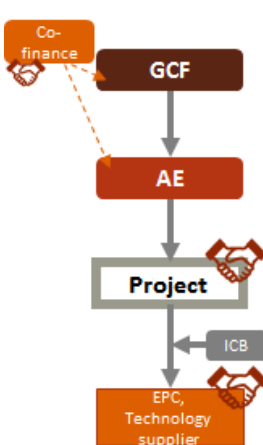
Intermediation structure
operated by a third party

FP13



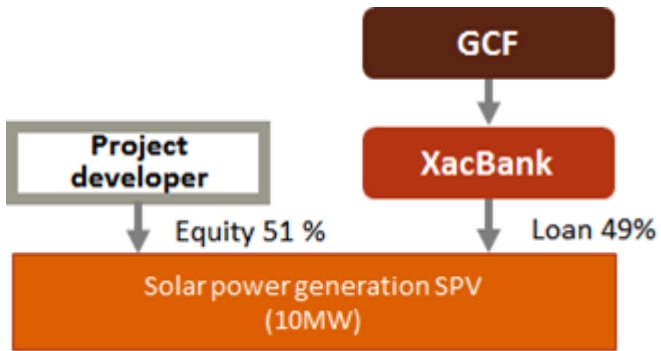
Approved project

FP46 Renewable Energy Program #1 - Solar³¹



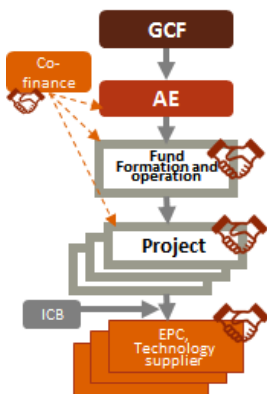
| AE | XacBank (Mongolia) |
|-----------------------------|--|
| Project summary | <p>10MW solar power generation</p> <p>Mongolia is committed to supply 30% of the country's energy through renewable energy by 2030, as part of its NDC targets. However renewable energy investments in the country are limited by barriers to finance including high interest rates, and prohibitively short tenors, which make renewable projects more expensive than coal-fired power plants. This project utilizes GCF's concessional loans to introduce investment from the private sector which realize procurement of long-term low interest loans by XacBank, and make 10 MW solar power generation</p> |
| Total cost investment (USD) | <p>17.6 M</p> <p>GCF finance, Loan 8.7 M</p> <p>Project developer, Equity 8.9 M</p> |

³¹ https://www.greenclimate.fund/-/renewable-energy-program-1-solar?inheritRedirect=true&redirect=%2Fwhat-we-do%2Fprojects-programmes%3Fp_id%3D101_INSTANCE_Hreg2cAkDEHL%26p_lifecycle%3D0%26p_p_state%3Dnormal%26p_p_mode%3Dview%26p_p_col_id%3D118_INSTANCE_4ZRnUzRWpEqO__column-2%26p_p_col_pos%3D1%26p_p_col_count%3D2%26_101_INSTANCE_Hreg2cAkDEHL_delta%3D30%26_101_INSTANCE_Hreg2cAkDEHL_keywords%3D%26_101_INSTANCE_Hreg2cAkDEHL_advancedSearch%3Dfalse%26_101_INSTANCE_Hreg2cAkDEHL_andOperator%3Dtrue%26_r_p_564233524_resetCur%3Dfalse%26_101_INSTANCE_Hreg2cAkDEHL_cur%3D2



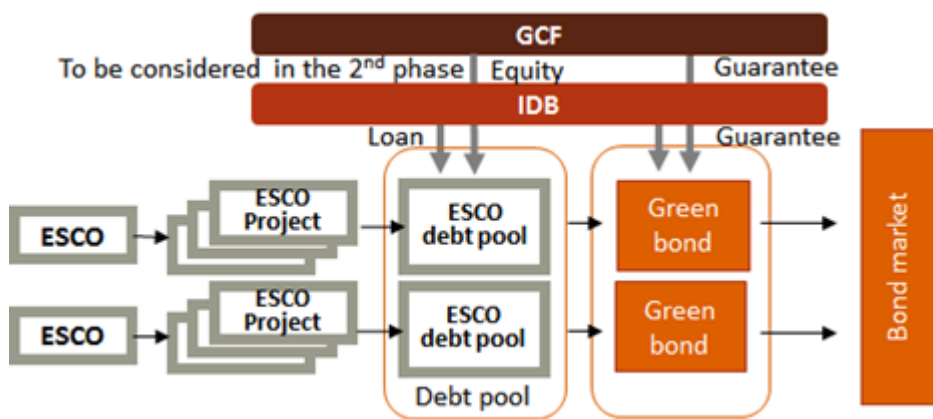
Approved project

FP6 Energy Efficiency Green Bonds in Latin America and the Caribbean³²



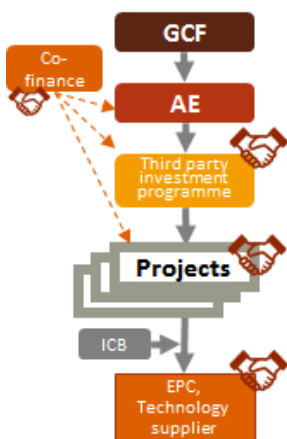
| AE | IDB (Latin America and the Caribbean, Mexico) |
|-----------------------------|---|
| Project summary | <p>Use of ESCO receivables and green bond</p> <p>The Programme uses a two-phased approach to bridge that gap. It will, at first, fund energy efficiency projects using loans. Once a sufficient amount of projects are aggregated, the Programme will “bundle” them such that they will be used to underpin the issuance of partly guaranteed green bonds. In its initial phase, the Programme targets four Latin America and Caribbean countries – Colombia, the Dominican Republic, Jamaica and Mexico (as pilot country) – of which two are Small Island Developing States.</p> |
| Total cost investment (USD) | <p>184.5 M</p> <p>GCF finance, Guarantee 20.0 M, Grant 2.0 M,</p> <p>IDB, Loan 50 M, Guarantee 56.0 M</p> <p>CTF Guarantee, 19.0 M</p> <p>Private sector Equity 37.5 M, Green bond 150 M</p> |

³² https://www.greenclimate.fund/-/energy-efficiency-green-bonds-in-latin-america-and-the-caribbean?inheritRedirect=true&redirect=%2Fwhat-we-do%2Fprojects-programmes%3Fp_p_id%3D101_INSTANCE_Hreg2cAkDEHL%26p_p_lifecycle%3D0%26p_p_state%3Dnormal%26p_p_mode%3Dview%26p_p_col_id%3D118_INSTANCE_4ZRnUzRWpEqO__column-2%26p_p_col_pos%3D1%26p_p_col_count%3D2%26101_INSTANCE_Hreg2cAkDEHL_delta%3D30%26101_INSTANCE_Hreg2cAkDEHL_keywords%3D%26101_INSTANCE_Hreg2cAkDEHL_advancedSearch%3Dfalse%26101_INSTANCE_Hreg2cAkDEHL_andOperator%3Dtrue%26r_p_564233524_resetCur%3Dfalse%26101_INSTANCE_Hreg2cAkDEHL_cur%3D3



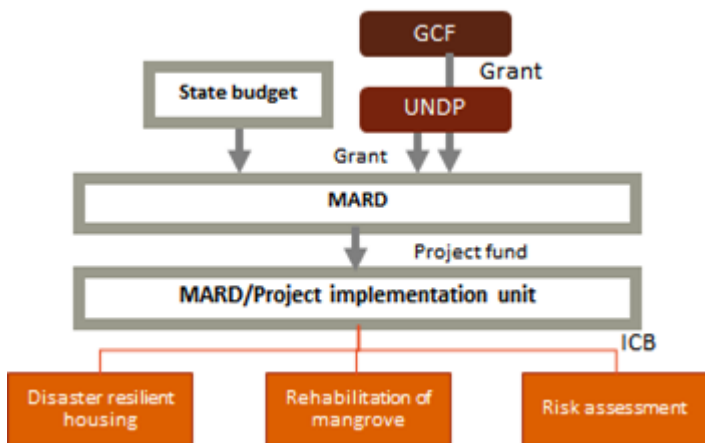
Approved project

FP13 Improving the resilience of vulnerable coastal communities to climate change related impacts in Viet Nam³³



| AE | UNDP (Viet Nam) |
|-----------------------------|---|
| Project summary | <p>Construction of disaster resilience housing, rehabilitation of mangrove and risk assessment</p> <p>More resilient housing will be created through incorporating storm and flood resilient design features in new houses to benefit up to 20,000 people who are exposed to high risk from adverse weather events. In order to create storm surge buffers, 4,000 hectares of mangroves will be planted and rehabilitated, which will also create sustainable ecosystem resources to support coastal livelihoods. The project will also develop systematized climate and economic risk assessments for private and public sector application in all 28 coastal provinces of Viet Nam</p> |
| Total cost investment (USD) | <p>40.5 M</p> <p>GCF finance, Grant 29.5 M</p> <p>Ministry of Construction, Grant 8.0 M</p> <p>Ministry of Agriculture and Rural Development (MARD) Grant 1.4 M</p> <p>UNDP, Grant 1.6 M</p> |

³³ https://www.greenclimate.fund/-/improving-the-resilience-of-vulnerable-coastal-communities-to-climate-change-related-impacts-in-viet-nam?inheritRedirect=true&redirect=%2Fwhat-we-do%2Fprojects-programmes%3Fp_p_id%3D101_INSTANCE_Hreg2cAkDEHL%26p_p_lifecycle%3D0%26p_p_state%3Dnormal%26p_p_mode%3Dview%26p_p_col_id%3D_118_INSTANCE_4ZRnUzRWpEqO__column-2%26p_p_col_pos%3D1%26p_p_col_count%3D2%26_101_INSTANCE_Hreg2cAkDEHL_delta%3D30%26_101_INSTANCE_Hreg2cAkDEHL_keywords%3D%26_101_INSTANCE_Hreg2cAkDEHL_advancedSearch%3Dfalse%26_101_INSTANCE_Hreg2cAkDEHL_andOperator%3Dtrue%26_r_p_564233524_resetCur%3Dfalse%26_101_INSTANCE_Hreg2cAkDEHL_cur%3D3



2.4 Private Sector Facility

Project Preparation Facility (PPF)³⁴ is available for preparation of funding proposal (see Chapter 2.2). In addition, Private Sector Facility (PSF) also promotes engagement of the private.

Private Sector Facility (PSF)³⁵

The PSF has been set up to catalyse the engagement of private sector investors, developers, entrepreneurs, corporations, and small and medium-sized enterprises in mitigation and adaptation projects in developing countries. An innovative feature of the PSF is that private sector intermediaries can be accredited to deploy the GCF resources. The PSF can support mitigation action by finding innovative ways to scale up the supply of clean energy by, for example, increasing access to affordable finance for microenterprises, using funds to “de-risk” investment, mobilizing private sector activity on the demand side, and by rallying long-term institutional investors.

³⁴ Ref. GCF document Decision B.13/21 [Operational guidelines for the Project Preparation Facility]

³⁵ Detail information on PSF can be found in “The Green Climate Fund’ he Green Climate Fund PSF ”(2017).
[https://www.greenclimate.fund/documents/20182/194568/The_Green_Climate_Fund_s_Private_Sector_Facility.pdf/c47eacd1-5b93-4fe0-97de-b4b9ebe669d3] Advisory group for PSF (Private Sector Advisory Group: PSAG) provides recommendation to the Board in order to mobilize the Private sector.

2.5 Contents of GCF Funding Proposal

The GCF Funding Proposal template includes 9 sections and requires, among others, financing and cost information, rationale for GCF involvement, and expected performance against the GCF's investment criteria. Project proponents or developers (i.e. private company) can support AEs in developing or writing a proposal. NDAs/Focal Points can guide project development and will need to issue a No-Objection letter prior to proposal submission. Engaging with NDA/Focal Point during proposal development is therefore important.

To finance background studies required for Funding Proposals, PPF support can be requested by AEs. Moreover, a so-called Simplified Approval Process (SAP)³⁶ was recently developed and can be applied by AEs (especially DAEs) who are considering less than 10 million USD GCF contributions to an ESS risk category C project (one SAP project from Namibia is already approved³⁷). Contents of the funding proposal is indicated as below.

³⁶ The simplifications in SAP are two-fold: 1. The documentation to be provided with the Funding Proposal is reduced; and 2. The review and approval processes are streamlined. Details can be found in the GCF website. [<https://www.greenclimate.fund/how-we-work/funding-projects/simplified-approval-process>]

³⁷ [<https://www.greenclimate.fund/-/improving-rangeland-and-ecosystem-managementpractices-of-smallholder-farmers-under-conditions-of-climate-change-in-sesfonteinransfontein-and-warmqu?inheritRedirect=true&redirect=%2Fwhat-we-do%2Fprojectsprogrammes>]

Funding proposal³⁸

| | |
|-----------|--|
| Section A | Project/Programme summary |
| Section B | Financing / Cost information |
| Section C | Detailed project / Programme description |
| Section D | Rationale for GCF involvement |
| Section E | Expected performance against investment criteria |
| Section F | Appraisal summary |
| Section G | Risk Assessment and management |
| Section H | Result monitoring and reporting |
| Section I | Annex |

| A. Project/Programme summary | |
|---|---|
| A.1. Brief Project / Programme Information | |
| A.1.1. Project / programme title | Provide the full title of the proposed project/programme. |
| A.1.2. Project or programme | Indicate If the proposal is associated with a project or a programme. |
| A.1.3. Country (ies) / region | Enter the country (or countries) or region in which the proposed project/programme will be implemented. |
| A.1.4. National designated authority (ies) | Insert the name of the NDA |

³⁸ Ref. Green Climate Fund Proposal Toolkit 2017 (ACCLIMATISE and CDKN)

| | |
|---|---|
| A.1.5. Accredited Entity | Insert the name of AE. |
| A.1.5.a. Access modality | Indicate which mode of access the entity is using to access the Fund's resources: direct or international |
| A.1.6. Executing entity / beneficiary | Insert the name of the EE(s) who will channel funds, execute, carry out or implement the funded activity under the overall management and supervision of the AE. |
| A.1.7. Project size category (Total investment, million USD) | Indicate the scale of intended activities for the proposed project/ programme: Micro (≤ 10), Medium ($50 < x \leq 250$), Small ($10 < x \leq 50$), Large (> 250) |
| A.1.8. Mitigation / adaptation focus | Indicate if the proposed project/programme targets mitigation, adaptation, or cross-cutting (both mitigation and adaptation) |
| A.1.9. Date of submission | - |
| A.1.10. Project contact details | - |
| A.1.11. Results areas (<i>mark all that apply</i>) | Mark all the relevant results area of the Fund's initial RMF that are applicable to the proposed project/programme. |
| A.2. Project / Programme Executive Summary | - |

| B. Financing / Cost information | |
|--|--|
| B.1. Description of Financial Elements of the Project / Programme | Provide a breakdown of cost estimates analyzed according to major cost categories. Present a financial model that includes projection covering the period from financial closing through final maturity of the proposed GCF financing with detailed assumptions and rationale. Summaries the financial instrument(s) to be used in support of the project/programme, and how the choice of financial instrument(s) will overcome barriers and leverage additional public and/or private finance to achieve project objectives. |
| B.2. Project Financing Information | State the amount of financial contributions needed for the proposed project/programme. The 'total project financing' should be the sum of 'requested GCF' amount and 'Co-financing' amount. Provide a breakdown by financial instrument. Provide strong economic and financial justification for the concessionality that GCF provides, particularly in the case of grants. Please note that the level of concessionality should correspond to the level of the proposal's expected performance against the investment criteria. |
| B.3. Financial Markets Overview (if applicable) | Provide an overview of the size of total banking assets, debt capital markets and equity capital markets which could be tapped to finance the |

| | |
|--|---|
| | proposed project/programme. Provide also an overview of market rate (i.e. one-year Treasury bill, five-year government bond, five year cooperate bond (Specify credit rating) and five-year syndicate loan. |
|--|---|

| C. Detailed project / Programme description | |
|---|---|
| C.1. Strategic Context | Describe relevant national, subnational, global, political and/or economic factors that help to contextualize the proposal, including existing national and sector policies and strategies. |
| C.2. Project / Programme Objective against Baseline | Describe the baseline scenario (i.e. emission baseline, climate vulnerability baseline, key barriers, challenges and/or policies), the outcomes and the impact that the project/programme will aim to achieve in improving the baseline scenario. |
| C.3. Project / Programme Description | Describe the main activities and the planned measures of the project/programme according to each of its components. Provide information on how the activities are linked to objectives, outputs and outcomes that the project/programme intends to achieve. |
| C.4. Background Information on Project / Programme Sponsor | Describe the quality of the management team, overall strategy and financial profile of the sponsor (EE) and how it will support the project/programme in terms of equity |

| | |
|--|---|
| (Executing Entity) | investment, management, operations, production and marketing. |
| C.5. Market Overview (if applicable) | Describe the market for the product(s) or services including the historical data and forecasts. Describe the competitive environment including the list of competitors with market shares and customer base and key differentiating factors (if applicable). Provide pricing structures, price controls, subsidies available and government involvement (if any). |
| C.6. Regulation, Taxation and Insurance (if applicable) | Provide detail of government licenses or permits required for implementing and operating the project/programme, the issuing authority and the date of issue or expected date of issue. Describe applicable taxes and foreign exchange regulations and details on insurance policies related to the project/programme. |
| C.7. Institutional / Implementation Arrangements | Describe in detail the governance structure of the project/programme, including but not limited to the organization's structure, role and responsibilities of the project/programme management unit, steering committee, EEs and so on, as well as the flow of funds structure. |
| C.8. Timetable of Project/ Programme Implementation | Provide a project/programme implementation timetable. |

| D. Rationale for GCF involvement | |
|---|--|
| D.1. Value Added for GCF Involvement | Describe the value added by the Fund's support and the project/programme's long-term sustainability after the Fund's intervention. Provide a justification for the amount of funding requested and the financial instrument(s) proposed, in order to close the funding gap and bring the project/programme to function. In the case of grant funding without repayment contingency present a convincing financial and/or economic argument to ensure that the fund maximizes its use of resources. |
| D.2. Exit Strategy | Explain how the project/programme sustainability will be ensured in the long run, after the project/programme is implemented with support from the GCF and other sources. |

| E. Expected performance against investment criteria | |
|--|--|
| E.1. Impact Potential | Specify the climate mitigation and/or adaptation impact, using the four core indicators providing in the Fund's investment framework. |
| E.2. Paradigm Shift Potential | (1) Potential for scaling-up and replication (e.g. multiples of initial impact size) for both mitigation and adaptation; (2) potential for knowledge and learning; (3) contribution to the creation of an enabling environment; (4) contribution to the regulatory framework and policies. |

| | |
|--|--|
| <p>E.3. Sustainable Development Potential</p> | <p>Provide the expected environmental, social and health, and economic co-benefit. Also provide the gender-sensitive development impact, which will aim to reduce gender inequalities in climate change impacts. These co-benefits and wider positive impacts may be drawn from an economic analysis of the proposed activities and can be strengthened with more qualitative factors.</p> |
| <p>E.4. Needs of the Recipient</p> | <p>Describe the scale and intensity of vulnerability of the country and beneficiary groups and elaborate how the project/programme addresses the identified needs.</p> |
| <p>E.5. Country Ownership</p> | <p>Demonstrate the following factors, amongst others: (1) existence of a national climate strategy and coherence with existing plans and policies; (2) capacity of AEs or EEs to deliver; and (3) engagement with NDAs, civil society organizations and other relevant stakeholders.</p> |
| <p>E.6. Efficiency and Effectiveness</p> | <p>Make the case for strong cost-effectiveness and financial soundness.</p> |

| <p>F. Appraisal summary</p> | |
|--|--|
| <p>F.1. Economic and Financial Analysis</p> | <p>Provide the result of the detailed economic and financial analysis (including the financial model). Also demonstrate the economic and financial</p> |

| | |
|---|--|
| | justification (both qualitative and quantitative) for the concessionality that GCF provides. |
| F.2. Technical Evaluation | Provide an assessment from the technical perspective, if a particular technological solution has been chosen. |
| F.3. Environmental, Social Assessment, including Gender Considerations | Describe the main outcome of the Environmental and Social Impact Assessment (ESIA) and specify the Environmental and Social management Plan (ESMP), and how the project/programme will avoid or mitigate negative impacts in accordance with the Fund's (ESS) standard. Also describe how the gender aspect is considered in accordance with the Fund's Gender Policy and Action Plan. |
| F.4. Financial Management and Procurement | Describe the project/programme's financial management and procurement, including financial accounting, disbursement methods and auditing. |

| G. Risk Assessment and management | |
|--|--|
| G. Risk Assessment and management | Identify any substantial technical, operational financial, social and environmental risks that the project/programme may face and propose respective risk mitigation measures. |

H. Result monitoring and reporting

H. Result monitoring and reporting

Provide the logic framework of the proposed project/programme.

I. ANNEX

- No-objection letter from DNA
- Feasibility study
- Integrated financial model that provides sensitivity analysis of critical element
- Confirmation letter or letter of commitment for co-financing commitment
- Project/programme confirmation (term sheet)
- Environmental and Social Impact Assessment (ESIA) or Environmental and Social Management Plan (ESMP)
- Appraisal report or due diligence report with recommendations
- Evaluation report of the baseline project
- Map indicating the location of the project/programme
- Timetable of project/programme implementation
- Procurement plan
- Detailed budget
- Gender action plan,
- Economic analysis

3. GCF INVESTMENT CRITERIA

When implementing project formulation with GCF, it is necessary to describe in section E of the Funding Proposal to show that it meets six investment standards namely impact potential, paradigm shift potential, sustainable development potential, needs of the recipient, country ownership, efficiency and effectiveness. Investment criteria further include target areas, sub-criteria and indicators. It is desirable to formulate projects based on these items. In this section, based on Decision B.09/05 Annex III which details are shown concerning six investment criteria. With regard to indicators, review process is currently under way in the Board meeting and it is recommended that latest information should be confirmed on the relevant website.

Table 5. Initial investment framework: activity-specific-criteria and indicative assessment factors (DECISION B.09/05)

An AE will develop its Funding Proposal with due consideration of the investment criteria and the applicable and relevant activity-specific sub-criteria and indicative assessment factors. In the formulation of the proposal, the AE is expected to respond to all six of the investment criteria but only the applicable and relevant sub-criteria and indicative assessment factors. Not all activity-specific sub-criteria and indicative assessment factors will be applicable or relevant for every proposal.

1. Impact potential

| Definition | Coverage area | Activity-specific sub-criteria | Indicative assessment factors (including indicators) ³⁹ |
|---|-------------------|--|---|
| Potential of the programme/project to contribute to the achievement of the Fund's objectives and result areas | Mitigation impact | <ul style="list-style-type: none"> ● Contribution to the shift to low emission sustainable development pathways | <ul style="list-style-type: none"> ● Expected tonnes of carbon dioxide equivalent (t CO2 eq) to be reduced or avoided (PMF-M Core 1)⁴⁰ ● Degree to which activity avoids lock-in of long-lived, high emission infrastructure ● Expected increase in the number of households with access to low-emission energy ● Degree to which the programme/project supports the scaling up of low-emission energy in the affected region by addressing key barriers ● Expected number of MW of low-emission energy capacity installed, |

³⁹ Indicative assessment factors include both quantitative indicators and qualitative factors.

⁴⁰ PMF-M Core 1 refers to a linkage with the first core indicator in the mitigation performance measurement framework, as contained in document GCF/B.08/07. PMF-A 5.0 refers to a linkage with the indicator 5.0 in the adaptation performance measurement framework and so on.

| Definition | Coverage area | Activity-specific sub-criteria | Indicative assessment factors (including indicators) ³⁹ |
|------------|-------------------|---|---|
| | | | <p>generated and/or rehabilitated</p> <ul style="list-style-type: none"> ● Expected increase in the number of small, medium and large low emission power suppliers (PMF-M 6.0 and related indicator(s)), and installed effective capacity ● Expected decrease in energy intensity of buildings, cities, industries and appliances (PMF-M 7.0 and related indicator(s)) ● Expected increase in the use of low-carbon transport (PMF-M 8.0 and related indicator(s)) ● Expected improvement in the management of land or forest areas contributing to emission reductions (PMF-M 9.0 and related indicator(s)) ● Expected improvement in waste management contributing to emission reductions (e.g. the change in the share of waste managed using low-carbon strategies and/or the change in the share of waste that is recovered through recycling and composting); and/or ● Other relevant indicative assessment factors, taking into account the Fund's objectives, priorities and result areas, as appropriate on a case-by-case basis |
| | Adaptation impact | <ul style="list-style-type: none"> ● Contribution to increased climate resilient sustainable development | <ul style="list-style-type: none"> ● Expected total number of direct and indirect beneficiaries, (reduced vulnerability or increased resilience); number of beneficiaries relative to total population (PMF-A Core 1), particularly the most vulnerable groups ● Degree to which the activity avoids lock-in of long-lived, climate vulnerable infrastructure ● Expected reduction in vulnerability by enhancing adaptive capacity and resilience for populations affected by the propose, activity, focusing particularly on the most vulnerable population groups and applying a gender-sensitive approach ● Expected strengthening of institutional and regulatory systems for climate-responsive planning and development (PMF-A 5.0 and related indicator(s)) |

| Definition | Coverage area | Activity-specific sub-criteria | Indicative assessment factors (including indicators) ³⁹ |
|------------|---------------|--------------------------------|--|
| | | | <ul style="list-style-type: none"> ● Expected increase in generation and use of climate information in decision-making (PMF-A 6.0 and related indicator(s)) ● Expected strengthening of adaptive capacity and reduced exposure to climate risks (PMF-A 7.0 and related indicator(s)) ● Expected strengthening of awareness of climate threats and risk reduction processes (PMF-A 8.0 and related indicator(s)); and/or ● Other relevant indicative assessment factors, taking into account The Fund's objectives, priorities and result areas, as appropriate on a case-by-case basis |

2 Paradigm shift potential

| Definition | Coverage area | Activity-specific sub-criteria | Indicative assessment factors (including indicators) ⁴¹ |
|--|--|--|--|
| Degree to which the proposed activity can catalyse impact beyond a one-off project or programme investment | Potential for scaling up and replication, and its overall contribution to global low carbon development pathways being consistent with a temperature increase of less than 2 degrees Celsius (mitigation only) | <ul style="list-style-type: none"> ● Innovation ● Level of contributions to global low-carbon development pathways, consistent with a temperature increase of less than 2 degrees Celsius ● Level of contributions to global low-carbon development ● Potential for expanding the scale and impact of the proposed programme or project (scalability) ● Potential for exporting key structural elements of the proposed programme or project elsewhere within the same sector as well as to other sectors, regions or countries (replicability) | <ul style="list-style-type: none"> ● Opportunities for targeting innovative solutions, new market segments, developing or adopting new technologies, business models, modal shifts and/or processes ● Expected contributions to global low-carbon development pathways consistent with a temperature increase of less than 2 degrees Celsius as demonstrated through: ● A theory of change for scaling up the scope and impact of the intended project/programme without equally increasing the total costs of implementation ● A theory of change for replication of the proposed activities in the project/programme in other sectors, institutions, geographical areas or regions, communities or countries |
| | Potential for knowledge and learning | <ul style="list-style-type: none"> ● Contribution to the creation or strengthening of knowledge, collective learning | <ul style="list-style-type: none"> ● Existence of a monitoring and evaluation plan and a plan for sharing lessons learned so that they can be incorporated within other projects |

⁴¹ Indicative assessment factors include both quantitative indicators and qualitative factors.

| | processes, or institutions | |
|---|--|---|
| Contribution to the creation of an enabling environment | <ul style="list-style-type: none"> ● Sustainability of outcomes and results beyond completion of the intervention ● Market development and transformation | <ul style="list-style-type: none"> ● Arrangements that provide for long-term and financially sustainable continuation of relevant outcomes and key relevant activities derived from the project/programme beyond the completion of the intervention ● Extent to which the project/programme creates new markets and business activities at the local, national or international levels ● Degree to which the activity will change incentives for market participants by reducing costs and risks, eliminating barriers to the deployment of low-carbon and climate-resilient solutions ● Degree to which the proposed activities help to overcome systematic barriers to low-carbon development to catalyse impact beyond the scope of the project or programme |
| Contribution to the regulatory framework and policies | <ul style="list-style-type: none"> ● Potential for strengthened regulatory frameworks and policies to drive investment in low-emission technologies and activities, promote development of additional low-emission policies, and/or improve climate-responsive planning and development | <ul style="list-style-type: none"> ● Degree to which the project or programme advances the national/local regulatory or legal frameworks to systemically promote investment in low-emission or climate-resilient development ● Degree to which the activity shifts incentives in favour of low-carbon and/or climate-resilient development or promotes mainstreaming of climate change considerations into policies and regulatory frameworks and decision-making processes at national, regional and local levels, including private-sector decision-making |
| Overall contribution to climate-resilient | <ul style="list-style-type: none"> ● Potential for expanding the proposal's impact without equally | <ul style="list-style-type: none"> ● Scaling up the scope and impact of the intended project/programme without equally increasing the total costs of implementation ● A theory of change for replication |

| | | |
|--|--|---|
| <p>Development pathways consistent with a country's climate change adaptation strategies and plans (adaptation only)</p> | <p>increasing its cost base (scalability)</p> <ul style="list-style-type: none"> ● Potential for exporting key structural elements of the proposal to other sectors, regions or countries (replicability) | <p>of the proposed activities in the project/programme in other sectors, institutions, geographical areas or regions, communities or countries</p> <ul style="list-style-type: none"> ● Degree to which the programme or project reduces proposed risks of investment in technologies and strategies that promote climate resilience in developing countries |
|--|--|---|

3. Sustainable development potential

| Definition | Coverage area | Activity-specific sub-criteria | Indicative assessment factors (including indicators) ⁴² |
|-------------------------------|---------------------------|--|--|
| Wider benefits and priorities | Environmental co-benefits | <ul style="list-style-type: none"> Expected positive environmental impacts, including in other result areas of the Fund, and/or in line with the priorities set at the national, local or sectoral level, as appropriate | <ul style="list-style-type: none"> Degree to which the project or programme promotes positive environmental externalities such as air quality, soil quality, conservation, biodiversity, etc. |
| | Social co-benefits | <ul style="list-style-type: none"> Expected positive social and health impacts, including in other result areas of the Fund, and/or in line with the priorities set at the national, local or sectoral levels, as appropriate | <ul style="list-style-type: none"> Potential for externalities in the form of expected improvements, for woman and men as relevant, in areas such as health and safety, access to education, improved regulation and/or cultural preservation. |
| | Economic co-benefits | <ul style="list-style-type: none"> Expected positive economic impacts, including in other result areas of the Fund, and/or in line with the priorities set at the national, local or sectoral level, as appropriate | <ul style="list-style-type: none"> Potential for externalities in the form of expected improvements in areas such as expanded and enhanced job markets, job creation and poverty alleviation for women and men, increased and/or expanded involvement of local industries; increased collaboration between industry and academia; growth of private funds attracted; contribution to an increase in productivity and competitive capacity; improved sector income-generating capacity; contribution to an increase in energy security; change in water supply and agricultural productivity in targeted areas, etc. |

⁴² Indicative assessment factors include both quantitative indicators and qualitative factors.

| | | | |
|--|--|--|---|
| | <p>Gender-sensitive development impact</p> | <ul style="list-style-type: none"> ● Potential for reduced gender inequalities in climate change impacts and/or equal participation by gender groups in contributing to expected outcomes | <ul style="list-style-type: none"> ● Explanation of how the project activities will address the needs of women and men in order to correct prevailing inequalities in climate change vulnerability and risks |
|--|--|--|---|

4. Needs of the recipient

| Definition | Coverage area | Activity-specific sub-criteria | Indicative assessment factors (including indicators) ⁴³ |
|---|--|---|--|
| Vulnerability and financing needs of the beneficiary country and population | Vulnerability of the country (adaptation only) | <ul style="list-style-type: none"> ● Scale and intensity of exposure of people, and/or social or economic assets or capital, to risks derived from climate change | <ul style="list-style-type: none"> ● Intensity of exposure to climate risks and the degree of vulnerability, including exposure to slow onset events ● Size of population and/or social or economic assets or capital of the country exposed to climate change risks and impacts |
| | Vulnerable groups and gender aspects (adaptation only) | <ul style="list-style-type: none"> ● Comparably high vulnerability of the beneficiary groups | <ul style="list-style-type: none"> ● Proposed project/programme supports groups that are identified as particularly vulnerable in national climate or development strategies, with relevant sex disaggregation |
| | Economic and social development level of the country and the affected population | <ul style="list-style-type: none"> ● Level of social and economic development of the country and target population | <ul style="list-style-type: none"> ● Level of social and economic development (including income level) of the country and target population (e.g. minorities, disabled, elderly, children, female heads of households, indigenous peoples, etc.) |
| | Absence of alternative sources of financing | <ul style="list-style-type: none"> ● Opportunities for the Fund to overcome specific barriers † financing | <ul style="list-style-type: none"> ● Explanation of the existing barriers that create absence of Alternative sources of financing and how they will be addressed |
| | Need for strengthening institutions and implementation capacity | <ul style="list-style-type: none"> ● Opportunities to strengthen institutional and implementation capacity in relevant institutions in the context of the proposal | <ul style="list-style-type: none"> ● Potential of the proposed programme or project to strengthen institutional and implementation capacity |

⁴³ Indicative assessment factors include both quantitative indicators and qualitative factors.

5. Country ownership

| Definition | Coverage area | Activity-specific sub-criteria | Indicative assessment factors (including indicators) ⁴⁴ |
|--|---|--|--|
| Beneficiary country ownership of, and capacity to implement, a funded project or programme (policies, climate strategies and institutions) | Existence of a national climate strategy | <ul style="list-style-type: none"> ● Objectives are in line with priorities in the country's national climate strategy ● Proposed activity is designed in cognizance of other country policies | <ul style="list-style-type: none"> ● Programme or project contributes to country's priorities for low-emission and climate-resilient development as identified in national climate strategies or plans, such as nationally appropriate mitigation actions (NAMAs), national adaptation plans (NAPs) or equivalent, and demonstrates alignment with technology needs assessments (TNAs), as appropriate ● Degree to which the activity is supported by a country's enabling policy and institutional framework, or includes policy or institutional changes |
| | Coherence with existing policies | | |
| | Capacity of Accredited Entities or executing entities to deliver | <ul style="list-style-type: none"> ● Experience and track record of the Accredited Entity or executing entities in key elements of the proposed activity | <ul style="list-style-type: none"> ● Proponent demonstrates a consistent track record and relevant experience and expertise in similar or relevant circumstances as described in the proposed project/programme (e.g. sector, type of intervention, technology, etc.) |
| | Engagement with civil society organizations and other relevant stakeholders | <ul style="list-style-type: none"> ● Stakeholder consultations and engagement | <ul style="list-style-type: none"> ● Proposal has been developed in consultation with civil society groups and other relevant stakeholders, with particular attention being paid to gender equality, and provides a specific mechanism for their future engagement in accordance with the Fund's environmental and social safeguards and stakeholder consultation guidelines. The proposal places decision-making responsibility with in-country institutions and uses domestic systems to ensure accountability |

⁴⁴ Indicative assessment factors include both quantitative indicators and qualitative factors.

6. Efficiency and effectiveness

| Definition | Coverage area | Activity-specific sub-criteria | Indicative assessment factors (including indicators) ⁴⁵ |
|--|---|---|---|
| Economic and, if appropriate, financial soundness of the programme/project | Cost-effectiveness and efficiency regarding financial and non-financial aspects | <ul style="list-style-type: none"> ● Financial adequacy and appropriateness of concessionality ● Cost-effectiveness (mitigation only) | <ul style="list-style-type: none"> ● Proposed financial structure (funding amount, financial instrument, tenor and term) is adequate and reasonable in order to achieve the proposal's objectives, including addressing existing bottlenecks and/or barriers ● Demonstration that the proposed financial structure provides the least concessionality needed to make the proposal viable ● Demonstration that the Fund's support for the programme / project will not crowd out private and other public investment ● Estimated cost per t CO₂ eq (PMF-M Core 2) as defined as total investment cost / expected lifetime emission reductions, and relative to comparable opportunities |
| | Amount of co-financing | <ul style="list-style-type: none"> ● Potential to catalyse and/or leverage investment (mitigation only) | <ul style="list-style-type: none"> ● Expected volume of finance to be leveraged by the proposed project/programme and as a result of the Fund's financing, disaggregated by public and private sources (PMF-M Core 3) ● Co-financing ratio (total amount of co-financing divided by the Fund's investment in the project/programme) ● Potential to catalyse private- and public-sector investment, assessed in the context of performance on industry best practices ● Expected indirect/long-term low-emission investment mobilized as a result of the implementation of activity |
| | Programme/project financial viability and other financial | <ul style="list-style-type: none"> ● Expected economic and financial | <ul style="list-style-type: none"> ● Economic and financial rate of return with and without the Fund's support (i.e. hurdle rate of return or other appropriate/relevant |

⁴⁵ Indicative assessment factors include both quantitative indicators and qualitative factors.

| | | |
|-------------------------|--|--|
| indicators | <p>internal rate of return</p> <ul style="list-style-type: none"> ● Financial viability in the long run | <p>thresholds)</p> <ul style="list-style-type: none"> ● Description of financial soundness in the long term (beyond the Fund's intervention) |
| Industry best practices | <ul style="list-style-type: none"> ● Application of best practices and degree of innovation | <ul style="list-style-type: none"> ● Explanations of how best available technologies and/or best practices, including those of indigenous peoples and local communities, are considered and applied ● If applicable, the proposal specifies the innovations or modifications/adjustments made based on industry best practices |

4. TIPS & TRICKS FOR WRITING A WINNING PROPOSAL

A successful Funding Proposal will compare to or exceed the quality and/or content of similar, already approved Funding Proposals. Increasing access to climate finance while shifting from international towards direct access however poses unique challenges to the financial systems in countries. More importantly, this shift necessitates greater in-country capacity to prepare Funding Proposals. It is therefore the wish of this booklet to help stakeholders, specifically those in national institutions involved in climate change projects, by providing key tips and tricks in preparing proposals drawn from practitioners, project developers, and financial institutions. While it is the aim of this section to provide as much useful and helpful information to stakeholders, readers are encouraged to further consult the plethora of other guides, toolkits, and resource materials from other relevant organizations such as GCF.

4.1 Setting the Stage for a project/programme

Having a clear idea of the challenge to be addressed and the context in which it develops is a first key step to develop a winning project proposal.

- Take advantage of existing secondary information

Desk research of publicly available documents (e.g. Nationally

Determined Contributions, vulnerability and climate risk studies, economic and environmental studies, project reports) is useful in understanding the problem at hand, as these offer valuable data which would be otherwise difficult to collect in a short period of time.

- **Conduct a comprehensive analysis of the local context**

Climate impacts as well as institutional, socioeconomic, and political and regulatory contexts can vary greatly even over small geographical areas. Hence, it is important to gather localized and context-specific information. To achieve this, there is no substitute for doing field visits and consultation with local stakeholders.

- **Embrace complex thinking**

Assembling a cross-sectoral working team to participate both in the problem identification and project design phases can incentivise complex thinking, as diversity tends to open the space for more varied and novel ideas.

- **Mind the politics**

The issues that are harder to observe (e.g. power and political dynamics, embedded inequalities) are often the greater challenges during project implementation.

Before moving on...

- Check national and subnational climate change and development plans to identify priorities: Financial institutions and other key stakeholders will expect for any project proposal to be aligned with national and subnational climate change priorities, plans and development strategies. These should be available to the public. If they are not available online, respective offices in each country can offer them.
- Verify that climate change is causing the main problem to be addressed: If the main threats and barriers affecting the problem are out of the scope of climate change action, the proposal is not likely to be funded through climate finance and should rather be considered as a development priority.

4.2 Crafting Effective Interventions

Once a climate action priority has been mapped out and the problem better understood, identifying the best combination of interventions to solve the problem follows.

■ Engage local stakeholders

Civil society organizations and other local groups, including the most vulnerable, offer indispensable insights to craft the most valuable and locally relevant solutions. Engaging with these stakeholders at the

earliest stages can also help secure local support, ensure added value, avoid duplication of efforts, and reduce the risk of social rejection of a project in further stages of its development.

- Mind social, gender and environmental considerations

Being cautious of issues of equity and inequalities in resource distribution at early stages is very important, as it has often been the case that a project increases the resilience of one sector of society or a particular ecosystem, at the cost of harming others.

4.3 Selecting the Right Sources of Funding

- Determine the type of financial instrument that is most suitable for the proposal

Depending on the project's level of risk, its financial strength and its duration, a project may be more suitable to receive a grant, a concessional loan, or other financial instruments. Grants tend to be more appropriate for projects with no returns generated by project interventions, while projects that are financially viable tend to be more eligible for concessional loans.

■ Consider multiple co-financing

It can be useful to approach by mapping the requirements of each potential co-financier (eligibility requirements, costs, ease of availment, repayment terms) and analysing which one aligns best with each intervention of the project. Once the most promising options have been identified, it is advisable to initiate conversations with these at the earliest possible.

Before moving on...

- Consider submitting a Concept Note: As indicated in Chapter 2.1, submitting a concept note whenever possible is highly encouraged. Doing so initiates a dialogue with the financial institution and presents the possibility to receive valuable early feedback on the substantive issues on the concept note. Feedback may include questions on matters that the concept note failed to address or provide guidance on the interventions.

4.4 Conducting Preparatory Feasibility Assessments

■ Technological viability

In case a project requires a specific technology, it is important to demonstrate that the technology is fit to be used for the project. This entails testing important equipment and their alternatives in similar conditions where it will be used. In addition, testing should consider different climate change scenarios. This is particularly important for equipment that will be used for multiple years keeping in mind that the longer the lifespan of an asset, the wider the range of scenarios that should be used. For new technologies, proprietary methods of testing and projections are acceptable provided that full transparency is exercised.

■ Economic and financial feasibility

Different financial institutions would have varying project performance benchmarks. Consequently, economic and financial analyses requirement differ from one project to another. These analyses commonly include sensitivity analysis to measure if project objectives can still be achieved. If project conditions change adversely, cost-benefit analysis to systematically determine the best intervention among alternatives, and net present value and internal rate of return analysis to evaluate in the project's profitability and financial viability.

■ Environmental soundness

Environmental assessments often include taking a baseline and assessing potential consequences of the proposed intervention on the physical environment and local biological environment (ecology). It is also important to consider the meteorological conditions in this study. Typical considerations include geology, land use categorisations, and the terrestrial flora and fauna.

■ Social equity and gender mainstreaming

Community members are not uniformly vulnerable and without a clear understanding of these differences, projects can further exacerbate social and gender inequalities. Hence, it is essential that project proponents conduct social and gender assessments to have a comprehensive understanding of the potential risks of the proposed interventions and determine how to address these. Proposals that fail to consider and address climate vulnerability and gender-differentiated impact will most likely get rejected outright.

4.5 Writing Winning Proposal

The task at hand is to elaborate a winning full Funding Proposal that clearly explains the problem at hand and makes a compelling case for the proposed solutions. To achieve this, following elements are needed to be considered.

- Clearly describe the climate threat at hand and the context in which it develops, presenting both the big picture and finer details

Detail the root cause of the problem and how climate change is contributing to the problem at present and in the future under different climate change scenarios. In setting the broader context, a common good practice is to describe the policy and regulatory environment at the international, national and local levels, including environmental and climate conditions as well as socioeconomic, political and institutional details.

- Develop a clear, coherent and convincing roadmap (spelling both short and long-term lines of action) to describe the impact of the project

The project's logic framework should be framed simply and clearly. It should include all the key interventions of the proposal and demonstrate a coherent logic starting from the activities to outputs to the desired outcomes of the project including likely long-term impacts.

- Make every piece of information evidence-based

Supporting every claim or assertion in the proposal with sound scientific understanding is a must. Hence, it is important to exploit the findings of preparatory assessments, research, and other documentation to the fullest extent and to ensure there is high quality

of analysis. This will demonstrate that the decisions made have been robust and well-founded and that the project interventions will lead to effective and sustainable results.

- Demonstrate support for the project

Due diligence of financial institutions involves looking at project activities whether they align with plans, policies and/or strategies set at local, national and international levels. They will also verify social support for the project, especially from vulnerable groups such as ethnic minorities and women. Additionally, if there is a relevant project on stream in the same location, it is important to clarify that linkages and synergies between the two. This might be particularly important in cases where there are projects financed by the private sector that are big enough to challenge the economic considerations made in a project.

- Specify how gender and vulnerable population considerations have (and will continue to) been taken into account

The proposal should clearly describe the distribution of impact to vulnerable groups and the different access to resources. It should also detail how vulnerable populations will continue to be involved to ensure their needs are taken into account, assess how benefits can be enhanced and impacts minimised or mitigated.

- Include comprehensive project governance and knowledge management structures

Financial institutions will expect detailed information on project management, coordination mechanisms and implementation measures, and the agencies that are going to execute them. Project proponents should also specify the methods that will be used for monitoring and evaluation, knowledge management, and lesson sharing.

- Be transparent about risks and limitations associated with the project and provide detailed information of risk-mitigating counter-measures

Being transparent about risks and limitations that can hinder success, and detailing strategies to address these threats, will show diligence and increase the attractiveness of the proposal. It can be convenient to include operational implications, security constraints and financial risks (whenever applicable). In developing contingency plans or risk mitigating measures, it is advisable to refer to the lessons learned and proposed solutions from projects that were subject to similar risks and limitations in the past. Additionally, setting explicit project boundaries, in terms of implementation timelines as well as infrastructure, systems, beneficiaries, institutions and ecosystems involved, will also strengthen the proposal.

APPENDIX

Accreditation Entities in Asia Pacific (DAEs)

According to the GCF documents, DAEs from Asia Pacific region are summarized.

National Bank for Agriculture and Rural Development (NABARD)

Scope

| | |
|---|--|
| Access modality: | Direct access, national. |
| Head office location | India |
| Maximum size of an individual project or activity within a programme | Large |
| Fiduciary functions | Project management; grant award, on-lending and/or blending (for loans and equity) |
| Maximum environmental and social risk category | Medium risk (category B) |

Course of action

- It is national financial institution with a total balance sheet of over US\$ 40 billion located in a developing country in the Asia-Pacific region.
- It has the mandate of promoting sustainable agriculture and rural development through innovative, sustainable and equitable agriculture and rural prosperity by providing financial and technical support.
- It has built partnerships with other national entities, financial

institutions and non-governmental organizations in order to implement innovative ideas through loans, guarantees, blended finance and other structures in the areas of agriculture, natural resources management, fisheries, rural livelihood improvement, renewable energy and micro finance among others.

- One-third of its cumulative disbursements are related to climate change adaptation and mitigation activities, particularly food and water security, forestry and landscape management, enhancing livelihoods and ecosystem services. Leveraging its long-standing partnerships and experience, NABARD intends to undertake low-emissions and climate-resilient sustainable development that reduces the impacts of climate change.

XacBank LLC (XacBank)

Scope

| | |
|---|--|
| Access modality: | Direct access, national. |
| Head office location | Mongolia |
| Maximum size of an individual project or activity within a programme | Small |
| Fiduciary functions | Project management; on-lending and/or blending (for loans and equity and gurantee) |
| Maximum environmental and social risk category | Medium (category B) |

Course of action

- XacBank is a private sector entity in Mongolia. It serves clients from individuals and micro-, small- and medium-sized enterprises to Mongolia's largest corporations with a full spectrum of inclusive banking, fair investment and other financial products and services.
- XacBank has provided products and services to over 650,000 clients through 93 branches operating across the country. The retail banking transformation, piloted from July 2013, to implement international best practices was expanded to cover branches and sub-branches in Ulaanbaatar and 6 rural provinces.
- The Xacbank has successfully introduced specialized financial

products that support energy efficient and renewable energy technologies for business sustainability and Green living.

- Mongolian industries to move towards sustainable production, investing in energy efficiency and renewable energy, increasing energy security, and bettering the environment. The Xacbank intends to scale up its focus on climate change in its operations in the future.

The Secretariat of the Pacific Regional Environment Programme (SPREP)

Scope

| | |
|---|--|
| Access modality: | Direct access, regional |
| Head office location | Samoa |
| Maximum size of an individual project or activity within a programme | Small |
| Fiduciary functions | Basic fiduciary standards; project management; |
| Maximum environmental and social risk category | Minimal (category C) |

Course of action

- SPREP is a regional entity located in the Asia–Pacific region focused on climate change and environmental issues affecting the SIDS in which it operates.
- It supports action on climate change in the key areas of adaptation, mitigation, policy and science. Key activities include: assisting SIDS to integrate climate change considerations into national planning and development processes; supporting and building capacity at the national and subnational levels through technical training on meteorological services, cost benefit analyses, vulnerability assessments and monitoring and evaluation; providing support to coordinate integrated adaptation measures; and implementing mitigation activities such as renewable energy projects (solar and biomass).

- It intends to build upon its current experience and to focus on integrated approaches to addressing climate change, disaster risks as well as ecosystem based adaptation projects and programmes in SIDS.
- It will apply any funds towards SIDS-focused adaptation and mitigation projects and programmes, as well as building national capacity in order to address climate change.
- It applied the first-track accreditation process under the Adaptation fund.

Fiji Development Bank (FDB)

Scope

| | |
|---|---|
| Access modality: | Direct access, national |
| Head office location | Fiji |
| Maximum size of an individual project or activity within a programme | Micro |
| Fiduciary functions | Project management; on-lending and/or blending (for loans, equity and guarantees) |
| Maximum environmental and social risk category | Medium (category B) |

Course of action

- FDB is a national public sector entity and Government-owned development bank based in Fiji. The main objectives are to facilitate and stimulate the promotion and development of natural resources, transportation and other industries and enterprises in Fiji and to give special consideration and priority to the economic development of the rural and agricultural sectors of the economy.
- All capital stock of the FDB is for the sole account of the Government of Fiji, and it has a strong presence at the national level with an emphasis on the social impacts of development assistance. This presence and focus have allowed the applicant to reach vulnerable groups and various beneficiaries including

the private sector and to contribute to national policies through the projects it finances.

- In order to advance the objectives of the GCF, the FDB intends to implement initiatives that have direct and positive impacts on climate change mitigation and adaptation. Particularly, it plans to promote: (a) Renewable energy; (b) Energy efficiency in the housing sector; and (c) Reduction of carbon emissions through new technologies in the marine transport sector.
- As a development bank, FDB places a high value on environmental and social impacts. FDB has undertaken relevant projects such as financing sustainable energy, providing guarantees for solar PV systems for rural areas, and providing micro loans to beneficiaries in the rural and agricultural sector.

Infrastructure Development Company Limited (IDCOL)

Scope

| | |
|---|--|
| Access modality: | Direct access, national |
| Head office location | Bangladesh |
| Maximum size of an individual project or activity within a programme | Medium |
| Fiduciary functions | Project management; on-lending and/or blending (for loans) |
| Maximum environmental and social risk category | Medium risk (Category B) |

Course of action

- IDCOL is a national entity in Bangladesh with a vision to help to ensure the economic development of the country and to improve the standard of living of the people of Bangladesh through sustainable and environmentally - friendly investments.
- IDCOL has been promoting and financing in the private sector since its inception in 1997, focusing on infrastructure, renewable energy and energy efficiency projects.
- The IDCOL has 12 regional offices in Bangladesh from which the IDCOL manages the projects and programmes that it implements. It has well - established partnerships with government institutions; the private sector, which includes but is not limited to micro - finance institutions, non - governmental organizations; as well as bilateral and multilateral development

agencies.

- Through piloting new renewable energy technologies in collaboration with the private sector, the IDCOL has been able to design a sustainable business model that ensures the delivery of clean, affordable and reliable energy services to the end users living mostly in remote areas.
- Furthermore, the IDCOL seeks to strengthen country ownership by providing technical assistance in the form of training and capacity - building services to its local partners.

Small Industries Development Bank of India (SIDBI)

Scope

| | |
|---|--|
| Access modality: | Direct access, national |
| Head office location | India |
| Maximum size of an individual project or activity within a programme | Medium |
| Fiduciary functions | Project management; grant, on-lending and/or blending (for loans, equity and guarantees) |
| Maximum environmental and social risk category | Medium risk (Category B) |

Course of action

- SIDBI is a national entity focusing on promoting and financing the development of micro - , small - and medium - sized enterprises (MSMEs), primarily those in the manufacturing and services sectors.
- The SIDBI supports national action plans on climate change and has taken initiatives to promote responsible business practices, including sustainable financing, energy efficiency and cleaner production in the MSMEs sector through both financial and non - financial support.
- It has partnered with multilateral agencies to raise resources at attractive rates and thus incentivizes and motivates MSMEs through the extension of concessional loans, equity, guarantees

and technical and capacity - building assistance.

- The SIDBI encourage innovative mitigation and adaptation programmes for adopting low - emission and climate - resilient practices.
- The intended climate change programmes to be implemented with GCF support include, but are not limited to: (a) Assistance for green, smart and eco - cities projects through public–private partnerships; (b) Increasing energy efficiency and cleaner production investments in green infrastructure, sustainable transport, waste to energy projects, waste recycling and management, etc.; (c) Providing end - to - end energy efficiency solutions to Indian MSMEs; (d) Providing direct assistance to solar energy and solar power projects; and (e) Providing training and education to stakeholders in order to increase awareness of climate change and capacity to manage resulting risks and realize opportunities.

Micronesia Conservation Trust (MCT)

Scope

| | |
|---|---------------------------------|
| Access modality: | Direct access, national |
| Head office location | Micronesia |
| Maximum size of an individual project or activity within a programme | Micro |
| Fiduciary functions | Project management, grant |
| Maximum environmental and social risk category | Minimal to no risk (category C) |

Course of action

- MCT is an entity based in Micronesia (Federated States of) operating in that country with a mission to promote biodiversity conservation and related sustainable development.
- It focuses on providing long - term sustained funding through grant programmes, building the capacity of organizations of the Federated States of Micronesia to design and manage conservation and climate adaptation programmes, providing regional forums for collaborations among government, the private sector, the community and non - profit organizations to collectively address the challenges of natural resource management and climate adaptation, and managing endowment funds and other piloting revolving funds for ecosystem services.
- The applicant is eligible for, and applied under, the fast - track

accreditation process as an Adaptation Fund Accredited Entity.

- The MCT supports biodiversity conservation, climate change adaptation and related sustainable development for the people of the Marshall Islands, Micronesia (Federated States of), the Northern Mariana Islands, Palau and the Territory of Guam.
- In order to advance the objectives of the GCF, the MCT aims to build the resilience of communities of the Federated States of Micronesia through ecosystem - based adaptation strategies, capacity - building, and sustainable and innovative funding mechanisms.
- The MCT anticipates addressing emission reductions from energy generation and access as well as increasing the resilience of health, food and water security, and livelihoods and communities. It will also continue managing the Micronesia Challenge Endowment to serve as a resource providing bridging funding for new initiatives.

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